

**CITY OF NORWICH, CONNECTICUT  
DEPARTMENT OF PUBLIC UTILITIES**

**FINANCIAL STATEMENTS**

**JUNE 30, 2021**



WEALTH ADVISORY | OUTSOURCING  
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DEPARTMENT OF PUBLIC UTILITIES  
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JUNE 30, 2021**

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## **Independent Auditors' Report**

To the Honorable Members of the  
Public Utilities Commission and the Sewer Authority  
City of Norwich, Connecticut, Department of Public Utilities

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the City of Norwich, Connecticut, Department of Public Utilities (the Department), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Department'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 an opinion 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 opinion.

## ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the City of Norwich, Connecticut, Department of Public Utilities as of June 30, 2021, and the changes in its financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

## ***Emphasis of Matter***

As discussed in Note 1, the financial statements present only the Department and do not purport to, and do not, present fairly the financial position of the City of Norwich, Connecticut, as of June 30, 2021 and 2020 and the changes in its financial position and, where applicable, its cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

## ***Other Matters***

### *Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Department's basic financial statements. The combining and individual division financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual division 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 division financial statements and schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

We have also previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statements of the Department as of and for the year ended June 30, 2020 (not presented herein), and have issued our report thereon dated March 11, 2021 which contained an unmodified opinion on the Department. The accompanying statements of net position, activities and cash flows as of and for the year ended June 30, 2020 for the Gas, Electric, Water and Sewer divisions are presented for purposes of additional analysis and are 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 statements of net position, activities and cash flows as of and for the year ended June 30, 2020 for the Gas, Electric, Water and Sewer divisions have 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 accompanying statements of net position, activities and cash flows for the Gas, Electric, Water and Sewer divisions are 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, Department of Public Utilities' 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, Department of Public Utilities' 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, Department of Public Utilities' internal control over financial reporting and compliance.

*CliftonLarsonAllen LLP*

West Hartford, Connecticut  
January 28, 2022

**CITY OF NORWICH, CONNECTICUT  
DEPARTMENT OF PUBLIC UTILITIES  
STATEMENT OF NET POSITION  
JUNE 30, 2021**

Assets:	
Current:	
Cash and cash equivalents	\$ 63,907,213
Receivables, net:	
User charges	13,142,298
Other	38,325
Due from City of Norwich	207,172
Inventories	1,815,698
Other assets	<u>2,228,413</u>
Total current assets	81,339,119
Capital assets, net	<u>152,911,864</u>
Total assets	<u>234,250,983</u>
Deferred Outflows of Resources:	
Deferred outflow of resources related to pensions	6,303,899
Deferred outflow of resources related to OPEB	<u>1,999,513</u>
Total deferred outflows of resources	<u>8,303,412</u>
Liabilities:	
Current liabilities:	
Accounts payable and accrued liabilities	7,235,035
Notes payable	1,883,440
Capital leases payable	60,877
Compensated absences	1,969,753
Risk management claims	235,244
Cash advances from other funds	1,154,800
Due to City of Norwich	<u>76,828</u>
Total current liabilities	<u>12,615,977</u>
Noncurrent liabilities:	
Customer deposits	3,018,398
Notes payable	25,154,697
Capital leases payable	194,144
Compensated absences	3,174,238
Risk management claims	662,727
Cash advances from other funds	11,890,059
Net pension liability	37,356,610
Net OPEB liability	<u>8,062,988</u>
Total noncurrent liabilities	<u>89,513,861</u>
Total liabilities	<u>102,129,838</u>
Deferred Inflows of Resources:	
Deferred inflow of resources related to pensions	5,855,048
Deferred inflow of resources related to OPEB	<u>147,748</u>
Total deferred inflows of resources	<u>6,002,796</u>
Net Position:	
Net investment in capital assets	125,618,706
Restricted for energy efficiency program	1,368,090
Unrestricted	<u>7,434,965</u>
Total Net Position	<u>\$ 134,421,761</u>

The accompanying notes are an integral part of the financial statements

**CITY OF NORWICH, CONNECTICUT  
DEPARTMENT OF PUBLIC UTILITIES  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2021**

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Operating revenues:	
Charges for services	\$ 88,851,050
Use of property	1,257,428
Other services	1,448,576
Total operating revenues	<u>91,557,054</u>
Operating expenses:	
Purchased gas and electric	28,596,557
Operations and maintenance	14,571,833
General and administrative	14,267,574
Depreciation	8,379,660
Pension expense	4,861,977
Customer accounts	2,903,335
Gross revenue and property taxes	3,024,807
OPEB expense	1,540,045
Total operating expenses	<u>78,145,788</u>
Operating Income	<u>13,411,266</u>
Nonoperating Income (Expenses):	
Interest income	69,286
Interest expense	(1,121,022)
Loss on disposal of capital assets	(641,602)
Other nonoperating revenue	536,716
Net nonoperating expenses	<u>(1,156,622)</u>
Income Before Contributions and Transfers	12,254,644
Capital Contributions	1,193,534
Transfer out to City of Norwich	<u>(9,169,722)</u>
Change in Net Position	4,278,456
Net Position at Beginning of Year	<u>130,143,305</u>
Net Position at End of Year	<u>\$ 134,421,761</u>

The accompanying notes are an integral part of the financial statements

**CITY OF NORWICH, CONNECTICUT  
DEPARTMENT OF PUBLIC UTILITIES  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2021**

Cash Flows from Operating Activities:	
Cash received from charges for services	\$ 94,081,874
Cash paid to vendors	(44,756,877)
Cash paid to employees for services	(25,102,956)
Net cash provided by (used in) operating activities	<u>24,222,041</u>
Cash Flows from Noncapital and Related Financing Activities:	
Transfers to City of Norwich	(9,169,722)
Customer deposits	(1,656)
Cash advance to other funds	(144,622)
Net cash provided by (used in) noncapital and related financing activities	<u>(9,316,000)</u>
Cash Flows from Capital and Related Financing Activities:	
Capital contributions	1,193,534
Purchases of capital assets	(6,864,641)
Proceeds from sale of capital assets	80,315
Proceeds from long-term debt	3,452,809
Principal payment on bonds and notes	(1,825,876)
Principal payment on capital leases	(65,946)
Interest payment on debt	(1,121,022)
Cash advances (repayments) from City of Norwich	99,430
Other nonoperating revenues	536,716
Net cash provided by (used in) capital and related financing activities	<u>(4,514,681)</u>
Cash Flows from Investing Activities:	
Income on investments	69,286
Net cash provided by (used in) investing activities	<u>69,286</u>
Net Increase (Decrease) in Cash and Cash Equivalents	10,460,646
Cash and Cash Equivalents at Beginning of Year	<u>53,446,567</u>
Cash and Cash Equivalents at End of Year	<u>\$ 63,907,213</u>
Reconciliation of Operating Income to Net Cash Provided by (Used in)	
Operating Activities:	
Operating income	\$ 13,411,266
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:	
Depreciation expense	8,379,660
Change in deferred outflow of resources related to pensions	3,966,930
Change in deferred outflow of resources related to OPEB	796,614
Change in net pension liability	(9,172,291)
Change in net OPEB liability	(222,844)
Change in deferred inflow of resources related to pensions	5,811,339
Change in deferred inflow of resources related to OPEB	67,736
(Increase) decrease in receivables	2,524,820
(Increase) decrease in inventories and other assets	(979,389)
Increase (decrease) in accounts payable and accrued liabilities	(361,800)
Total adjustments	<u>10,810,775</u>
Net Cash Provided by (Used in) Operating Activities	<u>\$ 24,222,041</u>

The accompanying notes are an integral part of the financial statements

**CITY OF NORWICH, CONNECTICUT  
DEPARTMENT OF PUBLIC UTILITIES  
NOTES TO FINANCIAL STATEMENTS**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Reporting Entity**

The Department of Public Utilities (the Department) of the City of Norwich (the City), which operates gas, electric, water and sewer divisions, is managed by a Public Utilities Commission and Sewer Authority and is reported as a business-type activity in the City's basic financial statements.

**B. Basis of Accounting**

The Department utilizes the accrual basis of accounting under which revenues are recognized when earned and expenses are recognized when incurred.

Enterprise funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with an enterprise fund's principal ongoing operations. The principal operating revenues of the enterprise funds are charges to customers for services. Operating expenses for enterprise funds include the cost of operations and maintenance and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

**C. Accounting Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**D. Cash Equivalents**

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.

**E. Estimated Unbilled Utility Services**

An estimated amount has been recorded for utility services provided but not billed as of the end of the year.

**CITY OF NORWICH, CONNECTICUT  
DEPARTMENT OF PUBLIC UTILITIES  
NOTES TO FINANCIAL STATEMENTS**

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**F. Capital Assets**

Property, plant and equipment are stated at cost. Capital assets are defined as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Assets being constructed over a period of time are classified as construction in progress. No depreciation is computed on these assets until they are complete and placed into service. Donated capital assets are recorded at estimated acquisition value at the date of the donation. Depreciation is computed on a straight-line basis over the estimated useful lives of the respective assets as follows:

<u>Assets</u>	<u>Years</u>
Buildings	40
Improvements	20
Underground distribution and collection systems	50
Electrical transmission systems	20
Vehicles, machinery and equipment	3-20

**G. Inventories**

Inventories are valued at cost using the average cost method.

**H. Compensated Absences**

Employees accumulate sick and vacation leave hours for subsequent use or for payment upon retirement. Sick leave vests and may be carried forward, but not to exceed 120 days. Vacation time is earned on a calendar year basis to be used in the following year. Hours accumulated and not used or expired are paid upon retirement.

The expense and liability for vested sick and vacation leave is recorded annually for benefits accrued to employees.

**I. Funding Policy for Pension**

The Department funds the annual actuarially determined contributions to the City's pension plan.

**J. Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position or fund balance that applies to a future period or periods and so will not be recognized as an outflow of resources (expense) until then. The Department reports deferred outflows related to pension and OPEB. A deferred outflow of resources related to pension and OPEB results from differences between expected and actual experience, changes in assumptions or other inputs, and investment gains and losses. 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 plans (active employees and inactive employees) Differences in expected and actual investment income are expenses over five years.

**CITY OF NORWICH, CONNECTICUT  
DEPARTMENT OF PUBLIC UTILITIES  
NOTES TO FINANCIAL STATEMENTS**

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In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period or periods and so will not be recognized as an inflow of resources (revenue) until that time. A deferred inflow of resources related to pension and OPEB results from differences between expected and actual experience, changes in assumptions or other inputs, and investment gains and losses. 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). Differences in expected and actual investment income are expenses over five years.

**K. 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 plan's fiduciary net position. The pension plan's fiduciary net position is determined using the same valuation methods that are used by the pension plan for purposes of preparing its statement 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. Investments are reported at fair value.

**L. 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. Investments are reported at fair value.

**M. Net Position**

Net position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by any outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the Department or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

**2. CASH AND CASH EQUIVALENTS**

The deposit of public funds is controlled by the Connecticut General Statutes (Section 7-402). At June 30, 2021, the carrying amount of the Department's deposits was \$63,907,213, and the bank balance was \$63,782,292. The Department's deposits, along with other cash equivalents, are under the control of the Treasurer of the City and subject to the City's available Federal Depository Insurance Coverage and certain limited collateralization provisions contained in Section 36a-333 of the Connecticut General Statutes. The Department's deposits that are uninsured and uncollateralized are not separately identifiable.

**CITY OF NORWICH, CONNECTICUT  
DEPARTMENT OF PUBLIC UTILITIES  
NOTES TO FINANCIAL STATEMENTS**

**3. RECEIVABLES**

Receivables as of year end for the Department's divisions, including applicable allowances for uncollected amounts, are as follows:

	<u>Gas</u>	<u>Electric</u>	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
Receivables:					
User charges	\$ 3,392,441	\$ 9,401,059	\$ 971,676	\$ 797,698	\$ 14,562,874
Unbilled revenue	536,481	3,138,827	624,075	519,141	4,818,524
Other			38,325		38,325
Gross receivables	<u>3,928,922</u>	<u>12,539,886</u>	<u>1,634,076</u>	<u>1,316,839</u>	<u>19,419,723</u>
Less allowance for uncollectibles:					
User charges	<u>(1,539,100)</u>	<u>(4,359,500)</u>	<u>(169,400)</u>	<u>(171,100)</u>	<u>(6,239,100)</u>
Net Total Receivables	<u>\$ 2,389,822</u>	<u>\$ 8,180,386</u>	<u>\$ 1,464,676</u>	<u>\$ 1,145,739</u>	<u>\$ 13,180,623</u>

**4. CAPITAL ASSETS**

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

	<u>Beginning Balance</u>	<u>Transfers</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business activities:					
Capital assets not being depreciated:					
Land	\$ 1,728,439				\$ 1,728,439
Construction in progress	26,280,274	(11,586,007)	8,038,684	(52,117)	22,680,834
Total capital assets not being depreciated	<u>28,008,713</u>	<u>(11,586,007)</u>	<u>8,038,684</u>	<u>(52,117)</u>	<u>24,409,273</u>
Capital assets being depreciated:					
Structures and improvements	52,034,026	779,915		(237,086)	52,576,855
Machinery, equipment pumping and distribution systems	247,930,488	10,806,092		(2,601,101)	256,135,479
Total capital assets being depreciated	<u>299,964,514</u>	<u>11,586,007</u>	<u>-</u>	<u>(2,838,187)</u>	<u>308,712,334</u>
Less accumulated depreciation for:					
Structures and improvements	(26,887,516)		(1,235,183)	185,939	(27,936,760)
Machinery, equipment pumping and distribution systems	(147,110,954)		(7,144,477)	1,982,448	(152,272,983)
Total accumulated depreciation	<u>(173,998,470)</u>	<u>-</u>	<u>(8,379,660)</u>	<u>2,168,387</u>	<u>(180,209,743)</u>
Total capital assets being depreciated, net	<u>125,966,044</u>	<u>11,586,007</u>	<u>(8,379,660)</u>	<u>(669,800)</u>	<u>128,502,591</u>
Business Activities Capital Assets, Net	<u>\$ 153,974,757</u>	<u>\$ -</u>	<u>\$ (340,976)</u>	<u>\$ (721,917)</u>	<u>\$ 152,911,864</u>

**CITY OF NORWICH, CONNECTICUT  
DEPARTMENT OF PUBLIC UTILITIES  
NOTES TO FINANCIAL STATEMENTS**

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Depreciation was charged to the divisions as follows:

Gas	\$ 2,649,102
Electric	2,044,804
Water	1,601,448
Sewer	<u>2,084,306</u>
 Total	 <u>\$ 8,379,660</u>

**5. LONG-TERM DEBT**

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>
General obligation bonds	\$ -	\$ -	\$ -	\$ -	\$ -
Notes payable	1,219,810		(320,691)	899,119	334,590
State of Connecticut - serial note	<u>24,191,394</u>	<u>3,452,809</u>	<u>(1,505,185)</u>	<u>26,139,018</u>	<u>1,548,850</u>
Total bonds and notes payable	25,411,204	3,452,809	(1,825,876)	27,038,137	1,883,440
Capital leases	-	320,967	(65,946)	255,021	60,877
Compensated absences	5,118,920	2,161,014	(2,135,943)	5,143,991	1,969,753
Workers' compensation	967,476	204,545	(274,050)	897,971	235,244
Cash advances	12,945,429	1,212,327	(1,112,897)	13,044,859	1,154,800
Net pension liability	46,528,901		(9,172,291)	37,356,610	
Net OPEB liability	<u>8,285,832</u>		<u>(222,844)</u>	<u>8,062,988</u>	
 Total Long-Term Liabilities	 <u>\$ 99,257,762</u>	 <u>\$ 7,351,662</u>	 <u>\$ (14,809,847)</u>	 <u>\$ 91,799,577</u>	 <u>\$ 5,304,114</u>

**CITY OF NORWICH, CONNECTICUT  
DEPARTMENT OF PUBLIC UTILITIES  
NOTES TO FINANCIAL STATEMENTS**

Outstanding bonds and serial notes payable at June 30, 2021 are comprised of the following:

Description	Interest Rate (%)	Date of Issue	Date of Maturity	(In Thousands)	
				Original Amount Issued	Outstanding June 30, 2021
Notes payable:					
Equipment financing agreement	4.25	12/28/2017	1/1/2025	1,937	899
State of Connecticut serial notes payable:					
Clean Water Act 349-C	2.00	12/31/2002	12/31/2021	881	26
Clean Water Act 625-D	2.00	12/31/2012	12/31/2031	1,865	1,061
Clean Water Act 495-C	2.00	05/31/2013	06/01/2032	5,748	3,387
Clean Water Act 625-D1	2.00	05/31/2015	12/31/2031	2,510	1,600
Clean Water Act 707-PD	2.00	2/26/2021	1/31/2041	1,655	1,655
Drinking Water State Revolving Fund 9714-C	2.77	12/31/2002	12/31/2021	1,899	61
Drinking Water State Revolving Fund 200801-C	2.27	07/01/2009	07/01/2029	450	178
Drinking Water State Revolving Fund 2010-8005	2.06	03/31/2010	12/31/2029	145	62
Drinking Water State Revolving Fund 2010-8006	2.06	03/31/2010	06/30/2030	326	147
Drinking Water State Revolving Fund 2010-7005	2.00	04/30/2014	10/31/2032	160	98
Drinking Water State Revolving Fund 2010-7006	2.00	04/30/2014	04/30/2032	148	89
Drinking Water State Revolving Fund 2014-7027	2.00	06/30/2015	12/31/2034	506	341
Drinking Water State Revolving Fund 2014-7036	2.00	05/31/2016	11/30/2036	4,052	2,921
Drinking Water State Revolving Fund 2015-7037	2.00	10/31/2016	10/31/2034	1,528	1,125
Drinking Water State Revolving Fund 2017-7056	2.00	8/31/2019	8/31/2038	2,695	2,313
Drinking Water State Revolving Fund 2019-7069	2.00	12/31/2020	6/30/2040	2,477	2,353
Drinking Water State Revolving Fund 2019-7072	2.00	8/30/2019	2/28/2039	1,582	1,398
Drinking Water State Revolving Fund 2019-7081	2.00	11/30/2020	6/30/2040	2,414	2,293
Drinking Water State Revolving Fund 2019-7077	*	*	*	*	5,031
Total					\$ 27,038

\* Loans not permanently financed as of June 30, 2021

**CITY OF NORWICH, CONNECTICUT  
DEPARTMENT OF PUBLIC UTILITIES  
NOTES TO FINANCIAL STATEMENTS**

The annual debt service requirements are as follows:

<b>Fiscal Year Ending June 30</b>	<b>(In Thousands)</b>		
	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
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
2026-2030	7,448	1,009	8,457
2031-2035	4,437	380	4,817
2036-2040	1,859	70	1,929
Subtotal	22,007	3,273	25,280
State of Connecticut - serial notes not permanently financed as of June 30, 2021	5,031		5,031
Total	\$ <u>27,038</u>	\$ <u>3,273</u>	\$ <u>30,311</u>

**Notes Payable**

Effective November 20, 2017, the Department 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.

**CITY OF NORWICH, CONNECTICUT  
DEPARTMENT OF PUBLIC UTILITIES  
NOTES TO FINANCIAL STATEMENTS**

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**6. PENSION PLAN**

**A. Plan Description and Benefits Provided**

All full-time and certain part-time employees of the Department participate in a single-employer public employee retirement system (PERS) established and administered by the City to provide pension benefits for its employees. The City includes the financial statements and required supplementary information for the plan in its comprehensive annual financial report, which is available from the City Comptroller, City Hall, 100 Broadway, Norwich, Connecticut.

The City provides all retirement, death and disability benefits through a single-employer, contributory, defined benefit plan. Under the plan, all employees are eligible to join after their probationary period. Department 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. Any employee terminating employment after age 50 with 25 years of service is eligible for a pension immediately. Also, any member who terminates after 5 years of service is eligible for a pension deferred to age 60. Employees who retire at age 55 with 25 years of service or age 60 with 10 years of service receive a retirement benefit of 2.2% of average final earnings during the highest 3 of the last 10 consecutive-year period. Effective January 1, 2018, the plan was amended such that employees hired after January 1, 2018 receive a retirement benefit of 1.95% of average final earnings during the highest 3 of the last 10 consecutive-year periods.

Employees are required to contribute 8.5% of their earnings to the plan. If an employee leaves employment or dies before meeting the vesting requirements, accumulated employee contributions and interest are refunded. The Department is required to contribute the remaining amounts necessary to finance the benefits for its employees. The Department's contributions to the plan for the year ended June 30, 2021 was \$4,256,000, equal to the required contribution for the year. Employer contributions in 2020 and 2019 were \$3,912,000 and \$3,407,238, respectively, and equal to the required contribution for each year.

**B. Net Pension Liability of the Department**

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

Total pension liability	\$ 111,430,105
Plan fiduciary net position	<u>(74,073,495)</u>
Net Pension Liability	<u>\$ 37,356,610</u>
Plan fiduciary net position as a percentage of the total pension liability	66.48%

**CITY OF NORWICH, CONNECTICUT  
DEPARTMENT OF PUBLIC UTILITIES  
NOTES TO FINANCIAL STATEMENTS**

**C. Changes in the Net Pension Liability**

	<b>NPU Portion of the City Retirement System</b>		
	<b>Increase (Decrease)</b>		
	<b>Total Pension Liability (a)</b>	<b>Plan Fiduciary Net Position (b)</b>	<b>Net Pension Liability (a)-(b)</b>
Balances as of July 1, 2020	\$ 108,345,949	\$ 61,817,048	\$ 46,528,901
Changes for the year:			
Service cost	2,038,568		2,038,568
Interest on total pension liability	7,763,610		7,763,610
Difference between expected and actual experience	-		-
Change in assumptions	-		-
Employer contributions		4,255,999	(4,255,999)
Member contributions		1,320,025	(1,320,025)
Net investment income		13,433,537	(13,433,537)
Benefit payments, including refund to employee contributions	(6,718,022)	(6,718,022)	-
Administrative expenses		(35,092)	35,092
Net changes	<u>3,084,156</u>	<u>12,256,447</u>	<u>(9,172,291)</u>
Balances as of June 30, 2021	\$ <u>111,430,105</u>	\$ <u>74,073,495</u>	\$ <u>37,356,610</u>

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

For the year ended June 30, 2021, the Department recognized pension expense of \$4,861,977. At June 30, 2021, the Department reported deferred outflows and inflows of resources related to pension from the following sources:

	<b>NPU Employees</b>	
	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 2,748,115	\$ 25,497
Changes of assumptions	3,555,784	
Net difference between projected and actual earnings on pension plan investments	<u>-</u>	<u>5,829,551</u>
Total	\$ <u>6,303,899</u>	\$ <u>5,855,048</u>

**CITY OF NORWICH, CONNECTICUT  
DEPARTMENT OF PUBLIC UTILITIES  
NOTES TO FINANCIAL STATEMENTS**

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

**Year Ending June 30**

2022	\$	728,277
2023		549,043
2024		429,663
2025		(1,258,132)
2026		-

**7. OTHER POST EMPLOYMENT BENEFITS**

**A. Plan Description and Benefits Provided**

Employees are entitled to certain benefits from the City, including postemployment health benefits through the City retiree health plan (RHP). The City includes the financial statements and required supplementary information for the plan in its comprehensive annual financial report, which is available from the City Comptroller, City Hall, 100 Broadway, Norwich, Connecticut.

The City provides medical coverage and life insurance benefits to the Department under the RHP. All Department employees are eligible to join at age 55 with 25 years of service or age 60 with 5 years of service. The City pays 95% of the cost of insurance for the retiree before the age of 65 and provides between \$10,000 to \$25,000 in life insurance benefit for those retirees with 10 years of service. The Department's contributions to the plan for the year ended June 30, 2021 was \$898,539 and equal to the required contribution for the year. Employer contributions in 2020 and 2019 were \$712,158 and \$693,000, respectively, and equal to the required contribution for each year.

**B. Net OPEB Liability of the Department**

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

Total OPEB liability	\$	9,502,295
Plan fiduciary net position		<u>(1,439,307)</u>
Net OPEB Liability	\$	<u><u>8,062,988</u></u>
Plan fiduciary net position as a percentage of the total OPEB liability		15.15%

**CITY OF NORWICH, CONNECTICUT  
DEPARTMENT OF PUBLIC UTILITIES  
NOTES TO FINANCIAL STATEMENTS**

**C. Changes in Net OPEB Liability**

	<b>NPU Portion of the City Retiree Health Plan</b>		
	<b>Increase (Decrease)</b>		
	<b>Total OPEB Liability (a)</b>	<b>Plan Fiduciary Net Position (b)</b>	<b>Net OPEB Liability (a)-(b)</b>
Balances as of July 1, 2020	\$ 9,216,807	\$ 930,975	\$ 8,285,832
Changes for the year:			
Service cost	235,097		235,097
Interest on total OPEB liability	663,429		663,429
Difference between expected and actual experience	-		-
Change in assumptions	-		-
Employer contributions		898,539	(898,539)
Net investment income		223,161	(223,161)
Benefit payments, including refund to employee contributions	(613,038)	(613,038)	-
Administrative expenses		(330)	330
Net changes	<u>285,488</u>	<u>508,332</u>	<u>(222,844)</u>
Balances as of June 30, 2021	\$ <u>9,502,295</u>	\$ <u>1,439,307</u>	\$ <u>8,062,988</u>

**D. OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

For the year ended June 30, 2021, the Department recognized OPEB expense of \$1,540,045. At June 30, 2021, the Department reported deferred outflows and inflows of resources related to OPEB from the following sources:

	<b>NPU Employees</b>	
	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 1,689,019	\$
Changes of assumptions	310,494	49,239
Net difference between projected and actual earnings on OPEB plan investments	<u>-</u>	<u>98,509</u>
Total	\$ <u>1,999,513</u>	\$ <u>147,748</u>

**CITY OF NORWICH, CONNECTICUT  
DEPARTMENT OF PUBLIC UTILITIES  
NOTES TO FINANCIAL STATEMENTS**

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

**Year Ending June 30**

2022	\$	719,009
2023		583,047
2024		378,398
2025		171,311
2026		-

**8. RISK MANAGEMENT**

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

The City has created an internal service fund to account for the self-insured health program for its employees. The City has purchased reinsurance to provide for individual and aggregate stop loss in excess of certain limits. The Department participates in this program. The Department is required to pay premiums, and the employee medical claims are then paid out of this fund. The Department records an expense as monthly premiums are paid or accrued. The Department does not record an amount for incurred but not reported claims, as they are accounted for in the internal service fund. If costs exceed premiums being charged, the amounts charged to the Department are increased in future periods. This is not expected to have a material effect on the financial statements. Settled claims have not exceeded coverage in any of the last three years.

It is the City's policy to self-insure for workers' compensation costs. The workers' compensation account covers claims up to the reinsurance levels. The Department purchases commercial insurance for claims in excess of a self-insured retention amount of \$200,000 with a \$10,000,000 limit of liability. In addition, the Department has unlimited coverage under the City's policy for all claims in excess of \$10,200,000. Settled claims have not exceeded coverage in any of the past three years.

Payments to fund the self-insurance costs are generally based upon the historical number and dollar amount of claims. Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. The Department has accrued \$897,971 for estimated unpaid accrued losses on reported claims as of June 30, 2021. Claim liabilities are calculated considering the effects of inflation, recent claim settlement trends, including the frequency and amounts of payouts, and other economic and social factors.

The Department purchases commercial insurance for all other risks of loss. Settled claims have not exceeded commercial coverage in any of the past three years.

**CITY OF NORWICH, CONNECTICUT  
DEPARTMENT OF PUBLIC UTILITIES  
NOTES TO FINANCIAL STATEMENTS**

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**9. SEWER CAPITAL CONNECTION FEES**

The Department has established a sewer capital connection fee and levies this fee for new connections and for changes in use, which result in an increase of existing waste water discharge to the sewer system. A fee of \$2,500 for each 200 gallons per day increased discharge is assessed. The revenues received from the sewer capital connection fee have been designated by the Department to partially offset costs associated with planned upgrades to the wastewater treatment plant. The designated balance of funds included in the Sewer Division’s cash and cash equivalents at June 30, 2021 is \$2,976,290.

**10. 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 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. The Department’s activity within the Fund administered by CMEEC on behalf of the Department is summarized as follows:

Funds held by CMEEC, July 1, 2020	\$ 523,967
Deposits into the fund	929,541
Investment income	7,385
Approved program expenses	<u>(92,803)</u>
Funds Held by CMEEC, June 30, 2021	<u>\$ 1,368,090</u>

Investment income earned on the Department’s deposits, along with the Fund’s authorized expenses during the year, 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, accordingly, the Department’s net position has been restricted for the Fund’s energy efficiency program purposes.

**11. CONTRACT FOR SALE OF ELECTRICAL PRODUCTS - COMBUSTION TURBINE UNIT**

The Department had entered into a contract with CMEEC dated September 1, 2015, which provides for income to the Department from the sale of electrical products generated from a combustion turbine unit owned by the Department. Under the terms of the contract, the Department will operate the unit and make available all electrical power into the ISO New England (ISO-NE) markets. The Department receives a monthly payment based on the actual revenues received by CMEEC from ISO-NE associated with the delivery of electrical power from the unit. For the fiscal year ended June 30, 2021, the Electric Division reported net revenue of \$1,058,262 from the operation of the unit.

## **12. JOINTLY GOVERNED ORGANIZATION AND RELATED ORGANIZATIONS**

### **Connecticut Municipal Electric Energy Cooperative (CMEEC)**

CMEEC is a public corporation organized in 1976 under Connecticut Public Act 75-634, subsequently enacted as Title 7-233, Chapter 101a of the General Statutes of Connecticut, as amended. It is empowered to undertake the planning, financing, acquisition, construction and operation of facilities for the generation and transmission of electric power and energy for its member utilities, including the City of Norwich, Department of Public Utilities and others. CMEEC may issue bonds in its own name. Under the bylaws of CMEEC, a Board of Directors comprised of representatives from the participating members was established. CMEEC's Board is comprised of 20 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 \$22.94 million.

On July 1, 2006, the City of Norwich, Department of Public Utilities entered into a contract for the sale of Pierce Project Electric Power & Energy (the Pierce Contract). Under the terms of the Pierce Contract, the City of Norwich, Department of Public Utilities receives its allocable share of all electric products and benefits and pays its share of all costs associated with the project.

During the 2012 fiscal year, CMEEC and its members became participants in the Regional Greenhouse Gas Initiative Fund (RGGI), which is an initiative that implements the carbon dioxide cap and trading program as proposed by the RGGI in Connecticut. During the 2021 fiscal year, the share of contributions to the fund received by the Department totaled \$210,397, with drawdowns of \$465,687, and interest on the fund of \$2,396. The balance of the Department's funds held by CMEEC for the RGGI was \$59,924 for the year ended June 30, 2021.

## **13. COMMITMENTS AND CONTINGENCIES**

### **Purchased Gas Contracts**

The Department 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 \$5,843,623 during the year ended June 30, 2021.

**CITY OF NORWICH, CONNECTICUT  
DEPARTMENT OF PUBLIC UTILITIES  
NOTES TO FINANCIAL STATEMENTS**

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**Power Sales Contract - Connecticut Municipal Electric Energy Cooperative**

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	\$ 23,642,936
Department - rate stabilization funds on deposit with CMEEC	<u>(10,315,267)</u>
Net Deferred Fixed Cost Obligation	\$ <u>13,327,669</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 \$2,272,493.

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 \$53,000,000. As of June 30, 2021, \$4,319,441 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 \$1,655,000 and \$345,000, respectively.

**CITY OF NORWICH, CONNECTICUT  
DEPARTMENT OF PUBLIC UTILITIES  
NOTES TO FINANCIAL STATEMENTS**

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**14. LITIGATION**

There are lawsuits pending against the Department. The outcome and eventual liability of the Department, if any, in these cases is not known at this time. The Department's management, based upon consultation with legal counsel, estimates that potential claims against the Department, not covered by insurance, resulting from such litigation would not materially affect the financial position of the Department.

**15. NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES**

As of June 30, 2021 and 2020, the Department has purchased \$853,075 and \$905,703 in capital assets on account, respectively, which are included in accounts payable and accrued liabilities in the accompanying statement of net position.

**CITY OF NORWICH, CONNECTICUT**  
**DEPARTMENT OF PUBLIC UTILITIES**  
**COMBINING STATEMENT OF NET POSITION BY DIVISION**  
**JUNE 30, 2021**

	<u>Gas</u>	<u>Electric</u>	<u>Water</u>	<u>Sewer</u>	<u>Eliminations</u>	<u>Total</u>
<b>Assets:</b>						
Current:						
Cash and cash equivalents	\$ 10,289,413	\$ 28,680,824	\$ 10,513,411	\$ 14,423,565	\$	\$ 63,907,213
Receivables, net:						
User charges	2,389,822	8,180,386	1,426,351	1,145,739		13,142,298
Other			38,325			38,325
Due from City of Norwich	207,172					207,172
Inventories	947,012	559,705	248,072	60,909		1,815,698
Other assets	148,151	1,895,075	111,113	74,074		2,228,413
Total current assets	<u>13,981,570</u>	<u>39,315,990</u>	<u>12,337,272</u>	<u>15,704,287</u>	<u>-</u>	<u>81,339,119</u>
Capital assets, net	<u>35,197,046</u>	<u>21,220,092</u>	<u>47,159,630</u>	<u>49,335,096</u>		<u>152,911,864</u>
Total assets	<u>49,178,616</u>	<u>60,536,082</u>	<u>59,496,902</u>	<u>65,039,383</u>	<u>-</u>	<u>234,250,983</u>
<b>Deferred Outflows of Resources:</b>						
Deferred outflow of resources related to pensions	1,455,571	2,723,914	1,152,352	972,062		6,303,899
Deferred outflow of resources related to OPEB	461,687	863,989	365,511	308,326		1,999,513
Total deferred outflows of resources	<u>1,917,258</u>	<u>3,587,903</u>	<u>1,517,863</u>	<u>1,280,388</u>		<u>8,303,412</u>
<b>Liabilities:</b>						
Current liabilities:						
Accounts payable and accrued liabilities	1,220,352	5,159,161	458,671	396,851		7,235,035
Notes payable		334,590	894,712	654,138		1,883,440
Capital leases payable		60,877				60,877
Compensated absences	508,855	822,136	327,396	311,366		1,969,753
Risk management claims	132,086	63,720	27,645	11,793		235,244
Cash advances from other funds	1,154,800					1,154,800
Due to City of Norwich		26,670	7,350	42,808		76,828
Total current liabilities	<u>3,016,093</u>	<u>6,467,154</u>	<u>1,715,774</u>	<u>1,416,956</u>	<u>-</u>	<u>12,615,977</u>
Noncurrent liabilities:						
Customer deposits	10,000	3,008,398				3,018,398
Notes payable		564,528	17,514,026	7,076,143		25,154,697
Capital leases payable		194,144				194,144
Compensated absences	854,659	1,262,159	554,670	502,750		3,174,238
Risk management claims	367,055	179,343	81,000	35,329		662,727
Cash advances from other funds	11,890,059					11,890,059
Net pension liability	8,625,641	16,141,791	6,828,788	5,760,390		37,356,610
Net OPEB liability	1,861,744	3,484,017	1,473,914	1,243,313		8,062,988
Total noncurrent liabilities	<u>23,609,158</u>	<u>24,834,380</u>	<u>26,452,398</u>	<u>14,617,925</u>	<u>-</u>	<u>89,513,861</u>
Total liabilities	<u>26,625,251</u>	<u>31,301,534</u>	<u>28,168,172</u>	<u>16,034,881</u>	<u>-</u>	<u>102,129,838</u>
<b>Deferred Inflows of Resources:</b>						
Deferred inflow of resources related to pensions	1,351,930	2,529,966	1,070,303	902,849		5,855,048
Deferred inflow of resources related to OPEB	34,115	63,842	27,008	22,783		147,748
Total deferred inflows of resources	<u>1,386,045</u>	<u>2,593,808</u>	<u>1,097,311</u>	<u>925,632</u>		<u>6,002,796</u>
<b>Net Position:</b>						
Net investment in capital assets	35,197,046	20,065,953	28,750,892	41,604,815		125,618,706
Restricted for energy efficiency program		1,368,090				1,368,090
Unrestricted	(12,112,468)	8,794,600	2,998,390	7,754,443		7,434,965
Total Net Position	<u>\$ 23,084,578</u>	<u>\$ 30,228,643</u>	<u>\$ 31,749,282</u>	<u>\$ 49,359,258</u>	<u>\$ -</u>	<u>\$ 134,421,761</u>

**CITY OF NORWICH, CONNECTICUT  
DEPARTMENT OF PUBLIC UTILITIES  
COMBINING STATEMENT OF ACTIVITIES BY DIVISION  
FOR THE YEAR ENDED JUNE 30, 2021**

	<u>Gas</u>	<u>Electric</u>	<u>Water</u>	<u>Sewer</u>	<u>Interfund Eliminations</u>	<u>Total</u>
<b>Operating Revenues:</b>						
Charges for services	\$ 20,694,609	\$ 48,702,941	\$ 11,007,820	\$ 8,445,680	\$	\$ 88,851,050
Use of property	24,000	1,138,922	94,506			1,257,428
Other services	228,303	861,736	290,820	67,717		1,448,576
Total operating revenues	<u>20,946,912</u>	<u>50,703,599</u>	<u>11,393,146</u>	<u>8,513,397</u>	<u>-</u>	<u>91,557,054</u>
<b>Operating Expenses:</b>						
Purchased gas and electric	5,641,510	22,955,047				28,596,557
Operations and maintenance	2,520,714	4,776,753	3,743,801	3,530,565		14,571,833
General and administrative	3,525,478	8,670,126	1,312,627	759,343		14,267,574
Depreciation	2,649,102	2,044,804	1,601,448	2,084,306		8,379,660
Pension expense	1,122,630	2,100,860	888,769	749,718		4,861,977
Customer accounts	480,584	1,859,824	337,342	225,585		2,903,335
Gross revenue and property taxes	917,509	1,947,017	160,281			3,024,807
OPEB expense	355,596	665,453	281,520	237,476		1,540,045
Total operating expenses	<u>17,213,123</u>	<u>45,019,884</u>	<u>8,325,788</u>	<u>7,586,993</u>	<u>-</u>	<u>78,145,788</u>
Operating Income	<u>3,733,789</u>	<u>5,683,715</u>	<u>3,067,358</u>	<u>926,404</u>	<u>-</u>	<u>13,411,266</u>
<b>Nonoperating Income (Expenses):</b>						
Interest income	4,049	44,367	6,009	14,861		69,286
Interest expense	(467,564)	(93,640)	(345,098)	(214,720)		(1,121,022)
Loss on disposal of capital assets	(240,918)	(21,273)	(47,472)	(331,939)		(641,602)
Other nonoperating revenue (expenses)	13,318	502,203	12,784	8,411		536,716
Net nonoperating expenses	<u>(691,115)</u>	<u>431,657</u>	<u>(373,777)</u>	<u>(523,387)</u>	<u>-</u>	<u>(1,156,622)</u>
Income Before Contributions and Transfers	3,042,674	6,115,372	2,693,581	403,017	-	12,254,644
Capital Contributions	7,975	183,141	1,002,418			1,193,534
Transfers out to City of Norwich	<u>(2,208,757)</u>	<u>(5,828,854)</u>	<u>(1,132,111)</u>			<u>(9,169,722)</u>
Change in Net Position	841,892	469,659	2,563,888	403,017	-	4,278,456
Net Position at Beginning of Year	<u>22,242,686</u>	<u>29,758,984</u>	<u>29,185,394</u>	<u>48,956,241</u>		<u>130,143,305</u>
Net Position at End of Year	<u>\$ 23,084,578</u>	<u>\$ 30,228,643</u>	<u>\$ 31,749,282</u>	<u>\$ 49,359,258</u>	<u>\$ -</u>	<u>\$ 134,421,761</u>

**CITY OF NORWICH, CONNECTICUT  
DEPARTMENT OF PUBLIC UTILITIES  
COMBINING STATEMENT OF CASH FLOWS BY DIVISION  
FOR THE YEAR ENDED JUNE 30, 2021**

	<u>Gas</u>	<u>Electric</u>	<u>Water</u>	<u>Sewer</u>	<u>Eliminations</u>	<u>Total</u>
<b>Cash Flows from Operating Activities:</b>						
Cash received from charges for services	\$ 21,132,949	\$ 52,016,580	\$ 12,222,373	\$ 8,709,972	\$	\$ 94,081,874
Cash paid to vendors	(8,303,563)	(30,746,959)	(3,178,139)	(2,528,216)		(44,756,877)
Cash paid to employees for services	(5,560,307)	(11,587,286)	(4,406,234)	(3,549,129)		(25,102,956)
Net cash provided by (used in) operating activities	<u>7,269,079</u>	<u>9,682,335</u>	<u>4,638,000</u>	<u>2,632,627</u>	-	<u>24,222,041</u>
<b>Cash Flows from Noncapital and Related Financing Activities:</b>						
Transfers to City of Norwich	(2,208,757)	(5,828,854)	(1,132,111)			(9,169,722)
Customer deposits		(1,656)				(1,656)
Cash advance from (to) other funds	(204,844)	25,348	6,286	28,588		(144,622)
Net cash provided by (used in) noncapital and related financing activities	<u>(2,413,601)</u>	<u>(5,805,162)</u>	<u>(1,125,825)</u>	<u>28,588</u>	-	<u>(9,316,000)</u>
<b>Cash Flows from Capital and Related Financing Activities:</b>						
Capital contributions	7,975	183,141	1,002,418			1,193,534
Purchases of capital assets	(1,724,551)	(1,335,726)	(3,509,857)	(294,507)		(6,864,641)
Proceeds from sale of capital assets	3,518	68,790	5,251	2,756		80,315
Proceeds from long-term debt			3,452,809			3,452,809
Principal payment on bonds and notes		(320,692)	(952,835)	(552,349)		(1,825,876)
Principal payment on capital leases		(65,946)				(65,946)
Interest payment on debt	(467,564)	(93,640)	(345,098)	(214,720)		(1,121,022)
Repayment of cash advances from the City of Norwich	99,430					99,430
Other nonoperating revenue (expenses)	13,318	502,203	12,784	8,411		536,716
Net cash provided by (used in) capital and related financing activities	<u>(2,067,874)</u>	<u>(1,061,870)</u>	<u>(334,528)</u>	<u>(1,050,409)</u>	-	<u>(4,514,681)</u>
<b>Cash Flows from Investing Activities:</b>						
Income on investments	4,049	44,367	6,009	14,861		69,286
Net cash provided by (used in) investing activities	<u>4,049</u>	<u>44,367</u>	<u>6,009</u>	<u>14,861</u>		<u>69,286</u>
Net Increase (Decrease) in Cash and Cash Equivalents	2,791,653	2,859,670	3,183,656	1,625,667	-	10,460,646
Cash and Cash Equivalents at Beginning of Year	<u>7,497,760</u>	<u>25,821,154</u>	<u>7,329,755</u>	<u>12,797,898</u>		<u>53,446,567</u>
Cash and Cash Equivalents at End of Year	<u>\$ 10,289,413</u>	<u>\$ 28,680,824</u>	<u>\$ 10,513,411</u>	<u>\$ 14,423,565</u>	<u>\$ -</u>	<u>\$ 63,907,213</u>
<b>Reconciliation of Operating Income to Net Cash Provided by (Used in) Operating Activities:</b>						
Operating income	\$ 3,733,789	\$ 5,683,715	\$ 3,067,358	\$ 926,404	\$	\$ 13,411,266
<b>Adjustments to reconcile operating income to net cash provided by (used in) operating activities:</b>						
Depreciation expense	2,649,102	2,044,804	1,601,448	2,084,306		8,379,660
Change in deferred outflow of resources related to pensions	887,205	1,490,207	883,326	706,192		3,966,930
Change in deferred outflow of resources related to OPEB	176,110	283,262	188,682	148,560		796,614
Change in net pension liability	(1,987,601)	(2,949,017)	(2,393,240)	(1,842,433)		(9,172,291)
Change in net OPEB liability	(28,254)	84,340	(168,338)	(110,592)		(222,844)
Change in deferred inflow of resources related to pensions	1,341,960	2,512,032	1,061,640	895,707		5,811,339
Change in deferred inflow of resources related to OPEB	15,864	31,013	11,150	9,709		67,736
(Increase) decrease in receivables	186,037	1,312,981	829,227	196,575		2,524,820
(Increase) decrease in inventories and other assets	(47,561)	(853,776)	(51,276)	(26,776)		(979,389)
Increase (decrease) in accounts payable and accrued liabilities	342,428	42,774	(391,977)	(355,025)		(361,800)
Total adjustments	<u>3,535,290</u>	<u>3,998,620</u>	<u>1,570,642</u>	<u>1,706,223</u>	-	<u>10,810,775</u>
Net Cash Provided by (Used in) Operating Activities	<u>\$ 7,269,079</u>	<u>\$ 9,682,335</u>	<u>\$ 4,638,000</u>	<u>\$ 2,632,627</u>	<u>\$ -</u>	<u>\$ 24,222,041</u>

**CITY OF NORWICH, CONNECTICUT  
DEPARTMENT OF PUBLIC UTILITIES  
COMPARATIVE STATEMENTS OF NET POSITION - GAS DIVISION  
JUNE 30, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
Assets:		
Current:		
Cash and cash equivalents	\$ 10,289,413	\$ 7,497,760
Receivables, net:		
User charges	2,389,822	2,575,859
Other		
Due from City of Norwich	207,172	2,328
Inventories	947,012	950,832
Other assets	148,151	96,770
Total current assets	<u>13,981,570</u>	<u>11,123,549</u>
Capital assets, net	<u>35,197,046</u>	<u>36,024,234</u>
Total assets	<u>49,178,616</u>	<u>47,147,783</u>
Deferred Outflows of Resources:		
Deferred outflow of resources related to pensions	1,455,571	2,342,776
Deferred outflow of resources related to OPEB	461,687	637,797
Total deferred outflows of resources	<u>1,917,258</u>	<u>2,980,573</u>
Liabilities:		
Current liabilities:		
Accounts payable and accrued liabilities	1,220,352	753,548
Capital lease payable		
Bonds payable		
Compensated absences	508,855	548,599
Risk management claims	132,086	83,365
Cash advances from other funds	1,154,800	1,016,500
Total current liabilities	<u>3,016,093</u>	<u>2,402,012</u>
Noncurrent liabilities:		
Customer deposits	10,000	10,000
Notes payable		
Capital leases payable		
Bonds payable		
Compensated absences	854,659	798,724
Risk management claims	367,055	214,544
Cash advances from other funds	11,890,059	11,928,929
Net pension liability	8,625,641	10,613,242
Net OPEB liability	1,861,744	1,889,998
Total noncurrent liabilities	<u>23,609,158</u>	<u>25,455,437</u>
Total liabilities	<u>26,625,251</u>	<u>27,857,449</u>
Deferred Inflows of Resources:		
Deferred inflow of resources related to pensions	1,351,930	9,970
Deferred inflow of resources related to OPEB	34,115	18,251
Total deferred inflows of resources	<u>1,386,045</u>	<u>28,221</u>
Net Position:		
Net investment in capital assets	35,197,046	35,826,476
Unrestricted	(12,112,468)	(13,583,790)
Total Net Position	<u>\$ 23,084,578</u>	<u>\$ 22,242,686</u>

**CITY OF NORWICH, CONNECTICUT  
DEPARTMENT OF PUBLIC UTILITIES  
COMPARATIVE STATEMENTS OF ACTIVITIES - GAS DIVISION  
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
Operating Revenues:		
Charges for services	\$ 20,694,609	\$ 20,057,368
Use of property	24,000	24,000
Other services	228,303	248,549
Total operating revenues	<u>20,946,912</u>	<u>20,329,917</u>
Operating Expenses:		
Purchased gas	5,641,510	4,763,887
Operations and maintenance	2,520,714	2,539,698
General and administrative	3,525,478	2,029,018
Depreciation	2,649,102	2,586,589
Pension expense	1,122,630	1,571,691
Customer accounts	480,584	559,445
Gross revenue and property taxes	917,509	921,354
OPEB expense	355,596	325,510
Total operating expenses	<u>17,213,123</u>	<u>15,297,192</u>
Operating Income	<u>3,733,789</u>	<u>5,032,725</u>
Nonoperating Income (Expenses):		
Interest income	4,049	23,077
Interest expense	(467,564)	(495,861)
Gain (loss) on disposal of capital assets	(240,918)	(12,568)
Other nonoperating revenue (expenses)	13,318	2,116
Net nonoperating expenses	<u>(691,115)</u>	<u>(483,236)</u>
Income Before Contributions and Transfers	3,042,674	4,549,489
Capital Contributions	7,975	68,064
Transfers out to City of Norwich	<u>(2,208,757)</u>	<u>(2,044,409)</u>
Change in Net Position	841,892	2,573,144
Net Position at Beginning of Year	<u>22,242,686</u>	<u>19,669,542</u>
Net Position at End of Year	<u>\$ 23,084,578</u>	<u>\$ 22,242,686</u>

**CITY OF NORWICH, CONNECTICUT  
DEPARTMENT OF PUBLIC UTILITIES  
COMPARATIVE STATEMENTS OF CASH FLOWS - GAS DIVISION  
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
Cash Flows from Operating Activities:		
Cash received from charges for services	\$ 21,132,949	\$ 20,504,308
Cash paid to vendors	(8,303,563)	(7,768,410)
Cash paid to employees for services	<u>(5,560,307)</u>	<u>(5,374,836)</u>
Net cash provided by (used in) operating activities	<u>7,269,079</u>	<u>7,361,062</u>
Cash Flows from Noncapital and Related Financing Activities:		
Transfers to City of Norwich	(2,208,757)	(2,044,409)
Cash advances to other funds	<u>(204,844)</u>	<u>98,845</u>
Net cash provided by (used in) noncapital and related financing activities	<u>(2,413,601)</u>	<u>(1,945,564)</u>
Cash Flows from Capital and Related Financing Activities:		
Capital contributions	7,975	68,064
Purchases of capital assets	(1,724,551)	(1,864,198)
Proceeds from sale of capital assets	3,518	78,380
Interest payment on debt	(467,564)	(495,861)
Repayment of cash advances from the City of Norwich	99,430	(371,298)
Other nonoperating revenue (expenses)	<u>13,318</u>	<u>2,116</u>
Net cash provided by (used in) capital and related financing activities	<u>(2,067,874)</u>	<u>(2,582,797)</u>
Cash Flows from Investing Activities:		
Income on investments	<u>4,049</u>	<u>23,077</u>
Net cash provided by (used in) investing activities	<u>4,049</u>	<u>23,077</u>
Net Increase (Decrease) in Cash and Cash Equivalents	2,791,653	2,855,778
Cash and Cash Equivalents at Beginning of Year	<u>7,497,760</u>	<u>4,641,982</u>
Cash and Cash Equivalents at End of Year	<u>\$ 10,289,413</u>	<u>\$ 7,497,760</u>
Reconciliation of Operating Income to Net Cash Provided by (Used in) Operating Activities:		
Operating income	<u>\$ 3,733,789</u>	<u>\$ 5,032,725</u>
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:		
Depreciation expense	2,649,102	2,586,589
Change in deferred outflow of resources related to pensions	887,205	(1,728,138)
Change in deferred outflow of resources related to OPEB	176,110	(294,123)
Change in net pension liability	(1,987,601)	1,486,986
Change in net OPEB liability	(28,254)	333,793
Change in deferred inflow of resources related to pensions	1,341,960	(5,876)
Change in deferred inflow of resources related to OPEB	15,864	(11,568)
(Increase) decrease in receivables	186,037	174,391
(Increase) decrease in inventories and other assets	(47,561)	176,525
Increase (decrease) in accounts payable and accrued liabilities	<u>342,428</u>	<u>(390,242)</u>
Total adjustments	<u>3,535,290</u>	<u>2,328,337</u>
Net Cash Provided by (Used in) Operating Activities	<u>\$ 7,269,079</u>	<u>\$ 7,361,062</u>

**CITY OF NORWICH, CONNECTICUT**  
**DEPARTMENT OF PUBLIC UTILITIES**  
**COMPARATIVE STATEMENTS OF NET POSITION - ELECTRIC DIVISION**  
**JUNE 30, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
Assets:		
Current:		
Cash and cash equivalents	\$ 28,680,824	\$ 25,821,154
Receivables, net:		
User charges	8,180,386	9,493,367
Inventories	559,705	570,307
Other assets	1,895,075	1,030,697
Total current assets	<u>39,315,990</u>	<u>36,915,525</u>
Capital assets, net	<u>21,220,092</u>	<u>21,539,879</u>
Total assets	<u>60,536,082</u>	<u>58,455,404</u>
Deferred Outflows of Resources:		
Deferred outflow of resources related to pensions	2,723,914	4,214,121
Deferred outflow of resources related to OPEB	863,989	1,147,251
Total deferred outflows of resources	<u>3,587,903</u>	<u>5,361,372</u>
Liabilities:		
Current liabilities:		
Accounts payable and accrued liabilities	5,159,161	5,002,432
Notes payable	334,590	320,692
Capital leases payable	60,877	-
Compensated absences	822,136	903,452
Risk management claims	63,720	70,519
Due to City of Norwich	26,670	1,322
Total current liabilities	<u>6,467,154</u>	<u>6,298,417</u>
Noncurrent liabilities:		
Customer deposits	3,008,398	3,010,054
Notes payable	564,528	899,118
Capital leases payable	194,144	
Compensated absences	1,262,159	1,130,149
Risk management claims	179,343	178,806
Net pension liability	16,141,791	19,090,808
Net OPEB liability	3,484,017	3,399,677
Total noncurrent liabilities	<u>24,834,380</u>	<u>27,708,612</u>
Total liabilities	<u>31,301,534</u>	<u>34,007,029</u>
Deferred Inflows of Resources:		
Deferred inflow of resources related to pensions	2,529,966	17,934
Deferred inflow of resources related to OPEB	63,842	32,829
Total deferred inflows of resources	<u>2,593,808</u>	<u>50,763</u>
Net Position:		
Net investment in capital assets	20,065,953	20,138,566
Restricted for energy efficiency purposes	1,368,090	523,967
Unrestricted	8,794,600	9,096,451
Total Net Position	<u>\$ 30,228,643</u>	<u>\$ 29,758,984</u>

**CITY OF NORWICH, CONNECTICUT  
DEPARTMENT OF PUBLIC UTILITIES  
COMPARATIVE STATEMENTS OF ACTIVITIES - ELECTRIC DIVISION  
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
Operating Revenues:		
Charges for services	\$ 48,702,941	\$ 51,487,696
Use of property	1,138,922	1,513,595
Other services	861,736	703,982
Total operating revenues	<u>50,703,599</u>	<u>53,705,273</u>
Operating Expenses:		
Purchased electric	22,955,047	23,920,335
Operations and maintenance	4,776,753	4,567,108
General and administrative	8,670,126	7,920,285
Depreciation	2,044,804	2,066,724
Pension expense	2,100,860	2,827,115
Customer accounts	1,859,824	1,936,235
Gross revenue and property taxes	1,947,017	1,934,746
OPEB expense	665,453	585,519
Total operating expenses	<u>45,019,884</u>	<u>45,758,067</u>
Operating Income	<u>5,683,715</u>	<u>7,947,206</u>
Nonoperating Income (Expenses):		
Interest income	44,367	227,242
Interest expense	(93,640)	(102,510)
Loss on disposal of capital assets	(21,273)	(362,977)
Other nonoperating revenue	502,203	35,666
Net nonoperating expenses	<u>431,657</u>	<u>(202,579)</u>
Income Before Contributions and Transfers	6,115,372	7,744,627
Capital Contributions	183,141	45,467
Transfers out to City of Norwich	<u>(5,828,854)</u>	<u>(5,711,210)</u>
Change in Net Position	469,659	2,078,884
Net Position at Beginning of Year	<u>29,758,984</u>	<u>27,680,100</u>
Net Position at End of Year	<u>\$ 30,228,643</u>	<u>\$ 29,758,984</u>

**CITY OF NORWICH, CONNECTICUT  
DEPARTMENT OF PUBLIC UTILITIES  
COMPARATIVE STATEMENTS OF CASH FLOWS - ELECTRIC DIVISION  
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
Cash Flows from Operating Activities:		
Cash received from charges for services	\$ 52,016,580	\$ 53,034,031
Cash paid to vendors	(30,746,959)	(30,429,799)
Cash paid to employees for services	(11,587,286)	(10,998,853)
Net cash provided by (used in) operating activities	<u>9,682,335</u>	<u>11,605,379</u>
Cash Flows from Noncapital and Related Financing Activities:		
Transfers to City of Norwich	(5,828,854)	(5,711,210)
Net change in customer deposits	(1,656)	242,823
Cash advances to other funds	25,348	(947)
Net cash provided by (used in) noncapital and related financing activities	<u>(5,805,162)</u>	<u>(5,469,334)</u>
Cash Flows from Capital and Related Financing Activities:		
Capital contributions	183,141	45,467
Purchases of capital assets	(1,335,726)	(1,266,509)
Proceeds from sale of capital assets	68,790	20,846
Principal payment on bonds and notes	(320,692)	(307,371)
Principal payment on capital leases	(65,946)	-
Interest payment on debt	(93,640)	(102,510)
Other nonoperating revenue (expenses)	502,203	35,666
Net cash provided by (used in) capital and related financing activities	<u>(1,061,870)</u>	<u>(1,574,411)</u>
Cash Flows from Investing Activities:		
Income on investments	44,367	227,242
Net cash provided by (used in) investing activities	<u>44,367</u>	<u>227,242</u>
Net Increase (Decrease) in Cash and Cash Equivalents	2,859,670	4,788,876
Cash and Cash Equivalents at Beginning of Year	<u>25,821,154</u>	<u>21,032,278</u>
Cash and Cash Equivalents at End of Year	<u>\$ 28,680,824</u>	<u>\$ 25,821,154</u>
Reconciliation of Operating Income to Net Cash Provided by (Used in) Operating Activities:		
Operating income	\$ 5,683,715	\$ 7,947,206
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:		
Depreciation expense	2,044,804	2,066,724
Change in deferred outflow of resources related to pensions	1,490,207	(3,235,600)
Change in deferred outflow of resources related to OPEB	283,262	(600,112)
Change in net pension liability	(2,949,017)	4,561,551
Change in net OPEB liability	84,340	922,155
Change in deferred inflow of resources related to pensions	2,512,032	(7,293)
Change in deferred inflow of resources related to OPEB	31,013	(14,643)
(Increase) decrease in receivables	1,312,981	(671,242)
(Increase) decrease in inventories and other assets	(853,776)	184,257
Increase (decrease) in accounts payable and accrued liabilities	42,774	452,376
Total adjustments	<u>3,998,620</u>	<u>3,658,173</u>
Net Cash Provided by (Used in) Operating Activities	<u>\$ 9,682,335</u>	<u>\$ 11,605,379</u>

**CITY OF NORWICH, CONNECTICUT  
DEPARTMENT OF PUBLIC UTILITIES  
COMPARATIVE STATEMENTS OF NET POSITION - WATER DIVISION  
JUNE 30, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
<b>Assets:</b>		
<b>Current:</b>		
Cash and cash equivalents	\$ 10,513,411	\$ 7,329,755
Receivables, net:		
User charges	1,426,351	1,604,032
Other	38,325	689,871
Inventories	248,072	235,289
Other assets	111,113	72,620
Total current assets	<u>12,337,272</u>	<u>9,931,567</u>
Capital assets, net	<u>47,159,630</u>	<u>45,154,593</u>
Total assets	<u>59,496,902</u>	<u>55,086,160</u>
<b>Deferred Outflows of Resources:</b>		
Deferred outflow of resources related to pensions	1,152,352	2,035,678
Deferred outflow of resources related to OPEB	<u>365,511</u>	<u>554,193</u>
Total deferred outflows of resources	<u>1,517,863</u>	<u>2,589,871</u>
<b>Liabilities:</b>		
<b>Current liabilities:</b>		
Accounts payable and accrued liabilities	458,671	671,677
Notes payable	894,712	708,298
Capital leases payable	-	-
Compensated absences	327,396	377,737
Risk management claims	27,645	25,772
Due to City of Norwich	7,350	1,064
Total current liabilities	<u>1,715,774</u>	<u>1,784,548</u>
<b>Noncurrent liabilities:</b>		
Notes payable	17,514,026	15,200,466
Compensated absences	554,670	548,417
Risk management claims	81,000	68,405
Net pension liability	6,828,788	9,222,028
Net OPEB liability	1,473,914	1,642,252
Total noncurrent liabilities	<u>26,452,398</u>	<u>26,681,568</u>
Total liabilities	<u>28,168,172</u>	<u>28,466,116</u>
<b>Deferred Inflows of Resources:</b>		
Deferred inflow of resources related to pensions	1,070,303	8,663
Deferred inflow of resources related to OPEB	<u>27,008</u>	<u>15,858</u>
Total deferred inflows of resources	<u>1,097,311</u>	<u>24,521</u>
<b>Net Position:</b>		
Net investment in capital assets	28,750,892	28,731,887
Unrestricted	<u>2,998,390</u>	<u>453,507</u>
<b>Total Net Position</b>	<u>\$ 31,749,282</u>	<u>\$ 29,185,394</u>

**CITY OF NORWICH, CONNECTICUT  
DEPARTMENT OF PUBLIC UTILITIES  
COMPARATIVE STATEMENTS OF ACTIVITIES - WATER DIVISION  
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
Operating Revenues:		
Charges for services	\$ 11,007,820	\$ 11,139,518
Use of property	94,506	80,636
Other services	290,820	51,412
Total operating revenues	<u>11,393,146</u>	<u>11,271,566</u>
Operating Expenses:		
Operations and maintenance	3,743,801	3,811,466
General and administrative	1,312,627	2,570,815
Depreciation	1,601,448	1,303,658
Pension expense	888,769	1,365,669
Customer accounts	337,342	334,841
Gross revenue and property taxes	160,281	160,281
OPEB expense	281,520	282,842
Total operating expenses	<u>8,325,788</u>	<u>9,829,572</u>
Operating Income	<u>3,067,358</u>	<u>1,441,994</u>
Nonoperating Income (Expenses):		
Interest income	6,009	41,600
Interest expense	(345,098)	(226,200)
Loss on disposal of capital assets	(47,472)	(19,356)
Other nonoperating revenue	12,784	624
Net nonoperating expenses	<u>(373,777)</u>	<u>(203,332)</u>
Income Before Contributions and Transfers	2,693,581	1,238,662
Capital Contributions	1,002,418	3,490,506
Transfers out to City of Norwich	<u>(1,132,111)</u>	<u>(1,105,048)</u>
Change in Net Position	2,563,888	3,624,120
Net Position at Beginning of Year	<u>29,185,394</u>	<u>25,561,274</u>
Net Position at End of Year	<u>\$ 31,749,282</u>	<u>\$ 29,185,394</u>

**CITY OF NORWICH, CONNECTICUT  
DEPARTMENT OF PUBLIC UTILITIES  
COMPARATIVE STATEMENTS OF CASH FLOWS - WATER DIVISION  
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
Cash Flows from Operating Activities:		
Cash received from charges for services	\$ 12,222,373	\$ 11,351,494
Cash paid to vendors	(3,178,139)	(3,195,059)
Cash paid to employees for services	(4,406,234)	(4,447,326)
Net cash provided by (used in) operating activities	<u>4,638,000</u>	<u>3,709,109</u>
Cash Flows from Noncapital and Related Financing Activities:		
Transfers to City of Norwich	(1,132,111)	(1,105,048)
Cash advances from (to) other funds	6,286	460
Net cash provided by (used in) noncapital and related financing activities	<u>(1,125,825)</u>	<u>(1,104,588)</u>
Cash Flows from Capital and Related Financing Activities:		
Capital contributions	1,002,418	3,490,506
Purchases of capital assets	(3,509,857)	(8,389,197)
Proceeds from sale of capital assets	5,251	94,494
Proceeds from long-term debt	3,452,809	5,074,717
Principal payment on bonds and notes	(952,835)	(813,464)
Interest payment on debt	(345,098)	(226,200)
Other nonoperating revenue (expenses)	12,784	624
Net cash provided by (used in) capital and related financing activities	<u>(334,528)</u>	<u>(768,520)</u>
Cash Flows from Investing Activities:		
Income on investments	6,009	41,600
Net cash provided by (used in) investing activities	<u>6,009</u>	<u>41,600</u>
Net Increase (Decrease) in Cash and Cash Equivalents	3,183,656	1,877,601
Cash and Cash Equivalents at Beginning of Year	<u>7,329,755</u>	<u>5,452,154</u>
Cash and Cash Equivalents at End of Year	<u>\$ 10,513,411</u>	<u>\$ 7,329,755</u>
Reconciliation of Operating Income to Net Cash Provided by (Used in) Operating Activities:		
Operating income	\$ 3,067,358	\$ 1,441,994
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:		
Depreciation expense	1,601,448	1,303,658
Change in deferred outflow of resources related to pensions	883,326	(1,596,616)
Change in deferred outflow of resources related to OPEB	188,682	(308,692)
Change in net pension liability	(2,393,240)	2,702,764
Change in net OPEB liability	(168,338)	530,590
Change in deferred inflow of resources related to pensions	1,061,640	(2,656)
Change in deferred inflow of resources related to OPEB	11,150	(5,443)
(Increase) decrease in receivables	829,227	79,928
(Increase) decrease in inventories and other assets	(51,276)	129,312
Increase (decrease) in accounts payable and accrued liabilities	(391,977)	(565,730)
Total adjustments	<u>1,570,642</u>	<u>2,267,115</u>
Net Cash Provided by (Used in) Operating Activities	<u>\$ 4,638,000</u>	<u>\$ 3,709,109</u>

**CITY OF NORWICH, CONNECTICUT  
DEPARTMENT OF PUBLIC UTILITIES  
COMPARATIVE STATEMENTS OF NET POSITION - SEWER DIVISION  
JUNE 30, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
Assets:		
Current:		
Cash and cash equivalents	\$ 14,423,565	\$ 12,797,898
Receivables, net:		
User charges	1,145,739	1,342,314
Inventories	60,909	59,794
Other assets	74,074	48,413
Total current assets	<u>15,704,287</u>	<u>14,248,419</u>
Capital assets, net	<u>49,335,096</u>	<u>51,256,051</u>
Total assets	<u>65,039,383</u>	<u>65,504,470</u>
Deferred Outflows of Resources:		
Deferred outflow of resources related to pensions	972,062	1,678,254
Deferred outflow of resources related to OPEB	308,326	456,886
Total deferred outflows of resources	<u>1,280,388</u>	<u>2,135,140</u>
Liabilities:		
Current liabilities:		
Accounts payable and accrued liabilities	396,851	271,668
Notes payable	654,138	552,349
Compensated absences	311,366	306,155
Risk management claims	11,793	94,395
Due to City of Norwich	42,808	14,220
Total current liabilities	<u>1,416,956</u>	<u>1,238,787</u>
Noncurrent liabilities:		
Customer deposits	-	-
Notes payable	7,076,143	7,730,281
Compensated absences	502,750	505,687
Risk management claims	35,329	231,670
Net pension liability	5,760,390	7,602,823
Net OPEB liability	1,243,313	1,353,905
Total noncurrent liabilities	<u>14,617,925</u>	<u>17,424,366</u>
Total liabilities	<u>16,034,881</u>	<u>18,663,153</u>
Deferred Inflows of Resources:		
Deferred inflow of resources related to pensions	902,849	7,142
Deferred inflow of resources related to OPEB	22,783	13,074
Total deferred inflows of resources	<u>925,632</u>	<u>20,216</u>
Net Position:		
Net investment in capital assets	41,604,815	42,960,921
Unrestricted	7,754,443	5,995,320
Total Net Position	<u>\$ 49,359,258</u>	<u>\$ 48,956,241</u>

**CITY OF NORWICH, CONNECTICUT  
DEPARTMENT OF PUBLIC UTILITIES  
COMPARATIVE STATEMENTS OF ACTIVITIES - SEWER DIVISION  
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
Operating Revenues:		
Charges for services	\$ 8,445,680	\$ 8,399,220
Other services	67,717	1,507,828
Total operating revenues	<u>8,513,397</u>	<u>9,907,048</u>
Operating Expenses:		
Operations and maintenance	3,530,565	3,793,184
General and administrative	759,343	2,011,799
Depreciation	2,084,306	2,109,625
Pension expense	749,718	1,125,885
Customer accounts	225,585	223,036
OPEB expense	237,476	233,180
Total operating expenses	<u>7,586,993</u>	<u>9,496,709</u>
Operating Income	<u>926,404</u>	<u>410,339</u>
Nonoperating Income (Expenses):		
Interest income	14,861	93,172
Interest expense	(214,720)	(126,487)
Loss on disposal of assets	(331,939)	(32,192)
Other nonoperating revenue (expenses)	8,411	416
Net nonoperating expenses	<u>(523,387)</u>	<u>(65,091)</u>
Income Before Contributions	403,017	345,248
Capital Contributions	<u>-</u>	<u>206,068</u>
Change in Net Position	403,017	551,316
Net Position at Beginning of Year	<u>48,956,241</u>	<u>48,404,925</u>
Net Position at End of Year	<u>\$ 49,359,258</u>	<u>\$ 48,956,241</u>

**CITY OF NORWICH, CONNECTICUT  
DEPARTMENT OF PUBLIC UTILITIES  
COMPARATIVE STATEMENTS OF CASH FLOWS - SEWER DIVISION  
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
Cash Flows from Operating Activities:		
Cash received from charges for services	\$ 8,709,972	\$ 9,795,550
Cash paid to vendors	(2,528,216)	(2,461,657)
Cash paid to employees for services	(3,549,129)	(3,428,124)
Net cash provided by (used in) operating activities	<u>2,632,627</u>	<u>3,905,769</u>
Cash Flows from Noncapital and Related Financing Activities:		
Cash advances from (to) other funds	<u>28,588</u>	<u>(23,993)</u>
Net cash provided by (used in) noncapital and related financing activities	<u>28,588</u>	<u>(23,993)</u>
Cash Flows from Capital and Related Financing Activities:		
Capital contributions	-	206,068
Purchases of capital assets	(294,507)	(1,792,578)
Proceeds from sale of capital assets	2,756	4,965
Proceeds from long-term debt	-	92,193
Principal payment on bonds and notes	(552,349)	(496,716)
Interest payment on debt	(214,720)	(126,487)
Other nonoperating revenue (expenses)	8,411	416
Net cash provided by (used in) capital and related financing activities	<u>(1,050,409)</u>	<u>(2,112,139)</u>
Cash Flows from Investing Activities:		
Income on investments	<u>14,861</u>	<u>93,172</u>
Net cash provided by (used in) investing activities	<u>14,861</u>	<u>93,172</u>
Net Increase (Decrease) in Cash and Cash Equivalents	1,625,667	1,862,809
Cash and Cash Equivalents at Beginning of Year	<u>12,797,898</u>	<u>10,935,089</u>
Cash and Cash Equivalents at End of Year	<u>\$ 14,423,565</u>	<u>\$ 12,797,898</u>
Reconciliation of Operating Income to Net Cash		
Provided by (Used in) Operating Activities:		
Operating income	\$ <u>926,404</u>	\$ <u>410,339</u>
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:		
Depreciation expense	2,084,306	2,109,625
Change in deferred outflow of resources related to pensions	706,192	(1,308,606)
Change in deferred outflow of resources related to OPEB	148,560	(250,197)
Change in net pension liability	(1,842,433)	2,114,231
Change in net OPEB liability	(110,592)	417,992
Change in deferred inflow of resources related to pensions	895,707	(2,387)
Change in deferred inflow of resources related to OPEB	9,709	(4,859)
(Increase) decrease in receivables	196,575	(111,498)
(Increase) decrease in inventories and other assets	(26,776)	87,407
Increase (decrease) in accounts payable and accrued liabilities	<u>(355,025)</u>	<u>443,722</u>
Total adjustments	<u>1,706,223</u>	<u>3,495,430</u>
Net Cash Provided by (Used in) Operating Activities	<u>\$ 2,632,627</u>	<u>\$ 3,905,769</u>