FINAL OFFICIAL STATEMENT DATED NOVEMBER 19, 2019

NEW 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 Bonds is excluded from gross income for federal income tax purposes and is not treated as an item of tax preference for purposes of calculating the federal alternative minimum tax under the Code. In the opinion of Bond Counsel, 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. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the Bonds. (See "Tax Matters" herein.)

City of Norwich, Connecticut
$3,575,000
General Obligation Bonds, Issue of 2019 (the "Bonds")
Bank-Qualified

Dated: Date of Delivery ***Due: Serially, August 1, 2021 – 2039***
As detailed below:

Interest on the Bonds will be payable on August 1, 2020 and semiannually thereafter on February 1 and August 1 in each year until maturity. The Bonds will be issued in book-entry-only form whereby the beneficial owners of the Bonds will not receive physical delivery of bond certificates. Principal of, and interest payments on, the Bonds will be made by the City to The Depository Trust Company, New York, New York ("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.)

The Bonds are subject to redemption prior to maturity as more fully described herein. See "Optional Redemption" herein.

Year	*Principal*	*Coupon*	*Yield*	*CUSIP* [1]	*Year*	*Principal*	*Coupon*	*Yield*	*CUSIP* [1]
2021	$ 185,000	5.000%	1.060%	669402ZP7	2031	$ 190,000	2.200%	2.200%	669402ZZ5
2022	185,000	5.000%	1.070%	669402ZQ5	2032	190,000	2.250%	2.250%	669402A25
2023	185,000	5.000%	1.090%	669402ZR3	2033	190,000	2.300%	2.300%	669402A33
2024	185,000	5.000%	1.130%	669402ZS1	2034	190,000	2.350%	2.350%	669402A41
2025	185,000	5.000%	1.180%	669402ZT9	2035	190,000	2.400%	2.400%	669402A58
2026*	185,000	2.000%	1.700%	669402ZU6	2036	190,000	2.450%	2.450%	669402A66
2027*	185,000	2.000%	1.800%	669402ZV4	2037	190,000	2.500%	2.500%	669402A74
2028	190,000	2.000%	2.000%	669402ZW2	2038	190,000	2.500%	2.550%	669402A82
2029	190,000	2.100%	2.100%	669402ZX0	2039	190,000	2.500%	2.600%	669402A90
2030	190,000	2.150%	2.150%	669402ZY8					

** Priced assuming redemption on August 1, 2025; however any such redemption is at the option of the City.*

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The Bonds will be issued in book-entry-only form and will bear interest, at such rate or rates per annum as are specified by the successful bidder or bidders, in accordance with the Notice of Sale, dated November 12, 2019.

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

The Bonds are offered for delivery when, as and if issued, subject to the approving opinions of Pullman & Comley, LLC, Bond Counsel, of Bridgeport and Hartford, Connecticut and certain other conditions. It is expected that delivery of the Bonds in book-entry-only form will be made to DTC on or about December 5, 2019. The Registrar, Transfer Agent, Paying Agent, and Certifying Agent will be U.S. Bank National Association.

[1] CUSIP ® is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services (CGS), which is managed on behalf of the American Bankers Association by S&P Global Market Intelligence. This data is not intended to create a database and does not serve in any way as a substitute for the CGS database. CUSIP numbers have been assigned by an independent company not affiliated with the City and are included solely for the convenience of the registered owners of the applicable Bonds. The City is not responsible for the selection or uses of these CUSIP numbers, and no representation is made as to the correctness on the applicable Bonds or as included herein. 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 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.

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Issue Summary – The Bonds

The information in this 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.

Date of Sale:	Tuesday, November 19, 2019 at 11:30 A.M. (Eastern Time).
Location of Sale:	Office of the City Manager, City Hall, 100 Broadway, Norwich, Connecticut 06360.
Issuer:	City of Norwich, Connecticut (the "City").
Issue:	$3,575,000 General Obligation Bonds, Issue of 2019 (the "Bonds").
Dated Date:	Date of delivery.
Interest Due:	Interest due August 1, 2020 and semiannually thereafter on February 1 and August 1 in each year until maturity.
Principal Due:	Principal due serially August 1, 2021 through August 1, 2039 as detailed in this Official Statement.
Authorization and Purpose:	The Bonds are being issued to provide new money to finance various public improvement projects authorized by certain bond ordinances adopted by the City.
Redemption:	The Bonds are subject to redemption prior to maturity as herein provided.
Security and Remedies:	The 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 Bonds when due.
Credit Rating:	The City received a rating of "AA" from S&P Global Ratings ("S&P") on the Bonds.
Bond Insurance:	The City does not expect to purchase a credit enhancement facility.
Basis of Award:	Lowest True Interest Cost (TIC), as of the dated date.
Tax Exemption:	See "Tax Matters" herein.
Bank Qualification:	The Bonds shall be designated as qualified tax-exempt obligations by the City 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 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 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 Bonds in book-entry-only form will be made to The Depository Trust Company on or about December 5, 2019 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 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 $3,575,000 General Obligation Bonds, Issue of 2019 (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.

The Bonds are being offered for sale at public bidding. A Notice of Sale for the Bonds, dated November 12, 2019, has been furnished to prospective bidders. Reference is made to the Notice of Sale for the terms and conditions of the bidding.

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 form 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, an executed copy of the Continuing Disclosure Agreement.

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

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

The Bonds will mature on August 1 in each of the years as set forth on the front cover of this Official Statement. The 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 August 1, 2020 and semiannually thereafter on February 1 and August 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 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

Bonds maturing on or before August 1, 2025 are not subject to redemption prior to maturity. The Bonds maturing on August 1, 2026 and thereafter are subject to redemption prior to maturity, at the election of the City, on or after August 1, 2025 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:

Period During Which Redeemed	Redemption Prices
August 1, 2025 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.

Authorization and Purpose

The 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.

Use of Proceeds

The proceeds of the Bonds are anticipated to be used for the purposes set forth below:

Project	Total Amount of Authorization	This Issue: The Bonds
Code Correction Assistance..............................	$ 1,840,000	$ 145,000
Infrastructure Improvement Program (2017)...........	5,000,000	870,000
Public Safety Equipment (2017)...........................	3,200,000	520,000
Dodd Stadium Capital Improvements (2018)............	800,000	450,000
Integration of NPS and City Admin Functions..........	675,000	275,000
Public Safety Radio System (2018)......................	2,700,000	255,000
Gas line extensions...	9,500,000	1,060,000
Totals...	$ 23,715,000	$ 3,575,000

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 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 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- FORM OF CONTINUING DISCLOSURE AGREEMENT to this Official Statement.

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.

Tax Matters

Federal Taxes. In the opinion of Bond Counsel, under existing law, (i) interest the 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 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 Bonds in order that interest on the Bonds be and remain excludable from gross income for federal income tax purposes. Failure to comply with such requirements may cause interest on the Bonds to be included in gross income for federal income tax purposes retroactively to the date of issuance of the 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 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 Bonds proceeds and certain other matters. The opinion of Bond Counsel delivered on the date of issuance of the 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 Bonds.

Original Issue Discount. The initial public offering prices of certain maturities of the 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 cover page of this Official Statement for such OID Bonds are 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 excludable 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 Bonds may be more than their stated principal amounts payable at maturity (the "OIP Bonds"). In general, an owner who purchases an OIP Bonds must amortize the original issue premium as provided in the applicable Treasury Regulations, and amortized premium reduces the owner's basis in the OIP Bonds for federal income tax purposes. Prospective purchasers of OIP Bonds at a premium to its principal amount should consult their tax advisors regarding the amortization of premium and its effect upon basis.

Other Federal Tax Matters. Prospective purchasers of the Bonds should be aware that ownership of the 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 Bonds should consult their tax advisors regarding collateral federal income tax consequences.

Prospective purchasers of the Bonds 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 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 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 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 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 Bonds. There can be no assurance that legislation enacted or proposed, or actions by a court, after the issuance of the Bonds will not have an adverse effect on the tax status of interest on the Bonds or the market value or marketability of the 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 Bonds from gross income for federal or state income tax purposes for all or certain taxpayers.

Investors in the 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 Bonds for federal income tax purposes for all or certain taxpayers. In all such events, the market value of the Bonds may be adversely affected and the ability of holders to sell their Bonds in the secondary market may be reduced. The Bonds are not subject to special mandatory redemption, and the interest rates on the Bonds are not subject to adjustment, in the event of any such change in the tax treatment of interest on the 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 opinion is 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 is 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 Bonds. Prospective owners of the 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 Bonds.

Legal Opinion

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

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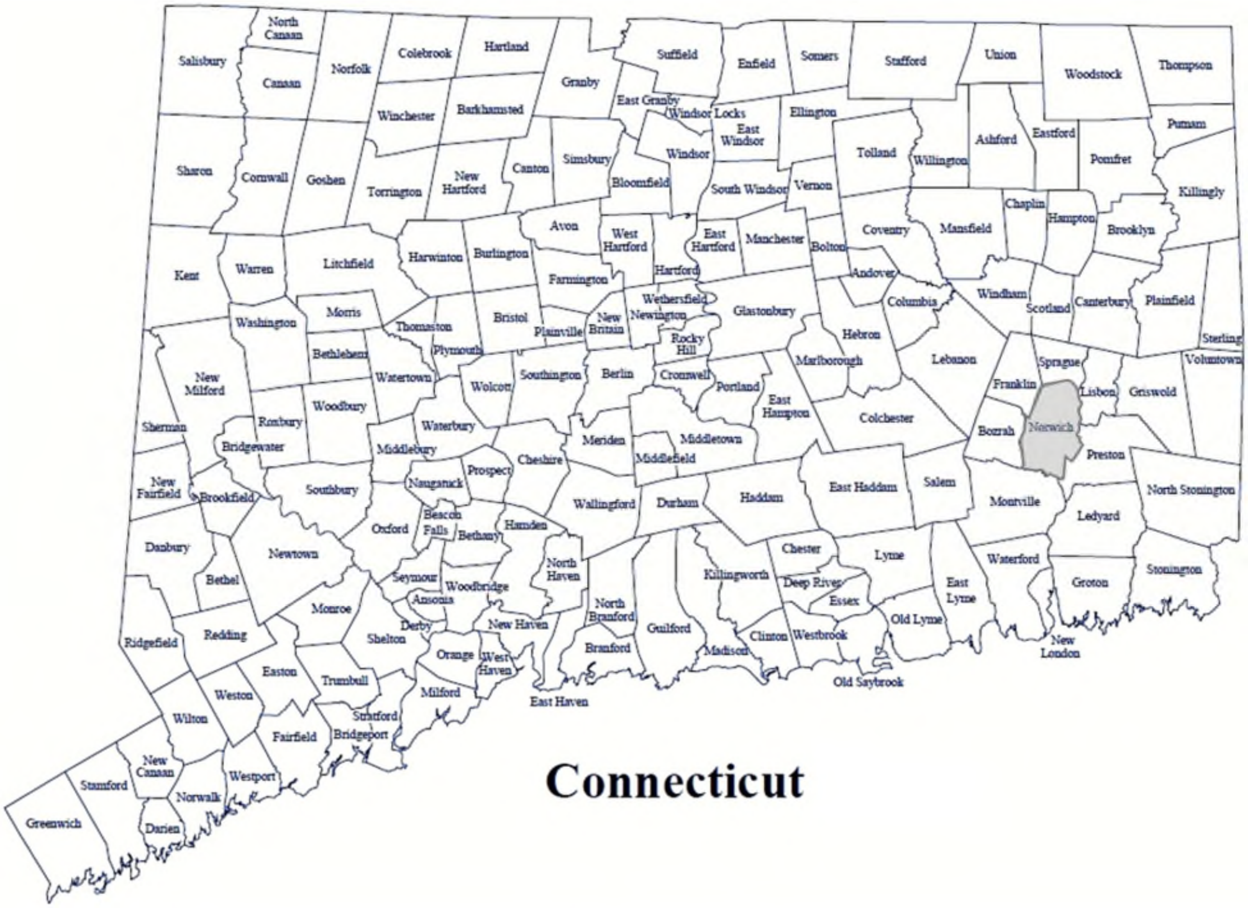
II. The Issuer



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	2 years	15 years
President Pro Tempore	William Nash	Elected – 2 years	4 years	6 years
Council Member	Samuel Browning IV[1]	Elected – 2 years	2 years	4 years
Council Member	Stephanie Burnham[1]	Elected – 2 years	2 years	2 years
Council Member	Joseph A. DeLucia	Elected – 2 years	2 years	2 years
Council Member	Stacy Gould	Elected – 2 years	4 years	4 years
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	4 years	4 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	5 months	5 months
Board of Education				
Chairperson	Yvette Jacaruso	Elected – 2 years	12 years	12 years
Vice Chairperson	Joyce Werden[2]	Elected – 2 years	14 years	14 years
Secretary	Heather Romanski	Elected – 2 years	2 years	2 years
Board Member	Robert J. Aldi[2]	Elected – 2 years	6 years	6 years
Board Member	Aaron Daniels	Elected – 2 years	10 years	10 years
Board Member	Mark Kulos	Elected – 2 years	2 years	2 years
Board Member	Kevin Saythany	Elected – 2 years	5 months	2 years
Board Member	Dennis Slopak[2]	Elected – 2 years	8 years	8 years
Board Member	Patricia Staley	Elected – 2 years	2 years	2 years

[1] *Outgoing Council member. New Council members Mark Bettencourt, Ella Myles, and Derell Wilson were elected to the City Council on November 5, 2019 and will be sworn in as City Council members on December 3, 2019.*

[2] *Outgoing Board of Education member. New members Swarnjit Singh, Caroline Charmelus, and Christine DiStasio were elected to the Board of Education on November 5, 2019 and will be sworn in as Board of Education members on December 3, 2019.*

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 off load 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 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

Located within the City are various health facilities including the 213-bed William H. Backus Hospital (Backus). Backus added the Outpatient Care Center on Salem Turnpike and, in August 2014, the Family Health Center in Norwichtown Commons. Backus became affiliated with Hartford Healthcare in July 2013.

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 Connecticut Tigers, 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 150 employees and serves approximately 21,000 electric customers, 9,600 gas customers, 11,000 water customers and 7,600 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 2020 are anticipated to be $8.86 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 May, NPU marked the start of construction for an emergency interconnection water line that will serve the Town of Sprague. The unique partnership provides NPU with additional state resources while allowing Sprague to avoid the cost of installing the water line on its own.

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

Under the agreement, NPU is installing a 9,700 foot water main from the Norwich into Sprague to serve as an emergency interconnection to the town’s water system.

Electric Infrastructure

This year, NPU 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, work force 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 $100 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 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 reduction of all CSO's in the coming years that will improve the water quality in the Shetucket and Thames rivers. Construction on the East Side of Norwich is expected to begin in mid-2020.

Natural Gas

NPU continues to expand 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 "SCRRRA", 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 right which the City may have against the SCRRRA 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 15th lowest per capita tax burdens in the State, per the Office of Policy and Management Data's *Fiscal Indicators*, at $1,884 for fiscal year 2017.

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 sourcing another $30 million in funding for Phase III.

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 65% occupancy with demand rising by 20% year-over-year.

77-91 Main Street

Bedford, NY developer, Mirash Dedvukaj offered the winning bid of $500,000 for the 38,434 square-foot building at a May 19, 2018 tax foreclosure auction. The developer is preparing to renovate the building for up to 40 units of housing and approximately 7,000 square foot of commercial development. Construction is planned to start by early 2020.

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.

Café Otis

In June of 2019 a new, high-end café opened on Broadway. It converted a former City office building into a new, cafeteria-style rotisserie and bar. They frequently host talks about local history and society.

Downtown Boutique Hotel

A hotel conversion that has been profoundly stuck for over a decade has been purchased by Ganesha Hospitality, LLC, a Cromwell, CT 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. The project is expected to break ground first quarter of 2020.

Nalas Engineering

Nalas Engineering of Essex, CT purchased 1 Winneden Avenue in Decmeber 2018 for a chemical process and manufacturing facility. Amonth other things, Nalas does the engineering, chemistry, and modeling for continuous processing of the precursors to the main energenics 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 operation is to complete a multi-million dollar facility housing these opportunities here in Norwich.

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 has received approval for historic tax funding status and is expected to be through design and financing hurdles in the winter of 2019.

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 their 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 needed. In September of 2019, EB broke ground on a $850 million expansion to their 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 500 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.

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 will be 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 2022. 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 2020.

Sherman Street, Sunnyside Street, and Pleasant Street Bridge Rehabilitations

The Public Works Department previously secured approximately $6 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 2021.The design phase for the Sunnyside Street Bridge is completed and construction will begin in April 2020. 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 has been designed for the property and is currently under construction with a planned completion before Thanksgiving. The City is currently under contract with a consultant to prepare specifications 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 year olds. 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.

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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	6/30/2019 [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…………………………	89.45	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	6/30/2019 [1]
Municipal Employees Union "Independent" (MEUI)-Supervisors………	10.00	6/30/2019 [1]
Organized……………………………………………………	263.25	
Non-Union……………………………………………………	15.60	
Sub-Total………………………………………………………	278.85	
Public Utilities		
Supervisory Employees Association , Inc. AFSCME Local 818, Council 4………………………………………	46.00	6/30/2021
International Brotherhood of Electrical Workers Local 457, Norwich Unit……………………………………………	94.00	6/30/2021
United Steelworkers of America AFL-CIO-CLC Local No. 9411-02…………………………………………………	5.00	6/30/2021
Organized……………………………………………………	145.00	
Non-Union……………………………………………………	1.00	
Sub-Total………………………………………………………	146.00	
Board of Education		
Norwich School Administrators Association……………………………	20.00	6/30/2021
MEUI Local 506, SEIU, AFL-CIO - Custodians…………………………	29.00	6/30/2020
MEUI Local 506, SEIU, AFL-CIO - Paraeducators………………………	159.00	6/30/2020
New England Health Care Employees Union District 1199, SEIU, AFL-CIO………………………………………	14.50	6/30/2020
Norwich Educational Secretaries, AFSCME Local 1303-190, Council 4…………………………………	26.50	6/30/2022
Norwich Teachers League…………………………………………………	308.80	6/30/2021
UPSEU, NPS Food Services Workers	20.70	6/30/2021
Organized……………………………………………………	578.50	
Non-Union……………………………………………………	184.56	
Sub-Total………………………………………………………	763.06	
Total……………………………………………………………	1,187.91	

[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
			Historical		
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.

Projected

	Pre K-8
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

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III. Economic and Demographic Information

Population and Density

Year	Actual Population[1]	% Increase	Density[3]
2017[2]	39,875	-1.5%	1,471
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, 2013-2017*

[3] *Per square mile: 27.1 square miles.*

Age Distribution of the Population

	City of Norwich		State of Connecticut	
Age	**Number**	**Percent**	**Number**	**Percent**
Under 5 years	2,501	6.3%	186,188	5.2%
5 to 9 years	2,763	6.9	206,536	5.7
10 to 14 years	2,230	5.6	225,831	6.3
15 to 19 years	2,415	6.1	249,777	6.9
20 to 24 years	2,886	7.2	245,849	6.8
25 to 34 years	6,224	15.6	439,239	12.2
35 to 44 years	5,168	13.0	433,401	12.1
45 to 54 years	5,337	13.4	535,611	14.9
55 to 59 years	2,161	5.4	266,501	7.4
60 to 64 years	2,228	5.6	229,788	6.4
65 to 74 years	3,188	8.0	318,515	8.9
75 to 84 years	1,832	4.6	167,133	4.6
85 years and over	942	2.4	90,109	2.5
Total	39,875	100.0%	3,594,478	100.0%
Median Age (Years)	37.0		40.8	

Source: American Community Survey, 2013-2017.

Income Distribution

	City of Norwich		State of Connecticut	
Income	**Families**	**Percent**	**Families**	**Percent**
Less than $10,000	323	3.4%	27,787	3.1%
$10,000 to $14,999	286	3.0	16,143	1.8
$15,000 to $24,999	784	8.3	41,072	4.6
$25,000 to $34,999	892	9.5	52,218	5.8
$35,000 to $49,999	1,361	14.4	82,371	9.2
$50,000 to $74,999	1,987	21.1	134,356	15.0
$75,000 to $99,999	1,120	11.9	122,244	13.6
$100,000 to $149,999	1,764	18.7	186,352	20.8
$150,000 to $199,999	332	3.5	100,359	11.2
$200,000 or more	583	6.2	132,765	14.8
Total	9,432	100.0%	895,667	100.0%

Source: American Community Survey, 2013-2017.

Income Levels

	City of Norwich	State of Connecticut
Per Capita Income, 2017	$ 28,429	$ 41,365
Median Family Income, 2017	$ 62,381	$ 93,800
Median Household Income, 2017	$ 53,682	$ 73,781

Source: American Community Survey, 2013-2017.

Educational Attainment
Persons 25 Years and Older

	City of Norwich		State of Connecticut	
	Number	Percent	Number	Percent
Less than 9th grade	1,185	4.4%	104,623	4.2%
9th to 12th grade	2,274	8.4	137,877	5.6
High School graduate	9,958	36.8	673,582	27.2
Some college, no degree	6,348	23.4	422,535	17.0
Associate's degree	2,154	8.0	188,481	7.6
Bachelor's degree	3,139	11.6	532,055	21.5
Graduate or professional degree	2,022	7.5	421,144	17.0
Total	27,080	100.0%	2,480,297	100.0%
Total high school graduate or higher (%)	87.2%		90.2%	
Total bachelor's degree or higher (%)	19.1%		38.4%	

Source: American Community Survey, 2013-2017.

Employment by Industry

	City of Norwich		State of Connecticut	
Sector	Number	Percent	Number	Percent
Agriculture, forestry, fishing/hunting, & mining	51	0.3%	7,166	0.4%
Construction	739	3.8	104,122	5.8
Manufacturing	1,272	6.5	191,519	10.6
Wholesale trade	347	1.8	44,741	2.5
Retail trade	2,409	12.4	193,016	10.7
Transportation and warehousing, and utilities	967	5.0	68,926	3.8
Information	231	1.2	42,200	2.3
Finance, insurance, real estate, rental & leasing	660	3.4	163,810	9.1
Professional, scientific, management, administrative, and waste mgmt services	1,443	7.4	208,130	11.5
Education, health and social services	4,644	23.8	478,083	26.5
Arts, entertainment, recreation, accommodation and food services	5,504	28.2	153,679	8.5
Other services (except public administration)	547	2.8	82,538	4.6
Public Administration	691	3.5	67,156	3.7
Total Labor Force, Employed	19,505	100.0%	1,805,086	100.0%

Source: American Community Survey, 2013-2017.

Employment Data
By Place of Residence

Period	City of Norwich		Percentage Unemployed		
	Employed	Unemployed	City of Norwich	Norwich - New London Labor Market	State of Connecticut
September 2019	19,520	733	3.6	3.4	3.4
Annual Average					
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
2009	19,690	1,327	6.3	5.4	5.8

Note: Not seasonally adjusted.
Source: State of Connecticut, Department of Labor.

Major Employers
As of October 2019

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
United Community & Family Services.....	Healthcare & community services	245
Shop Rite.......................................	Grocery	225
The American Group.........................	Ambulance Service and other operations	221
Plas-Pak Industries, Nordson EFD.........	Plastics Products Manufacturing	175

Source: Telephone Survey conducted by the City of Norwich.

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Building Permits

Calendar Year Ended	Residential No.	Residential Value	Commercial / Industrial No.	Commercial / Industrial Value	Totals No.	Totals Value
2019 [1]	1,152	$ 12,985,659	243	$ 11,229,922	1,395	$ 24,215,581
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
2010	1,535	14,610,325	160	15,293,738	1,695	29,904,063

[1] *Through October 31, 2019.*

Source: Building Official, City of Norwich

Age Distribution of Housing

Year Built	City of Norwich Units	City of Norwich Percent	State of Connecticut Units	State of Connecticut Percent
1939 or earlier	7,105	38.3%	338,011	22.4%
1940 to 1969	5,297	28.5	535,477	35.5
1970 to 1979	1,936	10.4	200,217	13.3
1980 to 1989	1,861	10.0	191,939	12.7
1990 to 1999	933	5.0	114,261	7.6
2000 or 2009	1,253	6.7	105,131	7.0
2010 or later	178	1.0	22,675	1.5
Total Housing Units	18,563	100.0%	1,507,711	100.0%
Percent Owner Occupied	52.0%		66.6%	

Source: American Community Survey, 2013-2017.

Housing Inventory

Type	City of Norwich Units	City of Norwich Percent	State of Connecticut Units	State of Connecticut Percent
1-unit, detached	7,875	42.4%	892,621	59.2%
1-unit, attached	1,139	6.1	81,393	5.4
2 units	2,861	15.4	123,040	8.2
3 or 4 units	2,179	11.7	130,914	8.7
5 to 9 units	1,347	7.3	82,787	5.5
10 to 19 units	991	5.3	56,540	3.8
20 or more units	1,464	7.9	128,477	8.5
Mobile home	707	3.8	11,564	0.8
Boat, RV, van, etc	-	-	375	0.0
Total Inventory	18,563	100.0%	1,507,711	100.0%

Source: American Community Survey, 2013-2017.

Owner-Occupied Housing Values

Specified Owner-Occupied Units	City of Norwich Number	City of Norwich Percent	State of Connecticut Number	State of Connecticut Percent
Less than $50,000	649	7.9%	24,038	2.7%
$50,000 to $99,999	694	8.4	29,789	3.3
$100,000 to $149,999	1,685	20.5	83,320	9.2
$150,000 to $199,999	2,591	31.5	141,024	15.6
$200,000 to $299,999	1,910	23.2	244,356	26.9
$300,000 to $499,999	518	6.3	236,671	26.1
$500,000 to $999,999	145	1.8	106,192	11.7
$1,000,000 or more	28	0.3	41,408	4.6
Total	8,220	100.0%	906,798	100.0%
Median Sales Price	$168,200		$270,100	

Source: American Community Survey, 2013-2017.

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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, 2018 (the Fiscal Year ending June 30, 2020) is 40.28 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	Residential Real Property (%)	Commercial/ Industrial Real Property (%)	Personal Property (%)	Motor Vehicle (%)	Gross Taxable Grand List	Less Exemption	Net Taxable Grand List	Percent Growth
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)
2009	67.8	19.1	4.8	8.3	2,444,686,678	36,521,640	2,408,165,038	1.26

[1] *Revaluation.*

Source: City of Norwich Assessor's Office

Property Tax Levies and Collections

Grand List of 10/1	Fiscal Year Ending 6/30	Net Taxable Grand List	Adjusted Tax Levy for Fiscal Year	Mill Rate	Collected within the Fiscal Year of the Levy: Amount	Collected within the Fiscal Year of the Levy: Percentage	Collected in Subsequent Years	Total Collections to Date[2]: Amount	Total Collections to Date[2]: Percentage
General Fund									
2018	2020	$ 2,022,888,594	$ 79,823,983	40.28	$ 43,413,075	54.4%	N/A	*In Collection*	
2017	2019	1,903,563,755	76,713,350	41.01	74,446,820	97.0%	$ 596,450	75,043,270	97.8%
2016	2018	1,860,375,597	74,351,051	40.52	72,124,359	97.0%	1,819,083	73,943,442	99.5%
2015	2017	1,846,202,626	74,365,626	41.22	72,150,315	97.0%	1,968,695	74,119,010	99.7%
2014	2016	1,826,050,781	74,375,047	40.90	72,017,229	96.8%	2,224,549	74,241,778	99.8%
2013[1]	2015	1,822,501,523	69,247,589	38.55	66,666,856	96.3%	2,490,847	69,157,703	99.9%
2012	2014	2,423,927,020	65,922,369	27.23	63,720,850	96.7%	2,105,753	65,826,603	99.9%
City Consolidation District (CCD) Fire Tax									
2018	2020	$ 655,390,642	$ 4,770,883	7.71 / 4.72	$ 2,452,917	51.4%	N/A	*In Collection*	
2017	2019	624,670,258	4,263,493	7.38	4,107,037	96.3%	$ 36,064	4,143,101	97.2%
2016	2018	612,002,783	4,331,453	8.22	4,199,779	97.0%	82,690	4,282,469	98.9%
2015	2017	616,752,925	4,099,359	7.84	3,985,619	97.2%	84,189	4,069,808	99.3%
2014	2016	613,919,247	4,346,924	7.16	4,144,334	95.3%	188,847	4,333,181	99.7%
2013[1]	2015	614,078,678	4,480,546	7.38	4,249,344	94.8%	219,355	4,468,699	99.7%
2012	2014	864,925,050	4,377,711	5.04	4,171,888	95.3%	193,983	4,365,871	99.7%
Town Consolidation District (TCD) Volunteer Fire Relief Tax									
2018	2020	$ 1,367,497,952	$ 483,815	0.36	$ 271,721	56.2%	N/A	*In Collection*	
2017	2019	1,278,893,497	568,360	0.45	557,686	98.1%	$ 3,262	560,948	98.7%
2016	2018	1,248,372,814	166,439	0.15	164,702	99.0%	1,279	165,981	99.7%
2015	2017	1,229,449,701	515,270	0.47	508,407	98.7%	6,070	514,477	99.8%
2014	2016	1,212,131,534	597,734	0.49	586,331	98.1%	10,855	597,186	99.9%
2013[1]	2015	1,208,422,845	587,393	0.49	571,757	97.3%	15,285	587,042	99.9%
2012	2014	1,559,001,970	564,456	0.36	552,037	97.8%	12,087	564,124	99.9%

[1] *Revaluation.*

[2] *As of September 30, 2019*

Sources: City of Norwich Tax Office

Property Tax Receivable

Fiscal Year Ending 6/30	Total Uncollected	Uncollected for Current Year of Levy
2019 [1]	$3,521,000	$2,267,000
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 of Norwich Annual Audited Finan Statements, 2014-2018. Finance Department, 2019.

Ten Largest Taxpayers

Name	Nature of Business	Taxable Valuation	Percent of Net Taxable Grand List [1]
Computer Science Corporation........	Computer Products & Services	$ 42,227,480	2.09%
NorwichTown Commons................	Shopping Center	19,076,000	0.94%
Bob's Discount Furniture...............	Retail Store & Distribution Warehouse	16,851,680	0.83%
Domino Solar Ltd........................	Solar Installations	14,404,190	0.71%
Norwich Realty Associates LP.........	Real Estate	11,397,090	0.56%
Wal-Mart Stores, Inc....................	Department Store	11,238,280	0.56%
Algonquin Gas Transmissions LLC....	Natural Gas Pipeline	11,236,240	0.56%
Plaza Enterprises.........................	Shopping Center	11,026,600	0.55%
Mashantucket Pequot Tribe.............	Real Estate	10,026,440	0.50%
Elk Thamesview LLC....................	Apartment Complex	9,547,500	0.47%
***Total*..**		$ 157,031,500	7.76%

[1]*Based on the October 1, 2018 Net Taxable Grand List of $2,022,888,594.*

Source: City of Norwich Assessor's Office

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V. Debt Summary

Principal Amount of Bonded Indebtedness [1]

As of December 5, 2019

(Pro-Forma)

Date	Purpose	Rate %	Amount of Original Issue	Outstanding	Fiscal Year of Final Maturity
Long-Term GO Debt (as of June 30, 2019)					
12/30/08	QZAB - Schools	0.00	$ 2,940,000	$ 490,000	2020
12/16/09	General Purpose, Series A	3.00 - 4.00	11,410,000	600,000	2029
12/13/11	General Purpose	2.00 - 4.00	9,680,000	6,680,000	2031
02/15/12	Refunding Bonds	2.00	2,725,000	740,000	2022
02/12/14	General Purpose, Series A	3.00 - 5.00	12,365,000	9,105,000	2034
02/12/14	Refunding Bonds, Series B	3.00 - 5.00	5,780,000	525,000	2019
03/03/15	General Purpose, Series A	3.00 - 4.00	5,600,000	4,300,000	2034
03/03/15	Taxable Bonds, Series B	2.00 - 3.00	1,140,000	680,000	2025
03/01/16	General Purpose, Series A	2.00 - 3.00	6,300,000	5,205,000	2035
03/01/16	Taxable Bonds, Series B	2.00 - 3.00	2,500,000	1,750,000	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	6,825,000	2037
03/10/17	Taxable Bonds, Series B	1.00 - 3.90	1,000,000	900,000	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
	Sub-Total		$ 79,610,000	$ 48,695,000	
This Issue					
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		3,575,000	3,575,000	
	Total G.O. Bonds		$ 83,185,000	$ 52,270,000	
Sewer - Revenue Secured Only (as of June 30, 2019)					
06/30/02	CWF 349-C	2.00	881,000	129,041	2021
07/01/13	CWF 495-C (Digester)	2.00	5,747,554	3,954,098	2032
12/31/13	CWF 625-D (Treatment Plant Design)	2.00	1,864,518	1,239,296	2032
05/30/15	CWF 625-D-1 (Treatment Plant Design)	2.00	2,510,422	1,868,833	2031
	Sub-Total		$ 11,003,494	$ 7,191,267	
Water - Revenue Secured Only (as of June 30, 2019)					
12/31/02	CWF 9714-C	2.77	$ 1,899,000	$ 294,839	2021
06/30/09	Clean Water Act 200801-C - Water	2.27	450,000	223,125	2029
12/31/10	DWSRF 2010-8005	2.06	144,728	75,982	2030
12/31/10	DWSRF 2010-8006	2.06	326,250	179,437	2030
04/30/14	Deep River Reservoir Pump / Drive DWSRF 2011-7005	2.00	160,284	115,521	2032
04/30/14	Deep River Reservoir Transmission Line / DWSRF 2011-7006	2.00	147,989	105,511	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	391,965	2034
05/31/16	DWSRF 2014-7036 Deep River Reservoir Pump, Drive, Tank, Transmission Line	2.00	4,051,579	3,325,671	2035
10/12/16	DWSRF 2015-7037 Royal Oaks and Plain Hill Water and Gas System	2.00	1,528,016	1,294,569	2034
02/28/19	DWSRF 2017-7056 Mohegan Park Tank Const	2.00	2,695,094	2,695,094	2034
	Sub-Total		$ 11,908,702	$ 8,701,714	
	Total Revenue Bonds		$ 22,912,196	$ 15,892,981	

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

Short-Term Debt
As of December 5, 2019
(Pro-Forma)

As of December 5, 2019, the City has $11,606,470 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 December 5, 2019
(Pro-Forma)

				This Issue - Pro-Forma				Cumulative
Year Ended	Principal	Interest	Total	General Purpose	Urban Renewal	Total This Issue	Total	Principal Retired
2020	$ 4,125,000	$ 1,637,737	$ 5,762,737	$ -	$ -	$ -	$ 4,125,000	7.9%
2021	3,985,000	1,467,040	5,452,040	-	-	-	3,985,000	15.5%
2022	3,650,000	1,338,883	4,988,883	178,000	7,000	185,000	3,835,000	22.9%
2023	3,400,000	1,215,914	4,615,914	178,000	7,000	185,000	3,585,000	29.7%
2024	3,395,000	1,099,288	4,494,288	178,000	7,000	185,000	3,580,000	36.6%
2025	3,370,000	976,725	4,346,725	178,000	7,000	185,000	3,555,000	43.4%
2026	3,240,000	864,575	4,104,575	178,000	7,000	185,000	3,425,000	49.9%
2027	2,915,000	761,638	3,676,638	178,000	7,000	185,000	3,100,000	55.8%
2028	2,910,000	663,788	3,573,788	178,000	7,000	185,000	3,095,000	61.8%
2029	2,910,000	566,594	3,476,594	182,000	8,000	190,000	3,100,000	67.7%
2030	2,905,000	475,056	3,380,056	182,000	8,000	190,000	3,095,000	73.6%
2031	2,345,000	391,453	2,736,453	182,000	8,000	190,000	2,535,000	78.5%
2032	2,315,000	312,988	2,627,988	182,000	8,000	190,000	2,505,000	83.3%
2033	1,785,000	242,300	2,027,300	182,000	8,000	190,000	1,975,000	87.0%
2034	1,785,000	178,813	1,963,813	182,000	8,000	190,000	1,975,000	90.8%
2035	1,190,000	114,638	1,304,638	182,000	8,000	190,000	1,380,000	93.5%
2036	940,000	75,525	1,015,525	182,000	8,000	190,000	1,130,000	95.6%
2037	690,000	45,275	735,275	182,000	8,000	190,000	880,000	97.3%
2038	420,000	24,150	444,150	182,000	8,000	190,000	610,000	98.5%
2039	420,000	7,875	427,875	182,000	8,000	190,000	610,000	99.6%
2040	-	-	-	182,000	8,000	190,000	190,000	100.0%
Total……	$ 48,695,000	$ 12,460,252	$ 61,155,252	$3,430,000	$ 145,000	$3,575,000	$ 52,270,000	

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

Overlapping/Underlying Debt

As of December 5, 2019, the City does not have any overlapping or underlying debt.

Debt Statement
As of December 5, 2019
(Pro-Forma)

Long-Term Debt Outstanding: [1]		
General Purpose (Includes this issue)	$	25,227,535
Schools		6,135,337
Sewers		2,716,607
Water		8,539,896
Urban Renewal (Includes this issue)		2,000,000
Gas (Includes this issue) [2]		16,057,500
Total Long-Term Debt		60,676,875
Total Short-Term Debt (State of Connecticut CWF IFOs)		11,606,470
Total Overall Debt		72,283,346
Less: Self-Supporting Debt		(16,057,500)
Total Overall Net Debt	$	56,225,846

[1] *Excludes capital leases and refunded bonds. Also excludes revenue secured Sewer debt in the amount of $7,191,267 and Water debt in the amount of $294,839. Outstanding long term bonds are as of June 30, 2019.*

[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 December 5, 2019
(Pro-Forma)

Population (2017) [1]		39,875
Net Taxable Grand List (10/1/18)	$	1,895,404,286
Estimated Full Value	$	2,707,720,409
Equalized Grand List (10/1/17) [2]	$	2,801,852,044
Money Income per Capita (2017) [1]	$	28,429

	Total Overall Debt	***Total Overall Net Debt***
Per Capita	$1,812.75	$1,410.05
Ratio to Net Taxable Grand List	3.81%	2.97%
Ratio to Estimated Full Value	2.67%	2.08%
Ratio to Equalized Grand List	2.58%	2.01%
Debt per Capita to Money Income per Capita	6.38%	4.96%

[1] *U.S. Department of Commerce, Bureau of Census, American Community Survey, 2013-2017.*

[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 December 5, 2019, the City currently has the following CWF IFO's outstanding:

Project	*Amount*
DWSRF 2019-7069: Occum Tank/Deep River Filtration	$ 1,674,768
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 Interconect and Stony Brook Transmition Main Rehab....	2,665,819
Total..	$ 11,606,470

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 December 5, 2019
(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, 2019 (subject to audit)	$ 82,424,022
***Base for Debt Limitation Computation*......**	$ 82,424,022

	General Purpose	*Schools*	*Sewers*	*Urban Renewal*	*Unfunded Pension*
Debt Limitation:					
2 1/4 times base..........	$ 185,454,050	-	-	-	-
4 1/2 times base..........	-	$ 370,908,099	-	-	-
3 3/4 times base..........	-	-	$ 309,090,083	-	-
3 1/4 times base..........	-	-	-	$ 267,878,072	-
3 times base..........	-	-	-	-	$ 247,272,066
***Total Debt Limitation*......**	$ 185,454,050	$ 370,908,099	$ 309,090,083	$ 267,878,072	$ 247,272,066
Indebtedness: [1, 2]					
Bonds Outstanding..........	$ 22,857,535	$ 6,135,337	$ 2,716,607	$ 1,855,000	$ -
Bonds – This Issue..........	3,430,000	-	-	145,000	-
Capital Leases..........	184,746	-	-	-	-
Debt Authorized But Unissued..........	9,480,000	500,000	-	582,325	-
***Total Indebtedness*......**	35,952,281	6,635,337	2,716,607	2,582,325	-
Less:					
State School Grants Receivable........	-	-	-	-	-
***Total Net Indebtedness*......**	35,952,281	6,635,337	2,716,607	2,582,325	-
***DEBT LIMITATION IN EXCESS OF OUTSTANDING INDEBTEDNESS*....**	$ 149,501,769	$ 364,272,762	$ 306,373,475	$ 265,295,747	$ 247,272,066

[1] *Gas Line extension bonds in the amount of $14,997,500 and related $2,390 authorized but unissued debt are excluded from the analysis above as they are self-supporting debt.*

[2] *Excludes $8,539,896 of self-supporting water bonds and $11,606,470 of outstanding CWF IFO's for Water projects.*

Note: In no case shall total indebtedness exceed seven times annual receipts from taxation or $576,968,154.

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

Authorized but Unissued Debt
As of December 5, 2019
(Pro Forma)

Project	*Total Amount of Authorization*	*Bonds Issued*	*Estimated Grants/ Other Sources*	*The Bonds*	*Authorized but Unissued*
New London Turnpike and Pleasant Street Bridges…	$ 530,000	$ 315,000	$ 215,000	$ -	$ -
Code Correction Assistance………………………..….	1,840,000	1,112,675	-	145,000	582,325
Infrastructure Improvement Program (2017)………..	5,000,000	2,000,000	-	870,000	2,130,000
Public Safety Equipment (2017)……………………...	3,200,000	2,600,000	-	520,000	80,000
Dodd Stadium Capital Improvements (2018)…………	800,000	-	-	450,000	350,000
Integration of NPS and City Admin Functions……….	675,000	400,000	-	275,000	-
Public Safety Radio System (2018)………………….	2,700,000	2,400,000	-	255,000	45,000
Wawecus Street Bridge………………………………	800,000	500,000	-	-	300,000
SCBA Equipment……………………………………	800,000	790,000	-	-	10,000
Reid & Hughes Demolition……………………………	800,000	-	35,000	-	765,000
Golf Course Improvements……………………………	800,000	-	-	-	800,000
Renovation & Expansion of Kelly Middle School ……	41,250,000	10,750,000	30,000,000	-	500,000
Gas line extensions……………………………………	9,500,000	8,437,610	-	1,060,000	2,390
Infrastructure Improvement Program (2019)………..	5,000,000	-	-	-	5,000,000
Totals……………………………………………	$ 73,695,000	$ 29,305,285	$ 30,250,000	$ 3,575,000	$ 10,564,715

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

Long-Term Debt	*2019* [1]	*2018*	*2017*	*2016*	*2015*
Government-Type Bonds…..	$ 48,725,000	$ 45,060,000	$ 49,430,000	$ 48,410,000	$ 43,650,000
Business-Type Bonds………	15,000,000	16,278,000	15,498,000	15,238,000	14,822,000
Sub-Total……………………	63,725,000	61,338,000	64,928,000	63,648,000	58,472,000
Short-Term Debt					
Bond Anticipation Notes…..	-	-	-	-	-
Grand Total…………………	$ 63,725,000	$ 61,338,000	$ 64,928,000	$ 63,648,000	$ 58,472,000

[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 Value* [1] *(000s)*	*Net Long-Term Debt* [2] *(000s)*	*Ratio of Net Long-Term Debt to Assessed Value (%)*	*Ratio of Net Long-Term Debt to Estimated Full Value (%)*	*Population* [3]	*Net Long-Term Debt per Capita*	*Ratio of Net Long-Term Debt per Capita to Per Capita Income* [4] *(%)*
2019	$ 1,895,404	$ 2,707,720	$ 48,725	2.57%	1.80%	39,875	$1,221.94	4.30%
2018	1,860,376	2,657,679	45,060	2.42%	1.70%	39,875	1,130.03	3.97%
2017	1,846,203	2,637,432	49,430	2.68%	1.87%	39,875	1,239.62	4.36%
2016	1,826,051	2,608,644	48,410	2.65%	1.86%	39,875	1,214.04	4.27%
2015	1,822,502	2,603,574	43,650	2.40%	1.68%	39,875	1,094.67	3.85%
2014	2,423,927	3,462,753	40,810	1.68%	1.18%	39,875	1,023.45	3.60%

[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 2013-2017 Estimates.*

[4] *Money Income per Capita: ACS 2013-2017 Estimates: $28,429 used for all calculations.*

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 [3]	4,263	140,291	3.04%
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.*

[3] *GAAP basis of accounting using estimated On Behalf Payments from the State of Connecticut. Subject to Audit.*

Source: Annual Audited Financial Statements: 2012-2018
City of Norwich Finance Department: 2019 & 2020

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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 4-66l, as amended ("Section 4-66l"), 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 4-66l 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, 2018, 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.

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, 2017 actuarial valuation report on June 21, 2018. This valuation included changes to assumptions for recent bargaining unit negotiations, a decrease in the assumed rate of return from 7.75% to 7.5%, and changes in the mortality tables. The table below compares the funding status as of this most recent valuation to the previous valuations. The next valuation will be as of July 1, 2019 and is expected to be completed in December of 2019.

Fiscal Year Ended	Actuarially Determined Contribution	Actual Contribution	% of ADC Contributed
6/30/2020 [1]	$ 12,073	$ 12,073	100.0%
6/30/2019 [2]	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%
6/30/2011	3,644	3,752	103.0%

[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
1/1/2018	$ 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%
1/1/2010	1,404	3,962	2,558	35.4%

Fiscal Year Ended	Actuarially Determined Contribution	Actual Contribution	% of ADC Contributed
6/30/2020 [1]	$ 365	$ 365	100.0%
6/30/2019 [2]	365	365	100.0%
6/30/2018	373	373	100.0%
6/30/2017	373	373	100.0%
6/30/2016	351	351	100.0%
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%
6/30/2011	255	250	98.0%

[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.

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, 2017 actuarial valuation report on June 21, 2018. This valuation included changes to assumptions for recent bargaining unit negotiations, a decrease in the assumed rate of return from 7.75% to 7.5%, and changes in the mortality tables. The table below compares the funding status as of this most recent valuation to the previous valuations. The next valuation will be as of July 1, 2019 and is expected to be completed in December of 2019.

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)
7/1/2017	$ 16,160	$ 57,792	$ (41,632)	28.0%	$ 61,920	(67.2%)
7/1/2015	13,586	57,409	(43,823)	23.7%	57,814	(75.8%)
7/1/2013	9,684	55,483	(45,799)	17.5%	52,400	(87.4%)
7/1/2011	4,405	57,618	(53,213)	7.6%	50,093	(106.2%)
7/1/2009	2,594	58,239	(55,645)	4.5%	50,374	(110.5%)
7/1/2007	-	46,595	(46,595)	0.0%	44,921	(103.7%)

Fiscal Year Ended	Actuarially Determined Contribution	Actual Contribution	% of ARC Contributed
6/30/2020 [1]	$ 5,522	$ 5,339	96.7%
6/30/2019 [2]	5,485	5,241	95.6%
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%
6/30/2011	6,065	5,251	86.6%

[1] *Budgeted amounts.*

[2] *Subject to audit.*

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.

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

Assets:	***Actual 6/30/2018***	***Actual 6/30/2017***	***Actual 6/30/2016***	***Actual 6/30/2015***	***Actual 6/30/2014***
Cash and Cash Equivalents	$ 5,404	$ 16,510	$ 28,199	$ 26,085	$ 25,638
Investments	32,119	23,489	7,037	2,008	1,992
Receivables, net.......................................	6,492	6,297	7,046	8,509	7,465
Due from Other Funds	2,275	1,317	1,990	2,532	4,281
Other	-	-	-	-	-
Total Assets	46,290	47,613	44,272	39,134	39,376
Liabilities, Equity, & Other Credits:					
Current Liabilities					
Accounts and Other Payables........................	7,143	5,628	4,658	8,042	7,649
Deferred Revenues	-	-	-	-	-
Due to Other Funds	17,803	18,791	18,328	13,503	13,853
Unearned Revenues	44	30	81	267	302
Total Liabilities	24,990	24,449	23,067	21,812	21,804
Deferred Inflow of Resources					
Unavailable Revenue - Property Taxes	3,794	3,312	3,746	3,981	3,381
Unavailable Revenue - Special Assessments	1,942	2,171	2,580	2,942	3,210
Total Deferred Inflow of Resources	5,736	5,483	6,326	6,923	6,591
Equity & Other Credits					
Nonspendable	-	-	-	-	-
Committed	-	-	-	-	-
Assigned	261	664	227	207	498
Unassigned..	15,303	17,017	14,652	10,192	10,483
Total Equity & Other Credits	15,564	17,681	14,879	10,399	10,981
Total Liabilities, Equity & Other Credits	$ 46,290	$ 47,613	$ 44,272	$ 39,134	$ 39,376

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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)

	Projected Budget [1] 6/30/2020	Unaudited Actual [1] 6/30/2019	Actual 6/30/2018	Actual 6/30/2017	Actual 6/30/2016	Actual 6/30/2015
Revenues:						
Property Taxes	$81,927	$77,469	$ 74,954	$ 75,168	$ 76,946	$ 69,578
Intergovernmental Revenue	37,220	42,251	48,284	48,916	45,537	42,763
Charges for services	462	485	1,811	2,174	1,977	1,720
Licenses, permits and fees	1,293	2,356	409	539	661	439
Investment income	1,000	835	458	222	75	43
Other	1,184	68	1,101	1,192	994	1,671
Total	$ 123,086	$123,464	$ 127,017	$ 128,211	$ 126,190	$ 116,214
Expenditures:						
General Government	$ 6,072	$ 5,898	$ 5,685	$ 5,376	$ 5,739	$ 5,278
Public Safety	20,110	19,470	18,987	18,371	17,737	16,019
Social Services	2,152	2,027	1,965	1,839	2,046	1,868
Public Works	10,941	10,698	10,618	10,618	10,396	10,030
Education	81,039	84,605	88,133	85,627	80,621	77,145
Other	2,695	2,303	3,135	3,276	4,036	5,644
Capital Outlay	-	-	-	-	-	-
Debt Service	-	-	-	-	-	5,436
Total	$ 123,009	$ 125,001	$ 128,523	$ 125,107	$ 120,575	$ 121,420
Excess (Deficiency) of Revenues Over Expenditures	$ 77	$ (1,537)	$ (1,506)	$ 3,104	$ 5,615	$ (5,206)
Other Financing Sources (Uses):						
Operating transfers in	6,843	6,455	6,351	6,506	5,147	6,458
Operating transfers out	(6,920)	(6,760)	(6,962)	(6,808)	(6,282)	(1,834)
Other	-	-	-	-	-	-
Net Other Financing Sources (Uses)	$ (77)	$ (305)	$ (611)	$ (302)	$ (1,135)	$ 4,624
Excess (Deficiency) Of Revenues And Other Financing Sources Over Expenditures and Other Financing Uses	-	(1,842)	(2,117)	2,802	4,480	(582)
Fund Equity, Beginning of Year	N/A	15,564	17,681	14,879	10,399	10,981
Residual Equity Transfer	-	-	-	-	-	-
Fund Equity, End of Year	N/A	$ 13,722	$ 15,564	$ 17,681	$ 14,879	$ 10,399

[1] *Budgetary basis of accounting; subject to audit*

Analysis of General Fund Equity

	Adopted Budget [1] 6/30/2020	Unaudited Actual [1] 6/30/2019	Actual 6/30/2018	Actual 6/30/2017	Actual 6/30/2016	Actual 6/30/2015
Nonspendable	$ -	$ -	$ -	$ -	$ -	$ -
Committed	-	-	-	-	-	-
Assigned	-	69	261	664	-	-
Unassigned	13,722	13,653	15,303	17,017	14,879	10,399
Total Fund Equity	$ 13,722	$ 13,722	$ 15,564	$ 17,681	$ 14,879	$ 10,399

[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 opinion in substantially the form attached hereto as Appendix B.

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 winning purchaser will be furnished with the following documents:

1. A Signature and No Litigation Certificate 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. A Certificate on behalf of the City, signed by the City Manager and the Comptroller which will be dated the date of delivery, and which will certify, to the best of said officials' knowledge and belief, that at the time bids were accepted on the Bonds, 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 or omit to state 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.

3. A receipt for the purchase price of the Bonds.

4. An executed continuing disclosure agreement for the Bonds substantially in the form attached hereto as Appendix C.

5. The approving opinion of Pullman & Comley, LLC, Bond Counsel, of Bridgeport and Hartford, Connecticut.

6. The City has prepared an Official Statement for the Bonds which is dated November 19, 2019. The City deems such Official Statement final as of its date for purposes of SEC Rule 15c2-12(b)(1), but is subject to revision or amendment. The City will make available to the winning purchaser of the Bonds twenty-five (25) copies of the final Official Statement at the City's expense. The copies of the Official Statement will be made available to the winning purchasers within seven business days of the bid opening. If the City's Municipal Advisor is provided with the necessary information from the winning purchasers by noon of the day following the day bids on the Bonds are received, the copies of the Official Statement will include an additional cover page and other pages indicating the interest rates, ratings, yields or re-offering prices, the name of the managing underwriter, and the name of the insurer, if any, on the Bonds. The winning purchasers shall arrange with the Municipal Advisor the method of delivery of the copies of the Official Statement. Additional copies of the Official Statement may be obtained by the winning purchasers at their own expense by arrangement with the printer.

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 November 19, 2019

Appendix A

2018 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, 2018. 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.

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29 South Main Street
P.O. Box 272000
West Hartford, CT 06127-2000
Tel 860.561.4000

blumshapiro.com

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, 2018, 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, 2018 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.

Change in Accounting Principle

As discussed in Note 1 to the financial statements, during the fiscal year ended June 30, 2018, the City of Norwich, Connecticut, adopted new accounting guidance, GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions.* The net position of the City of Norwich, Connecticut, has been restated to recognize the net other postemployment benefit liability in accordance with GASB No. 75. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 11, the budgetary comparison information on pages 80 through 83 and the pension and OPEB schedules on pages 84 through 94 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, which 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, 2017 (not presented herein), and have issued our report thereon dated November 15, 2017, 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, 2017 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 2017 financial statements. The accompanying General Fund balance sheet has been subjected to the auditing procedures applied in the audit of the 2017 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, 2017.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 12, 2018 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 12, 2018

CITY OF NORWICH, CONNECTICUT

MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2018

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, 2018. Please read this MD&A in conjunction with the transmittal letter and the City's financial statements, Exhibits I to IX.

FINANCIAL HIGHLIGHTS

- On a government-wide basis, the assets of the City exceeded its liabilities, resulting in total net position at the close of the fiscal year of $134.5 million. Total net position for governmental activities at fiscal year end was $20.0 million, and total net position for business-type activities was $114.6 million. Total unrestricted net deficit at June 30, 2018 was $75.6 million.
- On a government-wide basis, during the year, the City's net position increased by $5.0 million from $129.5 million to $134.5 million. Governmental activities net position increased by $0.3 million, and net position increased by $4.7 million for business-type activities. Governmental activities expenses were $166.2 million, while total revenues including transfers were $166.5 million.
- At the close of the year, the City's governmental funds reported, on a current financial resource basis, combined ending fund balances of $29.8 million, a decrease of $2.6 million from the prior fiscal year. Of the total fund balance as of June 30, 2018, $15.2 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 $15.6 million, a decrease of $2.1 million from the prior fiscal year. As of June 30, 2018, all of the $15.6 million fund balance is unrestricted, representing 12.5% of total General Fund actual expenditures and operating transfers on a budgetary basis.
- The City's governmental activities total bonded debt decreased by $4.7 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 $129.5 million to $134.5 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	
	2018	2017 (as Restated)	2018	2017 (as Restated)	2018	2017 (as Restated)
Current and other assets	$ 70,108	$ 70,571	$ 52,866	$ 44,954	$ 122,974	$ 115,525
Capital assets	120,959	125,054	150,737	149,131	271,696	274,185
Total assets	191,067	195,625	203,603	194,085	394,670	389,710
Deferred outflows of resources	10,050	10,590	3,858	4,664	13,908	15,254
Long-term debt outstanding	167,293	177,682 *	80,756	76,476 *	248,049	254,158
Unearned revenue	627	686	1,165	1,354	1,792	2,040
Other liabilities	10,880	8,036	10,338	11,072	21,218	19,108
Total liabilities	178,800	186,404	92,259	88,902	271,059	275,306
Deferred inflows of resources	2,365	176	626	-	2,991	176
Net Position:						
Net investment in capital assets	77,058	78,005	131,273	133,414	208,331	211,419
Restricted	1,697	1,656	120	273	1,817	1,929
Unrestricted	(58,803)	(60,026) *	(16,817)	(23,840) *	(75,620)	(83,866)
Total Net Position	$ 19,952	$ 19,635	$ 114,576	$ 109,847	$ 134,528	$ 129,482

* As Restated

Net position of the City's governmental activities increased by $0.4 million ($20.0 million compared to $19.6 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 $(60.0) million at June 30, 2017 to ($58.8) million at the end of this year. The unrestricted net position of business-type activities increased from $(23.8) million compared to ($16.8) million during 2018.

It is important to note that the recognition of the net OPEB liability on the financial statements through the implementation of GASB Statement 75 caused a significant decrease in unrestricted net position for both governmental and business-type activities in 2017, as restated. 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. OPEB liabilities are long-term ones which the City fund through the annual budget process.

Table 2
CHANGES IN NET POSITION
(In Thousands)

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Revenues:						
Program revenues:						
Charges for services	$ 4,953	$ 5,333	$ 96,510	$ 89,995	$ 101,463	$ 95,328
Operating grants and contributions	64,515	64,394			64,515	64,394
Capital grants and contributions	2,288	634	2,421	4,585	4,709	5,219
General revenues:						
Property taxes	79,996	79,343			79,996	79,343
Grants and contributions not restricted to specific purposes	4,404	5,580			4,404	5,580
Unrestricted investment earnings	609	394	56	13	665	407
Other general revenues	1,297	1,301			1,297	1,301
Total revenues	158,062	156,979	98,987	94,593	257,049	251,572
Program expenses:						
General government	9,680	9,693			9,680	9,693
Public safety	29,139	32,410			29,139	32,410
Social services	4,885	4,142			4,885	4,142
Public works	10,374	13,245			10,374	13,245
Education	110,987	108,916			110,987	108,916
Interest on long-term debt	1,145	1,351			1,145	1,351
Department of Public Utilities			84,253	79,481	84,253	79,481
Other enterprise funds			1,540	1,629	1,540	1,629
Total program expenses	166,210	169,757	85,793	81,110	252,003	250,867
Excess (deficiency) before transfers	(8,148)	(12,778)	13,194	13,483	5,046	705
Transfers	8,465	8,516	(8,465)	(8,516)		
Increase (Decrease) in Net Position	317	(4,262)	4,729	4,967	5,046	705
Net Position at Beginning of Year	19,635	59,645	109,847	109,196	129,482	168,841
Restatement		(35,748)		(4,316)	-	(40,064)
Net Position at End of Year	$ 19,952	$ 19,635	$ 114,576	$ 109,847	$ 134,528	$ 129,482

The City's total revenues were $257.0 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 increased the City's assets by $0.3 million during the year. Total revenues of $158.1 million and $8.5 million in transfers from the City's business-type activities provided funding for the City's $166.2 million of governmental program expenses incurred during the year.

The City's revenues increased $1.1 million ($158.1 million compared to $157.0 million) which was primarily caused by increases in property tax and investment earnings.

Total program expenses were $166.2 million as compared with $169.8 million reported last year. The decrease is largely attributable to the decrease in the net OPEB liability from fiscal year 2017 to 2018 due to plan design changes and other actuarial gains.

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)

	Total Cost of Services		Net Cost of Services	
	2018	**2017 (as Restated)**	**2018**	**2017 (as Restated)**
General government	$ 9,680	$ 10,522	$ 7,578	$ 8,481
Public safety	29,139	72,870	27,732	72,149
Social services	4,885	4,614	1,823	3,199
Public works	10,374	14,539	7,422	13,383
Education	110,987	101,609	48,754	37,215
All others	1,145	1,351	1,145	717
Totals	$ 166,210	$ 205,505	$ 94,454	$ 135,144

Business-Type Activities
Revenues of the City's business-type activities (see Table 2) increased by $4.4 million during the year ($99.0 million in 2018 compared to $94.6 million in 2017) and expenses increased by $4.7 million. Overall net position increased $4.7 million in 2018.

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 $29.8 million, which is a decrease of $2.6 million from last year's total of $32.4 million. Included in this year's total change in fund balance is a decrease of $2.1 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 $3.6 million at June 30, 2018. The fund balance decreased by $1.6 million during the year due to the spending down of prior year bond issuances.

The Education Grants Fund reported a fund balance of $0.4 million which was $0.1 million higher than last year.

The other governmental funds have a total fund balance of $10.3 million - a $1.1 million increase from last year.

Proprietary Funds

Net position of the Department of Public Utilities was $106.8 million, as compared to $101.9 million in the prior year, and City's other nonmajor enterprise funds net position decreased $0.2 million to $7.8 million from $8.0 million.

Unrestricted net deficit of the Department of Public Utilities was $14.8 million, and a deficit of $2.0 million for the other nonmajor enterprise funds. The Department of Public Utilities had operating revenues of $95.2 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, 2018 was $4.7 million. The change in the Department of Public Utilities net position is largely attributable to investments in capital assets, including $2.4 million of contributed capital.

General Fund Budgetary Highlights

The General Fund had a supplemental appropriation of $583 due to increased special education costs.

During the year, actual revenues and other financing sources on a budgetary basis were $122.6 million, which was $1.2 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 $124.3 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 $0.1 million less than 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, 2018, the City had $271.7 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 decrease (including additions, deductions and depreciation) of $2.5 million, or 0.1%, compared to last year.

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

	Governmental Activities		Business-Type Activities		Total	
	2018	**2017**	**2018**	**2017**	**2018**	**2017**
Land	$ 26,093	$ 25,726	$ 3,268	$ 3,255	$ 29,361	$ 28,981
Buildings and improvements	65,337	68,674	29,670	28,791	95,007	97,465
Vehicles, machinery, equipment, pumping and distributions systems	6,644	7,162	101,298	104,003	107,942	111,165
Technology upgrade and road infrastructure	21,391	22,336			21,391	22,336
Construction in progress	1,494	1,156	16,501	13,082	17,995	14,238
Totals	$ 120,959	$ 125,054	$ 150,737	$ 149,131	$ 271,696	$ 274,185

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

Digester roof replacement	$	2,706
Mohegan tank replacement		2,560
Road paving		905
Total	$	6,171

The City's fiscal-year 2018-19 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, 2018, the City had total bonds and notes outstanding of $66.9 million. All of this debt is backed by the full faith and credit of the City. The City's outstanding net debt decreased by $0.7 million during fiscal 2018.

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

	Governmental Activities		Business-Type Activities		Total	
	2018	**2017**	**2018**	**2017**	**2018**	**2017**
General obligation bonds	$ 47,407	$ 52,116	$ 112	$ 147	$ 47,519	$ 52,263
Notes payable			1,896		1,896	
Serial notes payable			17,456	15,351	17,456	15,351
Total	$ 47,407	$ 52,116	$ 19,464	$ 15,498	$ 66,871	$ 67,614

In November 2018, Standard & Poor's assigned an AA rating on Norwich's $8 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 $559 million. The City's outstanding general obligation debt is at 7.36% 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 September 2018, the unemployment rate for the Norwich was 4.2%, down from 5.4% in the prior year. Connecticut's overall unemployment rate stood at 3.8%, compared with 5.0% 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 2019 General Fund budget calls for $126.1 million in revenues and expenditures, an approximate 1.84% increase in over fiscal year 2018. Noneducation expenditures decreased by 0.02% and education expenditures increased by 3.00%. On the revenue side, the fiscal year 2019 mill rate increased 0.49 mills, or 1.21%, from 40.52 to 41.01. $200 of unrestricted fund balance was used to balance the budget.

In the City's business-type activities, the Norwich Public Utilities projects a 0.2% decrease in revenues from fiscal year 2018 from $98.9 million to $98.7 million. This decrease is largely due to decreases in electric rates. Norwich Public Utilities budgeted $25.8 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.

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Basic Financial Statements

EXHIBIT I

CITY OF NORWICH, CONNECTICUT
STATEMENT OF NET POSITION
JUNE 30, 2018
(In Thousands)

	Governmental Activities	Business-Type Activities	Total
Assets:			
Cash and cash equivalents	$ 6,071	$ 35,495	$ 41,566
Investments	33,749		33,749
Receivables, net	29,435	15,352	44,787
Internal balances	755	(755)	-
Due from Fiduciary Funds	50		50
Inventories		1,787	1,787
Other assets	48	987	1,035
Capital assets:			
Assets not being depreciated	27,587	19,769	47,356
Assets being depreciated, net	93,372	130,968	224,340
Total assets	191,067	203,603	394,670
Deferred Outflows of Resources:			
Deferred outflow of resources related to pensions	9,481	3,811	13,292
Deferred outflow of resources related to OPEB	162	47	209
Deferred charge on refunding	407		407
Total deferred outflows of resources	10,050	3,858	13,908
Liabilities:			
Accounts and other payables	10,251	10,338	20,589
Due to Fiduciary Funds	629		629
Unearned revenue	627	1,165	1,792
Noncurrent liabilities:			
Due within one year	8,796	4,463	13,259
Due in more than one year	158,497	76,293	234,790
Total liabilities	178,800	92,259	271,059
Deferred Inflows of Resources:			
Deferred inflow of resources related to pensions	407	53	460
Deferred inflow of resources related to OPEB	1,958	573	2,531
Total deferred inflows of resources	2,365	626	2,991
Net Position:			
Net investment in capital assets	77,058	131,273	208,331
Restricted for trust purposes:			
Permanent	1,697		1,697
Restricted for energy conservation		120	120
Unrestricted	(58,803)	(16,817)	(75,620)
Total Net Position	$ 19,952	$ 114,576	$ 134,528

The accompanying notes are an integral part of the financial statements

CITY OF NORWICH, CONNECTICUT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018
(In Thousands)

					Net Revenue (Expense) and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental activities:							
General government	$ 9,680	$ 1,893	$ 209	$	$ (7,578)	$	$ (7,578)
Public safety	29,139	553	807	47	(27,732)		(27,732)
Social services	4,885	601	2,461		(1,823)		(1,823)
Public works	10,374	667	44	2,241	(7,422)		(7,422)
Education	110,987	1,239	60,994		(48,754)		(48,754)
Interest on long-term debt	1,145				(1,145)		(1,145)
Total governmental activities	166,210	4,953	64,515	2,288	(94,454)	-	(94,454)
Business-type activities:							
Department of Public Utilities:							
Gas	16,999	19,869		271		3,141	3,141
Electric	49,345	55,672		285		6,612	6,612
Water	8,544	11,036		338		2,830	2,830
Sewer	9,365	8,641		1,527		803	803
Nonmajor Enterprise Funds:							
Golf Course Authority	1,085	978				(107)	(107)
Stadium Authority	331	149				(182)	(182)
Ice Rink Authority	124	165				41	41
Total business-type activities	85,793	96,510	-	2,421	-	13,138	13,138
Total	$ 252,003	$ 101,463	$ 64,515	$ 4,709	(94,454)	13,138	(81,316)
		General revenues:					
		Property taxes			79,996		79,996
		Grants and contributions not restricted to specific programs			4,404		4,404
		Unrestricted investment earnings			609	56	665
		Miscellaneous			1,297		1,297
		Total general revenues			86,306	56	86,362
		Transfers			8,465	(8,465)	-
		Change in Net Position			317	4,729	5,046
		Net Position at Beginning of Year, as Restated			19,635	109,847	129,482
		Net Position at End of Year			$ 19,952	$ 114,576	$ 134,528

The accompanying notes are an integral part of the financial statements

CITY OF NORWICH, CONNECTICUT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2018
(In Thousands)

	General	Bond Expenditure	Education Grants	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	$ 5,404	$	$	$ 667	$ 6,071
Investments	32,119			1,630	33,749
Receivables, net	6,492	9	961	8,178	15,640
Due from other funds	2,275	3,641	1,694	6,026	13,636
Other assets				48	48
Total Assets	$ 46,290	$ 3,650	$ 2,655	$ 16,549	$ 69,144
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities:					
Accounts and other payables	$ 7,143	$ 37	$ 2,252	$ 649	$ 10,081
Due to other funds	17,803			1,365	19,168
Unearned revenue	44		31	552	627
Total liabilities	24,990	37	2,283	2,566	29,876
Deferred inflows of resources:					
Unavailable revenue - property taxes	3,794			227	4,021
Unavailable revenue - special assessments	1,942			107	2,049
Unavailable revenue - loans receivable				3,387	3,387
Total deferred inflows of resources	5,736	-	-	3,721	9,457
Fund balances:					
Nonspendable				1,733	1,733
Restricted		3,613		2,491	6,104
Committed			372	6,137	6,509
Assigned	261				261
Unassigned	15,303			(99)	15,204
Total fund balances	15,564	3,613	372	10,262	29,811
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 46,290	$ 3,650	$ 2,655	$ 16,549	$ 69,144

(Continued on next page)

CITY OF NORWICH, CONNECTICUT
BALANCE SHEET - GOVERNMENTAL FUNDS (CONTINUED)
JUNE 30, 2018
(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		$ 29,811
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:		
Governmental capital assets	$ 200,679	
Less accumulated depreciation	(79,720)	
Net capital assets		120,959
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		2,989
Interest receivable on property taxes		1,033
Housing rehabilitation loans		3,375
Accounts and other receivables		15,820
Deferred outflows:		
Deferred outflow of resources related to pensions		9,481
Deferred outflow of resources related to OPEB		162
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.		359
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		(45,000)
Deferred charge on refunding		407
Unamortized bond premium		(2,407)
Interest payable on bonds and notes		(156)
Compensated absences		(3,276)
Landfill closure		(211)
Capital lease		(514)
Net pension liability		(75,908)
Net OPEB liability		(34,607)
Deferred inflow of resources related to pensions		(407)
Deferred inflow of resources related to OPEB		(1,958)
Net Position of Governmental Activities (Exhibit I)		$ 19,952

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, 2018
(In Thousands)

	General	Bond Expenditure	Education Grants	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:					
Property taxes, interest and liens	$ 74,954	$	$	$ 4,521	$ 79,475
Intergovernmental revenues	48,284	88	14,578	8,054	71,004
Charges for services	1,811		330	1,972	4,113
Licenses, permits and fees	409				409
Investment income	458			150	608
Other	1,101			2,080	3,181
Total revenues	127,017	88	14,908	16,777	158,790
Expenditures:					
Current:					
General government	5,685			355	6,040
Public safety	18,987			9,026	28,013
Social services	1,965			2,968	4,933
Public works	10,618			34	10,652
Education	88,133		14,860	4,548	107,541
Other	3,135				3,135
Capital outlay		1,735		1,691	3,426
Debt service				6,099	6,099
Total expenditures	128,523	1,735	14,860	24,721	169,839
Excess (Deficiency) of Revenues over Expenditures	(1,506)	(1,647)	48	(7,944)	(11,049)
Other Financing Sources (Uses):					
Transfers in	6,351			9,362	15,713
Transfers out	(6,962)			(286)	(7,248)
Total other financing sources (uses)	(611)	-	-	9,076	8,465
Net Change in Fund Balances	(2,117)	(1,647)	48	1,132	(2,584)
Fund Balances at Beginning of Year	17,681	5,260	324	9,130	32,395
Fund Balances at End of Year	$ 15,564	$ 3,613	$ 372	$ 10,262	$ 29,811

(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, 2018
(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)	$	(2,584)
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		3,269
Depreciation expense		(6,646)
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.		(717)
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		312
Property tax interest and lien revenue - accrual basis change		209
Housing loan repayments		57
Accounts and other receivables - accrual basis change		(859)
Change in deferred outflows:		
Deferred outflow of resources related to pensions		(627)
Deferred outflow of resources related to OPEB		162
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:		
Bond principal payments		4,430
Amortization of deferred charge on refunding		(75)
Amortization of premiums		279
Capital lease payments		161
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		(98)
Accrued interest		115
Landfill postclosure care		14
Change in net pension liability		(754)
Change in net OPEB liability		5,922
Change in deferred inflows:		
Deferred inflow of resources related to pensions		(231)
Deferred inflow of resources related to OPEB		(1,958)
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.		(64)
Change in Net Position of Governmental Activities (Exhibit II)	$	317

The accompanying notes are an integral part of the financial statements

CITY OF NORWICH, CONNECTICUT
STATEMENT OF NET POSITION - PROPRIETARY FUNDS
JUNE 30, 2018
(In Thousands)

	Business-Type Activities			Governmental Activities
	Department of Public Utilities	Nonmajor Enterprise Funds	Total	Internal Service Funds
Assets:				
Current assets:				
Cash and cash equivalents	$ 35,495	$	$ 35,495	$
Receivables, net	15,259	93	15,352	36
Due from other funds	55	50	105	5,708
Inventories	1,787		1,787	
Other assets	987		987	
Total current assets	53,583	143	53,726	5,744
Capital assets, net	140,852	9,885	150,737	
Total assets	194,435	10,028	204,463	5,744
Deferred Outflows of Resources:				
Deferred outflow of resources related to pensions	3,811		3,811	
Deferred outflow of resources related to OPEB	47		47	
Total deferred outflows of resources	3,858	-	3,858	-
Liabilities:				
Current liabilities:				
Accounts payable and accrued liabilities	8,001	155	8,156	15
Notes payable	1,237		1,237	
Bonds payable	11	30	41	
Compensated absences	1,791		1,791	
Risk management claims	329		329	2,481
Cash advances from other funds	1,065		1,065	
Due to other funds		860	860	
Unearned revenue		1,165	1,165	
Total current liabilities	12,434	2,210	14,644	2,496
Noncurrent liabilities:				
Customer deposits	2,182		2,182	
Notes payable	18,115		18,115	
Bonds payable	11	60	71	
Compensated absences	2,633		2,633	
Risk management claims	751		751	2,889
Cash advances from other funds	12,737		12,737	
Net pension liability	35,848		35,848	
Net OPEB liability	6,138		6,138	
Total noncurrent liabilities	78,415	60	78,475	2,889
Total liabilities	90,849	2,270	93,119	5,385
Deferred Inflows of Resources:				
Deferred inflow of resources related to pensions	53		53	
Deferred inflow of resources related to OPEB	573		573	
Total deferred outflows of resources	626	-	626	-
Net Position:				
Net investment in capital assets	121,478	9,795	131,273	
Restricted for energy conservation	120		120	
Unrestricted	(14,780)	(2,037)	(16,817)	359
Total Net Position	$ 106,818	$ 7,758	$ 114,576	$ 359

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, 2018
(In Thousands)

	Business-Type Activities			Governmental Activities
	Department of Public Utilities	Nonmajor Enterprise Funds	Total	Internal Service Funds
Operating Revenues:				
Charges for services	$ 91,693	$ 1,127	$ 92,820	$ 18,130
Use of property	1,646		1,646	
Other services	1,879		1,879	
Rent		165	165	
Total operating revenues	95,218	1,292	96,510	18,130
Operating Expenses:				
Purchased gas and electric	32,795		32,795	
Operations and maintenance	15,083	1,202	16,285	
General and administrative	17,536		17,536	
Depreciation	7,853	335	8,188	
Customer accounts	3,607		3,607	
Pension expense	254		254	
OPEB expense	2,348		2,348	
Gross revenue and property taxes	2,885		2,885	
Claims			-	16,419
Premiums and administrative charges			-	1,775
Total operating expenses	82,361	1,537	83,898	18,194
Operating Income (Loss)	12,857	(245)	12,612	(64)
Nonoperating Income (Expense):				
Interest income	56		56	
Interest expense	(928)	(3)	(931)	
Loss on disposal of capital assets	(964)		(964)	
Total nonoperating expense	(1,836)	(3)	(1,839)	-
Income (Loss) Before Contributions and Transfers	11,021	(248)	10,773	(64)
Capital contributions	2,421		2,421	
Transfers in		24	24	
Transfers out	(8,489)		(8,489)	
Change in Net Position	4,953	(224)	4,729	(64)
Total Net Position at Beginning of Year, as Restated	101,865	7,982	109,847	423
Total Net Position at End of Year	$ 106,818	$ 7,758	$ 114,576	$ 359

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, 2018
(In Thousands)

	Business-Type Activities			Governmental Activities
	Department of Public Utilities	Nonmajor Enterprise Funds	Total	Internal Service Funds
Cash Flows from Operating Activities:				
Cash received from charges for services	$ 95,205	$ 1,197	$ 96,402	$ 3,401
Cash receipts for interfund services provided			-	15,221
Cash paid to vendors	(50,673)	(1,102)	(51,775)	(18,622)
Cash paid to employees for services	(23,218)		(23,218)	
Net cash provided by (used in) operating activities	21,314	95	21,409	-
Cash Flows from Noncapital and Related Financing Activities:				
Transfers to other funds	(8,489)		(8,489)	
Customer deposits	431		431	
Advances from (to) other funds	(102)	24	(78)	
Net cash provided by (used in) noncapital and related financing activities	(8,160)	24	(8,136)	-
Cash Flows from Capital and Related Financing Activities:				
Capital contributions	2,421		2,421	
Purchases of capital assets	(9,544)	(91)	(9,635)	
Proceeds from sale of capital assets	36		36	
Proceeds from long-term debt	5,083		5,083	
Principal payment on bonds and notes	(1,091)	(25)	(1,116)	
Principal payment on capital leases	(219)		(219)	
Interest payment on debt	(928)	(3)	(931)	
Cash advances from the City of Norwich	(649)		(649)	
Net cash provided by (used in) capital and related financing activities	(4,891)	(119)	(5,010)	-
Cash Flows from Investing Activities:				
Income on investments	56		56	
Net Increase (Decrease) in Cash and Cash Equivalents	8,319	-	8,319	-
Cash and Cash Equivalents at Beginning of Year	27,176	-	27,176	-
Cash and Cash Equivalents at End of Year	$ 35,495	$ -	$ 35,495	$ -
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:				
Operating income (loss)	$ 12,857	$ (245)	$ 12,612	$ (64)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation expense	7,853	335	8,188	
Change in net pension liability and related deferred outflows/inflows	254		254	
Change in net OPEB liability and related deferred outflows/inflows	2,347		2,347	
(Increase) decrease in receivables	(12)	5	(7)	141
(Increase) decrease in inventories and other assets	399		399	
(Increase) decrease in due from other funds		107	107	351
Increase (decrease) in due to other funds		10	10	
Increase (decrease) in unearned revenues		(189)	(189)	
Increase (decrease) in accounts payable and accrued liabilities	(2,384)	72	(2,312)	(428)
Total adjustments	8,457	340	8,797	64
Net Cash Provided by (Used in) Operating Activities	$ 21,314	$ 95	$ 21,409	$ -

The accompanying notes are an integral part of the financial statements

CITY OF NORWICH, CONNECTICUT
STATEMENT OF FIDUCIARY NET POSITION - FIDUCIARY FUNDS
JUNE 30, 2018
(In Thousands)

	Pension and Other Employee Benefit Trust Funds	Agency Funds
Assets:		
Cash and cash equivalents	$ 501	$ 458
Investments:		
U.S. government securities	17,749	
U.S. government agencies	9,884	
Corporate bonds	22,547	
Mutual funds	86,303	
Common stock	56,404	
Real estate	896	
Preferred stock	297	
Other receivables		103
Due from other funds	629	
Total assets	195,210	$ 561
Liabilities:		
Accounts and other payables	433	$
Due to other funds	50	
Due to student groups and agencies		561
Total liabilities	483	$ 561
Net Position:		
Restricted for OPEB Benefits	18,349	
Restricted for Pensions	176,378	
	$ 194,727	

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, 2018
(In Thousands)

	Pension and Other Employee Benefit Trust Funds
Additions:	
Contributions:	
Employer	$ 16,024
Plan members	3,878
Total contributions	19,902
Investment income:	
Net change in fair value of investments	9,375
Interest and dividends	4,853
Total investment income	14,228
Less investment expense	(904)
Net investment income	13,324
Total additions	33,226
Deductions:	
Benefits	21,963
Administration	75
Lump sum distributions and withdrawals	438
Total deductions	22,476
Change in Net Position	10,750
Net Position Held in Trust for Pension and Other Post Employment Benefits at Beginning of Year	183,977
Net Position Held in Trust for Pension and Other Post Employment Benefits at End of Year	$ 194,727

The accompanying notes are an integral part of the financial statements

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.

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.

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 $765 has been established as an allowance for uncollected taxes. At June 30, 2018, this represents 17.2% of property taxes receivable.

F. Inventories and Prepaid Items

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

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

G. Capital Assets

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

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. Significant bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

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.

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.

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.

O. New Accounting Standards Adopted

Effective for the year ended June 30, 2018, the City adopted a new statement of financial accounting standards issued by the Governmental Accounting Standards Board:

- GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, expands disclosure and reporting requirements for postemployment benefits and requires that the liability of employers and nonemployer contributing entities to employees for defined benefit OPEB (net OPEB liability) be recorded in addition to any associated deferred outflows/inflows. The expanded disclosure is included in Note 13 and in the required supplemental information schedules. Restatements recorded as a result of the implementation are detailed further at Note 19.

P. Reclassifications

Certain reclassifications have been made to the prior years' financial statements to conform to the current year presentation. These reclassifications had no effect on previously reported results of operations or net position.

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

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

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

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

The General Fund and the Fire 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 2018, additional appropriations totaling $584 and $148 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, 2018 as follows:

Nonmajor Governmental Funds:		
Dog License	$	99*
Nonmajor Enterprise Funds:		
Ice Rink Authority		448*
Internal Service Funds:		
Workers' Compensation		1,005*

* 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.

Based on the criteria described in GASB Statement No. 40, *Deposits and Investment Risk Disclosures*, $63,972 of the City's bank balance of $69,037 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	$	57,175
Uninsured and collateral held by the pledging bank's trust department, not in the City's name		6,797
Total Amount Subject to Custodial Credit Risk	$	63,972

Cash Equivalents

At June 30, 2018, 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

(In Thousands)

4. INVESTMENTS

As of June 30, 2018, the City had the following investments:

	Fair Value	Investment Maturities (Years) Less Than 1	1 - 10	More Than 10
Interest-bearing investments:				
Certificate of Deposit	$ 25,154	$ 9,948	$ 15,206	$
U.S. Government Securities	24,714	6,965	15,673	2,076
U.S. Government Agencies	9,884	464	107	9,313
Municipal Bonds	258		182	76
Corporate Bonds	22,806		19,426	3,380
Total	82,816	$ 17,377	$ 50,594	$ 14,845
Other investments:				
Mutual Funds	86,427			
Common Stock	57,393			
Preferred Stock	297			
Real Estate	896			
Total Investments	$ 227,829			

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

Average Rating	Corporate Bonds	U.S. Government Securities	U.S. Government Agencies	Municipal Bonds	Certificate of Deposit
Aaa	$ 2,039	$ 24,714	$ 9,884	$	$
Aa1	34				
Aa2	195				
Aa3	202				
A1	368				
A2	685				
A3	4,587				
Baa1	2,532				
Baa2	877				
Baa3	4,047				
Ba1	1,791				
Ba2	1,278				
Ba3	251				
B1	42				
B2	407				
B3	416				
Unrated	3,055			258	25,154
	$ 22,806	$ 24,714	$ 9,884	$ 258	$ 25,154

(In Thousands)

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, 2018:

	June 30, 2018	Fair Value Measurements Using Level 1	Level 2	Level 3
Investments by fair value level:				
Debt Securities:				
U.S. Government Securities	$ 24,714	$ 24,714	$	$
U.S. Government Agencies	9,884	9,884		
Municipal Bonds	258	258		
Corporate Bonds	22,806	22,806		
Equity Securities:				
Common Stock	57,393	57,393		
Preferred Stock	297	297		
Mutual Funds	86,427	86,427		
Real Estate	896	896		
Total investments by fair value level	202,675	$ 202,675	$ -	$ -
Investments not recorded at fair value:				
Certificate of Deposit	25,154			
Total Investments	$ 227,829			

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.

(In Thousands)

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.

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:

	General	Bond Expenditure Fund	Education Grants	Department of Public Utilities	Nonmajor and Other Funds	Total
Receivables:						
Taxes	$ 4,168	$	$	$	$ 276	$ 4,444
Accrued interest on taxes	1,290					1,290
Intergovernmental	15	9	961		3,819	4,804
User charges				18,526	93	18,619
Assessments	1,942					1,942
Housing and rehabilitation loans					3,690	3,690
Accounts and other	92			173	963	1,228
Gross receivables	7,507	9	961	18,699	8,841	36,017
Less allowance for uncollectibles:						
Taxes	(757)				(8)	(765)
Accrued interest on taxes	(258)					(258)
User charges				(3,440)		(3,440)
Accounts and other					(423)	(423)
Total allowance	(1,015)	-	-	(3,440)	(431)	(4,886)
Net Total Receivables	$ 6,492	$ 9	$ 961	$ 15,259	$ 8,410	$ 31,131

(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, 2018 is presented below.

Receivable Fund	Payable Fund	Amount
General Fund	Nonmajor Governmental	$ 1,365
	Nonmajor Enterprise	860
	Pension Trust	50
Bond Expenditure	General Fund	3,641
Education Grants	General Fund	1,694
Nonmajor Governmental	General Fund	6,026
Department of Public Utilities	General Fund	55
Internal Service Funds	General Fund	5,708
Nonmajor Enterprise	General Fund	50
Other Post Employment Benefit Trust	General Fund	629
Total		$ 20,078

A summary of interfund transfers is presented below:

	Transfers In			
	General	Nonmajor Governmental	Nonmajor Enterprise	Total
Transfers out:				
General Fund	$	$ 6,962	$	$ 6,962
Department of Public Utilities	6,089	2,400		8,489
Nonmajor Governmental	262		24	286
Total Transfers Out	$ 6,351	$ 9,362	$ 24	$ 15,737

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.

(In Thousands)

7. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2018 was as follows:

	Beginning Balance	Transfers	Increases	Decreases	Ending Balance
Governmental activities:					
Capital assets not being depreciated:					
Land	$ 25,726	$	$ 495	$ (128)	$ 26,093
Construction in progress	1,156	(565)	909	(6)	1,494
Total capital assets not being depreciated	26,882	(565)	1,404	(134)	27,587
Capital assets being depreciated:					
Buildings and improvements	106,924	62	499	(2,938)	104,547
Vehicles, machinery and equipment	24,893	437	527	(1,040)	24,817
Technology upgrade and infrastructure	42,953	66	838	(129)	43,728
Total capital assets being depreciated	174,770	565	1,864	(4,107)	173,092
Less accumulated depreciation for:					
Buildings and improvements	(38,250)		(3,368)	2,408	(39,210)
Vehicles, machinery and equipment	(17,731)		(1,435)	993	(18,173)
Technology upgrade and infrastructure	(20,617)		(1,843)	123	(22,337)
Total accumulated depreciation	(76,598)	-	(6,646)	3,524	(79,720)
Total capital assets being depreciated, net	98,172	565	(4,782)	(583)	93,372
Governmental Activities Capital Assets, Net	$ 125,054	$ -	$ (3,378)	$ (717)	$ 120,959
Business-type activities:					
Capital assets not being depreciated:					
Land	$ 3,255	$	$ 13	$	$ 3,268
Construction in progress	13,082	(7,329)	10,760	(12)	16,501
Total capital assets not being depreciated	16,337	(7,329)	10,773	(12)	19,769
Capital assets being depreciated:					
Structures and improvements	58,210	2,931		(1,093)	60,048
Machinery, equipment, pumping and distribution systems	235,619	4,398	32	(505)	239,544
Total capital assets being depreciated	293,829	7,329	32	(1,598)	299,592
Less accumulated depreciation for:					
Structures and improvements	(29,419)		(1,115)	156	(30,378)
Machinery, equipment, pumping and distribution systems	(131,616)		(7,073)	443	(138,246)
Total accumulated depreciation	(161,035)	-	(8,188)	599	(168,624)
Total capital assets being depreciated, net	132,794	7,329	(8,156)	(999)	130,968
Business-Type Activities Capital Assets, Net	$ 149,131	$ -	$ 2,617	$ (1,011)	$ 150,737

(In Thousands)

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

Governmental activities:		
General government	$	250
Public safety		967
Social services		94
Public works		3,490
Education		1,845
Total Depreciation Expense - Governmental Activities	$	6,646
Business-type activities:		
Department of Public Utilities	$	7,853
Golf Course Authority		51
Stadium Authority		170
Ice Rink Authority		114
Total Depreciation Expense - Business-Type Activities	$	8,188

Construction Commitments

The City has active construction projects as of June 30, 2018. At year end, the City's commitments with contractors on active authorizations are as follows:

Project	Cumulative Authorization	Current Expenditures	Cumulative Expenditures	Balance June 30, 2018
Salem Tpke Metering & Regulating Station	$ 3,219	$ 24	$ 31	$ 3,188
LCTP Phase 2 CWF 607 PG	4,662	1,103	3,383	1,279
WWTP Design & Construction	28,700		6,995	21,705
DWSRF - AMI Metering	2,900	1	6	2,894
Occum Water Tank - Equipment Upgrade	920	362	426	494
Deep River - Sand Filtration Upgrade	2,160	52	53	2,107
Sprague Interconnect Main Extension	3,450	128	129	3,321
Mohegan Park Tank Replacement	3,500	2,560	2,903	597
Stony Brook - North & South Sections Transmission Main	5,820	54	271	5,549
Stony Brook Buoyant Media	7,550	445	846	6,704
Primary Distribution Circuit Upgrades	359	105	107	252
Total	$ 63,240	$ 4,834	$ 15,150	$ 48,090

(In Thousands)

8. LONG-TERM DEBT

Changes in Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2018 was as follows:

	Beginning Balance		Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:						
Bonds payable:						
General obligation bonds	$ 49,430		$	$ 4,430	$ 45,000	$ 4,305
Add unamortized premiums	2,686			279	2,407	281
Total bonds payable	52,116		-	4,709	47,407	4,586
Compensated absences	3,178		1,618	1,520	3,276	1,526
Landfill closure	225			14	211	22
Capital leases	675			161	514	181
Net pension liability	75,154		754		75,908	
Net OPEB liability *	40,529	*		5,922	34,607	
Risk management claims	5,805		15,984	16,419	5,370	2,481
Governmental Activities Long-Term Liabilities	$ 177,682		$ 18,356	$ 28,745	$ 167,293	$ 8,796
Business-Type Activities:						
Bonds and notes payable:						
General obligation bonds	$ 147		$	$ 35	$ 112	$ 41
Notes payable			1,896		1,896	143
State of Connecticut - serial note	15,351		3,186	1,081	17,456	1,094
Total bonds and notes payable	15,498		5,082	1,116	19,464	1,278
Compensated absences	4,547		1,614	1,737	4,424	1,791
Capital leases	219			219	-	
Workers' compensation	944		464	328	1,080	329
Net pension liability	36,501			653	35,848	
Net OPEB liability *	4,316	*	1,822		6,138	
Cash advances	14,451		414	1,063	13,802	1,065
Business-Type Activities Long-Term Liabilities	$ 76,476		$ 9,396	$ 5,116	$ 80,756	$ 4,463

* As restated and further detailed in Note 19

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

(In Thousands)

A schedule of bonds outstanding at June 30, 2018 is presented below:

Description	Date of Issue	Date of Maturity	Interest Rate (%)	Amount of Original Issue	Balance Outstanding June 30, 2018
Governmental Activities:					
General Purpose Bonds Payable:					
Schools	12/30/2008	12/30/2020		$ 2,940	$ 735
General purpose	12/02/2009	12/01/2029	3.0-4.0	9,145	940
Schools	12/02/2009	12/01/2029	3.0-4.0	2,000	200
General purpose	12/13/2011	12/01/2022	2.0-4.0	4,680	3,500
Schools	12/13/2011	12/01/2022	2.0-4.0	5,000	3,680
Refunding - (04/15/02) bonds	02/15/2012	04/15/2022	2.0	2,725	1,000
General purpose	02/12/2014	02/01/2024	3.0-5.0	12,365	9,755
Refunding - (4/15/2004 and 3/15/2005) bonds	02/12/2014	09/15/2019	3.0-5.0	2,793	486
Refunding - (4/15/2004 and 3/15/2005) bonds - Schools	02/12/2014	09/15/2019	3.0-5.0	2,987	764
General purpose - Series A	03/03/2015	08/01/2024	3.0-4.0	5,600	4,650
General purpose - Series B	03/03/2015	08/01/2024	2.0-3.0	1,140	795
General purpose - Series A	03/01/2016	08/01/2035	2.0-2.6	6,300	5,570
General purpose - Series B	03/01/2016	08/01/2025	2.0-3.0	2,500	2,000
Refunding - (2009, Series A) bonds	10/12/2016	08/1/2024	1.8-4.0	2,925	2,925
General purpose - Series A	03/1/2017	08/1/2036	3.0-4.0	4,450	4,225
Refunding - (2009, Series A) bonds	03/1/2017	08/1/2036	3.0-4.0	2,825	2,825
General purpose - Series B	03/1/2017	08/1/2036	1.0-3.9	1,000	950
Total					$ 45,000
Business-Type Activities:					
Golf course	12/02/2009	12/01/2029	3.0-4.0	$ 265	$ 90
Refunding - (02/12/2014) Stony Brook Reservoir	02/12/2014	09/15/2019	3.0-5.0	73	22
Equipment financing loan	12/28/2017	01/01/2025	4.25	1,896	1,896
State of Connecticut serial notes payable:					
Clean Water Act 298-C	06/30/2000	06/30/2019	2.00	1,508	74
Clean Water Act 349-C	12/31/2002	12/31/2021	2.00	881	179
Clean Water Act 9714-C	12/31/2002	12/31/2021	2.77	1,899	407
Clean Water Act 200801-C	07/01/2009	07/01/2029	2.27	450	246
Clean Water Act 625-D	12/31/2012	12/31/2031	2.00	1,865	1,326
Clean Water Act 495-C	05/31/2013	06/01/2032	2.00	5,748	4,196
Clean Water Act 625-D1	05/31/2015	12/31/2031	2.00	2,510	1,999
Clean Water Act 707-PD	*	*	*	862	862
Drinking Water State Revolving Fund 2010-8005	03/31/2010	12/31/2029	2.06	145	83
Drinking Water State Revolving Fund 2010-8006	03/31/2010	06/30/2030	2.06	326	196
Drinking Water State Revolving Fund 2011-7005	04/30/2014	10/31/2032	2.00	160	124
Drinking Water State Revolving Fund 2011-7006	04/30/2014	04/30/2032	2.00	148	114
Drinking Water State Revolving Fund 2014-7027	06/30/2015	12/31/2034	2.27	506	417
Drinking Water State Revolving Fund 2014-7036	05/31/2016	11/30/2036	2.00	4,052	3,528
Drinking Water State Revolving Fund 2015-7037	10/12/2016	09/30/2034	2.00	1,528	1,381
Drinking Water State Revolving Fund 2017-7056	*	*	*	2,324	2,324
Total					$ 19,464

* Loan is not permanently financed at this time.

(In Thousands)

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

Year Ending June 30	Principal	Interest	Total
2019	$ 4,305	$ 1,387	$ 5,692
2020	4,095	1,264	5,359
2021	3,575	1,153	4,728
2022	3,230	1,046	4,276
2023	2,980	941	3,921
2024-2028	13,730	3,285	17,015
2029-2033	10,160	1,311	11,471
2034-2037	2,925	158	3,083
Total	$ 45,000	$ 10,545	$ 55,545

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

Year Ending June 30	Principal	Interest	Total
2019	$ 1,278	$ 362	$ 1,640
2020	1,369	328	1,697
2021	1,385	294	1,679
2022	1,295	258	1,553
2023	1,232	226	1,458
2024-2028	5,133	719	5,852
2029-2033	3,975	235	4,210
2034-2036	611	14	625
Subtotal	16,278	2,436	18,714
State of Connecticut - serial notes not permanently financed as of June 30, 2018	3,186	-	3,186
	$ 19,464	$ 2,436	$ 21,900

General Obligation Bonds - Advance Refunding

The City has defeased certain general obligation bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the City's financial statements. At June 30, 2018, $6,000 of the defeased debt is outstanding.

(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 2018 fiscal year were $161. The net undepreciated value of assets purchased by capital lease approximates the principal balances payable of $514 at June 30, 2018. The following is a summary of capital lease commitments as of June 30, 2018.

Year Ending June 30		Governmental Funds
2019	$	181
2020		177
2021		65
2022		65
2023		65
Total payments		553
Less interest		(39)
Principal Balance	$	514

Business-Type Activities

The Department of Public Utilities had entered into multi-year capital leases for the purchase of various items including equipment, vehicles, financial management systems and a municipal wide-area network. Principal payments for the 2018 fiscal year were $219 with no remaining balance outstanding as of June 30, 2018.

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	$	906	
Vacation		708	
Other		238	
Nonvested:			
Sick		1,402	*
Other		22	*
Total	$	3,276	

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

(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	$	3,247
Vacation		1,177
Total	$	4,424

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 $211 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, 2018. However, the actual cost of closure and postclosure care may be higher due to inflation, changes in technology or changes in landfill laws and regulations. The City is eligible for approximately $3,300 in state grants, of which $2,020 has been drawn down. 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.

Bonds Authorized/Unissued

Bonds authorized/unissued with outstanding debt at June 30, 2018 are as follows:

Description	Authorized	Bonded	Grants	Authorized Unissued
New London Turnpike & Pleasant Street Bridges	$ 530	$ 290	$ 215	$ 25
Gas Line Extensions	9,500	8,438		1,062
Wawecus Street Bridge	800	500		300
Public Safety Equipment (2017)	3,200			3,200
Code Correction Assistance	1,840	568		1,272
Infrastructure Improvement Program	5,000			5,000
2018-19 Dodd Stadium Capital Improvements	800			800
Total	$ 21,670	$ 9,796	$ 215	$ 11,659

(In Thousands)

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:

Category		Debt Limit		Net Indebtedness		Balance
General purpose	$	179,730	$	27,762	$	151,968
Schools		359,460		7,300		352,160
Sewers		299,550		3,107		296,443
Urban renewal		259,610		2,777		256,833
Pension deficit		239,640				239,640

The total of the City's net statutory indebtedness of $40.95 million does not exceed the legal debt limitation of $559 million (seven times the base for debt limitation computation).

(In Thousands)

9. FUND EQUITY

A. Fund Balance

The components of fund balance at June 30, 2018 are as follows:

	General Fund	Bond Expenditure Fund	Education Grants	Nonmajor Governmental Funds	Total
Fund balances:					
Nonspendable:					
Inventory - School Lunch	$	$	$	$ 48	$ 48
Trust:					
Cemetery Trust				1,652	1,652
Other				33	33
Restricted for:					
Trust				12	12
Grants:					
Kelly Middle School Project				1,823	1,823
Other				187	187
Fire districts				469	469
Capital Projects		3,613			3,613
Committed to:					
Public safety:					
Fire Grants & Programs				59	59
Police Grants & Programs				22	22
Public works:					
Sherman Street Bridge				478	478
Public Parking				119	119
Other				2,964	2,964
Social services:					
Recreation				354	354
Human Services				55	55
Senior Center				123	123
Youth & Family Services				35	35
Other				34	34
General government:					
Downtown Revitalization Revolving Loan				98	98
Other				298	298
Education:					
School Lunch				1,011	1,011
Adult Education				101	101
Other			372	386	758
Assigned to:					
General government - encumbrances	9				9
Public works - encumbrances	22				22
Public safety - encumbrances	15				15
Social services - encumbrances	11				11
Education - encumbrances	4				4
Subsequent year's budget	200				200
Unassigned	15,303			(99)	15,204
Total Fund Balances	$ 15,564	$ 3,613	$ 372	$ 10,262	$ 29,811

(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, 2018 on behalf of the Department were $99. 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	$	251
Bond Expenditure Fund		241
Nonmajor governmental funds		2,489
Nonmajor enterprise funds		23
Total	$	3,004

10. TAX ABATEMENTS

As of June 30, 2018, the City provides tax abatements through multiple programs:

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

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, 2018, taxes abated through this program total $149. 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, 2018, taxes abated through this program total $113. 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, 2018, 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.

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 2017 for hospitalization with a maximum aggregate for all claims of approximately $17,340.

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.

(In Thousands)

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

	Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claim Payments	Balance at Fiscal Year End
Medical:				
2017-2018	$ 1,381	$ 14,102	$ 14,251	$ 1,232
2016-2017	1,177	15,133	14,929	1,381
Workers' Compensation:				
2017-2018	4,424	1,882	2,168	4,138
2016-2017	4,262	2,784	2,622	4,424

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 $1,080 for estimated unpaid accrued losses on reported claims as of June 30, 2018.

12. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS

City of Norwich Retirement System

A. 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 Supervisors, 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 bargaining units bargained as a coalition for pension benefits in 2018. The City nonunion and elected employees and supervisors were given the same benefits after the coalition agreement was ratified effective January 1, 2018.

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 effective January 1, 2018.

2008 Agreement

The City is negotiating with the 911 Dispatchers and Public Works Employees to add them to the 2018 agreement. The members of these two bargaining units are currently working under the 2008 agreement.

Under the 2008 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. City employees 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 contribute 8% of their wages to the plan.

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 effective January 1, 2018.

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 9% of their wages to the plan.

Public Schools Nurses and Paraeducators

Employees are 100% vested in a pension to begin at age 60 if they terminate employment after 10 years of continuous service or after 25 years of service and attainment of age 55. Also, any employee terminating employment after age 50 with 25 years of service is eligible for a pension at a reduced percentage. City employees receive a retirement benefit of 2.1% of average final earnings during the highest 3 years out of the last 10 consecutive year period with a maximum of 73.5% of average earnings.

Employees contribute 7% of their wages to the plan.

At July 1, 2017, 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	601
Total	1,240

B. 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.

(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.

C. Funding Policy

The contribution requirements of plan members and the City are established and may be amended by the City legislature. Benefits and contributions are established by the City and may be amended only by the City Charter and union negotiation. 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 24.26% of covered payroll.

Administrative costs of the plan are financed through investment earnings.

D. 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, 2018.

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return*	Weighting
U.S. Large Cap Equities	40.00%	4.65%	1.86%
U.S. Small/Mid Cap Equities	15.00%	5.50%	0.83%
Non-U.S. Equities	15.00%	5.50%	0.83%
U.S. Fixed Income	30.00%	2.10%	0.63%
Total Portfolio	100.00%		4.15%
Long-Term Inflation Expectation			2.75%
Long-Term Expected Nominal Return			6.90%

* Long-Term Returns are provided by Hooker and Holcombe Investment Advisors, Inc. The returns are geometric means.

Rate of Return
For the year ended June 30, 2018, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 7.40%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

(In Thousands)

E. Net Pension Liability of the City

The components of the net pension liability of the City at June 30, 2018 were as follows:

Total pension liability	$	281,849
Plan fiduciary net position		(173,583)
Net Pension Liability	$	108,266
Plan fiduciary net position as a percentage of the total pension liability		61.59%

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.

(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 June 30, 2017	$ 273,357	$ 165,259	$ 108,098
Changes for the year:			
Service cost	5,769		5,769
Interest on total pension liability	20,965		20,965
Differences between expected and actual experience	(295)		(295)
Changes of benefit terms	(4,568)		(4,568)
Changes in assumptions	4,117		4,117
Employer contributions		10,103	(10,103)
Member contributions		3,664	(3,664)
Net investment income		12,097	(12,097)
Benefit payments, including refund to employee contributions	(17,496)	(17,496)	-
Administrative expenses		(44)	44
Net changes	8,492	8,324	168
Balances as of June 30, 2018	$ 281,849	$ 173,583	$ 108,266

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 discount rate of 7.50%, 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 (6.50%) or 1 percentage point higher (8.50%) 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, 2018	$ 139,957	$ 108,266	$ 81,595

City of Norwich Volunteer Firefighters' Relief Plan

A. 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.

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 multiplied by the years of credited service to a maximum of 40 years and a maximum monthly benefit of $880.

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	127
Total	180

B. 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.

Plan Changes and Changes in Actuarial Assumptions
There were no plan changes reflected in the last actuarial valuation.

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

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

C. Funding Policy

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

(In Thousands)

D. 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, 2018.

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return*	Weighting
U.S. Large Cap	26.00%	4.65%	1.21%
U.S. Mid/Small Cap	15.00%	5.50%	0.83%
International Equities	21.00%	5.50%	1.16%
Intermediate Bonds	34.00%	1.95%	0.66%
Short-Term Bonds/Cash	1.00%	0.00%	0.00%
Specialty/Alternate Investments	3.00%	5.00%	0.15%
Total Portfolio	100.00%		4.01%
Long-Term Inflation Expectation			2.75%
Long-Term Expected Nominal Return			6.76%

* Long-Term Returns are provided by Hooker and Holcombe Investment Advisors, Inc. The returns are geometric means.

Rate of Return

For the year ended June 30, 2018, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 7.25%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

E. Net Pension Liability of the City

The components of the net pension liability of the City at June 30, 2018 were as follows:

Total pension liability	$ 6,285
Plan fiduciary net position	(2,795)
Net Pension Liability	$ 3,490
Plan fiduciary net position as a percentage of the total pension liability	44.47%

(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%
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

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balances as of June 30, 2017	$ 6,115	$ 2,558	$ 3,557
Changes for the year:			
Service cost	63		63
Interest on total pension liability	421		421
Differences between expected and actual experience	97		97
Changes in assumptions	(78)		(78)
Employer contributions		373	(373)
Member contributions		14	(14)
Net investment income		192	(192)
Benefit payments, including refund to employee contributions	(333)	(333)	-
Administrative expenses		(9)	9
Net changes	170	237	(67)
Balances as of June 30, 2018	$ 6,285	$ 2,795	$ 3,490

(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 discount rate of 7.00%, 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 (6.00%) or 1 percentage point higher (8.00%) than the current rate:

	1% Decrease in Discount Rate (6.00%)	Current Discount Rate (7.00%)	1% Increase in Discount Rate (8.00%)
Net Pension Liability as of June 30, 2018	$ 4,263	$ 3,490	$ 2,852

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions
For the year ended June 30, 2018, the City recognized pension expense of $12,340. At June 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	City Employees	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 1,581	$ (241)
Changes of assumptions	7,528	
Net difference between projected and actual earnings on pension plan investments	3,985	
Total	$ 13,094	$ (241)

	Volunteer Firefighter	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 86	$ (150)
Changes of assumptions	94	(69)
Net difference between projected and actual earning on pension plan investments	18	
Total	$ 198	$ (219)

(In Thousands)

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

Year Ended June 30	City Employees	Volunteer Firefighter
2019	$ 6,130	$ 28
2020	4,631	1
2021	988	(31)
2022	821	(10)
2023	283	(9)
Thereafter		
Total	$ 12,853	$ (21)

Schedule of Plan Net Position - June 30, 2018

	City Employee Pension Trust Fund	Volunteer Fire Pension Trust Fund	Total
Assets:			
Cash and cash equivalents	$ 425	$ 29	$ 454
Investments:			
U.S. government securities	16,315		16,315
U.S. government agencies	8,986		8,986
Corporate bonds	20,202		20,202
Mutual funds	75,547	2,769	78,316
Common stock	51,085		51,085
Real estate	813		813
Preferred stock	269		269
Total assets	173,642	2,798	176,440
Liabilities:			
Accounts and other payables	12		12
Due to other funds	47	3	50
Total liabilities	59	3	62
Net Position:			
Restricted for Pensions	$ 173,583	$ 2,795	$ 176,378

(In Thousands)

Schedule of Changes in Plan Net Position for the Year Ended June 30, 2018

	City Employee Pension Trust Fund	Volunteer Fire Pension Trust Fund	Total
Additions:			
Contributions:			
Employer	$ 10,103	$ 373	$ 10,476
Plan members	3,664	14	3,678
Total contributions	13,767	387	14,154
Investment income:			
Net appreciation in fair value of investments	8,493	98	8,591
Interest and dividends	4,295	107	4,402
Total investment income	12,788	205	12,993
Less investment expense	(691)	(13)	(704)
Net investment income	12,097	192	12,289
Total additions	25,864	579	26,443
Deductions:			
Benefits	17,062	329	17,391
Administration	44	9	53
Lump sum distributions and withdrawals	434	4	438
Total deductions	17,540	342	17,882
Net Increase	8,324	237	8,561
Net Position Restricted for Pensions at Beginning of Year	165,259	2,558	167,817
Net Position Restricted for Pensions at End of Year	$ 173,583	$ 2,795	$ 176,378

Teachers Retirement

A. 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.

B. 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.

C. 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.

(In Thousands)

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

At June 30, 2018, 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		76,431
Total	$	76,431

The net pension liability was measured as of June 30, 2017, 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, 2018, the City has no proportionate share of the net pension liability.

For the year ended June 30, 2018, the City recognized pension expense and revenue of $8,841 in Exhibit II for on-behalf amounts for the benefits provided by the State.

E. Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of June 30, 2017, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.00%
Salary increase	3.75-7.00%, including inflation
Investment rate of return	8.50%, 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, 2017 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%.

(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:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
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	100.0%	

F. 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.

G. 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.

H. 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.

13. OTHER POST EMPLOYMENT BENEFITS

City of Norwich, Retiree Health Plan

A. 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 Mayor 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.

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

Active plan members	896
Retired plan members	351
Total Participants	1,247

B. Summary of Significant Accounting Policies

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

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

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

Funding Policy

The City has funded the full ADEC since 2014. In June 2018, the Norwich City Council temporarily suspended the funding requirement described above for the OPEB fund until July 1, 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.

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.

For the year ended June 30, 2018, 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, 2018 totaled $5,548.

C. 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, 2018, the annual money-weighted rate of return on investments, net of investment expense, was 6.19%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested

(In Thousands)

D. Net OPEB Liability of the City

The City's net OPEB liability was measured as of June 30, 2018. The components of the net OPEB liability of the City at June 30, 2018 were as follows:

Total OPEB liability	$	59,094
Plan fiduciary net position		18,349
Net OPEB Liability	$	40,745
Plan fiduciary net position as a percentage of the total OPEB liability		31.05%

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	7.00% to 0.00% (depending on age and department)
Investment rate of return	7.50%
Healthcare cost trend rates	7.25% decreasing to 4.75%

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.

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.

(In Thousands)

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 arithmetic real rates of return for each major asset as of June 30, 2018 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. Large Cap Equities	40.00%	4.65%
U.S. Small/Mid Cap Equities	15.00%	5.50%
Non-U.S. Equities	15.00%	5.50%
U.S. Fixed Income	30.00%	2.10%
Total	100.00%	

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.

(In Thousands)

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 June 30, 2017	$ 61,005	$ 16,160	$ 44,845
Changes for the year:			
Service cost	1,699		1,699
Interest	4,687		4,687
Change in benefit terms	(645)		(645)
Differences between expected and actual experience	(951)		(951)
Changes in assumptions	(2,129)		(2,129)
Contributions - employer		5,548	(5,548)
Contributions - member		200	(200)
Net investment income (loss)		1,035	(1,035)
Benefit payments	(4,572)	(4,572)	-
Administrative expenses		(22)	22
Net changes	(1,911)	2,189	(4,100)
Balances as of June 30, 2018	$ 59,094	$ 18,349	$ 40,745

For the actuarial valuation dated July 1, 2017, changes in actuarial assumptions occurred in the following areas:

- Interest
- Mortality
- Retirement
- Withdrawal
- Disability
- Inflation
- Compensation increase
- Medical trend
- Morbidity
- Percentage of actives eligible at retirement who continue with medical coverage

The assumptions indicated above were changed to represent the enrolled actuary's current best estimate of anticipated experience of the plan.

(In Thousands)

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate
The following presents the net OPEB liability of the City, 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 (6.50%) or 1 percentage point higher (8.50%) than the current discount rate:

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Net OPEB Liability	$ 45,994	$ 40,745	$ 36,124

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates
The following presents the net OPEB liability of the City, 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 (6.25% decreasing to 3.75%) or 1 percentage point higher (8.25% decreasing to 5.75%) than the current healthcare cost trend rates:

	1% Decrease (6.25% decreasing to 3.75%)	Current Discount Rate (7.25% decreasing to 4.75%)	1% Increase (8.25% decreasing to 5.75%)
Net OPEB Liability	$ 35,156	$ 40,745	$ 47,253

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

For the year ended June 30, 2018, the City recognized OPEB expense of $3,769. At June 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Retiree Health Plan	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$	$ (782)
Changes of assumptions		(1,749)
Net difference between projected and actual earnings on OPEB plan investments	209	
Total	$ 209	$ (2,531)

(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:

Year Ended June 30		**Retiree Health Plan**
2019	$	(498)
2020		(498)
2021		(498)
2022		(498)
2023		(330)
Thereafter		
Total	$	(2,322)

F. Schedule of Plan Net Position - June 30, 2018

		Other Post Employment Benefit Trust Fund
Assets:		
Cash and cash equivalents	$	47
Investments:		
U.S. government securities		1,434
U.S. government agencies		898
Corporate bonds		2,345
Mutual funds		7,987
Common stock		5,319
Real estate		83
Preferred stock		28
Due from other funds		629
Total assets		18,770
Liabilities:		
Accounts and other payables		421
Net Position:		
Restricted for OPEB Benefits	$	18,349

(In Thousands)

G. Schedule of Changes in Plan Net Position for the Year Ended June 30, 2018

	Other Post Employment Benefit Trust Fund
Additions:	
Contributions:	
Employer	$ 5,548
Plan members	200
Total contributions	5,748
Investment income:	
Net appreciation in fair value of investments	784
Interest and dividends	451
Total investment income	1,235
Less investment expense	(200)
Net investment income	1,035
Total additions	6,783
Deductions:	
Benefits	4,572
Administration	22
Total deductions	4,594
Net Increase	2,189
Net Position Restricted for OPEB Benefits at Beginning of Year	16,160
Net Position Restricted for OPEB Benefits at End of Year	$ 18,349

State Teachers Retirement Plan

A. 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.

(In Thousands)

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.

B. Benefit Provisions

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 Supplemental 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 Supplemental Plans. Active members, retirees and the State pay equally toward the cost of the basic coverage (medical and prescription drug benefits). There are three choices for coverage under the CTRB Sponsored Medicare Supplemental Plans. The choices and 2017 calendar year premiums charged for each choice are shown in the table below:

• Medicare Supplement with Prescriptions	$ 92
• Medicare Supplement with Prescriptions and Dental	136
• Medicare Supplement with Prescriptions, Dental, Vision & Hearing	141

Those participants electing vision, hearing and/or dental are required by the System's funding policy to pay the full cost of coverage for these benefits, and no liability is assumed by the plan for these benefits.

Survivor Health Care Coverage

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 Supplemental Plans, as long as they do not remarry.

C. 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.

D. Contributions

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.

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.

(In Thousands)

E. OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At June 30, 2018, 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		19,672
Total	$	19,672

The net OPEB liability was measured as of June 30, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as June 30, 2016. At June 30, 2018, the City has no proportionate share of the net OPEB liability.

For the year ended June 30, 2018, the City recognized OPEB expense and revenue of $912 in Exhibit II for on-behalf amounts for the benefits provided by the State.

F. Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of June 30, 2016, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75%
Health care costs trend rate	7.25% decreasing to 5.00% by 2022
Salary increases	3.25-6.50%, including inflation
Investment rate of return	3.56%, net of OPEB plan investment expense, including inflation
Year fund net position will be depleted	2018

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 2017 using the BB improvement scale.

The actuarial assumptions used in the June 30, 2016 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 74 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 (0.04%).

G. Discount Rate

The discount rate used to measure the total OPEB liability was 3.56%. 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 2018 and, as a result, the Municipal Bond Index Rate was used in the determination.

H. 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.

I. 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, 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, 2018 was $27,280.

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 2018 fiscal year, the share of contributions to the fund received by the Department totaled $43, with drawdowns of $122, and interest on the fund of $2. The balance of the Department's funds held by CMEEC for the RGGI was $221 for the year ended June 30, 2018.

15. COMMITMENTS AND CONTINGENCIES

Connecticut Municipal Electric Energy Cooperative

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.

(In Thousands)

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 current rate structure for its customers includes an annual amortized cost recovery component to pay the annual fixed charged cost obligation for the Department's percentage of CMEEC's annual debt service.

The Department's net deferred debt fixed cost obligation to CMEEC as of June 30, 2018 is summarized as follows:

CMEEC - debt service fixed cost obligation	$	16,532
Department - rate stabilization funds on deposit with CMEEC		(14,431)
Net Deferred Fixed Cost Obligation	$	2,101

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 $2,101.

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

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, 2018, $3,383 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, 2018, 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 $552 and $233, 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.

17. NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES

As of June 30, 2018, the Department of Public Utilities has purchased $1,160 in capital assets on account, which are included in accounts payable and accrued liabilities in the accompanying statement of net position.

18. SUBSEQUENT EVENTS

On November 6, 2018, one bond authorization was made through referenda. Bonds authorized totaled $2.7 million and were authorized for the public safety radio system replacement project.

On December 6, 2018, the City issued $7,970 in general obligation bonds. The bonds mature on August 1, 2020 through August 1, 2038 with interest rates ranging from 3.0% to 5.0%.

(In Thousands)

19. PRIOR PERIOD ADJUSTMENT AND RESTATEMENT

The following restatements were recorded to the beginning net position of the governmental activities and business-type activities as a result of implementation of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*:

	Governmental Activities	Business-Type Activities	Department of Public Utilities
Net position balance at June 30, 2017, as previously reported	$ 55,383	$ 114,163	$ 106,181
Adjustments:			
Eliminate Net OPEB Obligation reported per GASB No. 45	4,781		
Record Total OPEB Liability per GASB No. 75	(40,529)	(4,316)	(4,316)
Net Position Balance at July 1, 2017, as Restated	$ 19,635	$ 109,847	$ 101,865

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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, 2018
(In Thousands)

	Budgeted Amounts			
	Original	**Final**	**Actual**	**Variance**
General property taxes:				
Current tax levy	$ 64,367	$ 64,367	$ 64,646	$ 279
Motor vehicle supplement	7,336	7,336	7,435	99
Prior years levy	1,934	1,934	1,859	(75)
Interest and liens	988	988	1,014	26
Total	74,625	74,625	74,954	329
Licenses, permits and fees:				
Miscellaneous permits and fees	569	569	409	(160)
Intergovernmental revenues:				
Building maintenance	299	299	287	(12)
City housing	160	160	171	11
Municipal revenue sharing	1,979	1,979	818	(1,161)
Pequot funds	1,966	1,966	1,912	(54)
Payment in lieu of taxes	1,601	1,601	1,385	(216)
Elderly taxes	142	142		(142)
Youth service bureau	60	60	67	7
Federal DCPA match funds	20	20		(20)
Health services	62	62	104	42
Education cost sharing	32,317	32,317	32,102	(215)
Town aid road	498	498	496	(2)
COPS hiring recovery program	84	84	86	2
PSAP subsidy	2	2		(2)
Total	39,190	39,190	37,428	(1,762)
Charges for services:				
Town Clerk - recording fees	353	353	327	(26)
Town Clerk - conveyance tax	435	435	582	147
Land recording capital improvement fee	15	15	14	(1)
Probate court	24	24	23	(1)
Landfill	813	813	762	(51)
Backyard rollout fee	9	9	9	-
Senior Citizens Center	11	11	9	(2)
Tuition	98	98	85	(13)
Total	1,758	1,758	1,811	53
Use of money:				
Interest from investments	300	300	458	158

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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, 2018
(In Thousands)

	Budgeted Amounts Original	Budgeted Amounts Final	Actual	Variance
Other revenue:				
Sewer assessments	$ 350	$ 350	$ 316	$ (34)
Telecommunications tax	134	134	118	(16)
DPU - City service	135	135	135	-
Traffic violations	7	7	3	(4)
Blight citations	17	17	41	24
City property - relocation	115	115	154	39
Miscellaneous	292	292	400	108
Total	1,050	1,050	1,167	117
Total revenues	117,492	117,492	116,227	(1,265)
Other financing sources:				
Transfers in:				
Cemetery Trust	64	64	65	1
Department of Public Utilities	6,089	6,089	6,089	-
Police	154	154	197	43
Total	6,307	6,307	6,351	44
Total	$ 123,799	$ 123,799	122,578	$ (1,221)

Budgetary revenues are different than GAAP revenues because:	
State of Connecticut on-behalf contributions to the Connecticut State Teachers' Retirement System pension for City teachers are not budgeted.	8,841
State of Connecticut on-behalf contributions to the Connecticut State Teachers' Retirement System OPEB for City teachers are not budgeted.	912
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.	1,103
Under liquidation of prior year encumbrances is recorded as miscellaneous revenue for budgetary reporting. This amount is excluded for financial reporting purposes.	(66)
Total Revenues and Other Financing Sources as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds - Exhibit IV	$ 133,368

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, 2018
(In Thousands)

	Budgeted Amounts			
	Original	Final	Actual	Variance
General government:				
City Manager	$ 379	$ 366	$ 365	$ 1
Finance	1,624	1,589	1,586	3
City Treasurer	265	253	253	-
Assessment	430	421	420	1
Personnel	476	494	489	5
Law	511	391	356	35
City Clerk	490	483	483	-
City Council	309	276	275	1
Election	146	116	114	2
Planning and Neighborhood Services	1,026	978	976	2
Emergency Management	87	83	82	1
Total general government	5,743	5,450	5,399	51
Public safety:				
Police	16,212	16,399	16,395	4
Fire:				
East Great Plain	139	127	125	2
Laurel Hill	71	74	73	1
Occum	76	76	74	2
Taftville	157	160	155	5
Yantic	162	162	159	3
Fire Central	2,028	2,018	2,016	2
Total public safety	18,845	19,016	18,997	19
Social Services:				
Recreation	714	622	621	1
Human services	430	412	410	2
Senior Citizens Center	653	646	645	1
Youth and Family Services	304	299	298	1
Total social services	2,101	1,979	1,974	5
Public works:				
Engineering and administration	830	792	789	3
Fleet maintenance	1,445	1,472	1,470	2
Solid waste	2,451	2,587	2,587	-
Maintenance and cleaning	4,419	4,274	4,270	4
Building maintenance	1,348	1,293	1,282	11
Parking maintenance	170	154	154	-
Total public works	10,663	10,572	10,552	20
Board of Education	76,164	77,264	77,264	-

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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, 2018
(In Thousands)

	Budgeted Amounts			
	Original	**Final**	**Actual**	**Variance**
Other	$ 3,320	$ 3,139	$ 3,135	$ 4
Transfers out	6,963	6,963	6,962	1
Total	$ 123,799	$ 124,383	124,283	$ 100

Budgetary expenditures are different than GAAP expenditures because:	
State of Connecticut on-behalf payments to the Connecticut State Teachers' Retirement System pension for City teachers are not budgeted.	8,841
State of Connecticut on-behalf payments to the Connecticut State Teachers' Retirement System OPEB for City teachers are not budgeted.	912
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.	1,103
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.	(61)
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.	407
Total Expenditures and Other Financing Uses as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds - Exhibit IV	$ 135,485

CITY OF NORWICH, CONNECTICUT
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
LAST FIVE FISCAL YEARS - CITY EMPLOYEES*
(In Thousands)

	2018	2017	2016	2015	2014
Total pension liability:					
Service cost	$ 5,769	$ 5,656	$ 5,890	$ 5,498	$ 2,679
Interest	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	(17,496)	(16,927)	(15,426)	(14,836)	(14,146)
Net change in total pension liability	8,492	9,010	21,905	8,643	5,867
Total pension liability - beginning	273,357	264,347	242,442	233,799	227,932
Total pension liability - ending	281,849	273,357	264,347	242,442	233,799
Plan fiduciary net position:					
Contributions - employer	10,103	8,711	7,581	6,718	5,849
Contributions - member	3,664	3,386	3,358	3,247	3,057
Net investment income (loss)	12,097	18,213	(2,851)	4,681	20,194
Benefit payments, including refunds of member contributions	(17,496)	(16,927)	(15,426)	(14,836)	(14,146)
Administrative expense	(44)	(5)	(42)	(4)	(32)
Net change in plan fiduciary net position	8,324	13,378	(7,380)	(194)	14,922
Plan fiduciary net position - beginning	165,259	151,881	159,261	159,455	144,533
Plan fiduciary net position - ending	173,583	165,259	151,881	159,261	159,455
Net Pension Liability - Ending	$ 108,266	$ 108,098	$ 112,466	$ 83,181	$ 74,344
Plan fiduciary net position as a percentage of the total pension liability	61.59%	60.46%	57.46%	65.69%	68.20%
Covered payroll	$ 41,638	$ 42,011	$ 40,590	$ 39,262	$ 37,752
Net pension liability as a percentage of covered payroll	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)

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Actuarially determined contribution	$ 10,820	$ 10,732	$ 9,740	$ 9,651	$ 5,790	$ 5,728	$ 4,713	$ 3,644	$ 2,397	$ 3,037
Contributions in relation to the actuarially determined contribution	10,103	8,711	7,581	6,718	5,849	5,730	4,407	3,752	2,771	3,216
Contribution Deficiency (Excess)	$ 717	$ 2,021	$ 2,159	$ 2,933	$ (59)	$ (2)	$ 306	$ (108)	$ (374)	$ (179)
Covered payroll	$ 41,638	$ 42,011	$ 40,590	$ 39,262	$ 37,752	$ 36,302	$ N/A	$ N/A	$ N/A	$ N/A
Contributions as a percentage of covered-employee payroll	24.26%	20.74%	18.68%	17.11%	15.49%	N/A	N/A	N/A	N/A	N/A

Notes to Schedule

Valuation date:	July 1, 2017
Measurement date:	June 30, 2018

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	20 years, open
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.

CITY OF NORWICH, CONNECTICUT
SCHEDULE OF INVESTMENT RETURNS
LAST FIVE FISCAL YEARS - CITY EMPLOYEES*

	2018	2017	2016	2015	2014
Annual money-weighted rate of return, net of investment expense	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 FIVE FISCAL YEARS - VOLUNTEER FIRE**
(In Thousands)

	2018	2017	2016	2015	2014
Total pension liability:					
Service cost	$ 63	$ 63	$ 59	$ 59	$ 49
Interest	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	(333)	(322)	(301)	(277)	(268)
Net change in total pension liability	170	152	739	133	148
Total pension liability - beginning	6,115	5,963	5,224	5,091	4,943
Total pension liability - ending	6,285	6,115	5,963	5,224	5,091
Plan fiduciary net position:					
Contributions - employer	373	373	351	333	309
Contributions - member	14	14	16	16	12
Net investment income (loss)	192	265	(9)	16	253
Benefit payments, including refunds of member contributions	(333)	(322)	(301)	(277)	(268)
Administrative expense	(9)	(2)	(9)	(4)	(11)
Net change in plan fiduciary net position	237	328	48	84	295
Plan fiduciary net position - beginning	2,558	2,230	2,182	2,098	1,803
Plan fiduciary net position - ending	2,795	2,558	2,230	2,182	2,098
Net Pension Liability - Ending	$ 3,490	$ 3,557	$ 3,733	$ 3,042	$ 2,993
Plan fiduciary net position as a percentage of the total pension liability	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

* 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

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Actuarially determined contribution	$ 373	$ 373	$ 374	$ 304	$ 309	$ 309	$ 255	$ 255	$ 255	$ 247
Contributions in relation to the actuarially determined contribution	373	373	351	333	309	310	281	250	250	250
Contribution Deficiency (Excess)	$ -	$ -	$ 23	$ (29)	$ -	$ (1)	$ (26)	$ 5	$ 5	$ (3)
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, 2018
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	20 years, open
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.

CITY OF NORWICH, CONNECTICUT
SCHEDULE OF INVESTMENT RETURNS
LAST FIVE FISCAL YEARS - VOLUNTEER FIRE*

	2018	2017	2016	2015	2014
Annual money-weighted rate of return, net of investment expense	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 FOUR FISCAL YEARS - TEACHERS RETIREMENT PLAN*
(In Thousands)

	2018	2017	2016	2015
City's proportion of the net pension liability (asset)	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	76,431	80,635	57,271	52,936
Total	$ 76,431	$ 80,635	$ 57,271	$ 52,936
City's covered payroll	$ 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%
Plan fiduciary net position as a percentage of the total pension liability (asset)	55.93%	52.26%	59.50%	61.51%

Notes to Schedule

Changes in benefit terms	None
Changes of assumptions	In 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. During 2011, rates of withdrawal, retirement and assumed rates of salary increases were adjusted to 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, 2010.
Actuarial cost method	Entry age
Amortization method	Level percent of salary, closed
Remaining amortization period	20.4 years
Asset valuation method	4-year smoothed market
Investment rate of return	8.50%, 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 THREE FISCAL YEARS - OPEB*
(In Thousands)

	2018	2017	2016
Total OPEB liability:			
Service cost	$ 1,699	$ 1,658	$ 1,610
Interest	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	(4,572)	(4,624)	(5,164)
Net change in total OPEB liability	(1,911)	1,724	1,872
Total OPEB liability - beginning	61,005	59,281	57,409
Total OPEB liability - ending	59,094	61,005	59,281
Plan fiduciary net position:			
Contributions - employer	5,548	5,492	5,566
Contributions - member	200	177	291
Net investment income (loss)	1,035	1,420	(562)
Benefit payments, including refunds of member contributions	(4,572)	(4,624)	(5,164)
Administrative expense	(22)	(2)	(20)
Net change in plan fiduciary net position	2,189	2,463	111
Plan fiduciary net position - beginning	16,160	13,697	13,586
Plan fiduciary net position - ending	18,349	16,160	13,697
Net OPEB Liability - Ending	$ 40,745	$ 44,845	$ 45,584
Plan fiduciary net position as a percentage of the total OPEB liability	31.05%	26.49%	23.11%
Covered-employee payroll	$ 63,623	$ 59,548	$ 57,814
Net OPEB liability as a percentage of covered-employee payroll	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)

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Actuarially determined contribution (1)	$ 5,542	$ 5,492	$ 5,566	$ 5,431	$ 6,030	$ 5,907	$ 6,184	$ 6,065	$ 5,352	$ 5,352
Contributions in relation to the actuarially determined contribution	5,548	5,492	5,566	5,446	6,040	5,592	6,114	5,251	3,690	3,399
Contribution Deficiency (Excess)	$ (6)	$ -	$ -	$ (15)	$ (10)	$ 315	$ 70	$ 814	$ 1,662	$ 1,953
Covered-employee payroll	$ 63,623	$ 59,548	$ 57,814	$ 56,130	$ N/A	$ N/A	$ N/A	$ N/A	$ N/A	$ N/A
Contributions as a percentage of covered-employee payroll	8.72%	9.22%	9.63%	9.70%	N/A	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, 2018

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
Amortization period	20 years, open
Asset valuation method	Plan assets equal the market value of investments
Inflation	2.75%
Healthcare cost trend rates	7.25% decreasing to 4.75%
Salary increases	7.00% to 0.00% (depending on age and department)
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.

CITY OF NORWICH, CONNECTICUT
SCHEDULE OF INVESTMENT RETURNS
LAST TWO FISCAL YEARS - OPEB*

	2018	2017
Annual money-weighted rate of return, net of investment expense	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 FISCAL YEAR - TEACHERS RETIREMENT PLAN*
(In Thousands)

		2018
City's proportion of the net OPEB liability (asset)		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		19,672
Total	$	19,672
City's covered payroll	$	22,652
City's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll		0.00%
Plan fiduciary net position as a percentage of the total OPEB liability (asset)		1.79%

Notes to Schedule

Changes in benefit terms	None
Changes of assumptions	The discount rate was increased from 3.01% to 3.56% to reflect the change in the Municipal Bond Index Rate. Changes were made to the assumed initial per capita health care costs, rates of health care inflation used to project the per capita costs, and the rates of Plan participation based upon recent experience and current expectations. As a result of the experience study for the five-year period ended June 30, 2015, the payroll growth rate assumption was decreased from 3.75% to 3.25% to reflect the decrease in the rate of inflation and the decrease in the rate of real wage increase. Last, the salary growth assumption, the payroll growth rate, the rates of withdrawal, the rates of retirement, the rates of mortality and the rates of disability incidence were adjusted based upon the experience study's findings and their adoption by the Board.
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

Form of Opinion of Bond Counsel

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Appendix B

FORM OF BOND COUNSEL OPINION

December __, 2019

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 $3,575,000 General Obligation Bonds, Issue of 2019 (Bank Qualified), dated December __, 2019 (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 December__, 2019 (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 not be included in 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.

In our opinion, under existing law, interest on the Bonds is not included in gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax. We express no opinion regarding other federal income tax consequences caused by the 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 for 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.

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 November, __, 2019 and other offering material relating to the Bonds.

The foregoing opinion is based upon existing laws, regulations, rules and court decisions. We undertake no responsibility to inform you of changes in law or fact occurring after the date hereof which may affect the conclusions herein. 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 C

Form of Continuing Disclosure Agreement

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Appendix C

FORM OF CONTINUING DISCLOSURE AGREEMENT FOR BONDS BY THE CITY OF NORWICH, CONNECTICUT

In Connection With The Issuance and Sale of City of Norwich, Connecticut $3,575,000 General Obligation Bonds, Issue of 2019 (Bank Qualified)

Dated December __, 2019

WHEREAS, the City of Norwich, Connecticut (the "Issuer") has heretofore authorized the issuance of $3,575,000 in aggregate principal amount of its General Obligation Bonds, Issue of 2019 (Bank Qualified) (the "Bonds") to be dated December __, 2019 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.

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 2. 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 3. 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 4. **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 5. **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 6. **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 7. **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 8. **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 9. **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 10. **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 11. **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

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Appendix D

Notice of Sale

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Appendix D

NOTICE OF SALE

CITY OF NORWICH, CONNECTICUT
$3,575,000 GENERAL OBLIGATION BONDS, ISSUE OF 2019
(the "Bonds")

ELECTRONIC BIDS via ***PARITY®*** will be received by the **CITY OF NORWICH, CONNECTICUT** (the "City") at the Office of the City Manager, City Hall, 100 Broadway, Norwich, Connecticut 06360, until **11:30 A.M. (Eastern Time), TUESDAY**

NOVEMBER 19, 2019

(the "Bid Date") for the purchase of all (but not less than all) of $3,575,000 General Obligation Bonds, Issue of 2019, of the City (the "Bonds"), when issued, at not less than par, which mature on August 1 in the years and amounts as follows:

Year	Amount	Year	Amount
2021	$185,000	2031	$190,000
2022	$185,000	2032	$190,000
2023	$185,000	2033	$190,000
2024	$185,000	2034	$190,000
2025	$185,000	2035	$190,000
2026	$185,000	2036	$190,000
2027	$185,000	2037	$190,000
2028	$190,000	2038	$190,000
2029	$190,000	2039	$190,000
2030	$190,000		

The Issue

The full faith and credit of the City will be pledged for the prompt payment of the principal of, redemption premium, if any, and interest on the Bonds. The Bonds will be general obligations of the City payable, unless paid from other sources, from ad valorem taxes which may be levied on all taxable property subject to taxation by the City without limit 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 provisions of the Connecticut General Statutes, as amended. The Bonds will be dated their date of delivery, with interest payable on August 1, 2020 and semiannually thereafter on each February 1 and August 1 in each year until maturity, or earlier redemption. The information in this Notice of Sale is only a brief summary of certain provisions of the Bonds. For further information about the Bonds, reference is hereby made to the Preliminary Official Statement, dated November 12, 2019.

Optional Redemption

The Bonds maturing on August 1, 2026 and thereafter are subject to redemption prior to maturity, at the election of the City, on or after August 1, 2025, 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:

Redemption Period	Redemption Price
August 1, 2025 and thereafter	100%

The City, so long as a book-entry system is used for the Bonds, will send any notice of redemption only to DTC (or a 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.

Ratings

The City has applied to S&P Global Ratings for a rating on the Bonds. The assigned rating may be obtained from S&P Global Ratings or will be posted through the facilities of ***PARITY***® prior to sale.

Official Statement and Continuing Disclosure Agreement

The City has prepared a Preliminary Official Statement for the Bonds which is dated November 12, 2019, which is deemed final as of its date for purposes of SEC Rule 15c2-12(b)(1), except for omissions permitted thereby, but is subject to revision or amendment. The City will make available to the winning purchaser 25 copies of the Official Statement at the City's expense. The copies of the Official Statement will be made available to the winning purchaser at delivery of the Bonds or by the 7th business day after the day bids on the Bonds are received. If the City's municipal advisor is provided with the necessary information from the winning purchaser by noon of the date following the day bids on the Bonds are received, the copies of the Official Statement will include an additional cover page and other pages indicating the interest rates, ratings, yields or reoffering prices, the name of the managing underwriter, and any corrections. The purchaser shall arrange with the municipal advisor the method of delivery of the copies of the Official Statement to the purchaser. Additional copies of the Official Statement may be obtained by the purchaser at its own expense by arrangement with the printer.

The purchaser agrees to promptly file a final Official Statement with the Municipal Securities Rulemaking Board and to take any and all other actions necessary to comply with applicable Securities and Exchange Commission and Municipal Securities Rulemaking Board rules governing the offering, sale and delivery of the Bonds to the ultimate purchasers.

The City will enter into a Continuing Disclosure Agreement with respect to the Bonds, substantially in the form attached as Appendix C to the Official Statement (the "Continuing Disclosure Agreement"), to provide or cause to be provided, in accordance with the requirements of SEC Rule 15c2-12(b)(5), (i) annual financial information and operating data including audited financial statements, (ii) notice of the occurrence of certain events with respect to the Bonds within ten (10) business days of such event, and (iii) timely notice of a failure by the City to provide the required annual financial information. The winning bidder's obligation to purchase the Bonds shall be conditioned upon its receiving, at or prior to the delivery of the Bonds, an executed copy of the Continuing Disclosure Agreement for the Bonds.

Electronic Proposals Bidding Procedure

Electronic bids for the purchase of the Bonds must be submitted electronically via ***PARITY***®, in accordance with this Notice of Sale, until 11:30 A.M. (Eastern Time) on Tuesday, November 19, 2019, but no bid will be received after the time for receiving bids specified herein. To the extent any instructions or directions set forth in ***PARITY***® shall conflict with information in this Notice of Sale, the terms of this Notice of Sale shall control. For further information about ***PARITY®***, including any fee charged, potential bidders may contact i-Deal LLC at 1359 Broadway, 2nd Floor, New York, New York 10018, telephone: (212) 849-5021. Any prospective bidder must be a subscriber of i-Deal LLC's BiDCOMP competitive bidding system. The City neither will confirm any subscription nor be responsible for any failure of a prospective bidder to subscribe.

Once an electronic bid made through the facilities of ***PARITY®*** is communicated to the City, it shall constitute an irrevocable offer, in response to this Notice of Sale, and shall be binding upon the bidder as if made by a signed, sealed bid delivered to the City. By submitting a bid for the Bonds via ***PARITY®***, the bidder represents and warrants to the City that such bidder's bid for the purchase of the Bonds is submitted for and on behalf of such prospective bidder by an officer or agent who is duly authorized to bind the prospective bidder by an irrevocable offer and that acceptance of such bid by the City will bind the bidder by a legal, valid and enforceable contract, for the purchase of the Bonds on the terms described in this Notice of Sale. **The City shall not be responsible for any malfunction or mistake made by, or as a result of the use of the facilities of *PARITY®*, or the inaccuracies of any information, including bid information or worksheets supplied by *PARITY®*, the use of *PARITY®* facilities being the sole risk of the prospective bidder. Each Bidder is solely responsible for knowing the terms of the sale as set forth herein.**

For the purpose of the electronic bidding process, the time maintained on ***PARITY®*** shall constitute the official time. For information purposes only, bidders are requested to state in their bids the true interest cost to the City, as described under "Award, Delivery and Payment" below, represented by the rate or rates of interest and the bid price specified in their respective bids. All electronic bids shall be deemed to incorporate the provisions of this Notice of Sale.

Disclaimer. Each ***PARITY®*** prospective electronic bidder shall be solely responsible to make necessary arrangements to access ***PARITY®*** for the purposes of submitting its bid in a timely manner and in compliance with the requirements of this Notice of Sale. Neither the City nor ***PARITY®*** shall have any duty or obligation to undertake such arrangements to bid for any prospective bidder or to provide or assure such access to any prospective bidder, and neither the City nor ***PARITY®*** shall be responsible for a bidder's failure to make a bid or for proper operation of, or have any liability for any delays or interruptions of, or any damages caused by, ***PARITY®***. The City is using ***PARITY®*** as a communication mechanism, and not as the City's agent, to conduct the electronic bidding for the Bonds. The City is not bound by any advice and determination of ***PARITY®*** to the effect that any particular bid complies with the terms of this Notice of Sale and in particular the bid requirements herein set forth. All costs and expenses incurred by prospective bidders in connection with their subscription to, arrangements with and submission of bids via ***PARITY®*** are the sole responsibility of the bidders; and the City is not responsible, directly or indirectly, for any such costs or expenses. If a prospective bidder encounters any difficulty in arranging to bid or submitting, modifying or withdrawing a bid for the Bonds, the prospective bidder should telephone ***PARITY®*** at (212) 849-5021.

Bid Requirements

Each proposal for the purchase of the Bonds must specify the amount bid for the Bonds (which shall be the aggregate par value of the Bonds, and, at the option of the bidder, a premium), and shall specify in a multiple of one-eighth (1/8) or one-twentieth (1/20) of one percent (1%) the rate or rates of interest per annum which the Bonds are to bear, but shall not specify (a) more than one interest rate for any Bonds having a like maturity, or (b) any interest rate for any Bonds which exceeds the interest rate specified in such proposal for any other Bonds by more than three percent (3%). Interest shall be computed on the basis of twelve 30 day months and a 360 day year. No bid for less than par will be considered.

Establishment of Issue Price

In order to provide the City with information that enables it to comply with certain requirements of the Internal Revenue Code of 1986, as amended (the "Code"), relating to the exclusion of interest on the Bonds from the gross income of their owners, the winning bidder will be required to complete, execute, and deliver to the City at or prior to the delivery of the Bonds an "issue price" or similar certificate setting forth the reasonably expected initial offering price to the Public (the "Initial Offering Price") or the actual sales price or prices of the Bonds, as circumstances may determine, together with the supporting pricing wires or equivalent communications, with such modifications as may be appropriate or necessary, in the reasonable judgment of Bond Counsel. For purposes of this "Establishment of Issue Price" section, Bond Counsel may act on behalf of the City.

The City intends that the provisions of Treasury Regulations Section 1.148-1(f)(3)(i) (defining "competitive sale" for purposes of establishing the issue price of the Bonds) will apply to the initial sale of the Bonds (the "Competitive Sale Rule") because:

(1) The City shall disseminate, or have disseminated on its behalf, this Notice of Sale to potential bidders in a manner that is reasonably designed to reach potential bidders;

(2) all bidders shall have an equal opportunity to bid;

(3) the City anticipates receiving bids from at least three underwriters of municipal bonds who have established industry reputations for underwriting new issuances of municipal bonds; and

(4) the City anticipates awarding the sale of the Bonds to the bidder who submits a firm offer to purchase the Bonds at the lowest true interest cost, as set forth in this Notice of Sale.

Any bid submitted pursuant to this Notice of Sale shall be considered a firm offer for the purchase of the Bonds, as specified in the bid**.** Acceptance by the City of a bid pursuant to this Notice of Sale shall constitute a written contract between the City and the winning bidder.

Bids will <u>not</u> be subject to cancellation in the event that the competitive sale requirements are not satisfied.

In the event that the Competitive Sale Rule is not satisfied, the City shall so advise the successful bidder in writing on the sale date. The City may treat the first price at which 10% of a maturity of the Bonds (the "Actual Sale Rule") is sold to the Public as the issue price of that maturity, applied on a maturity-by-maturity basis. The successful bidder shall advise the City if any maturity of the Bonds satisfies the Actual Sale Rule as of the Bid Date.

Thereafter until the Actual Sale Rule has been satisfied as to each maturity of the Bonds, the successful bidder agrees to <u>promptly</u> report to the City the prices at which the unsold Bonds of each maturity have been sold to the Public. That reporting obligation shall continue, whether or not the closing date has occurred, until the Actual Sale Rule has been satisfied for each maturity or until all Bonds of that maturity have been sold.

By submitting a bid, each bidder confirms that: (i) any agreement among underwriters, any selling group agreement and each third-party distribution agreement (to which the bidder is a party) relating to the initial sale of the Bonds to the Public, together with the related pricing wires, contains or will contain language obligating each Underwriter, each dealer who is a member of the selling group, and each broker-dealer that is a party to such third-party distribution agreement, as applicable, to report the prices at which it sells to the Public the unsold Bonds of each maturity allotted to it until it is notified by the winning bidder that either the Actual Sales Rule has been satisfied as to the Bonds of that maturity or all Bonds of that maturity have been sold to the Public, and (ii) any agreement among underwriters relating to the initial sale of the Bonds to the Public, together with the related pricing wires, contains or will contain language obligating each Underwriter that is a party to a third-party distribution agreement to be employed in connection with the initial sale of the Bonds to the Public to require each broker-dealer that is a party to such third-party distribution agreement to report the prices at which it sells to the Public the unsold Bonds of each maturity allotted to it until it is notified by the winning bidder or such Underwriter that either the Actual Sales Rule has been satisfied as to the Bonds of that maturity or all Bonds of that maturity have been sold to the Public.

Sales of any Bonds to any person that is a Related Party (as defined below) to an Underwriter shall not constitute sales to the Public for purposes of this Notice of Sale. Further, for purposes of this Notice of Sale:

(1) *Public* means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a Related Party to an Underwriter.

(2) *Related Party* generally means any two or more persons who have greater than 50% common ownership, directly or indirectly.

(3) *Underwriter* means (i) any person that agrees pursuant to a written contract with the City (or with the lead Underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds , and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this definition to participate in the initial sale of the Bonds to the Public (including a member of the selling group or a party to a third-party distribution agreement participating in the initial sale of the Bonds to the Public)

Award, Delivery and Payment

Unless all bids are rejected, the Bonds will be awarded to the bidder whose bid will result in the lowest true interest cost ("TIC") to the City. The purchase price must be paid in Federal Funds.

Promptly upon verbal notification that a bidder's proposal may be accepted, the bidder shall confirm to the City the reoffering prices of all the Bonds of each maturity.

Bids will be finally accepted or rejected promptly after opening and not later than 3:00 p.m. (Eastern Time) on the Bid Date in accordance with the provisions herein.

At or prior to the delivery of the Bonds the successful bidder shall be furnished, without cost, with the approving opinion of Pullman & Comley, LLC, of Bridgeport, Connecticut, Bond Counsel, substantially in the form set out in Appendix B to the Official Statement. The successful bidder will also be furnished with a receipt of payment for the Bonds, a Signature and No Litigation Certificate dated as of the date of delivery of the Bonds, stating that there is no litigation pending, or to the knowledge of the signers thereof, threatened, affecting the validity of the Bonds or the power of the City to levy and collect taxes to pay them. A copy of the final Official Statement prepared for this Bond issue will also be furnished together with a certificate of City Officials relating to the accuracy and completeness of the Official Statement.

The Bonds **SHALL BE** designated by the City as qualified tax-exempt obligations under the provisions of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended, for purposes of the deduction by financial institutions for federal income tax purposes of a portion of interest expense allocable to tax exempt obligations.

The City will have no responsibility to pay for any expenses of the purchaser except to the extent specifically stated in this Notice of Sale. The purchaser will have no responsibility to pay for any of the City's costs of issuance except to the extent specifically stated in this Notice of Sale.

The purchaser will be responsible for the clearance or exemption with respect to the status of the Bonds for sale under securities or "Blue Sky" laws and the preparation of any surveys or memoranda in connection with such sale. The City shall have no responsibility for such clearance, exemption or preparation.

The Bonds will be delivered to The Depository Trust Company, New York, New York ("DTC") or its agent via Fast Automated Securities Transfer ("FAST") on or about December 5, 2019 against payment in immediately available Federal Funds. The deposit of the Bonds with DTC under a book-entry system requires the assignment of CUSIP numbers prior to delivery. It shall be the responsibility of Phoenix Advisors, LLC to obtain CUSIP numbers for the Bonds prior to delivery, and Phoenix Advisors, LLC will provide the CUSIP Service Bureau with the final details of the sale, including the identity of the winning bidder or bidders. The City will not be responsible for any delay occasioned by the inability to deposit the Bonds with DTC due to the failure of Phoenix Advisors, LLC to obtain such numbers and to supply them to the City in a timely manner The City assumes no responsibility for any CUSIP Service Bureau charge or other charge that may be imposed for the assignment of such numbers, which charges shall be the responsibility of and shall be paid for by the purchaser.

Right to Reject Bids; Waiver

The right is reserved to reject any and all bids or proposals and to reject any bid or proposal not complying with this Notice of Sale and to waive any irregularity or informality with respect to any bid or proposal.

Postponement; Change of Terms

The City reserves the right to alter any terms of the Bonds or this Notice of Sale and to postpone, from time to time, the date or time established for the receipt of the bids.

Book-Entry-Only Form

The Bonds will be issued by means of a book-entry system with no physical distribution of bond certificates made to the public. The Bonds will be issued in registered form and one bond certificate for each maturity will be issued to DTC, registered in the name of its nominee, Cede & Co., and immobilized in its custody. A book-entry system will be employed, evidencing ownership of the Bonds in the principal amount of $5,000 or integral multiples thereof, with transfers of ownership effected on the records of DTC and its Participants pursuant to rules and procedures adopted by DTC and its Participants. The purchaser, as a condition to delivery of the Bonds, will be required to deposit the bond certificates with DTC, registered in the name of Cede & Co. Principal of, redemption premium, if any, and interest on the Bonds will be payable by the City or its agent to DTC or its nominee as registered owner of the Bonds. Principal, redemption premium, if any, and interest payments by DTC to Participants of DTC will be the responsibility of DTC; principal, redemption premium, if any, and interest payments to Beneficial Owners by Participants of DTC will be the responsibility of such Participants and other nominees of Beneficial Owners. The City will not be responsible or liable for payments by DTC to its Participants or by DTC Participants to Beneficial Owners or for maintaining, supervising or reviewing the records maintained by DTC, its Participants or persons acting through such Participants.

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 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 authenticate and deliver replacement Bonds in the form of fully registered Bond certificates directly to the Beneficial Owners of the Bonds or their nominees. (The record dates for the Bonds will be 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.)

Additional Information

For more information regarding the Bonds and the City, reference is made to the Official Statement. Copies of the Official Statement may be obtained from Mr. Matthew A. Spoerndle, Senior Managing Director, Phoenix Advisors, LLC, 53 River Street, Milford, CT 06460, Tel. (203) 878-4945.

____
JOHN SALOMONE
City Manager

____
JOSHUA A. POTHIER
Comptroller

November 12, 2019

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