

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



**FISCAL YEAR ENDED JUNE 30, 2021
DEPARTMENT OF FINANCE
UNION SQUARE
NORWICH, CONNECTICUT**

**Annual Comprehensive
Financial Report
of the

City of Norwich,
Connecticut**

Fiscal Year Ended June 30, 2021

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**CITY OF NORWICH, CONNECTICUT
TABLE OF CONTENTS
JUNE 30, 2021**

Introductory Section		Page
	Comptroller's Letter of Transmittal	i-xi
	Certificate of Achievement for Excellence in Financial Reporting	xii
	Organizational Chart of the City	xiii
	Organizational Chart of the Finance Department	xiv
	Directory of Elected City Officials and NPU Commissioners	xv
	Directory of Appointed City Officials	xvi
 Financial Section 		
	Independent Auditors' Report	1-3
	Management's Discussion and Analysis	4-11
 Basic Financial Statements 		
Exhibit		
	Government-Wide Financial Statements:	
I	Statement of Net Position	12
II	Statement of Activities	13
	Fund Financial Statements:	
	Governmental Funds:	
III	Balance Sheet	14-15
IV	Statement of Revenues, Expenditures and Changes in Fund Balances	16-17
	Proprietary Funds:	
V	Statement of Net Position	18
VI	Statement of Revenues, Expenses and Changes in Fund Net Position	19
VII	Statement of Cash Flows	20
	Fiduciary Funds:	
VIII	Statement of Fiduciary Net Position	21
IX	Statement of Changes in Fiduciary Net Position	22
	Notes to the Financial Statements	23-78
 Required Supplementary Information 		
	General Fund:	
RSI-1	Schedule of Revenues and Other Financing Sources - Budget and Actual	79-80
RSI-2	Schedule of Expenditures and Other Financing Uses - Budget and Actual	81-82
RSI-3	Schedule of Changes in Net Pension Liability and Related Ratios - City Employees	83
RSI-4	Schedule of Employer Contributions - City Employees	84
RSI-5	Schedule of Investment Returns - City Employees	85
RSI-6	Schedule of Changes in Net Pension Liability and Related Ratios - Volunteer Fire	86
RSI-7	Schedule of Employer Contributions - Volunteer Fire	87
RSI-8	Schedule of Investment Returns - Volunteer Fire	88

<u>Exhibit</u>		<u>Page</u>
RSI-9	Schedule of the City's Proportionate Share of the Net Pension Liability - Teachers Retirement Plan	89
RSI-10	Schedule of Changes in Net OPEB Liability and Related Ratios - OPEB	90
RSI-11	Schedule of Employer Contributions - OPEB	91
RSI-12	Schedule of Investment Returns - OPEB	92
RSI-13	Schedule of the City's Proportionate Share of the Net OPEB Liability - Teachers Retirement Plan	93

Combining and Individual Fund Statements and Schedules

General Fund:

A-1	Comparative Balance Sheet	94
A-2	Report of Tax Collector	95

Nonmajor Governmental Funds:

B-1	Combining Balance Sheet	96-98
B-2	Combining Statement of Revenues, Expenditures and Changes in Fund Balances	99-101
B-3	Fire Districts Fund Revenues - Budgetary Basis - Budget and Actual	102
B-4	Fire Districts Fund Expenditures - Budgetary Basis - Budget and Actual	103
B-5	Schedule of Fire District Taxes	104

Nonmajor Enterprise Funds:

C-1	Combining Statement of Net Position	105
C-2	Combining Statement of Revenues, Expenses and Changes in Fund Net Position	106
C-3	Combining Statement of Cash Flows	107

Internal Service Funds:

D-1	Combining Statement of Net Position	108
D-2	Combining Statement of Revenues, Expenses and Changes in Fund Net Position	109
D-3	Combining Statement of Cash Flows	110

Fiduciary Funds:

Trust Funds:

E-1	Combining Statement of Fiduciary Net Position	111
E-2	Combining Statement of Changes in Fiduciary Net Position	112

Schedule

Supplemental Schedules

1	Schedule of Bonds and Serial Notes Payable	113
	Bond and Serial Notes Payable:	
2	Schedule of Annual Debt Service Requirements	114

Statistical Section

<u>Table</u>		<u>Page</u>
	Financial Trends:	
1	Net Position by Component	115
2	Changes in Net Position	116-117
3	Fund Balances, Governmental Funds	118
4	Changes in Fund Balances, Governmental Funds	119
	Revenue Capacity:	
5	Property Tax Assessment	120
6	Principal Property Taxpayers	121
7	Property Tax Levies and Collections	122
	Debt Capacity:	
8	Ratios of Outstanding Debt by Type	123
9	Statement of Debt Limitation	124
10	Legal Debt Margin Information and Continuing Disclosure Agreement Ratios	125-126
	Demographic and Economic Statistics:	
11	Demographic and Economic Statistics	127
12	Principal Employers	128
	Operating Information:	
13	Budgeted Full-Time Equivalent Employees	129
14	Operating Indicators by Function	130-131
15	Capital Asset Statistics by Function	132

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Introductory Section

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January 28, 2022

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

I am pleased to submit the Annual Comprehensive Financial Report (“ACFR”) of the City of Norwich (the “City”) for the fiscal year ended June 30, 2021. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the City. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner to present fairly the financial position and results of operations of the City. All disclosures necessary to enable the reader to gain an understanding of the City’s financial activities have been included.

The City’s management is responsible for establishing and maintaining an internal control structure designed to ensure that its assets are protected from loss, theft or misuse, and to ensure that adequate accounting data is compiled to manage spending within prescribed budget limitations and for the preparation of financial statements in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

State Statute and the City Charter require an annual audit by an independent certified public accountant. The statute further prescribes that each municipality’s annual report shall be prepared in accordance with accounting principles generally accepted in the United States of America. This report has been prepared according to these standards. The auditors’ unmodified opinion is included in this report.

The City is required to undergo an annual single audit in conformity with the provisions of the Federal Single Audit Act and U.S. Office of Management and Budget’s “Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards” (commonly called “Uniform Guidance”). Information related to this single audit, including the schedule of expenditures of federal awards, findings and recommendations, and auditors’ reports on the internal control over financial reporting and

compliance with applicable laws and regulations, are issued under separate cover and are not included in this report. The City is also required to undergo a State single audit. Information related to this State single audit will be issued separately.

Generally accepted accounting principles require that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the management discussion and analysis (“MD&A”). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City’s MD&A can be found immediately following the report of the independent auditors.

Profile of Government

Norwich, founded in 1659, is Connecticut’s 25th largest city by population. The City was incorporated in May 1784. The Town and City were consolidated on January 1, 1952. Norwich covers an area of 27.1 square miles located 40 miles southeast of Hartford surrounded by Montville, Preston, Lisbon, Sprague, Franklin and Bozrah.

The City is approximately three hours from New York City by rail or highway transportation. Providence, Rhode Island is approximately an hour from the City and Boston is approximately two hours away. The City is served by interstate, intrastate and local bus lines. The City is served by Interstate 395 from north to south connecting Norwich with 1-95 and 1-90 to Boston and New York. Route 2 links the City with Hartford and 1-91. State Route 82 connects downtown Norwich with 1-395. Rail transportation and freight service is available to major points including New York, Boston, Providence and Montreal. Air services are available at Groton-New London Airport to the south, Green Airport (Providence) to the east and Bradley Airport to the north. Norwich Harbor provides a 600-foot turning basin connecting with the Thames River and Long Island Sound.

The City operates under a Charter adopted in 1952, which was 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.

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

The City Council is required to adopt a final budget no later than the second Monday in June for the following fiscal year. This annual budget serves as the foundation for the City of Norwich’s financial planning and control. The budget sets the annual spending limits for each department and the property tax mill rate. After the budget is set, departments may transfer resources within their department with the approval of the City Manager. Additional appropriations or transfers between departments require approval by the City Council.

Local Economy

The City pursues economic and physical stabilization and revitalization. The City has maintained the quality of services to its citizens while having the 12th lowest per capita tax burdens in the State at \$1,971 for fiscal year 2019.

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 revitalizing downtown, adaptively reusing existing structures, increasing 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 in 1964 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

Lofts at Ponemah Mill Adaptive Reuse Project

This \$85 million project converted 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 Phase III, the final phase, was completed in 2021.

Ponemah – South Mill Adaptive Reuse Project

In partnership with the owners of the mill complex, Norwich Community Development Corporation was awarded a \$795,000 grant from the State of CT DECD for the Remediation of the south mill building. The grant compliments the \$200,000 State of CT grant previously received by the City that funded the environmental assessment to determine the extent of potential contamination, the preparation of a market/feasibility study and an overall concept plan for the property. The owners are currently preparing the RFQ for the environmental remediation work. It is expected that this work will happen in the next six months and that an application for a development project will be submitted to the City land use agencies within the first half of 2022.

Taftville Landing

The 3 North Second Avenue building is historically associated with the Ponemah Mill and was operated as the company store. It is currently owned by Ponemah Riverbank LCC who are owners and developers of the Loft at Ponemah Mill project and the Ponemah South Mill. In

August 2018, a mixed-use proposal was approved for the site that included commercial uses on the first and lower floors and 12 apartments on the second and third floors. The Nutmeg Pharmacy opened in the building and upgrades to the utilities and parking lot are ongoing. The developer is currently searching for a retail grocery tenant to meet the needs of this area of Norwich.

[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 70% occupancy.

[77-91 Main Street](#)

In March 2020, the developer received approval from the Commission on the City Plan to renovate the building to include 42 residential units and 10,288 square feet of commercial tenant space. The project rehabilitates a historic contributing building located in the Downtown Norwich National Historic District. The developer is currently working with professionals to prepare the construction plans required for permitting. In September 2021, the City Council approved funds for NCDC that will allow for a \$400,000 loan and \$400,000 grant to be provided to the owners to make code corrections as part of an \$8 million renovation to the property. The funding will be distributed only after the issuance of the Certificate of Occupancy of the building.

[Downtown Boutique Hotel](#)

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

[Nalas Engineering](#)

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

[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 was approved by the City and the erosions and sediment control bond is in place to start site work. Construction plans are being reviewed and permits are forthcoming.

American Systems

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

Freeport-McMoRan

In June 2020, Freeport-McMoRan announced that it would be closing its Norwich copper rod mill and consolidate its operations at its remaining Texas and Arizona plants. It had announced the decision to close a New Jersey plant the previous month. The closures relate, in part, to the general downturn in copper demand as well as transportation savings by focusing its manufacturing closer to its mines in Arizona. The Eastern Workforce Investment Board offered assistance to Freeport-McMoRan's 117 employees with technical and job placement assistance. Freeport-McMoRan was Norwich's 11th largest taxpayer and was Norwich Public Utilities' largest electric customer. Currently the owners are performing environmental assessment on the property and are communicating with the City and NCDC to keep the channels of communication open. They are open to speaking with interested parties relative to adaptively reusing the building.

Nordson EFD Manufacturing

In April 2020 the Commission on the City Plan approved a 53,880 sq. ft. building addition to expand the manufacturing facility. In response to their growth, their tenant, Concentra, relocated to accommodate Nordson's needs. The City has been informed that consolidation of other Nordson properties will occur and that employees will be relocated to the enlarged Norwich facility. Construction was completed in 2021 for the addition and the equipment installation in ongoing. Nordson is currently looking to fill 110 positions to keep up with its expansion.

Concentra Urgent Care

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

Westledge Apartments

In October 2018, the Commission on the City Plan approved redevelopment on a long vacant property which had been the location of the Peachtree Apartment complex destroyed by fire. The new 120 unit market-rate complex includes amenities such as an in-ground pool, pool house and 30 garage units. Certificates of Occupancy have been issued for 48 of the residential units and construction is ongoing.

3 North-C Street

The Hills at Riverview LLC, received approval in June 2020 from the Commission on the City Plan to construct a residential project consisting of seven apartment buildings (52 units) with associated playground and recreational trails in the Taftville section of the City. The owner is in the process of completing permit applications and construction drawings for review.

30 Salem Turnpike

A 6,632 sq. ft. three tenant retail/restaurant commercial project was approved by the Commission the City Plan in November 2019. The project was completed in December 2020 with Chipotle and Super Cuts as two of the tenants.

40 Wisconsin Avenue

Solar Seal, an architectural glass manufacturer, closed on a lease-purchase of the 220,000 sq ft 40 Wisconsin Avenue property in the Norwich Business Park in October 2021. They intend on starting operations in Summer 2022 with approximately 100 employees.

Regional Activity

Electric Boat

General Dynamics Electric Boat (EB), the region's largest employer. EB is the nation's largest manufacturer of submarines, servicing the U.S. Navy. EB has sourced contracts that will maintain their production facilities and personnel needs for decades. A component of this work involves a new class of submarine, the Columbia class, for which a new production facility is needed. General Dynamics Electric Boat currently 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 and is expected to grow to 20,000 by 2030 to meet the demands of its contracts.

The Columbia class program includes 12 ballistic missile submarines to replace the Navy's 14 aging Ohio-class submarines. EB was awarded a \$9.47 billion contract in November 2020 for the first two Columbia class submarines. The first submarine is scheduled for delivery to the Navy in 2027, and the second one in 2029. The majority of the construction work on these submarines will be performed at the Groton, New London, and Quonset Point locations.

Wind Turbine Assembly Facility

The New London Pier is being developed for use as a wind turbine assembly facility. The Connecticut Port Authority is working with terminal operator, Gateway Terminal, and Ørsted and Eversource to redevelop State Pier in New London into a state-of-the-art heavy-lift capable port facility which could bring approximately 400 offshore wind-related jobs to the area. The \$200 million project started construction in February 2021 and is expected to be completed in August 2022.

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 Eastern Connecticut Association of Realtors, during calendar year 2020, 412 single family, 83 multi-family homes, 26 mobile homes and 110 condos sold in Norwich. The median sales price for a single family home during this period was \$179,000.

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.

State of Connecticut Projects

Route 82 Redesign

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

Major City Initiatives

Road Improvements

The residents of the City passed \$5 million bond referendum items in November 2013, 2017 and 2019 for infrastructure improvements. In addition to bond funding, 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 2022. The City received a \$400,000 Connectivity Grant for constructing a modern roundabout at the intersection of Franklin Street and Main Street. This project was completed in October 2021 and has improved traffic flow and pedestrian movement.

Sherman Street, Sunnyside Street, and Pleasant Street Bridge Rehabilitations

The Public Works Department previously secured approximately \$12 million in federal and State grant money to pursue rehabilitation projects to all four of these bridges. Final Design is currently underway for the replacement of the Sherman Street bridges, with construction anticipated for 2022. Both bridges will be replaced and a six hundred section of Asylum Street will also be reconstructed in order to allow raising the bridges by eighteen inches, making them less prone to flooding. The rehabilitation of the Sunnyside Street Bridge was completed in October 2020. The rehabilitation preserves 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 totaling \$770,000 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; create an adaptive reuse plan for the property; and implementation of part of the master plan for adaptive reuse of the property. The City also 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. 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.

The Norwich City Council approved the purchase of 232 Yantic Street to further the development of the Uncas Leap area. An eight space off-site parking lot was completed in May 2020. The City deconstructed the granite mill building to create a ruin concept for the structure that was approved by the State Historic Preservation Office. 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.

In September 2021, the Norwich City Council allocated \$1 million dollars of American Rescue Plan (ARP) funds towards the continued development of site amenities. It is anticipated the additional \$1.1 million dollars needed to complete this tourism rated project will be allotted in 2022 utilizing ARP funds.

American Rescue Plan

In addition to the funding allocated towards the Uncas Leap project, the Norwich City Council has also allocated ARP funds to several other initiatives such as recreation facilities improvements and social services programs. The City will receive a total of \$28.8 million of ARP funds to be spent between now and 2026.

School Initiatives

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

Norwich Public Utilities (NPU)

During the first six months of 2021, NPU operations and construction activity were significantly impacted by the pandemic. While a number of challenges were presented to our organization, NPU continued to provide safe and reliable service across all four utilities (natural gas, water, electric and wastewater) to meet the needs of our customers.

The NPU workforce was forced to make several adjustments in their day-to-day activities to minimize any health and safety concerns for the public and our employees.

Throughout 2021, NPU continued to reduce expenses to adjust for the loss in revenue, while also extending financial assistance to customers who were experiencing financial challenges as a result of the pandemic.

Drinking Water Infrastructure

NPU expects that a new, \$8 million dissolved air flotation (DAF) system will be online at the Stony Brook Water Treatment Plant by the end of February 2022. This critical plant upgrade project, which began in 2019, will improve water quality for NPU water customers throughout the region.

Electric Infrastructure

NPU provided timely and safe power restoration for its customers in the aftermath of Tropical Storm Isaias in August, 2020. At the peak of the storm, nearly 7,500 NPU customers were out of power; 99% were restored in less than two days. In the days and weeks following the storm, NPU's effort in restoring power quickly and safely was recognized by several public officials and state-wide media.

Over the past eighteen months, NPU undertook a reliability improvement project by removing two very old towers supporting utility lines that run over the Shetucket River and replacing them with new, stronger utility poles and replacing overhead power lines. With the completion of this project, thousands of NPU customers will have more reliable service, particularly in a storm.

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

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

Wastewater

NPU, through the City of Norwich Sewer Authority, continues to make progress on the large-scale upgrade of its wastewater treatment plant. The project, which has a budget of approximately \$163 million, is in the final design stage with construction anticipated to begin in the summer of 2022. Environmental assessments of the property and buildings are underway. NPU continues work toward having this upgraded facility serve as a regional asset and manage the wastewater needs of other communities in the region.

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 to ultimately eliminate all its CSOs which will improve water quality in the Shetucket and Thames Rivers, along with Long Island Sound.

Natural Gas

Despite the operational challenges that impacted some of NPU's construction work over the past year, NPU crews completed a number of projects to strengthen its natural gas infrastructure. NPU installed a new natural gas main on McClellan Avenue and added several new customers on Otrobando Avenue that

will be served with new and safer natural gas main; this allowed NPU to take an out-of-date 1,000-foot gas main out of service, making its system safer.

NPU also installed more than 1,000 feet of new gas mains and 10 service lines to support a new Habitat for Humanity project on Marjerie Street in Norwich.

Long-Term Financial Planning & Relevant Financial Policies

Unassigned Fund Balance

The City Council adopted by ordinance a formal General Fund Unassigned 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

In June 2021, the City Council voted to add a policy for a nonlapsing account for unexpended education funds. This policy allows the BOE to request that an unexpended General Fund appropriation be deposited into the nonlapsing account. The funds may be later used to offset future BOE operating deficits, or pay for improvements to school facilities, equipment, or programs which would not increase ongoing operating costs.

Capital Improvements

City departments submit a five-year capital improvement plan each year. The City Manager and City Council weigh the needs of the City and either include the most crucial projects in the capital budget or introduce bond ordinances to finance the projects. Norwich’s Charter requires that the City budget at least the value of one mill in capital projects each year.

Debt Management

In addition to statutory debt limitations, the City further restricts debt by 1) not allowing debt service expenditures to grow at a rate greater than all other General Fund expenditures and, 2) limiting net indebtedness to 5% of the City’s taxable assessed value.

Pension & Other Post-Employment Benefits Funding

The City has committed to funding the City Employee Pension Trust Fund, Volunteer Firefighters Relief Fund, and OPEB Fund. Starting with fiscal year 2014-15, the City reviewed its assumptions for these plans, lowered the assumed rate of return, and shortened amortization periods. As a result, the liabilities and actuarially determined employer contributions for these plans will be higher than they would have under the previous sets of assumptions. The city shall contribute the amount recommended by its actuary each fiscal year unless the amount varies by more than 15% +/- from the previous year. This variance shall be

calculated by division (e.g., NPU, Norwich Public Schools, Police, Fire, Volunteer Fire, and all other General City). If the contribution recommended by actuary is less than 85% of the previous year's contribution, then the city shall contribute an amount equal to 85% of the previous year's contribution. If the contribution recommended by actuary is greater than 115% of the previous year's contribution, then the city shall contribute an amount equal to 115% of the previous year's contribution.

In November 2021, the voters of the City of Norwich approved a \$145 million pension obligation bond referendum. The City Council also voted to amend the pension funding policies for pensions and created a pension reserve fund as a further hedge against volatility if/when the City issues pension obligation bonds. The City intends to sell the pension obligation bonds in February 2022. A stochastic model prepared by the City's actuaries indicates that the pension obligation bonds could result in net present value savings of \$43 million.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada ("GFOA") awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Norwich, Connecticut, for its annual comprehensive financial report for the year ended June 30, 2020. This was the 28th consecutive year that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized Annual Comprehensive financial report. The report must satisfy both accounting principles generally accepted in the United States of America and applicable legal requirements.

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

For fiscal years beginning July 1, 2000 through 2021, the GFOA awarded the City a "Distinguished Budget Presentation Award" for its budget document. The budgets submitted had to satisfy four different criteria: the budget as a Policy Document, the budget as a Financial Plan, the budget as an Operations Guide and the budget as a Communications Device. The award earned by the City is the highest form of recognition in the area of budgeting.

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

Respectfully submitted,



Joshua A. Pothier, CPA, CPFO
Comptroller



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Norwich
Connecticut**

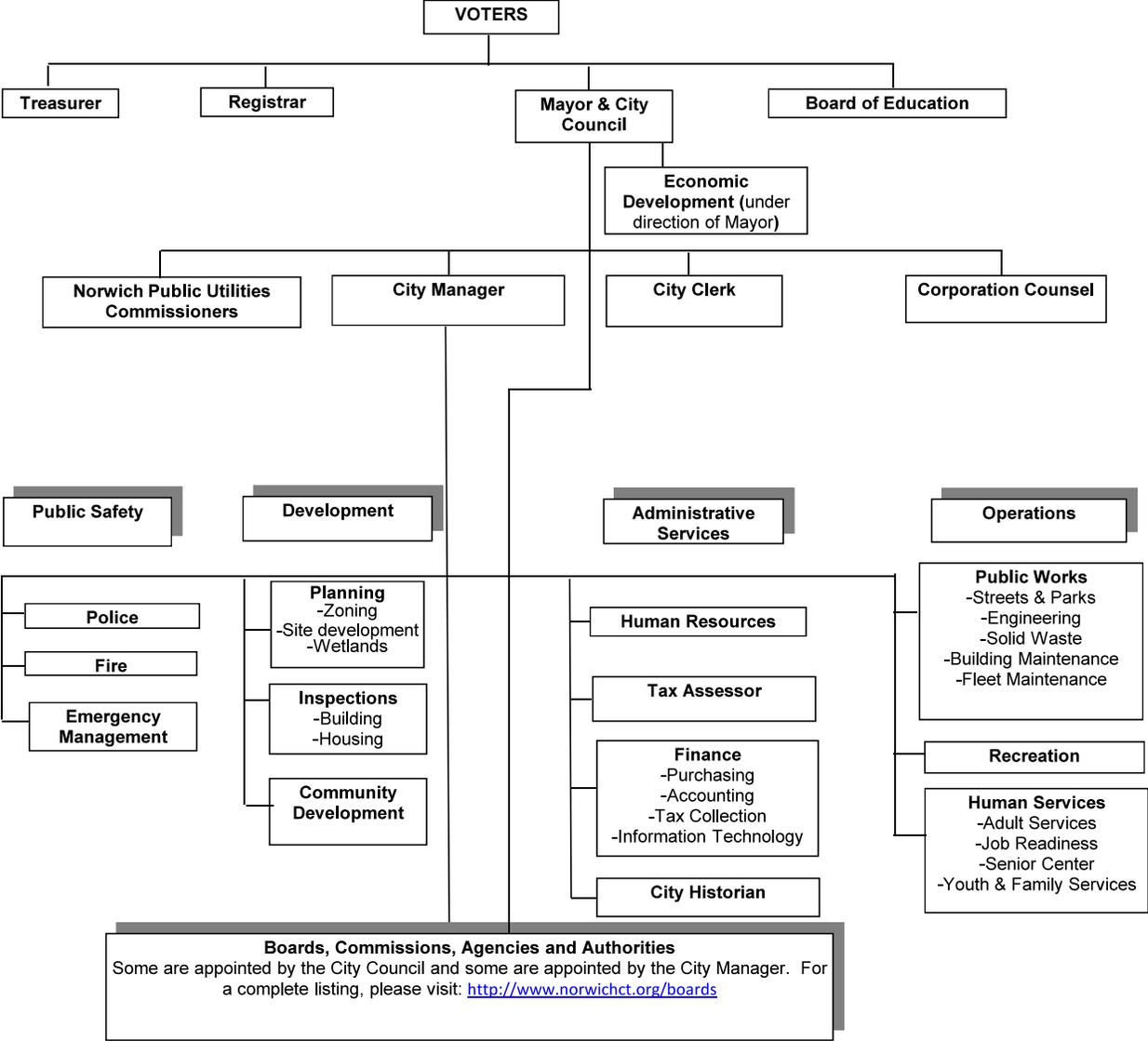
For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2020

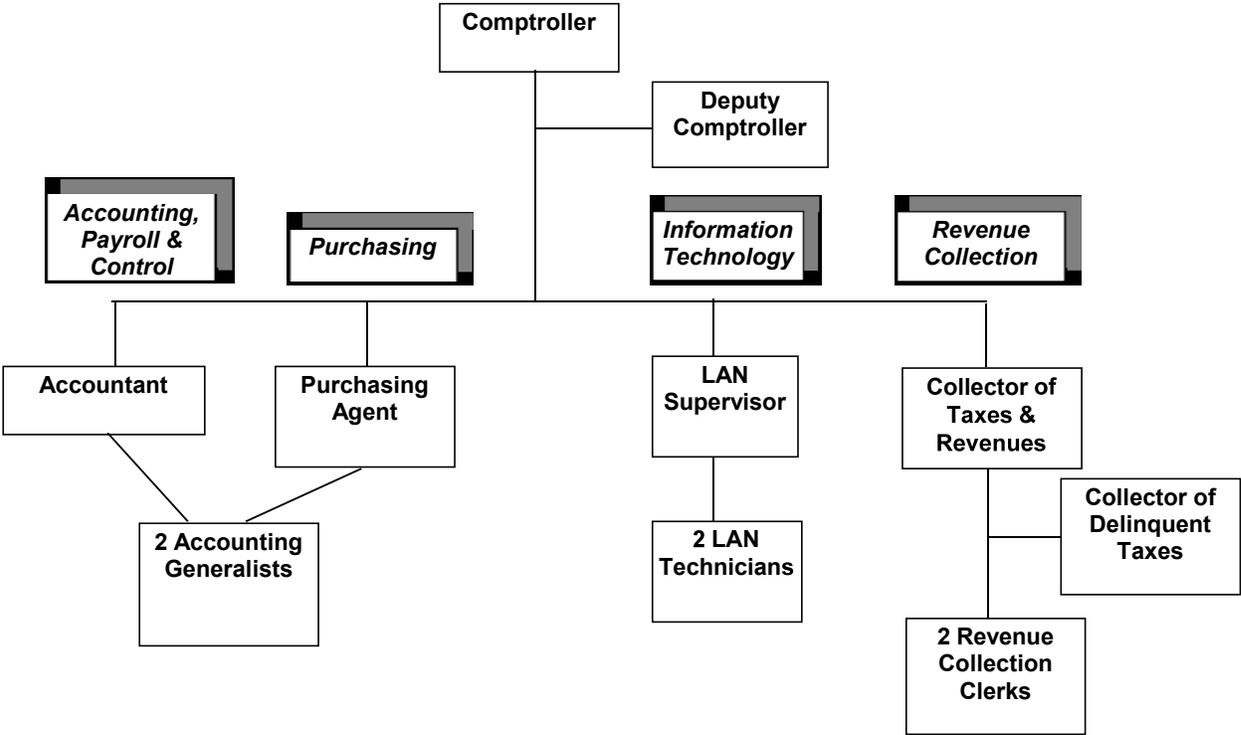
Christopher P. Morrill

Executive Director/CEO

City of Norwich Organization Chart



City of Norwich Finance Department Organization Chart



City Officials

Elected City Officials & NPU Commissioners

City Council

	<u>Term Length</u>	<u>Term Expires</u>
Peter A. Nystrom, Mayor (R)	4 Years	12/7/21
Mark Bettencourt, President Pro Tempore (D)	2 Years	12/7/21
Joseph A. DeLucia (D)	2 Years	12/7/21
Stacy L. Gould (R)	2 Years	12/7/21
Ella Myles (D)	2 Years	12/7/21
William L. Nash (R)	2 Years	12/7/21
Derell Q. Wilson (D)	2 Years	12/7/21

Board of Education

	<u>Term Length</u>	<u>Term Expires</u>
Heather Romanski, Chairperson (D)	2 Years	12/7/21
Kevin Saythany, Vice Chairperson (D)	2 Years	12/7/21
Carline Charmelus, Secretary (D)	2 Years	12/7/21
Swaranjit Singh Bhatia (D)	2 Years	12/7/21
Aaron Daniels (R)	2 Years	12/7/21
Christine Distasio (R)	2 Years	12/7/21
Dr. Yvette Jacaruso (D)	2 Years	12/7/21
Mark Kulos (D)	2 Years	12/7/21
Patricia F. Staley (R)	2 Years	12/7/21

Treasurer

	<u>Term Length</u>	<u>Term Expires</u>
Michael Gualtieri (R)	2 Years	12/7/21

Registrar of Voters

	<u>Term Length</u>	<u>Term Expires</u>
Dianne Daniels (D)	4 Years	1/8/25
Dianne Slopak (R)	4 Years	1/8/25

Appointed NPU Commissioners

	<u>Term Length</u>	<u>Term Expires</u>
Robert A. Staley, Chairperson (R)	5 Years	3/1/23
Stewart Peil, Vice Chairperson (R)	5 Years	3/1/22
Stephen Becker, Secretary (R)	5 Years	3/1/24
Michael A. Goldblatt, (R)	5 Years	3/1/25
William Warzecha (D)	5 Years	3/1/26

Directory of City Administrative Officials

Title	Name	Phone Number
City Manager	John Salomone	(860) 823-3750
Assessor	Donna Ralston	(860) 823-3722
Building Inspector	Daniel Coley	(860) 823-3775
City Clerk	Betsy Barrett	(860) 823-3734
City Planner	Deanna Rhodes	(860) 823-3767
Collector of Taxes & Revenues	Karlene Deal	(860) 823-3760
Comptroller	Joshua A. Pothier	(860) 823-3720
Deputy Comptroller	Anthony Madeira	(860) 823-3717
Corporation Counsel	Michael E. Driscoll	(860) 889-3321
Emergency Management Director	Tracy Montoya	(860) 892-6080
Engineer	Patrick McLaughlin	(860) 823-3798
Fire Chief, Norwich (CCD)	Tracy Montoya	(860) 892-6080
Fire Chief, East Great Plain VFD	Keith Milton	(860) 886-0392
Fire Chief, Laurel Hill VFD	Aaron Westervelt	(860) 892-1973
Fire Chief, Occum VFD	Carroll J. Spaulding, III	(860) 822-8285
Fire Chief, Taftville VFD	Timothy Jencks	(860) 887-6676
Fire Chief, Yantic VFD	William Eyberse	(860) 887-2221
Health Director	Patrick McCormack, MPH	(860) 823-1189
Housing Authority Director	Jeffrey Arn	(860) 887-1605
Human Resources Director	Brigid Marks	(860) 823-3786
Human Services Director	Lee-Ann Gomes	(860) 823-3778
LAN Supervisor	Leon Barnowski	(860) 859-4404
Parking Administrator	Judy Rizzuto	(860) 889-5586
Police Chief	Patrick Daley	(860) 886-5561
Public Utilities Manager	Chris LaRose	(860) 887-2555
Public Works Director	Patrick McLaughlin	(860) 823-3789
Purchasing Agent	Robert Castronova	(860) 823-3706
Recreation Manager	Cheryl Hancin-Preston	(860) 823-3797
Senior Center Manager	Michael Wolak	(860) 889-5960
Superintendent of Schools	Dr. Kristen Stringfellow Ed.D.	(860) 823-6284
Youth & Family Services Manager	Erin Haggan	(860) 823-3782
Zoning Enforcement Officer	Richard Shuck	(860) 823-3752

Financial Section

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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, 2021, 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 auditor considers 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, 2021 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.

Emphasis of Matter

During the fiscal year ended June 30, 2021, the City of Norwich, Connecticut adopted GASB Statement No. 84 Fiduciary Activities. As a result of the implementation of this standard, the City of Norwich, Connecticut reported a restatement for the change in accounting principle (see Note 18). Our auditors' opinion was 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, the budgetary comparison information and the pension and OPEB schedules, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Norwich, Connecticut's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and supplemental schedules presented on pages 118-119 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.

City of Norwich, Connecticut's basic financial statements as of and for the year ended June 30, 2020 (not presented herein) were audited by Blum, Shapiro & Company, P.C. (blumshapiro), whose partners and professional staff joined CliftonLarsonAllen LLP as of January 1, 2021 and has subsequently ceased operations. Blumshapiro's report thereon, dated March 11, 2021, contained unmodified opinions on the respective financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information. The accompanying General Fund balance sheet as of June 30, 2020 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 2020 financial statements. The accompanying General Fund balance sheet has been subjected to the auditing procedures applied in the audit of the 2020 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, 2020.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 28, 2022 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.



West Hartford, Connecticut
January 28, 2022

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CITY OF NORWICH, CONNECTICUT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2021

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, 2021. Please read this MD&A in conjunction with the transmittal letter and the City's financial statements, Exhibits I to IX.

FINANCIAL HIGHLIGHTS

- On a government-wide basis, the assets and deferred outflows of resources (\$466.0 million) of the City exceeded its liabilities and deferred inflows of resources (\$301.1 million), resulting in total net position at the close of the fiscal year of \$164.9 million. Total net position for governmental activities at fiscal year-end was \$22.6 million, and total net position for business-type activities was \$142.3 million. Total unrestricted net *deficit* at June 30, 2021 was \$48.9 million.
- On a government-wide basis, during the year, the City's net position increased by \$12.8 million from \$152.1 million to \$164.9 million. Governmental activities net position increased by \$8.8 million and net position increased by \$4.0 million for business-type activities. Governmental activities expenses were \$174.3 million, while total revenues including transfers were \$183.1 million.
- At the close of the year, the City's governmental funds reported, on a current financial resource basis, combined ending fund balances of \$45.7 million, an increase of \$1.9 million from the prior fiscal year. Of the total fund balance as of June 30, 2021, \$42.8 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 \$17.0 million, an increase of \$2.6 million from the prior fiscal year. As of June 30, 2021, all of the \$17.0 million fund balance is unrestricted, representing 12.8% of total General Fund actual expenditures and operating transfers on a budgetary basis.
- The City's governmental activities total bonded debt decreased by \$1.9 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 \$151.6 million to \$164.9 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	
	2021	2020	2021	2020	2021	2020
Current and other assets	\$ 95,586	\$ 75,858	\$ 67,868	\$ 58,618	\$ 163,454	\$ 134,476
Capital assets	121,634	121,644	163,323	164,320	284,957	285,964
Total assets	<u>217,220</u>	<u>197,502</u>	<u>231,191</u>	<u>222,938</u>	<u>448,411</u>	<u>420,440</u>
Deferred outflows of resources	9,303	15,860	8,304	13,067	17,607	28,927
Long-term debt outstanding	149,043	173,905	78,769	86,342	227,812	260,247
Unearned revenue	17,013	1,045	849	712	17,862	1,757
Other liabilities	15,815	14,867	11,542	10,544	27,357	25,411
Total liabilities	<u>181,871</u>	<u>189,817</u>	<u>91,160</u>	<u>97,598</u>	<u>273,031</u>	<u>287,415</u>
Deferred inflows of resources	22,047	10,273	6,003	124	28,050	10,397
Net Position:						
Net investment in capital assets	74,279	90,304	136,016	137,973	210,295	228,277
Restricted	2,160	3,915	1,368	524	3,528	4,439
Unrestricted	<u>(53,834)</u>	<u>(80,947)</u>	<u>4,948</u>	<u>(214)</u>	<u>(48,886)</u>	<u>(81,161)</u>
Total Net Position	\$ <u>22,605</u>	\$ <u>13,272</u>	\$ <u>142,332</u>	\$ <u>138,283</u>	\$ <u>164,937</u>	\$ <u>151,555</u>

Net position of the City's governmental activities increased by \$8.8 million to \$22.6 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 - increased from \$(80.9) million at June 30, 2020 to \$(53.8) million at the end of this year. The unrestricted net position of business-type activities increased from \$(0.2) million compared to \$4.9 million during 2021.

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

Table 2
CHANGES IN NET POSITION
(In Thousands)

	Governmental		Business-Type		Total	
	Activities		Activities			
	2021	2020	2021	2020	2021	2020
Revenues:						
Program revenues:						
Charges for services	\$ 4,520	\$ 5,476	\$ 92,975	\$ 96,821	\$ 97,495	\$ 102,297
Operating grants and contributions	70,689	64,851			70,689	64,851
Capital grants and contributions	2,679	1,821	1,766	3,849	4,445	5,670
General revenues:						
Property taxes	90,080	87,831			90,080	87,831
Grants and contributions not restricted to specific purposes	4,486	4,491			4,486	4,491
Unrestricted investment earnings	688	902	70	385	758	1,287
Other general revenues	1,628	497			1,628	497
Total revenues	<u>174,770</u>	<u>165,869</u>	<u>94,811</u>	<u>101,055</u>	<u>269,581</u>	<u>266,924</u>
Program expenses:						
General government	9,389	9,446			9,389	9,446
Public safety	27,306	33,214			27,306	33,214
Social services	4,811	4,254			4,811	4,254
Public works	14,196	12,651			14,196	12,651
Education	118,197	113,585			118,197	113,585
Interest on long-term debt	1,282	1,522			1,282	1,522
Department of Public Utilities			79,908	81,759	79,908	81,759
Other enterprise funds			1,661	1,584	1,661	1,584
Total program expenses	<u>175,181</u>	<u>174,672</u>	<u>81,569</u>	<u>83,343</u>	<u>256,750</u>	<u>258,015</u>
Excess (deficiency) before transfers	(411)	(8,803)	13,242	17,712	12,831	8,909
Transfers	<u>9,193</u>	<u>8,822</u>	<u>(9,193)</u>	<u>(8,822)</u>		
Increase (Decrease) in Net Position	8,782	19	4,049	8,890	12,831	8,909
Net Position at Beginning of Year, as restate	<u>13,823</u>	<u>13,253</u>	<u>138,283</u>	<u>129,393</u>	<u>152,106</u>	<u>142,646</u>
Net Position at End of Year	<u>\$ 22,605</u>	<u>\$ 13,272</u>	<u>\$ 142,332</u>	<u>\$ 138,283</u>	<u>\$ 164,937</u>	<u>\$ 151,555</u>

The City's total revenues were \$268.7 million. The total cost of all programs and services was \$255.9 million. Our analysis below separately considers the operations of governmental and business-type activities.

Governmental Activities

Governmental activities increased the City's net position by \$8.8 million during the year. Total revenues of \$173.9 million and \$9.2 million in transfers from the City's business-type activities provided funding for the City's \$177.2 million of governmental program expenses incurred during the year.

The City's revenues increased \$8.0 million (\$173.9 million compared to \$165.9 million) which was primarily caused by increases in grants and property taxes.

Total program expenses were \$174.3 million as compared with \$174.7 million reported last year. Increases in wages and other program expenses were largely offset by the decreases in pension expense in the functions other than Education.

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

Table 3
GOVERNMENTAL ACTIVITIES
(In Thousands)

	<u>Total Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
General government	\$ 9,389	\$ 9,446	\$ 7,022	\$ 7,288
Public safety	27,306	33,214	25,650	31,775
Social services	4,811	4,254	1,839	1,637
Public works	14,196	12,651	11,133	9,182
Education	118,197	113,585	50,367	51,120
All others	<u>1,282</u>	<u>1,522</u>	<u>1,282</u>	<u>1,522</u>
Totals	<u>\$ 175,181</u>	<u>\$ 174,672</u>	<u>\$ 97,293</u>	<u>\$ 102,524</u>

Business-Type Activities

Revenues of the City’s business-type activities (see Table 2) decreased by \$6.2 million during the year (\$94.8 million in 2021 compared to \$101.1 million in 2020) and expenses decreased by \$1.8 million. Overall net position increased \$4.0 million in 2021. For the Department of Public Utilities, revenues in 2020 included a one-time payment of \$1 million received by the sewer division. Revenues in 2021 were significantly impacted by the COVID-19 pandemic. This resulted in reduced sales and an increase in bad debt. Expenses in 2021 were lower than in 2020 due to a decrease in the pension liability and the cost reduction measures implemented by the Department of Public Utilities as a result of the financial uncertainty of the COVID-19 pandemic.

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 \$45.7 million, which is an increase of \$1.9 million from last year’s total of \$43.7 million. Included in this year’s total change in fund balance is an increase of \$2.6 million in the City’s General Fund. The primary reasons for the General Fund’s increase are an increase in property tax levies as well as higher than anticipated conveyance tax and building permit revenues. 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 \$16.6 million at June 30, 2021. The fund balance decreased by \$3.2 million during the year due to the expenditure of public safety radio and gas line extension funds which had been bonded in previous years.

The Education Grants Fund reported a fund balance of \$0.9 million which was a \$0.8 million increase from last year.

The other governmental funds have a total fund balance of \$11.1 million - a \$1.7 million increase from last year.

Proprietary Funds

Net position of the Department of Public Utilities was \$134.4 million, as compared to \$130.1 million in the prior year, and City’s other nonmajor enterprise funds’ net position decreased by \$0.2 million to \$7.9 million.

Unrestricted net position of the Department of Public Utilities was \$7.4 million, and a deficit of \$2.5 million for the other nonmajor enterprise funds. The Department of Public Utilities had operating revenues of \$91.6 million from user fees, and other enterprise funds had \$1.4 million. The total increase in net position for the fiscal year ended June 30, 2021 was \$4.0 million. The change in the Department of Public Utilities net position is largely attributable to decreases in its pension and OPEB liabilities.

General Fund Budgetary Highlights

During the year, actual revenues and other financing sources on a budgetary basis were 133.9 million, which was \$1.1 million higher than budgetary estimates. The variance was caused primarily by higher than anticipated building permit and conveyance tax revenues (See RSI-1 for additional detail).

Actual expenditures on a budgetary basis and other financing uses totaled \$132.4 million, which were lower than actual revenues and other financing sources on a budgetary basis by \$1.5 million. 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, 2021, the City had \$285.0 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 \$1.0 million, or 0.35%, compared to last year.

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

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Land	\$ 26,478	\$ 26,720	\$ 3,280	\$ 3,280	\$ 29,758	\$ 30,000
Buildings and improvements	56,820	59,896	32,548	33,324	89,368	93,220
Vehicles, machinery, equipment, pumping and distributions systems	10,889	9,421	104,814	101,436	115,703	110,857
Technology upgrade and road infrastructure	20,997	21,316			20,997	21,316
Construction in progress	6,450	4,291	22,681	26,280	29,131	30,571
Totals	\$ 121,634	\$ 121,644	\$ 163,323	\$ 164,320	\$ 284,957	\$ 285,964

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

NPU Fleet Vehicles	\$ 652
NPU Occum Tank Aeration & Mixing System	780
NPU Stony Brook Transmission Mains	1,695
NPU Deep River Sand Filtration	2,917
NPU Sprague Interconnect Mains	2,768
East Great Plain VFD pumper truck	735
Taftville VFD heavy squad truck	411
Police body camera system	315
PW catch basin cleaner truck	314
Total	\$ 10,587

The City's fiscal-year 2022 capital budget calls for spending \$2.7 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, 2021, the City had total bonds and notes outstanding of \$75.5 million. The general obligation bond debt is backed by the full faith and credit of the City. The City's outstanding net debt decreased by \$0.3 million during fiscal 2021.

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

	Governmental		Business-Type		Total	
	Activities		Activities			
	2021	2020	2021	2020	2021	2020
General obligation bonds	\$ 48,500	\$ 50,420	\$	\$ 30	\$ 48,500	\$ 50,450
Notes payable			899	1,220	899	1,220
Serial notes payable			26,139	24,191	26,139	24,191
Total	<u>\$ 48,500</u>	<u>\$ 50,420</u>	<u>\$ 27,038</u>	<u>\$ 25,441</u>	<u>\$ 75,538</u>	<u>\$ 75,861</u>

In October 2020, Standard & Poor's assigned an AA rating on Norwich's bond issue including \$1.2 million of capital bonds and \$15.9 million of refunding bonds and affirmed this rating on the rest of Norwich's debt outstanding as of that date. 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 \$608 million. The City's outstanding general obligation debt is at 6.41% 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 November 2021, the unemployment rate for the Norwich was 7.1%, down from 9.6% in the prior year. Connecticut's overall unemployment rate stood at 4.8%, compared with 6.9% for the same time last year. The State of Connecticut's education and noneducation formula grants had not kept pace with inflation for many years. State legislators have recently been working on increasing non-property tax revenue streams to municipalities like Norwich; such as increases to the City's Mashantucket-Pequot/Mohegan and PILOT grants as well as local shares of cannabis sales tax. In addition, the infusion of funding from the Federal CARES Act and American Rescue Plan Act have allowed the City to provide education programs and make other investments that it would otherwise would not be able to do without increasing property taxes and debt. The City has not lost sight of controlling costs as it continues to negotiate lower cost long-term employee benefits and seek efficiencies. As an example, Norwich voters approved a \$145 million pension obligation bond referendum in November 2021 which could potentially save City taxpayers and NPU ratepayers millions of dollars over the next 25 years. Other initiatives are noted in the transmittal letter.

The fiscal year 2022 General Fund budget calls for \$137.0 million in revenues and expenditures, a 3.13% increase in over fiscal year 2021. Noneducation expenditures increased by 4.20% and education expenditures increased by 2.50%. On the revenue side, the fiscal year 2022 General Fund mill rate decreased 0.08 mills, or 0.19%, from 42.06 to 41.98. No unrestricted fund balance was used to balance the budget.

In the City's business-type activities, the Norwich Public Utilities projects a 1.33% increase in revenues from fiscal year 2021 from \$99.0 million to \$100.4 million. This increase is based on projected normalized sales and includes Board approved rate increases in the gas, electric, and sewer division. Norwich Public Utilities budgeted \$10.1 million in capital improvements to bolster its infrastructure and operational efficiency.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

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

Basic Financial Statements

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CITY OF NORWICH, CONNECTICUT
STATEMENT OF NET POSITION
JUNE 30, 2021
(In Thousands)

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Assets:			
Cash and cash equivalents	\$ 25,626	\$ 63,907	\$ 89,533
Investments	33,574		33,574
Receivables, net	22,193	13,274	35,467
Internal balances	13,358	(13,358)	-
Due from Fiduciary Funds	754		754
Inventories	76	1,816	1,892
Other assets	5	2,229	2,234
Capital assets:			
Assets not being depreciated	32,928	25,961	58,889
Assets being depreciated, net	88,706	137,362	226,068
Total assets	<u>217,220</u>	<u>231,191</u>	<u>448,411</u>
Deferred Outflows of Resources:			
Deferred outflow of resources related to pensions	7,592	6,304	13,896
Deferred outflow of resources related to OPEB	441	2,000	2,441
Deferred charge on refunding	1,270		1,270
Total deferred outflows of resources	<u>9,303</u>	<u>8,304</u>	<u>17,607</u>
Liabilities:			
Accounts and other payables	13,638	11,542	25,180
Due to fiduciary funds	2,177		2,177
Unearned revenue	17,013	849	17,862
Noncurrent liabilities:			
Due within one year	8,787	4,155	12,942
Due in more than one year	140,256	74,614	214,870
Total liabilities	<u>181,871</u>	<u>91,160</u>	<u>273,031</u>
Deferred Inflows of Resources:			
Deferred inflow of resources related to pensions	14,695	5,855	20,550
Deferred inflow of resources related to OPEB	7,352	148	7,500
Total deferred inflows of resources	<u>22,047</u>	<u>6,003</u>	<u>28,050</u>
Net Position:			
Net investment in capital assets	74,279	136,016	210,295
Restricted for:			
Expendable	2,127		2,127
Permanent trust purposes	33		33
Energy conservation		1,368	1,368
Unrestricted	<u>(53,834)</u>	<u>4,948</u>	<u>(48,886)</u>
Total Net Position	<u>\$ 22,605</u>	<u>\$ 142,332</u>	<u>\$ 164,937</u>

The accompanying notes are an integral part of the financial statements

**CITY OF NORWICH, CONNECTICUT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021
(In Thousands)**

Functions/Programs	Program Revenues			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	\$ 9,389	\$ 2,093	\$ 274	\$	\$ (7,022)	\$	\$ (7,022)
Public safety	27,306	442	729	485	(25,650)		(25,650)
Social services	4,811	500	2,472		(1,839)		(1,839)
Public works	14,196	510	359	2,194	(11,133)		(11,133)
Education	118,197	975	66,855		(50,367)		(50,367)
Interest on long-term debt	1,282				(1,282)		(1,282)
Total governmental activities	<u>175,181</u>	<u>4,520</u>	<u>70,689</u>	<u>2,679</u>	<u>(97,293)</u>	<u>-</u>	<u>(97,293)</u>
Business-type activities:							
Department of Public Utilities:							
Gas	17,921	20,961		8		3,048	3,048
Electric	45,135	50,704		685		6,254	6,254
Water	8,719	11,393		1,015		3,689	3,689
Sewer	8,133	8,513		8		388	388
Nonmajor Enterprise Funds:							
Golf Course Authority	1,172	1,164		50		42	42
Stadium Authority	367					(367)	(367)
Ice Rink Authority	122	240				118	118
Total business-type activities	<u>81,569</u>	<u>92,975</u>	<u>-</u>	<u>1,766</u>	<u>-</u>	<u>13,172</u>	<u>13,172</u>
Total	<u>\$ 256,750</u>	<u>\$ 97,495</u>	<u>\$ 70,689</u>	<u>\$ 4,445</u>	<u>(97,293)</u>	<u>13,172</u>	<u>(84,121)</u>
			General revenues:				
			Property taxes		90,080		90,080
			Grants and contributions not restricted to specific programs		4,486		4,486
			Unrestricted investment earnings		688	70	758
			Miscellaneous		1,628		1,628
			Total general revenues		<u>96,882</u>	<u>70</u>	<u>96,952</u>
			Transfers		<u>9,193</u>	<u>(9,193)</u>	<u>-</u>
			Change in Net Position		8,782	4,049	12,831
			Net Position at Beginning of Year, as restated		<u>13,823</u>	<u>138,283</u>	<u>152,106</u>
			Net Position at End of Year		<u>\$ 22,605</u>	<u>\$ 142,332</u>	<u>\$ 164,937</u>

The accompanying notes are an integral part of the financial statements

CITY OF NORWICH, CONNECTICUT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2021
(In Thousands)

	<u>General</u>	<u>Bond Expenditure</u>	<u>Education Grants</u>	<u>General Government Grants and Programs</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS						
Cash and cash equivalents	\$ 25,190	\$	\$	\$	\$ 435	\$ 25,625
Investments	31,480				2,094	33,574
Receivables, net	6,621		4,983	131	9,685	21,420
Due from other funds	7,312	17,172	4,153	14,617	7,035	50,289
Other assets					76	76
Total Assets	<u>\$ 70,603</u>	<u>\$ 17,172</u>	<u>\$ 9,136</u>	<u>\$ 14,748</u>	<u>\$ 19,325</u>	<u>\$ 130,984</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES						
Liabilities:						
Accounts and other payables	\$ 8,958	\$ 400	\$ 3,362	\$ 2	\$ 805	\$ 13,527
Due to other funds	38,679	216	3,969		1,866	44,730
Unearned revenue	511		879	14,808	814	17,012
Total liabilities	<u>48,148</u>	<u>616</u>	<u>8,210</u>	<u>14,810</u>	<u>3,485</u>	<u>75,269</u>
Deferred Inflows of Resources:						
Unavailable revenue - property taxes	4,081				223	4,304
Unavailable revenue - special assessments	1,358				101	1,459
Unavailable revenue - loans receivable					4,283	4,283
Total deferred inflows of resources	<u>5,439</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,607</u>	<u>10,046</u>
Fund Balances:						
Nonspendable					2,118	2,118
Restricted					689	689
Committed		16,556	926		8,809	26,291
Unassigned	17,016			(62)	(383)	16,571
Total fund balances	<u>17,016</u>	<u>16,556</u>	<u>926</u>	<u>(62)</u>	<u>11,233</u>	<u>45,669</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 70,603</u>	<u>\$ 17,172</u>	<u>\$ 9,136</u>	<u>\$ 14,748</u>	<u>\$ 19,325</u>	<u>\$ 130,984</u>

(Continued on next page)

CITY OF NORWICH, CONNECTICUT
BALANCE SHEET - GOVERNMENTAL FUNDS (CONTINUED)
JUNE 30, 2021
(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	\$	45,669
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Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:

Governmental capital assets	\$	219,936	
Less accumulated depreciation		<u>(98,302)</u>	
Net capital assets			121,634

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	2,965
Interest receivable on property taxes	1,339
Housing rehabilitation loans	4,267
Accounts and other receivables	2,241
Deferred outflows:	
Deferred outflow of resources related to pensions	7,592
Deferred outflow of resources related to OPEB	441

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.

397

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	(46,395)
Deferred charge on refunding	1,270
Unamortized bond premium	(2,105)
Interest payable on bonds and notes	(93)
Compensated absences	(3,582)
Landfill closure	(134)
Capital lease	(125)
Net pension liability	(66,074)
Net OPEB liability	(24,655)
Deferred inflow of resources related to pensions	(14,695)
Deferred inflow of resources related to OPEB	<u>(7,352)</u>

Net Position of Governmental Activities (Exhibit I)	\$	<u><u>22,605</u></u>
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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, 2021
(In Thousands)**

	<u>General</u>	<u>Bond Expenditure</u>	<u>Education Grants</u>	<u>General Government Grants and Programs</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:						
Property taxes, interest and liens	\$ 85,977	\$	\$	\$	4,468	\$ 90,445
Intergovernmental revenues	46,942	500	22,691	485	7,009	77,627
Charges for services	2,848		155		1,798	4,801
Licenses, permits and fees	643					643
Investment income	213				474	687
Other	226	1,179		3	716	2,124
Total revenues	<u>136,849</u>	<u>1,679</u>	<u>22,846</u>	<u>488</u>	<u>14,465</u>	<u>176,327</u>
Expenditures:						
Current:						
General government	5,754				659	6,413
Public safety	20,118			426	8,398	28,942
Social services	2,044				2,777	4,821
Public works	10,597				221	10,818
Education	90,696		22,031		4,503	117,230
Other	2,766					2,766
Capital outlay		4,820			3,464	8,284
Debt service	140				5,600	5,740
Total expenditures	<u>132,115</u>	<u>4,820</u>	<u>22,031</u>	<u>426</u>	<u>25,622</u>	<u>185,014</u>
Excess (Deficiency) of Revenues over Expenditures	<u>4,734</u>	<u>(3,141)</u>	<u>815</u>	<u>62</u>	<u>(11,157)</u>	<u>(8,687)</u>
Other Financing Sources (Uses):						
Transfers in	6,169				13,171	19,340
Transfers out	(8,420)	(1,298)			(429)	(10,147)
Issuance of general obligation bonds		1,205				1,205
Issuance of refunding bonds	15,920					15,920
Payment to refunded escrow agent	(15,780)					(15,780)
Bond premiums		44				44
Total other financing sources (uses)	<u>(2,111)</u>	<u>(49)</u>	<u>-</u>	<u>-</u>	<u>12,742</u>	<u>10,582</u>
Net Change in Fund Balances	2,623	(3,190)	815	62	1,585	1,895
Fund Balances at Beginning of Year, as Restated	<u>14,393</u>	<u>19,746</u>	<u>111</u>	<u>(124)</u>	<u>9,648</u>	<u>43,774</u>
Fund Balances at End of Year	<u>\$ 17,016</u>	<u>\$ 16,556</u>	<u>\$ 926</u>	<u>\$ (62)</u>	<u>\$ 11,233</u>	<u>\$ 45,669</u>

(Continued on next page)

CITY OF NORWICH, CONNECTICUT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - GOVERNMENTAL FUNDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2021
(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)	\$ 1,895
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Governmental funds report capital outlays as expenditures. In the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:

Capital outlay	7,091
Depreciation expense	(6,834)

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. (267)

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

Property tax receivable - accrual basis change	(481)
Property tax interest and lien revenue - accrual basis change	116
Housing loan repayments	(104)
Accounts and other receivables - accrual basis change	(923)
Change in deferred outflows:	
Deferred outflow of resources related to pensions	(877)
Deferred outflow of resources related to OPEB	(6,693)

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

long-term debt and related items are as follows:

Issuance of bonds	(1,205)
Premium on bonds	(44)
Bond principal payments	3,095
Issuance of refunding bonds	(15,920)
Payment to refunded escrow agent	15,780
Amortization of deferred charge on refunding	1,013
Amortization of premiums	214
Capital lease payments	60

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	(20)
Accrued interest	82
Landfill postclosure care	12
Change in net pension liability	19,478
Change in net OPEB liability	3,833
Change in deferred inflows:	
Deferred inflow of resources related to pensions	(251)
Deferred inflow of resources related to OPEB	(11,523)

Internal service funds are used by management to charge costs to individual funds. The net revenue of certain activities of internal services funds is reported with governmental activities.	<u>1,255</u>
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Change in Net Position of Governmental Activities (Exhibit II)	<u>\$ 8,782</u>
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CITY OF NORWICH, CONNECTICUT
STATEMENT OF NET POSITION - PROPRIETARY FUNDS
JUNE 30, 2021
(In Thousands)

	Business-Type Activities			Governmental
	Department of Public Utilities	Nonmajor Enterprise Funds	Total	Activities Internal Service Funds
Assets:				
Current assets:				
Cash and cash equivalents	\$ 63,907	\$	\$ 63,907	\$
Receivables, net	13,180	94	13,274	6
Due from other funds	207	334	541	6,376
Inventories	1,816		1,816	
Other assets	2,229		2,229	
Total current assets	81,339	428	81,767	6,382
Capital assets:				
Assets not being depreciated	1,728	1,552	3,280	
Assets being depreciated, net	151,184	8,859	160,043	
Total assets	234,251	10,839	245,090	6,382
Deferred Outflows of Resources:				
Deferred outflow of resources related to pensions	6,304		6,304	
Deferred outflow of resources related to OPEB	2,000		2,000	
Total deferred outflows of resources	8,304	-	8,304	-
Liabilities:				
Current liabilities:				
Accounts payable and accrued liabilities	7,235	1,210	8,445	6
Notes payable	1,883		1,883	
Capital leases payable	61	6	67	
Compensated absences	1,970		1,970	
Risk management claims	235		235	2,621
Due to other funds	1,155	854	2,009	
Due to other governments	77	2	79	
Unearned revenue		849	849	6
Total current liabilities	12,616	2,921	15,537	2,633
Noncurrent liabilities:				
Customer deposits	3,018		3,018	
Notes payable	25,155		25,155	
Capital leases payable	194	8	202	
Compensated absences	3,174		3,174	
Risk management claims	663		663	3,352
Cash advances from other funds	11,890		11,890	
Net pension liability	37,357		37,357	
Net OPEB liability	8,063		8,063	
Total noncurrent liabilities	89,514	8	89,522	3,352
Total liabilities	102,130	2,929	105,059	5,985
Deferred Inflows of Resources:				
Deferred inflow of resources related to pensions	5,855		5,855	
Deferred inflow of resources related to OPEB	148		148	
Total deferred outflows of resources	6,003	-	6,003	-
Net Position:				
Net investment in capital assets	125,619	10,397	136,016	
Restricted for energy conservation	1,368		1,368	
Unrestricted	7,435	(2,487)	4,948	397
Total Net Position	\$ 134,422	\$ 7,910	\$ 142,332	\$ 397

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, 2021
(In Thousands)

	Business-Type Activities			Governmental
	Department of Public Utilities	Nonmajor Enterprise Funds	Total	Internal Service Funds
Operating Revenues:				
Charges for services	\$ 88,851	\$ 1,164	\$ 90,015	\$ 20,317
Use of property	1,258		1,258	
Other services	1,462		1,462	
Rent		240	240	
Total operating revenues	<u>91,571</u>	<u>1,404</u>	<u>92,975</u>	<u>20,317</u>
Operating Expenses:				
Purchased gas and electric	28,597		28,597	
Operations and maintenance	14,572	1,222	15,794	
General and administrative	12,352		12,352	
Depreciation	8,380	436	8,816	
Pension expense	6,890		6,890	
Customer accounts	2,903		2,903	
Gross revenue and property taxes	3,025		3,025	
OPEB expense	1,427		1,427	
Claims			-	17,197
Premiums and administrative charges			-	1,865
Total operating expenses	<u>78,146</u>	<u>1,658</u>	<u>79,804</u>	<u>19,062</u>
Operating Income (Loss)	<u>13,425</u>	<u>(254)</u>	<u>13,171</u>	<u>1,255</u>
Nonoperating Income (Expense):				
Interest income	69	1	70	
Interest expense	(1,121)	(3)	(1,124)	
Loss on disposal of capital assets	(641)		(641)	
Total nonoperating expense	<u>(1,693)</u>	<u>(2)</u>	<u>(1,695)</u>	<u>-</u>
Income (Loss) Before Contributions and Transfers	11,732	(256)	11,476	1,255
Capital contributions	1,716	50	1,766	
Transfers out	<u>(9,170)</u>	<u>(23)</u>	<u>(9,193)</u>	
Change in Net Position	4,278	(229)	4,049	1,255
Total Net Position at Beginning of Year	<u>130,144</u>	<u>8,139</u>	<u>138,283</u>	<u>(858)</u>
Total Net Position at End of Year	<u>\$ 134,422</u>	<u>\$ 7,910</u>	<u>\$ 142,332</u>	<u>\$ 397</u>

The accompanying notes are an integral part of the financial statements

CITY OF NORWICH, CONNECTICUT
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2021
(In Thousands)

	Business-Type Activities			Governmental
	Department of Public Utilities	Nonmajor Enterprise Funds	Total	Internal Service Funds
Cash Flows from Operating Activities:				
Cash received from charges for services	\$ 94,096	\$ 1,286	\$ 95,382	\$ 2,478
Cash receipts for interfund services provided			-	16,204
Cash paid to vendors	(44,757)	(793)	(45,550)	(18,682)
Cash paid to employees for services	(25,103)		(25,103)	
Net cash provided by (used in) operating activities	<u>24,236</u>	<u>493</u>	<u>24,729</u>	<u>-</u>
Cash Flows from Noncapital and Related Financing Activities:				
Transfers to other funds	(9,170)		(9,170)	
Customer deposits	(2)		(2)	
Advances from (to) other funds	(144)	(23)	(167)	
Net cash provided by (used in) noncapital and related financing activities	<u>(9,316)</u>	<u>(23)</u>	<u>(9,339)</u>	<u>-</u>
Cash Flows from Capital and Related Financing Activities:				
Capital contributions	1,716		1,716	
Purchases of capital assets	(6,865)	(452)	(7,317)	
Proceeds from sale of capital assets	81		81	
Proceeds from long-term debt	3,453		3,453	
Principal payment on bonds and notes	(1,826)	(16)	(1,842)	
Principal payment on capital leases	(66)		(66)	
Interest payment on debt	(1,121)	(3)	(1,124)	
Capital advances (repayments) from other funds	99		99	
Net cash provided by (used in) capital and related financing activities	<u>(4,529)</u>	<u>(471)</u>	<u>(5,000)</u>	<u>-</u>
Cash Flows from Investing Activities:				
Income on investments	69	1	70	
Net Increase (Decrease) in Cash and Cash Equivalents	10,460	-	10,460	-
Cash and Cash Equivalents at Beginning of Year	53,447	-	53,447	-
Cash and Cash Equivalents at End of Year	<u>\$ 63,907</u>	<u>\$ -</u>	<u>\$ 63,907</u>	<u>\$ -</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:				
Operating income (loss)	\$ 13,425	\$ (254)	\$ 13,171	\$ 1,255
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation expense	8,380	436	8,816	
Change in deferred outflow of resources related to pensions	3,967		3,967	
Change in deferred outflow of resources related to OPEB	796		796	
Change in net pension liability	(9,172)		(9,172)	
Change in net OPEB liability	(223)		(223)	
Change in deferred inflow of resources related to pensions	5,811		5,811	
Change in deferred inflow of resources related to OPEB	68		68	
(Increase) decrease in receivables	2,525	86	2,611	(6)
(Increase) decrease in inventories and other assets	(979)		(979)	
(Increase) decrease in due from other funds		(304)	(304)	(1,635)
Increase (decrease) in due to other funds		6	6	
Increase (decrease) in unearned revenues		137	137	6
Increase (decrease) in accounts payable and accrued liabilities	(362)	386	24	380
Total adjustments	<u>10,811</u>	<u>747</u>	<u>11,558</u>	<u>(1,255)</u>
Net Cash Provided by (Used in) Operating Activities	<u>\$ 24,236</u>	<u>\$ 493</u>	<u>\$ 24,729</u>	<u>\$ -</u>
Noncash Capital and Financing Activities:				
Capital asset contributions	\$	\$ 50	\$	\$
Capital asset additions in accounts payable				
Total Noncash Capital and Financing Activities	<u>\$ -</u>	<u>\$ 50</u>	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes are an integral part of the financial statements

CITY OF NORWICH, CONNECTICUT
STATEMENT OF FIDUCIARY NET POSITION - FIDUCIARY FUNDS
JUNE 30, 2021
(In Thousands)

	Pension and Other Employee Benefit Trust Funds
Assets:	
Cash and cash equivalents	\$ 12,596
Investments:	
U.S. government securities	27,055
U.S. government agencies	7,666
Corporate bonds	35,238
Mutual funds	95,233
Common stock	80,875
Real estate	1,344
Interfund receivables	2,177
	<hr/>
Total assets	262,184
	<hr/>
Liabilities:	
Accounts and other payables	131
Interfund payables	754
	<hr/>
Total liabilities	885
	<hr/>
Net Position:	
Restricted for OPEB benefits	32,672
Restricted for pensions	228,627
	<hr/>
	\$ 261,299
	<hr/> <hr/>

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, 2021
(In Thousands)

	Pension and Other Employee Benefit Trust Funds
Additions:	
Contributions:	
Employer	\$ 17,476
Plan members	3,958
Total contributions	<u>21,434</u>
Investment income:	
Net change in fair value of investments	43,050
Interest and dividends	4,870
Total investment income	<u>47,920</u>
Less investment expense	<u>(845)</u>
Net investment income	<u>47,075</u>
Total additions	<u>68,509</u>
Deductions:	
Benefits	22,573
Administration	121
Lump sum distributions and withdrawals	746
Total deductions	<u>23,440</u>
Change in Net Position	45,069
Net Position Held in Trust for Pension and Other Post Employment Benefits at Beginning of Year	<u>216,230</u>
Net Position Held in Trust for Pension and Other Post Employment Benefits at End of Year	<u>\$ 261,299</u>

The accompanying notes are an integral part of the financial statements

CITY OF NORWICH, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021
(In Thousands)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

B. Government-Wide and Fund Financial Statements

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

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

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

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

CITY OF NORWICH, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021
(In Thousands)

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

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

The City reports the following major governmental funds:

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

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

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

The City reports the following major proprietary fund:

The Department of Public Utilities accounts for the operation of the City's water, sewer, electric and gas divisions. It is independent in terms of its relationship to other City functions. Its operations are financed from direct charges to the users of the service for operations that are financed in a manner similar to private business enterprises, where the intent is that costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

Additionally, the City reports the following fund types:

The Internal Service Fund accounts for employee health insurance provided to other departments of the City and the City's self-insured workers' compensation program.

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

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.

CITY OF NORWICH, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021
(In Thousands)

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 \$956 has been established as an allowance for uncollected taxes. At June 30, 2021, this represents 20.4% of property taxes receivable.

F. Inventories and Prepaid Items

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

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

CITY OF NORWICH, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021
(In Thousands)

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 assets that applies to future 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, and deferred outflows related to pension and OPEB in the proprietary funds 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 assets that applies to future 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 and proprietary funds 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

CITY OF NORWICH, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021
(In Thousands)

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 and long-term loans. These amounts are deferred and recognized as an inflow of resources (revenue) in the period in which the amounts become available.

I. Compensated Absences

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

J. Net Pension Liability

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

K. Net OPEB Liability

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

L. Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or proprietary fund type statement of net position. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of any significant applicable bond premium or discount.

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

M. Fund Balance 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 Unassigned 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 transfers out.

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

**CITY OF NORWICH, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021
(In Thousands)**

- 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 June 2021, the City Council voted to add a policy for a nonlapsing account for unexpended education funds. This policy allows the BOE to request that an unexpended General Fund appropriation be deposited into the nonlapsing account which the City is treating as a Special Revenue Fund. The funds may be later used to offset future BOE operating deficits, or pay for improvements to school facilities, equipment, or programs which would not increase ongoing operating costs.

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/expenses during the fiscal year.

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

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

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.

CITY OF NORWICH, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021
(In Thousands)

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.

B. Deficit Fund Balance

Certain individual funds had fund balance/net position deficits at June 30, 2021 as follows:

Nonmajor Governmental Funds:	
Dog License	\$ 121*
Adult Education	19*
Economic Development	43*
Property Rehabilitation	200*
General Government Grants and Programs	62*
Nonmajor Enterprise Funds:	
Ice Rink Authority	146*
Internal Service Funds:	
Workers’ Compensation	1,979*

* 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.

CITY OF NORWICH, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021
(In Thousands)

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*, \$125,141 of the City’s bank balance of \$134,289 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 112,320
Uninsured and collateral held by the pledging bank’s trust department, not in the City’s name	<u>12,821</u>
Total Amount Subject to Custodial Credit Risk	<u>\$ 125,141</u>

Cash Equivalents

At June 30, 2021, the City’s cash equivalents amounted to \$30,759. 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.

	<u>Standard & Poor’s</u>
State Short-Term Investment Fund (STIF)	AAA/m
Dime Bank	AAA/m

CITY OF NORWICH, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021
(In Thousands)

4. INVESTMENTS

As of June 30, 2021, the City had the following investments:

	<u>Fair Value</u>	<u>Investment Maturities (Years)</u>		
		<u>Less Than 1</u>	<u>1 - 10</u>	<u>More Than 10</u>
Interest-bearing investments:				
Certificate of Deposit	\$ 31,480	\$ 25,610	5,870	-
U.S. Government Securities	27,360	-	-	27,360
U.S. Government Agencies	7,666	-	-	7,666
Corporate Bonds	35,409	-	-	35,409
Total	101,915	\$ 25,610	\$ 5,870	\$ 70,435
Other investments:				
Mutual Funds	95,482			
Common Stock	82,244			
Real Estate	1,344			
Total Investments	\$ 280,985			

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

<u>Average Rating</u>	<u>Corporate Bonds</u>	<u>U.S. Government Securities</u>	<u>U.S. Government Agencies</u>	<u>Certificate of Deposit</u>
Aaa	\$ 896	\$ 26,887	\$ 154	\$
Aa1	-	17		
Aa2	231			
Aa3	523	-		
A1	3,191			
A2	5,821	29		
A3	2,567			
Baa1	1,656	-		
Baa2	3,586	-		
Baa3	9,435			
Ba1	824			
Ba2	1,922			
Ba3	1,503			
B1	149			
B2	558			
B3	365			
Unrated	2,182	345	7,512	31,480
	\$ 35,409	\$ 27,360	\$ 7,666	\$ 31,480

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

CITY OF NORWICH, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021
(In Thousands)

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, 2021:

	June 30, 2021	Fair Value Measurements Using		
		Level 1	Level 2	Level 3
Investments by fair value level:				
Debt Securities:				
U.S. Government Securities	\$ 27,360	\$ 27,360	\$	\$
U.S. Government Agencies	7,666	7,666		
Corporate Bonds	35,409	35,409		
Equity Securities:				
Common Stock	82,244	82,244		
Mutual Funds	95,482	95,482		
Real Estate	1,344	1,344		
Total investments by fair value level	249,505	\$ 249,505	\$ -	\$ -
Investments not recorded at fair value:				
Certificate of Deposit*	31,480			
Total Investments	\$ 280,985			

* Certificates of deposit are valued at amortized cost

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.

CITY OF NORWICH, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021
(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:

	<u>General</u>	<u>Education Grants</u>	<u>Department of Public Utilities</u>	<u>Nonmajor and Other Funds</u>	<u>Nonmajor and Other Funds</u>
Receivables:					
Taxes	\$ 4,331	\$	\$	\$	\$ 333
Accrued interest on taxes	1,674				
Intergovernmental		4,983		131	4,756
User charges			13,180		94
Assessments	1,358				
Housing and rehabilitation loans					4,429
Accounts and other	513				467
Gross receivables	<u>7,876</u>	<u>4,983</u>	<u>13,180</u>	<u>131</u>	<u>10,079</u>
Less allowance for uncollectibles:					
Taxes	(920)				(36)
Accrued interest on taxes	(335)				
Accounts and other					(258)
Total allowance	<u>(1,255)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(294)</u>
Net Total Receivables	<u>\$ 6,621</u>	<u>\$ 4,983</u>	<u>\$ 13,180</u>	<u>\$ 131</u>	<u>\$ 9,785</u>

CITY OF NORWICH, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021
(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, 2021 is presented below.

	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
General Fund	7,312	38,679
Bond Expenditure	17,172	216
Education Grants	4,153	3,969
Nonmajor Governmental	7,035	1,866
Department of Public Utilities	207	13,045
Nonmajor Enterprise	334	854
Internal Service Funds	6,376	
Pension & Other Post Employment Benefit Trust	2,177	754
		<u>59,383</u>
Total		<u>\$ 59,383</u>

Included within the balances above are \$11,890 of long-term interfund advances receivable by the Bond Expenditure Fund from the Department of Public Utilities. These advances are primarily for the construction of gas-related infrastructure and are to be repaid over the term of the corresponding debt funding the construction.

A summary of interfund transfers is presented below:

	<u>Transfers In</u>		
	<u>General</u>	<u>Nonmajor Governmental</u>	<u>Total</u>
Transfers out:			
General Fund	\$	\$ 8,420	\$ 8,420
Bond Expenditure		1,298	1,298
Department of Public Utilities	5,717	3,453	9,170
Nonmajor Governmental	429		429
Nonmajor Enterprise	23		23
		<u>13,171</u>	<u>19,340</u>
Total	<u>\$ 6,169</u>	<u>\$ 13,171</u>	<u>\$ 19,340</u>

CITY OF NORWICH, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021
(In Thousands)

Capital asset contributions totaling \$30 were made from governmental funds to business-type funds during the year ended June 30, 2021. This activity is included in transfers in the government-wide activity in Exhibit II of the accompanying financial statements.

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

CITY OF NORWICH, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021
(In Thousands)

7. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2021 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Ending Balance</u>
Governmental activities:					
Capital assets not being depreciated:					
Land	\$ 26,720		\$ (242)		\$ 26,478
Construction in progress	4,291	2,474		(315)	6,450
Total capital assets not being depreciated	<u>31,011</u>	<u>2,474</u>	<u>(242)</u>	<u>(315)</u>	<u>32,928</u>
Capital assets being depreciated:					
Buildings and improvements	105,591	183	\$ (182)		105,592
Vehicles, machinery and equipment	30,678	3,337	(1,307)		32,708
Technology upgrade and infrastructure	47,296	1,097		315	48,708
Total capital assets being depreciated	<u>183,565</u>	<u>4,617</u>	<u>(1,489)</u>	<u>315</u>	<u>187,008</u>
Less accumulated depreciation for:					
Buildings and improvements	(45,695)	(3,247)	\$ 170		(48,772)
Vehicles, machinery and equipment	(21,257)	(1,856)	1,294		(21,819)
Technology upgrade and infrastructure	(25,980)	(1,731)			(27,711)
Total accumulated depreciation	<u>(92,932)</u>	<u>(6,834)</u>	<u>1,464</u>	<u>-</u>	<u>(98,302)</u>
Total capital assets being depreciated, net	<u>90,633</u>	<u>(2,217)</u>	<u>(25)</u>	<u>315</u>	<u>88,706</u>
Governmental Activities Capital Assets, Net	<u>\$ 121,644</u>	<u>\$ 257</u>	<u>\$ (267)</u>	<u>\$ -</u>	<u>\$ 121,634</u>
Business-type activities:					
Capital assets not being depreciated:					
Land	\$ 3,280				\$ 3,280
Construction in progress	26,280	8,039	\$ (52)	(11,586)	22,681
Total capital assets not being depreciated	<u>29,560</u>	<u>8,039</u>	<u>(52)</u>	<u>(11,586)</u>	<u>25,961</u>
Capital assets being depreciated:					
Structures and improvements	65,876		\$ (237)	780	66,419
Machinery, equipment, pumping and distribution systems	250,410	502	(2,820)	10,806	258,898
Total capital assets being depreciated	<u>316,286</u>	<u>502</u>	<u>(3,057)</u>	<u>11,586</u>	<u>325,317</u>
Less accumulated depreciation for:					
Structures and improvements	(32,552)	(1,556)	\$ 237		(33,871)
Machinery, equipment, pumping and distribution systems	(148,974)	(7,260)	2,150		(154,084)
Total accumulated depreciation	<u>(181,526)</u>	<u>(8,816)</u>	<u>2,387</u>	<u>-</u>	<u>(187,955)</u>
Total capital assets being depreciated, net	<u>134,760</u>	<u>(8,314)</u>	<u>(670)</u>	<u>11,586</u>	<u>137,362</u>
Business-Type Activities Capital Assets, Net	<u>\$ 164,320</u>	<u>\$ (275)</u>	<u>\$ (722)</u>	<u>\$ -</u>	<u>\$ 163,323</u>

CITY OF NORWICH, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021
(In Thousands)

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

Governmental activities:	
General government	\$ 240
Public safety	1,250
Social services	3,541
Public works	97
Education	<u>1,706</u>
Total Depreciation Expense - Governmental Activities	\$ <u>6,834</u>
Business-type activities:	
Department of Public Utilities	\$ 8,380
Golf Course Authority	134
Stadium Authority	186
Ice Rink Authority	<u>116</u>
Total Depreciation Expense - Business-Type Activities	\$ <u>8,816</u>

Construction Commitments

The City has active construction projects as of June 30, 2021. At year end, the City's commitments with contractors on active authorizations are as follows:

<u>Project</u>	<u>Cumulative Authorization</u>	<u>Current Expenditures</u>	<u>Cumulative Expenditures</u>	<u>Balance June 30, 2021</u>
AMI Metering Installations	\$ 1,150	\$ 472	\$ 961	\$ 189
Fiber Network Improvements	575	321	526	49
WWTP Design & Construction	101,400	9	11,315	90,085
Primary Distribution Circuit Upgrades	895	295	665	230
Department of Public Utilities - Various*	<u>21,400</u>	<u>3,620</u>	<u>16,803</u>	<u>4,597</u>
Total	\$ <u>125,420</u>	\$ <u>4,717</u>	\$ <u>30,270</u>	\$ <u>95,150</u>

* Department of Public Utilities projects include the following: Occum Water Tank - Equipment Upgrade, Deep River - Sand Filtration Upgrade, Sprague Interconnect Main Extension, Stony Brook - North and South Sections Transmission Main, and Stony Brook Buoyant Media.

CITY OF NORWICH, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021
(In Thousands)

8. LONG-TERM DEBT

Changes in Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2021 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities:					
Bonds payable:					
General obligation bonds	\$ 48,145	\$ 17,125	\$ 18,875	\$ 46,395	\$ 4,125
Add unamortized premiums	<u>2,275</u>	<u>44</u>	<u>214</u>	<u>2,105</u>	<u>214</u>
Total bonds payable	50,420	17,169	19,089	48,500	4,339
Compensated absences	3,562	1,816	1,796	3,582	1,745
Landfill closure	146		12	134	17
Capital leases	185		60	125	65
Net pension liability	85,552		19,478	66,074	
Net OPEB liability	28,488		3,833	24,655	
Risk management claims	<u>5,552</u>	<u>17,197</u>	<u>16,776</u>	<u>5,973</u>	<u>2,621</u>
Governmental Activities Long-Term Liabilities	<u>\$ 173,905</u>	<u>\$ 36,182</u>	<u>\$ 61,044</u>	<u>\$ 149,043</u>	<u>\$ 8,787</u>
Business-Type Activities:					
Bonds and notes payable:					
General obligation bonds	\$ 30	\$	\$ 30	\$	\$
Notes payable	1,220		321	899	335
State of Connecticut - serial note	<u>24,191</u>	<u>3,453</u>	<u>1,505</u>	<u>26,139</u>	<u>1,548</u>
Total bonds and notes payable	25,441	3,453	1,856	27,038	1,883
Compensated absences	5,119	2,161	2,136	5,144	1,970
Capital leases		335	66	269	67
Workers' compensation	967	205	274	898	235
Net pension liability	46,529		9,172	37,357	
Net OPEB liability	<u>8,286</u>		<u>223</u>	<u>8,063</u>	
Business-Type Activities Long-Term Liabilities	<u>\$ 86,342</u>	<u>\$ 6,154</u>	<u>\$ 13,727</u>	<u>\$ 78,769</u>	<u>\$ 4,155</u>

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

General Obligation Refunding Bonds

On October 14, 2020, the City issued \$15,920, 000 of general obligation refunding bonds with interest rate of 2%. The bonds were issued to refund outstanding principal amounts of the 2011 and 2014 series general obligation bonds. The net proceeds of \$15,780,000 (after payment of \$140,000 issuance costs) were deposited in an irrevocable trust fund under an escrow agreement dated October 14, 2020 between the Escrow Agent and the City. The Escrow Agent will use such proceeds to purchase a portfolio of the United States Treasury State and Local Government Securities. All investment income

CITY OF NORWICH, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021
(In Thousands)

on and the maturing principal of the escrow securities held in the escrow deposit fund will be irrevocably deposited by the City for payment of the refunded bonds. The City refunded the above bonds to reduce total debt service payments over the next 10 years by \$546,102 and to obtain an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$416,298. As of June 30, 2021, there is no defeased debt outstanding from this refunding. This amount is removed from the governmental activities column of the statement of net position.

A schedule of bonds outstanding at June 30, 2021 is presented below:

Description	Date of Issue	Date of Maturity	Interest Rate (%)	Amount of Original Issue	Balance Outstanding June 30, 2021
Governmental Activities:					
General purpose bonds payable:					
Refunding - (04/15/2002) bonds	2/15/2012	4/15/2022	2.0	2,725	240
General purpose - series A	3/3/2015	8/1/2034	3.0-4.0	5,600	3,600
General purpose - series B	3/3/2015	8/1/2024	2.0-3.0	1,140	450
General purpose - series A	3/1/2016	8/1/2035	2.0-2.6	6,300	4,475
General purpose - series B	3/1/2016	8/1/2025	2.0-3.0	2,500	1,250
Refunding - (partial 12/02/2009 series A) bonds - series C	10/12/2016	8/1/2024	1.8-4.0	2,925	2,340
General purpose - series A	3/1/2017	8/1/2036	3.0-4.0	4,450	3,550
Refunding - (partial 12/02/2009 series A) bonds - series A	3/1/2017	8/1/2036	3.0-4.0	2,825	2,825
General purpose - series B	3/1/2017	8/1/2036	1.0-3.9	1,000	800
General purpose - series A	12/6/2018	8/1/2038	3.0-5.0	7,970	7,560
General purpose - series A	12/5/2019	8/1/2039	2.0-5.0	3,575	3,575
General purpose - series A	10/28/2020	8/1/2040	3.0-5.0	1,205	1,205
Refunding - (10/14/2020) bonds	10/28/2020	8/1/2040	2.0-5.0	15,920	14,525
Total					\$ 46,395
Business-Type Activities:					
Notes payable:					
Equipment financing loan	12/28/2017	1/1/2025	4.25	1,896	899
State of Connecticut serial notes payable:					
Clean Water Act 349-C	12/31/2002	12/31/2021	2.00	881	26
Clean Water Act 9714-C	12/31/2002	12/31/2021	2.77	1,899	61
Clean Water Act 200801-C	7/1/2009	7/1/2029	2.27	450	178
Clean Water Act 625-D	12/31/2012	12/31/2031	2.00	1,865	1,061
Clean Water Act 495-C	5/31/2013	6/1/2032	2.00	5,748	3,387
Clean Water Act 625-D1	5/31/2015	12/31/2031	2.00	2,510	1,600
Clean Water Act 707-PD	2/26/2021	1/31/2041	2.00	1,655	1,655
Drinking Water State Revolving Fund 2010-8005	3/31/2010	12/31/2029	2.06	145	62
Drinking Water State Revolving Fund 2010-8006	3/31/2010	6/30/2030	2.06	326	147
Drinking Water State Revolving Fund 2010-7005	4/30/2014	10/31/2032	2.00	160	98
Drinking Water State Revolving Fund 2010-7006	4/30/2014	4/30/2032	2.00	148	89
Drinking Water State Revolving Fund 2014-7027	6/30/2015	12/31/2034	2.27	506	341
Drinking Water State Revolving Fund 2014-7036	5/31/2016	11/30/2036	2.00	4,052	2,921
Drinking Water State Revolving Fund 2015-7037	10/12/2016	9/30/2034	2.00	1,528	1,125
Drinking Water State Revolving Fund 2017-7056	2/28/2019	6/30/2028	2.00	2,695	2,313
Drinking Water State Revolving Fund 2019-7072	8/31/2019	2/28/2039	2.00	1,582	1,398
Drinking Water State Revolving Fund 2019-7069	12/31/2020	6/30/2040	2.00	2,477	2,353
Drinking Water State Revolving Fund 2019-7077	*	*	*	*	5,031
Drinking Water State Revolving Fund 2019-7081	11/30/2020	6/30/2040	2.00	2,414	2,293
Total					\$ 27,038

* Loan is not permanently financed at this time.

CITY OF NORWICH, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021
(In Thousands)

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

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 4,125	\$ 1,197	\$ 5,322
2023	3,835	1,100	4,935
2024	3,795	1,007	4,802
2025	3,740	906	4,646
2026	3,590	804	4,394
2027-2031	15,450	2,742	18,192
2032-2036	9,270	1,043	10,313
2037-2041	<u>2,590</u>	<u>130</u>	<u>2,720</u>
Total	<u>\$ 46,395</u>	<u>\$ 8,929</u>	<u>\$ 55,324</u>

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

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 1,883	\$ 454	\$ 2,337
2023	1,787	396	2,183
2024	1,664	353	2,017
2025	1,459	320	1,779
2026	1,470	291	1,761
2027-2031	7,447	1,010	8,457
2032-2036	4,437	381	4,818
2037-2041	<u>1,860</u>	<u>70</u>	<u>1,930</u>
Subtotal	<u>22,007</u>	<u>3,275</u>	<u>25,282</u>
State of Connecticut - serial notes not permanently financed as of June 30, 2021	<u>5,031</u>	<u>-</u>	<u>5,031</u>
	<u>\$ 27,038</u>	<u>\$ 3,275</u>	<u>\$ 30,313</u>

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 2021 fiscal year were \$60. The net undepreciated value of assets purchased by capital lease approximates the principal balances payable of \$125 at June 30, 2021. The following is a summary of capital lease commitments as of June 30, 2021.

**CITY OF NORWICH, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021
(In Thousands)**

<u>Year Ending June 30</u>	<u>Governmental Funds</u>
2022	\$ 65
2023	<u>64</u>
Total payments	129
Less interest	<u>(4)</u>
Principal Balance	<u>\$ 125</u>

Business-Type Activities

The Department of Public Utilities entered into multi-year capital leases for the purchase of equipment. Principal payments for the 2021 fiscal year were \$66. The net undepreciated value of assets purchased by capital lease approximates the principal balances payable of \$269 at June 30, 2021. The following is a summary of capital lease commitments as of June 30, 2021.

<u>Year Ending June 30,</u>	<u>Enterprise Funds</u>
2022	\$ 77
2023	77
2024	72
2025	69
Less interest	<u>(26)</u>
Principal Balance	<u>\$ 269</u>

Compensated Absences - Governmental Activity

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

Vested:	
Sick	\$ 853
Vacation	876
Other	283
Nonvested:	
Sick	1,548 *
Other	<u>22 *</u>
Total	<u>\$ 3,582</u>

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

CITY OF NORWICH, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021
(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	\$	3,812
Vacation		<u>1,332</u>
Total	\$	<u><u>5,144</u></u>

Landfill Closure and Postclosure Care Cost - Governmental Activity

State and federal laws and regulations require that the City place a final cover on its closed landfill and perform certain maintenance and monitoring functions at the landfill site for 30 years after closure. The current estimated total cost of the landfill closure and postclosure care of \$134 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, 2021. However, the actual cost of closure and postclosure care may be higher due to inflation, changes in technology or changes in landfill laws and regulations. The Landfill Closure fund has been used to liquidate landfill closure and postclosure liabilities, but the General Fund will be used to pay for future monitoring costs.

Notes Payable - Business-Type Activity

Effective November 20, 2017, the Department of Public Utilities entered into a master financing agreement for notes payable with GE Government Finance, Inc., to finance the upgrading of streetlights. The notes are payable in monthly installments beginning January 2019 at an interest rate of 4.25% and collateralized by the equipment purchased. The notes do not contain any financial covenants. Events of default include payment default or default of other terms within the agreement including default of other loans or bonds, failure to maintain the appropriate liability and property insurance, and any other false statements made within the agreement. Such a default could result in the acceleration of the total outstanding principal and accrued interest or action being taken against the collateralized assets.

Bonds Authorized/Unissued

Bonds authorized/unissued with outstanding debt at June 30, 2021 are as follows:

<u>Description</u>	<u>Authorized</u>	<u>Bonded</u>	<u>Grants</u>	<u>Authorized Unissued</u>
Wawecus St. Bridge	\$ 800	\$ 500	\$	\$ 300
Code Correction Assistance	1,840	1,723		117
Infrastructure Improvement Program (2017)	5,000	3,895		1,105
Dodd Stadium Capital Improvements (2018)	800	450		350
Infrastructure Improvement Program (2019)	<u>5,000</u>	<u></u>	<u></u>	<u>5,000</u>
Total	<u>\$ 13,440</u>	<u>\$ 6,568</u>	<u>\$ -</u>	<u>\$ 6,872</u>

**CITY OF NORWICH, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021
(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:

<u>Category</u>	<u>Debt Limit</u>	<u>Net Indebtedness</u>	<u>Balance</u>
General purpose	\$ 195,464	\$ 29,986	\$ 165,478
Schools	390,929	4,557	386,372
Sewers	325,774	2,255	323,519
Urban renewal	282,337	2,162	280,175
Pension deficit	260,619		260,619

The total of the City's net statutory indebtedness of \$39 million does not exceed the legal debt limitation of \$608.1 million (seven times the base for debt limitation computation).

9. FUND BALANCE

A. Fund Balance

The components of fund balance at June 30, 2021 are as follows:

	<u>General Fund</u>	<u>Bond Expenditure Fund</u>	<u>Education Grants</u>	<u>Government Grants and Programs</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Fund balances:						
Nonspendable:						
Trust:						
Cemetery Trust	\$	\$	\$	\$	\$ 2,113	\$ 2,113
Other					5	5
Restricted for:						
Trust					42	42
Grants:						
Kelly Middle School Project					647	647
Committed to:						
Public safety:						
Capital Projects		16,556				16,556
Fire Grants & Programs					4	4
Police Grants & Programs					446	446
Public works:						
Public Parking					136	136
Other					3,843	3,843
Social services:						
Recreation					522	522
Human Services					96	96
Senior Center					73	73
Youth & Family Services					35	35
General government:						
Downtown Revitalization Revolving Loan					197	197
Other					629	629
Education:						
School Lunch					888	888
Other			926		1,940	2,866
Unassigned	17,016			(62)	(383)	16,571
Total Fund Balances	\$ 17,016	\$ 16,556	\$ 926	\$ (62)	\$ 11,233	\$ 45,669

CITY OF NORWICH, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021
(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, 2021 on behalf of the Department were \$1,368. 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	\$	1,241
Bond Expenditure Fund		1,386
Nonmajor Governmental Funds		1,288
Nonmajor Enterprise Funds		15
Internal Service Funds		<u>1</u>
Total	\$	<u><u>3,931</u></u>

10. TAX ABATEMENTS

As of June 30, 2021, the City provides tax abatements through multiple programs:

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

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,

CITY OF NORWICH, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021
(In Thousands)

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, 2021, taxes abated through this program total \$60. 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, 2021, taxes abated through this program total \$209. 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, 2021, taxes abated through this program total \$128. There are no provisions to recapture abated taxes under this program. No other commitments have been made by the City to the abatement recipients under this program.

The Housing Development Zone tax abatement agreements provide real property tax abatements for improvements to commercial and residential real estate in Housing Development Zones pursuant of Connecticut General Statutes Section 8-380. Under the terms of the agreements, qualifying developments in Housing Development zones provide an abatement over an eleven-year period where the assessment is increased incrementally from 0% to 100%. For the fiscal year ended June 30, 2021, taxes abated through this program total \$356. 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 2021 for hospitalization and prescriptions with a maximum aggregate for all claims of approximately \$21,631.

CITY OF NORWICH, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021
(In Thousands)

The City self-insures for workers' compensation benefits. The City purchases commercial insurance for claims in excess of coverage provided by the workers' compensation account with an individual claim maximum of \$600 and a \$10,000 aggregate maximum per year.

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

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

	<u>Beginning of Fiscal Year Liability</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>Claim Payments</u>	<u>Balance at Fiscal Year End</u>
Medical:				
2020-2021	\$ 1,073	\$ 14,884	\$ 14,534	\$ 1,423
2019-2020	1,096	12,895	12,918	1,073
Workers' Compensation:				
2020-2021	4,479	2,313	2,242	4,550
2019-2020	4,599	1,402	1,522	4,479

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 \$898 for estimated unpaid accrued losses on reported claims as of June 30, 2021.

12. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS

A. City of Norwich Retirement System

Plan Description and Benefits Provided

The City is the administrator of the City's Consolidated Pension Plan, a single-employer contributory defined benefit public employee retirement system (PERS) established and administered by the City to provide pension benefits to all full-time noncertified employees. The Plan is considered to be part of the City's financial reporting entity and is included in the City's financial reports as a pension trust fund. The plan does not issue a stand-alone report.

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

The City provides all retirement, death and disability benefits through a single employer, contributory defined benefit plan. Under the plan, all full-time salaried City employees, noncertified employees of

**CITY OF NORWICH, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021
(In Thousands)**

the Board of Education and all full-time uniformed and investigatory employees classified as Police Officers and Firefighters are eligible after a probationary period.

Union Coalition

2018 Agreement

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

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

Employees contribute 8.5% of their wages to the plan.

Police

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

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

Employees contribute 8.5% of their wages to the plan.

Firefighters

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

Employees hired on or after July 1, 2013 may retire after 25 years of service, regardless of age. Employees shall be paid 59% of their average pay received of the highest three years of their last 10

CITY OF NORWICH, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021
(In Thousands)

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 generally contribute 9.5% of their wages to the plan.

Plan Membership

At July 1, 2019, the date of the most recent actuarial valuation, the plan members consisted of (table not in thousands):

Retirees and beneficiaries currently receiving benefits	625
Terminated employees not yet receiving benefits	41
Active plan members	<u>599</u>
Total	<u><u>1,265</u></u>

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

Basis of Accounting

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

Method Used to Value Investments

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

Funding Policy

The contribution requirements of plan members and the City are established and may be amended by the City legislature. Benefits and contributions are established by the City and may be amended only by the City Charter and union negotiation. The City’s funding policy provides for periodic employer contributions at actuarially determined rates. The City’s current contribution percentage is 29.24% of covered payroll.

Administrative costs of the plan are financed through investment earnings.

Investments

Investment Policy

The pension plan’s policy in regard to the allocation of invested assets is established and may be amended by the Personnel and Pension Board by a majority vote of its members. It is the policy of the Personnel and Pension Board to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The pension plan’s investment policy discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans. The following was the Board’s adopted asset allocation policy as of June 30, 2021.

CITY OF NORWICH, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021
(In Thousands)

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return*
U.S. Core Fixed Income	30.00%	1.28%
U.S. Large Caps	35.00%	3.33%
U.S. Small Caps	6.00%	4.11%
U.S. Mid Caps	8.00%	3.47%
Foreign Developed Equity	17.00%	4.75%
Private Real Estate Property	4.00%	3.13%
Total	100.00%	

* Long-Term Returns are geometric means.

Rate of Return

For the year ended June 30, 2021, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 21.27%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Net Pension Liability of the City

The components of the net pension liability of the City at June 30, 2021 were as follows:

Total pension liability	\$ 325,019
Plan fiduciary net position	(224,695)
Net Pension Liability	\$ 100,324
Plan fiduciary net position as a percentage of the total pension liability	69.13%

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of July 1, 2019, 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	7.25%, net of investment-related expenses

Mortality rates were based on the Pub-2010 table with generational projection per MP ultimate scale.

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. An expected rate of return of 7.25% was used.

CITY OF NORWICH, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021
(In Thousands)

Discount Rate

The discount rate used to measure the total pension liability was 7.25%. 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 July 1, 2020	\$ 315,758	\$ 187,440	\$ 128,318
Changes for the year:			
Service cost	6,691		6,691
Interest on total pension liability	22,662		22,662
Employer contributions		12,774	(12,774)
Member contributions		3,937	(3,937)
Net investment income		40,742	(40,742)
Benefit payments, including refund to employee contributions	(20,092)	(20,092)	-
Administrative expenses		(106)	106
Net changes	9,261	37,255	(27,994)
Balances as of June 30, 2021	\$ 325,019	\$ 224,695	\$ 100,324

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

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

	1% Decrease in Discount Rate (6.25%)	Current Discount Rate (7.25%)	1% Increase in Discount Rate (8.25%)
Net Pension Liability	\$ 138,772	\$ 100,324	\$ 68,171

CITY OF NORWICH, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021
(In Thousands)

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

For the year ended June 30, 2021, the City recognized pension expense of \$12,076. At June 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	Governmental Activities	Business-Type Activities Department of Public Utilities	Total
Deferred Outflows of Resources:			
Differences between expected and actual experience	\$	\$ 2,748	\$ 2,748
Changes of assumptions	7,307	3,556	10,863
	<u>\$ 7,307</u>	<u>\$ 6,304</u>	<u>\$ 13,611</u>
Deferred Inflows of Resources:			
Differences Between Expected and Actual Experience	\$ 2,304	\$ 25	\$ 2,329
Net difference between projected and actual earnings on pension plan investments	11,857	5,830	17,687
	<u>\$ 14,161</u>	<u>\$ 5,855</u>	<u>\$ 20,016</u>

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

<u>Year Ended June 30</u>	Governmental Activities	Business-Type Activities Department of Public Utilities	Total
2022	\$ (878)	\$ 728	\$ (150)
2023	(1,237)	549	(688)
2024	(1,477)	430	(1,047)
2025	(3,262)	(1,258)	(4,520)
Total	<u>\$ (6,854)</u>	<u>\$ 449</u>	<u>\$ (6,405)</u>

B. City of Norwich Volunteer Firefighters' Relief Plan

Plan Description and Benefits Provided

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

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

CITY OF NORWICH, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021
(In Thousands)

is appointed by the Personnel and Pension Board, and one is the immediate past President of the VFFRF Committee. The City Treasurer shall have the care and custody of all pension funds and with the approval of the Committee, shall have the power to invest and reinvest the same in securities legal for investment of trust funds under the general statutes. The City Treasurer, with the approval of the Committee, may designate and appoint a corporate trustee or trustees to manage the pension funds.

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

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

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

At January 1, 2020, the plan members consisted of (table not in thousands):

Inactive plan members or beneficiaries currently receiving benefits	53
Inactive plan members entitled to but not yet received benefits	78
Active plan members	52
	183
Total	183

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

Basis of Accounting

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

Method Used to Value Investments

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

Plan Expenses

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

CITY OF NORWICH, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021
(In Thousands)

Funding Policy

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

Investments

Investment Policy

The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the VFFRF Committee by a majority vote of its members. It is the policy of the VFFRF Committee to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The pension plan's investment policy discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans. The following was the VFFRF Committee's adopted asset allocation policy as of June 30, 2021.

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return*
U.S. Government Bonds	12.00%	0.91%
U.S. Credit Bonds	15.00%	1.89%
U.S. High Yield Bonds	3.00%	3.57%
U.S. Large Caps	35.00%	3.33%
U.S. Small Caps	6.00%	4.11%
U.S. Mid Caps	8.00%	3.47%
Foreign Developed Equity	13.60%	4.75%
Emerging Markets Equity	3.40%	5.53%
Private Real Estate Property	4.00%	3.13%
Total Portfolio	100.00%	

* Long-Term Returns are geometric means.

Rate of Return

For the year ended June 30, 2021, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 25.73%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Net Pension Liability of the City

The components of the net pension liability of the City at June 30, 2021 were as follows:

Total pension liability	\$ 7,039
Plan fiduciary net position	<u>(3,932)</u>
Net Pension Liability	<u>\$ 3,107</u>
Plan fiduciary net position as a percentage of the total pension liability	55.86%

CITY OF NORWICH, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021
(In Thousands)

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of January 1, 2020, 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	6.75%, net of investment-related expenses

Mortality rates were based on PubS-2010 Mortality Table with generational projection per the MP ultimate scale.

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. An expected rate of return of 6.75% was used.

Discount Rate

The discount rate used to measure the total pension liability was 6.75%. 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 July 1, 2020	\$ 6,872	\$ 3,109	\$ 3,763
Changes for the year:			
Service cost	58		58
Interest on total pension liability	456		456
Differences between expected and actual experience	8		8
Employer contributions		335	(335)
Member contributions		10	(10)
Net investment income		839	(839)
Benefit payments, including refund to employee contributions	(355)	(355)	-
Administrative expenses		(6)	6
Net changes	<u>167</u>	<u>823</u>	<u>(656)</u>
Balances as of June 30, 2021	<u>\$ 7,039</u>	<u>\$ 3,932</u>	<u>\$ 3,107</u>

CITY OF NORWICH, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021
(In Thousands)

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

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

	<u>1% Decrease in Discount Rate (5.75%)</u>	<u>Current Discount Rate (6.75%)</u>	<u>1% Increase in Discount Rate (7.75%)</u>
Net Pension Liability	\$ 3,932	\$ 3,107	\$ 2,384

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

For the year ended June 30, 2021, the City recognized pension expense of \$207. At June 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	<u>Governmental Activities</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 59	\$ 71
Changes of assumptions	226	42
Net difference between projected and actual earning on pension plan investments	<u> </u>	<u>421</u>
Total	<u>\$ 285</u>	<u>\$ 534</u>

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

<u>Year Ended June 30</u>	<u>Governmental Activities</u>
2022	\$ (72)
2023	(70)
2024	(70)
2025	(90)
2026	35
Thereafter	<u>18</u>
Total	<u>\$ (249)</u>

CITY OF NORWICH, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021
(In Thousands)

Schedule of Plan Net Position - June 30, 2021

	City Employee Pension Trust Fund	Volunteer Fire Pension Trust Fund	Total
Assets:			
Cash and cash equivalents	\$ 10,886	\$ 38	\$ 10,924
Investments:			
U.S. government securities	23,725		23,725
U.S. government agencies	6,757		6,757
Corporate bonds	31,084		31,084
Mutual funds	79,723	3,903	83,626
Common stock	72,170		72,170
Real estate	1,164		1,164
	<u>225,509</u>	<u>3,941</u>	<u>229,450</u>
Total assets	225,509	3,941	229,450
Liabilities:			
Accounts and other payables	69		69
Due to other funds	745	9	754
	<u>814</u>	<u>9</u>	<u>823</u>
Total liabilities	814	9	823
Net Position:			
Restricted for Pensions	\$ <u>224,695</u>	\$ <u>3,932</u>	\$ <u>228,627</u>

CITY OF NORWICH, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021
(In Thousands)

Schedule of Changes in Plan Net Position for the Year Ended June 30, 2021

	City Employee Pension Trust Fund	Volunteer Fire Pension Trust Fund	Total
Additions:			
Contributions:			
Employer	\$ 12,774	\$ 335	\$ 13,109
Plan members	3,937	10	3,947
Total contributions	<u>16,711</u>	<u>345</u>	<u>17,056</u>
Investment income:			
Net appreciation in fair value of investments	37,314	748	38,062
Interest and dividends	4,189	110	4,299
Total investment income	<u>41,503</u>	<u>858</u>	<u>42,361</u>
Less investment expense	<u>(761)</u>	<u>(19)</u>	<u>(780)</u>
Net investment income	<u>40,742</u>	<u>839</u>	<u>41,581</u>
Total additions	<u>57,453</u>	<u>1,184</u>	<u>58,637</u>
Deductions:			
Benefits	19,346	355	19,701
Administration	106	6	112
Lump sum distributions and withdrawals	746		746
Total deductions	<u>20,198</u>	<u>361</u>	<u>20,559</u>
Net Increase	37,255	823	38,078
Net Position Restricted for Pensions at Beginning of Year	<u>187,440</u>	<u>3,109</u>	<u>190,549</u>
Net Position Restricted for Pensions at End of Year	<u>\$ 224,695</u>	<u>\$ 3,932</u>	<u>\$ 228,627</u>

C. Connecticut Teachers Retirement System - Pension

Plan Description

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

**CITY OF NORWICH, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021
(In Thousands)**

Benefit Provisions

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

Normal Retirement

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

Early Retirement

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

Disability Retirement

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

Contributions

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

Employer (School Districts)

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

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

For the year ended June 30, 2021, the amount of "on-behalf" contributions made by the State was \$6,892 and is recognized in the General Fund as intergovernmental revenues and education expenditures.

Employees

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

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

CITY OF NORWICH, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021
(In Thousands)

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

At June 30, 2021, the City reports no amounts for its proportionate share of the net pension liability, and related deferred outflows and inflows, due to the statutory requirement that the State pay 100% of the required contribution. The amount recognized by the City as its proportionate share of the net pension liability, the related state support and the total portion of the net pension liability that was associated with the City were as follows:

City's proportionate share of the net pension liability	\$ -
State's proportionate share of the net pension liability associated with the City	<u>107,461</u>
Total	<u>\$ 107,461</u>

The net pension liability was measured as of June 30, 2020, 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, 2021, the City has no proportionate share of the net pension liability.

For the year ended June 30, 2021, the City recognized pension expense and revenue of \$15,393 in Exhibit II.

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of June 30, 2020, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Salary increase	3.25-6.50%, including inflation
Investment rate of return	6.90%, 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.

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period July 1, 2010 - June 30, 2015.

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

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

CITY OF NORWICH, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021
(In Thousands)

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

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

<u>Asset Class</u>	<u>Expected Return</u>		<u>Target Allocation</u>		<u>Standard Deviation</u>	
Public Equity - US Equity	8.10	%	20.00	%	17.00	%
Public Equity - International Developed Equity	8.50		11.00		19.00	
Public Equity - Emerging Markets Equity	10.40		9.00		24.00	
Fixed Income - Core Fixed Income	4.60		16.00		7.00	
Fixed Income - Inflation Linked Bonds	3.60		5.00		7.00	
Fixed Income - High Yield	6.50		6.00		11.00	
Fixed Income - Emerging Market Debt	5.20		5.00		11.00	
Private Equity	9.80		10.00		23.00	
Real Estate	7.00		10.00		15.00	
Alternative Investments - Real Assets	8.20		4.00		17.00	
Alternative Investments - Hedge Funds	5.40		3.00		7.00	
Liquidity Fund	2.90		1.00		1.00	
Total			<u>100.00</u>	%		

Discount Rate

The discount rate used to measure the total pension liability was 6.90%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that State contributions will be made at the actuarially determined contribution rates in the future years. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

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

**CITY OF NORWICH, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021
(In Thousands)**

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.

D. Aggregated Pension Information

The City recognized the following amounts related to pension plans as of and for the year ended June 30, 2021:

	<u>Deferred Outflow of Resources Related to Pensions</u>	<u>Net Pension Liability</u>	<u>Deferred Inflow of Resources Related to Pensions</u>	<u>Pension Expense</u>
City of Norwich Retirement System:				
Governmental Activities	\$ 7,307	\$ 62,967	\$ 14,161	\$ 7,215
Business-Type Activities	6,304	37,357	5,855	4,862
Total City of Norwich Retirement System	13,611	100,324	20,016	12,077
Volunteer Firefighters' Relief Plan:				
Governmental Activities	285	3,107	534	207
Connecticut Teachers Retirement System:				
Governmental Activities				15,393
	<u>\$ 13,896</u>	<u>\$ 103,431</u>	<u>\$ 20,550</u>	<u>\$ 27,677</u>
Governmental Activities	\$ 7,592	\$ 66,074	\$ 14,695	\$ 22,815
Business-Type Activities	<u>6,304</u>	<u>37,357</u>	<u>5,855</u>	<u>4,862</u>
	<u>\$ 13,896</u>	<u>\$ 103,431</u>	<u>\$ 20,550</u>	<u>\$ 27,677</u>

13. OTHER POST EMPLOYMENT BENEFITS

A. City of Norwich, Retiree Health Plan

Plan Description and Benefits Provided

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

**CITY OF NORWICH, CONNECTICUT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2021
 (In Thousands)**

At July 1, 2019, plan membership consisted of the following:

Active plan members	1,012
Retired plan members	<u>425</u>
Total Participants	<u><u>1,437</u></u>

Summary of Significant Accounting Policies

Basis of Accounting

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

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

Plan Expenses

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

Funding Policy

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

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

City Retirees

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

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

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

Police Retirees

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

CITY OF NORWICH, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021
(In Thousands)

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

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

Fire Retirees

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

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

Retired Board of Education Teachers and Administrators

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

Retired Board of Education Custodians and Maintainers

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

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

Retired Board of Education Nurses

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

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

Retired Board of Education Secretaries and Paraeducators

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

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

Norwich Public Utilities' (NPU) Retirees

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

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

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

CITY OF NORWICH, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021
(In Thousands)

For the year ended June 30, 2021, plan members and the Teacher Retirement Board contributed \$142. 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, 2021 totaled \$4,367.

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, 2021, the annual money-weighted rate of return on investments, net of investment expense, was 18.78%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Net OPEB Liability of the City

The City’s net OPEB liability was measured as of June 30, 2021. The components of the net OPEB liability of the City at June 30, 2021 were as follows:

Total OPEB liability	\$	65,390
Plan fiduciary net position		<u>32,672</u>
Net OPEB Liability	\$	<u><u>32,718</u></u>
Plan fiduciary net position as a percentage of the total OPEB liability		49.96%

CITY OF NORWICH, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021
(In Thousands)

Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of July 1, 2019, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.75%
Salary increases	Varies by age, service and employee group
Investment rate of return	7.25%
Healthcare cost trend rates	Pre-Medicare: 6.2% - 4.1% over 54 years; Post-Medicare: 4.2% - 4.1% over 54 years

Mortality rates for BOE certified employees were based on the RP-2000 Combined Healthy Mortality Table with separate tables for males and females projected forward 19 years using Scale AA, with a two-year age setback. This assumption includes a margin for mortality improvement beyond the valuation date.

Mortality rates for all other employees were based on Pub-2010 Mortality Table for Employees and Healthy Annuitants with generational projection of future improvements in longevity per the MP Ultimate Scale. For Police and Fire Employees, the PubS-2010 Mortality Table was used instead of the Pub-2010 Mortality Table. This assumption includes a margin for future improvements in longevity.

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

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of real rates of return for each major asset as of June 30, 2021 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return*</u>
U.S. Core Fixed Income	30.00%	1.28%
U.S. Large Caps	37.00%	3.33%
U.S. Small Caps	6.50%	4.11%
U.S. Mid Caps	8.50%	3.47%
Foreign Developed Equity	18.00%	4.75%
Total	<u>100.00%</u>	

* Long-Term Returns are geometric means.

CITY OF NORWICH, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021
(In Thousands)

Discount Rate

The discount rate used to measure the total OPEB liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that City contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Changes in the Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a)-(b)
Balances as of July 1, 2020	\$ 62,455	\$ 25,681	\$ 36,774
Changes for the year:			
Service cost	1,288		1,288
Interest	4,519		4,519
Contributions - employer		4,367	(4,367)
Contributions - member		11	(11)
Net investment income		5,494	(5,494)
Benefit payments	(2,872)	(2,872)	-
Administrative expenses		(9)	9
Net changes	2,935	6,991	(4,056)
Balances as of June 30, 2021	\$ 65,390	\$ 32,672	\$ 32,718

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

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

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Net OPEB Liability	\$ 38,493	\$ 32,718	\$ 27,753

CITY OF NORWICH, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021
(In Thousands)

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

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

	1% Decrease (Pre-Medicare: 5.20% - 3.10% Post-Medicare 3.20% - 3.10%)	Current Trend Rate (Pre-Medicare: 6.20% - 4.10% Post-Medicare 4.20% - 4.10%)	1% Increase (Pre-Medicare: 7.20% - 5.10% Post-Medicare 5.20% - 5.10%)
Net OPEB Liability	\$ 26,388	\$ 32,718	\$ 40,211

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

For the year ended June 30, 2021, the City recognized OPEB expense of \$2,304. At June 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Governmental Activities	Business-Type Activities Department of Public Utilities	Total
Deferred Outflows of Resources:			
Differences between expected and actual experience	\$ 441	\$ 1,689	\$ 1,689
Changes of assumptions	441	311	752
	<u>\$ 441</u>	<u>\$ 2,000</u>	<u>\$ 2,441</u>
Deferred Inflows of Resources:			
Differences between expected and actual experience	\$ 4,587	\$ 49	\$ 4,587
Changes of assumptions	559	49	608
Net difference between projected and actual earnings on pension plan investments	2,206	99	2,305
	<u>\$ 7,352</u>	<u>\$ 148</u>	<u>\$ 7,500</u>

CITY OF NORWICH, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021
(In Thousands)

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

<u>Year Ended June 30</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>		<u>Total</u>
			<u>Department of Public Utilities</u>	
2022	\$ (2,305)	\$ 719	\$	(1,586)
2023	(2,001)	583		(1,418)
2024	(1,450)	378		(1,072)
2025	(1,155)	172		(983)
Total	\$ <u>(6,911)</u>	\$ <u>1,852</u>	\$	<u>(5,059)</u>

Schedule of Plan Net Position - June 30, 2021

	<u>Other Post Employment Benefit Trust Fund</u>
Assets:	
Cash and cash equivalents	\$ 1,672
Investments:	
U.S. government securities	3,330
U.S. government agencies	909
Corporate bonds	4,154
Mutual funds	11,607
Common stock	8,705
Real estate	180
Due from other funds	<u>2,177</u>
Total assets	32,734
Liabilities:	
Accounts and other payables	<u>62</u>
Net Position:	
Restricted for OPEB Benefits	\$ <u><u>32,672</u></u>

CITY OF NORWICH, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021
(In Thousands)

Schedule of Changes in Plan Net Position for the Year Ended June 30, 2021

	Other Post Employment Benefit Trust Fund
	<u> </u>
Additions:	
Contributions:	
Employer	\$ 4,367
Plan members	11
Total contributions	<u>4,378</u>
Investment income:	
Net appreciation in fair value of investments	4,988
Interest and dividends	571
Total investment income	<u>5,559</u>
Less investment expense	<u>(65)</u>
Net investment income	<u>5,494</u>
Total additions	<u>9,872</u>
Deductions:	
Benefits	2,872
Administration	9
Total deductions	<u>2,881</u>
Net Increase	6,991
Net Position Restricted for OPEB Benefits at Beginning of Year	<u>25,681</u>
Net Position Restricted for OPEB Benefits at End of Year	<u>\$ 32,672</u>

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

Plan Description

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

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

Benefit Provisions (Amounts Not Rounded)

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

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

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

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

**CITY OF NORWICH, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021
(In Thousands)**

Survivor Health Care Coverage (Amounts Not Rounded)

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

Eligibility

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

Credited Service

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

Normal Retirement

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

Early Retirement

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

Proratable Retirement

Age 60 with 10 years of Credited Service.

Disability Retirement

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

Termination of Employment

Ten or more years of Credited Service.

Contributions (Amounts Not Rounded)

State of Connecticut

Per Connecticut General Statutes Section 10-183z, contribution requirements of active employees and the State of Connecticut are approved, amended and certified by the State Teachers' Retirement Board and appropriated by the General Assembly. The State contributions are not currently actuarially funded. The State appropriates from the General Fund one third of the annual costs of the Plan. Administrative costs of the Plan are financed by the State. Based upon Chapter 167a, Subsection D of Section 10-183t of the Connecticut statutes, it is assumed the State will pay for any long-term shortfall arising from insufficient active member contributions.

CITY OF NORWICH, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021
(In Thousands)

Employer (School Districts)

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

For the year ended June 30, 2021, the amount of “on-behalf” contributions made by the State was \$166 and is recognized in the General Fund as intergovernmental revenues and education expenditures.

Employees/Retirees

The cost of providing plan benefits is financed on a pay-as-you-go basis as follows: active teachers pay for one-third of the Plan costs through a contribution of 1.25% of their pensionable salaries, and retired teachers pay for one-third of the Plan costs through monthly premiums, which helps reduce the cost of health insurance for eligible retired members and dependents.

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

At June 30, 2021, the City reports no amounts for its proportionate share of the net OPEB liability, and related deferred outflows and inflows, due to the statutory requirement that the State pay 100% of the required contribution. The amount recognized by the City as its proportionate share of the net OPEB liability, the related State support and the total portion of the net OPEB liability that was associated with the City was as follows:

City’s proportionate share of the net OPEB liability	\$	-
State’s proportionate share of the net OPEB liability associated with the City		<u>16,028</u>
Total	\$	<u><u>16,028</u></u>

The net OPEB liability was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as June 30, 2019. At June 30, 2021, the City has no proportionate share of the net OPEB liability.

For the year ended June 30, 2021, the City recognized OPEB expense and revenue of \$740 in Exhibit II.

Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of June 30, 2019, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Health care costs trend rate	
Pre-Medicare	5.95% decreasing to 4.75% by 2025
Medicare	5.00% decreasing to 4.75% by 2028
Salary increases	3.25-6.50%, including inflation
Investment rate of return	3.00%, net of OPEB plan investment expense, including inflation
Year fund net position will be depleted	2019

CITY OF NORWICH, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021
(In Thousands)

Mortality rates were based on the RPH-2014 White Collar table with employee and annuitant rates blended from ages 50 to 80, projected to the year 2020 using the BB improvement scale.

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

The long-term expected rate of return on plan assets is reviewed as part of the GASB 75 valuation process. Several factors are considered in evaluating the long-term rate of return assumption, including the plan's current asset allocations and a log-normal distribution analysis using the best-estimate ranges of expected future real rates of return (expected return, net investment expense and inflation) for each major asset class. The long-term expected rate of return was determined by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The assumption is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years. The plan is 100% invested in U.S. Treasuries (Cash Equivalents) for which the expected 10-Year Geometric Real Rate of Return is (0.41%).

Discount Rate

The discount rate used to measure the total OPEB liability was 3.50%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current member contribution rate and that contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members. No future State contributions were assumed to be made. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be depleted in 2019 and, as a result, the Municipal Bond Index Rate was used in the determination.

Sensitivity of the Net OPEB Liability to Changes in the Health Care Cost Trend Rate and the Discount Rate

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

Other Information

Additional information is included in the required supplementary information section of the financial statements. A schedule of contributions is not presented as the City has no obligation to contribute to the plan. Detailed information about the Connecticut State Teachers OPEB Plan fiduciary net position is available in the separately issued State of Connecticut Annual Comprehensive Financial Report at www.ct.gov.

CITY OF NORWICH, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021
(In Thousands)

C. Aggregated OPEB Information

The City recognized the following amounts related to OPEB plans as of and for the year ended June 30, 2021:

	Deferred Outflow of Resources Related to OPEB	Net OPEB Liability	Deferred Inflow of Resources Related to OPEB	OPEB Expense
City of Norwich Retiree Health Plan:				
Governmental Activities	\$ 441	\$ 24,655	\$ 7,352	\$ 764
Business-Type Activities	2,000	8,063	148	1,540
Connecticut Teachers Retirement System:				
Governmental Activities				740
	<u>\$ 2,441</u>	<u>\$ 32,718</u>	<u>\$ 7,500</u>	<u>\$ 3,044</u>
Governmental Activities	\$ 441	\$ 24,655	\$ 7,352	\$ 1,504
Business-Type Activities	<u>2,000</u>	<u>8,063</u>	<u>148</u>	<u>1,540</u>
	<u>\$ 2,441</u>	<u>\$ 32,718</u>	<u>\$ 7,500</u>	<u>\$ 3,044</u>

14. JOINTLY GOVERNED AND RELATED ORGANIZATIONS

Connecticut Municipal Electric Energy Cooperative

CMEEC is a public corporation organized in 1976 under Connecticut Public Act 75-634, subsequently enacted as Title 7-233, Chapter 101a of the General Statutes of Connecticut, as amended. It is empowered to undertake the planning, financing, acquisition, construction and operation of facilities for the generation and transmission of electric power and energy for its member utilities, including the City of Norwich, Department of Public Utilities (the Department), and others. CMEEC may issue bonds in its own name. Under the bylaws of CMEEC, a Board of Directors comprised of representatives from the participating members was established. CMEEC's Board is comprised of twenty representatives and officers. The governing board consists of representatives appointed by each of the participating members and assumes all the management decisions. Two representatives from the City of Norwich, Department of Public Utilities serve on the Board. The CMEEC Board acts as a regulatory body in that it reviews and approves recovery of costs in rates on an annual basis.

CMEEC has entered into power sales contracts with each of the members including the City of Norwich Department of Public Utilities. Under the contracts, each of the member utilities have agreed to purchase essentially all of its electric power required for resale from CMEEC, with CMEEC's electric revenues to consist of billings for resale of power. The contracts obligate each member utility to pay for their share of CMEEC's fixed costs, which consist primarily of debt service and CMEEC administrative and general costs on a take or pay basis. The member utilities maintain this fixed cost obligation whether or not they take any power from CMEEC. The amount of power purchased from CMEEC for the fiscal year ended June 30, 2021 was \$22,940.

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.

CITY OF NORWICH, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021
(In Thousands)

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 2021 fiscal year, the share of contributions to the fund received by the Department totaled \$210, with drawdowns of \$466, and interest on the fund of \$2. The balance of the Department funds held by CMEEC for the RGGI was \$60 for the year ended June 30, 2021.

15. COMMITMENTS AND CONTINGENCIES

Purchased Gas Contracts

The Department of Public Utilities participates in forward contracts for the purchase of gas capacity for storage and transmission. Under the terms of the contracts, the Department is obligated to make payments for set capacities that will be charged at variable and fixed rates until the end of the respective terms. As of June 30, 2021, the Department has obligations in place through 2031. Expense under the contracts totaled \$5,844 during the year ended June 30, 2021.

Power Sales Contract - Norwich Department of Public Utilities (Department)

CMEEC supplies power to the Department under a Power Sales Contract that became effective April 25, 2013. The contract obligates the Department to pay a percentage of CMEEC's fixed costs obligations, including debt service and administrative and general costs. Under the power sales agreement, the Department is required to pay its percentage of CMEEC's fixed cost obligations whether or not they purchase power from CMEEC. The contract will remain in effect until the date when all of the indebtedness and fixed cost obligations of CMEEC have been paid in full and thereafter until terminated by either party following not less than three years prior written notice to the other party of its intention to terminate, provided, however, CMEEC shall not incur or issue any indebtedness with a maturity date later than December 31, 2052.

The Department has rate stabilization funds held by CMEEC that were previously collected in conjunction with the purchase of energy to stabilize the price of energy. The Department's current rate structure to purchase power from CMEEC includes a rate stabilization component. Under the rate stabilization premise, the principal repayment of debt service is deferred and amortized over the life of the related debt and recoverable from future billings. Under this premise, the shortfall between the current rate stabilization funds held by CMEEC and the percentage of unfunded CMEEC debt allocated to the Department represents an unfunded debt obligation recoverable by future billings.

The Department's net deferred debt fixed cost obligation to CMEEC as of June 30, 2021 is summarized as follows:

CMEEC - debt service fixed cost obligation	\$ 23,643
Department - rate stabilization funds on deposit with CMEEC	<u>(10,315)</u>
Net Deferred Fixed Cost Obligation	<u>\$ 13,328</u>

The rate stabilization funds held by CMEEC and the allocated percentage of CMEEC's debt obligation are not reported on the Department's statement of net position. The fixed cost obligation paid by the Department to CMEEC included in the cost to purchase power for the current year was \$2,272.

CITY OF NORWICH, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021
(In Thousands)

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, 2021, \$4,319 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, 2021, the State is committed to providing the Department funding in the form of loans and grants of \$1,655 and \$345, respectively.

Municipal Solid Waste Management Services Contract

The City has entered into the municipal solid waste management services contract, as amended (the service contract) with the Southeastern Connecticut Regional Resources Recovery Authority (the Authority) pursuant to which it participates with ten other Connecticut Municipalities (the eleven constituting the Contracting Municipalities), in the Southeastern Connecticut System (the System). The System consists of a mass-burn solid waste disposal and electric generation facility located in the Town of Preston (the Facility) and various improvements and facilities related thereto, including landfills. The Facility is complete and presently receiving waste from Contracting Municipalities.

Under the service contract, the City is required to deliver, or cause to be delivered, to the System solid waste generated within its boundaries up to its minimum commitment of 23 thousand tons per year and to pay a uniform per ton disposal service payment (the service payment). The aggregate minimum commitment of the eleven Contracting Municipalities is approximately 154 thousand tons per year.

The service payment applicable in any contract year is calculated by estimating the net cost of operation, which is the cost of operation less revenues other than service payments, as such terms are defined in the service contract. The sum of all service payments and other payments from the Contracting Municipalities are required to be sufficient to pay or provide for the net cost of operations.

Service payments shall be payable so long as the system is accepting solid waste delivered by or on behalf of the City, whether or not such solid waste is processed at the facility. The City has pledged its full faith and credit to the payment of service payments and has also agreed to enforce or levy and collect all taxes, cost sharing or other assessments or charges and take all such other action as may be necessary to provide for the payment of the service payments.

16. LITIGATION

There are several lawsuits pending against the City. The outcome and eventual liability of the City, if any, in these cases is not known at this time. Based upon consultation with legal counsel, the City's management estimates that potential claims against the City, not covered by insurance, resulting from such litigation would not have a material adverse effect on the financial position of the City.

CITY OF NORWICH, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021
(In Thousands)

17. NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES

As of June 30, 2021, the Department of Public Utilities has purchased \$853 in capital assets on account, which are included in accounts payable and accrued liabilities in the accompanying statement of net position.

18. PRIOR PERIOD RESTATEMENT

The City applied Government Accounting Standards Statement No. 84 “Fiduciary Activities” effective for years beginning after June 30, 2020. The standard was retroactively applied and, as a result, beginning fund balance for the school unrestricted fund permanent fund, and beginning net position for the Private Purpose Trust Funds were restated. Beginning net position on the Statement of Activities was also restated. Specific impacts include:

	Governmental Activities Net Position	Nonmajor Governmental Funds Fund Balance
Governmental Funds:	<u> </u>	<u> </u>
Balance as previously reported June 30, 2020	\$ 13,272	\$ 8,973
Adjustments:		
Student Activities Fund now recorded as a Special Revenue Fund (Education Programs)	72	72
Rehabilitation Deposits Fund now recorded as a Special Revenue Fund (Deposits and Performance Bonds)	7	7
Bid Deposit Fund now recorded as a Special Revenue Fund (Deposits and Performance Bonds)	56	56
Performance Bonds Fund now recorded as a Special Revenue Fund (Deposits and Performance Bonds)	416	416
Balance as Restated July 1, 2020	<u>\$ 13,823</u>	<u>\$ 9,524</u>

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Required Supplementary Information

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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, 2021
(In Thousands)

	Budgeted Amounts		Actual	Variance
	Original	Final		
General property taxes:				
Current tax levy	\$ 74,501	\$ 74,501	\$ 74,424	\$ (77)
Motor vehicle supplement	8,562	8,562	8,682	120
Prior years levy	1,750	1,750	1,750	-
Interest and liens	1,045	1,045	1,121	76
Total	<u>85,858</u>	<u>85,858</u>	<u>85,977</u>	<u>119</u>
Intergovernmental revenues:				
Payment in lieu of taxes	1,450	1,450	1,451	1
Building maintenance	374	374	357	(17)
City housing	164	164	168	4
Mashantucket-Pequot Mohegan	2,360	2,360	2,360	-
Youth service bureau	72	72	72	-
Telecommunications tax	100	100	104	4
Town aid road	493	493	491	(2)
Municipal revenue sharing	411	411	403	(8)
EMPG				-
Education cost sharing	32,317	32,317	32,431	114
Total	<u>37,741</u>	<u>37,741</u>	<u>37,837</u>	<u>96</u>
Charges for services:				
Senior Citizens Center	9	9	6	(3)
Financial services	78	78	71	(7)
Human resources services	44	44	46	2
Publics works services	38	38	38	-
Landfill	65	65	93	28
Direct hauler fees	654	654	651	(3)
Backyard rollout fee	7	7	8	1
Recording fees	136	136	205	69
Planning and zoning fees	25	25	21	(4)
Printing and duplication fees	45	45	54	9
Notary public fees	3	3		(3)
Vital statistics	138	138	112	(26)
Fingerprinting				-
Conveyance tax	460	460	910	450
Land recording capital improvement fee	12	12	13	1
Tuition	46	46	46	-
Health services	90	90	117	27
Total	<u>1,850</u>	<u>1,850</u>	<u>2,391</u>	<u>541</u>
Licenses and permits:				
Public safety permits	15	15	21	6
Building permits	347	347	614	267
Road opening permits	2	2	3	1
Hunting and fishing licenses	1	1		(1)
Marriage licenses	3	3	4	1
Animal licenses	1	1	1	-
Total	<u>369</u>	<u>369</u>	<u>643</u>	<u>274</u>

(Continued on next page)

**CITY OF NORWICH, CONNECTICUT
GENERAL FUND
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2021
(In Thousands)**

	Budgeted Amounts		Actual	Variance
	Original	Final		
Fines and assessments:				
Traffic violations	\$ 3	\$ 3	\$ 8	\$ 5
Blight citations	17	17	23	6
Sewer assessments	190	190	242	52
Total	<u>210</u>	<u>210</u>	<u>273</u>	<u>63</u>
Rents and royalties:				
Property rent	99	99	90	(9)
Cell tower rent	74	74	83	9
Facilities rent	13	13	10	(3)
Total	<u>186</u>	<u>186</u>	<u>183</u>	<u>(3)</u>
Investment income:				
Interest on investments	<u>450</u>	<u>450</u>	<u>213</u>	<u>(237)</u>
Other revenues:				
Sale of City assets	12	12	176	164
Miscellaneous revenue	41	41	50	9
Total	<u>53</u>	<u>53</u>	<u>226</u>	<u>173</u>
Total revenues	<u>126,717</u>	<u>126,717</u>	<u>127,743</u>	<u>1,026</u>
Other financing sources:				
Transfers in:				
Cemetery Trust	64	64	76	12
Department of Public Utilities	5,870	5,870	5,870	-
Police	197	197	200	3
Golf Course Authority	10	10	23	13
Total	<u>6,141</u>	<u>6,141</u>	<u>6,169</u>	<u>28</u>
Total	<u>\$ 132,858</u>	<u>\$ 132,858</u>	133,912	<u>\$ 1,054</u>

Budgetary revenues are different than GAAP revenues because:

State of Connecticut State Teachers' Retirement System on-behalf pension contributions for City teachers is not budgeted.

6,893

State of Connecticut State Teachers' Retirement System on-behalf OPEB contributions for City teachers is not budgeted.

166

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.

2,047

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

\$ 143,018

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, 2021
(In Thousands)

	Budgeted Amounts		Actual	Variance
	Original	Final		
General government:				
City Council	\$ 437	\$ 437	\$ 395	\$ 42
City Manager	397	397	391	6
Finance	1,692	1,692	1,687	5
City Treasurer	278	278	273	5
Assessor	474	474	442	32
Human Resources	549	549	550	(1)
Law	454	454	365	89
City Clerk	518	518	515	3
Election	164	164	147	17
Planning and Neighborhood Services	1,043	1,043	1,002	41
Total general government	<u>6,006</u>	<u>6,006</u>	<u>5,767</u>	<u>239</u>
Public safety:				
Police	17,294	17,329	17,293	36
Fire:				
East Great Plain	149	149	143	6
Laurel Hill	78	83	82	1
Occum	88	93	85	8
Taftville	165	165	140	25
Yantic	163	163	146	17
Fire Central	2,190	2,206	2,115	91
Emergency management	76	76	67	9
Total public safety	<u>20,203</u>	<u>20,264</u>	<u>20,071</u>	<u>193</u>
Social Services:				
Recreation	745	745	742	3
Human services	397	417	415	2
Senior Citizens Center	643	641	635	6
Youth and Family Services	259	241	241	-
Total social services	<u>2,044</u>	<u>2,044</u>	<u>2,033</u>	<u>11</u>
Public works:				
Engineering and administration	842	848	810	38
Fleet maintenance	1,409	1,478	1,464	14
Solid waste	2,693	2,725	2,722	3
Maintenance and cleaning	4,126	3,973	3,761	212
Building maintenance	1,321	1,323	1,328	(5)
Street lighting	301	301	274	27
Parking maintenance	165	155	153	2
Total public works	<u>10,857</u>	<u>10,803</u>	<u>10,512</u>	<u>291</u>
Board of Education	<u>84,240</u>	<u>84,240</u>	<u>84,240</u> *	<u>-</u>

(Continued on next page)

CITY OF NORWICH, CONNECTICUT
GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2021
(In Thousands)

	Budgeted Amounts		Actual	Variance
	Original	Final		
Other	\$ 2,767	\$ 2,760	\$ 3,214	\$ (454)
Transfers out	6,741	6,741	6,735 *	6
Total	\$ 132,858	\$ 132,858	132,572	\$ 286

Budgetary expenditures are different than GAAP expenditures because:

State of Connecticut State Teachers' Retirement System on-behalf pension contributions for City teachers is not budgeted.	6,893
State of Connecticut State Teachers' Retirement System on-behalf OPEB contributions for City teachers is not budgeted.	166
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.	2,047
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.	(1,240)
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.	97

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

\$ 140,535

*Includes a one-time transfer of \$1,685 from the General Fund to the BOE Nonlapsing Fund.

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

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total pension liability:								
Service cost	\$ 6,691	\$ 5,973	\$ 5,881	\$ 5,769	\$ 5,656	\$ 5,890	\$ 5,498	\$ 2,679
Interest	22,662	21,529	20,905	20,965	20,281	18,659	17,981	17,334
Differences between expected and actual experience		795		(295)		3,337		
Changes of benefit terms		212		(4,568)		634		
Changes of assumptions		15,732		4,117		8,811		
Benefit payments, including refunds of member contributions	<u>(20,092)</u>	<u>(18,792)</u>	<u>(18,326)</u>	<u>(17,496)</u>	<u>(16,927)</u>	<u>(15,426)</u>	<u>(14,836)</u>	<u>(14,146)</u>
Net change in total pension liability	9,261	25,449	8,460	8,492	9,010	21,905	8,643	5,867
Total pension liability - beginning	<u>315,758</u>	<u>290,309</u>	<u>281,849</u>	<u>273,357</u>	<u>264,347</u>	<u>242,442</u>	<u>233,799</u>	<u>227,932</u>
Total pension liability - ending	<u>325,019</u>	<u>315,758</u>	<u>290,309</u>	<u>281,849</u>	<u>273,357</u>	<u>264,347</u>	<u>242,442</u>	<u>233,799</u>
Plan fiduciary net position:								
Contributions - employer	12,774	12,107	11,432	10,103	8,711	7,581	6,718	5,849
Contributions - member	3,937	3,917	3,896	3,664	3,386	3,358	3,247	3,057
Net investment income (loss)	40,742	7,176	12,528	12,097	18,213	(2,851)	4,681	20,194
Benefit payments, including refunds of member contributions	<u>(20,092)</u>	<u>(18,792)</u>	<u>(18,326)</u>	<u>(17,496)</u>	<u>(16,927)</u>	<u>(15,426)</u>	<u>(14,836)</u>	<u>(14,146)</u>
Administrative expense	<u>(106)</u>	<u>(74)</u>	<u>(7)</u>	<u>(44)</u>	<u>(5)</u>	<u>(42)</u>	<u>(4)</u>	<u>(32)</u>
Net change in plan fiduciary net position	37,255	4,334	9,523	8,324	13,378	(7,380)	(194)	14,922
Plan fiduciary net position - beginning	<u>187,440</u>	<u>183,106</u>	<u>173,583</u>	<u>165,259</u>	<u>151,881</u>	<u>159,261</u>	<u>159,455</u>	<u>144,533</u>
Plan fiduciary net position - ending	<u>224,695</u>	<u>187,440</u>	<u>183,106</u>	<u>173,583</u>	<u>165,259</u>	<u>151,881</u>	<u>159,261</u>	<u>159,455</u>
Net Pension Liability - Ending	<u>\$ 100,324</u>	<u>\$ 128,318</u>	<u>\$ 107,203</u>	<u>\$ 108,266</u>	<u>\$ 108,098</u>	<u>\$ 112,466</u>	<u>\$ 83,181</u>	<u>\$ 74,344</u>
Plan fiduciary net position as a percentage of the total pension liability	69.13%	59.36%	63.07%	61.59%	60.46%	57.46%	65.69%	68.20%
Covered payroll	\$ 43,693	\$ 43,693	\$ 43,095	\$ 41,638	\$ 42,011	\$ 40,590	\$ 39,262	\$ 37,752
Net pension liability as a percentage of covered payroll	229.61%	293.68%	248.76%	260.02%	257.31%	277.08%	211.86%	196.93%

*Note - This schedule is intended to show information for ten years. Additional information will be added as it becomes available.

CITY OF NORWICH, CONNECTICUT
SCHEDULE OF EMPLOYER CONTRIBUTIONS
LAST TEN FISCAL YEARS - CITY EMPLOYEES
(In Thousands)

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Actuarially determined contribution	\$ 12,759	\$ 12,073	\$ 12,010	\$ 10,820	\$ 10,732	\$ 9,740	\$ 9,651	\$ 5,790	\$ 5,728	\$ 4,713
Contributions in relation to the actuarially determined contribution	<u>12,774</u>	<u>12,107</u>	<u>11,432</u>	<u>10,103</u>	<u>8,711</u>	<u>7,581</u>	<u>6,718</u>	<u>5,849</u>	<u>5,730</u>	<u>4,407</u>
Contribution Deficiency (Excess)	\$ <u>(15)</u>	\$ <u>(34)</u>	\$ <u>578</u>	\$ <u>717</u>	\$ <u>2,021</u>	\$ <u>2,159</u>	\$ <u>2,933</u>	\$ <u>(59)</u>	\$ <u>(2)</u>	\$ <u>306</u>
Covered payroll	\$ 43,693	\$ 43,693	\$ 43,095	\$ 41,638	\$ 42,011	\$ 40,590	\$ 39,262	\$ 37,752	\$ 36,302	\$ N/A
Contributions as a percentage of covered payroll	29.24%	27.71%	26.53%	24.26%	20.74%	18.68%	17.11%	15.49%	N/A	N/A

Notes to Schedule

Valuation date: July 1, 2019

Measurement date: June 30, 2021

Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level percent
Remaining amortization period	Closed 21 years for 2013 base; open 20 years for subsequent years' changes in the Unfunded Accrued Liability
Asset valuation method	5-year smoothed market
Inflation	2.75%
Salary increases	Aged based
Investment rate of return	7.25%
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	Pub-2010 Mortality Table with generational projection per MP Ultimate Scale
Changes in assumptions	In 2020, change in assumptions from the adoption of the PUB-2010 mortality table with generational projection of future improvements in longevity per the MP Ultimate table. In addition, the interest rate assumption was lowered from 7.50% to 7.25% and the crediting rate on employee contributions was changed from 2.22% to 4.75%.

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

	2021	2020	2019	2018	2017	2016	2015	2014
Annual money-weighted rate of return, net of investment expense	21.27%	3.95%	7.29%	7.40%	12.17%	-1.81%	2.98%	14.19%

*Note - This schedule is intended to show information for ten years. Additional information will be added as it becomes available.

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

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total pension liability:								
Service cost	\$ 58	\$ 82	\$ 65	\$ 63	\$ 63	\$ 59	\$ 59	\$ 49
Interest	456	445	434	421	411	361	351	367
Differences between expected and actual experience	8	(2)		97		(230)		
Changes of benefit terms						706		
Changes of assumptions		249		(78)		144		
Benefit payments, including refunds of member contributions	(355)	(347)	(339)	(333)	(322)	(301)	(277)	(268)
Net change in total pension liability	167	427	160	170	152	739	133	148
Total pension liability - beginning	6,872	6,445	6,285	6,115	5,963	5,224	5,091	4,943
Total pension liability - ending	7,039	6,872	6,445	6,285	6,115	5,963	5,224	5,091
Plan fiduciary net position:								
Contributions - employer	335	365	365	373	373	351	333	309
Contributions - member	10	10	11	14	14	16	16	12
Net investment income (loss)	839	84	175	192	265	(9)	16	253
Benefit payments, including refunds of member contributions	(355)	(347)	(339)	(333)	(322)	(301)	(277)	(268)
Administrative expense	(6)	(9)	(1)	(9)	(2)	(9)	(4)	(11)
Net change in plan fiduciary net position	823	103	211	237	328	48	84	295
Plan fiduciary net position - beginning	3,109	3,006	2,795	2,558	2,230	2,182	2,098	1,803
Plan fiduciary net position - ending	3,932	3,109	3,006	2,795	2,558	2,230	2,182	2,098
Net Pension Liability - Ending	\$ <u>3,107</u>	\$ <u>3,763</u>	\$ <u>3,439</u>	\$ <u>3,490</u>	\$ <u>3,557</u>	\$ <u>3,733</u>	\$ <u>3,042</u>	\$ <u>2,993</u>
Plan fiduciary net position as a percentage of the total pension liability	55.86%	45.24%	46.64%	44.47%	41.83%	37.40%	41.77%	41.21%
Covered payroll*	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net pension liability as a percentage of covered payroll	N/A							

* Covered payroll is not included in the above schedule as the persons covered are volunteers.

**Note - This schedule is intended to show information for ten years. Additional information will be added as it becomes available.

**CITY OF NORWICH, CONNECTICUT
SCHEDULE OF EMPLOYER CONTRIBUTIONS - VOLUNTEER FIRE
LAST TEN FISCAL YEARS**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Actuarially determined contribution	\$ 335	\$ 365	\$ 365	\$ 373	\$ 373	\$ 304	\$ 304	\$ 309	\$ 309	\$ 255
Contributions in relation to the actuarially determined contribution	335	365	365	369	187	373	366	345	310	281
Contribution Deficiency (Excess)	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>4</u>	\$ <u>186</u>	\$ <u>(69)</u>	\$ <u>(62)</u>	\$ <u>(36)</u>	\$ <u>(1)</u>	\$ <u>(26)</u>
Covered-employee payroll*	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions as a percentage of covered payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

* Covered payroll is not included in the above schedule as the persons covered are volunteers.

Notes to Schedule

Valuation date: January 1, 2020

Measurement date: June 30, 2021

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 percent
Remaining amortization period	20 years
Asset valuation method	Market value of assets
Inflation	2.75%
Investment rate of return	6.75%
Retirement age	Varies by age, service and date of hire
Mortality	PubS-2010 Mortality Table with generational projection per the MP Ultimate Scale

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

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Annual money-weighted rate of return, net of investment expense	25.73%	2.73%	6.06%	7.25%	10.91%	-0.37%	0.70%	15.89%

*Note - This schedule is intended to show information for ten years. Additional information will be added as it becomes available.

CITY OF NORWICH, CONNECTICUT
SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
LAST SEVEN FISCAL YEARS - TEACHERS RETIREMENT PLAN*
(In Thousands)

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
City's proportion of the net pension liability (asset)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
City's proportionate share of the net pension liability (asset)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the net pension liability (asset) associated with the City	<u>107,461</u>	<u>82,027</u>	<u>63,248</u>	<u>76,431</u>	<u>80,635</u>	<u>57,271</u>	<u>52,936</u>
Total	<u>\$ 107,461</u>	<u>\$ 82,027</u>	<u>\$ 63,248</u>	<u>\$ 76,431</u>	<u>\$ 80,635</u>	<u>\$ 57,271</u>	<u>\$ 52,936</u>
City's covered payroll	\$ 26,335	\$ 20,294	\$ 24,148	\$ 22,652	\$ 24,204	\$ 24,594	\$ 28,303
City's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability (asset)	0.00%	52.00%	57.69%	55.93%	52.26%	59.50%	61.51%

Notes to Schedule

Changes in benefit terms

HB 7424 made the following provision changes:

- Beginning July 1, 2019, annual interest credited on mandatory contributions set at 4.0%.
- For members retiring on or after July 1, 2019 with a partial refund option election (Plan N), if 50% of the benefits paid prior to death do not exceed the Member's mandatory contributions plus interest frozen at the date of benefit commencement, the difference is paid to the Member's beneficiary.

Changes of assumptions

HB 7424 made the following assumption changes:

- Reduce the inflation assumption from 2.75% to 2.50%.
- Reduce the real rate of return assumption from 5.25% to 4.40% which, when combined with the inflation assumption change, results in a decrease in the investment rate of return assumption from 8.00% to 6.90%.
- Increase the annual rate of wage increase assumption from 0.50% to 0.75%.
- Phase in to a level dollar amortization method for the June 30, 2024 valuation.

Actuarial cost method

Entry age

Amortization method

Level percent of pay, closed

Single equivalent amortization period

17.6 years

Asset valuation method

4-year smoothed market

Inflation

2.75%

Salary increase

3.25%-6.50%, including inflation

Investment rate of return

8.00%, net of investment related expense

*Notes - This schedule is intended to show information for ten years. Additional information will be added as it becomes available.

- The plan measurement date is one year prior to the date of the City's fiscal year end.

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

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Total OPEB liability:						
Service cost	\$ 1,288	\$ 1,200	\$ 1,644	\$ 1,699	\$ 1,658	\$ 1,610
Interest	4,519	4,650	4,437	4,687	4,552	4,416
Change of benefit terms				(645)		
Differences between expected and actual experience		(4,127)		(951)	138	1,010
Changes of assumptions		1,182		(2,129)		
Benefit payments	(2,872)	(2,450)	(3,175)	(4,572)	(4,624)	(5,164)
Net change in total OPEB liability	2,935	455	2,906	(1,911)	1,724	1,872
Total OPEB liability - beginning	62,455	62,000	59,094	61,005	59,281	57,409
Total OPEB liability - ending	65,390	62,455	62,000	59,094	61,005	59,281
Plan fiduciary net position:						
Contributions - employer	4,367	5,340	5,240	5,548	5,492	5,566
Contributions - member	11	10	15	200	177	291
Net investment income (loss)	5,494	856	1,534	1,035	1,420	(562)
Benefit payments, including refunds of member contributions	(2,872)	(2,450)	(3,175)	(4,572)	(4,624)	(5,164)
Administrative expense	(9)	(28)	(10)	(22)	(2)	(20)
Net change in plan fiduciary net position	6,991	3,728	3,604	2,189	2,463	111
Plan fiduciary net position - beginning	25,681	21,953	18,349	16,160	13,697	13,586
Plan fiduciary net position - ending	32,672	25,681	21,953	18,349	16,160	13,697
Net OPEB Liability - Ending	\$ <u>32,718</u>	\$ <u>36,774</u>	\$ <u>40,047</u>	\$ <u>40,745</u>	\$ <u>44,845</u>	\$ <u>45,584</u>
Plan fiduciary net position as a percentage of the total OPEB liability	49.96%	41.12%	35.41%	31.05%	26.49%	23.11%
Covered-employee payroll	\$ 68,379	\$ 68,379	\$ 68,379	\$ 65,850	\$ 63,623	\$ 59,548
Net OPEB liability as a percentage of covered-employee payroll	47.85%	53.78%	58.57%	61.88%	70.49%	76.55%

*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)**

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Actuarially determined contribution (1)	\$ 4,367	\$ 5,522	\$ 5,485	\$ 5,542	\$ 5,492	\$ 5,566	\$ 5,431	\$ 6,030	\$ 5,907	\$ 6,184
Contributions in relation to the actuarially determined contribution	4,367	5,340	5,240	5,548	5,492	5,566	5,446	6,040	5,592	6,114
Contribution Deficiency (Excess)	\$ -	\$ 182	\$ 245	\$ (6)	\$ -	\$ -	\$ (15)	\$ (10)	\$ 315	\$ 70
Covered-employee payroll	\$ 68,379	\$ 68,379	\$ 65,850	\$ 63,623	\$ 59,548	\$ 57,814	\$ 56,130	\$ N/A	\$ N/A	\$ N/A
Contributions as a percentage of covered-employee payroll	6.39%	7.81%	7.96%	8.72%	9.22%	9.63%	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, 2019
 Measurement date: June 30, 2021
 Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level percent of level dollar
Amortization period	Closed 25 years for initial 2013 base; open 20 years for subsequent years' changes in the Unfunded Accrued Liability
Asset valuation method	Market value
Inflation	2.75%
Healthcare cost trend rates	Pre-Medicare: 6.2% - 4.1% over 54 years; Post-Medicare: 4.2% - 4.1% over 54 years
Salary increases	Varies by age, service and employee group
Investment rate of return	7.25%
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
Healthy Mortality	BOE Certified: RP-2000 Combined Healthy Mortality Table with separate tables for males and females projected forward 19 years using Scale AA, with a two-year age setback. All Others: Pub-2010 Mortality Table for Employees and Healthy Annuityants with generational projection of future improvements in longevity per the MP Ultimate Scale. For Police and Fire Employees, the PubS-2010 Mortality Table was used instead of the Pub-2010 Mortality Table. This assumption includes a margin for future improvements in longevity. (Prior: RP-2014 with generational projection per MP-2017)
Disabled Mortality	BOE Certified: RP-2000 Combined Healthy Mortality Table with separate tables for males and females projected forward 19 years using Scale AA, with an eight-year age set forward. This assumption includes a margin for mortality improvements beyond the valuation date. All Others: Pub-2010 Mortality Table for Disabled Annuityants with generational projection of future improvements in longevity per the MP Ultimate Scale. For Police and Fire Employees, the PubS-2010 Mortality Table was used instead of the Pub-2010 Mortality Table. This assumption includes a margin for future improvements in longevity. (Prior: RP-2014 with generational projection per MP-2017)

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

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Annual money-weighted rate of return, net of investment expense	18.78%	3.67%	7.82%	6.19%	9.18%

*Note - This schedule is intended to show information for ten years. Additional information will be added as it becomes available.

CITY OF NORWICH, CONNECTICUT
SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
LAST FOUR FISCAL YEARS - TEACHERS RETIREMENT PLAN*
(In Thousands)

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
City's proportion of the net OPEB liability (asset)	0.00%	0.00%	0.00%	0.00%
City's proportionate share of the net OPEB liability (asset)	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the net OPEB liability (asset) associated with the City	<u>16,028</u>	<u>12,793</u>	<u>12,644</u>	<u>19,672</u>
Total	<u>\$ 16,028</u>	<u>\$ 12,793</u>	<u>\$ 12,644</u>	<u>\$ 19,672</u>
City's covered payroll	\$ 26,335	\$ 20,294	\$ 24,148	\$ 22,652
City's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total OPEB liability (asset)	0.00%	2.08%	1.49%	1.79%

Notes to Schedule

Changes in benefit terms	The Plan was amended by the Board, effective January 1, 2019, during the September 12, 2018 meeting. The Board elected a new prescription drug plan, which is expected to reduce overall costs and allow for the Board to receive a government subsidy for members whose claims reach a catastrophic level. These changes were communicated to retired members during the months leading up to the open enrollment period that preceded the January 1, 2019 implementation date.
Changes of assumptions	Based on the procedure described in GASB 74, the discount rate used to measure Plan obligations for financial accounting purposes as of June 30, 2019 was updated to equal the Municipal Bond Index Rate of 3.50% as of June 30, 2019. Expected annual per capita claims costs were updated to better reflect anticipated medical and prescription drug claim experience both before and after the plan change that became effective on July 1, 2019. The expected rate of inflation was decreased, and the real wage growth assumption was increased.
Actuarial cost method	Entry age
Amortization method	Level percent of payroll over an open period
Remaining amortization period	30 years
Asset valuation method	Market value of assets
Investment rate of return	3.00%, net of investment related expense including price inflation
Price inflation	2.75%

*Notes - This schedule is intended to show information for ten years. Additional information will be added as it becomes available.

- The plan measurement date is one year prior to the date of the City's fiscal year end.

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Combining and Individual Fund Statements and Schedules

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General Fund

GENERAL FUND

The General Fund is used to account for resources traditionally associated with government that are not required legally or by sound financial management to be accounted for in another fund.

**CITY OF NORWICH, CONNECTICUT
GENERAL FUND
COMPARATIVE BALANCE SHEET
JUNE 30, 2021 AND 2020
(In Thousands)**

	<u>2021</u>	<u>2020</u>
ASSETS		
Cash and cash equivalents	\$ 25,190	\$ 14,689
Investments	31,480	27,464
Receivables:		
Property taxes receivable, net of an allowance for uncollectibles of \$920 and \$713, respectively	3,411	3,569
Property taxes accrued interest receivable, net of an allowance for uncollectibles of \$335 and \$306, respectively	1,339	1,223
Intergovernmental receivable		
Assessment receivable	1,358	1,527
Accounts receivable	513	347
Due from other funds	<u>7,312</u>	<u>2,380</u>
Total Assets	<u>\$ 70,603</u>	<u>\$ 51,199</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES		
Liabilities:		
Accounts payable and accrued expenses	\$ 8,958	\$ 7,945
Due to other funds	38,679	22,843
Unearned revenue	<u>511</u>	<u>141</u>
Total liabilities	<u>48,148</u>	<u>30,929</u>
Deferred Inflows of Resources:		
Unavailable revenue - property taxes	4,081	4,350
Unavailable revenue - special assessments	<u>1,358</u>	<u>1,527</u>
Total deferred inflows of resources	<u>5,439</u>	<u>5,877</u>
Fund Balances:		
Assigned		116
Unassigned	<u>17,016</u>	<u>14,277</u>
Total fund balances	<u>17,016</u>	<u>14,393</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 70,603</u>	<u>\$ 51,199</u>

CITY OF NORWICH, CONNECTICUT
 GENERAL FUND
 REPORT OF TAX COLLECTOR
 FOR THE YEAR ENDED JUNE 30, 2021
 (In Thousands)

Grand List	Uncollected Taxes July 1, 2018	Lawful Corrections		Transfers To Suspend	Adjusted Taxes Collectible	Collections				Net Uncollected Taxes June 30, 2021	Overpayment Credit Balances	Gross Uncollected Taxes June 30, 2021
		Additions	Deductions			Taxes	Interest	Fees	Total			
2019	\$ 85,711 *	\$ 65	\$ 563	\$ 74	\$ 85,139	\$ 82,919	\$ 370	\$ 19	\$ 83,308	\$ 2,220	\$ 108	\$ 2,328
2018	2,271	4	197	1	2,077	1,158	254	10	1,422	919	87	1,006
2017	854	1	98	392	365	299	117	3	419	66	214	280
2016	250			1	249	101	55	7	163	148	49	197
2015	177		10	1	166	40	30	9	79	126	11	137
2014	117		5	2	110	6	8		14	104	1	105
2013	85		4	1	80	1	6		7	79		79
2012	87		3	2	82	1	1		2	81		81
2011	52		4	1	47				-	47		47
2010	33		2	1	30				-	30		30
2009	26		1	1	24				-	24		24
2008	15			1	14		8	1	9	14		14
2007	2				2				-	2		2
2006	1				1				-	1		1
2005	1		1						-	-		-
	<u>\$ 89,682</u>	<u>\$ 70</u>	<u>\$ 888</u>	<u>\$ 478</u>	<u>\$ 88,386</u>	<u>84,525</u>	<u>849</u>	<u>49</u>	<u>85,423</u>	<u>\$ 3,861</u>	<u>\$ 470</u>	<u>\$ 4,331</u>
						Suspense collections	138	184	39	361		
						Volunteer Fire Fighter Credits expended	(32)			(32)		
						Total Tax Collections	<u>\$ 84,631</u>	<u>\$ 1,033</u>	<u>\$ 88</u>	85,752		
						Property taxes receivable considered available:						
						June 30, 2020				(444)		
						June 30, 2021				669		
						Total			<u>\$ 85,977</u>			

* Includes motor vehicle supplemental levy of \$1,233

** Operation of law

Nonmajor Governmental Funds

NONMAJOR GOVERNMENTAL FUNDS

Debt Service

The Debt Service Fund accounts for financial resources transferred in from other fund to fund debt service obligations.

Special Revenue Funds

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

Fund	Funding Source	Function
Dog License	License fees	Operation of dog pound
School Lunch Program	State and Federal grants, program income	Operations of the school lunch program
Sidewalk	Charges for service and City appropriation	Sidewalk replacement
Fire Districts	Taxes, charges for service and State grants	Fire and refuse services
Adult Education	Federal and State grants	Adult Education programs
Adult Education Multi Year	Federal and State grants	Adult Education programs
Parking Commission	Charges for service and fees	City parking authority
Youth Services	Federal and State grants, contributions and charges for service	Youth Service Bureau
Lead Paint Abatement	Federal grant and program income	Removal and disposal of lead paint
Other Grants and Programs	Various	Miscellaneous activities
Economic Development	Contributions	Economic development
Community Development Fund	Federal grant and program income	Social services
Education Programs	State grants and contributions	Miscellaneous education activities
BOE Nonlapsing Fund	Various	Miscellaneous activities
Fire Grants and Programs	Federal grants	Fire equipment and supplies
Police Asset Forfeiture	Federal and State grants	Drug enforcement and education
Police Grants and Programs	Federal and State grants and contributions	Police equipment and enforcement
Recreation Grants and Programs	Charges for service	Recreational programs and activities
Social Services Grants and Programs	Federal and State grants and contributions	Health and welfare assistance
Senior Citizens Programs	Charges for service and contributions	Senior Citizens functions and activities
Mohegan Park	Charges for service, state grant and investment income	Mohegan Park improvements and programs
Revolving Loan Fund	Downtown Revitalization Bond funds and payments of loans	Economic development
Sachem Fund	Transfers in from other funds and donations	Economic and cultural improvement
Property Rehabilitation	Transfers in from other funds and program income	Housing assistance
Deposits and Performance Bonds	Various	Miscellaneous activities

Capital Projects Funds

Capital Projects Funds are established in the City of Norwich pursuant to local resolutions authorizing specific capital projects. Funding sources are generally comprised of City appropriated transfers from the General Fund, the receipt of intergovernmental grants and proceeds from the sale of bonds. Expenditures relate to the expansion, improvement or replacement of the City's capital assets.

Permanent Funds

Permanent funds are used to report resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support the reporting government's programs.

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CITY OF NORWICH, CONNECTICUT
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2021
 (In Thousands)

	Debt Service		Special Revenue										
	Debt Service	Dog License	School Lunch Program	Sidewalk	Fire Districts	Adult Education	Adult Education Multi Year	Parking Commission	Youth Services	Lead Paint Abatement	Other Grants and Programs	Economic Development	Community Development Fund
ASSETS													
Cash and cash equivalents	\$	\$	101	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Investments													
Receivables, net:													
Property taxes					297	53			64	115		77	342
Intergovernmental Loans			747							1,590			
Other			3	101	84		15						
Due from other funds				134	379		51	143			154		
Other assets			76										
Total Assets	\$	-	\$ 927	\$ 235	\$ 760	\$ 53	\$ 51	\$ 158	\$ 64	\$ 1,705	\$ 154	\$ 77	\$ 342
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES													
Liabilities:													
Accounts and other payables	\$	\$ 7	\$ 30	\$	\$ 265	\$ 58	\$	\$ 9	\$ 11	\$ 6	\$ 2	\$ 5	\$ 34
Due to other funds		114				14			18	84		112	305
Unearned revenue			6								76	3	3
Total liabilities	-	121	36	-	265	72	-	9	29	90	78	120	342
Deferred Inflows of Resources:													
Unavailable revenue - special assessments				101									
Unavailable revenue - loans receivable			3					13		1,590			
Unavailable revenue - property taxes					223								
Unavailable revenue - grants receivable													
Total deferred inflows of resources	-	-	3	101	223	-	-	13	-	1,590	-	-	-
Fund Balances:													
Nonspendable													
Restricted													
Committed			888	134	272	51	136	35	25	76			
Unassigned		(121)			(19)						(43)		
Total fund balances	-	(121)	888	134	272	(19)	51	136	35	25	76	(43)	-
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$	-	\$ 927	\$ 235	\$ 760	\$ 53	\$ 51	\$ 158	\$ 64	\$ 1,705	\$ 154	\$ 77	\$ 342

(Continued on next page)

CITY OF NORWICH, CONNECTICUT
 COMBINING BALANCE SHEET (CONTINUED)
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2021
 (In Thousands)

	Special Revenue												
	Education Programs	BOE Nonlapsing Fund	Fire Grants and Programs	Police Asset Forfeiture	Police Grants and Programs	Recreation Grants and Programs	Social Services Grants and Programs	Senior Citizens Programs	Mohegan Park	Revolving Loan Fund	Sachem Fund	Property Rehabilitation	Deposits and Performance Bonds
ASSETS													
Cash and cash equivalents	\$ 49	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$ 265
Investments													
Receivables, net:													
Property taxes													
Intergovernmental							2	1					
Loans									162		2,677		
Other													
Due from other funds	158	1,685	4	131	64	546	220	75	115	197	32		231
Other assets													
Total Assets	\$ 207	\$ 1,685	\$ 4	\$ 131	\$ 64	\$ 546	\$ 222	\$ 76	\$ 115	\$ 359	\$ 32	\$ 2,677	\$ 496
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES													
Liabilities:													
Accounts and other payables	\$	\$	\$	\$ 1	\$ 6	\$ 24	\$ 2	\$ 3	\$	\$	\$	\$ 21	\$
Due to other funds												179	
Unearned revenue	3				14		124			162			
Total liabilities	3	-	-	1	20	24	126	3	-	162	-	200	-
Deferred Inflows of Resources:													
Unavailable revenue - special assessments													
Unavailable revenue - loans receivable												2,677	
Unavailable revenue - property taxes													
Unavailable revenue - grants receivable													
Total deferred inflows of resources	-	-	-	-	-	-	-	-	-	-	-	2,677	-
Fund Balances:													
Nonspendable													
Restricted													
Committed	204	1,685	4	130	44	522	96	73	115	197	32		496
Unassigned												(200)	
Total fund balances	204	1,685	4	130	44	522	96	73	115	197	32	(200)	496
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 207	\$ 1,685	\$ 4	\$ 131	\$ 64	\$ 546	\$ 222	\$ 76	\$ 115	\$ 359	\$ 32	\$ 2,677	\$ 496

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CITY OF NORWICH, CONNECTICUT
 COMBINING BALANCE SHEET (CONTINUED)
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2021
 (In Thousands)

	Capital Projects				Permanent				Total Nonmajor Governmental Funds
	Total	Capital Improvement	School Projects	Brown Park	Total	Public Parks & Gardens	Fred Abbot Summer Concert	Cemetery Trust	
ASSETS									
Cash and cash equivalents	\$ 415	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 20	\$ 20	\$ 435
Investments	-	-	-	-	-	-	2,094	2,094	2,094
Receivables, net:									
Property taxes	297	-	-	-	-	-	-	-	297
Intergovernmental	1,401	1,669	1,686	3,355	-	-	-	-	4,756
Loans	4,429	-	-	-	-	-	-	-	4,429
Other	203	-	-	-	-	-	-	-	203
Due from other funds	4,319	2,624	-	45	2,669	42	5	47	7,035
Other assets	76	-	-	-	-	-	-	-	76
Total Assets	\$ 11,140	\$ 4,293	\$ 1,686	\$ 45	\$ 6,024	\$ 42	\$ 5	\$ 2,114	\$ 19,325
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES									
Liabilities:									
Accounts and other payables	\$ 484	\$ 321	\$ -	\$ -	\$ 321	\$ -	\$ -	\$ -	\$ 805
Due to other funds	826	-	1,039	-	1,039	-	1	1	1,866
Unearned revenue	391	423	-	-	423	-	-	-	814
Total liabilities	1,701	744	1,039	-	1,783	-	1	1	3,485
Deferred Inflows of Resources:									
Unavailable revenue - special assessments	101	-	-	-	-	-	-	-	101
Unavailable revenue - loans receivable	4,283	-	-	-	-	-	-	-	4,283
Unavailable revenue - property taxes	223	-	-	-	-	-	-	-	223
Unavailable revenue - grants receivable	-	-	-	-	-	-	-	-	-
Total deferred inflows of resources	4,607	-	-	-	-	-	-	-	4,607
Fund Balances:									
Nonspendable	-	-	-	-	-	5	2,113	2,118	2,118
Restricted	-	-	647	-	647	42	-	42	689
Committed	5,215	3,549	-	45	3,594	-	-	-	8,809
Unassigned	(383)	-	-	-	-	-	-	-	(383)
Total fund balances	4,832	3,549	647	45	4,241	42	2,113	2,160	11,233
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 11,140	\$ 4,293	\$ 1,686	\$ 45	\$ 6,024	\$ 42	\$ 5	\$ 2,114	\$ 19,325

CITY OF NORWICH, CONNECTICUT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2021
 (In Thousands)

	Debt Service		Special Revenue										
	Debt Service	Dog License	School Lunch Program	Sidewalk	Fire Districts	Adult Education	Adult Education Multi Year	Parking Commission	Youth Services	Lead Paint Abatement	Other Grants and Programs	Economic Development	Community Development Fund
Revenues:													
Property taxes, interest and liens	\$	\$	\$	\$	4,468	\$	\$	\$	\$	\$	\$	\$	\$
Intergovernmental revenues			2,074		703	552			359	496	6	266	1,222
Charges for services		12	20	42	27	588		172	17		21		
Investment income					1			1					
Other	391							21			3		
Total revenues	391	12	2,094	42	5,199	1,140	-	173	397	496	30	266	1,222
Expenditures:													
Current:													
General government											274	278	
Public safety		21			8,183								
Social services								368	399				1,263
Public works				25				196					
Education			2,456			1,192	51						
Capital outlay	5,600												
Debt Service	5,600												
Total expenditures	5,600	21	2,456	25	8,183	1,192	51	196	368	399	274	278	1,263
Excess (Deficiency) of Revenues Over Expenditures	(5,209)	(9)	(362)	17	(2,984)	(52)	(51)	(23)	29	97	(244)	(12)	(41)
Other Financing Sources (Uses):													
Transfers in	5,210				3,300		102				39		42
Transfer out						(102)							
Total other financing sources (uses)	5,210	-	-	-	3,300	(102)	102	-	-	-	39	-	42
Net Change in Fund Balances	1	(9)	(362)	17	316	(154)	51	(23)	29	97	(205)	(12)	1
Fund Balances at Beginning of Year, as restated	(1)	(112)	1,250	117	(44)	135	-	159	6	(72)	281	(31)	(1)
Fund Balances at End of Year	\$ -	\$ (121)	\$ 888	\$ 134	\$ 272	\$ (19)	\$ 51	\$ 136	\$ 35	\$ 25	\$ 76	\$ (43)	\$ -

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CITY OF NORWICH, CONNECTICUT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (CONTINUED)
 NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2021
 (In Thousands)

	Special Revenue												
	Education Programs	BOE Nonlapsing Fund	Fire Grants and Programs	Police Asset Forfeiture	Police Grants and Programs	Recreation Grants and Programs	Social Services Grants and Programs	Senior Citizens Programs	Mohegan Park	Revolving Loan Fund	Sachem Fund	Property Rehabilitation	Deposits and Performance Bonds
Revenues:													
Property taxes, interest and liens	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Intergovernmental revenues				23			92	13					
Charges for services	52				370	251		34		46		146	
Investment income	1			1									
Other	2					20	178		2		1		98
Total revenues	55	-	-	24	370	271	270	47	3	46	1	146	98
Expenditures:													
Current:													
General government										7			81
Public safety				14	170				10				
Social services						162	263	52				270	
Public works													
Education	54												
Capital outlay													
Debt Service													
Total expenditures	54	-	-	14	170	162	263	52	10	7	-	270	81
Excess (Deficiency) of Revenues Over Expenditures	1	-	-	10	200	109	7	(5)	(7)	39	1	(124)	17
Other Financing Sources (Uses):													
Transfers in		1,685											
Transfer out					(200)							(42)	
Total other financing sources (uses)	-	1,685	-	-	(200)	-	-	-	-	-	-	(42)	-
Net Change in Fund Balances	1	1,685	-	10	-	109	7	(5)	(7)	39	1	(166)	17
Fund Balances at Beginning of Year, as restated	203	-	4	120	44	413	89	78	122	158	31	(34)	479
Fund Balances at End of Year	\$ 204	\$ 1,685	\$ 4	\$ 130	\$ 44	\$ 522	\$ 96	\$ 73	\$ 115	\$ 197	\$ 32	\$ (200)	\$ 496

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CITY OF NORWICH, CONNECTICUT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (CONTINUED)
 NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2021
 (In Thousands)

	Capital Projects				Permanent				Total Nonmajor Governmental Funds
	Total	Capital Improvement	School Projects	Brown Park	Total	Public Parks & Gardens	Fred Abbot Summer Concert	Cemetery Trust	
Revenues:									
Property taxes, interest and liens	\$ 4,468	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,468
Intergovernmental revenues	5,806	1,203	-	-	1,203	-	-	-	7,009
Charges for services	1,798	-	-	-	-	-	-	-	1,798
Investment income	5	-	-	-	-	-	469	469	474
Other	325	-	-	-	-	-	-	-	716
Total revenues	<u>12,402</u>	<u>1,203</u>	<u>-</u>	<u>-</u>	<u>1,203</u>	<u>-</u>	<u>469</u>	<u>469</u>	<u>14,465</u>
Expenditures:									
Current:									
General government	640	-	-	-	-	-	19	19	659
Public safety	8,398	-	-	-	-	-	-	-	8,398
Social services	2,777	-	-	-	-	-	-	-	2,777
Public works	221	-	-	-	-	-	-	-	221
Education	3,753	-	750	-	750	-	-	-	4,503
Capital outlay	-	3,464	-	-	3,464	-	-	-	3,464
Debt Service	-	-	-	-	-	-	-	-	5,600
Total expenditures	<u>15,789</u>	<u>3,464</u>	<u>750</u>	<u>-</u>	<u>4,214</u>	<u>-</u>	<u>19</u>	<u>19</u>	<u>25,622</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(3,387)</u>	<u>(2,261)</u>	<u>(750)</u>	<u>-</u>	<u>(3,011)</u>	<u>-</u>	<u>-</u>	<u>450</u>	<u>(11,157)</u>
Other Financing Sources (Uses):									
Transfers in	5,168	2,793	-	-	2,793	-	-	-	13,171
Transfer out	(344)	(9)	-	-	(9)	-	(76)	(76)	(429)
Total other financing sources (uses)	<u>4,824</u>	<u>2,784</u>	<u>-</u>	<u>-</u>	<u>2,784</u>	<u>-</u>	<u>(76)</u>	<u>(76)</u>	<u>12,742</u>
Net Change in Fund Balances	1,437	523	(750)	-	(227)	-	-	374	1,585
Fund Balances at Beginning of Year, as restated	3,395	3,026	1,397	45	4,468	42	5	1,739	9,648
Fund Balances at End of Year	<u>\$ 4,832</u>	<u>\$ 3,549</u>	<u>\$ 647</u>	<u>\$ 45</u>	<u>\$ 4,241</u>	<u>\$ 42</u>	<u>\$ 5</u>	<u>\$ 2,113</u>	<u>\$ 11,233</u>

**CITY OF NORWICH, CONNECTICUT
 FIRE DISTRICTS FUND REVENUES
 BUDGETARY BASIS - BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2021
 (In Thousands)**

	Budgeted Amounts		Actual	Variance
	Original	Final		
Taxes, interest and lien fees:				
Fire	\$ 3,916	\$ 3,916	\$ 4,051	\$ 135
Volunteer fire	449	449	444	(5)
Total taxes, interest and lien fees	<u>4,365</u>	<u>4,365</u>	<u>4,495</u>	<u>130</u>
Intergovernmental:				
Shared revenues	<u>703</u>	<u>703</u>	<u>703</u>	<u>-</u>
Other:				
Other fund transfers	<u>3,300</u>	<u>3,300</u>	<u>3,300</u>	<u>-</u>
Investment income	<u>2</u>	<u>2</u>	<u>1</u>	<u>(1)</u>
Total	<u>\$ 8,370</u>	<u>\$ 8,370</u>	<u>\$ 8,499</u>	<u>\$ 129</u>

**CITY OF NORWICH, CONNECTICUT
 FIRE DISTRICTS FUND EXPENDITURES
 BUDGETARY BASIS - BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2021
 (In Thousands)**

	Budgeted Amounts		Actual	Variance
	Original	Final		
Fire:				
Employees	\$ 3,364	\$ 3,364	\$ 3,179	\$ 185
Overtime	68	68	141	(73)
Replacement costs	763	763	835	(72)
Fringe benefits	3,588	3,588	3,581	7
Workers compensation	50	50	46	4
Volunteer firefighter tax credit	64	64	66	(2)
Volunteer firefighter trust fund	335	335	335	-
Total	\$ <u>8,232</u>	\$ <u>8,232</u>	\$ <u>8,183</u>	\$ <u>49</u>

CITY OF NORWICH, CONNECTICUT
 SCHEDULE OF FIRE DISTRICT TAXES
 FOR THE YEAR ENDED JUNE 30, 2021
 (In Thousands)

Grand List	Uncollected Taxes July 1, 2020	Lawful Corrections		Transfers to Suspense	Adjusted Taxes Collectible	Collections				Net Uncollected Taxes June 30, 2021	Overpayment Credit Balances	Gross Uncollected Taxes June 30, 2021
		Additions	Deductions			Taxes	Interest	Fees	Total			
2019	\$ 4,348	\$ 1	18	11	\$ 4,320	\$ 4,194	19	-	\$ 4,213	\$ 126	\$ 3	\$ 129
2018	186		2	0	184	99	22		121	85		85
2017	84		4	24	56	29	11		40	27		27
2016	42		2	0	40	15	8		23	25		25
2015	27		1	0	26	5	4		9	21		21
2014	13		1	0	12	-			-	12		12
2013	12		1	0	11	-			-	11		11
2012	12		1	0	11	-			-	11		11
2011	9		1	0	8	-			-	8		8
2010	4		-		4	-			-	4		4
2009	2		2		-	-			-	-		-
2008	1		1				2		2			-
	<u>\$ 4,740</u>	<u>\$ 1</u>	<u>\$ 34</u>	<u>\$ 35</u>	<u>\$ 4,672</u>	4,342	66		4,408	<u>\$ 330</u>	<u>\$ 3</u>	<u>\$ 333</u>
				Suspense collections		18	24		42			
				Total Tax Collections		<u>\$ 4,360</u>	<u>\$ 90</u>	<u>\$ -</u>	4,450			
				Property taxes receivable considered available:								
				June 30, 2020					(29)			
				June 30, 2021					47			
				Total					<u>\$ 4,468</u>			

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Nonmajor Enterprise Funds

NONMAJOR ENTERPRISE FUNDS

Enterprise Funds are used to account for ongoing organizations and activities that are similar to those found in the private sector.

Golf Course Authority - is used to account for the operations of the City's public golf course.

Stadium Authority - is used to account for the operations of Senator Thomas Dodd Stadium.

Ice Rink Authority - is used to account for the operations of the City's ice skating facility.

CITY OF NORWICH, CONNECTICUT
COMBINING STATEMENT OF NET POSITION
NONMAJOR ENTERPRISE FUNDS
JUNE 30, 2021
(In Thousands)

	Business-Type Activities			Totals
	Golf Course Authority	Stadium Authority	Ice Rink Authority	
Assets:				
Current assets:				
Receivables, net:				
User charges	\$	\$	\$ 94	\$ 94
Due from other funds	334			334
Total current assets	<u>334</u>	<u>-</u>	<u>94</u>	<u>428</u>
Capital assets, net	<u>3,103</u>	<u>6,292</u>	<u>1,016</u>	<u>10,411</u>
Total assets	<u>3,437</u>	<u>6,292</u>	<u>1,110</u>	<u>10,839</u>
Liabilities:				
Current liabilities:				
Accounts payable and accrued liabilities	1,170	40		1,210
Capital lease payable	6			6
Due to other funds		92	762	854
Due to other governments	2			2
Unearned revenue	355		494	849
Total current liabilities	<u>1,533</u>	<u>132</u>	<u>1,256</u>	<u>2,921</u>
Noncurrent liabilities:				
Capital lease payable	8			8
	<u>8</u>			<u>8</u>
Total liabilities	<u>1,541</u>	<u>132</u>	<u>1,256</u>	<u>2,929</u>
Net Position:				
Net investment in capital assets	3,089	6,292	1,016	10,397
Unrestricted	<u>(1,193)</u>	<u>(132)</u>	<u>(1,162)</u>	<u>(2,487)</u>
Total Net Position	<u>\$ 1,896</u>	<u>\$ 6,160</u>	<u>\$ (146)</u>	<u>\$ 7,910</u>

CITY OF NORWICH, CONNECTICUT
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN FUND NET POSITION - NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED JUNE 30, 2021
(In Thousands)

	Business-Type Activities			Totals
	Golf Course Authority	Stadium Authority	Ice Rink Authority	
Operating Revenues:				
Charges for services	\$ 1,164	\$	\$	\$ 1,164
Rent			240	240
Total operating revenues	<u>1,164</u>		<u>240</u>	<u>1,404</u>
Operating Expenses:				
Operations and maintenance	1,035	181	6	1,222
Depreciation	134	186	116	436
Total operating expenses	<u>1,169</u>	<u>367</u>	<u>122</u>	<u>1,658</u>
Operating Income (Loss)	(5)	(367)	118	(254)
Nonoperating Income (Expense):				
Interest income	1			1
Interest expense	(3)			(3)
Total nonoperating expense	<u>(2)</u>			<u>(2)</u>
Net Income (Loss) Before Contributions and Transfers	(7)	(367)	118	(256)
Capital Contributions	50			50
Transfers out	(23)			(23)
Change in Net Position	20	(367)	118	(229)
Net Position at Beginning of Year	<u>1,876</u>	<u>6,527</u>	<u>(264)</u>	<u>8,139</u>
Net Position at End of Year	<u>\$ 1,896</u>	<u>\$ 6,160</u>	<u>\$ (146)</u>	<u>\$ 7,910</u>

CITY OF NORWICH, CONNECTICUT
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED JUNE 30, 2021
(In Thousands)

	Business-Type Activities			Totals
	Golf Course Authority	Stadium Authority	Ice Rink Authority	
Cash Flows from Operating Activities:				
Cash received from charges for services	\$ 1,145	\$ 141	\$	\$ 1,286
Cash paid to vendors	(684)	(109)		(793)
Cash paid to employees for services				-
Net cash provided by (used in) operating activities	<u>461</u>	<u>32</u>	<u>-</u>	<u>493</u>
Cash Flows from Noncapital Financing Activities:				
Advances from other funds	(23)			(23)
Net cash provided by (used in) noncapital financing activities	<u>(23)</u>	<u>-</u>	<u>-</u>	<u>(23)</u>
Cash Flows from Capital and Related Financing Activities:				
Purchase of capital assets	(420)	(32)		(452)
Principal payments on long-term debt	(16)			(16)
Interest payments on long-term debt	(3)			(3)
Net cash provided by (used in) capital and related financing activities	<u>(439)</u>	<u>(32)</u>	<u>-</u>	<u>(471)</u>
Cash Flows from Investing Activities:				
Income on investments	<u>1</u>			<u>1</u>
Net Increase (Decrease) in Cash and Cash Equivalents	-	-	-	-
Cash and Cash Equivalents at Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash and Cash Equivalents at End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:				
Operating income (loss)	\$ (5)	\$ (367)	\$ 118	\$ (254)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation expense	134	186	116	436
(Increase) decrease in receivables	20	141	(75)	86
(Increase) decrease in due from other funds	(341)	37		(304)
Increase (decrease) in due to other funds			6	6
Increase (decrease) in unearned revenues	302		(165)	137
Increase (decrease) in accounts payable and accrued liabilities	<u>351</u>	<u>35</u>		<u>386</u>
Total adjustments	<u>466</u>	<u>399</u>	<u>(118)</u>	<u>747</u>
Net Cash Provided by (Used in) Operating Activities	<u>\$ 461</u>	<u>\$ 32</u>	<u>\$ -</u>	<u>\$ 493</u>
Noncash Capital and Financing Activities				
Capital asset contributions	<u>\$ 50</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 50</u>

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Internal Service Funds

INTERNAL SERVICE FUNDS

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

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

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

CITY OF NORWICH, CONNECTICUT
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
JUNE 30, 2021
(In Thousands)

	<u>Medical Benefits</u>	<u>Workers' Compensation</u>	<u>Total</u>
Assets:			
Current:			
Accounts receivable	\$ 6	\$	\$ 6
Due from other funds	\$ 3,805	\$ 2,571	\$ 6,376
Total assets	<u>3,811</u>	<u>2,571</u>	<u>6,382</u>
Liabilities:			
Current:			
Accounts payable	6		6
Risk management claims	1,423	1,198	2,621
Unearned revenue	6		6
Total current liabilities	<u>1,435</u>	<u>1,198</u>	<u>2,633</u>
Noncurrent:			
Risk management claims		<u>3,352</u>	<u>3,352</u>
Total liabilities	<u>1,435</u>	<u>4,550</u>	<u>5,985</u>
Net Position:			
Unrestricted	<u>\$ 2,376</u>	<u>\$ (1,979)</u>	<u>\$ 397</u>

**CITY OF NORWICH, CONNECTICUT
 COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES
 IN FUND NET POSITION
 INTERNAL SERVICE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2021
 (In Thousands)**

	<u>Medical Benefits</u>	<u>Workers' Compensation</u>	<u>Total</u>
Operating Revenues:			
Charges for services	\$ 17,809	\$ 2,508	\$ 20,317
Operating Expenses:			
Claims expense	14,884	2,313	17,197
Premiums and administrative expenses	<u>1,522</u>	<u>343</u>	<u>1,865</u>
Total operating expenses	<u>16,406</u>	<u>2,656</u>	<u>19,062</u>
Operating Income (Loss)	1,403	(148)	1,255
Net Position at Beginning of Year	<u>973</u>	<u>(1,831)</u>	<u>(858)</u>
Net Position at End of Year	<u>\$ 2,376</u>	<u>\$ (1,979)</u>	<u>\$ 397</u>

CITY OF NORWICH, CONNECTICUT
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2021
(In Thousands)

	<u>Medical Benefits</u>	<u>Workers' Compensation</u>	<u>Total</u>
Cash Flows from Operating Activities:			
Cash received from charges for services	\$ 2,478	\$	\$ 2,478
Cash receipts for interfund services provided	13,577	2,627	16,204
Cash paid to vendors	<u>(16,055)</u>	<u>(2,627)</u>	<u>(18,682)</u>
Net cash provided by (used in) operating activities	<u>-</u>	<u>-</u>	<u>-</u>
Net Increase (Decrease) in Cash and Cash Equivalents	-	-	-
Cash and Cash Equivalents at Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>
Cash and Cash Equivalents at End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:			
Operating income (loss)	\$ 1,403	\$ (148)	\$ 1,255
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
(Increase) decrease in receivables	(6)		(6)
(Increase) decrease in due from other funds	(1,754)	119	(1,635)
Increase (decrease) in accounts payable and accrued liabilities	351	29	380
Increase (decrease) in unearned revenues	<u>6</u>		<u>6</u>
Total adjustments	<u>(1,403)</u>	<u>148</u>	<u>(1,255)</u>
Net Cash Provided by (Used in) Operating Activities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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Fiduciary Funds

FIDUCIARY FUNDS

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

Trust Funds are used for the accumulation of resources and are to be used for retirement payments and for payments of healthcare benefits for retired employees.

The City's Trust Funds are listed below:

City Employee Pension

Volunteer Fire Pension

Other Post Employment Benefit

CITY OF NORWICH, CONNECTICUT
COMBINING STATEMENT OF FIDUCIARY NET POSITION
PENSION AND OTHER EMPLOYEE BENEFIT TRUST FUNDS
JUNE 30, 2021
(In Thousands)

	City Employee Pension Trust Fund	Volunteer Fire Pension Trust Fund	Other Post Employment Benefit Trust Fund	Total
Assets:				
Cash and cash equivalents	\$ 10,886	\$ 38	\$ 1,672	\$ 12,596
Investments:				
U.S. government securities	23,725		3,330	27,055
U.S. government agencies	6,757		909	7,666
Corporate bonds	31,084		4,154	35,238
Mutual funds	79,723	3,903	11,607	95,233
Common stock	72,170		8,705	80,875
Real estate	1,164		180	1,344
Due from other funds			2,177	2,177
Total assets	225,509	3,941	32,734	262,184
Liabilities:				
Accounts and other payables	69		62	131
Due to other funds	745	9		754
Total liabilities	814	9	62	885
Net Position:				
Net Position Restricted for OPEB Benefits			32,672	32,672
Net Position Restricted for Pensions	224,695	3,932		228,627
Total Net Position	\$ 224,695	\$ 3,932	\$ 32,672	\$ 261,299

CITY OF NORWICH, CONNECTICUT
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
PENSION AND OTHER EMPLOYEE BENEFIT TRUST FUNDS
FOR THE YEAR ENDED JUNE 30, 2021
(In Thousands)

	<u>City Employee Pension Trust Fund</u>	<u>Volunteer Fire Pension Trust Fund</u>	<u>Other Post Employment Benefit Trust Fund</u>	<u>Total</u>
Additions:				
Contributions:				
Employer	\$ 12,774	\$ 335	\$ 4,367	\$ 17,476
Plan members	3,937	10	11	3,958
Total contributions	<u>16,711</u>	<u>345</u>	<u>4,378</u>	<u>21,434</u>
Investment income:				
Net gain (loss) in fair value of investments	37,314	748	4,988	43,050
Interest and dividends	4,189	110	571	4,870
Total investment income	<u>41,503</u>	<u>858</u>	<u>5,559</u>	<u>47,920</u>
Less investment expense	<u>(761)</u>	<u>(19)</u>	<u>(65)</u>	<u>(845)</u>
Net investment income	<u>40,742</u>	<u>839</u>	<u>5,494</u>	<u>47,075</u>
Total additions	<u>57,453</u>	<u>1,184</u>	<u>9,872</u>	<u>68,509</u>
Deductions:				
Benefits	19,346	355	2,872	22,573
Administration	106	6	9	121
Lump-sum distributions and withdrawals	746			746
Total deductions	<u>20,198</u>	<u>361</u>	<u>2,881</u>	<u>23,440</u>
Net Increase	37,255	823	6,991	45,069
Net Position Held in Trust for Pension and Other Post Employment Benefits at Beginning of Year	<u>187,440</u>	<u>3,109</u>	<u>25,681</u>	<u>216,230</u>
Net Position Held in Trust for Pension and Other Post Employment Benefits at End of Year	<u>\$ 224,695</u>	<u>\$ 3,932</u>	<u>\$ 32,672</u>	<u>\$ 261,299</u>

Supplemental Schedules

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CITY OF NORWICH, CONNECTICUT
SCHEDULE OF BONDS AND SERIAL NOTES PAYABLE
FOR THE YEAR ENDED JUNE 30, 2021
(In Thousands)

Description	Interest Rate (%)	Issue Date	Maturity Date	Original Amount Issued	Balance Beginning of Year	Issued During Year	Paid During Year	Balance End of Year
Governmental Activities:								
General purpose bonds payable:								
Refunding - (04/15/2002) bonds	2.0	2/15/2012	4/15/2022	2,725	485		245	240
General purpose - series A	3.0-4.0	3/3/2015	8/1/2034	5,600	3,950		350	3,600
General purpose - series B	2.0-3.0	3/3/2015	8/1/2024	1,140	565		115	450
General purpose - series A	2.0-2.6	3/1/2016	8/1/2035	6,300	4,840		365	4,475
General purpose - series B	2.0-3.0	3/1/2016	8/1/2025	2,500	1,500		250	1,250
Refunding - (partial 12/02/2009 series A) bonds - series C	1.8-4.0	10/12/2016	8/1/2024	2,925	2,925		585	2,340
General purpose - series A	3.0-4.0	3/1/2017	8/1/2036	4,450	3,775		225	3,550
Refunding - (partial 12/02/2009 series A) bonds - series A	3.0-4.0	3/1/2017	8/1/2036	2,825	2,825			2,825
General purpose - series B	1.0-3.9	3/1/2017	8/1/2036	1,000	850		50	800
General purpose - series A	3.0-5.0	12/6/2018	8/1/2038	7,970	7,970		410	7,560
General purpose - series A	2.0-5.0	12/5/2019	8/1/2039	3,575	3,575			3,575
General purpose - series A	3.0-5.0	10/28/2020	8/1/2040	1,205		1,205		1,205
General purpose - series B	2.0-5.0	10/28/2020	8/1/2040	15,920		15,920	1,395	14,525
Total				58,135	33,260	17,125	3,990	46,395
Business-Type Activities:								
General purpose bonds payable:								
Notes payable:								
Equipment financing loan	4.25	12/28/2017	1/1/2025	1,937	1,220		321	899
State of Connecticut serial notes payable:								
Clean Water Act 349-C	2.00	12/31/2002	12/31/2021	881	78		52	26
Clean Water Act 9714-C	2.77	12/31/2002	12/31/2021	1,899	179		118	61
Clean Water Act 200801-C	2.27	7/1/2009	7/1/2029	450	201		23	178
Clean Water Act 625-D	2.00	12/31/2012	12/31/2031	1,865	1,151		90	1,061
Clean Water Act 495-C	2.00	5/31/2013	6/1/2032	5,748	3,662		275	3,387
Clean Water Act 625-D1	2.00	5/31/2015	12/31/2031	2,510	1,736		136	1,600
Clean Water Act 707-PD	2.00	2/26/2021	1/31/2041	1,655	1,655			1,655
Drinking Water State Revolving Fund 2010-8005	2.06	3/31/2010	12/31/2029	145	69		7	62
Drinking Water State Revolving Fund 2010-8006	2.06	3/31/2010	6/30/2030	326	163		16	147
Drinking Water State Revolving Fund 2010-7005	2.00	4/30/2014	10/31/2032	160	107		9	98
Drinking Water State Revolving Fund 2010-7006	2.00	4/30/2014	4/30/2032	148	97		8	89
Drinking Water State Revolving Fund 2014-7027	2.27	6/30/2015	12/31/2034	506	367		26	341
Drinking Water State Revolving Fund 2014-7036	2.00	5/31/2016	11/30/2036	4,052	3,123		202	2,921
Drinking Water State Revolving Fund 2015-7037	2.00	10/12/2016	9/30/2034	1,528	1,210		85	1,125
Drinking Water State Revolving Fund 2017-7056	2.00	2/28/2019	6/30/2028	2,695	2,448		135	2,313
Drinking Water State Revolving Fund 2019-7072	2.00	8/31/2019	2/28/2039	1,582	1,477		79	1,398
Drinking Water State Revolving Fund 2019-7069	2.00	12/31/2020	6/30/2040	2,477	1,652	701		2,353
Drinking Water State Revolving Fund 2019-7077	*	*	*	*	2,775	2,256		5,031
Drinking Water State Revolving Fund 2019-7081	2.00	11/30/2020	6/30/2040	2,414	2,041	252		2,293
Total				32,978	25,411	3,209	1,582	27,038
Total				\$ 91,113	\$ 58,671	\$ 20,334	\$ 5,572	\$ 73,433

* Loan is not permanently financed at this time.

CITY OF NORWICH, CONNECTICUT
BOND AND SERIAL NOTES PAYABLE
SCHEDULE OF ANNUAL DEBT SERVICE REQUIREMENTS
FOR THE YEAR ENDED JUNE 30, 2021
(In Thousands)

Fiscal Year Ending June 30	Governmental Activities		Business-Type Activities		Total Primary Government	
	General Obligation Bonds		General Obligation Bonds, Notes Payable and Serial Notes		Principal	Interest
	Principal	Interest	Principal	Interest		
2022	\$ 4,125	\$ 1,197	\$ 1,883	\$ 454	\$ 6,008	\$ 1,651
2023	3,835	1,100	1,787	396	5,622	1,496
2024	3,795	1,007	1,664	353	5,459	1,360
2025	3,740	906	1,459	320	5,199	1,226
2026	3,590	804	1,470	291	5,060	1,095
2027	3,245	713	1,481	262	4,726	975
2028	3,215	629	1,492	232	4,707	861
2029	3,200	544	1,502	202	4,702	746
2030	3,185	464	1,490	172	4,675	636
2031	2,605	392	1,482	142	4,087	534
2032	2,560	326	1,323	113	3,883	439
2033	2,045	262	857	92	2,902	354
2034	2,035	202	853	75	2,888	277
2035	1,440	149	778	58	2,218	207
2036	1,190	104	626	43	1,816	147
2037	940	68	541	32	1,481	100
2038	670	40	541	21	1,211	61
2039	670	18	403	12	1,073	30
2040	310	4	327	4	637	8
2041			48	1	48	1
Subtotal	\$ <u>46,395</u>	\$ <u>8,929</u>	22,007	3,275	\$ <u>68,402</u>	\$ <u>12,204</u>
State of Connecticut - serial notes not permanently financed as of June 30, 2021			<u>5,031</u>			
Total			\$ <u>27,038</u>	\$ <u>3,275</u>		

Statistical Section

Statistical Section Information

The objectives of statistical section information are to provide financial statement users with additional historical perspective, context and detail to assist in using the information in the financial statements, notes to financial statements and required supplementary information to understand and assess economic condition.

Statistical section information is presented in the following categories:

- *Financial trends information* is intended to assist users in understanding and assessing how financial position has changed over time.
- *Revenue capacity information* is intended to assist users in understanding and assessing the factors affecting the ability to generate *own-source revenues* (property taxes, charges for services, etc.).
- *Debt capacity information* is intended to assist users in understanding and assessing debt burden and the ability to issue additional debt.
- *Demographic and economic information* is intended 1) to assist users in understanding the socioeconomic environment and 2) to provide information that facilitates comparisons of financial statement information over time and among governments.
- *Operating information* is intended to provide contextual information about operations and resources to assist readers in using financial statement information to understand and assess economic condition.

The accompanying tables are presented in the above order. Refer to the Table of Contents for applicable page number locations.

Sources: Unless otherwise noted, the information in the tables is derived from the comprehensive annual financial reports for the relevant year.

CITY OF NORWICH, CONNECTICUT
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(In Thousands)

	FISCAL YEAR									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Governmental activities:										
Net investment in capital assets	\$ 74,279	\$ 90,304	\$ 79,887	\$ 77,058	\$ 75,885	\$ 75,885	\$ 80,829	\$ 84,303 *	\$ 95,200	\$ 92,031
Restricted	2,160	3,915	1,789	1,697	1,620	1,620	1,630	1,667	1,537	1,457
Unrestricted	(53,834)	(80,442) *	(68,423)	(58,803)	(17,860)	(17,860)	(23,960) *	24,762	12,940	14,373
Total governmental activities net position	<u>22,605</u>	<u>13,777</u>	<u>13,253</u>	<u>19,952</u>	<u>59,645</u>	<u>59,645</u>	<u>58,499</u>	<u>110,732</u>	<u>109,677</u>	<u>107,861</u>
Business-type activities:										
Net investment in capital assets	136,016	137,973	136,712	131,273	128,042	128,042	110,565	112,277 *	112,113	107,495
Restricted	1,368	524	249	120	334	334	338	228	188	361
Unrestricted	4,948	(214)	(7,568)	(16,817)	(19,180) *	(19,180) *	(2,259) *	16,073	15,631	22,241
Total business-type activities net position	<u>142,332</u>	<u>138,283</u>	<u>129,393</u>	<u>114,576</u>	<u>109,196</u>	<u>109,196</u>	<u>108,644</u>	<u>128,578</u>	<u>127,932</u>	<u>130,097</u>
Primary government:										
Net investment in capital assets	210,295	228,277	216,599	208,331	203,927	203,927	191,394	196,580	207,313	199,526
Restricted	3,528	4,439	2,038	1,817	1,954	1,954	1,968	1,895	1,725	1,818
Unrestricted	(48,886)	(81,161)	(75,991)	(75,620)	(35,875)	(35,875)	(26,219)	40,835	28,571	36,614
Total Primary Government Net Position	<u>\$ 164,937</u>	<u>\$ 151,555</u>	<u>\$ 142,646</u>	<u>\$ 134,528</u>	<u>\$ 170,006</u>	<u>\$ 170,006</u>	<u>\$ 167,143</u>	<u>\$ 239,310</u>	<u>\$ 237,609</u>	<u>\$ 237,958</u>

Notes:

(1) Schedule prepared on the accrual basis of accounting.

* as restated

CITY OF NORWICH, CONNECTICUT
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(In Thousands)

	FISCAL YEAR									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Expenses:										
Governmental activities:										
General government	\$ 9,389	\$ 9,953	\$ 9,953	\$ 9,680	\$ 10,522	\$ 10,543	\$ 11,257	\$ 8,296	\$ 11,905	\$ 10,300
Public safety	27,306	32,947	32,947	29,139	72,870	31,681	25,750	23,882	22,840	20,571
Social services	4,811	4,013	4,013	4,885	4,614	4,038	2,581	4,248	4,059	4,201
Public works	14,196	15,048	15,048	10,374	14,539	13,754	14,334	15,989	11,887	13,444
Education	118,197	107,553	107,553	110,987	101,609	101,748	99,926	94,935	92,976	86,764
Interest on long-term debt	1,282	1,198	1,198	1,145	1,351	1,348	1,444	1,488	1,232	1,109
Total governmental activities expenses	<u>175,181</u>	<u>170,712</u>	<u>170,712</u>	<u>166,210</u>	<u>205,505</u>	<u>163,112</u>	<u>155,292</u>	<u>148,838</u>	<u>144,899</u>	<u>136,389</u>
Business-type activities:										
Department of Public Utilities	79,908	79,734	79,734	84,253	83,797	84,729	81,842	77,462	75,476	75,620
Other enterprise funds	1,661	1,544	1,544	1,540	1,629	1,646	1,817	2,615	2,470	2,495
Total business-type activities expenses	<u>81,569</u>	<u>81,278</u>	<u>81,278</u>	<u>85,793</u>	<u>85,426</u>	<u>86,375</u>	<u>83,659</u>	<u>80,077</u>	<u>77,946</u>	<u>78,115</u>
Total primary government expenses	<u>256,750</u>	<u>251,990</u>	<u>251,990</u>	<u>252,003</u>	<u>290,931</u>	<u>249,487</u>	<u>238,951</u>	<u>228,915</u>	<u>222,845</u>	<u>214,504</u>
Program Revenues:										
Governmental activities:										
Charges for services:										
General government	2,093	1,896	1,466	1,893	2,041	2,115	1,684	2,107	1,907	1,866
Public works	510	1,220	1,252	667	721	744	803	811	1,684	771
Education	975	1,361	1,423	1,239	1,415	1,495	1,650	1,581	1,620	1,708
Other	942	999	1,233	1,154	1,156	1,204	914	887	1,009	1,032
Operating grants and contributions	70,689	64,851	61,448	64,515	64,394	60,567	59,088	58,277	55,684	53,139
Capital grants and contributions	2,679	1,821	1,775	2,288	634	2,467	1,774	1,664	791	10,749
Total governmental activities program revenues	<u>77,888</u>	<u>72,148</u>	<u>68,597</u>	<u>71,756</u>	<u>70,361</u>	<u>68,592</u>	<u>65,913</u>	<u>65,327</u>	<u>62,695</u>	<u>69,265</u>
Business-type activities:										
Charges for services:										
Gas	20,961	20,330	21,462	19,869	16,636	16,250	18,576	17,609	14,893	13,370
Electric	50,704	53,705	56,000	55,672	52,849	56,710	56,920	51,627	51,396	60,151
Water	11,393	11,272	11,293	11,036	10,493	9,048	8,817	8,808	8,376	6,656
Sewer	8,513	9,907	8,712	8,641	8,629	7,426	6,761	6,994	7,252	6,876
Other nonmajor enterprise funds	1,404	1,607	1,346	1,292	1,388	1,482	1,302	1,820	1,882	2,054
Capital grants and contributions	1,766	3,849	4,577	2,421	4,585	3,809	3,547	1,798	65	6,798
Total business-type activities program revenues	<u>94,741</u>	<u>100,670</u>	<u>103,390</u>	<u>98,931</u>	<u>94,580</u>	<u>94,725</u>	<u>95,923</u>	<u>88,656</u>	<u>83,864</u>	<u>95,905</u>
Total primary government program revenues	<u>172,629</u>	<u>172,818</u>	<u>171,987</u>	<u>170,687</u>	<u>164,941</u>	<u>163,317</u>	<u>161,836</u>	<u>153,983</u>	<u>146,559</u>	<u>165,170</u>
Net (expense) revenue:										
Governmental activities	(97,293)	(102,524)	(102,115)	(94,454)	(135,144)	(94,520)	(89,379)	(83,511)	(82,204)	(67,124)
Business-type activities	<u>13,172</u>	<u>17,327</u>	<u>22,112</u>	<u>13,138</u>	<u>9,154</u>	<u>8,350</u>	<u>12,264</u>	<u>8,579</u>	<u>5,918</u>	<u>17,790</u>
Total Primary Government Net Expense	<u>\$ (84,121)</u>	<u>\$ (85,197)</u>	<u>\$ (80,003)</u>	<u>\$ (81,316)</u>	<u>\$ (125,990)</u>	<u>\$ (86,170)</u>	<u>\$ (77,115)</u>	<u>\$ (74,932)</u>	<u>\$ (76,286)</u>	<u>\$ (49,334)</u>

(Continued on next page)

CITY OF NORWICH, CONNECTICUT
CHANGES IN NET POSITION (CONTINUED)
LAST TEN FISCAL YEARS
(In Thousands)

	FISCAL YEAR									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
General revenues and other changes in net position:										
Governmental activities:										
Property taxes	\$ 90,080	\$ 87,831	\$ 81,997	\$ 79,996	\$ 79,343	\$ 81,709	\$ 75,298	\$ 70,539	\$ 69,598	\$ 63,198
Grants and contributions not restricted to specific programs	4,486	4,491	3,992	4,404	5,580	4,771	4,534	4,900	5,005	4,315
Unrestricted investment earnings	688	902	1,050	609	394	146	88	247	202	51
Miscellaneous	1,628	497	662	1,297	1,301	1,236	2,536	942	1,126	890
Transfers	9,193	8,822	7,715	8,465	8,516	7,804	7,467	7,938	8,089	7,439
Total governmental activities	<u>106,075</u>	<u>102,543</u>	<u>95,416</u>	<u>94,771</u>	<u>95,134</u>	<u>95,666</u>	<u>89,923</u>	<u>84,566</u>	<u>84,020</u>	<u>75,893</u>
Business-type activities:										
Investment earnings	70	385	420	56	13	6	5	152	6	11
Transfers	(9,193)	(8,822)	(7,715)	(8,465)	(8,516)	(7,804)	(7,467)	(7,938)	(8,089)	(7,493)
Total business-type activities	<u>(9,123)</u>	<u>(8,437)</u>	<u>(7,295)</u>	<u>(8,409)</u>	<u>(8,503)</u>	<u>(7,798)</u>	<u>(7,462)</u>	<u>(7,786)</u>	<u>(8,083)</u>	<u>(7,482)</u>
Total Primary Government	<u>\$ 96,952</u>	<u>\$ 94,106</u>	<u>\$ 88,121</u>	<u>\$ 86,362</u>	<u>\$ 86,631</u>	<u>\$ 87,868</u>	<u>\$ 82,461</u>	<u>\$ 76,780</u>	<u>\$ 75,937</u>	<u>\$ 68,411</u>
Changes in Net Position:										
Governmental activities	\$ 8,782	\$ 19	\$ (6,699)	\$ 317	\$ (40,010)	\$ 1,146	\$ 544	\$ 1,055	\$ 1,816	\$ 8,769
Business-type activities	4,049	8,890	14,817	4,729	651	552	4,802	793	(2,165)	10,308
Total Primary Government	<u>\$ 12,831</u>	<u>\$ 8,909</u>	<u>\$ 8,118</u>	<u>\$ 5,046</u>	<u>\$ (39,359)</u>	<u>\$ 1,698</u>	<u>\$ 5,346</u>	<u>\$ 1,848</u>	<u>\$ (349)</u>	<u>\$ 19,077</u>

Notes:

(1) Schedule prepared on the accrual basis of accounting.

**CITY OF NORWICH, CONNECTICUT
FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(In Thousands)**

	FISCAL YEAR									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
General Fund:										
Assigned	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Unassigned	17,016	14,277	13,653	15,303	17,017	14,652	10,192	10,483	10,275	10,371
Total General Fund	<u>\$ 17,016</u>	<u>\$ 14,393</u>	<u>\$ 13,722</u>	<u>\$ 15,564</u>	<u>\$ 17,681</u>	<u>\$ 14,879</u>	<u>\$ 10,399</u>	<u>\$ 10,981</u>	<u>\$ 11,195</u>	<u>\$ 10,635</u>
All other governmental funds:										
Nonspendable	\$ 2,118	\$ 1,828	\$ 1,836	\$ 1,733	\$ 1,723	\$ 1,584	\$ 1,600	\$ 1,660	\$ 1,484	\$ 1,443
Restricted	689	20,651	23,904	19,906	22,340	19,244	13,488	10,518	7,552	3,179
Committed	26,291	6,265	6,801	6,509	5,189	5,030	3,766	4,354	4,107	4,271
Unassigned	<u>(445)</u>	<u>(419)</u>	<u>(355)</u>	<u>(99)</u>	<u>(87)</u>	<u>(73)</u>	<u>(426)</u>	<u>(1,043)</u>	<u>(7,877)</u>	<u>(2,878)</u>
Total All Other Governmental Funds	<u>\$ 28,653</u>	<u>\$ 28,325</u>	<u>\$ 32,186</u>	<u>\$ 28,049</u>	<u>\$ 29,165</u>	<u>\$ 25,785</u>	<u>\$ 18,428</u>	<u>\$ 15,489</u>	<u>\$ 5,266</u>	<u>\$ 6,015</u>

Notes:

(1) Schedule prepared on the modified accrual basis of accounting.

CITY OF NORWICH, CONNECTICUT
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(In Thousands)

	FISCAL YEAR									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Revenues:										
Property taxes, interest and liens	\$ 90,445	\$ 86,873	\$ 82,309	\$ 79,475	\$ 79,880	\$ 81,951	\$ 74,665	\$ 71,555	\$ 69,360	\$ 63,286
Intergovernmental	77,627	67,529	65,791	71,004	70,232	67,903	65,897	65,112	61,368	68,137
Charges for services, licenses, permits, fees and other	7,568	7,191	7,033	7,054	8,601	10,191	10,002	9,921	12,045	6,816
Investment income	687	902	1,049	608	392	146	88	248	202	50
Total revenues	<u>176,327</u>	<u>162,495</u>	<u>156,182</u>	<u>158,141</u>	<u>159,105</u>	<u>160,191</u>	<u>150,652</u>	<u>146,836</u>	<u>142,975</u>	<u>138,289</u>
Expenditures:										
General government	6,413	6,195	6,354	6,040	5,631	6,174	5,629	5,777	5,473	5,008
Public safety	28,942	28,769	29,065	28,013	26,868	25,998	23,407	22,958	21,672	19,685
Social services	4,821	4,659	4,275	4,933	3,716	4,289	4,140	4,013	3,616	4,125
Public works	10,818	10,787	11,031	10,652	11,397	11,094	10,890	11,115	10,121	10,187
Education	117,230	109,391	105,064	107,541	105,574	99,284	97,755	94,320	91,108	84,067
Other	2,766	2,559	2,303	3,135	3,276	4,036	5,644	5,598	4,943	4,795
Capital outlay	8,284	9,436	7,000	3,426	4,987	8,587	9,838	9,275	9,156	16,954
Debt service:										
Principal	3,095	4,095	4,305	4,430	4,180	4,040	3,900	4,330	3,906	3,915
Interest	2,645	1,813	1,567	1,669	1,690	1,703	1,718	1,283	1,258	1,075
Total expenditures	<u>185,014</u>	<u>177,704</u>	<u>170,964</u>	<u>169,839</u>	<u>167,319</u>	<u>165,205</u>	<u>162,921</u>	<u>158,669</u>	<u>151,253</u>	<u>149,811</u>
Excess of revenues under expenditures	<u>(8,687)</u>	<u>(15,209)</u>	<u>(14,782)</u>	<u>(11,698)</u>	<u>(8,214)</u>	<u>(5,014)</u>	<u>(12,269)</u>	<u>(11,833)</u>	<u>(8,278)</u>	<u>(11,522)</u>
Other financing sources (uses):										
Transfers in	19,340	17,253	16,387	15,713	15,824	14,773	9,523	10,746	11,092	11,701
Transfers out	(10,147)	(8,381)	(7,571)	(7,248)	(7,308)	(6,969)	(2,056)	(2,808)	(3,003)	(4,262)
Issuance of capital leases								617		
Bonds issued	1,205	3,575	7,970		5,450	8,800	6,740	12,365		9,680
Bond premium	44	77	291		1,093	247	419	1,368		181
Refunding bonds issued	15,920				5,750			5,780		2,725
Payment to refunding bond escrow agent	(15,780)				(6,413)			(6,226)		(2,760)
Total other financing sources	<u>10,582</u>	<u>12,524</u>	<u>17,077</u>	<u>8,465</u>	<u>14,396</u>	<u>16,851</u>	<u>14,626</u>	<u>21,842</u>	<u>8,089</u>	<u>17,265</u>
Net change in fund balances	1,895	(2,685)	2,295	(3,233)	6,182	11,837	2,357	10,009	(189)	5,743
Fund Balances at Beginning of Year, as restated	<u>43,774</u>	<u>45,908</u>	<u>43,613</u>	<u>46,846</u>	<u>40,664</u>	<u>28,827</u>	<u>26,470</u>	<u>16,461</u>	<u>16,650</u>	<u>10,907</u>
Fund Balances at End of Year	<u>\$ 45,669</u>	<u>\$ 43,223</u>	<u>\$ 45,908</u>	<u>\$ 43,613</u>	<u>\$ 46,846</u>	<u>\$ 40,664</u>	<u>\$ 28,827</u>	<u>\$ 26,470</u>	<u>\$ 16,461</u>	<u>\$ 16,650</u>
Debt Service as a Percentage of Noncapital Expenditures	3.23%	3.60%	3.60%	3.77%	3.64%	3.61%	3.56%	3.63%	3.52%	3.69%

Notes:

(1) Schedule prepared on the modified accrual basis of accounting.

CITY OF NORWICH, CONNECTICUT
PROPERTY TAX ASSESSMENT
LAST TEN FISCAL YEARS
(In Thousands)

TABLE 5

Fiscal Year Ended June 30	Grand List Year October 1	Real Estate		Personal Property		Total Assessed Value	Less: Exemptions	Total Taxable Assessed Value	Total Adjusted Tax Levy (General Fund, CCD Fire Taxes and TCD Taxes)	Average Direct Rate (in Mills)	Estimated Actual Taxable Value	Taxable Assessed Value as a Percentage of Actual Taxable Value	State Equalized Net Grand List
		Industrial/Commercial	Residential	Motor Vehicles	Other								
2021	2019	\$ 446,291	\$ 1,231,169	\$ 233,367	\$ 209,876	\$ 2,120,704	\$ 74,657	\$ 2,046,046	\$ 89,459	43.72	\$ 2,922,923	70.00%	\$ 3,101,046
2020	2018'	444,160	1,222,558	229,102	207,495	2,103,315	76,226	2,027,088	86,610	42.73	2,895,840	70.00%	2,839,954
2019	2017	380,568	1,168,912	229,468	208,401	1,987,349	83,785	1,903,564	81,545	42.84	2,719,377	70.00%	2,801,852
2018	2016	354,974	1,156,298	227,777	159,304	1,898,352	37,976	1,860,376	78,849	42.38	2,657,679	70.00%	2,711,520
2017	2015	352,574	1,153,311	226,975	147,557	1,880,418	34,215	1,846,203	78,980	42.78	2,637,432	70.00%	2,707,001
2016	2014	351,104	1,149,342	223,067	141,106	1,864,620	38,569	1,826,051	79,320	43.44	2,608,644	70.00%	2,670,158
2015	2013'	347,541	1,148,374	226,420	138,284	1,860,619	38,117	1,822,502	74,316	40.78	2,603,574	70.00%	2,574,692
2014	2012	453,582	1,669,529	194,509	140,057	2,457,677	33,750	2,423,927	70,865	29.24	3,462,753	70.00%	2,936,728
2013	2011	454,877	1,675,445	218,925	144,144	2,493,392	38,323	2,455,068	69,179	28.18	3,507,241	70.00%	2,432,705
2012	2010	453,611	1,663,064	186,880	132,490	2,436,044	41,816	2,394,228	63,162	26.38	3,420,326	70.00%	2,942,694

Source: City of Norwich Assessor's Office; *Municipal Fiscal Indicators*, Connecticut Office of Policy & Management

Notes:
Revaluations were done for Grand Lists October 1, 2013 and October 1, 2018. The next revaluation will be on the October 1, 2023. Property is assessed at approximately 70% of its market value.

CITY OF NORWICH, CONNECTICUT
 PRINCIPAL PROPERTY TAXPAYERS
 OCTOBER 1, 2019 AND OCTOBER 1, 2010
 (In Thousands)

TABLE 6

Business Name	Nature of Business	October 1, 2019			October 1, 2010		
		Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Computer Science Corporation	Computer Products & Services	\$ 49,644	1	2.43%	\$ 32,494	1	1.36%
NorwichTown Commons	Shopping Center	19,080	2	0.93%			0.00%
Bob's Discount Furniture	Retail Store & Distribution Warehouse	16,778	3	0.82%	25,397	2	1.06%
Norwich Realty Associates LP	Real Estate	11,381	4	0.56%			0.00%
Domino Solar Ltd.	Solar Installations	11,203	5	0.55%			0.00%
Plaza Enterprises	Shopping Center	11,026	6	0.54%	14,782	3	0.62%
Mashantucket Pequot Tribe	Real Estate	10,297	7	0.50%	10,045	5	0.42%
Elk Thamesview LLC	Apartments	9,411	8	0.46%			0.00%
Wal-Mart Stores, Inc.	Department Store	9,151	9	0.45%	10,010	6	0.42%
Algonquin Gas Transmissions LLC	Natural Gas Pipeline	8,772	10	0.43%	9,007	9	0.38%
Freeport-McMoran (fka Phelps Dodge)	Manufacturing - Copper			0.00%	14,064	4	0.59%
Dime Savings Bank	Bank			0.00%	9,506	7	0.40%
SEA Norwich LLC	Shopping Center			0.00%	9,164	8	0.38%
Norwich Community Development Corp	Office Building			0.00%	8,870	10	0.37%
Total		\$ 156,743		7.73%	\$ 143,338		5.95%

Source: City of Norwich Assessor's Office

Note: The October 1, 2019 grand list was the base grand list utilized for the tax bills issued July 1, 2020 for the 2021 fiscal year.

CITY OF NORWICH, CONNECTICUT
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS
(In Thousands)

TABLE 7

Fiscal Year Ended June 30	Net Taxable Grand List	Mill Rate	Adjusted Tax Levy for Fiscal Year	Collected Within the Fiscal Year of the Levy		Collections in Subsequent	Total Collections to Date		Total Direct Rates		
				Amount	Percentage		Amount	Percentage	City Consolidated District	Town Consolidated District	
<u>General Fund</u>											
2021	\$ 2,046,046	42.06	\$ 85,139	\$ 82,919	97.39%	\$ -	\$ 82,919	97.39%	\$ 48.47	\$ 42.38	
2020	2,027,088	40.28	81,312	79,043	97.21%	1,261	80,304	98.76%	47.99	40.64	
2019	1,903,564	41.01	76,713	74,447	97.05%	1,987	76,434	99.64%	48.39	41.46	
2018	1,860,376	40.52	74,351	72,124	97.01%	2,040	74,164	99.75%	48.74	40.67	
2017	1,846,203	41.22	74,366	72,150	97.02%	2,072	74,223	99.81%	49.06	41.69	
2016	1,826,051	40.90	74,375	72,017	96.83%	2,253	74,270	99.86%	48.06	41.39	
2015	1,822,502	38.55	69,248	66,667	96.27%	2,502	69,169	99.89%	45.93	39.04	
2014	2,423,927	27.23	65,922	63,721	96.66%	2,121	65,842	99.88%	32.27	27.59	
2013	2,455,068	26.54	64,618	62,401	96.57%	2,169	64,570	99.93%	31.10	26.90	
2012	2,394,228	24.76	59,110	57,141	96.67%	1,937	59,078	99.95%	28.83	25.12	
<u>City Consolidation District (CCD) Fire Tax</u>											
2021	\$ 660,965	6.41	\$ 3,885	\$ 3,766	96.95%	\$ -	\$ 3,766	96.95%			
2020	656,653	7.71	4,804	4,623	96.24%	101	4,724	98.35%			
2019	624,670	7.38	4,263	4,107	96.33%	129	4,236	99.36%			
2018	612,003	8.22	4,331	4,200	96.96%	109	4,309	99.47%			
2017	616,753	7.84	4,099	3,986	97.23%	98	4,083	99.61%			
2016	613,919	7.16	4,347	4,144	95.34%	191	4,335	99.73%			
2015	614,079	7.38	4,481	4,249	94.84%	221	4,470	99.77%			
2014	864,925	5.04	4,378	4,172	95.30%	196	4,367	99.77%			
2013	896,123	4.56	3,995	3,809	95.35%	180	3,989	99.85%			
2012	864,402	4.07	3,496	3,329	95.22%	164	3,493	99.90%			
<u>Town Consolidation District (TCD) Volunteer Fire Relief Tax</u>											
2021	\$ 1,385,081	0.32	\$ 435	\$ 428	98.39%	\$ -	\$ 428	98.39%			
2020	1,370,435	0.36	494	486	98.37%	4	490	99.22%			
2019	1,278,893	0.45	568	558	98.12%	9	567	99.79%			
2018	1,248,373	0.15	166	165	98.96%	1	166	99.85%			
2017	1,229,450	0.47	515	508	98.67%	6	515	99.90%			
2016	1,212,132	0.49	598	586	98.09%	11	597	99.93%			
2015	1,208,423	0.49	587	572	97.34%	15	587	99.95%			
2014	1,559,002	0.36	564	552	97.80%	12	564	99.95%			
2013	1,558,946	0.36	566	554	97.78%	12	566	99.97%			
2012	1,529,826	0.36	556	544	97.90%	12	556	99.97%			

Notes:

For fiscal year 2016-17 and 2017-18, the Mill Rates listed above only apply to real estate and personal property. The mill rate for motor vehicles was capped at 37 mills and 39 mills for 2016-17 and 2017-18, respectively.

CITY OF NORWICH, CONNECTICUT
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS
(In Thousands)

Fiscal Year	Governmental Activities			Business-Type Activities				Total Debt			General Obligation Bonds		
	General Obligation Bonds	Special Assessment Bonds	Capital Leases	General Obligation Bonds	Revenue Bonds	Intergovernmental Loans	Capital Leases / Notes Payable	Total Primary Government	Debt to Total Personal Income ²	Debt per Capita ²	Total GO Debt	GO Debt to Estimated Actual Value of Taxable Property	GO Debt per Capita ²
2021	\$ 46,395	\$.	\$ 125	\$.	\$.	\$ 13,433	\$ 1,174	\$ 61,126	5.22%	\$ 1,577	\$ 46,395	1.59%	\$ 1,197
2020	48,119		185	26		14,614	1,220	64,163	5.82%	1,655	48,145	1.66%	1,242
2019	48,629		350	66		15,893	1,737	66,675	5.94%	1,689	48,695	1.79%	1,234
2018	44,953		514	107		14,292	1,856	61,722	5.62%	1,564	45,060	1.70%	1,142
2017	52,014		675	143		15,372	196	68,400	6.45%	1,729	52,157	1.98%	1,319
2016	50,233		830	183		15,055	551	66,852	6.18%	1,676	50,416	1.93%	1,264
2015	43,592		979	223		12,005	945	57,744	5.63%	1,437	43,815	1.68%	1,091
2014	40,810		1,123	263		12,773	1,017	55,986	5.46%	1,393	41,073	1.19%	1,022
2013	33,090		1,227	355		4,939	1,349	40,960	3.89%	1,015	33,445	0.95%	829
2012	29,951		730	7,454		3,744	1,621	43,500	4.12%	1,074	37,405	1.09%	924

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

¹ See Property Tax Assessment schedule

² See Demographic Statistics schedule

CITY OF NORWICH, CONNECTICUT
STATEMENT OF DEBT LIMITATION
JUNE 30, 2021
(In Thousands)

Total Tax Collections, Including Interest and Lien Fees						\$	81,596
Total Tax Collections, Norwich Fire District							<u>5,277</u>
Base						\$	<u><u>86,873</u></u>
	General Purpose	Schools	Sewers	Urban Renewal	Pension Deficit		Total
Debt Limitation:							
2-1/4 times base	\$ 195,464	\$	\$	\$	\$	\$	
4-1/2 times base		390,929					
3-3/4 times base			325,774				
3-1/4 times base				282,337			
3 times base					260,619		
7 times base							608,111
Total debt limitation	<u>195,464</u>	<u>390,929</u>	<u>325,774</u>	<u>282,337</u>	<u>260,619</u>		<u>608,111</u>
Indebtedness:							
Bonds and serial notes payable	23,106	4,557	2,255	2,045			31,963
Capital leases	125						125
Bonds authorized and unissued	6,755			117			6,872
Total indebtedness	<u>29,986</u>	<u>4,557</u>	<u>2,255</u>	<u>2,162</u>			<u>38,960</u>
Debt Limitation in Excess of Outstanding and Authorized Debt	<u>\$ 165,478</u>	<u>\$ 386,372</u>	<u>\$ 323,519</u>	<u>\$ 280,175</u>	<u>\$ 260,619</u>		<u>\$ 569,151</u>

Note 1: In no event shall total debt exceed seven times annual receipts from taxation. The maximum amount permitted would be \$600 million.

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

Note 3: Bonds and serial notes payable do not include State of Connecticut Serial Notes of \$16,068 as they are self supporting debt.

CITY OF NORWICH, CONNECTICUT
LEGAL DEBT MARGIN INFORMATION AND CONTINUING DISCLOSURE AGREEMENT RATIOS
LAST TEN FISCAL YEARS
(In Thousands)

TABLE 10

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Calculation of Legal Debt Limit										
Tax Collections										
General Fund tax collections	\$ 81,590	\$ 77,469	\$ 74,954	\$ 75,168	\$ 76,946	\$ 69,575	\$ 66,620	\$ 64,834	\$ 59,274	\$ 56,857
Fire District collections	5,283	4,840	4,521	4,712	5,005	5,087	4,935	4,550	4,046	3,961
Reimbursement for loss on tax exempt properties					2	2	4	4	8	10
Taxable Base	86,873	82,309	79,475	79,880	81,953	74,664	71,559	69,388	63,329	60,828
Times limit of 7	7	7	7	7	7	7	7	7	7	7
Overall Legal Debt Limit	608,111	576,163	556,326	559,160	573,671	522,650	500,913	485,714	443,300	425,794
Indebtedness:										
Long-term debt										
General Purpose Bonds Payable	23,106	23,806	22,858	16,861	18,289	17,347	15,705	14,794	13,134	15,140
School Bonds	4,557	5,076	6,135	7,300	8,528	9,832	10,525	11,122	12,449	13,497
Sewers	2,255	2,417	2,717	3,107	3,551	4,036	4,571	5,315	5,509	6,158
Urban renewal	2,045	1,805	1,855	1,505	1,700	1,885	715			
Water	7,274	7,784	15,929	6,356	6,869	5,951	2,248	2,052	2,108	2,411
Capital leases	125	185	350	514	675	830	979	1,123	1,268	730
Gas line extensions	14,432	15,041	14,998	16,019	17,041	14,907	11,509	8,730	1,000	1,000
Bonds authorized and unissued	6,872	8,122	4,912	11,872	3,935	4,709	9,622	14,735	11,081	10,905
Total indebtedness (1)	60,666	64,236	69,753	63,534	60,588	59,497	55,873	57,872	46,549	49,841
Less:										
Water bonds and serial notes payable	(7,274)	(7,784)	(15,929)	(6,356)	(6,869)	(5,951)	(2,248)	(2,052)	(2,108)	(2,411)
School building grants									(99)	(198)
Gas line extensions	(14,432)	(15,041)	(14,998)	(16,019)	(17,041)	(14,907)	(11,509)	(8,730)	(1,000)	(1,000)
Net indebtedness applicable to legal debt limit (1)	38,960	41,410	38,827	41,159	36,679	38,639	42,116	47,090	43,342	46,231
Debt Limitation in Excess of Outstanding and Authorized Debt	\$ 569,151	\$ 534,753	\$ 517,500	\$ 518,001	\$ 536,992	\$ 484,012	\$ 458,797	\$ 438,624	\$ 399,959	\$ 379,562
Total net debt applicable to the limit as a percentage of debt limit	6.41%	7.19%	6.98%	7.36%	6.39%	7.39%	8.41%	9.70%	9.78%	10.86%
Net indebtedness as a percentage of net taxable assessed value (1)	1.904%	2.043%	2.040%	2.212%	1.987%	2.116%	2.311%	1.943%	1.765%	1.931%
Net indebtedness per capita	1,005	1,068	984	1,043	927	968	1,048	1,172	1,074	1,141

(Continued on next page)

CITY OF NORWICH, CONNECTICUT
LEGAL DEBT MARGIN INFORMATION AND CONTINUING DISCLOSURE AGREEMENT RATIOS (CONTINUED)
LAST TEN FISCAL YEARS
(In Thousands)

TABLE 10

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Calculation of Continuing Disclosure Agreement Ratios										
Reconciliation of Direct Debt and Net Direct Debt (2)										
Total indebtedness per legal debt limit	\$ 60,666	\$ 69,753	\$ 63,534	\$ 60,588	\$ 59,497	\$ 55,873	\$ 57,872	\$ 46,549	\$ 49,841	\$ 51,556
Less: Authorized but unissued debt	(6,872)	(4,912)	(11,872)	(3,935)	(4,709)	(9,622)	(14,735)	(11,081)	(10,905)	(18,265)
Total Direct Debt	<u>53,793</u>	<u>64,841</u>	<u>51,662</u>	<u>56,653</u>	<u>54,788</u>	<u>46,251</u>	<u>43,138</u>	<u>35,468</u>	<u>38,936</u>	<u>33,291</u>
Less: Water bonds and sewer indirect self-funding debt	(9,528)	(18,646)	(9,463)	(10,420)	(9,987)	(6,819)	(7,368)	(7,617)	(8,569)	(7,283)
Less: School building grants							(99)	(99)	(198)	(300)
Total Net Direct Debt	<u>44,265</u>	<u>46,196</u>	<u>42,199</u>	<u>46,233</u>	<u>44,800</u>	<u>39,432</u>	<u>35,770</u>	<u>27,752</u>	<u>30,169</u>	<u>25,707</u>
Equalized Net Grand List ("ENGL") (3)	3,101,046	2,801,852	2,711,520	2,707,001	2,670,158	2,574,692	2,936,728	2,432,705	2,942,694	3,147,981
Valuation Date	10/1/2018	10/1/2017	10/1/2016	10/1/2015	10/1/2014	10/1/2013	10/1/2012	10/1/2011	10/1/2010	10/1/2009
Ratio of Direct Debt to ENGL	1.735%	1.976%	2.314%	1.905%	2.093%	2.052%	1.796%	1.469%	1.458%	1.323%
Total Direct Debt Per Capita	\$1,387.57	1,447.43	1,642.80	1,308.89	1,432.22	1,373.16	1,151.16	1,073.66	879.07	961.34
Ratio of Net Direct Debt to ENGL	1.427%	1.617%	1.649%	1.556%	1.708%	1.678%	1.532%	1.218%	1.141%	1.025%
Total Net Direct Debt Per Capita	\$1,141.79	1,184.31	1,170.40	1,069.14	1,168.80	1,122.84	981.44	890.29	687.83	744.88
Ratio of Net General Bonded Debt to ENGL	0.892%	1.017%	1.035%	0.891%	0.991%	1.018%	1.019%	0.882%	1.048%	0.966%
Total Net General Bonded Debt Per Capita	713.56	\$745.01	\$734.55	\$612.13	\$677.97	\$681.18	\$652.83	\$645.05	\$631.62	\$702.16

Notes:

- 1 Total and net indebtedness calculated in accordance with Connecticut General Statutes
- 2 The city has no overlapping debt
- 3 The Equalized Net Grand List is calculated annually by the State of Connecticut Office of Policy & Management and is an approximation of the actual value of taxable property.

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

TABLE 11

Fiscal Year	Population (1)	Per Capita Personal Income (2)	Total Personal Income (thousands) (2)	School Enrollment (3)	Employed (4)	Unemployed (4)	Percentage Unemployed			
							City of Norwich (4)	New London/ Norwich Market (4)	State of Connecticut (4)	United States (5)
2021	38,768	\$ 30,201	\$ 1,170,832	4,798	17,332	1,630	8.6%	6.7%	6.1%	5.3%
2020	38,768	28,429	1,102,135	4,977	18,065	1,924	9.6%	6.9%	5.8%	6.6%
2019	39,470	28,429	1,122,093	5,009	19,964	802	3.9%	3.5%	3.6%	4.0%
2018	39,470	27,825	1,098,253	4,996	20,083	1,032	4.9%	4.2%	4.5%	4.1%
2017	39,556	26,823	1,061,011	5,054	20,217	1,163	5.4%	4.8%	5.0%	4.6%
2016	39,899	27,111	1,081,702	5,123	19,387	1,374	6.6%	5.5%	5.6%	5.0%
2015	40,178	25,510	1,024,941	5,255	19,246	1,418	6.9%	5.7%	5.5%	5.2%
2014	40,178	25,510	1,024,941	5,287	20,126	1,698	7.8%	6.6%	6.5%	6.1%
2013	40,347	26,094	1,052,796	5,283	19,999	1,929	8.8%	8.2%	8.1%	7.3%
2012	40,502	26,060	1,055,463	5,330	20,719	2,110	9.2%	8.6%	8.4%	8.2%

- (1) State of Connecticut Department of Public Health, US Census Bureau
- (2) U.S. Census Bureau, 2010 Census and American Community Survey (CP03 and DP03)
- (3) School enrollment includes Norwich students attending the quasi-private high school, Norwich Free Academy
- (4) Labor Department, State of Connecticut
- (5) U.S. Department of Labor Bureau of Labor Statistics

CITY OF NORWICH, CONNECTICUT
 PRINCIPAL EMPLOYERS
 2021 AND 2012

TABLE 12

Business Name	Nature of Business	2021			2012		
		Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
William W. Backus Hospital	Medical Center	1,895		10.93%	1,687	1	8.14%
City of Norwich (incl. NPU & BOE)	Municipality	1,154		6.66%	991	2	4.78%
State of Connecticut	All State agencies	944		5.45%	966	3	4.66%
Bob's Discount Furniture	Distribution Center	553		3.19%	530	4	2.56%
Norwich Free Academy	Quasi-private high school	345		1.99%	264	9	1.27%
U.S. Food Service	Food Distribution	300		1.73%			0.00%
United Community & Family Services	Healthcare & community services	276		1.59%			0.00%
Nordson EFD	Plastics Products Manufacturing	270		1.56%			0.00%
The American Group	Ambulance Service and other operations	219		1.26%	303	7	1.46%
Shop Rite	Grocery	180		1.04%	268	8	1.29%
Electric Boat	Engineering for submarines			0.00%	485	5	2.34%
Interim Healthcare of Eastern CT	Healthcare			0.00%	400	6	1.93%
Computer Science Corporation	Computer Products & Services			0.00%	250	10	1.21%
Total		6,136		35.40%	6,144		31.81%

Source: December 2021 survey by Norwich Community Development Corporation. Not all companies responded.

**CITY OF NORWICH, CONNECTICUT
BUDGETED FULL-TIME EQUIVALENT EMPLOYEES
LAST TEN FISCAL YEARS**

TABLE 13

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
General City										
City Council	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
City Manager	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Finance	12.5	12.5	11.5	11.5	12.0	12.0	12.0	12.0	12.0	12.0
Assessment	4.0	4.0	3.6	3.0	3.0	4.0	4.0	4.0	4.0	4.0
Treasurer	3.0	3.0	2.8	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Human Resources	4.0	4.0	3.6	4.0	4.0	4.6	4.6	4.6	4.6	3.6
City Clerk	4.5	4.5	4.5	4.5	4.0	5.0	4.0	4.0	4.0	4.0
Planning & Neighborhood Services	9.0	9.0	9.0	9.0	9.5	11.0	10.0	10.0	10.0	10.0
Election	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Police	103.0	104.5	104.5	104.8	106.8	110.5	110.8	110.8	107.0	100.0
Fire	58.8	58.8	58.8	58.7	59.0	61.0	62.0	61.0	62.6	59.6
Emergency Management	0.3	0.3	0.3	0.3	1.0	1.0	1.0	1.0	1.0	1.0
PW Street Maintenance	32.0	32.0	32.0	34.0	35.0	37.0	37.0	36.0	36.0	36.0
PW Engineering & Administration	6.0	6.0	6.0	6.0	6.0	5.0	5.0	5.0	5.0	5.0
PW Fleet Maintenance	7.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0
PW Solid Waste	0.0	0.0	0.0	0.0	3.0	3.0	3.0	3.0	3.0	3.0
PW Building Maintenance	9.0	9.0	9.0	9.0	9.0	9.0	9.0	9.0	9.0	8.0
PW Parking Maintenance	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Senior Citizens Center	7.0	7.0	7.0	7.0	7.0	7.6	7.6	7.0	7.6	6.5
Youth Service Bureau	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Human Services	3.4	3.4	3.4	3.0	3.0	5.0	5.0	5.0	7.0	7.0
Recreation	5.0	5.0	5.0	5.6	5.0	5.0	5.0	6.0	6.0	5.5
Subtotal - General City	<u>277.5</u>	<u>279.0</u>	<u>277.0</u>	<u>279.4</u>	<u>286.3</u>	<u>299.7</u>	<u>299.0</u>	<u>297.4</u>	<u>297.8</u>	<u>284.2</u>
Board of Education										
General Fund-funded positions	379.5	379.5	447.7	410.5	375.9	409.7	388.3	357.2	358.8	342.5
State & federal grant-funded positions	36.1	38.7	28.0	31.0	42.3	42.3	39.0	39.0	37.5	37.5
School Lunch (state & federal grant)	21.3	21.3	21.3	21.0	22.3	22.3	22.3	22.3	12.0	12.0
Adult Education (state & federal grant)	291.5	307.9	266.1	226.4	220.9	214.6	184.3	184.3	94.2	90.2
Subtotal - Board of Education	<u>728.4</u>	<u>747.4</u>	<u>763.1</u>	<u>688.9</u>	<u>661.3</u>	<u>688.8</u>	<u>633.9</u>	<u>602.8</u>	<u>502.5</u>	<u>482.2</u>
Norwich Public Utilities	<u>148.0</u>	<u>146.0</u>	<u>147.5</u>	<u>148.5</u>	<u>149.5</u>	<u>149.5</u>	<u>146.5</u>	<u>142.0</u>	<u>148.0</u>	<u>152.0</u>
Grand totals	<u>1153.9</u>	<u>1172.4</u>	<u>1187.6</u>	<u>1116.8</u>	<u>1097.1</u>	<u>1138.0</u>	<u>1079.4</u>	<u>1042.2</u>	<u>948.3</u>	<u>918.4</u>

Notes on this Table:
Source: City Adopted Budget documents

**CITY OF NORWICH, CONNECTICUT
OPERATING INDICATORS BY FUNCTION
LAST TEN FISCAL YEARS**

TABLE 14

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Function										
<i>General Government</i>										
Finance										
Number of tax and refuse bills mailed +	50,070	50,371	50,511	49,698	50,157	49,697	49,336	49,587	49,767	50,175
Number of internal control reviews performed	2	2	3	14	2	2	2	2	2	2
Assessor										
Number of deeds processed	1,976	1,758	1,526	1,497	1,426	1,489	1,496	1,401	1,301	982
Personal property declarations	1,912	2,027	1,784	1,780	1,763	1,833	1,719	1,792	1,754	1,795
Board of assessment appeals adjustments	6	7	27	434	96	43	10	110	33	37
Human Resources										
Number of applications processed	3,081	2,271	2,412	3,510	2,327	1,597	1,349	1,372	1,521	1,475
Vacancies filled through promotion	26	31	27	25	26	19	19	6	12	14
Vacancies filled through new hires	40	32	29	19	21	21	29	15	34	19
Employee turnover rate (includes retirees)	9.0%	9.2%	7.0%	7.9%	6.3%	5.0%	1.5%	2.0%	9.5%	7.0%
City Clerk										
Land records recorded	7,434	6,871	5,985	6,517	6,597	5,822	6,146	6,823	7,018	6,154
Marriage licenses issued	297	217	230	432	302	300	274	285	312	301
Death certificates recorded	1,020	558	555	563	479	476	517	433	484	509
Birth certificates recorded	827	876	854	949	936	941	860	894	842	940
Management Information Systems										
Website visits	299,584	344,707	284,917	263,343	280,797	303,488	274,847	219,706	246,421	200,043
Election										
Voters added	3,882	1,752	2,316	1,717	3,490	1,908	856	465	2,255	667
Voters removed	3,082	1,632	3,324	4,830	2,507	1,827	895	1,043	2,786	683
Voter changes	6,379	2,829	3,754	3,591	5,100	2,541	2,124	6,258	6,873	2,021
Total voters	25,104	20,525	20,999	20,085	25,013	24,167	21,129	21,343	21,005	20,474
Planning & Neighborhood Services										
Site development plans	12	13	13	13	3	5	5	6	7	4
Zoning permit applications	333	289	260	259	251	263	172	266	303	672
Zoning complaints	40	28	54	70	47	47	68	80	84	351
Code violations	943	793	986	826	1,178	572	273	349	368	572
Citations issued	144	181	214	22	77	145	76	61	88	375
<i>Education</i>										
Average Class Size - Kindergarten	16.7	16.9	19.8	20.4	21.3	20.3	20.6	19.7	20.5	18.5
Average Class Size - Grade 2	20.0	17.1	20.1	19.9	21.9	19.5	19.6	19.6	20.2	19.4
Average Class Size - Grade 5	18.4	16.6	21.5	22.4	23.0	20.1	21.1	20.2	21.9	20.3
Average Class Size - Grade 7	21.7	23.5	22.0	22.9	22.9	21.5	24.5	21.3	18.7	19.8
<i>Public Safety</i>										
Police										
911 calls•	21,956	21,103	20,920	22,648	22,290	22,189	20,506	22,215	23,663	23,064
Non-emergency calls •	31,060	35,016	36,156	39,045	35,141	35,020	36,646	34,302	33,672	32,499
DWI arrests •	86	144	197	212	171	196	182	223	192	207
Fire										
Central Fire Department										
Service Calls	2,322	2,265	2,409	2,874	2,430	2,381	2,784	2,418	2,460	2,422
East Great Plain VFD										
Service Calls	883	844	975	961	784	823	786	798	904	936
Laurel Hill VFD										
Service Calls	N/A	111	118	118	105	118	103	101	113	106
OccumVFD										
Service Calls	189	166	188	240	207	161	255	228	184	169
TaftvilleVFD										
Service Calls	N/A	751	783	N/A	670	646	666	661	698	754
YanticVFD										
Service Calls	584	682	688	617	570	683	631	622	607	621
Emergency Management										
Hours of emergency training	1,850	1,850	1,900	1,100	357	1,530	1,450	1,171	1,030	1,145
Shelters maintained	13	17	17	17	16	16	16	16	16	16

(Continued on next page)

CITY OF NORWICH, CONNECTICUT
 OPERATING INDICATORS BY FUNCTION (CONTINUED)
 LAST TEN FISCAL YEARS

TABLE 14

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Function										
<i>Social Services</i>										
Recreation										
Number of youth registrations	1,672	3,325	3,099	3,476	2,613	2,177	2,122	2,035	2,343	3,671
Number of youth program hours	2,003	4,862	9,892	2,295	2,283	1,725	1,575	1,500	3,526	3,530
Adults & Seniors registrations	341	839	884	607	158	160	226	239	115	86
Adults & Seniors program hours	325	973	2,473	165	87	278	335	350	384	401
Human Services										
General Human Services										
Job placements	22	30	218	111	134	225	225	243	259	251
Individuals relocated due to condemnation	13	55	150	18	55	80	72	88	56	50
Rent & housing assistance cases	91	133	72	195	215	202	130	123	112	107
Senior Center										
Preventative health programs & services	1,383	5,891	9,060	9,013	10,039	9,975	9,836	9,836	10,000	10,059
Outreach services	3,233	2,720	3,182	2,979	2,639	1,050	997	997	851	627
Youth & Family Services										
Counseling cases	16	28	71	79	60	55	83	83	87	95
Young parent cases										37
Youth employment	146	176	106	42	129	170	168	169	174	121
Juvenile justice/ diversion	36	48	92	89	63	81	67	67	86	33
<i>Public Works</i>										
Engineering & Administration										
Road miles paved	5.30	4.20	4.00	6.00	3.44	9.10	6.20	4.83	6.80	4.80
Road miles chip sealed or crack sealed	5.50	7.00	0.00	3.50	4.63	5.00	5.30	10.65	6.00	3.00
<i>Utilities</i>										
Gas service calls	2,125	2,270	2,444	2,666	3,042	2,933	3,290	4,057	5,230	3,989
Electric service calls	722	816	1,399	1,934	1,347	1,526	1,313	1,228	1,106	3,570
Water service calls	831	1,366	1,995	2,277	2,437	2,797	2,277	2,635	982	1,910
Sewer service calls	127	137	58	152	195	345	142	162	116	120

Source: The respective City departments.

N/A - not available

NIR - Not reported before

* - Statistics are reported on a calendar year basis. For example, in the fiscal year 2021 column, these are the statistics for calendar year 2020.

†+ - The City stopped sending separate refuse bills in 2009.

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

TABLE 15

Fiscal Year	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Function										
<i>Education</i>										
School buildings	13	13	13	13	13	13	13	13	13	13
Administrative buildings										
<i>Public Safety</i>										
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Vehicles	48	50	50	50	50	50	39	39	39	39
Fire										
Firefighting/rescue vehicles	24	27	27	27	27	27	27	27	27	27
Other vehicles	29	31	31	31	31	31	11	11	11	11
Fire stations	7	7	7	7	7	7	7	7	7	7
<i>Social Services</i>										
Recreation										
Number of basketball courts	16	16	16	16	16	16	16	16	16	16
Number of football fields										
Number of multi-use fields	15	15	15	15	15	15	15	15	15	15
Number of playgrounds	14	14	14	14	14	14	14	14	14	14
Number of soccer fields	4	4	4	4	4	4	4	4	4	4
Number of softball fields	5	5	5	5	5	5	5	5	5	5
Number of tennis courts	4	8	10	10	10	10	10	10	10	10
Mowers	4	5	5	5	5	5	5	5	5	5
Other vehicles	11	5	5	5	5	5	5	5	5	5
<i>Public Works</i>										
Streets & Parks Maintenance										
Dump trucks	33	34	34	36	36	36	25	24	24	23
Sweepers	2	2	2	3	3	3	2	3	3	3
Parks	14	14	14	10	10	10	10	10	10	7
Cemeteries	8	8	8	8	8	8	8	8	8	8
Mowers	11	18	18	16	16	16	16	16	12	11
Building Maintenance										
Parking lots	14	14	14	14	14	14	13	13	13	12
Parking garages	4	4	4	4	4	4	4	4	4	4
<i>Utilities</i>										
Gas										
Gas distribution main (miles)	156	156	158	156	156	156	151	149	142	141
Electric										
Distribution lines	232	232	233	232	232	234	235	235	233	229
Street lights	4,150	4,146	4,150	4,181	4,172	4,180	4,292	4,292	4,292	4,290
Water										
Water distribution system (miles)	201	199	196	196	196	195	196	195	195	190
Sewer										
Sewer distribution system (miles)	138	138	137	136	136	130	129	129	127	121
Fiber Optic										
Fiber optic cable (miles)	82	82	82	80	77	75	74	72	72	65

Source: The respective City departments.