

CITY OF NORWICH, CONNECTICUT
ANNUAL COMPREHENSIVE FINANCIAL REPORT



FISCAL YEAR ENDED JUNE 30, 2022
DEPARTMENT OF FINANCE
UNION SQUARE
NORWICH, CONNECTICUT

**Annual Comprehensive
Financial Report
of the

City of Norwich,
Connecticut**

Fiscal Year Ended June 30, 2022

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December 18, 2022

Honorable Mayor and Members of the City Council
City of 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, 2022. 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 13th lowest per capita tax burdens in the State at \$2,025 for fiscal year 2020.

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, maintaining the existing infrastructure 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

Ponemah – South Mill Adaptive Reuse Project

In partnership with the owners of the mill complex, NCDC was awarded a \$795,000 grant from the State of Connecticut Department of Economic & Community Development (DECD) for the Remediation of the south mill building. The grant compliments the \$200,000 DECD 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 environmental remediation work is currently underway. The Norwich Commission on the City Plan approved a 146-unit apartment complex with on-site resident amenities and a 6,800-square-foot restaurant on the property. It is expected that permits will be issued for the project before the start of 2023. This project is a continuation of the \$117 million project which converted a 650,000-square-foot, 19th-century mill into 435 residential apartment units between 2018 and 2021.

Taftville Landing

The 3 North Second Avenue building is historically associated with the Ponemah Mill and was operated as the company store. It is 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 apartment units have yet to be built-out. The Nutmeg Pharmacy is located in the building and the owners are seeking additional commercial tenants. Upgrades to the utilities and the parking lot were completed and included electric vehicle charging stations.

Foundry66

This co-work center opened with its first 7,500-square-foot phase in October 2016. The operation has a mix of open spaces, teleconference and meeting rooms, a lounge area, work rooms 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 ten new businesses in the City. Foundry66 is running at about 70% occupancy, but 100% occupancy on closed, private office spaces. The CoWork industry is expected to experience significant growth over the next decade and expansion is possible.

[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 which will allow for a \$400,000 loan and a \$400,000 grant to be provided to the owners to make code corrections as part of an \$8.8 million renovation to the property. In late September 2022 the developer commenced construction with an estimated completion in late third quarter 2023.

[Downtown Boutique Hotel](#)

A hotel conversion of the former Elks Club on Main Street that has been profoundly stuck for over a decade has been purchased by Ganesha Hospitality LLC, a Cromwell-based hospitality company. The plan is spend \$450,000 to create 24 unique historic hotel suites, a fine dining experience, a creative bar, and a combination spa and conference center. The renovations started in July 2022 with the target of opening the guest rooms and meeting hall in the following winter. The project is slated to receive \$165,000 of Federal American Rescue Plan Act (ARPA) funds through NCDC to assist with building code corrections.

[Nalas Engineering](#)

Nalas Engineering of Essex, CT, purchased 1 Winneden Avenue in December 2018 for a chemical process and manufacturing facility. Among other things, Nalas does the engineering, chemistry, and modeling for continuous processing of the precursors to the main energetics that power torpedoes, as well as other military needs. Nalas is positioned to onshore the research, development, design, and production of the US military requirements for the future. Their first phase of the operation is to complete a multi-million dollar facility housing these opportunities here in Norwich. Nalas also services the pharmaceutical industry as well as others using batch-type manufacturing processes. 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 151-room hotel operation with a restaurant, banquet space, and a pool in the 1864 former textile mill. The City Council approved a tax abatement ordinance and approved up to \$400,000 in ARPA funding towards the project. The developers began construction in August 2022 and expect to complete the project by December 2025.

[Nordson EFD Manufacturing](#)

In April 2020 the Commission on the City Plan approved a 53,880-square-foot 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.

Cannabis Cultivation and Retail

The City of Norwich was identified as a Disproportionately Impacted Area. As such, two cannabis cultivators selected to receive provisional licenses by the State of Connecticut have chosen to locate in the city. Each is a multi-state cannabis cultivation operator and in the aggregate will bring nearly 80,000-square-feet of plant manufacturing to the city which represents over 70 new jobs and significant utility usage. One operator is locating its facility in the former Mr. Big's department store on Eighth Street in Greeneville and the other in a former manufacturing facility on Forest Drive. Each will require upwards of a \$20 million investment to reach full operational capability. By licensing mandate, they must be operational by the end of 2023. Two Cannabis retail operators have also chosen to operate in Norwich. Retail operations are subject to a 3% municipal tax on gross receipts. Both are permitted, and plan to open in the spring of 2023.

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 60 of the residential units and construction is ongoing.

Former Reid & Hughes – 201 Main Street

Heritage Properties, the owners of the Wauregan Hotel, have purchased this property and will invest approximately \$6.2 million to convert it into 17 apartments and first-floor retail space. Current occupancy of the Wauregan is 100% and demand for downtown space is on the rise. NCDC was awarded \$550,000 in brownfield remediation grant funds through the Connecticut Community Investment Fund 2030, and the City has set aside \$300,000 of ARPA funds to assist with this project. Heritage Properties is negotiating the purchase of Historic Tax Credits with Eversource, and submitting Historic Tax Credit Part II to the State Historic Preservation Office and the National Park Service. The goal is occupancy in early 2024.

Moove In Self-Storage Facility – 208 & 210 Salem Turnpike/11 Montville Road

In May 2022, the Commission on the City Plan approved a large three-story modern 87,000-square-foot, 656-unit self-storage facility for Lyman Development Corporation. The project will be constructed on a vacant parcel located between the existing Coreplus Credit Union and Walmart on Salem Tpke. It is expected that construction will begin in 2023.

Gulf Station – 722 Boswell Avenue

The renovated building will be modernized as a convenience store and increased in size from 590 to 2,100-square-feet. The installation of a pump canopy, modern lighting and landscaping will improve the site. Construction is expected to start in 2023.

Naverra - 40 Wisconsin Avenue

Naverra (fka Solar Seal), an architectural glass manufacturer, closed on a 10-year lease of the 220,000-square-foot 40 Wisconsin Avenue property in the Norwich Business Park. They are investing \$18 million in the facility and employing 90 people. There are only 15 global competitors in this market and none in the United States. When they are fully operational, which is expected to be sometime in 2023, they will likely be NPU's largest customer. The City contributed \$1.05 million ARPA funds towards this development in a combination of grants and loans.

Former YMCA Building

Mattern Construction was selected by RFP to be the developer/owner of the former YMCA building in downtown. They propose to renovate the building for use as its headquarters and for other complimentary uses such as retail and restaurant space. The City was awarded a \$2 million Community Connecticut Communities Challenge Grant was awarded to the City to assist with the redevelopment of the YMCA property from the DECD in April of 2022. The City is seeking grant and loan assistance from the Capital Region Council of Governments and Naugatuck Valley Council of Governments for brownfield remediation funding after grant applications to DECD and EPA were not awarded to the City.

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 \$236 million project started construction in February 2021 and is expected to be completed in January 2023. The downstream impact on Norwich is demand for new industrial space. A 184-acre parcel is being entitled with a goal to be shovel ready by the fall of 2023. The state Department of Economic and Community Development has identified this parcel as one of the top 10 prime marketing opportunities for Offshore Wind Supply Chain establishment in the state.

Housing Market

The City has an estimated 19,000 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 2021, 421 single-family homes, 128 multi-family homes, 20 mobile homes and 144 condos sold in Norwich. The median sales price for a single family home during this period was \$206,000.

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 Federal

Housing & Urban Development 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 State of Connecticut Department of Transportation (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 and preliminary engineering has been completed. A public informational meeting was held in June 2022. Final design for Phase I is starting in the fall of 2022. Construction may start by 2025. The preliminary design 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 grant for the reconstruction of Dunham Street, a 0.75-mile urban collector road connecting West Main Street to West Thames Street. Construction was completed in the summer 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. Recently the City has secured a \$2.1 million grant for the reconstruction of the southern mile of New London Turnpike.

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. Construction for the replacement of the Sherman Street bridges started in June of 2022. Both bridges will be replaced and a 600-foot section of Asylum Street will also be reconstructed in order to allow raising the bridges by 18-inches, making them less prone to flooding.

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 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. 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.

Over the years, the City has received several grants utilized to further the project. DECD and Federal Environmental Protection Agency (EPA) grants awarded to the City assisted with addressing

environmental and structural concerns, and master planning to create a unique heritage park. Additionally, the Norwich City Council approved the use of Federal CDBG funds to demolish a blighted and dangerous on-site brick mill building with the concurrence of the State Historic Preservation Office (SHPO). The City purchased 232 Yantic Street and demolished a blighted residential structure to install an eight-space parking lot for the park. SHPO approved deconstruction of the granite mill building allowed for the a future community gathering space within the existing ruin.

The Norwich City Council allocated \$2.5 million dollars of ARPA funds towards the continued design and development of site into a Heritage Park, including amenities proposed within the Master Plan; such as an amphitheater, bathrooms, walkways, viewing platforms, lighting, and accessible parking.

American Rescue Plan Act

In addition to the funding allocated towards the Uncas Leap project and various economic development initiatives, the Norwich City Council has also allocated ARPA 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 ARPA funds to be spent by 2026.

School Initiatives

Programs

Norwich Public Schools is an Alliance School District which offers the opportunity for partnership with the CT Department of Education on innovative instruction. Moriarty and Wequonnoc Elementary Schools, Kelly and Global Middle Schools have received Magnet funding in the past. While they are no longer receiving Magnet School funding and therefore there is no longer Magnet transportation or Magnet funded staffing, we still keep with the Magnet themes. Bishop is an early learning center. There are also 2 early learning preschool classes at both Veterans and Mahan Elementary School. Norwich Transition Academy at Case Street School offers a customized learning transition program for 18-22 year old students. The school district has full-day kindergarten classes in all elementary schools. All children in the Norwich Public Schools receive free breakfast and lunch. Every school has an afterschool program and involved students are entitled to a free dinner program.

Facilities

Norwich voters approved a \$385 million bond ordinance referendum in November 2022. The project includes the consolidation of the school district's seven elementary schools into four new, larger schools on the sites of the former Greenville, Stanton, Moriarty, and Uncas schools; either renovating-as-new or replacing Teachers' Memorial School; and renovating Huntington School as the new home for the City's adult education program and the Board of Education administrative offices.

Norwich Public Utilities (NPU)

Throughout 2022, Norwich Public Utilities (NPU) worked tirelessly to continue its support for customers experiencing financial challenges as a result of the pandemic. These efforts included:

- A Special Payment Arrangement program has helped approximately 1,500 customers avoid \$1.2 million in late payment fees
- More than \$300,000 was provided to customers participating in NPU's Matching Payment Program
- NPU facilitated the payment of more than \$2 million in support from TVCCA to help approximately 2,000 customers

- The utility secured and processed more than \$310,000 in support through the State’s UniteCT program for 340 customers
- Securing nearly \$50,000 from Operation Fuel to help 65 customers
- Worked with the City to secure more than \$75,000 in support through the ARPA program.
- As a result of the advocacy of Congressman Joe Courtney and his Norwich office, NPU worked with the City to provide \$116,662 in support for 252 customers through the CDBG program.

Water Division

NPU expects that a new, \$8 million dissolved air flotation system will be online at the Stony Brook Water Treatment Plant by the end of 2022. This complex plant upgrade project, which began in 2019, will improve water quality for NPU water customers throughout the region for generations to come. NPU secured grant funding from the State of Connecticut and completed the construction to extend water service to the Countryside neighborhood in Norwich, significantly improving water quality for a nearly 20 residences that have long struggled with water quality.

Electric Division

In April, NPU supported the Light Up Navajo (LUN) III, a mutual aid program to bring electricity to indigenous households in the Navajo Nation. The program was organized by the Navajo Tribal Utility Authority and has involved municipal utility companies from across the country.

For two weeks in April, NPU Linemen John Benoit and Will Maxeiner spent two weeks in Arizona bringing electricity to homes that previously did not have electricity. Of the 55,000 homes located in the 27,000-square-mile Navajo Nation (approximately the size of West Virginia), nearly 14,000 homes do not have electricity.

Mutual aid is one of the most important parts of working in the utility industry; sharing the expertise and hard work of our employees through this project is an exciting opportunity for NPU to give back to another community. NPU was proud to be a part of this important project and to help close America’s electricity gap.

NPU worked diligently to install a new, 8-megawatt electrical service for Naverra, a manufacturer of large panel architectural glass that will be operating in the Norwich business park.

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, will be the largest construction project in the history of Norwich, and bring critically important infrastructure upgrades to Norwich and the region. This project will go out to bid by the end of 2022.

NPU also continues its multi-year Combined Sewer Overflow (CSO) program that has eliminated dozens of sewer system overflows over the past several years from the utility’s wastewater infrastructure. NPU remains on track to eliminate all of its CSOs in the next few years which will improve water quality in the Shetucket and Thames Rivers, as well as Long Island Sound.

Gas Division

NPU’s Natural Gas Division had a very productive construction season in 2022, completing a number of important projects, improving the safety and reliability of its system. The work completed included:

- Abandoning more than 6,500 feet of old cast-iron natural gas main in the Western Avenue and Maple Street neighborhoods of Norwich; this piping was replaced by state-of-the-art plastic piping.
- Installing more than 3,000 feet of new natural gas piping in the Yantic section of Norwich to support the Hale Mill renovation project
- Completed safety inspections on more than 1,500 natural gas services as part of its annual leak survey.
- Continued partnership with the City of Norwich to respond to emergency repairs and scheduled maintenance at City buildings, which saves the City and taxpayers money every year.

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 while the City has pension obligation bonds outstanding. The pension obligation bonds were sold in February 2022.

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, 2021. This was the 29th 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 2022, 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**

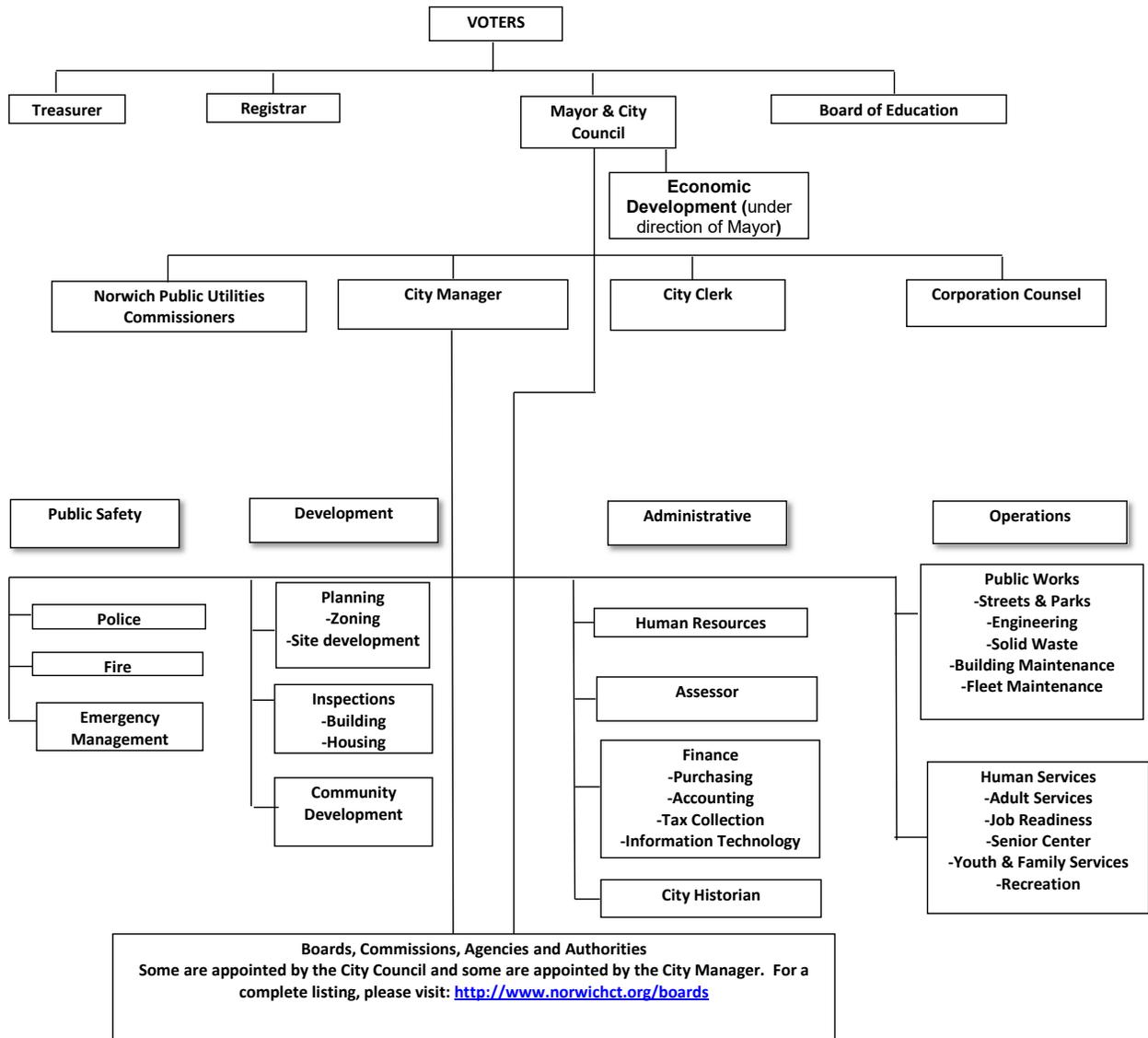
For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2021

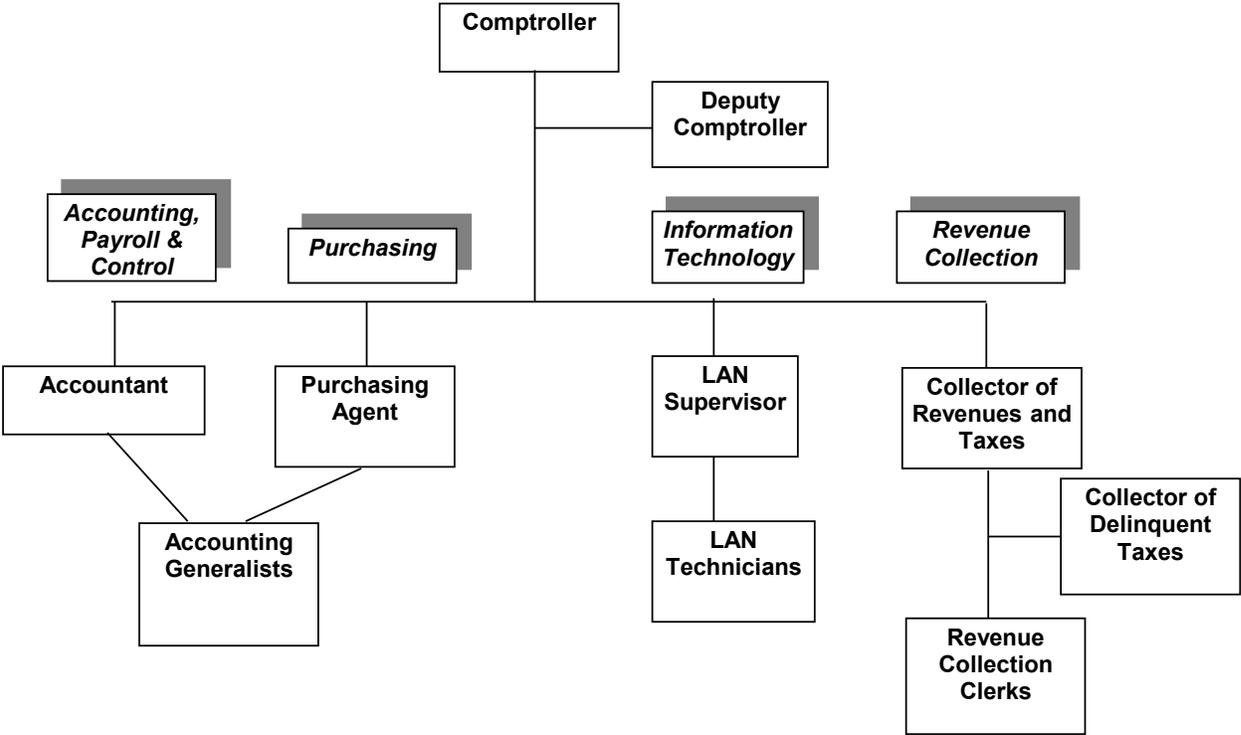
Christopher P. Morrill

Executive Director/CEO

Organization Chart



City of Norwich Finance Department Organization Chart



City Officials

Elected City Officials & NPU Commissioners

	<u>Term Length</u>	<u>Term Expires</u>
<i>City Council</i>		
Peter A. Nystrom, Mayor (R)	4 Years	12/2/25
Joseph A. DeLucia, President Pro Tempore (D)	2 Years	12/5/23
Tracey Burto (D)	2 Years	12/5/23
Stacy L. Gould (R)	2 Years	12/5/23
Grant Neuendorf (R)	2 Years	12/5/23
Swarnjit Bhatia Singh (D)	2 Years	12/5/23
Derell Q. Wilson (D)	2 Years	12/5/23

Board of Education

Robert Aldi, Chairperson (D)	2 Years	12/5/23
Mark Kulos, Vice Chairperson (D)	2 Years	12/5/23
Carline Charmelus, Secretary (D)	2 Years	12/5/23
Joshua Chapman (R)	2 Years	12/5/23
Aaron Daniels (R)	2 Years	12/5/23
Christine Distasio (R)	2 Years	12/5/23
Heather Fowler (R)	2 Years	12/5/23
Gregory Perry (D)	2 Years	12/5/23
Kevin Saythany (D)	2 Years	12/5/23

Treasurer

Michael Gualtieri (R)	2 Years	12/5/23
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Registrar of Voters

Dianne Daniels (D)	4 Years	1/8/25
Cheryl Stover (R)	4 Years	1/8/25

Appointed NPU Commissioners

Robert A. Staley, Chairperson (R)	5 Years	3/1/23
Stewart Peil, Vice Chairperson (R)	5 Years	3/1/27
Michael A. Goldblatt, Secretary (R)	5 Years	3/1/25
Ashon Avent (D)	5 Years	3/1/24
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	William Lee	(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	Orla McKiernan	(860) 823-3813
Corporation Counsel	Michael E. Driscoll	(860) 889-3321
Emergency Management Director	Tracy Montoya	(860) 892-6080
Engineer	Brian Long	(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	Scott Eggert	(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	Tara Booker	(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

INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of the Financial Statements

Opinions

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, 2022, 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.

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, 2022, 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Norwich, Connecticut and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of a Matter

Change in Accounting Principle

During fiscal year ended June 30, 2022, the City of Norwich, Connecticut adopted GASB Statements No. 87, the new accounting guidance for leases. The guidance requires lessees to recognize a right-to-use lease asset and a corresponding lease liability for all leases with lease terms greater than 12 months. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Norwich, Connecticut's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 City of Norwich, Connecticut's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Norwich, Connecticut's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

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 is the responsibility of management and, 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 GAAS, 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.

Supplementary 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 accompanying supplementary information such as the combining and individual fund statements and schedules 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 relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 GAAS. In our opinion, the combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical section but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 18, 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 City of Norwich, Connecticut’s internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

West Hartford, Connecticut
December 18, 2022

CITY OF NORWICH, CONNECTICUT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2022

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, 2022. 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 (\$547.2 million) of the City exceeded its liabilities and deferred inflows of resources (\$383.3 million), resulting in total net position at the close of the fiscal year of \$163.9 million. Total net position for governmental activities at fiscal year-end was \$30.2 million, and total net position for business-type activities was \$133.8 million. Total unrestricted net *deficit* at June 30, 2022 was \$58.3 million.
- On a government-wide basis, during the year, the City's net position decreased by \$1.0 million from \$164.9 million to \$163.9 million. Governmental activities net position increased by \$7.6 million and net position decreased by \$8.6 million for business-type activities. Governmental activities expenses were \$253.3 million, while total revenues including transfers were \$260.9 million.
- At the close of the year, the City's governmental funds reported, on a current financial resource basis, combined ending fund balances of \$114.0 million, an increase of \$68.3 million from the prior fiscal year. Of the total fund balance as of June 30, 2022, \$110.7 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 \$17.4 million, an increase of \$0.4 million from the prior fiscal year. As of June 30, 2022, all of the \$17.4 million fund balance is unrestricted, representing 12.9% of total General Fund actual expenditures and operating transfers on a budgetary basis.
- The City's governmental activities total bonded debt increased by \$140.7 million during the current fiscal year because of the issuance of \$145 million in pension obligation bonds.

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 ("DPU"), 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 decreased from a year ago from \$164.9 million to \$163.9 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	
	2022	2021	2022	2021	2022	2021
Assets:						
Current and Other Assets	\$ 167,892	\$ 95,586	\$ 14,254	\$ 67,868	\$ 182,146	\$ 163,454
Capital Assets	121,849	121,634	165,499	163,323	287,348	284,957
Total Assets	289,741	217,220	179,753	231,191	469,494	448,411
Deferred Outflows of Resources	51,982	9,303	25,727	8,304	77,709	17,607
Liabilities:						
Long-Term Debt Outstanding	260,607	149,043	55,834	78,769	316,441	227,812
Unearned Revenue	23,654	17,013	797	849	24,451	17,862
Other Liabilities	12,634	15,815	12,647	11,542	25,281	27,357
Total Liabilities	296,895	181,871	69,278	91,160	366,173	273,031
Deferred Inflows of Resources	14,659	22,047	2,427	6,003	17,086	28,050
Net Position:						
Net Investment in Capital Assets	78,709	74,279	140,419	136,016	219,128	210,295
Restricted	1,962	2,160	1,122	1,368	3,084	3,528
Unrestricted	(50,502)	(53,834)	(7,766)	4,948	(58,268)	(48,886)
Total Net Position	\$ 30,169	\$ 22,605	\$ 133,775	\$ 142,332	\$ 163,944	\$ 164,937

Net position of the City's governmental activities increased by \$7.6 million to \$30.2 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 (\$53.8) million at June 30, 2021 to (\$50.6) million at the end of this year. The unrestricted net position of business-type activities decreased from \$4.9 million compared to (\$7.8) million during 2022.

Table 2
CHANGES IN NET POSITION
(In Thousands)

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
Revenues:						
Program Revenues:						
Charges for Services	\$ 6,467	\$ 4,520	\$ 99,911	\$ 92,975	\$ 106,378	\$ 97,495
Operating Grants and Contributions	74,597	70,689		-	74,597	70,689
Capital Grants and Contributions	6,957	2,679	787	1,766	7,744	4,445
General Revenues:						
Property Taxes	90,297	90,080		-	90,297	90,080
Grants and Contributions not Restricted to Specific Purposes	5,957	4,486		-	5,957	4,486
Unrestricted Investment Earnings	296	688	38	70	334	758
Other General Revenues	67,659	1,628		-	67,659	1,628
Total Revenues	<u>252,230</u>	<u>174,770</u>	<u>100,736</u>	<u>94,811</u>	<u>352,966</u>	<u>269,581</u>
Program Expenses:						
General Government	3,820	9,389		-	3,820	9,389
Public Safety	123,944	27,306		-	123,944	27,306
Social Services	2,383	4,811		-	2,383	4,811
Public Works	7,615	14,196		-	7,615	14,196
Education	114,408	118,197		-	114,408	118,197
Interest on Long-Term Debt	1,144	1,282		-	1,144	1,282
Department of Public Utilities		-	98,810	79,908	98,810	79,908
Other Enterprise Funds		-	1,835	1,661	1,835	1,661
Total Program Expenses	<u>253,314</u>	<u>175,181</u>	<u>100,645</u>	<u>81,569</u>	<u>353,959</u>	<u>256,750</u>
Excess (Deficiency) Before Transfers	(1,084)	(411)	91	13,242	(993)	12,831
Transfers	8,648	9,193	(8,648)	(9,193)		-
Increase (Decrease) In Net Position	7,564	8,782	(8,557)	4,049	(993)	12,831
Net Position - Beginning of Year	22,605	13,823	142,332	138,283	164,937	152,106
Net Position - End of Year	<u>\$ 30,169</u>	<u>\$ 22,605</u>	<u>\$ 133,775</u>	<u>\$ 142,332</u>	<u>\$ 163,944</u>	<u>\$ 164,937</u>

The City's total revenues were \$353.0 million. The total cost of all programs and services was \$354.0 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 \$7.6 million during the year. Total revenues of \$252.2 million and \$8.6 million in transfers from the City's business-type activities provided funding for the City's \$253.3 million of governmental program expenses incurred during the year.

The City's revenues increased \$78.3 million (\$252.2 million compared to \$173.9 million) which was primarily caused by the recognition of a long-term interfund receivable from DPU for its portion of the Pension Obligation Bond debt .

Total program expenses were \$253.3 million as compared with \$174.3 million reported last year. The large increase is primarily attributable to the impact of changes in actuarial assumptions and differences between projected and actual investment earnings in the City’s pension and OPEB plans.

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>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
General Government	\$ 3,820	\$ 9,389	\$ 859	\$ 7,022
Public Safety	123,944	27,306	118,590	25,650
Social Services	2,383	4,811	(875)	1,839
Public Works	7,615	14,196	2,895	11,133
Education	114,408	118,197	42,680	50,367
All Others	1,144	1,282	1,144	1,282
Totals	<u>\$ 253,314</u>	<u>\$ 175,181</u>	<u>\$ 165,293</u>	<u>\$ 97,293</u>

Business-Type Activities

Revenues of the City’s business-type activities (see Table 2) increased by \$5.1 million during the year (\$99.9 million in 2022 compared to \$94.8 million in 2021) and expenses increased by \$18.5 million. Overall net position decreased \$8.6 million in 2022. For the DPU, revenues in 2022 increased with approved rate increases. DPU expenses in 2022 increased with the uptick in costs to purchase power and gas as well as the impact of changes in actuarial assumptions and differences between projected and actual investment earnings in the City’s pension and OPEB plans.

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 \$114.0 million, which is an increase of \$68.4 million from last year’s total of \$45.7 million. Included in this year’s total change in fund balance is an increase of \$0.4 million in the City’s General Fund. The primary reasons for the General Fund’s increase are 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 \$67.0 million at June 30, 2022. The fund balance increased by \$50.4 million during the year due to the recognition of a long-term interfund receivable from DPU for its portion of the Pension Obligation Bond debt.

The Education Grants Fund reported a fund deficit of (\$0.1) million which was a \$1.0 million decrease from last year.

The General Government Grants & Programs fund had a fund balance of \$4 which was a \$66 increase from the prior year.

The other governmental funds have a total fund balance of \$29.7 million - a \$18.5 million increase from last year.

Proprietary Funds

Net position of the DPU was \$126.2 million, as compared to \$134.4 million in the prior year, and City’s other nonmajor enterprise funds’ net position decreased by \$0.3 million to \$7.6 million.

Unrestricted net deficit of the DPU was (5.3) million, and a deficit of (\$2.5) million for the other nonmajor enterprise funds. The DPU had operating revenues of \$98.5 million from user fees, and other enterprise funds had \$1.5 million. The total increase in net position for the fiscal year ended June 30, 2022 was \$4.0 million. The change in the DPU net position is largely attributable to the impact of changes in actuarial assumptions and differences between projected and actual investment earnings in the City’s pension and OPEB plans.

General Fund Budgetary Highlights

During the year, actual revenues and other financing sources on a budgetary basis were \$136.2 million, which was \$0.8 million lower than budgetary estimates. The variance was caused primarily by \$1.2 of Education Cost Sharing grants which were budgeted as General Fund revenues and later determined to be Alliance District funds (which are accounted for outside of the General Fund). The decrease in this grant was partially offset 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 \$134.9 million, which were lower than actual revenues and other financing sources on a budgetary basis by \$2.1 million. \$1.2 million of the variance was due to lower spending on Education related to the Education Cost Sharing grant variance discussed above.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2022, the City had \$287.3 million invested in a broad range of capital assets, including land, building and system improvements, machinery and equipment, park facilities, roads, sewers and bridges - Table 4. This amount represents a net decrease (including additions, deductions and depreciation) of \$2.3 million, or 0.82%, compared to last year.

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

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
Land	\$ 28,615	\$ 26,478	\$ 3,285	\$ 3,280	\$ 31,900	\$ 29,758
Buildings and Improvements	54,706	56,820	30,593	32,548	85,299	89,368
Vehicles, Machinery, Equipment, Pumping and Distributions Systems Technology Upgrade and Road Infrastructure	9,611	10,889	112,591	104,814	122,202	115,703
Construction in Progress	21,404	20,997	-	-	21,404	20,997
	7,513	6,450	19,030	22,681	26,543	29,131
Totals	\$ 121,849	\$ 121,634	\$ 165,499	\$ 163,323	\$ 287,348	\$ 284,957

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

NPU Electrical Line & Service Installations	\$	595
NPU Second St Hydro Generator & Turbine		655
NPU Water Main Installations		685
NPU Fleet Vehicles		817
NPU Gas Main Installations		882
NPU Gas Service Installations		1,008
Former YMCA land and building		2,038
Franklin Square Roundabout		608
Citywide paving		1,001
Total	\$	<u>8,289</u>

The City's fiscal-year 2023 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 8 to the financial statements.

Long-Term Debt

At June 30, 2022, the City had total bonds and notes outstanding of \$215.0 million. The general obligation bond debt is backed by the full faith and credit of the City. The City's outstanding net debt increased by \$139.5 million during fiscal 2022 as a result of the issuance of \$145 million in pension obligation bonds.

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

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
General Obligation Bonds	\$ 189,221	\$ 48,500	\$ -	\$ -	\$ 189,221	\$ 48,500
Notes Payable	-	-	759	1,154	759	1,154
Serial Notes Payable	-	-	25,057	26,139	25,057	26,139
Total	<u>\$ 189,221</u>	<u>\$ 48,500</u>	<u>\$ 25,816</u>	<u>\$ 27,293</u>	<u>\$ 215,037</u>	<u>\$ 75,793</u>

In January 2022, Standard & Poor's assigned an AA rating on Norwich's \$145 million pension obligation bond issue 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 \$633 million. The City's outstanding general obligation debt is at 28.69% of this limitation. Table 9 presents more detailed information about the debt limitation.

Other obligations include net OPEB obligation, accrued vacation pay and sick leave, and risk management claims. More detailed information about the City's long-term liabilities is presented in Note 8 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

As of October 2022, the unemployment rate for the Norwich was 4.6%, down from 7.1% in the prior year. Connecticut's overall unemployment rate stood at 4.0%, compared with 4.8% 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, the City sold \$145 million of pension obligation bonds in February 2022 which could potentially save City taxpayers and NPU ratepayers several millions of dollars over the next 25 years. Other initiatives are noted in the transmittal letter. Additionally, voters approved a \$385 million bond referendum in November 2022 to consolidate its seven elementary schools into four new buildings, renovate-as-new or replace Teachers' Memorial Middle School, and repurpose a school as the home of Norwich Public Schools' administrative offices. The estimated net cost of these projects of \$153 million compares favorably to the estimated cost of \$225 million to repair all of the existing schools.

The fiscal year 2023 General Fund budget calls for \$138.6 million in revenues and expenditures, a 1.18% increase in over fiscal year 2022. Noneducation expenditures increased by 2.28% and education expenditures increased by 0.53%. On the revenue side, the fiscal year 2023 General Fund mill rate decreased 0.15 mills, or 0.36%, from 41.98 to 41.83. No unrestricted fund balance was used to balance the budget.

In the City's business-type activities, the Norwich Public Utilities projects a 3.98% increase in revenues from fiscal year 2022 from \$100.4 million to \$104.4 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 \$47.7 million in capital improvements including \$32 million for the start of the wastewater treatment plant improvements.

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

CITY OF NORWICH, CONNECTICUT
STATEMENT OF NET POSITION
JUNE 30, 2022
(IN THOUSANDS)

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and Cash Equivalents	\$ 38,399	\$ 60,146	\$ 98,545
Investments	42,372		42,372
Receivables, Net	19,688	14,567	34,255
Internal Balances	66,151	(66,151)	-
Due from Fiduciary Funds	1,227		1,227
Inventories	55	2,192	2,247
Other Assets		3,500	3,500
Capital Assets:			
Assets Not Being Depreciated	36,128	22,315	58,443
Assets Being Depreciated, Net	85,721	143,184	228,905
Total Assets	<u>289,741</u>	<u>179,753</u>	<u>469,494</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Outflows - Pensions	43,132	23,637	66,769
Deferred Outflows - OPEB	7,706	2,090	9,796
Deferred Charge on Refunding	1,144		1,144
Total Deferred Outflows of Resources	<u>51,982</u>	<u>25,727</u>	<u>77,709</u>
LIABILITIES			
Accounts and Other Payables	11,300	12,647	23,947
Due to Fiduciary Funds	1,334		1,334
Unearned Revenue	23,654	797	24,451
Noncurrent Liabilities:			
Due Within One Year	12,809	4,382	17,191
Due in More Than One Year	247,798	51,452	299,250
Total Liabilities	<u>296,895</u>	<u>69,278</u>	<u>366,173</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflows - Leases	1,723	639	2,362
Deferred Inflows - Pensions	2,334	7	2,341
Deferred Inflows - OPEB	10,602	1,781	12,383
Total Deferred Inflows of Resources	<u>14,659</u>	<u>2,427</u>	<u>17,086</u>
NET POSITION			
Net Investment in Capital Assets	78,709	140,419	219,128
Restricted for:			
Expendable	1,962		1,962
Permanent Trust Purposes			-
Energy Conservation		1,122	1,122
Unrestricted	(50,502)	(7,766)	(58,268)
Total Net Position	<u>\$ 30,169</u>	<u>\$ 133,775</u>	<u>\$ 163,944</u>

See accompanying Notes to Financial Statements.

**CITY OF NORWICH, CONNECTICUT
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2022
(IN THOUSANDS)**

Functions/Programs	Expenses	Program Revenues			Net Revenue (Expense) and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
GOVERNMENTAL ACTIVITIES							
General Government	\$ 3,820	\$ 2,623	\$ 338	\$	\$ (859)		\$ (859)
Public Safety	123,944	474	1,409	3,471	(118,590)		(118,590)
Social Services	2,383	1,081	2,177		875		875
Public Works	7,615	1,357	594	2,769	(2,895)		(2,895)
Education	114,408	932	70,079	717	(42,680)		(42,680)
Interest on Long-Term Debt	1,144				(1,144)		(1,144)
Total Governmental Activities	253,314	6,467	74,597	6,957	(165,293)	-	(165,293)
BUSINESS-TYPE ACTIVITIES							
Department of Public Utilities:							
Gas	23,175	23,039		67		(69)	(69)
Electric	54,975	55,263		48		336	336
Water	10,588	11,196		606		1,214	1,214
Sewer	10,072	8,954		36		(1,082)	(1,082)
Nonmajor Enterprise Funds:							
Golf Course Authority	1,364	1,184		30		(150)	(150)
Stadium Authority	352	94				(258)	(258)
Ice Rink Authority	119	181				62	62
Total Business-Type Activities	100,645	99,911	-	787	-	53	53
Total	\$ 353,959	\$ 106,378	\$ 74,597	\$ 7,744	(165,293)	53	(165,240)
GENERAL REVENUES							
					90,297		90,297
					5,957		5,957
					296	38	334
					67,659		67,659
					164,209	38	164,247
TRANSFERS							
					8,648	(8,648)	-
CHANGE IN NET POSITION							
					7,564	(8,557)	(993)
Net Position - Beginning of Year							
					22,605	142,332	164,937
NET POSITION - END OF YEAR							
					\$ 30,169	\$ 133,775	\$ 163,944

See accompanying Notes to Financial Statements.

**CITY OF NORWICH, CONNECTICUT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2022
(IN THOUSANDS)**

ASSETS	General	Bond Expenditure	Education Grants	General Government Grants and Programs	Nonmajor Governmental Funds	Total Governmental Funds
Cash and Cash Equivalents	\$ 36,982		\$		\$ 1,417	\$ 38,399
Investments	40,467				1,904	42,371
Receivables, Net	5,527		2,373	25	9,257	17,182
Lease Receivable	1,723					1,723
Due from Other Funds	4,799	67,056	1,575	22,164	25,729	121,323
Other Assets					55	55
Total Assets	\$ 89,498	\$ 67,056	\$ 3,948	\$ 22,189	\$ 38,362	\$ 221,053
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES						
LIABILITIES						
Accounts and Other Payables	\$ 6,901	\$ 100	\$ 2,184	\$ 60	\$ 2,080	\$ 11,325
Due to Other Funds	58,529		1,339		1,350	61,218
Unearned Revenue	306		482	22,125	737	23,650
Total Liabilities	65,736	100	4,005	22,185	4,167	96,193
DEFERRED INFLOWS OF RESOURCES						
Unavailable Revenue - Property Taxes	3,490				299	3,789
Unavailable Revenue - Special Assessments	1,157				77	1,234
Unavailable Revenue - Leases	1,723				4,071	5,794
Total Deferred Inflows of Resources	6,370	-	-	-	4,447	10,817
FUND BALANCES						
Nonspendable					1,920	1,920
Restricted					1,405	1,405
Committed		66,956		4	26,552	93,512
Assigned						-
Unassigned	17,392		(57)		(129)	17,206
Total Fund Balances	17,392	66,956	(57)	4	29,748	114,043
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 89,498	\$ 67,056	\$ 3,948	\$ 22,189	\$ 38,362	\$ 221,053

See accompanying Notes to Financial Statements.

**CITY OF NORWICH, CONNECTICUT
BALANCE SHEET
GOVERNMENTAL FUNDS (CONTINUED)
JUNE 30, 2022
(IN THOUSANDS)**

RECONCILIATION TO THE STATEMENT OF NET POSITION

Fund Balances - Total Governmental Funds	\$	114,043
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Amounts reported for governmental activities in the Statement of Net Position (Exhibit I) are different because of the following:

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

Governmental Capital Assets		226,551
Less Accumulated Depreciation		(104,702)
Net Capital Assets		121,849

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		3,789
Interest Receivable on Property Taxes		
Housing Rehabilitation Loans		4,061
Accounts and Other Receivables		2,010
Deferred Outflows:		
Deferred Outflow of Resources Related to Pensions		43,132
Deferred Outflow of Resources Related to OPEB		7,706

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.

(511)

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		(187,270)
Deferred Charge on Refunding		1,144
Unamortized Bond Premium		(1,951)
Interest Payable on Bonds and Notes		111
Compensated Absences		(3,333)
Landfill Closure		(117)
Capital Lease		(63)
Net Pension Liability		(35,608)
Net OPEB Liability		(25,887)
Deferred Inflow of Resources Related to Pensions		(2,334)
Deferred Inflow of Resources Related to OPEB		(10,602)

Net Position of Governmental Activities (Exhibit I)	\$	30,169
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See accompanying Notes to Financial Statements.

CITY OF NORWICH, CONNECTICUT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2022
(IN THOUSANDS)

	General	Bond Expenditure	Education Grants	General Government Grants and Programs	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES						
Property Taxes, Interest, and Liens	\$ 86,156				\$ 4,656	\$ 90,812
Intergovernmental Revenues	48,907		24,477	3,632	10,396	87,412
Charges for Services	3,226		148		2,437	5,811
Licenses, Permits, and Fees	886					886
Investment Income	159				200	359
Other	287	52,670			15,431	68,388
Total Revenues	<u>139,621</u>	<u>52,670</u>	<u>24,625</u>	<u>3,632</u>	<u>33,120</u>	<u>253,668</u>
EXPENDITURES						
Current:						
General Government	6,110				641	6,751
Public Safety	21,053	144,272		3,583	9,160	178,068
Social Services	2,187				2,485	4,672
Public Works	11,279				202	11,481
Education	93,157		25,608		4,015	122,780
Other	2,738					2,738
Capital Outlay		2,880			4,185	7,065
Debt Service					5,387	5,387
Total Expenditures	<u>136,524</u>	<u>147,152</u>	<u>25,608</u>	<u>3,583</u>	<u>26,075</u>	<u>338,942</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	3,097	(94,482)	(983)	49	7,045	(85,274)
OTHER FINANCING SOURCES (USES)						
Transfers In	5,501	99		17	11,798	17,415
Transfers Out	(8,222)	(217)			(328)	(8,767)
Issuance of General Obligation Bonds		145,000				145,000
Issuance of Refunding Bonds						-
Payment to Refunded Escrow Agent						-
Bond Premiums						-
Proceeds from Capital Lease Issuance						-
Total Other Financing Sources (Uses)	<u>(2,721)</u>	<u>144,882</u>	<u>-</u>	<u>17</u>	<u>11,470</u>	<u>153,648</u>
NET CHANGE IN FUND BALANCES	376	50,400	(983)	66	18,515	68,374
Fund Balances - Beginning of Year	<u>17,016</u>	<u>16,556</u>	<u>926</u>	<u>(62)</u>	<u>11,233</u>	<u>45,669</u>
FUND BALANCES - END OF YEAR	<u>\$ 17,392</u>	<u>\$ 66,956</u>	<u>\$ (57)</u>	<u>\$ 4</u>	<u>\$ 29,748</u>	<u>\$ 114,043</u>

See accompanying Notes to Financial Statements.

**CITY OF NORWICH, CONNECTICUT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS (CONTINUED)
YEAR ENDED JUNE 30, 2022
(IN THOUSANDS)**

RECONCILIATION TO THE STATEMENT OF ACTIVITIES

Net Change in Fund Balances - Total Governmental Funds (Exhibit IV) \$ 68,374

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

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	(6,769)

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.

(699)

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	824
Property Tax Interest and Lien Revenue - Accrual Basis Change	(1,339)
Housing Loan Repayments	(206)
Accounts and Other Receivables - Accrual Basis Change	(231)

Change in Deferred Outflows:

Deferred Outflow of Resources Related to Pensions	35,540
Deferred Outflow of Resources Related to OPEB	7,265

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	(145,000)
Premium on Bonds	
Bond Principal Payments	4,125
Issuance of Refunding Bonds	
Payment to Refunded Escrow Agent	
Amortization of Deferred Charge on Refunding	1,013
Amortization of Premiums	154
Capital Lease Payments	62

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	249
Accrued Interest	(343)
Landfill Postclosure Care	17
Change in Net Pension Liability	30,466
Change in Net OPEB Liability	(1,232)
Change in Deferred Inflows:	
Deferred Inflow of Resources Related to Pensions	12,361
Deferred Inflow of Resources Related to OPEB	(3,250)

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.

(908)

Change in Net Position of Governmental Activities (Exhibit II)

\$ 7,564

See accompanying Notes to Financial Statements.

CITY OF NORWICH, CONNECTICUT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2022
(IN THOUSANDS)

	Business-Type Activities			Governmental
	Department of Public Utilities	Nonmajor Enterprise Funds	Total	Internal Service Funds
ASSETS				
Current Assets:				
Cash and Cash Equivalents	\$ 60,146	\$	\$ 60,146	
Receivables, Net	14,527	40	14,567	16
Due from Other Funds	28	166	194	5,939
Inventories	2,192		2,192	
Other Assets	3,500		3,500	
Total Current Assets	<u>80,393</u>	<u>206</u>	<u>80,599</u>	<u>5,955</u>
Capital Assets:				
Assets Not Being Depreciated	20,763	1,552	22,315	
Assets Being Depreciated, Net	134,647	8,537	143,184	
Total Assets	<u>235,803</u>	<u>10,295</u>	<u>246,098</u>	<u>5,955</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Outflows - Pensions	23,637		23,637	
Deferred Outflows - OPEB	2,090		2,090	
Total Deferred Outflows of Resources	<u>25,727</u>	<u>-</u>	<u>25,727</u>	<u>-</u>

See accompanying Notes to Financial Statements.

CITY OF NORWICH, CONNECTICUT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2022
(IN THOUSANDS)

	Business-Type Activities			Governmental
	Department of Public Utilities	Nonmajor Enterprise Funds	Total	Internal Service Funds
LIABILITIES				
Current Liabilities:				
Accounts Payable and Accrued Liabilities	\$ 8,268	\$ 1,023	\$ 9,291	\$ 15
Notes Payable	1,850		1,850	
Compensated Absences	2,134		2,134	
Risk Management Claims	253		253	2,712
Lease Liability	145		145	
Cash Advances from Other Funds	2,759		2,759	
Due to Other Funds	40	908	948	
Due to Other Governments		2	2	
Unearned Revenue		797	797	9
Total Current Liabilities	15,449	2,730	18,179	2,736
Noncurrent Liabilities:				
Customer Deposits	3,391		3,391	
Notes Payable	23,966		23,966	
Compensated Absences	3,292		3,292	
Risk Management Claims	912		912	3,730
Lease Liability	498		498	
Cash Advances from Other Funds	62,638		62,638	
Net Pension Liability	15,879		15,879	
Net OPEB Liability	6,905		6,905	
Total Noncurrent Liabilities	117,481	-	117,481	3,730
Total Liabilities	132,930	2,730	135,660	6,466
DEFERRED INFLOWS OF RESOURCES				
Deferred Inflows - Leases	639		639	
Deferred Inflows - Pensions	7		7	
Deferred Inflows - OPEB	1,781		1,781	
Total Deferred Outflows of Resources	2,427	-	2,427	-
NET POSITION				
Net Investment in Capital Assets	130,330	10,089	140,419	
Restricted for Energy Conservation	1,122		1,122	
Unrestricted	(5,279)	(2,524)	(7,803)	(511)
Total Net Position	\$ 126,173	\$ 7,565	\$ 133,738	\$ (511)

See accompanying Notes to Financial Statements.

CITY OF NORWICH, CONNECTICUT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2022
(IN THOUSANDS)

	Business-Type Activities			Governmental
	Department of Public Utilities	Nonmajor Enterprise Funds	Total	Internal Service Funds
	Utilities	Funds	Total	Funds
OPERATING REVENUES				
Charges for Services	\$ 96,254	\$ 1,278	\$ 97,532	\$ 20,716
Use of Property	1,100		1,100	
Other Services	1,098		1,098	
Rent		181	181	
Total Operating Revenues	<u>98,452</u>	<u>1,459</u>	<u>99,911</u>	<u>20,716</u>
OPERATING EXPENSES				
Purchased Gas and Electric	36,941		36,941	
Operations and Maintenance	15,635	1,338	16,973	
General and Administrative	20,984		20,984	
Depreciation and Amortization	8,602	465	9,067	
Pension Expense	8,235		8,235	
Customer Accounts	3,969		3,969	
Gross Revenue and Property Taxes	3,191		3,191	
OPEB Expense	1,347		1,347	
Claims			-	19,717
Premiums and Administrative Charges			-	1,907
Total Operating Expenses	<u>98,904</u>	<u>1,803</u>	<u>100,707</u>	<u>21,624</u>
OPERATING INCOME (LOSS)	(452)	(344)	(796)	(908)
NONOPERATING INCOME (EXPENSE)				
Interest Income	37	1	38	
Interest Expense	(859)	(32)	(891)	
Loss on Disposal of Capital Assets	162		162	
Other Nonoperating Revenue	754		754	
Total Nonoperating Income (Expense)	<u>94</u>	<u>(31)</u>	<u>63</u>	<u>-</u>
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	(358)	(375)	(733)	(908)
Capital Contributions	757	30	787	
Transfers In			-	
Transfers Out	(8,648)		(8,648)	
CHANGE IN NET POSITION	(8,249)	(345)	(8,594)	(908)
Net Position - Beginning of Year	<u>134,422</u>	<u>7,910</u>	<u>142,332</u>	<u>397</u>
NET POSITION - END OF YEAR	<u>\$ 126,173</u>	<u>\$ 7,565</u>	<u>\$ 133,738</u>	<u>\$ (511)</u>

See accompanying Notes to Financial Statements.

**CITY OF NORWICH, CONNECTICUT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2022
(IN THOUSANDS)**

	Business-Type Activities			Governmental Activities
	Department of Public Utilities	Nonmajor Enterprise Funds	Total	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash Received from Charges for Services	\$ 97,200	\$ 1,629	\$ 98,829	\$ 2,474
Cash Receipts for Interfund Services Provided			-	18,672
Cash Paid to Vendors	(54,779)	(1,471)	(56,250)	(21,146)
Cash Paid to Employees for Services	(79,205)		(79,205)	
Net Cash Provided (Used) by Operating Activities	(36,784)	158	(36,626)	-
CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES				
Transfers to Other Funds	(8,648)		(8,648)	
Customer Deposits	372		372	
Advances from (to) Other Funds	142		142	
Net Cash Provided (Used) by Noncapital and Related Financing Activities	(8,134)	-	(8,134)	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Capital Contributions	758		758	
Purchases of Capital Assets	(11,312)	(113)	(11,425)	
Proceeds from Sale of Capital Assets	261		261	
Proceeds from Long-Term Debt	783		783	
Principal Payment on Bonds and Notes	467	(14)	453	
Principal Payment on Capital Leases	(2,084)		(2,084)	
Interest Payment on Debt	(859)	(32)	(891)	
Capital Advances (Repayments) from Other Funds	52,352		52,352	
Net Cash Provided (Used) by Capital and Related Financing Activities	41,120	(159)	40,961	-
CASH FLOWS FROM INVESTING ACTIVITIES				
Income on Investments	37	1	38	
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS				
	(3,761)	-	(3,761)	-
Cash and Cash Equivalents - Beginning of Year	63,907	-	63,907	-
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 60,146	\$ -	\$ 60,146	\$ -

See accompanying Notes to Financial Statements.

**CITY OF NORWICH, CONNECTICUT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2022
(IN THOUSANDS)**

	Business-Type Activities			Governmental
	Department of Public Utilities	Nonmajor Enterprise Funds	Total	Internal Service Funds
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES				
Operating Income (Loss)	\$ (453)	\$ (344)	\$ (797)	\$ (908)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Depreciation Expense	8,602	465	9,067	
Change in Deferred Outflow of Resources Related to Pensions	(17,333)		(17,333)	
Change in Deferred Outflow of Resources Related to OPEB	(91)		(91)	
Change in Net Pension Liability	(21,477)		(21,477)	
Change in Net OPEB Liability	(1,158)		(1,158)	
Change in Deferred Inflow of Resources Related to Leases	639		639	
Change in Deferred Inflow of Resources Related to Pensions	(5,848)		(5,848)	
Change in Deferred Inflow of Resources Related to OPEB	1,633		1,633	
(Increase) Decrease in Receivables	(1,891)	54	(1,837)	(10)
(Increase) Decrease in Inventories and Other Assets	(366)		(366)	
(Increase) Decrease in Due from Other Funds		297	297	437
Increase (Decrease) in Due to Other Funds		(75)	(75)	
Increase (Decrease) in Unearned Revenues		(52)	(52)	3
Increase (Decrease) in Accounts Payable and Accrued Liabilities	959	(187)	772	478
Total Adjustments	<u>(36,331)</u>	<u>502</u>	<u>(35,829)</u>	<u>908</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ (36,784)</u>	<u>\$ 158</u>	<u>\$ (36,626)</u>	<u>\$</u>
NONCASH CAPITAL AND FINANCING ACTIVITIES				
Capital Asset Contributions	\$	\$ 30	\$	\$
Capital Asset Additions in Accounts Payable				
Total Noncash Capital and Financing Activities	<u>\$</u>	<u>\$ 30</u>	<u>\$</u>	<u>\$</u>

See accompanying Notes to Financial Statements.

CITY OF NORWICH, CONNECTICUT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2022
(IN THOUSANDS)

	<u>Pension and Other Employee Benefit Trust Funds</u>
ASSETS	
Cash and Cash Equivalents	\$ 579
Investments:	
U.S. Government Securities	22,956
U.S. Government Agencies	7,956
Corporate Bonds	32,763
Mutual Funds	220,165
Common Stock	73,703
Real Estate	963
Other Receivables	24
Interfund Receivables	1,334
Total Assets	<u>360,443</u>
LIABILITIES	
Accounts and Other Payables	10
Interfund Payables	1,227
Total Liabilities	<u>1,237</u>
NET POSITION	
Restricted for OPEB Benefits	30,019
Restricted for Pensions	<u>329,187</u>
Total Net Position	<u><u>\$ 359,206</u></u>

See accompanying Notes to Financial Statements.

CITY OF NORWICH, CONNECTICUT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
YEAR ENDED JUNE 30, 2022
(IN THOUSANDS)

	<u>Pension and Other Employee Benefit Trust Funds</u>
ADDITIONS	
Contributions:	
Employer	\$ 149,759
Plan Members	4,086
Total Contributions	<u>153,845</u>
Investment Income:	
Net Change in Fair Value of Investments	(36,700)
Interest and Dividends	6,434
Total Investment Income	<u>(30,266)</u>
Less Investment Expense	<u>(884)</u>
Net Investment Income	<u>(31,150)</u>
Total Additions	122,695
DEDUCTIONS	
Benefits	23,869
Administration	392
Lump Sum Distributions and Withdrawals	527
Total Deductions	<u>24,788</u>
CHANGE IN NET POSITION	97,907
Net Position - Beginning of Year	<u>261,299</u>
NET POSITION - END OF YEAR	<u><u>\$ 359,206</u></u>

See accompanying Notes to Financial Statements.

CITY OF NORWICH, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022
(IN THOUSANDS)

NOTE 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, 2022
(IN THOUSANDS)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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:

General Fund

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.

Bond Expenditure 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.

Education Grants 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:

Department of Public Utilities

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.

CITY OF NORWICH, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022
(IN THOUSANDS)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Additionally, the City reports the following fund types:

Internal Service Fund

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.

Pension and Other Employee Benefit Trust Funds

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 postemployment 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.

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.

CITY OF NORWICH, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022
(IN THOUSANDS)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 \$847 has been established as an allowance for uncollected taxes. At June 30, 2022, this represents 16.6% 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, 2022
(IN THOUSANDS)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Leases

The Entity determines if an arrangement is a lease at inception. Leases are included in lease receivables and deferred inflows of resources in the statements of net position and fund financial statements.

Lease receivables represent the Entity's claim to receive lease payments over the lease term, as specified in the contract, in an exchange or exchange-like transaction. Lease receivables are recognized at commencement date based on the present value of expected lease payments over the lease term, reduced by any provision for estimated uncollectible amounts. Interest revenue is recognized ratably over the contract term.

Deferred inflows of resources related to leases are recognized at the commencement date based on the initial measurement of the lease receivable, plus any payments received from the lessee at or before the commencement of the lease term that relate to future periods, less any lease incentives paid to, or on behalf of, the lessee at or before the commencement of the lease term. The deferred inflows related to leases are recognized as lease revenue in a systematic and rational manner over the lease term.

Amounts to be received under residual value guarantees that are not fixed in substance are recognized as a receivable and an inflow of resources if (a) a guarantee payment is required and (b) the amount can be reasonably estimated. Amounts received for the exercise price of a purchase option or penalty for lease termination are recognized as a receivable and an inflow of resources when those options are exercised.

The Entity has elected to recognize payments received for short-term leases with a lease term of 12 months or less as revenue as the payments are received. These leases are not included as lease receivables or deferred inflows on the statements of net position and fund financial statements.

The individual lease contracts do not provide information about the discount rate implicit in the lease. Therefore, the Entity has elected to use their incremental borrowing rate to calculate the present value of expected lease payments.

CITY OF NORWICH, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022
(IN THOUSANDS)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. 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:

Buildings	40 to 50 Years
Building Improvements	20 Years
Infrastructure, Public Doman Infrastructure, and Distribution and Collection Systems	20 to 50 Years
Machinery and Equipment	5 to 20 Years

I. 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).

CITY OF NORWICH, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022
(IN THOUSANDS)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. Deferred Outflows/Inflows of Resources (Continued)

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, OPEB and leases 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 and rational manner over a period equal to the average of the expected remaining service lives of all employees that are provided with benefits through the pension and OPEB plan (active employees and inactive employees). For governmental funds, the City reports unavailable revenues from several sources: property taxes, special assessments, long-term loans, and leases. These amounts are deferred and recognized as an inflow of resources (revenue) in the period in which the amounts become available.

J. 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.

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 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.

CITY OF NORWICH, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022
(IN THOUSANDS)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

M. 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.

N. 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.

CITY OF NORWICH, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022
(IN THOUSANDS)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

N. Fund Balance and Net Position (Continued)

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:

- 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.

CITY OF NORWICH, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022
(IN THOUSANDS)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

N. Fund Balance and Net Position (Continued)

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.

O. 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.

NOTE 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.

**CITY OF NORWICH, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022
(IN THOUSANDS)**

NOTE 2 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (CONTINUED)

A. Budgetary Information (Continued)

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

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

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

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

B. Deficit Fund Balance

Certain individual funds had fund balance/net position deficits at June 30, 2022 as follows:

Nonmajor Governmental Funds:		
Dog License	\$	125 *
Economic Development		3 *
Fire Grants and Programs		1 *
Education Grants		57 *
Nonmajor Enterprise Funds:		
Ice Rink Authority		84 *
Internal Service Funds:		
Workers' Compensation		2,329 *

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

CITY OF NORWICH, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022
(IN THOUSANDS)

NOTE 3 CASH, CASH EQUIVALENTS, AND INVESTMENTS

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

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

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

A. Deposits

Deposit Custodial Credit Risk

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

CITY OF NORWICH, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022
(IN THOUSANDS)

NOTE 3 CASH, CASH EQUIVALENTS, AND INVESTMENTS (CONTINUED)

A. Deposits (Continued)

Deposit Custodial Credit Risk (Continued)

Based on the criteria described in GASB Statement No. 40, *Deposits and Investment Risk Disclosures*, \$125,166 of the City's bank balance of \$134,030 was exposed to custodial credit risk as follows:

Uninsured and Uncollateralized	\$ 112,373
Uninsured and Collateral Held by the Pledging Bank's Trust Department, not in the City's Name	<u>12,793</u>
Total Amount Subject to Custodial Credit Risk	<u><u>\$ 125,166</u></u>

B. Cash Equivalents

At June 30, 2022, the City's cash equivalents amounted to \$21,923. 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

NOTE 4 INVESTMENTS

As of June 30, 2022, 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	\$ 32,548	\$ 24,329	\$ 6,214	\$ 2,005
U.S. Government Securities	31,121	7,423	20,420	3,278
U.S. Government Agencies	7,957	-	145	7,812
Corporate Bonds	<u>32,923</u>	<u>970</u>	<u>27,893</u>	<u>4,060</u>
Total	104,549	<u><u>\$ 32,722</u></u>	<u><u>\$ 54,672</u></u>	<u><u>\$ 17,155</u></u>
Other Investments:				
Mutual Funds	220,368			
Common Stock	74,997			
Real Estate	963			
Total Investments	<u><u>\$ 400,877</u></u>			

CITY OF NORWICH, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022
(IN THOUSANDS)

NOTE 4 INVESTMENTS (CONTINUED)

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

Average Rating	Corporate Bonds	U.S. Government Securities	U.S. Government Agencies	Municipal Bonds	Certificate of Deposit
Aaa	\$ 1,398	\$ 22,532	\$ 175	\$ -	\$ -
Aa1	299	15	-	-	-
Aa2	214	-	-	-	-
Aa3	379	-	-	-	-
A1	3,075	50	-	-	-
A2	5,602	21	-	-	-
A3	1,530	30	-	-	-
Baa1	1,844	-	-	-	-
Baa2	2,424	-	-	-	-
Baa3	10,563	5	-	-	-
Ba1	977	-	-	-	-
Ba2	317	-	-	-	-
Ba3	438	-	-	-	-
B1	509	-	-	-	-
B2	542	-	-	-	-
B3	659	-	-	-	-
Caa1	82	-	-	-	-
Unrated	2,071	8,468	7,782	-	32,548
Totals	<u>\$ 32,923</u>	<u>\$ 31,121</u>	<u>\$ 7,957</u>	<u>\$ -</u>	<u>\$ 32,548</u>

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements); followed by quoted prices in inactive markets or for similar assets or with observable inputs (Level 2 measurements); and the lowest priority to unobservable inputs (Level 3 measurements). The City has the following recurring fair value measurements as of June 30, 2022:

CITY OF NORWICH, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022
(IN THOUSANDS)

NOTE 4 INVESTMENTS (CONTINUED)

	June 30, 2022	Fair Value Measurements Using		
		Level 1	Level 2	Level 3
Investments by Fair Value Level:				
Debt Securities:				
U.S. Government Securities	\$ 31,121	\$ 31,121	\$ -	\$ -
U.S. Government Agencies	7,957	7,957	-	-
Corporate Bonds	32,923	32,923	-	-
Equity Securities:				
Common Stock	74,997	74,997	-	-
Mutual Funds	220,368	220,368	-	-
Real Estate	963	963	-	-
Total Investments by Fair Value Level	368,329	\$ 368,329	\$ -	\$ -
Investments not Recorded at Fair Value:				
Certificate of Deposit*	32,548			
Total Investments	\$ 400,877			

* 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, 2022
(IN THOUSANDS)

NOTE 4 INVESTMENTS (CONTINUED)

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.

NOTE 5 RECEIVABLES

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

	General	Bond Expenditure Fund	Education Grants	Department of Public Utilities	General Government Grants and Programs	Nonmajor and Other Funds	Total
Receivables:							
Taxes	\$ 4,738					\$ 362	\$ 5,100
Accrued Interest on Taxes	-						-
Intergovernmental	-	-	2,373		25	4,672	7,070
User Charges				14,527		40	14,567
Assessments	1,157						1,157
Housing and Rehabilitation Loans						4,155	4,155
Accounts and Other	443		-	-		428	871
Gross Receivables	6,338	-	2,373	14,527	25	9,657	32,920
Less Allowance for Uncollectibles:							
Taxes	(811)					(36)	(847)
Accrued Interest on Taxes	-						-
User Charges				-			-
Accounts and Other						(284)	(284)
Total Allowance	(811)	-	-	-	-	(320)	(1,131)
Net Total Receivables	\$ 5,527	\$ -	\$ 2,373	\$ 14,527	\$ 25	\$ 9,337	\$ 31,789

CITY OF NORWICH, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022
(IN THOUSANDS)

NOTE 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, 2022 is presented below.

	Due from Other Funds	Due to Other Funds
General Fund	\$ 4,799	\$ 58,529
Bond Expenditure	67,056	
Education Grants	1,575	1,339
General Government Grants and Programs	22,164	
Nonmajor Governmental	25,729	1,350
Department of Public Utilities	28	65,437
Nonmajor Enterprise	166	908
Internal Service Funds	5,939	
Pension and Other Postemployment Benefit Trust	1,334	1,227
Total		<u>\$ 128,790</u>

Included within the balances above are \$65,397 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 the Department's portion of the pension obligation bonds and are to be repaid over the term of the corresponding debt.

A summary of interfund transfers is presented below:

	Transfers In				Total
	General	Nonmajor Governmental	Bond Expenditure	General Government Grants and Programs	
Transfers Out:					
General Fund	\$ -	\$ 8,106	\$ 99	\$ 17	\$ 8,222
Bond Expenditure	-	217	-	-	217
Department of Public Utilities	5,173	3,475	-	-	8,648
Nonmajor Governmental	328	-	-	-	328
Total	<u>\$ 5,501</u>	<u>\$ 11,798</u>	<u>\$ 99</u>	<u>\$ 17</u>	<u>\$ 17,415</u>

Capital asset contributions totaling \$30 were made from governmental funds to business-type funds during the year ended June 30, 2022. This activity is included in transfers in the government-wide activity in Exhibit II of the accompanying financial statements.

**CITY OF NORWICH, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022
(IN THOUSANDS)**

NOTE 6 INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS (CONTINUED)

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.

NOTE 7 LEASES

A. Lessor

The Department of Public Utilities, acting as lessor, leases space on and/or adjacent to two water tanks for the purpose of the tenants’ transmission and reception of communications signals under long-term, noncancelable lease agreements. The leases expire at various dates through June 30, 2036 inclusive of renewal options ranging from ten to fifteen years from transition date of July 1, 2021. During the year ended June 30, 2022, the Department of Public Utilities recognized \$104 and \$-0- in lease revenue and interest revenue respectively, pursuant to these contracts.

Total future minimum lease payments to be received under lease agreements are as follows:

<u>Year Ending June 30,</u>	<u>Business-Type Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2023	\$ 104	\$ -
2024	104	-
2025	104	-
2026	70	-
2027	26	-
2028-2032	133	-
2033-2037	98	-
Total	<u>\$ 639</u>	<u>\$ -</u>

CITY OF NORWICH, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022
(IN THOUSANDS)

NOTE 7 LEASES (CONTINUED)

B. Lessee

The Department leases equipment, land, and office equipment for various terms under long-term, non-cancelable lease agreements. The leases expire at various dates through June 30, 2030 and provide for renewal options ranging from two to five years.

Certain facility leases provide for increases in future minimum annual rental payments based on defined increases in the Consumer Price Index, subject to certain minimum increases.

Total future minimum lease payments under lease agreements are as follows:

<u>Year Ending June 30,</u>	Business-Type Activities	
	Principal	Interest
2023	\$ 145	\$ 22
2024	132	17
2025	61	13
2026	60	11
2027	63	8
2028-2032	182	10
Total	\$ 643	\$ 81

CITY OF NORWICH, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022
(IN THOUSANDS)

NOTE 8 CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2022 was as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Governmental Activities:					
Capital Assets Not Being Depreciated:					
Land	\$ 26,478	\$ 2,137	\$ -	\$ -	\$ 28,615
Construction in Progress	6,450	1,762	(699)	-	7,513
Total Capital Assets Not Being Depreciated	32,928	3,899	(699)	-	36,128
Capital Assets Being Depreciated:					
Buildings and Improvements	105,592	679	-	-	106,271
Vehicles, Machinery, and Equipment	32,708	1,099	(369)	-	33,438
Technology Upgrade and Infrastructure	48,708	2,006	-	-	50,714
Total Capital Assets Being Depreciated	187,008	3,784	(369)	-	190,423
Less Accumulated Depreciation for:					
Buildings and Improvements	(48,772)	(2,793)		-	(51,565)
Vehicles, Machinery, and Equipment	(21,819)	(2,377)	369	-	(23,827)
Technology Upgrade and Infrastructure	(27,711)	(1,599)	-	-	(29,310)
Total Accumulated Depreciation	(98,302)	(6,769)	369	-	(104,702)
Total Capital Assets Being Depreciated, Net	88,706	(2,985)	-	-	85,721
Governmental Activities Capital Assets, Net	<u>\$ 121,634</u>	<u>\$ 914</u>	<u>\$ (699)</u>	<u>\$ -</u>	<u>\$ 121,849</u>

CITY OF NORWICH, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022
(IN THOUSANDS)

NOTE 8 CAPITAL ASSETS (CONTINUED)

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Business-Type Activities:					
Capital Assets Not Being Depreciated:					
Land	\$ 3,280	\$ 5	\$ -	\$ -	\$ 3,285
Construction in Progress	22,681	11,101	(7,246)	(7,506)	19,030
Total Capital Assets Not Being Depreciated	25,961	11,106	(7,246)	(7,506)	22,315
Capital Assets Being Depreciated:					
Structures and Improvements	66,419	163	(49)	(637)	65,896
Machinery, Equipment, Pumping, and Distribution Systems	258,898	7,291	(1,669)	8,143	272,663
Total Capital Assets Being Depreciated	325,317	7,454	(1,718)	7,506	338,559
Less Accumulated Depreciation for:					
Structures and Improvements	(33,871)	(1,481)	49	-	(35,303)
Machinery, Equipment, Pumping, and Distribution Systems	(154,084)	(7,586)	1,598	-	(160,072)
Total Accumulated Depreciation	(187,955)	(9,067)	1,647	-	(195,375)
Total Capital Assets Being Depreciated, Net	137,362	(1,613)	(71)	7,506	143,184
Business-Type Activities Capital Assets, Net	<u>\$ 163,323</u>	<u>\$ 9,493</u>	<u>\$ (7,317)</u>	<u>\$ -</u>	<u>\$ 165,499</u>

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

Governmental Activities:	
General Government	\$ 238
Public Safety	1,215
Social Services	3,552
Public Works	92
Education	1,672
Total Depreciation Expense - Governmental Activities	<u>\$ 6,769</u>
Business-Type Activities:	
Department of Public Utilities	\$ 8,602
Golf Course Authority	167
Stadium Authority	189
Ice Rink Authority	109
Total Depreciation Expense - Business-Type Activities	<u>\$ 9,067</u>

CITY OF NORWICH, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022
(IN THOUSANDS)

NOTE 8 CAPITAL ASSETS (CONTINUED)

Construction Commitments

The City has active construction projects as of June 30, 2022. At year end, the City's commitments with contractors on active authorizations are as follows:

Project	Cumulative Authorization	Current Expenditures	Cumulative Expenditures	Balance June 30, 2022
Sherman Street Bridge	\$ 1,084	\$ 22	\$ 1,057	\$ 27
Sunnyside Street Bridge	2,436	4	1,814	622
Police Radio System upgrades	3,200		3,193	7
Dunham Street Reconstruction	1,732	640	640	1,092
WWTP Design & Construction	102,000	2,470	14,193	87,807
Primary Distribution Circuit Upgrades	895	93	758	137
Department of Public Utilities - Various*	22,400	2,926	11,009	11,391
Total	<u>\$ 133,747</u>	<u>\$ 6,155</u>	<u>\$ 32,664</u>	<u>\$ 101,083</u>

* *Department of Public Utilities projects include the following: Countryside Water Distribution System, South Thames/Cove St Wastewater Force Main, Rose Alley Wastewater Force Main, Sherman Street Bridge, and Stony Brook Buoyant Media.*

NOTE 9 LONG-TERM DEBT

Changes in Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2022 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
Bonds Payable:					
General Obligation Bonds	\$ 46,395	\$ 145,000	\$ 4,125	\$ 187,270	\$ 8,265
Add Unamortized Premiums	2,105	-	154	1,951	197
Total Bonds Payable	<u>48,500</u>	<u>145,000</u>	<u>4,279</u>	<u>189,221</u>	<u>8,462</u>
Compensated Absences	3,582	-	249	3,333	1,618
Landfill Closure	134	-	17	117	17
Notes Payable	125	-	62	63	63
Net Pension Liability	66,074	-	30,466	35,608	-
Net OPEB Liability	24,655	1,232	-	25,887	-
Risk Management Claims	<u>5,973</u>	<u>19,717</u>	<u>19,248</u>	<u>6,442</u>	<u>2,712</u>
Total Governmental Activities Long-Term Liabilities	<u>\$ 149,043</u>	<u>\$ 165,949</u>	<u>\$ 54,321</u>	<u>\$ 260,671</u>	<u>\$ 12,872</u>

**CITY OF NORWICH, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022
(IN THOUSANDS)**

NOTE 9 LONG-TERM DEBT (CONTINUED)

Changes in Long-Term Liabilities (Continued)

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Business-Type Activities:					
Bonds and Notes Payable:					
Notes Payable	\$ 1,154	\$ -	\$ 395	\$ 759	\$ 412
State of Connecticut - Serial Note	26,139	467	1,549	25,057	1,438
Total Bonds and Notes Payable	27,293	467	1,944	25,816	1,850
Compensated Absences	5,144	2,252	1,970	5,426	2,134
Lease Liability		782	139	643	145
Workers' Compensation	898	502	235	1,165	253
Net Pension Liability	37,357	-	21,478	15,879	-
Net OPEB Liability	8,063	-	1,158	6,905	-
Total Business-Type Activities Long-Term Liabilities	<u>\$ 78,755</u>	<u>\$ 4,003</u>	<u>\$ 26,924</u>	<u>\$ 55,834</u>	<u>\$ 4,382</u>

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

**CITY OF NORWICH, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022
(IN THOUSANDS)**

NOTE 9 LONG-TERM DEBT (CONTINUED)

A schedule of bonds outstanding at June 30, 2022 is presented below:

Description	Date of Issue	Date of Maturity	Interest Rate (%)	Amount of Original Issue	Balance Outstanding June 30, 2022
Governmental Activities:					
General Purpose Bonds Payable:					
Refunding - (04/15/2002) Bonds	2/15/2012	4/15/2022	2.0	\$ 2,725	\$ -
General Purpose - Series A	3/3/2015	8/1/2034	3.0-4.0	5,600	3,325
General Purpose - Series B	3/3/2015	8/1/2024	2.0-3.0	1,140	335
General Purpose - Series A	3/1/2016	8/1/2035	2.0-2.6	6,300	4,110
General Purpose - Series B	3/1/2016	8/1/2025	2.0-3.0	2,500	1,000
Refunding - (Partial 12/02/2009 Series A) Bonds - Series C	10/12/2016	8/1/2024	1.8-4.0	2,925	1,755
General Purpose - Series A	3/1/2017	8/1/2036	3.0-4.0	4,450	3,325
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	750
General Purpose - Series A	12/6/2018	8/1/2038	3.0-5.0	7,970	7,140
General Purpose - Series A	12/5/2019	8/1/2039	2.0-5.0	3,575	3,390
General Purpose - Series A	10/28/2020	8/1/2040	3.0-5.0	1,205	1,140
Refunding - (10/14/2020) Bonds	10/28/2020	8/1/2040	2.0-5.1	15,920	13,175
Pension Obligation Bonds	10/28/2020	8/1/2040	2.0-5.0	145,000	145,000
Total					<u>\$ 187,270</u>
Business-Type Activities:					
Notes Payable:					
Equipment Financing Loan	12/28/2017	2/29/2024	4.25	\$ 1,896	\$ 565
Equipment Financing Loan	7/1/2020	10/31/2024	3.05	344	194
State of Connecticut Serial Notes Payable:					
Clean Water Act 349-C	12/31/2002	12/31/2021	2.00	881	-
Clean Water Act 9714-C	12/31/2002	12/31/2021	2.77	1,899	-
Clean Water Act 200801-C	7/1/2009	7/1/2029	2.27	450	156
Clean Water Act 625-D	12/31/2012	12/31/2031	2.00	1,865	969
Clean Water Act 495-C	5/31/2013	6/1/2032	2.00	5,748	3,107
Clean Water Act 625-D1	5/31/2015	12/31/2031	2.00	2,510	1,462
Clean Water Act 707-PD	2/26/2021	1/31/2041	2.00	1,655	1,538
Drinking Water State Revolving Fund 2010-8005	3/31/2010	12/31/2029	2.06	145	54
Drinking Water State Revolving Fund 2010-8006	3/31/2010	6/30/2030	2.06	326	130
Drinking Water State Revolving Fund 2010-7005	4/30/2014	10/31/2032	2.00	160	90
Drinking Water State Revolving Fund 2010-7006	4/30/2014	4/30/2032	2.00	148	81
Drinking Water State Revolving Fund 2014-7027	6/30/2015	12/31/2034	2.27	506	316
Drinking Water State Revolving Fund 2014-7036	5/31/2016	11/30/2036	2.00	4,052	2,718
Drinking Water State Revolving Fund 2015-7037	10/12/2016	9/30/2034	2.00	1,528	1,040
Drinking Water State Revolving Fund 2017-7056	2/28/2019	6/30/2028	2.00	2,695	2,179
Drinking Water State Revolving Fund 2019-7072	8/31/2019	2/28/2039	2.00	1,582	1,319
Drinking Water State Revolving Fund 2019-7069	12/31/2020	6/30/2040	2.00	2,477	2,229
Drinking Water State Revolving Fund 2019-7077	*	*	*	*	5,497
Drinking Water State Revolving Fund 2019-7081	11/30/2020	6/30/2040	2.00	2,414	2,172
Total					<u>\$ 25,816</u>

* Loan is not permanently financed at this time.

**CITY OF NORWICH, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022
(IN THOUSANDS)**

NOTE 9 LONG-TERM DEBT (CONTINUED)

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>
2023	\$ 8,265	\$ 5,213	\$ 13,478
2024	7,995	5,352	13,347
2025	8,015	5,176	13,191
2026	7,950	4,990	12,940
2027	7,700	4,804	12,504
2028 - 2032	38,750	21,098	59,848
2033 - 2037	35,240	15,919	51,159
2038 - 2042	34,285	10,156	44,441
2043 - 2047	39,070	5,206	44,276
Total	<u>\$ 187,270</u>	<u>\$ 77,914</u>	<u>\$ 265,184</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>
2023	\$ 1,850	\$ 402	\$ 2,252
2024	1,728	357	2,085
2025	1,526	323	1,849
2026	1,470	291	1,761
2027	1,481	262	1,743
2028 - 2032	7,290	860	8,150
2033 - 2037	3,655	300	3,955
2038 - 2042	1,319	38	1,357
Subtotal	<u>20,319</u>	<u>2,833</u>	<u>23,152</u>
State of Connecticut - Serial Notes not Permanently Financed as of June 30, 2022	5,497	-	5,497
Total	<u>\$ 25,816</u>	<u>\$ 2,833</u>	<u>\$ 28,649</u>

**CITY OF NORWICH, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
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NOTE 9 LONG-TERM DEBT (CONTINUED)

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		\$	642
Vacation			760
Other			285
Nonvested:			
Sick			1,641 *
Other			5 *
Total		<u>\$</u>	<u>3,333</u>

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

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		\$	4,015
Vacation			1,411
Total		<u>\$</u>	<u>5,426</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, 2022. 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.

CITY OF NORWICH, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022
(IN THOUSANDS)

NOTE 9 LONG-TERM DEBT (CONTINUED)

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, 2022 are as follows:

Description	Authorized	Bonded	Grants	Authorized Unissued
Wawecus St. Bridge	\$ 800	\$ 500	\$ -	\$ 300
Code Correction Assistance	1,840	1,724	-	116
Infrastructure Improvement Program (2017)	5,000	3,895	-	1,105
Dodd Stadium Capital Improvements (2018)	800	450	-	350
Infrastructure Improvement Program (2019)	5,000	-	-	5,000
Occum Infrastructure Access (2021)	740	-	-	740
Total	<u>\$ 14,180</u>	<u>\$ 6,569</u>	<u>\$ -</u>	<u>\$ 7,611</u>

Debt Limitations

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

Category	Debt Limit	Net Indebtedness	Balance
General Purpose	\$ 203,501	\$ 28,755	\$ 174,746
Schools	407,002	4,077	402,925
Sewers	339,168	1,932	337,236
Urban Renewal	293,946	1,902	292,044
Pension Deficit	271,335	145,000	126,335

The total of the City's net statutory indebtedness of \$181. 7 million does not exceed the legal debt limitation of \$633. 1 million (seven times the base for debt limitation computation).

CITY OF NORWICH, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022
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NOTE 10 FUND BALANCE

A. Fund Balance

The components of fund balance at June 30, 2022 are as follows:

	General Fund	Bond Expenditure Fund	Education Grants	General Government Grants and Programs	Nonmajor Governmental Funds	Total
Fund Balances:						
Nonspendable:						
Inventory - School Lunch					\$	\$
Trust:						
Cemetery Trust					1,915	1,915
Other					5	5
Restricted for:						
Trust					42	42
Grants:						
Kelly Middle School Project					1,363	1,363
Committed to:						
Public Safety:						
Capital Projects		66,956				66,956
Police Grants & Programs					375	375
Public Works:						
Sherman Street Bridge						-
Public Parking					135	135
Other					18,456	18,456
Social Services:						
Recreation					940	940
Human Services					99	99
Senior Center					68	68
Youth & Family Services					5	5
General Government:						
Revolving Loan					267	267
Other					951	951
Education:						
School Lunch					1,725	1,725
Other				4	3,531	3,535
Unassigned	17,392		(57)		(129)	17,206
Total Fund Balances	<u>\$ 17,392</u>	<u>\$ 66,956</u>	<u>\$ (57)</u>	<u>\$ 4</u>	<u>\$ 29,748</u>	<u>\$ 114,043</u>

**CITY OF NORWICH, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
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(IN THOUSANDS)**

NOTE 10 FUND BALANCE (CONTINUED)

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, 2022 on behalf of the Department were \$1,122. 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	\$	1,321
Bond Expenditure Fund		1,162
Nonmajor Governmental Funds		982
Nonmajor Enterprise funds		24
Internal Service Funds		3
Total		3,492

NOTE 11 TAX ABATEMENTS

As of June 30, 2022, the City provides tax abatements through multiple programs:

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

CITY OF NORWICH, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022
(IN THOUSANDS)

NOTE 11 TAX ABATEMENTS (CONTINUED)

The Connecticut Enterprise Zone (EZ) Program provides real property tax abatements to encourage economic development in designated areas within a Targeted Investment Community of which the City has been designated, under Connecticut General Statutes Section 32-71 and City of Norwich Ordinance 7-91 and 7-94. Eligible businesses include manufacturers, warehouse distributors and certain designated service-related business. An EZ business applicant must complete a preliminary application to determine if all eligibility criteria will be met. After the request of the preliminary application has been met, the business applicant is required to submit a formal application to the Department of Economic and Community Development. A seven-year abatement ranging from 100% to 0% (phased in over the abatement) of local property taxes on qualifying real and personal property, is subject to the property being new to the grand list of the municipality as a direct result of a business expansion or renovation project or, in the case of an existing building, having met the vacancy requirement. The property tax abatement is for a full seven-year period and takes effect with the start of the first full assessment year following the issuance of a "Certificate of Eligibility." For the fiscal year ended June 30, 2022, taxes abated through this program total \$64. 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, 2022, taxes abated through this program total \$211. 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, 2022, taxes abated through this program total \$129. There are no provisions to recapture abated taxes under this program. No other commitments have been made by the City to the abatement recipients under this program.

CITY OF NORWICH, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
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NOTE 11 TAX ABATEMENTS (CONTINUED)

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, 2022, taxes abated through this program total \$412. 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.

NOTE 12 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 2022 for hospitalization and prescriptions with a maximum aggregate for all claims of approximately \$21,624.

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.

**CITY OF NORWICH, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022
(IN THOUSANDS)**

NOTE 12 RISK MANAGEMENT (CONTINUED)

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

	Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claim Payments	Balance at Fiscal Year End
Medical:				
2021 - 2022	\$ 1,423	\$ 17,269	\$ 17,010	\$ 1,682
2020 - 2021	1,073	14,884	14,534	1,423
Workers' Compensation:				
2021 - 2022	4,550	2,448	2,238	4,760
2020 - 2021	4,479	2,313	2,242	4,550

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

The Department of Public Utilities accounts for the self-insured component of workers' compensation benefits for the Department's employees within the Department of Public Utilities Enterprise Fund. The Department has accrued \$1,165 for estimated unpaid accrued losses on reported claims as of June 30, 2022.

NOTE 13 EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS

City of Norwich Retirement System

A. Plan Description and Benefits Provided

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

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

CITY OF NORWICH, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022
(IN THOUSANDS)

NOTE 13 EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (CONTINUED)

City of Norwich Retirement System (Continued)

A. Plan Description and Benefits Provided (Continued)

The City provides all retirement, death and disability benefits through a single employer, contributory defined benefit plan. Under the plan, all full-time salaried City employees, noncertified employees of the Board of Education and all full-time uniformed and investigatory employees classified as Police Officers and Firefighters are eligible after a probationary period.

B. 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.

C. 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.

**CITY OF NORWICH, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
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NOTE 13 EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (CONTINUED)

City of Norwich Retirement System (Continued)

C. Police (Continued)

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.

D. Firefighters

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

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

Employees generally contribute 9.5% of their wages to the plan.

E. Plan Membership

At July 1, 2021, the date of the most recent actuarial valuation, the plan members consisted of (table not in thousands):

Retirees and Beneficiaries Currently Receiving Benefits	652
Terminated Employees Not Yet Receiving Benefits	49
Active Plan Members	553
Total	1,254

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

Basis of Accounting

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

**CITY OF NORWICH, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
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NOTE 13 EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (CONTINUED)

City of Norwich Retirement System (Continued)

F. Summary of Significant Accounting Policies, Plan Changes, and Plan Asset Matters (Continued)

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 331.21% of covered payroll.

Administrative costs of the plan are financed through investment earnings.

G. 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, 2022.

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return*</u>
U.S. Core Fixed Income	30.00%	1.26%
U.S. Large Caps	35.00%	3.65%
U.S. Small & Mid Caps	14.00%	3.75%
Foreign Developed Equity	17.00%	4.52%
Private Real Estate Property	4.00%	3.58%
Total	<u>100.00%</u>	

* Long-Term Returns are geometric means.

**CITY OF NORWICH, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
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(IN THOUSANDS)**

NOTE 13 EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (CONTINUED)

City of Norwich Retirement System (Continued)

G. Investments (Continued)

Rate of Return

For the year ended June 30, 2022, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was (9.54%). The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

H. Net Pension Liability of the City

The components of the net pension liability of the City at June 30, 2022 were as follows:

Total Pension Liability	\$ 373,629
Plan Fiduciary Net Position	(325,869)
Net Pension Liability	\$ 47,760

Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	87.22%
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I. Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of July 1, 2020, 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	6.25%, 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 6.25% was used.

CITY OF NORWICH, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
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NOTE 13 EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (CONTINUED)

City of Norwich Retirement System (Continued)

J. Discount Rate

The discount rate used to measure the total pension liability was 6.25%. 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.

K. 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, 2021	\$ 325,019	\$ 224,695	\$ 100,324
Changes for the Year:			
Service Cost	6,252	-	6,252
Interest on Total Pension Liability	23,279	-	23,279
Differences Between Expected and Actual Experience	1,939	-	1,939
Changes of Benefit Terms	(1,206)	-	(1,206)
Changes in Assumptions	39,068	-	39,068
Employer Contributions		144,718	(144,718)
Member Contributions		4,062	(4,062)
Net Investment Income		(26,532)	26,532
Benefit Payments, Including Refund to Employee Contributions	(20,722)	(20,722)	-
Administrative Expenses		(352)	352
Net Changes	<u>48,610</u>	<u>101,174</u>	<u>(52,564)</u>
Balances as of June 30, 2022	<u>\$ 373,629</u>	<u>\$ 325,869</u>	<u>\$ 47,760</u>

**CITY OF NORWICH, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022
(IN THOUSANDS)**

NOTE 13 EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (CONTINUED)

City of Norwich Retirement System (Continued)

L. 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 (5.25%)	Current Discount Rate (6.25%)	1% Increase in Discount Rate (7.25%)
Net Pension Liability	\$ 94,902	\$ 47,760	\$ 8,692

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

For the year ended June 30, 2022, the City recognized pension expense of \$21,412. At June 30, 2022, 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	\$ 1,213	\$ 2,246	\$ 3,459
Changes of Assumptions	25,184	13,043	38,227
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	15,894	8,348	24,242
Total	\$ 42,291	\$ 23,637	\$ 65,928
Deferred Inflows of Resources:			
Differences Between Expected and Actual Experience	\$ 1,585	\$ 7	\$ 1,592
Changes of Assumptions			
Net Difference Between Projected and Actual Earnings on Pension Plan Investments			
Total	\$ 1,585	\$ 7	\$ 1,592

**CITY OF NORWICH, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022
(IN THOUSANDS)**

NOTE 13 EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (CONTINUED)

City of Norwich Retirement System (Continued)

M. Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

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>	<u>Business-Type Activities</u>	<u>Total</u>
		<u>Department of Public Utilities</u>	
2023	\$ 10,572	\$ 6,597	\$ 17,169
2024	10,332	6,478	16,810
2025	8,547	4,789	13,336
2026	11,255	5,766	17,021
2027			
Thereafter			
Total	<u>\$ 40,706</u>	<u>\$ 23,630</u>	<u>\$ 64,336</u>

City of Norwich Volunteer Firefighters' Relief Plan

A. Plan Description and Benefits Provided

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

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

**CITY OF NORWICH, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
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(IN THOUSANDS)**

NOTE 13 EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (CONTINUED)

City of Norwich Volunteer Firefighters’ Relief Plan (Continued)

A. Plan Description and Benefits Provided (Continued)

Volunteers 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 \$24 (not in thousands) multiplied by the years of credited service to a maximum of 40 years and a maximum monthly benefit of \$960 (not in thousands).

The contribution requirements of plan members and the City are established and may be amended by the City Council. Members are required to contribute \$288 (not in thousands) for each calendar year of credited service.

At January 1, 2022, the plan members consisted of (table not in thousands):

Inactive Plan Members or Beneficiaries Currently	
Receiving Benefits	51
Inactive Plan Members Entitled to but Not Yet	
Receiving Benefits	78
Active Plan Members	55
Total	<u>184</u>

CITY OF NORWICH, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022
(IN THOUSANDS)

NOTE 13 EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (CONTINUED)

City of Norwich Volunteer Firefighters' Relief Plan (Continued)

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

Basis of Accounting

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

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.

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 \$288 (not in thousands) for each calendar year of credited service.

C. 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, 2022.

CITY OF NORWICH, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
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(IN THOUSANDS)

NOTE 13 EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (CONTINUED)

City of Norwich Volunteer Firefighters' Relief Plan (Continued)

C. Investments (Continued)

Investment Policy (Continued)

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return*
U.S. Government Bonds	12.00%	0.42%
U.S. Credit Bonds	15.00%	1.73%
U.S. High Yield Bonds	3.00%	3.37%
U.S. Large Caps	35.00%	3.65%
U.S. Mid Caps	8.00%	3.66%
U.S. Small Caps	6.00%	3.89%
Foreign Developed Equity	13.60%	4.52%
Emerging Markets Equity	3.40%	4.95%
Private Real Estate Property	4.00%	3.58%
Total Portfolio	100.00%	

* Long-Term Returns are geometric means.

Rate of Return

For the year ended June 30, 2022, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was (14.13%). The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

D. Net Pension Liability of the City

The components of the net pension liability of the City at June 30, 2022 were as follows:

Total Pension Liability	\$ 7,045
Plan Fiduciary Net Position	(3,318)
Net Pension Liability	\$ 3,727

Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	47.10%
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CITY OF NORWICH, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022
(IN THOUSANDS)

NOTE 13 EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (CONTINUED)

City of Norwich Volunteer Firefighters' Relief Plan (Continued)

E. Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of January 1, 2022, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25%
Salary Increases	2.75%
Investment Rate of Return	6.25%, 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 6.25% was used.

F. Discount Rate

The discount rate used to measure the total pension liability was 6.25%. 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.

CITY OF NORWICH, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022
(IN THOUSANDS)

NOTE 13 EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (CONTINUED)

City of Norwich Volunteer Firefighters' Relief Plan (Continued)

G. Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a)-(b)
Balances as of July 1, 2021	\$ 7,039	\$ 3,932	\$ 3,107
Changes for the Year:			
Service Cost	71	-	71
Interest on Total Pension Liability	467	-	467
Differences Between Expected and Actual Experience	(904)	-	(904)
Changes of Benefit Terms	408	-	408
Changes in Assumptions	364	-	364
Employer Contributions	-	357	(357)
Member Contributions	-	14	(14)
Net Investment Income	-	(575)	575
Benefit Payments, Including Refund to Employee	(400)	(400)	-
Administrative Expenses	-	(10)	10
Net Changes	<u>6</u>	<u>(614)</u>	<u>620</u>
Balances as of June 30, 2022	<u>\$ 7,045</u>	<u>\$ 3,318</u>	<u>\$ 3,727</u>

H. 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 (5.25%)	Current Discount Rate (6.25%)	1% Increase in Discount Rate (7.25%)
Net Pension Liability	\$ 4,570	\$ 3,727	\$ 3,032

**CITY OF NORWICH, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022
(IN THOUSANDS)**

NOTE 13 EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (CONTINUED)

City of Norwich Volunteer Firefighters' Relief Plan (Continued)

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

For the year ended June 30, 2022, the City recognized pension expense of \$636. At June 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	Governmental Activities	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 46	\$ 716
Changes of Assumptions	446	33
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	349	
Total	\$ 841	\$ 749

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

Year Ended June 30,	Governmental Activities
2023	\$ (41)
2024	(41)
2025	(47)
2026	203
2027	18
Thereafter	
Total	\$ 92

**CITY OF NORWICH, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022
(IN THOUSANDS)**

NOTE 13 EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (CONTINUED)

City of Norwich Volunteer Firefighters' Relief Plan (Continued)

J. Schedule of Plan Net Position – June 30, 2022

	City Employee Pension Trust Fund	Volunteer Fire Pension Trust Fund	Total
ASSETS			
Cash and Cash Equivalents	\$ 485	\$ 35	\$ 520
Investments:			
U.S. Government Securities	20,013		20,013
U.S. Government Agencies	6,906		6,906
Corporate Bonds	28,431		28,431
Mutual Funds	205,094	3,331	208,425
Common Stock	65,287		65,287
Real Estate	839		839
Preferred Stock			
Accounts Receivable			
Due from Other Funds	3		3
Total Assets	327,058	3,366	330,424
LIABILITIES			
Accounts and Other Payables	10		10
Due to Other Funds	1,179	48	1,227
Total Liabilities	1,189	48	1,237
NET POSITION			
Restricted for Pensions	\$ 325,869	\$ 3,318	\$ 329,187

**CITY OF NORWICH, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022
(IN THOUSANDS)**

NOTE 13 EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (CONTINUED)

City of Norwich Volunteer Firefighters' Relief Plan (Continued)

K. Schedule of Changes in Plan Net Position for the Year Ended June 30, 2022

	City Employee Pension Trust Fund	Volunteer Fire Pension Trust Fund	Total
ADDITIONS			
Contributions:			
Employer	\$ 144,718	\$ 357	\$ 145,075
Plan Members	4,062	14	4,076
Total Contributions	<u>148,780</u>	<u>371</u>	<u>149,151</u>
Investment Income:			
Net Appreciation in Fair Value of Investments	(31,284)	(691)	(31,975)
Interest and Dividends	5,537	138	5,675
Total Investment Income	<u>(25,747)</u>	<u>(553)</u>	<u>(26,300)</u>
Less Investment Expense	(785)	(22)	(807)
Net Investment Income	<u>(26,532)</u>	<u>(575)</u>	<u>(27,107)</u>
Total Additions	122,248	(204)	122,044
DEDUCTIONS			
Benefits	20,195	400	20,595
Administration	352	10	362
Lump Sum Distributions and Withdrawals	527		527
Total Deductions	<u>21,074</u>	<u>410</u>	<u>21,484</u>
NET INCREASE (DECREASE)	101,174	(614)	100,560
Net Position Restricted for Pensions - Beginning of Year	<u>224,695</u>	<u>3,932</u>	<u>228,627</u>
NET POSITION RESTRICTED FOR PENSIONS - END OF YEAR	<u>\$ 325,869</u>	<u>\$ 3,318</u>	<u>\$ 329,187</u>

CITY OF NORWICH, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022
(IN THOUSANDS)

NOTE 13 EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (CONTINUED)

Connecticut Teachers Retirement System – Pension

A. Plan Description

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

B. Benefit Provisions

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

Normal Retirement

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

Early Retirement

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

Disability Retirement

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

C. Contributions

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

**CITY OF NORWICH, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
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(IN THOUSANDS)**

NOTE 13 EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (CONTINUED)

Connecticut Teachers Retirement System – Pension (Continued)

C. Contributions (Continued)

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, 2022, the amount of "on-behalf" contributions made by the state was \$7,127 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.

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

At June 30, 2022, 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		85,110
Total	<u>\$</u>	<u>85,110</u>

The net pension liability was measured as of June 30, 2021, 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, 2022, the City has no proportionate share of the net pension liability.

For the year ended June 30, 2022, the City recognized pension expense and revenue of \$5,494 in Exhibit II.

CITY OF NORWICH, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022
(IN THOUSANDS)

NOTE 13 EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (CONTINUED)

Connecticut Teachers Retirement System – Pension (Continued)

E. 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:	3.00% - 6.50%, Including Inflation
Investment Rate of Return:	6.90%, Net of Pension Plan Investment Expense, Including Inflation

Mortality rates were based on the PubT-2010 Healthy Retiree Table (adjusted 105% for males and 103% for females at ages 82 and above), projected generationally with MP-2019 for the period after service retirement.

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the five-year period ending June 30, 2019.

Assumption changes since the prior year are as follows:

- There were no changes in assumptions that affected the measurement of the TPL since the prior measurement date.

Benefit changes since the prior year are as follows:

- There were no changes in benefit provisions that affected the measurement of the TPL since the prior measurement date.

Cost-of-Living Allowance

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, 2022
(IN THOUSANDS)**

NOTE 13 EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (CONTINUED)

Connecticut Teachers Retirement System – Pension (Continued)

E. Actuarial Assumptions (Continued)

Cost-of-Living Allowance (Continued)

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%.

Long-Term Rate of Return

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 current capital market assumptions and the target asset allocation as provided by the State of Connecticut Treasurer’s Office are summarized in the following table:

Asset Class	Expected Return	Target Allocation
Domestic equity	5.60%	20.00%
Developed market international	6.00%	11.00%
Emerging market international	7.90%	9.00%
Core fixed income	2.10%	16.00%
Inflation linked bond fund	1.10%	5.00%
Emerging market debt	2.70%	5.00%
High yield bonds	4.00%	6.00%
Real estate	4.50%	10.00%
Private equity	7.30%	10.00%
Alternative investments	2.90%	7.00%
Liquidity fund	0.40%	1.00%
Total		<u>100.00%</u>

**CITY OF NORWICH, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022
(IN THOUSANDS)**

NOTE 13 EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (CONTINUED)

Connecticut Teachers Retirement System – Pension (Continued)

F. 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.

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

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

H. Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued financial statements available at www.ct.gov.

I. Other Information

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

**CITY OF NORWICH, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
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(IN THOUSANDS)**

NOTE 13 EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (CONTINUED)

Aggregated Pension Information

The City recognized the following amounts related to pension plans as of and for the year ended June 30, 2022:

	Deferred Outflow of Resources Related to Pensions	Net Pension Liability	Deferred Inflow of Resources Related to Pensions	Pension Expense
City of Norwich Retirement System:				
Governmental Activities	\$ 42,291	\$ 31,881	\$ 1,585	\$ 7,215
Business-Type Activities	23,637	15,879	7	4,862
Total City of Norwich Retirement System	65,928	47,760	1,592	12,077
Volunteer Firefighters' Relief Plan:				
Governmental Activities	841	3,727	749	207
Connecticut Teachers Retirement System:				
Governmental Activities				15,393
 Totals	<u>\$ 66,769</u>	<u>\$ 51,487</u>	<u>\$ 2,341</u>	<u>\$ 27,677</u>
Governmental Activities	\$ 43,132	\$ 35,608	\$ 2,334	\$ 22,815
Business-Type Activities	23,637	15,879	7	4,862
 Totals	<u>\$ 66,769</u>	<u>\$ 51,487</u>	<u>\$ 2,341</u>	<u>\$ 27,677</u>

NOTE 14 OTHER POSTEMPLOYMENT BENEFITS

City of Norwich, Retiree Health Plan

A. Plan Description and Benefits Provided

The City, in accordance with various collective bargaining agreements, is committed to provide health and other benefits to eligible retirees and their spouses. The Retiree Health Plan (RHP) is considered to be part of the City's financial reporting entity and is included in the City's financial report as the Other Postemployment 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 postemployment benefit obligations.

CITY OF NORWICH, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022
(IN THOUSANDS)

NOTE 14 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

City of Norwich, Retiree Health Plan (Continued)

A. Plan Description and Benefits Provided (Continued)

At July 1, 2021, plan membership consisted of the following:

Active Plan Members	886
Retired Plan Members	498
Spouses of Retirees	68
Beneficiaries	27
Total Participants	<u>1,479</u>

B. Summary of Significant Accounting Policies

Basis of Accounting

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

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

Plan Expenses

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

C. 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.

CITY OF NORWICH, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022
(IN THOUSANDS)

NOTE 14 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

City of Norwich, Retiree Health Plan (Continued)

C. Funding Policy (Continued)

City Retirees (Continued)

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

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

Police Retirees

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

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

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

Fire Retirees

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

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

Firefighters hired after July 1, 2021 are not eligible for postretirement medical benefits through the City.

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.

**CITY OF NORWICH, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022
(IN THOUSANDS)**

NOTE 14 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

City of Norwich, Retiree Health Plan (Continued)

C. Funding Policy (Continued)

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, 2022
(IN THOUSANDS)**

NOTE 14 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

City of Norwich, Retiree Health Plan (Continued)

C. Funding Policy (Continued)

Norwich Public Utilities' (NPU) Retirees (Continued)

For the year ended June 30, 2022, 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, 2022 totaled \$4,684.

D. 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, 2022, the annual money-weighted rate of return on investments, net of investment expense, was (11.30%). The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

E. Net OPEB Liability of the City

The City's net OPEB liability was measured as of June 30, 2022. The components of the net OPEB liability of the City at June 30, 2022 were as follows:

Total OPEB Liability	\$ 62,811
Plan Fiduciary Net Position	<u>30,019</u>
Net OPEB Liability	<u><u>\$ 32,792</u></u>

Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	47.79%
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**CITY OF NORWICH, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022
(IN THOUSANDS)**

NOTE 14 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

City of Norwich, Retiree Health Plan (Continued)

F. Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of July 1, 2021, 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:	6.25%
Healthcare Cost Trend Rates:	Pre-Medicare: 5.2% - 4.1% over 52 years; Post-Medicare: 4.9% - 4.1% over 52 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.

**CITY OF NORWICH, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022
(IN THOUSANDS)**

NOTE 14 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

City of Norwich, Retiree Health Plan (Continued)

F. Actuarial Assumptions (Continued)

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, 2022 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%	1.26%
U.S. Large Caps	37.00%	3.65%
U.S. Small & Mid Caps	15.00%	3.75%
Foreign Developed Equity	18.00%	4.52%
Total	<u>100.00%</u>	

* Long-Term Returns are geometric means.

G. Discount Rate

The discount rate used to measure the total OPEB liability was 6.25%. 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.

**CITY OF NORWICH, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022
(IN THOUSANDS)**

NOTE 14 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

City of Norwich, Retiree Health Plan (Continued)

H. 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, 2021	\$ 65,390	\$ 32,672	\$ 32,718
Changes for the Year:			
Service Cost	1,096	-	1,096
Interest	4,704	-	4,704
Change in Benefit Terms Differences Between Expected and Actual Experience	(10,937)	-	(10,937)
Changes in Assumptions	5,832	-	5,832
Contributions - Employer		4,684	(4,684)
Contributions - Member		10	(10)
Net Investment Income		(4,043)	4,043
Benefit Payments	(3,274)	(3,274)	-
Administrative Expenses	-	(30)	30
Net Changes	<u>(2,579)</u>	<u>(2,653)</u>	<u>74</u>
Balances as of June 30, 2022	<u>\$ 62,811</u>	<u>\$ 30,019</u>	<u>\$ 32,792</u>

I. 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 (5.25%)	Current Discount Rate (6.25%)	1% Increase (7.25%)
Net OPEB Liability	\$ 39,186	\$ 32,792	\$ 27,349

**CITY OF NORWICH, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022
(IN THOUSANDS)**

NOTE 14 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

City of Norwich, Retiree Health Plan (Continued)

J. 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: 4.20% - 3.10% Post-Medicare 3.90% - 3.10%)	Current Trend Rate (Pre-Medicare: 5.20% - 4.10% Post-Medicare 4.90% - 4.10%)	1% Increase (Pre-Medicare: 6.20% - 5.10% Post-Medicare 5.90% - 5.10%)
Net OPEB Liability	\$ 26,599	\$ 32,792	\$ 40,194

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

For the year ended June 30, 2022, the City recognized OPEB expense of \$2,284. At June 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Governmental Activities	Business-Type Activities <u>Department of Public Utilities</u>	<u>Total</u>
Deferred Outflows of Resources:			
Differences Between Expected and Actual Experience	\$	\$ 1,004	\$ 1,004
Changes of Assumptions	4,520	907	5,427
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	3,186	179	3,365
Total	<u>\$ 7,706</u>	<u>\$ 2,090</u>	<u>\$ 9,796</u>
Deferred Inflows of Resources:			
Differences Between Expected and Actual Experience	\$ 10,392	\$ 1,763	\$ 12,155
Changes of Assumptions	210	18	228
Total	<u>\$ 10,602</u>	<u>\$ 1,781</u>	<u>\$ 12,383</u>

**CITY OF NORWICH, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022
(IN THOUSANDS)**

NOTE 14 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

City of Norwich, Retiree Health Plan (Continued)

**K. OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB
(Continued)**

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>	Governmental Activities	Business-Type Activities	Total
		Department of Public Utilities	
2023	\$ (1,388)	\$ 439	\$ (949)
2024	(838)	235	(603)
2025	(542)	28	(514)
2026	613	(144)	469
2027	(616)	(207)	(823)
Thereafter	(125)	(42)	(167)
Total	<u>\$ (2,896)</u>	<u>\$ 309</u>	<u>\$ (2,587)</u>

L. Schedule of Plan Net Position – June 30, 2022

	Other Postemployment Benefit Trust Fund
ASSETS	
Cash and Cash Equivalents	\$ 59
Investments:	
U.S. Government Securities	2,943
U.S. Government Agencies	1,050
Corporate Bonds	4,332
Mutual Funds	11,740
Common Stock	8,416
Real Estate	124
Accounts Receivable	24
Due from Other Funds	1,331
Total Assets	<u>30,019</u>
LIABILITIES	
Accounts and Other Payables	
Due to Other Funds	
Due to Student Groups and Agencies	
Total Liabilities	<u>-</u>
NET POSITION	
Restricted for OPEB Benefits	<u>\$ 30,019</u>

**CITY OF NORWICH, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022
(IN THOUSANDS)**

NOTE 14 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

City of Norwich, Retiree Health Plan (Continued)

M. Schedule of Changes in Plan Net Position for the Year Ended June 30, 2022

	<u>Other Postemployment Benefit Trust Fund</u>
ADDITIONS	
Contributions:	
Employer	\$ 4,684
Plan Members	10
Total Contributions	<u>4,694</u>
Investment Income:	
Net Appreciation in Fair Value of Investments	(4,725)
Interest and Dividends	759
Total Investment Income	<u>(3,966)</u>
Less Investment Expense	(77)
Net Investment Income	<u>(4,043)</u>
Total Additions	651
DEDUCTIONS	
Benefits	3,274
Administration	30
Lump Sum Distributions and Withdrawals	
Total Deductions	<u>3,304</u>
NET INCREASE	(2,653)
Net Position Restricted for OPEB Benefits - Beginning of Year	<u>32,672</u>
NET POSITION RESTRICTED FOR OPEB BENEFITS - END OF YEAR	<u><u>\$ 30,019</u></u>

Other Postemployment Benefit – Connecticut State Teachers Retirement Plan

A. Plan Description

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

CITY OF NORWICH, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022
(IN THOUSANDS)

NOTE 14 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Other Postemployment Benefit – Connecticut State Teachers Retirement Plan
(Continued)

A. Plan Description (Continued)

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

B. Benefit Provisions

There are two types of the health care benefits offered through the system. Subsidized Local School District Coverage provides a subsidy paid to members still receiving coverage through their former employer and the CTRB Sponsored Medicare 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, 2022
(IN THOUSANDS)

NOTE 14 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

**Other Postemployment Benefit – Connecticut State Teachers Retirement Plan
(Continued)**

C. 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.

D. 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.

**CITY OF NORWICH, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022
(IN THOUSANDS)**

NOTE 14 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

**Other Postemployment Benefit – Connecticut State Teachers Retirement Plan
(Continued)**

E. Contributions

State of Connecticut

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

Employer (School Districts)

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

For the year ended June 30, 2022, the amount of "on-behalf" contributions made by the state was \$168 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.

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

At June 30, 2022, 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		9,273
Total	\$	<u>9,273</u>

CITY OF NORWICH, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022
(IN THOUSANDS)

NOTE 14 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Other Postemployment Benefit – Connecticut State Teachers Retirement Plan (Continued)

F. OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

The net OPEB liability was measured as of June 30, 2021, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as June 30, 2020. At June 30, 2022, the City has no proportionate share of the net OPEB liability.

For the year ended June 30, 2022, the City recognized OPEB expense and revenue of \$342 in Exhibit II.

G. 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%
Healthcare Costs Trend Rate:	5.125% for 2020, decreasing to an ultimate Rate of 4.50% by 2023
Salary Increases:	3.00% - 6.50%, including inflation
Investment Rate of Return:	2.17%, Net of OPEB plan investment expense, including inflation
Year Fund Net Position will be Depleted	2023

Mortality rates were based on the PubT-2010 Healthy Retiree Table (adjusted 105% for males and 103% for females at ages 82 and above), projected generationally with MP-2019 for the period after service retirement.

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, 2014 – June 30, 2019.

The changes in the assumptions since the prior year are as follows:

- Discount rate changed from 2.21% to 2.17%
- Expected annual per capita claims costs were updated to better reflect anticipated Medicare and prescription drug claim experience based on scheduled premium increases through calendar year 2024.

The changes in the benefit terms since the prior year are as follows:

- There were no changes to benefit terms in the two years preceding the measurement date.

CITY OF NORWICH, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022
(IN THOUSANDS)

NOTE 14 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Other Postemployment Benefit – Connecticut State Teachers Retirement Plan
(Continued)

G. Actuarial Assumptions (Continued)

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 (0.42%).

H. Discount Rate

The discount rate used to measure the total OPEB liability was 2.17%. The projection of cash flows used to determine the discount rate was performed in accordance with GASB 75. The projection was based on an actuarial valuation performed as of June 30, 2020.

In addition to the actuarial methods and assumptions of the June 30, 2020, actuarial valuation, the following actuarial methods and assumptions were used in the projection of cash flows:

- Total payroll for the initial projection year consists of the payroll of the active membership present on the valuation date. In subsequent projection years, total payroll was assumed to increase annually at a rate of 3.00%.
- Employee contributions were assumed to be made at the current member contribution rate. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.
- Annual State contributions were assumed to be equal to the most recent five-year average of state contributions toward the fund.
- Based on those assumptions, the Plan's fiduciary net position was projected to be depleted in 2023 and, as a result, the Municipal Bond Index Rate was used in the determination of the single equivalent rate.

**CITY OF NORWICH, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022
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NOTE 14 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

**Other Postemployment Benefit – Connecticut State Teachers Retirement Plan
(Continued)**

I. 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.

J. OPEB Plan Fiduciary Net Position

Detailed information about the Connecticut State Teachers OPEB Plan fiduciary net position is available in the separately issued State of Connecticut Comprehensive Annual Financial Report at www.ct.gov.

K. 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.

Aggregated OPEB Information

The City recognized the following amounts related to OPEB plans as of and for the year ended June 30, 2022:

	Deferred Outflow of Resources Related to OPEB	Net OPEB Liability	Deferred Outflow of Resources Related to OPEB	OPEB Expense
City of Norwich Retiree Health Plan:				
Governmental Activities	\$ 7,706	\$ 25,887	\$ 10,602	\$ 764
Business-Type Activities	2,090	6,905	1,781	1,540
Connecticut Teachers Retirement System:				
Governmental Activities	-	-	-	740
Total	<u>\$ 9,796</u>	<u>\$ 32,792</u>	<u>\$ 12,383</u>	<u>\$ 3,044</u>
Governmental Activities	\$ 7,706	\$ 25,887	\$ 10,602	\$ 1,504
Business-Type Activities	2,090	6,905	1,781	1,540
Total	<u>\$ 9,796</u>	<u>\$ 32,792</u>	<u>\$ 12,383</u>	<u>\$ 3,044</u>

CITY OF NORWICH, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022
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NOTE 15 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, 2022 was \$28,010.

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 2022 fiscal year, the share of contributions to the fund received by the Department totaled \$362, with drawdowns of \$315, and interest on the fund of \$1. The balance of the Department funds held by CMEEC for the RGGI was \$107 for the year ended June 30, 2022.

**CITY OF NORWICH, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022
(IN THOUSANDS)**

NOTE 16 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, 2022, the Department has obligations in place through 2031. Expense under the contracts totaled \$6,006 during the year ended June 30, 2022.

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, 2022 is summarized as follows:

CMEEC - Debt Service Fixed Cost Obligation	\$ 18,700
Department - Rate Stabilization Funds on Deposit with CMEEC	(10,754)
Net Deferred Fixed Cost Obligation	\$ 7,946

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 \$2,056.

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

CITY OF NORWICH, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022
(IN THOUSANDS)

NOTE 16 COMMITMENTS AND CONTINGENCIES (CONTINUED)

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, 2022, \$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.

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 10 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 11 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.

CITY OF NORWICH, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022
(IN THOUSANDS)

NOTE 17 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.

NOTE 18 NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES

As of June 30, 2022, the Department of Public Utilities has purchased \$623 in capital assets on account, which are included in accounts payable and accrued liabilities in the accompanying statement of net position.

REQUIRED SUPPLEMENTARY INFORMATION

**CITY OF NORWICH, CONNECTICUT
GENERAL FUND
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2022
(NON-GAAP BUDGETARY BASIS)
(IN THOUSANDS)**

	Budgeted Amounts		Actual	Variance
	Original	Final		
<i>Property Taxes</i>				
Current Levy Real Estate and Personal Property T	75,067	75,067	74,837	(230)
Current Levy Motor Vehicle Taxes	8,939	8,939	8,956	17
Prior Levy Tax Collections	1,802	1,802	1,379	(423)
Interest & Lien Fees	1,084	1,084	1,215	131
Subtotal	86,892	86,892	86,387	(505)
<i>Other Taxes</i>				
Conveyance Tax	772	772	1,134	362
Telecom Services Tax	98	98	81	(17)
Subtotal	870	870	1,215	345
<i>Permits & Licenses</i>				
Public Safety Permits	14	14	24	10
Building Permits	617	617	854	237
Road Opening Permits	3	3	3	-
Marriage Licenses	4	4	4	-
Animal Licenses	1	1	1	-
Subtotal	639	639	886	247
<i>Intergovernmental Revenues</i>				
Federal Grant-Operating	350	350	478	128
State Grant-Operating	-	-	47	47
Town Aid Road Grant	490	490	489	(1)
Mashantucket Pequot/Mohegan	2,360	2,360	2,360	-
Youth Services Bureau	72	72	72	-
Education Cost Sharing	33,617	33,617	32,307	(1,310)
Health Services	110	110	103	(7)
State Shared Revenues	411	411	447	36
State Pilot	2,903	2,903	2,903	-
Housing Pilot	166	166	165	(1)
Subtotal	40,479	40,479	39,371	(1,108)
<i>Charges for Services</i>				
Recording Fees	174	174	234	60
Planning & Zoning Fees	24	24	18	(6)
Printing & Duplication Fees	52	52	59	7
Notary Public Fees	2	2	1	(1)
Refuse Collection Fees	8	8	9	1
Recycling Revenues	76	76	92	16
Direct Hauler Fees	598	598	765	167
Burial Fees	-	-	1	1
Vital Statistics	123	123	132	9
Senior Center Fees	7	7	7	-
Subtotal	1,064	1,064	1,318	254

**CITY OF NORWICH, CONNECTICUT
GENERAL FUND
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES
BUDGET AND ACTUAL (CONTINUED)
YEAR ENDED JUNE 30, 2022
(NON-GAAP BUDGETARY BASIS)
(IN THOUSANDS)**

<i>Fines and assessments</i>				
Public Safety Fines	5	5	8	3
Blight Citations	32	32	54	22
Sewer Assessment Revenue	180	180	251	71
Subtotal	<u>217</u>	<u>217</u>	<u>313</u>	<u>96</u>
<i>Investment Income</i>				
Interest	240	240	159	(81)
Subtotal	<u>240</u>	<u>240</u>	<u>159</u>	<u>(81)</u>
<i>Rents</i>				
Building Rent Revenue	378	378	404	26
Property Rent	102	102	93	(9)
Cell Tower Rent	77	77	72	(5)
Facilities Rent	16	16	35	19
Subtotal	<u>573</u>	<u>573</u>	<u>604</u>	<u>31</u>
<i>Other Revenues</i>				
Financial Svcs To Other Funds	78	78	68	(10)
HR Services To Other Funds	52	52	52	-
PW Services To Other Funds	38	38	39	1
Sale of Assets	171	171	114	(57)
Miscellaneous Revenue	36	36	173	137
Subtotal	<u>375</u>	<u>375</u>	<u>446</u>	<u>71</u>
<i>Other Financing Sources</i>				
Transfer - Police Private Duty	220	220	38	(182)
Transfer from Cemetery Trust	77	77	84	7
Transfer from NGCA	22	22	31	9
Transfer from Public Utilities	5,348	5,348	5,348	-
Subtotal	<u>5,667</u>	<u>5,667</u>	<u>5,501</u>	<u>(166)</u>
Total Revenues	<u>\$ 137,016</u>	<u>\$ 137,016</u>	<u>\$ 136,200</u>	<u>\$ (816)</u>

Budgetary revenues are different from GAAP revenues because:

State of Connecticut State Teachers' Retirement System on-behalf pension contributions for City teachers is not budgeted 7,127

State of Connecticut State Teachers' Retirement System on-behalf OPEB contributions for City teachers is not budgeted 168

The Board of Education does not budget for intergovernmental grants, which are credited against education expenditures for budgetary reporting. These amounts are recorded as revenues and expenditures for GAAP financial reporting purposes. 1,860

The City does not record 60-day collections on the budgetary basis (229)

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

\$ 145,126

CITY OF NORWICH, CONNECTICUT
GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2022
(NON-GAAP BUDGETARY BASIS)
(IN THOUSANDS)

	Budgeted Amounts		Actual	Variance
	Original	Final		
<i>General Government</i>				
City Council	409	409	395	14
City Manager	424	424	423	1
Finance	1,805	1,805	1,803	2
Assessor	480	480	447	33
Treasurer	297	297	297	-
Law	439	439	327	112
Human Resources	638	638	609	29
City Clerk	548	548	530	18
Planning & Neighborhood Services	1,189	1,189	1,133	56
Election	161	161	143	18
Subtotal	6,390	6,390	6,107	283
<i>Public Safety</i>				
Police	18,365	18,365	18,083	282
Fire General	2,273	2,306	2,292	14
Emergency Mgmt	72	73	68	5
East Great Plain VFD	155	155	145	10
Laurel Hill VFD	81	83	82	1
Occum VFD	92	92	87	5
Taftville VFD	174	174	150	24
Yantic VFD	160	160	154	6
Subtotal	21,372	21,408	21,061	347
<i>Public Works</i>				
Street Maintenance	4,244	4,080	4,033	47
Engineering & Administration	882	848	830	18
Street Lighting	305	316	318	(2)
Fleet Maintenance	1,470	1,574	1,584	(10)
Refuse & Recycling	2,740	2,834	2,831	3
Building Maintenance	1,354	1,354	1,410	(56)
Parking Maintenance	149	149	144	5
Subtotal	11,144	11,155	11,150	5
<i>Social Services</i>				
Senior Center	708	708	713	(5)
Youth Services	296	296	293	3
Human Services	441	441	446	(5)
Recreation	777	777	740	37
Subtotal	2,222	2,222	2,192	30
<i>Education</i>				
Subtotal	86,346	86,346	85,106	1,240
Subtotal	86,346	86,346	85,106	1,240
<i>Other</i>				
Subtotal	2,976	2,929	2,738	191
Subtotal	2,976	2,929	2,738	191

**CITY OF NORWICH, CONNECTICUT
GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL (CONTINUED)
YEAR ENDED JUNE 30, 2022
(NON-GAAP BUDGETARY BASIS)
(IN THOUSANDS)**

<i>Transfers Out</i>	6,565	6,565	6,565	-
Subtotal	<u>6,565</u>	<u>6,565</u>	<u>6,565</u>	<u>-</u>
 Total Expenditures	 <u>\$ 137,015</u>	 <u>\$ 137,015</u>	 <u>\$ 134,919</u>	 <u>\$ 2,096</u>

Budgetary expenditures are different from GAAP expenditures because:

State of Connecticut State Teachers' Retirement System on-behalf pension contributions for City teachers is not budgeted	7,127
State of Connecticut State Teachers' Retirement System on-behalf OPEB contributions for City teachers is not budgeted	168
The Board of Education does not budget for intergovernmental grants, which are credited against education expenditures for budgetary reporting. These amounts are recorded as revenues and expenditures for GAAP financial reporting purposes.	1,860
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	(521)
Encumbrances for purchase and commitments ordered in the previous year that were received and liquidated in the current year are reported for financial statement reporting purposes.	1,194

Total Revenues and Other Financing Sources as Reported on the Statement of	<u>\$ 144,747</u>
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CITY OF NORWICH, CONNECTICUT
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
CITY EMPLOYEES
LAST NINE FISCAL YEARS*
(NON-GAAP BUDGETARY BASIS)
(IN THOUSANDS)

	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability:									
Service Cost	\$ 6,252	\$ 6,691	\$ 5,973	\$ 5,881	\$ 5,769	\$ 5,656	\$ 5,890	\$ 5,498	\$ 2,679
Interest	23,279	22,662	21,529	20,905	20,965	20,281	18,659	17,981	17,334
Differences Between Expected and Actual Experience	1,939	-	795	-	(295)	-	3,337	-	-
Changes of Benefit Terms	(1,206)	-	212	-	(4,568)	-	634	-	-
Changes of Assumptions	39,068	-	15,732	-	4,117	-	8,811	-	-
Benefit Payments, Including Refunds of Member Contributions	(20,722)	(20,092)	(18,792)	(18,326)	(17,496)	(16,927)	(15,426)	(14,836)	(14,146)
Net Change in Total Pension Liability	48,610	9,261	25,449	8,460	8,492	9,010	21,905	8,643	5,867
Total Pension Liability - Beginning	325,019	315,758	290,309	281,849	273,357	264,347	242,442	233,799	227,932
Total Pension Liability - Ending	373,629	325,019	315,758	290,309	281,849	273,357	264,347	242,442	233,799
Plan Fiduciary Net Position:									
Contributions - Employer	144,718	12,774	12,107	11,432	10,103	8,711	7,581	6,718	5,849
Contributions - Member	4,062	3,937	3,917	3,896	3,664	3,386	3,358	3,247	3,057
Net Investment Income (Loss)	(26,532)	40,742	7,176	12,528	12,097	18,213	(2,851)	4,681	20,194
Benefit Payments, Including Refunds of Member Contributions	(20,722)	(20,092)	(18,792)	(18,326)	(17,496)	(16,927)	(15,426)	(14,836)	(14,146)
Administrative Expense	(352)	(106)	(74)	(7)	(44)	(5)	(42)	(4)	(32)
Net Change in Plan Fiduciary Net Position	101,174	37,255	4,334	9,523	8,324	13,378	(7,380)	(194)	14,922
Plan Fiduciary Net Position - Beginning	224,695	187,440	183,106	173,583	165,259	151,881	159,261	159,455	144,533
Plan Fiduciary Net Position - Ending	325,869	224,695	187,440	183,106	173,583	165,259	151,881	159,261	159,455
Net Pension Liability - Ending	\$ 47,760	\$ 100,324	\$ 128,318	\$ 107,203	\$ 108,266	\$ 108,098	\$ 112,466	\$ 83,181	\$ 74,344
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	87.22%	69.13%	59.36%	63.07%	61.59%	60.46%	57.46%	65.69%	68.20%
Covered Payroll	\$ 43,693	\$ 43,693	\$ 43,693	\$ 43,693	\$ 43,095	\$ 41,638	\$ 42,011	\$ 40,590	\$ 39,262
Net Pension Liability as a Percentage of Covered Payroll	109.31%	229.61%	293.68%	245.36%	251.23%	259.61%	267.71%	204.93%	189.35%

*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
CITY EMPLOYEES
LAST TEN FISCAL YEARS
(IN THOUSANDS)**

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Actuarially Determined Contribution	\$ 13,684	\$ 12,759	\$ 12,073	\$ 12,010	\$ 10,820	\$ 10,732	\$ 9,740	\$ 9,651	\$ 5,790	\$ 5,728
Contributions in Relation to the Actuarially Determined Contribution	144,718	12,774	12,107	11,432	10,103	8,711	7,581	6,718	5,849	5,730
Contribution Deficiency (Excess)	<u>\$ (131,034)</u>	<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>
Covered Payroll	\$ 43,693	\$ 43,693	\$ 43,693	\$ 43,095	\$ 41,638	\$ 42,011	\$ 40,590	\$ 39,262	\$ 37,752	\$ 36,302
Contributions as a Percentage of Covered Payroll	331.22%	29.24%	27.71%	26.53%	24.26%	20.74%	18.68%	17.11%	15.49%	N/A

Notes to Schedule:

Valuation Date: July 1, 2021
 Measurement Date: June 30, 2022
 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: 26 years
- Asset Valuation Method: As of July 1, 2021 the Actuarial Value of Assets has been reset to the Market Value of Assets. In subsequent years, the Actuarial Value of Assets will be determined by recognizing market gains and losses non-asymptotically over a five year period.
- Inflation: 2.75%
- Salary Increases: Aged based
- Investment Rate of Return: 6.25%
- Retirement Age - City and Public Utility Employees: The earliest of age 55 with 25 years of service, age 60 with 10 years of service, or any age with 34 years of service.
- Retirement Age - Board of Education Employees: The earliest of age 55 with 25 years of service, age 60 with 10 years of service, or any age with 34 years of service.
- Retirement Age - Police Officers and Firefighters: Police hired on or before 7/1/2014: any age with 20 years of service. Police hired after 7/1/2014: any age with 25 years of service. Fire hired before 7/1/2013: any age with 20 years of service. Fire hired on or after 7/1/2013: any age with 25 years of service.
- Mortality: Pub-2010 Mortality Table for Employees, Healthy Annuitants, and Disabled Annuitants with generational projection of future improvements in longevity per the MP-2019 Ultimate Scale. For Police, Fire, Public Works, Board of Education Custodians, and NPU Field 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.
- Changes in Assumptions: In 2021, change in assumptions used to calculate the Actuarially Determined Contribution, including lowering the interest rate assumption from 7.25% to 6.25%, moving to a 26-year closed amortization base, lowering the amortization growth rate from 2.75% to 2.25%, resetting the actuarial value of assets to equal the market value of assets, and the inclusion of an accrued contribution equal to the discounted proceeds of an anticipated February 1, 2022 issuance of a pension obligation bond in the amount of \$144,343,635.

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

	<u>2022</u>	<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	-9.54%	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
VOLUNTEER FIRE
LAST NINE FISCAL YEARS*
(IN THOUSANDS)

	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability:									
Service Cost	\$ 71	\$ 58	\$ 82	\$ 65	\$ 63	\$ 63	\$ 59	\$ 59	\$ 49
Interest	467	456	445	434	421	411	361	351	367
Differences Between Expected and Actual Experience	(904)	8	(2)	-	97	-	(230)	-	-
Changes of Benefit Terms	408						706	-	-
Changes of Assumptions	364	-	249	-	(78)	-	144	-	-
Benefit Payments, Including Refunds of Member Contributions	(400)	(355)	(347)	(339)	(333)	(322)	(301)	(277)	(268)
Net Change in Total Pension Liability	6	167	427	160	170	152	739	133	148
Total Pension Liability - Beginning	7,039	6,872	6,445	6,285	6,115	5,963	5,224	5,091	4,943
Total Pension Liability - Ending	7,045	7,039	6,872	6,445	6,285	6,115	5,963	5,224	5,091
Plan Fiduciary Net Position:									
Contributions - Employer	357	335	365	365	373	373	351	333	309
Contributions - Member	14	10	10	11	14	14	16	16	12
Net Investment Income (Loss)	(575)	839	84	175	192	265	(9)	16	253
Benefit Payments, Including Refunds of Member Contributions	(400)	(355)	(347)	(339)	(333)	(322)	(301)	(277)	(268)
Administrative Expense	(10)	(6)	(9)	(1)	(9)	(2)	(9)	(4)	(11)
Net Change in Plan Fiduciary Net Position	(614)	823	103	211	237	328	48	84	295
Plan Fiduciary Net Position - Beginning	3,932	3,109	3,006	2,795	2,558	2,230	2,182	2,098	1,803
Plan Fiduciary Net Position - Ending	3,318	3,932	3,109	3,006	2,795	2,558	2,230	2,182	2,098
Net Pension Liability - Ending	3,727	\$ 3,107	\$ 3,763	\$ 3,439	\$ 3,490	\$ 3,557	\$ 3,733	\$ 3,042	\$ 2,993
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	47.10%	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	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.

**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*
(IN THOUSANDS)**

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Actuarially Determined Contribution	\$ 357	\$ 335	\$ 365	\$ 365	\$ 373	\$ 373	\$ 304	\$ 304	\$ 309	\$ 309
Contributions in Relation to the Actuarially Determined Contribution	357	335	365	365	369	187	373	366	345	310
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ 4	\$ 186	\$ (69)	\$ (62)	\$ (36)	\$ (1)
Covered-Employee Payroll*	-	-	-	-	-	-	-	-	-	-
Contributions as a Percentage of Covered Payroll	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, 2022
 Measurement Date: June 30, 2022
 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	2.25%
Investment Rate of Return	6.25%
Retirement Age	Varies by age, service and date of hire
Mortality	PubS-2010 Mortality Table with generational projection per the MP-2019 Ultimate Scale

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

	<u>2022</u>	<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	-14.13%	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
 TEACHERS RETIREMENT PLAN
 LAST EIGHT FISCAL YEARS*
 (IN THOUSANDS)**

	2022	2021	2020	2019	2018	2017	2016	2015
City's Proportion of the Net Pension Liability (Asset)	0.00%	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	85,110	107,461	82,027	63,248	76,431	80,635	57,271	52,936
Total	<u>\$ 85,110</u>	<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	\$ 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%	0.00%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset)	0.00%	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
OPEB
LAST SEVEN FISCAL YEARS*
(IN THOUSANDS)

	2022	2021	2020	2019	2018	2017	2016
Total OPEB Liability:							
Service Cost	\$ 1,096	\$ 1,288	\$ 1,200	\$ 1,644	\$ 1,699	\$ 1,658	\$ 1,610
Interest	4,704	4,519	4,650	4,437	4,687	4,552	4,416
Change of Benefit Terms	-	-	-	-	(645)	-	-
Differences Between Expected and Actual Experience	(10,937)	-	(4,127)	-	(951)	138	1,010
Changes of Assumptions	5,832	-	1,182	-	(2,129)	-	-
Benefit Payments	(3,274)	(2,872)	(2,450)	(3,175)	(4,572)	(4,624)	(5,164)
Net Change in Total OPEB Liability	(2,579)	2,935	455	2,906	(1,911)	1,724	1,872
Total OPEB Liability - Beginning	65,390	62,455	62,000	59,094	61,005	59,281	57,409
Total OPEB Liability - Ending	62,811	65,390	62,455	62,000	59,094	61,005	59,281
Plan Fiduciary Net Position:							
Contributions - Employer	4,684	4,367	5,340	5,240	5,548	5,492	5,566
Contributions - Member	10	11	10	15	200	177	291
Net Investment Income (Loss)	(4,043)	5,494	856	1,534	1,035	1,420	(562)
Benefit Payments, Including Refunds of Member Contributions	(3,274)	(2,872)	(2,450)	(3,175)	(4,572)	(4,624)	(5,164)
Administrative Expense	(30)	(9)	(28)	(10)	(22)	(2)	(20)
Net Change in Plan Fiduciary Net Position	(2,653)	6,991	3,728	3,604	2,189	2,463	111
Plan Fiduciary Net Position - Beginning	32,672	25,681	21,953	18,349	16,160	13,697	13,586
Plan Fiduciary Net Position - Ending	30,019	32,672	25,681	21,953	18,349	16,160	13,697
Net OPEB Liability - Ending	\$ 32,792	\$ 32,718	\$ 36,774	\$ 40,047	\$ 40,745	\$ 44,845	\$ 45,584
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	47.79%	49.96%	41.12%	35.41%	31.05%	26.49%	23.11%
Covered-Employee Payroll	\$ 61,617	\$ 68,379	\$ 68,379	\$ 65,850	\$ 63,623	\$ 59,548	\$ 57,814
Net OPEB Liability as a Percentage of Covered-Employee Payroll	53.22%	47.85%	53.78%	60.82%	64.04%	75.31%	78.85%

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

**CITY OF NORWICH, CONNECTICUT
SCHEDULE OF EMPLOYER CONTRIBUTIONS
OPEB
LAST TEN FISCAL YEARS*
(IN THOUSANDS)**

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Actuarially Determined Contribution (1)	\$ 4,684	\$ 4,367	\$ 5,522	\$ 5,485	\$ 5,542	\$ 5,492	\$ 5,566	\$ 5,431	\$ 6,030	\$ 5,907
Contributions in Relation to the Actuarially Determined Contribution	4,684	4,367	5,340	5,240	5,548	5,492	5,566	5,446	6,040	5,592
Contribution Deficiency (Excess)	\$ -	\$ -	\$ 182	\$ 245	\$ (6)	\$ -	\$ -	\$ (15)	\$ (10)	\$ 315
Covered-Employee Payroll	\$ 61,617	\$ 68,379	\$ 68,379	\$ 65,850	\$ 63,623	\$ 59,548	\$ 57,814	\$ 56,130	N/A	N/A
Contributions as a Percentage of Covered-Employee Payroll	7.60%	6.39%	7.81%	7.96%	8.72%	9.22%	9.63%	9.70%	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, 2021
Measurement Date: June 30, 2022

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
Amortization Period	Closed 26 years
Asset Valuation Method	Market value
Inflation	2.75%
Healthcare Cost Trend Rates	Pre-Medicare: 5.2% - 4.1% over 52 years; Post-Medicare: 4.9% - 4.1% over 52 years
Salary Increases	Varies by age, service and employee group
Investment Rate of Return	6.25%
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 Certified Employees	Normal retirement for teachers is the earliest of age 60 with 20 years of service, or completion of 35 years of service regardless of age. Early Retirement is the earliest of age 60 with 10 years of service, any age with 25 years of service, or age 55 with 20 years of service.
Retirement Age - Board of Education Non-Certified Employees	Any age with 25 years of service or age 60 with 10 years of service.
Retirement Age - Police Officers	Hired before 7/1/14 - any age with 20 years of service. Hired on or after 7/1/14 - any age with 25 years of service.
Retirement Age - Firefighters	Hired before 7/1/13 - any age with 20 years of service. Hired on or after 7/1/13 - any age with 25 years of service.
Healthy Mortality	BOE Certified#: Current: PubT-2010 Mortality Table for Employees and Healthy Annuitants (adjusted 105% for males and 103% for females at ages 82 and above) with generational projection of future improvements per the MP-2019 Ultimate scale. The PubT-2010 Contingent Survivor Table projected generationally per the MP-2019 Ultimate scale and set forward 1 year for both males and females is used for survivors and beneficiaries. This assumption includes a margin for improvements in longevity beyond the valuation date. (Prior: 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 Annuitants with generational projection of future improvements in longevity per the MP 2019 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.
Disabled Mortality	BOE Certified #: Current: PubT-2010 Disabled Mortality Table for males and females with generational projection of future improvements per the MP-2019 Ultimate scale. This assumption includes a margin for mortality improvement beyond the valuation date. (Prior: 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.) All Others: Pub-2010 Mortality Table for Disabled Annuitants with generational projection of future improvements in longevity per the MP 2019 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.

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

	<u>2022</u>	<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	-11.30%	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
 TEACHERS RETIREMENT PLAN
 LAST FIVE FISCAL YEARS*
 (IN THOUSANDS)**

	2022	2021	2020	2019	2018
City's Proportion of the Net OPEB Liability (Asset)	0.00%	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>9,273</u>	<u>16,028</u>	<u>12,793</u>	<u>12,644</u>	<u>19,672</u>
Total	<u>\$ 9,273</u>	<u>\$ 16,028</u>	<u>\$ 12,793</u>	<u>\$ 12,644</u>	<u>\$ 19,672</u>
City's Covered Payroll	\$ 29,338	\$ 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%	0.00%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability (Asset)	0.00%	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.

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

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
REPORT OF TAX COLLECTOR
GENERAL FUND
YEAR ENDED JUNE 30, 2022
(IN THOUSANDS)**

Grand List	Uncollected Taxes July 1, 2018	Lawful Corrections		Transfers to Suspense	Adjusted Taxes Collectible	Collections				Net Uncollected Taxes June 30, 2022	Overpayment Credit Balances	Gross Uncollected Taxes June 30, 2022
		Additions	Deductions			Taxes	Interest	Fees	Total			
2020	\$ 86,985 *	\$ 155	\$ 795	\$ 16	\$ 86,329	\$ 83,786	\$ 410	\$ 18	\$ 84,214	\$ 2,543	\$ 88	\$ 2,631
2019	2,220	12	296	15	1,921	764	237	24	1,025	1,157	25	1,182
2018	920	3	252	406	265	(46)	110	15	79	311	12	323
2017	65	1	6	15	45	13	47	1	61	32	135	167
2016	138	47	7	15	163	58	47	1	106	105	-	105
2015	131	13	4	15	125	47	38	-	85	78	-	78
2014	104	-	2	9	93	33	35	1	69	60	1	61
2013	79	-	1	8	70	18	24	1	43	52	-	52
2012	80	-	2	5	73	21	33	3	57	52	-	52
2011	48	-	2	1	45	10	17	2	29	35	-	35
2010	31	-	2	1	28	6	11	2	19	22	-	22
2009	25	-	-	2	23	4	6	-	10	19	-	19
2008	15	-	-	1	14	5	7	-	12	9	-	9
2007	2	-	-	-	2	1	3	2	6	1	-	1
2006	1	-	-	-	1	1	1	-	2	1	-	1
Total	\$ 90,844	\$ 231	\$ 1,369	\$ 509	\$ 89,197	84,721	1,026	70	85,817	\$ 4,477	\$ 261	\$ 4,738
Suspense Collections						146	142	30	318			
Volunteer Fire Fighter Credits Expended						-	-	-	-			
Total Tax Collections						\$ 84,867	\$ 1,168	\$ 100	86,135			
Property Taxes Receivable Considered Available:												
June 30, 2021						(669)						
June 30, 2022						437						
Total						\$ 85,903						

* 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

NONMAJOR GOVERNMENTAL FUNDS

Capital Projects Funds

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

Permanent Funds

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

**CITY OF NORWICH, CONNECTICUT
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2022
(IN THOUSANDS)**

ASSETS	Debt Service	Special Revenue							
	Debt Service	Dog License	School Lunch Program	Sidewalk	Fire Districts	Adult Education	Adult Education Multi Year	Parking Commission	Youth Services
Cash and Cash Equivalents	\$	\$	\$ 1,205	\$	\$	\$	\$	\$	\$
Investments									
Receivables, Net:									
Property Taxes					326				
Intergovernmental			623			37			70
Loans									
Other			1	77				26	
Due from Other Funds				158	335	69	20	125	
Other Assets			55						
Total Assets	\$	\$	\$ 1,884	\$ 235	\$ 661	\$ 106	\$ 20	\$ 151	\$ 70
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES									
LIABILITIES									
Accounts and Other Payables	\$	\$ 7	\$ 123	\$	\$ 161	\$ 102	\$	\$ 7	\$ 13
Due to Other Funds		118	30						47
Unearned Revenue			5			3	3		5
Total Liabilities	-	125	158	-	161	105	3	7	65
DEFERRED INFLOWS OF RESOURCES									
Unavailable Revenue - Special Assessments				77					
Unavailable Revenue - Loans Receivable			1					9	
Unavailable Revenue - Property Taxes					299				
Unavailable Revenue - Grants Receivable									
Advance Property Tax Collections									
Total Deferred Inflows of Resources	-	-	1	77	299	-	-	9	-
FUND BALANCES									
Nonspendable									
Restricted									
Committed			1,725	158	201	1	17	135	5
Assigned									
Unassigned		(125)							
Total Fund Balances	-	(125)	1,725	158	201	1	17	135	5
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$	\$	\$ 1,884	\$ 235	\$ 661	\$ 106	\$ 20	\$ 151	\$ 70

**CITY OF NORWICH, CONNECTICUT
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET (CONTINUED)
JUNE 30, 2022
(IN THOUSANDS)**

	Special Revenue								
	Lead Paint Abatement	Other Grants and Programs	Economic Development	Community Development Fund	Education Programs	BOE Nonlapsing Fund	Fire Grants and Programs	Police Asset Forfeiture	Police Grants and Programs
ASSETS									
Cash and Cash Equivalents	\$	\$	\$	\$	\$ 35	\$	\$	\$	\$
Investments									
Receivables, Net:									
Property Taxes									
Intergovernmental	107			130					
Loans	1,437								
Other									
Due from Other Funds		338			156	3,325		114	87
Other Assets									
Total Assets	<u>\$ 1,544</u>	<u>\$ 338</u>	<u>\$</u>	<u>\$ 130</u>	<u>\$ 191</u>	<u>\$ 3,325</u>	<u>\$</u>	<u>\$ 114</u>	<u>\$ 87</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES									
LIABILITIES									
Accounts and Other Payables	\$ 31	\$ 1	\$	\$ 45	\$	\$	\$	\$	\$ 27
Due to Other Funds	26		3	85			1		
Unearned Revenue		4			3				
Total Liabilities	<u>57</u>	<u>5</u>	<u>3</u>	<u>130</u>	<u>3</u>	<u>-</u>	<u>1</u>	<u>-</u>	<u>27</u>
DEFERRED INFLOWS OF RESOURCES									
Unavailable Revenue - Special Assessments									
Unavailable Revenue - Loans Receivable	1,437								
Unavailable Revenue - Property Taxes									
Unavailable Revenue - Grants Receivable									
Advance Property Tax Collections									
Total Deferred Inflows of Resources	<u>1,437</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES									
Nonspendable									
Restricted									
Committed	50	333			188	3,325		114	60
Assigned									
Unassigned				(3)				(1)	
Total Fund Balances	<u>50</u>	<u>333</u>	<u>(3)</u>	<u>-</u>	<u>188</u>	<u>3,325</u>	<u>(1)</u>	<u>114</u>	<u>60</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 1,544</u>	<u>\$ 338</u>	<u>\$</u>	<u>\$ 130</u>	<u>\$ 191</u>	<u>\$ 3,325</u>	<u>\$</u>	<u>\$ 114</u>	<u>\$ 87</u>

**CITY OF NORWICH, CONNECTICUT
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET (CONTINUED)
JUNE 30, 2022
(IN THOUSANDS)**

ASSETS	Special Revenue									
	Recreation Grants and Programs	Social Services Grants and Programs	Senior Citizens Programs	Mohegan Park	Revolving Loan Fund	Sachem Fund	Property Rehabilitation	Pension Reserve Fund	Deposits and Performance Bonds	Total
Cash and Cash Equivalents										
Investments	\$	\$	\$		\$	\$	\$	\$	\$ 165	\$ 1,405
Receivables, Net:										-
Property Taxes										326
Intergovernmental			2							969
Loans					94		2,624			4,155
Other										104
Due from Other Funds	969	161	66	114	267	32	65	13,699	372	20,472
Other Assets										55
Total Assets	<u>\$ 969</u>	<u>\$ 161</u>	<u>\$ 68</u>	<u>\$ 114</u>	<u>\$ 361</u>	<u>\$ 32</u>	<u>\$ 2,689</u>	<u>\$ 13,699</u>	<u>\$ 537</u>	<u>\$ 27,486</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES										
LIABILITIES										
Accounts and Other Payables	\$ 29	\$	\$	\$	\$	\$	\$ 21	\$	\$ 1	\$ 568
Due to Other Funds										310
Unearned Revenue		62			94					179
Total Liabilities	<u>29</u>	<u>62</u>	<u>-</u>	<u>-</u>	<u>94</u>	<u>-</u>	<u>21</u>	<u>-</u>	<u>1</u>	<u>1,057</u>
DEFERRED INFLOWS OF RESOURCES										
Unavailable Revenue - Special Assessments										77
Unavailable Revenue - Loans Receivable							2,624			4,071
Unavailable Revenue - Property Taxes										299
Unavailable Revenue - Grants Receivable										-
Advance Property Tax Collections										-
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,624</u>	<u>-</u>	<u>-</u>	<u>4,447</u>
FUND BALANCES										
Nonspendable										-
Restricted										-
Committed	940	99	68	114	267	32	44	13,699	536	22,111
Assigned										-
Unassigned										(129)
Total Fund Balances	<u>940</u>	<u>99</u>	<u>68</u>	<u>114</u>	<u>267</u>	<u>32</u>	<u>44</u>	<u>13,699</u>	<u>536</u>	<u>21,982</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 969</u>	<u>\$ 161</u>	<u>\$ 68</u>	<u>\$ 114</u>	<u>\$ 361</u>	<u>\$ 32</u>	<u>\$ 2,689</u>	<u>\$ 13,699</u>	<u>\$ 537</u>	<u>\$ 27,486</u>

**CITY OF NORWICH, CONNECTICUT
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET (CONTINUED)
JUNE 30, 2022
(IN THOUSANDS)**

ASSETS	Capital Projects				Permanent				Total Nonmajor Governmental Funds
	Capital Improvement	School Projects	Brown Park	Total	Public Parks & Gardens	Fred Abbot Summer Concert	Cemetery Trust	Total	
Cash and Cash Equivalents									
Investments	\$	\$	\$	\$	\$	\$	\$ 12	\$ 12	\$ 1,417
Receivables, Net:				-			1,904	1,904	1,904
Property Taxes				-					326
Intergovernmental				-					4,672
Loans	1,301	2,402		3,703					4,155
Other				-					104
Due from Other Funds			45	-	42	5			25,729
Other Assets	5,165			5,210				47	55
Total Assets	\$ 6,466	\$ 2,402	\$ 45	\$ 8,913	\$ 42	\$ 5	\$ 1,916	\$ 1,963	\$ 38,362
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES									
LIABILITIES									
Accounts and Other Payables	\$ 1,512	\$	\$	\$ 1,512	\$	\$	\$	\$	\$ 2,080
Due to Other Funds		1,039		1,039			1	1	1,350
Unearned Revenue	558			558					737
Total Liabilities	2,070	1,039	-	3,109	-	-	1	1	4,167
DEFERRED INFLOWS OF RESOURCES									
Unavailable Revenue - Special Assessments				-					77
Unavailable Revenue - Loans Receivable				-					4,071
Unavailable Revenue - Property Taxes				-					299
Unavailable Revenue - Grants Receivable				-					-
Advance Property Tax Collections				-					-
Total Deferred Inflows of Resources	-	-	-	-	-	-	-	-	4,447
FUND BALANCES									
Nonspendable				-		5	1,915	1,920	1,920
Restricted		1,363		1,363	42			42	1,405
Committed	4,396		45	4,441					26,552
Assigned				-					-
Unassigned				-					(129)
Total Fund Balances	4,396	1,363	45	5,804	42	5	1,915	1,962	29,748
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 6,466	\$ 2,402	\$ 45	\$ 8,913	\$ 42	\$ 5	\$ 1,916	\$ 1,963	\$ 38,362

**CITY OF NORWICH, CONNECTICUT
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
YEAR ENDED JUNE 30, 2022
(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
REVENUES									
Property Taxes, Interest, and Liens	\$	\$	\$	\$	\$ 4,656	\$	\$	\$	\$
Intergovernmental Revenues			3,587		703	554			373
Charges for Services		15	25	24	4	642		201	15
Investment Income					3				
Other	1,479								13
Total Revenues	1,479	15	3,612	24	5,366	1,196	-	201	401
EXPENDITURES									
Current:									
General Government									
Public Safety		19			8,737				
Social Services									432
Public Works								202	
Education			2,775			1,176	34		
Capital Outlay									
Debt Service	5,387								
Total Expenditures	5,387	19	2,775	-	8,737	1,176	34	202	432
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(3,908)	(4)	837	24	(3,371)	20	(34)	(1)	(31)
OTHER FINANCING SOURCES (USES)									
Transfers In	3,908				3,300				1
Transfer Out									
Proceeds from Bond Issuance									
Total Other Financing Sources (Uses)	3,908	-	-	-	3,300	-	-	-	1
NET CHANGE IN FUND BALANCES	-	(4)	837	24	(71)	20	(34)	(1)	(30)
Fund Balances - Beginning of Year	-	(121)	888	134	272	(19)	51	136	35
FUND BALANCES - END OF YEAR	\$	\$ (125)	\$ 1,725	\$ 158	\$ 201	\$ 1	\$ 17	\$ 135	\$ 5

**CITY OF NORWICH, CONNECTICUT
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (CONTINUED)
YEAR ENDED JUNE 30, 2022
(IN THOUSANDS)**

	Special Revenue								
	Lead Paint Abatement	Other Grants and Programs	Economic Development	Community Development Fund	Education Programs	BOE Nonlapsing Fund	Fire Grants and Programs	Police Asset Forfeiture	Police Grants and Programs
REVENUES									
Property Taxes, Interest, and Liens	\$	\$	\$	\$	\$	\$	\$	\$	\$
Intergovernmental Revenues	415	220	290	1,100					14
Charges for Services	25	22			14				417
Investment Income									
Other		19							5
Total Revenues	<u>440</u>	<u>261</u>	<u>290</u>	<u>1,100</u>	<u>14</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>436</u>
EXPENDITURES									
Current:									
General Government		21	250						
Public Safety							5	16	382
Social Services	415			894					
Public Works									
Education					30				
Capital Outlay									
Debt Service									
Total Expenditures	<u>415</u>	<u>21</u>	<u>250</u>	<u>894</u>	<u>30</u>	<u>-</u>	<u>5</u>	<u>16</u>	<u>382</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	25	240	40	206	(16)	-	(5)	(16)	54
OTHER FINANCING SOURCES (USES)									
Transfers In		17				1,640			
Transfer Out				(206)					(38)
Proceeds from Bond Issuance									
Total Other Financing Sources (Uses)	<u>-</u>	<u>17</u>	<u>-</u>	<u>(206)</u>	<u>-</u>	<u>1,640</u>	<u>-</u>	<u>-</u>	<u>(38)</u>
NET CHANGE IN FUND BALANCES	25	257	40	-	(16)	1,640	(5)	(16)	16
Fund Balances - Beginning of Year	<u>25</u>	<u>76</u>	<u>(43)</u>	<u>-</u>	<u>204</u>	<u>1,685</u>	<u>4</u>	<u>130</u>	<u>44</u>
FUND BALANCES - END OF YEAR	<u>\$ 50</u>	<u>\$ 333</u>	<u>\$ (3)</u>	<u>\$ -</u>	<u>\$ 188</u>	<u>\$ 3,325</u>	<u>\$ (1)</u>	<u>\$ 114</u>	<u>\$ 60</u>

**CITY OF NORWICH, CONNECTICUT
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (CONTINUED)
YEAR ENDED JUNE 30, 2022
(IN THOUSANDS)**

	Special Revenue									
	Recreation Grants and Programs	Social Services Grants and Programs	Senior Citizens Programs	Mohegan Park	Revolving Loan Fund	Sachem Fund	Property Rehabilitation	Pension Reserve Fund	Deposits and Performance Bonds	Total
REVENUES										
Property Taxes, Interest, and Liens	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$ 4,656
Intergovernmental Revenues	25	101	16							7,398
Charges for Services	610		48		81		294			2,437
Investment Income								15		18
Other	16	27	20					13,684	168	13,952
Total Revenues	<u>651</u>	<u>128</u>	<u>84</u>	<u>-</u>	<u>81</u>	<u>-</u>	<u>294</u>	<u>13,699</u>	<u>168</u>	<u>28,461</u>
EXPENDITURES										
Current:										
General Government					11				128	410
Public Safety				1						9,160
Social Services	233	125	89				297			2,485
Public Works										202
Education										4,015
Capital Outlay										-
Debt Service										-
Total Expenditures	<u>233</u>	<u>125</u>	<u>89</u>	<u>1</u>	<u>11</u>	<u>-</u>	<u>297</u>	<u>-</u>	<u>128</u>	<u>16,272</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	418	3	(5)	(1)	70	-	(3)	13,699	40	12,189
OTHER FINANCING SOURCES (USES)										
Transfers In							247			5,205
Transfer Out										(244)
Proceeds from Bond Issuance										
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>247</u>	<u>-</u>	<u>-</u>	<u>4,961</u>
NET CHANGE IN FUND BALANCES	418	3	(5)	(1)	70	-	244	13,699	40	17,150
Fund Balances - Beginning of Year	<u>522</u>	<u>96</u>	<u>73</u>	<u>115</u>	<u>197</u>	<u>32</u>	<u>(200)</u>	<u>-</u>	<u>496</u>	<u>4,832</u>
FUND BALANCES - END OF YEAR	<u>\$ 940</u>	<u>\$ 99</u>	<u>\$ 68</u>	<u>\$ 114</u>	<u>\$ 267</u>	<u>\$ 32</u>	<u>\$ 44</u>	<u>\$ 13,699</u>	<u>\$ 536</u>	<u>\$ 21,982</u>

**CITY OF NORWICH, CONNECTICUT
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (CONTINUED)
YEAR ENDED JUNE 30, 2022
(IN THOUSANDS)**

	Capital Projects				Permanent				Total Nonmajor Governmental Funds
	Capital Improvement	School Projects	Brown Park	Total	Public Parks & Gardens	Fred Abbot Summer Concert	Cemetery Trust	Total	
REVENUES									
Property Taxes, Interest, and Liens	\$	\$	\$	\$	\$	\$	\$	\$	\$ 4,656
Intergovernmental Revenues	2,282	716		2,998				-	10,396
Charges for Services				-				-	2,437
Investment Income	65			65			117	117	200
Other				-				-	15,431
Total Revenues	2,347	716	-	3,063	-	-	117	117	33,120
EXPENDITURES									
Current:									
General Government				-			231	231	641
Public Safety				-				-	9,160
Social Services				-				-	2,485
Public Works				-				-	202
Education				-				-	4,015
Capital Outlay	4,185			4,185				-	4,185
Debt Service				-				-	5,387
Total Expenditures	4,185	-	-	4,185	-	-	231	231	26,075
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1,838)	716	-	(1,122)	-	-	(114)	(114)	7,045
OTHER FINANCING SOURCES (USES)									
Transfers In	2,685			2,685				-	11,798
Transfer Out				-			(84)	(84)	(328)
Proceeds from Bond Issuance				-				-	-
Total Other Financing Sources (Uses)	2,685	-	-	2,685	-	-	(84)	(84)	11,470
NET CHANGE IN FUND BALANCES	847	716	-	1,563	-	-	(198)	(198)	18,515
Fund Balances - Beginning of Year	3,549	647	45	4,241	42	5	2,113	2,160	11,233
FUND BALANCES - END OF YEAR	\$ 4,396	\$ 1,363	\$ 45	\$ 5,804	\$ 42	\$ 5	\$ 1,915	\$ 1,962	\$ 29,748

**CITY OF NORWICH, CONNECTICUT
FIRE DISTRICTS FUND REVENUES
BUDGETARY BASIS
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2022
(IN THOUSANDS)**

	Budgeted Amounts		Actual	Variance
	Original	Final		
Taxes, Interest, and Lien Fees:				
Fire	\$ 4,178	\$ 4,178	\$ 4,147	\$ (31)
Volunteer Fire	505	505	513	8
Total Taxes, Interest, and Lien Fees	4,683	4,683	4,660	(23)
Intergovernmental:				
Shared Revenues	677	677	703	26
Other:				
Other Fund Transfers	3,300	3,300	3,300	-
Investment Income	2	2	3	1
Total	<u>\$ 8,662</u>	<u>\$ 8,662</u>	<u>\$ 8,666</u>	<u>\$ (22)</u>

**CITY OF NORWICH, CONNECTICUT
FIRE DISTRICTS FUND EXPENDITURES
BUDGETARY BASIS
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2022
(IN THOUSANDS)**

	Budgeted Amounts		Actual	Variance
	Original	Final		
Fire:				
Employees	\$ 3,432	\$ 3,432	\$ 3,374	\$ 58
Overtime	68	68	117	(49)
Replacement Costs	837	837	845	(8)
Fringe Benefits	3,894	3,894	3,894	-
Workers' Compensation	54	54	52	2
Volunteer Firefighter Tax Credit	94	94	96	(2)
Volunteer Firefighter Trust Fund	357	357	357	-
Total	<u>\$ 8,736</u>	<u>\$ 8,736</u>	<u>\$ 8,735</u>	<u>\$ 1</u>

**CITY OF NORWICH, CONNECTICUT
SCHEDULE OF FIRE DISTRICT TAXES
YEAR ENDED JUNE 30, 2022
(IN THOUSANDS)**

Grand List	Uncollected Taxes July 1, 2021	Lawful Corrections		Transfers to Suspense	Adjusted Taxes Collectible	Collections				Net Uncollected Taxes June 30, 2022	Overpayment Credit Balances	Gross Uncollected Taxes June 30, 2022
		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	-	184	99	22	-	121	85	-	85
2017	84	-	4	24	56	29	11	-	40	27	-	27
2016	42	-	2	-	40	15	8	-	23	25	-	25
2015	27	-	1	-	26	5	4	-	9	21	-	21
2014	13	-	1	-	12	-	-	-	-	12	-	12
2013	12	-	1	-	11	-	-	-	-	11	-	11
2012	12	-	1	-	11	-	-	-	-	11	-	11
2011	9	-	1	-	8	-	-	-	-	8	-	8
2010	4	-	-	-	4	-	-	-	-	4	-	4
2009	2	-	2	-	-	-	-	-	-	-	-	-
2008	1	-	1	-	-	-	2	-	2	-	-	-
Total	\$ 4,740	\$ 1	\$ 34	\$ 35	\$ 4,672	4,342	66	-	4,408	\$ 330	\$ 3	\$ 333
						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, 2021			(29)			
						June 30, 2022			47			
						Total			<u>\$ 4,468</u>			

*Operation of law

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, 2022
(IN THOUSANDS)

	Business-Type Activities			Totals
	Golf Course Authority	Stadium Authority	Ice Rink Authority	
ASSETS				
Current Assets:				
Receivables, Net:				
User Charges	\$	21	\$	\$
Due from Other Funds	166		19	166
Total Current Assets	<u>166</u>	<u>21</u>	<u>19</u>	<u>206</u>
Capital Assets, Net	<u>3,044</u>	<u>6,117</u>	<u>928</u>	<u>10,089</u>
Total Assets	3,210	6,138	947	10,295
LIABILITIES				
Current Liabilities:				
Accounts Payable and Accrued Liabilities	1,008	15		1,023
Capital Lease Payable				-
Due to Other Funds		221	687	908
Due to Other Governments	2			2
Unearned Revenue	453		344	797
Total Current Liabilities	<u>1,463</u>	<u>236</u>	<u>1,031</u>	<u>2,730</u>
Noncurrent Liabilities:				
Capital Lease Payable				-
Total Liabilities	<u>1,463</u>	<u>236</u>	<u>1,031</u>	<u>2,730</u>
NET POSITION				
Net Investment in Capital Assets	3,044	6,117	928	10,089
Unrestricted	<u>(1,297)</u>	<u>(215)</u>	<u>(1,012)</u>	<u>(2,524)</u>
Total Net Position	<u>\$ 1,747</u>	<u>\$ 5,902</u>	<u>\$ (84)</u>	<u>\$ 7,565</u>

CITY OF NORWICH, CONNECTICUT
COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET POSITION
NONMAJOR ENTERPRISE FUNDS
YEAR ENDED JUNE 30, 2022
(IN THOUSANDS)

	Business-Type Activities			Totals
	Golf Course Authority	Stadium Authority	Ice Rink Authority	
OPERATING REVENUES				
Charges for Services	\$ 1,184	\$ 94		\$ 1,278
Rent			181	181
Total Operating Revenues	<u>1,184</u>	<u>94</u>	<u>181</u>	<u>1,459</u>
OPERATING EXPENSES				
Operations and Maintenance	1,165	163	10	1,338
Depreciation	167	189	109	465
Total Operating Expenses	<u>1,332</u>	<u>352</u>	<u>119</u>	<u>1,803</u>
OPERATING INCOME (LOSS)	(148)	(258)	62	(344)
NONOPERATING INCOME (EXPENSE)				
Interest Income	1			1
Interest Expense	(32)			(32)
Loss on Disposal of Capital Assets				-
Total Nonoperating Expense	<u>(31)</u>			<u>(31)</u>
NET INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	(179)	(258)	62	(375)
Capital Contributions	30			30
Transfers In				-
Transfers Out				-
CHANGE IN NET POSITION	(149)	(258)	62	(345)
Net Position - Beginning of Year	<u>1,896</u>	<u>6,160</u>	<u>(146)</u>	<u>7,910</u>
NET POSITION - END OF YEAR	<u>\$ 1,747</u>	<u>\$ 5,902</u>	<u>\$ (84)</u>	<u>\$ 7,565</u>

**CITY OF NORWICH, CONNECTICUT
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
YEAR ENDED JUNE 30, 2022
(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	\$ 1,450	\$ 73	\$ 106	\$ 1,629
Cash Paid to Vendors	(1,327)	(59)	(85)	(1,471)
Cash Paid to Employees for Services				-
Net Cash Provided by Operating Activities	123	14	21	158
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Advances from Other Funds				-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Purchase of Capital Assets	(78)	(14)	(21)	(113)
Principal Payments on Long-Term Debt	(14)			(14)
Interest Payments on Long-Term Debt	(32)			(32)
Net Cash Used by Capital and Related Financing Activities	(124)	(14)	(21)	(159)
CASH FLOWS FROM INVESTING ACTIVITIES				
Income on Investments	1			1
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	-	-	-	-
Cash and Cash Equivalents - Beginning of Year	-	-	-	-
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>

**CITY OF NORWICH, CONNECTICUT
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
YEAR ENDED JUNE 30, 2022
(IN THOUSANDS)**

	Business-Type Activities			Totals
	Golf Course Authority	Stadium Authority	Ice Rink Authority	
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES				
Operating Income (Loss)	\$ (148)	\$ (258)	\$ 62	\$ (344)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Depreciation Expense	167	189	109	465
(Increase) Decrease in Receivables		(21)	75	54
(Increase) Decrease in Inventories and Other Assets				-
(Increase) Decrease in Due from Other Funds	168	129		297
Increase (Decrease) in Due to Other Funds			(75)	(75)
Increase (Decrease) in Unearned Revenues	98		(150)	(52)
Increase (Decrease) in Accounts Payable and Accrued Liabilities	(162)	(25)		(187)
Total Adjustments	<u>271</u>	<u>272</u>	<u>(41)</u>	<u>502</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 123</u>	<u>\$ 14</u>	<u>\$ 21</u>	<u>\$ 158</u>
NONCASH CAPITAL AND FINANCING ACTIVITIES				
Capital Asset Contributions	<u>\$ 30</u>	<u>\$</u>	<u>\$</u>	<u>\$ 30</u>

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, 2022
(IN THOUSANDS)

	<u>Medical Benefits</u>	<u>Workers' Compensation</u>	<u>Total</u>
ASSETS			
Current:			
Accounts Receivable	\$ 16	\$	\$ 16
Due from Other Funds	3,499	2,440	5,939
Total Assets	<u>3,515</u>	<u>2,440</u>	<u>5,955</u>
LIABILITIES			
Current:			
Accounts Payable	6	9	15
Risk Management Claims	1,682	1,030	2,712
Unearned Revenue	9		9
Total Current Liabilities	<u>1,697</u>	<u>1,039</u>	<u>2,736</u>
Noncurrent:			
Risk Management Claims		<u>3,730</u>	<u>3,730</u>
Total Liabilities	<u>1,697</u>	<u>4,769</u>	<u>6,466</u>
NET POSITION			
Unrestricted	<u>\$ 1,818</u>	<u>\$ (2,329)</u>	<u>\$ (511)</u>

**CITY OF NORWICH, CONNECTICUT
 COMBINING STATEMENT OF REVENUES, EXPENSES,
 AND CHANGES IN FUND NET POSITION
 INTERNAL SERVICE FUNDS
 YEAR ENDED JUNE 30, 2022
 (IN THOUSANDS)**

	<u>Medical Benefits</u>	<u>Workers' Compensation</u>	<u>Total</u>
OPERATING REVENUES			
Charges for Services	\$ 18,257	\$ 2,459	\$ 20,716
OPERATING EXPENSES			
Claims Expense	17,269	2,448	19,717
Premiums and Administrative Expenses	<u>1,546</u>	<u>361</u>	<u>1,907</u>
Total Operating Expenses	<u>18,815</u>	<u>2,809</u>	<u>21,624</u>
OPERATING LOSS	(558)	(350)	(908)
Net Position - Beginning of Year	<u>2,376</u>	<u>(1,979)</u>	<u>397</u>
NET POSITION - END OF YEAR	<u>\$ 1,818</u>	<u>\$ (2,329)</u>	<u>\$ (511)</u>

**CITY OF NORWICH, CONNECTICUT
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
YEAR ENDED JUNE 30, 2022
(IN THOUSANDS)**

	Medical Benefits	Workers' Compensation	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash Received from Charges for Services	\$ 2,474	\$	\$ 2,474
Cash Receipts for Interfund Services Provided	16,082	2,590	18,672
Cash Paid to Vendors	(18,556)	(2,590)	(21,146)
Net Cash Provided (Used) by Operating Activities	-	-	-
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	-	-	-
Cash and Cash Equivalents - Beginning of Year	-	-	-
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$</u>	<u>\$</u>	<u>\$</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES			
Operating Loss	\$ (558)	\$ (350)	\$ (908)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
(Increase) Decrease in Receivables	(10)		(10)
(Increase) Decrease in Due from Other Funds	306	131	437
Increase (Decrease) in Accounts Payable and Accrued Liabilities	259	219	478
Increase (Decrease) in Unearned Revenues	3		3
Total Adjustments	558	350	908
Net Cash Provided (Used) by Operating Activities	<u>\$</u>	<u>\$</u>	<u>\$</u>

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, 2022
(IN THOUSANDS)

	City Employee Pension Trust Fund	Volunteer Fire Pension Trust Fund	Other Postemployment Benefit Trust Fund	Total
ASSETS				
Cash and Cash Equivalents	\$ 485	\$ 35	\$ 59	\$ 579
Investments:				
U.S. Government Securities	20,013		2,943	22,956
U.S. Government Agencies	6,906		1,050	7,956
Corporate Bonds	28,431		4,332	32,763
Mutual Funds	205,094	3,331	11,740	220,165
Common Stock	65,287		8,416	73,703
Real Estate	839		124	963
Preferred Stock				
Accounts Receivable			24	24
Due from Other Funds	3		1,331	1,334
	<u>327,058</u>	<u>3,366</u>	<u>30,019</u>	<u>360,443</u>
Total Assets				
LIABILITIES				
Accounts and Other Payables	10		-	10
Due to Other Funds	1,179	48		1,227
Due to Student Groups and Agencies				
	<u>1,189</u>	<u>48</u>	<u>-</u>	<u>1,237</u>
Total Liabilities				
NET POSITION				
Net Position Restricted for OPEB Benefits			30,019	30,019
Net Position Restricted for Pensions	325,869	3,318		329,187
	<u>325,869</u>	<u>3,318</u>	<u>30,019</u>	<u>359,206</u>
Total Net Position				
	<u>\$ 325,869</u>	<u>\$ 3,318</u>	<u>\$ 30,019</u>	<u>\$ 359,206</u>

CITY OF NORWICH, CONNECTICUT
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
PENSION AND OTHER EMPLOYEE BENEFIT TRUST FUNDS
YEAR ENDED JUNE 30, 2022
(IN THOUSANDS)

	City Employee Pension Trust Fund	Volunteer Fire Pension Trust Fund	Other Postemployment Benefit Trust Fund	Total
ADDITIONS				
Contributions:				
Employer	\$ 144,718	\$ 357	\$ 4,684	\$ 149,759
Plan Members	4,062	14	10	4,086
Total Contributions	<u>148,780</u>	<u>371</u>	<u>4,694</u>	<u>153,845</u>
Investment Income:				
Net Gain (Loss) in Fair Value of Investments	(31,284)	(691)	(4,725)	(36,700)
Interest and Dividends	5,537	138	759	6,434
Total Investment Income	<u>(25,747)</u>	<u>(553)</u>	<u>(3,966)</u>	<u>(30,266)</u>
Less Investment Expense	(785)	(22)	(77)	(884)
Net Investment Income	<u>(26,532)</u>	<u>(575)</u>	<u>(4,043)</u>	<u>(31,150)</u>
Total Additions	122,248	(204)	651	122,695
DEDUCTIONS				
Benefits	20,195	400	3,274	23,869
Administration	352	10	30	392
Lump-Sum Distributions and Withdrawals	527			527
Total Deductions	<u>21,074</u>	<u>410</u>	<u>3,304</u>	<u>24,788</u>
CHANGE IN NET POSITION	101,174	(614)	(2,653)	97,907
Net Position - Beginning of Year	<u>224,695</u>	<u>3,932</u>	<u>32,672</u>	<u>261,299</u>
NET POSITION - END OF YEAR	<u>\$ 325,869</u>	<u>\$ 3,318</u>	<u>\$ 30,019</u>	<u>\$ 359,206</u>

SUPPLEMENTAL SCHEDULES

CITY OF NORWICH, CONNECTICUT
SCHEDULE OF BONDS AND SERIAL NOTES PAYABLE
YEAR ENDED JUNE 30, 2022
(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	\$ 240	\$ -	\$ 240	\$ -
General Purpose - Series A	3.0-4.0	3/3/2015	8/1/2034	5,600	3,600	-	275	3,325
General Purpose - Series B	2.0-3.0	3/3/2015	8/1/2024	1,140	450	-	115	335
General Purpose - Series A	2.0-2.6	3/1/2016	8/1/2035	6,300	4,475	-	365	4,110
General Purpose - Series B	2.0-3.0	3/1/2016	8/1/2025	2,500	1,250	-	250	1,000
Refunding - (Partial 12/02/2009 Series A)								
Bonds - Series C	1.8-4.0	10/12/2016	8/1/2024	2,925	2,340	-	585	1,755
General Purpose - Series A	3.0-4.0	3/1/2017	8/1/2036	4,450	3,550	-	225	3,325
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	800	-	50	750
General Purpose - Series A	3.0-5.0	12/6/2018	8/1/2038	7,970	7,560	-	420	7,140
General Purpose - Series A	2.0-5.0	12/5/2019	8/1/2039	3,575	3,575	-	185	3,390
General Purpose - Series A	3.0-5.0	10/28/2020	8/1/2040	1,205	1,205	-	65	1,140
General Purpose - Series B	2.0-5.1	10/28/2020	8/1/2040	15,920	14,525	-	1,350	13,175
Pension Obligation Bonds	1.4-3.3	2/25/2022	8/1/2046	145,000	-	145,000	-	145,000
Total				203,135	46,395	145,000	4,125	187,270

CITY OF NORWICH, CONNECTICUT
SCHEDULE OF BONDS AND SERIAL NOTES PAYABLE
YEAR ENDED JUNE 30, 2022
(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
Business-Type Activities:								
Notes Payable:								
Equipment Financing Agreement	4.25	12/28/2017	2/29/2024	\$ 1,937	\$ 899	\$ -	\$ 334	\$ 565
Equipment Financing Agreement	3.05	7/1/2020	10/31/2024	344	344	-	150	194
State Of Connecticut Serial Notes Payable:								
Clean Water Act 349-C	2.00	12/31/2002	12/31/2021	881	26	-	26	-
Clean Water Act 9714-C	2.77	12/31/2002	12/31/2021	1,899	61	-	61	-
Clean Water Act 200801-C	2.27	7/1/2009	7/1/2029	450	178	-	22	156
Clean Water Act 625-D	2.00	12/31/2012	12/31/2031	1,865	1,061	-	92	969
Clean Water Act 495-C	2.00	5/31/2013	6/1/2032	5,748	3,387	-	280	3,107
Clean Water Act 625-D1	2.00	5/31/2015	12/31/2031	2,510	1,600	-	138	1,462
Clean Water Act 707-Pd	2.00	2/26/2021	1/31/2041	1,655	1,655	-	117	1,538
Drinking Water State Revolving Fund 2010-8005	2.06	3/31/2010	12/31/2029	145	62	-	8	54
Drinking Water State Revolving Fund 2010-8006	2.06	3/31/2010	6/30/2030	326	147	-	17	130
Drinking Water State Revolving Fund 2010-7005	2.00	4/30/2014	10/31/2032	160	98	-	8	90
Drinking Water State Revolving Fund 2010-7006	2.00	4/30/2014	4/30/2032	148	89	-	8	81
Drinking Water State Revolving Fund 2014-7027	2.27	6/30/2015	12/31/2034	506	341	-	25	316
Drinking Water State Revolving Fund 2014-7036	2.00	5/31/2016	11/30/2036	4,052	2,921	-	203	2,718
Drinking Water State Revolving Fund 2015-7037	2.00	10/12/2016	9/30/2034	1,528	1,125	-	85	1,040
Drinking Water State Revolving Fund 2017-7056	2.00	2/28/2019	6/30/2028	2,695	2,313	-	134	2,179
Drinking Water State Revolving Fund 2019-7072	2.00	8/31/2019	2/28/2039	1,582	1,398	-	79	1,319
Drinking Water State Revolving Fund 2019-7069	2.00	12/31/2020	6/30/2040	2,477	2,353	-	124	2,229
Drinking Water State Revolving Fund 2019-7077	*	*	*	*	5,031	466	-	5,497
Drinking Water State Revolving Fund 2019-7081	2.00	11/30/2020	6/30/2040	2,414	2,293	-	121	2,172
Total				<u>33,322</u>	<u>27,382</u>	<u>466</u>	<u>2,032</u>	<u>25,816</u>
Total				<u>\$ 236,457</u>	<u>\$ 73,777</u>	<u>\$ 145,466</u>	<u>\$ 6,157</u>	<u>\$ 213,086</u>

* Loan is not permanently financed at this time.

CITY OF NORWICH, CONNECTICUT
BOND AND SERIAL NOTES PAYABLE
SCHEDULE OF ANNUAL DEBT SERVICE REQUIREMENTS
YEAR ENDED JUNE 30, 2022
(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		
2023	\$ 8,265	\$ 5,213	\$ 1,850	\$ 402	\$ 10,115	\$ 5,615
2024	7,995	5,352	1,728	357	9,723	5,709
2025	8,015	5,176	1,526	323	9,541	5,499
2026	7,950	4,990	1,470	291	9,420	5,281
2027	7,700	4,804	1,481	262	9,181	5,066
2028	7,775	4,615	1,489	232	9,264	4,847
2029	7,870	4,419	1,476	216	9,346	4,635
2030	7,975	4,220	1,431	162	9,406	4,382
2031	7,520	4,022	1,442	132	8,962	4,154
2032	7,610	3,822	1,452	118	9,062	3,940
2033	7,235	3,616	1,054	92	8,289	3,708
2034	7,380	3,404	1,102	73	8,482	3,477
2035	6,945	3,187	558	55	7,503	3,242
2036	6,870	2,967	527	44	7,397	3,011
2037	6,810	2,745	414	36	7,224	2,781
2038	6,740	2,514	398	18	7,138	2,532
2039	6,960	2,272	398	14	7,358	2,286
2040	6,770	2,031	376	5	7,146	2,036
2041	6,815	1,792	147	1	6,962	1,793
2042	7,000	1,547			7,000	1,547
2043	7,255	1,290			7,255	1,290
2044	7,525	1,021			7,525	1,021
2045	7,805	742			7,805	742
2046	8,090	453			8,090	453
2047	8,395	153			8,395	153
Subtotal	<u>\$ 187,270</u>	<u>\$ 76,367</u>	20,319	2,833	<u>\$ 207,589</u>	<u>\$ 79,200</u>
State of Connecticut - Serial Notes not Permanently Financed as of June 30, 2022			<u>5,497</u>	<u>-</u>		
Total			<u>\$ 25,816</u>	<u>\$ 2,833</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									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Governmental Activities:										
Net Investment in Capital Assets	\$ 78,709	\$ 74,279	\$ 90,304	\$ 79,887	\$ 77,058	\$ 75,885	\$ 75,885	\$ 80,829 *	\$ 84,303	\$ 95,200
Restricted	1,962	2,160	3,915	1,789	1,697	1,620	1,620	1,630	1,667	1,537
Unrestricted	(50,502)	(53,834)	(80,442) *	(68,423)	(58,803)	(17,860)	(17,860) *	(23,960)	24,762	12,940
Total Governmental Activities										
Net Position	<u>30,169</u>	<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>
Business-Type Activities:										
Net Investment in Capital Assets	140,419	136,016	137,973	136,712	131,273	128,042	128,042	110,565	112,277	112,113
Restricted	1,122	1,368	524	249	120	334	334	338	228	188
Unrestricted	(7,766)	4,948	(214)	(7,568)	(16,817)	(19,180) *	(19,180) *	(2,259) *	16,073	15,631
Total Business-Type Activities										
Net Position	<u>133,775</u>	<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>
Primary Government:										
Net Investment in Capital Assets	219,128	210,295	228,277	216,599	208,331	203,927	203,927	191,394	196,580	207,313
Restricted	3,084	3,528	4,439	2,038	1,817	1,954	1,954	1,968	1,895	1,725
Unrestricted	(58,268)	(48,886)	(81,161)	(75,991)	(75,620)	(35,875)	(35,875)	(26,219)	40,835	28,571
Total Primary Government										
Net Position	<u>\$ 163,944</u>	<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>

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									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
EXPENSES										
Governmental Activities:										
General Government	\$ 3,820	\$ 9,389	\$ 9,953	\$ 9,953	\$ 9,680	\$ 10,522	\$ 10,543	\$ 11,257	\$ 8,296	\$ 11,905
Public Safety	123,944	27,306	32,947	32,947	29,139	72,870	31,681	25,750	23,882	22,840
Social Services	2,383	4,811	4,013	4,013	4,885	4,614	4,038	2,581	4,248	4,059
Public Works	7,615	14,196	15,048	15,048	10,374	14,539	13,754	14,334	15,989	11,887
Education	114,408	118,197	107,553	107,553	110,987	101,609	101,748	99,926	94,935	92,976
Interest on Long-Term Debt	1,144	1,282	1,198	1,198	1,145	1,351	1,348	1,444	1,488	1,232
Total Governmental Activities Expenses	<u>253,314</u>	<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>
Business-Type Activities:										
Department of Public Utilities	98,810	79,908	79,734	79,734	84,253	83,797	84,729	81,842	77,462	75,476
Other Enterprise Funds	1,835	1,661	1,544	1,544	1,540	1,629	1,646	1,817	2,615	2,470
Total Business-Type Activities Expenses	<u>100,645</u>	<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>
Total Primary Government Expenses	<u>353,959</u>	<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>
PROGRAM REVENUES										
Governmental Activities:										
Charges for Services:										
General Government	2,623	2,093	1,896	1,466	1,893	2,041	2,115	1,684	2,107	1,907
Public Works	1,357	510	1,220	1,252	667	721	744	803	811	1,684
Education	932	975	1,361	1,423	1,239	1,415	1,495	1,650	1,581	1,620
Other	1,555	942	999	1,233	1,154	1,156	1,204	914	887	1,009
Operating Grants and Contributions	74,597	70,689	64,851	61,448	64,515	64,394	60,567	59,088	58,277	55,684
Capital Grants and Contributions	6,957	2,679	1,821	1,775	2,288	634	2,467	1,774	1,664	791
Total Governmental Activities Program Revenues	<u>88,021</u>	<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>
Business-Type Activities:										
Charges For Services:										
Gas	23,039	20,961	20,330	21,462	19,869	16,636	16,250	18,576	17,609	14,893
Electric	55,263	50,704	53,705	56,000	55,672	52,849	56,710	56,920	51,627	51,396
Water	11,196	11,393	11,272	11,293	11,036	10,493	9,048	8,817	8,808	8,376
Sewer	8,954	8,513	9,907	8,712	8,641	8,629	7,426	6,761	6,994	7,252
Other Nonmajor Enterprise Funds	1,459	1,404	1,607	1,346	1,292	1,388	1,482	1,302	1,820	1,882
Capital Grants and Contributions	787	1,766	3,849	4,577	2,421	4,585	3,809	3,547	1,798	65
Total Business-Type Activities Program Revenues	<u>100,698</u>	<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>
Total Primary Government Program Revenues	<u>188,719</u>	<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>
NET (EXPENSE) REVENUE										
Governmental Activities	(165,293)	(97,293)	(102,524)	(102,115)	(94,454)	(135,144)	(94,520)	(89,379)	(83,511)	(82,204)
Business-Type Activities	53	13,172	17,327	22,112	13,138	9,154	8,350	12,264	8,579	5,918
Total Primary Government Net Expense	<u>\$ (165,240)</u>	<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>

**TABLE 2
(CONTINUED)**

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

	Fiscal Year									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
GENERAL REVENUES AND OTHER CHANGES IN NET POSITION										
Governmental Activities:										
Property Taxes	\$ 90,297	\$ 90,080	\$ 87,831	\$ 81,997	\$ 79,996	\$ 79,343	\$ 81,709	\$ 75,298	\$ 70,539	\$ 69,598
Grants and Contributions Not Restricted to Specific Programs	5,957	4,486	4,491	3,992	4,404	5,580	4,771	4,534	4,900	5,005
Unrestricted Investment Earnings	296	688	902	1,050	609	394	146	88	247	202
Miscellaneous	67,659	1,628	497	662	1,297	1,301	1,236	2,536	942	1,126
Transfers	8,648	9,193	8,822	7,715	8,465	8,516	7,804	7,467	7,938	8,089
Total Governmental Activities	<u>172,857</u>	<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>
Business-Type Activities:										
Investment Earnings	38	70	385	420	56	13	6	5	152	6
Transfers	(8,648)	(9,193)	(8,822)	(7,715)	(8,465)	(8,516)	(7,804)	(7,467)	(7,938)	(8,089)
Total Business-Type Activities	<u>(8,610)</u>	<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>
Total Primary Government	<u>\$ 164,247</u>	<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>
CHANGES IN NET POSITION										
Governmental Activities	\$ 7,564	\$ 8,782	\$ 19	\$ (6,699)	\$ 317	\$ (40,010)	\$ 1,146	\$ 544	\$ 1,055	\$ 1,816
Business-Type Activities	(8,557)	4,049	8,890	14,817	4,729	651	552	4,802	793	(2,165)
Total Primary Government	<u>\$ (993)</u>	<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>

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									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
GENERAL FUND										
Assigned	\$ -	\$ -	\$ 116	\$ 69	\$ 261	\$ 664	\$ 227	\$ 207	\$ 498	\$ 920
Unassigned	17,392	17,016	14,277	13,653	15,303	17,017	14,652	10,192	10,483	10,275
Total General Fund	<u>\$ 17,392</u>	<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>
ALL OTHER GOVERNMENTAL FUNDS										
Nonspendable	\$ 1,920	\$ 2,118	\$ 1,828	\$ 1,836	\$ 1,733	\$ 1,723	\$ 1,584	\$ 1,600	\$ 1,660	\$ 1,484
Restricted	1,405	689	20,651	23,904	19,906	22,340	19,244	13,488	10,518	7,552
Committed	93,512	26,291	6,265	6,801	6,509	5,189	5,030	3,766	4,354	4,107
Unassigned	(129)	(445)	(419)	(355)	(99)	(87)	(73)	(426)	(1,043)	(7,877)
Total All Other Governmental Funds	<u>\$ 96,708</u>	<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>

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									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
REVENUES										
Property Taxes, Interest, and Liens	\$ 90,812	\$ 90,445	\$ 86,873	\$ 82,309	\$ 79,475	\$ 79,880	\$ 81,951	\$ 74,665	\$ 71,555	\$ 69,360
Intergovernmental	87,412	77,627	67,529	65,791	71,004	70,232	67,903	65,897	65,112	61,368
Charges for Services, Licenses, Permits, Fees, and Other	75,085	7,568	7,191	7,033	7,054	8,601	10,191	10,002	9,921	12,045
Investment Income	359	687	902	1,049	608	392	146	88	248	202
Total Revenues	253,668	176,327	162,495	156,182	158,141	159,105	160,191	150,652	146,836	142,975
EXPENDITURES										
General Government	6,751	6,413	6,195	6,354	6,040	5,631	6,174	5,629	5,777	5,473
Public Safety	178,068	28,942	28,769	29,065	28,013	26,868	25,998	23,407	22,958	21,672
Social Services	4,672	4,821	4,659	4,275	4,933	3,716	4,289	4,140	4,013	3,616
Public Works	11,481	10,818	10,787	11,031	10,652	11,397	11,094	10,890	11,115	10,121
Education	122,780	117,230	109,391	105,064	107,541	105,574	99,284	97,755	94,320	91,108
Other	2,738	2,766	2,559	2,303	3,135	3,276	4,036	5,644	5,598	4,943
Capital Outlay	7,065	8,284	9,436	7,000	3,426	4,987	8,587	9,838	9,275	9,156
Debt Service:										
Principal	4,125	3,095	4,095	4,305	4,430	4,180	4,040	3,900	4,330	3,906
Interest	1,262	2,645	1,813	1,567	1,669	1,690	1,703	1,718	1,283	1,258
Total Expenditures	338,942	185,014	177,704	170,964	169,839	167,319	165,205	162,921	158,669	151,253
EXCESS OF REVENUES UNDER EXPENDITURES	(85,274)	(8,687)	(15,209)	(14,782)	(11,698)	(8,214)	(5,014)	(12,269)	(11,833)	(8,278)
OTHER FINANCING SOURCES (USES)										
Transfers In	17,415	19,340	17,253	16,387	15,713	15,824	14,773	9,523	10,746	11,092
Transfers Out	(8,767)	(10,147)	(8,381)	(7,571)	(7,248)	(7,308)	(6,969)	(2,056)	(2,808)	(3,003)
Issuance of Capital Leases	-	-	-	-	-	-	-	-	617	-
Bonds Issued	145,000	1,205	3,575	7,970	-	5,450	8,800	6,740	12,365	-
Bond Premium	-	44	77	291	-	1,093	247	419	1,368	-
Refunding Bonds Issued	-	15,920	-	-	-	5,750	-	-	5,780	-
Payment to Refunding Bond Escrow Agent	-	(15,780)	-	-	-	(6,413)	-	-	(6,226)	-
Total Other Financing Sources (Uses)	153,648	10,582	12,524	17,077	8,465	14,396	16,851	14,626	21,842	8,089
NET CHANGE IN FUND BALANCES	68,374	1,895	(2,685)	2,295	(3,233)	6,182	11,837	2,357	10,009	(189)
Fund Balances - Beginning of Year	45,669	43,774	45,908	43,613	46,846	40,664	28,827	26,470	16,461	16,650
FUND BALANCES - END OF YEAR	\$ 114,043	\$ 45,669	\$ 43,223	\$ 45,908	\$ 43,613	\$ 46,846	\$ 40,664	\$ 28,827	\$ 26,470	\$ 16,461
Debt Service as a Percentage of Noncapital Expenditures	1.62%	3.23%	3.60%	3.60%	3.77%	3.64%	3.61%	3.56%	3.63%	3.52%

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

**CITY OF NORWICH, CONNECTICUT
PROPERTY TAX ASSESSMENT
LAST TEN FISCAL YEARS
(IN THOUSANDS)**

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								
2022	2020	\$ 445,932	\$ 1,236,899	\$ 255,503	\$ 216,284	\$ 2,154,618	\$ 74,138	\$ 2,080,480	\$ 91,007	43.74	\$ 2,972,114	70.00%	\$ 3,226,101
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 ¹	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 ¹	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

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, 2020 AND OCTOBER 1, 2011
(IN THOUSANDS)**

Business Name	Nature of Business	October 1, 2020			October 1, 2011		
		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	2.39%	\$ 32,847	1	1.34%
NorwichTown Commons	Shopping Center	19,080	2	0.92%	9,266	8	0.38%
Bob's Discount Furniture	Retail Store & Distribution Warehouse	16,778	3	0.81%	23,912	2	0.97%
Norwich Realty Associates LP	Real Estate	11,381	4	0.55%			0.00%
Domino Solar Ltd.	Solar Installations	11,203	5	0.54%			0.00%
Plaza Enterprises	Shopping Center	11,026	6	0.53%	14,782	3	0.60%
Mashantucket Pequot Tribe	Real Estate	10,297	7	0.49%	9,915	6	0.40%
Elk Thamesview LLC	Apartments	9,411	8	0.45%			0.00%
Wal-Mart Stores, Inc.	Department Store	9,151	9	0.44%	9,909	7	0.40%
Algonquin Gas Transmissions LLC	Natural Gas Pipeline	8,772	10	0.42%	10,870	5	0.44%
Freeport-McMoran (fka Phelps Dodge)	Manufacturing - Copper			0.00%	13,770	4	0.56%
Norwich Community Development Corp	Office Building			0.00%	9,242	9	0.38%
IBM Credit	Leased Equipment			0.00%	9,005	10	0.37%
Total		\$ 156,743		7.53%	\$ 143,518		5.85%

Source: City of Norwich Assessor's Office

Note: The October 1, 2020 grand list was the base grand list utilized for the tax bills issued July 1, 2021 for the 2022 fiscal year.

**CITY OF NORWICH, CONNECTICUT
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS
(IN THOUSANDS)**

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>											
2022	\$ 2,080,480	41.98	\$ 86,329	\$ 83,698	96.95%	\$ -	\$ 83,698	96.95%	48.64	42.35	
2021	2,046,046	42.06	85,139	82,919	97.39%	1,040	83,959	98.61%	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	
<u>City Consolidation District (CCD) Fire Tax</u>											
2022	\$ 678,498	6.66	\$ 4,163	\$ 4,007	96.23%	\$ -	\$ 4,007	96.23%			
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%			
<u>Town Consolidation District (TCD) Volunteer Fire Relief Tax</u>											
2022	\$ 1,401,982	0.37	\$ 515	\$ 504	97.97%	\$ -	\$ 504	97.97%			
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%			

Notes:

For fiscal years on or after 2016-17, 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, and then 45 mills thereafter.

**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 / Notes Payable	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
2022	\$ 187,270	\$	\$ 63	\$	\$	\$ 19,573	\$ 759	\$ 207,665	16.50%	\$ 5,190	\$ 187,270	6.30%	\$ 4,680
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

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, 2022
(IN THOUSANDS)

Total Tax Collections, Including Interest and Lien Fees		\$ 85,977				
Total Tax Collections, Norwich Fire District		4,468				
Reimbursement for Loss on:						
State Owned and Private Tax Exempt Properties						
Property Tax Relief						
Grants Provided Under Connecticut General Statutes Section 7-528:						
Mashantucket Pequot / Mohegan Fund						
		\$ 90,445				
Base						
	General Purpose	Schools	Sewers	Urban Renewal	Pension Deficit	Total
Debt Limitation:						
2-1/4 Times Base	\$ 203,501	\$ -	\$ -	\$ -	\$ -	-
4-1/2 Times Base	-	407,003	-	-	-	-
3-3/4 Times Base	-	-	339,169	-	-	-
3-1/4 Times Base	-	-	-	293,946	-	-
3 Times Base	-	-	-	-	271,335	-
7 Times Base	-	-	-	-	-	633,115
Total Debt Limitation	203,501	407,003	339,169	293,946	271,335	633,115
Indebtedness:						
Bonds Payable	21,198	4,078	1,933	1,785	145,000	173,994
Notes Payable	-	-	-	-	-	-
Capital Leases	63	-	-	-	-	63
Bonds Authorized and Unissued	7,495	-	-	117	-	7,612
Total Indebtedness	28,756	4,078	1,933	1,902	145,000	181,669
Debt Limitation in Excess of Outstanding and Authorized Debt	\$ 174,745	\$ 402,925	\$ 337,236	\$ 292,044	\$ 126,335	\$ 451,446

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.

Note 4: Gas line extension bonds in the amount of \$15,041 are excluded from the analysis above 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)**

	<u>2022</u>	<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>
Calculation of Legal Debt Limit										
Tax Collections										
General Fund tax collections	\$ 85,977	\$ 81,590	\$ 77,469	\$ 74,954	\$ 75,168	\$ 76,946	\$ 69,575	\$ 66,620	\$ 64,834	\$ 59,274
Fire District collections	4,468	5,283	4,840	4,521	4,712	5,005	5,087	4,935	4,550	4,046
Reimbursement for loss on tax exempt properties	-	-	-	-	-	2	2	4	4	8
Taxable Base	90,445	86,873	82,309	79,475	79,880	81,953	74,664	71,559	69,388	63,329
Times limit of 7	7	7	7	7	7	7	7	7	7	7
Overall Legal Debt Limit	<u>633,115</u>	<u>608,111</u>	<u>576,163</u>	<u>556,326</u>	<u>559,160</u>	<u>573,671</u>	<u>522,650</u>	<u>500,913</u>	<u>485,714</u>	<u>443,300</u>
Indebtedness:										
Long-term debt										
General Purpose Bonds Payable	21,198	23,106	23,806	22,858	16,861	18,289	17,347	15,705	14,794	13,134
School Bonds	4,078	4,557	5,076	6,135	7,300	8,528	9,832	10,525	11,122	12,449
Sewers	1,933	2,255	2,417	2,717	3,107	3,551	4,036	4,571	5,315	5,509
Urban renewal	1,785	2,045	1,805	1,855	1,505	1,700	1,885	715	-	-
Pension deficit	145,000	-	-	-	-	-	-	-	-	-
Water	6,763	7,274	7,784	15,929	6,356	6,869	5,951	2,248	2,052	2,108
Capital leases	63	125	185	350	514	675	830	979	1,123	1,268
Gas line extensions	13,277	14,432	15,041	14,998	16,019	17,041	14,907	11,509	8,730	1,000
Bonds authorized and unissued	7,612	6,872	8,122	4,912	11,872	3,935	4,709	9,622	14,735	11,081
Total indebtedness (1)	<u>201,709</u>	<u>60,666</u>	<u>64,236</u>	<u>69,753</u>	<u>63,534</u>	<u>60,588</u>	<u>59,497</u>	<u>55,873</u>	<u>57,872</u>	<u>46,549</u>
Less:										
Water bonds and serial notes payable	(6,763)	(7,274)	(7,784)	(15,929)	(6,356)	(6,869)	(5,951)	(2,248)	(2,052)	(2,108)
School building grants			-	-	-	-	-	-	-	(99)
Utilities portion of POB	(53,032)									
Gas line extensions	(13,277)	(14,432)	(15,041)	(14,998)	(16,019)	(17,041)	(14,907)	(11,509)	(8,730)	(1,000)
Net indebtedness applicable to legal debt limit (1)	<u>128,636</u>	<u>38,960</u>	<u>41,410</u>	<u>38,827</u>	<u>41,159</u>	<u>36,679</u>	<u>38,639</u>	<u>42,116</u>	<u>47,090</u>	<u>43,342</u>
Debt Limitation in Excess of Outstanding and Authorized Debt	<u>\$ 504,479</u>	<u>\$ 569,151</u>	<u>\$ 534,753</u>	<u>\$ 517,500</u>	<u>\$ 518,001</u>	<u>\$ 536,992</u>	<u>\$ 484,012</u>	<u>\$ 458,797</u>	<u>\$ 438,624</u>	<u>\$ 399,959</u>
Total net debt applicable to the limit as a percentage of debt limit	20.32%	6.41%	7.19%	6.98%	7.36%	6.39%	7.39%	8.41%	9.70%	9.78%
Net indebtedness as a percentage of net taxable assessed value (1)	6.183%	1.904%	2.043%	2.040%	2.212%	1.987%	2.116%	2.311%	1.943%	1.765%
Net indebtedness per capita	3,215	1,005	1,068	984	1,043	927	968	1,048	1,172	1,074

(Continued on next page)

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

	<u>2022</u>	<u>2,021</u>	<u>2,020</u>	<u>2,019</u>	<u>2,018</u>	<u>2,017</u>	<u>2,016</u>	<u>2,015</u>	<u>2,014</u>	<u>2,013</u>
Calculation of Continuing Disclosure Agreement Ratios										
Reconciliation of Direct Debt and Net Direct Debt (2)										
Total indebtedness per legal debt limit	\$ 201,709	\$ 60,666	\$ 64,236	\$ 69,753	\$ 63,534	\$ 60,588	\$ 59,497	\$ 55,873	\$ 57,872	\$ 46,549
Less: Authorized but unissued debt	(7,612)	(6,872)	(8,122)	(4,912)	(11,872)	(3,935)	(4,709)	(9,622)	(14,735)	(11,081)
Total Direct Debt	<u>194,096</u>	<u>53,793</u>	<u>56,114</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>
Less: Water bonds and sewer indirect self-funding debt	(8,696)	(9,528)	(10,201)	(18,646)	(9,463)	(10,420)	(9,987)	(6,819)	(7,368)	(7,617)
Less: School building grants										(99)
Total Net Direct Debt	<u>185,400</u>	<u>44,265</u>	<u>45,913</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>
Equalized Net Grand List ("ENGL") (3)	3,226,101	3,101,046	2,839,954	2,801,852	2,711,520	2,707,001	2,670,158	2,574,692	2,936,728	2,432,705
Valuation Date	10/1/2020	10/1/2019	10/1/2018	10/1/2017	10/1/2016	10/1/2015	10/1/2014	10/1/2013	10/1/2012	10/1/2011
Ratio of Direct Debt to ENGL	6.016%	1.735%	1.976%	2.314%	1.905%	2.093%	2.052%	1.796%	1.469%	1.458%
Total Direct Debt Per Capita	\$4,850.71	\$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
Ratio of Net Direct Debt to ENGL	5.747%	1.427%	1.617%	1.649%	1.556%	1.708%	1.678%	1.532%	1.218%	1.141%
Total Net Direct Debt Per Capita	\$4,633.39	\$1,141.79	\$1,184.31	\$1,170.40	\$1,069.14	\$1,168.80	\$1,122.84	\$981.44	\$890.29	\$687.83
Ratio of Net General Bonded Debt to ENGL	0.783%	0.892%	1.017%	1.035%	0.891%	0.991%	1.018%	1.019%	0.882%	1.048%
Total Net General Bonded Debt Per Capita	\$631.66	\$713.56	\$745.01	\$734.55	\$612.13	\$677.97	\$681.18	\$652.83	\$645.05	\$631.62

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
(IN THOUSANDS)**

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)
2022	40,014	\$ 31,459	\$ 1,258,800	4,657	18,618	1,047	5.3%	4.5%	3.8%	4.3%
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%

- (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
2022 AND 2013
(UNAUDITED)
(IN THOUSANDS)**

Business Name	Nature of Business	2022			2013		
		Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
William W. Backus Hospital	Medical Center	1,895	1	10.18%	1,507	1	7.54%
City of Norwich (incl. NPU & BOE)	Municipality	1,212	2	6.51%	948	2	4.74%
State of Connecticut	All State agencies	944	3	5.07%	890	3	4.45%
Bob's Discount Furniture	Distribution Center	553	4	2.97%	530	4	2.65%
Norwich Free Academy	Quasi-private high school	345	5	1.85%	275	6	1.38%
U.S. Food Service	Food Distribution	300	6	1.61%			0.00%
United Community & Family Services	Healthcare & community services	276	7	1.48%	225	7	1.13%
Nordson EFD	Plastics Products Manufacturing	270	8	1.45%			0.00%
The American Group	Ambulance Service and other operations	219	9	1.18%	187	8	0.94%
Shop Rite	Grocery	180	10	0.97%			0.00%
Computer Science Corporation	Computer Products & Services			0.00%	443	5	2.22%
AC Linen Services	Commercial laundry & dry cleaning			0.00%	185	9	0.93%
Dime Bank	Financial Institution			0.00%	177	10	0.89%
Total		6,194		33.27%	5,367		26.84%

Source: June 2018 survey by Norwich Community Development Corporation. Not all companies responded.

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

	<u>2022</u>	<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>
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	12.5	11.5	11.5	12.0	12.0	12.0	12.0	12.0
Assessment	4.0	4.0	4.0	3.6	3.0	3.0	4.0	4.0	4.0	4.0
Treasurer	3.0	3.0	3.0	2.8	3.0	3.0	3.0	3.0	3.0	3.0
Human Resources	4.0	4.0	4.0	3.6	4.0	4.0	4.6	4.6	4.6	4.6
City Clerk	4.5	4.5	4.5	4.5	4.5	4.0	5.0	4.0	4.0	4.0
Planning & Neighborhood Services	9.0	9.0	9.0	9.0	9.0	9.5	11.0	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	100.0	103.0	104.5	104.5	104.8	106.8	110.5	110.8	110.8	107.0
Fire	58.7	58.8	58.8	58.8	58.7	59.0	61.0	62.0	61.0	62.6
Emergency Management	0.3	0.3	0.3	0.3	0.3	1.0	1.0	1.0	1.0	1.0
PW Street Maintenance	31.0	32.0	32.0	32.0	34.0	35.0	37.0	37.0	36.0	36.0
PW Engineering & Administration	6.0	6.0	6.0	6.0	6.0	6.0	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	0.0	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	9.0
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	7.0	7.6	7.6	7.0	7.6
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	3.4	3.0	3.0	5.0	5.0	5.0	7.0
Recreation	5.0	5.0	5.0	5.0	5.6	5.0	5.0	5.0	6.0	6.0
Subtotal - General City	<u>273.4</u>	<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>
Board of Education										
General Fund-funded positions	451.4	379.5	379.5	447.7	410.5	375.9	409.7	388.3	357.2	358.8
State & federal grant-funded positions	36.1	36.1	38.7	28.0	31.0	42.3	42.3	39.0	39.0	37.5
School Lunch (state & federal grant)	21.3	21.3	21.3	21.3	21.0	22.3	22.3	22.3	22.3	12.0
Adult Education (state & federal grant)	279.3	291.5	307.9	266.1	226.4	220.9	214.6	184.3	184.3	94.2
Subtotal - Board of Education	<u>788.2</u>	<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>
Norwich Public Utilities	<u>150.0</u>	<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>
Grand totals	<u>1211.6</u>	<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>

Notes on this Table:
Source: City Adopted Budget documents

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

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Function										
<i>General Government</i>										
Finance										
Number of tax and refuse bills mailed +	50,736	50,070	50,371	50,511	49,698	50,157	49,697	49,336	49,587	49,767
Number of internal control reviews performed	2	2	2	3	14	2	2	2	2	2
Assessor										
Number of deeds processed	1,954	1,976	1,758	1,526	1,497	1,426	1,489	1,496	1,401	1,301
Personal property declarations	1,879	1,912	2,027	1,784	1,780	1,763	1,833	1,719	1,792	1,754
Board of assessment appeals adjustments	11	6	7	27	434	96	43	10	110	33
Human Resources										
Number of applications processed	2,285	3,081	2,271	2,412	3,510	2,327	1,597	1,349	1,372	1,521
Vacancies filled through promotion	37	26	31	27	25	26	19	19	6	12
Vacancies filled through new hires	48	40	32	29	19	21	21	29	15	34
Employee turnover rate (includes retirees)	10.2%	9.0%	9.2%	7.0%	7.9%	6.3%	5.0%	1.5%	2.0%	9.5%
City Clerk										
Land records recorded	8,164	7,434	6,871	5,985	6,517	6,597	5,822	6,146	6,823	7,018
Marriage licenses issued	319	297	217	230	432	302	300	274	285	312
Death certificates recorded	954	1,020	558	555	563	479	476	517	433	484
Birth certificates recorded	853	827	876	854	949	936	941	860	894	842
Management Information Systems										
Website visits	255,495	299,584	344,707	284,917	263,343	280,797	303,488	274,847	219,706	246,421
Election										
Voters added	1,935	3,882	1,752	2,316	1,717	3,490	1,908	856	465	2,255
Voters removed	2,295	3,082	1,632	3,324	4,830	2,507	1,827	895	1,043	2,786
Voter changes	2,495	6,379	2,829	3,754	3,591	5,100	2,541	2,124	6,258	6,873
Total voters	20,160	25,104	20,525	20,999	20,085	25,013	24,167	21,129	21,343	21,005
Planning & Neighborhood Services										
Site development plans	14	12	13	13	13	3	5	5	6	7
Zoning permit applications	241	333	289	260	259	251	263	172	266	303
Zoning complaints	65	40	28	54	70	47	47	68	80	84
Code violations	683	943	793	986	826	1,178	572	273	349	368
Citations issued	6	144	181	214	22	77	145	76	61	88
Education										
Average Class Size - Kindergarten	18.8	16.7	16.9	19.8	20.4	21.3	20.3	20.6	19.7	20.5
Average Class Size - Grade 2	20.4	20.0	17.1	20.1	19.9	21.9	19.5	19.6	19.6	20.2
Average Class Size - Grade 5	18.5	18.4	16.6	21.5	22.4	23.0	20.1	21.1	20.2	21.9
Average Class Size - Grade 7	19.7	21.7	23.5	22.0	22.9	22.9	21.5	24.5	21.3	18.7
Public Safety										
Police										
911 calls *	21,145	21,956	21,103	20,920	22,648	22,290	22,189	20,506	22,215	23,663
Non-emergency calls *	50,737	31,060	35,016	36,156	39,045	35,141	35,020	36,646	34,302	33,672
DWI arrests *	142	86	144	197	212	171	196	182	223	192
Fire										
Central Fire Department										
Service Calls	2,609	2,322	2,265	2,409	2,874	2,430	2,381	2,784	2,418	2,460
East Great Plain VFD										
Service Calls	985	883	844	975	961	784	823	786	798	904
Laurel Hill VFD										
Service Calls	96	N/A	111	118	118	105	118	103	101	113
Occum VFD										
Service Calls	262	189	166	188	240	207	161	255	228	184
Taftville VFD										
Service Calls	747	N/A	751	783	N/A	670	646	666	661	698
Yantic VFD										
Service Calls	674	584	682	688	617	570	683	631	622	607
Emergency Management										
Hours of emergency training	32	1,850	1,850	1,900	1,100	357	1,530	1,450	1,171	1,030
Shelters maintained	13	13	17	17	17	16	16	16	16	16

(Continued on next page)

TABLE 14
(CONTINUED)

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

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Function										
<i>Social Services</i>										
Recreation										
Number of youth registrations	2,205	1,672	3,325	3,099	3,476	2,613	2,177	2,122	2,035	2,343
Number of youth program hours	685	2,003	4,862	9,892	2,295	2,283	1,725	1,575	1,500	3,526
Adults & Seniors registrations	309	341	839	884	607	158	160	226	239	115
Adults & Seniors program hours	N/R	325	973	2,473	165	87	278	335	350	384
Human Services										
General Human Services										
Job placements	20	22	30	218	111	134	225	225	243	259
Individuals relocated due to condemnation	55	13	55	150	18	55	80	72	88	56
Rent & housing assistance cases	1,933	91	133	72	195	215	202	130	123	112
Senior Center										
Preventative health programs & services	6,945	1,383	5,891	9,060	9,013	10,039	9,975	9,836	9,836	10,000
Outreach services	3,675	3,233	2,720	3,182	2,979	2,639	1,050	997	997	851
Youth & Family Services										
Counseling cases	45	16	28	71	79	60	55	83	83	87
Youth employment	151	146	176	106	42	129	170	168	169	174
Juvenile justice/ diversion	51	36	48	92	89	63	81	67	67	86
<i>Public Works</i>										
Engineering & Administration										
Road miles paved	4.20	5.30	4.20	4.00	6.00	3.44	9.10	6.20	4.83	6.80
Road miles chip sealed or crack sealed	6.40	5.50	7.00	0.00	3.50	4.63	5.00	5.30	10.65	6.00
<i>Utilities</i>										
Gas service calls	2,599	2,125	2,270	2,444	2,666	3,042	2,933	3,290	4,057	5,230
Electric service calls	681	722	816	1,399	1,934	1,347	1,526	1,313	1,228	1,106
Water service calls	1,497	831	1,366	1,995	2,277	2,437	2,797	2,277	2,635	982
Sewer service calls	134	127	137	58	152	195	345	142	162	116

Source: The respective City departments.

N/A - not available

N/R - 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**

Fiscal Year	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Function										
<i>Education</i>										
School buildings	13	13	13	13	13	13	13	13	13	13
Administrative buildings	1	1	1	1	1	1	1	1	1	1
<i>Public Safety</i>										
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Vehicles	48	48	50	50	50	50	50	39	39	39
Fire										
Firefighting/rescue vehicles	24	24	27	27	27	27	27	27	27	27
Other vehicles	29	29	31	31	31	31	31	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	1	1	1	1	1	1	1	1	1	1
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	4	8	10	10	10	10	10	10	10
Mowers	4	4	5	5	5	5	5	5	5	5
Other vehicles	11	11	5	5	5	5	5	5	5	5
<i>Public Works</i>										
Streets & Parks Maintenance										
Dump trucks	33	33	34	34	36	36	36	25	24	24
Sweepers	2	2	2	2	3	3	3	2	3	3
Parks	14	14	14	14	10	10	10	10	10	10
Cemeteries	8	8	8	8	8	8	8	8	8	8
Mowers	11	11	18	18	16	16	16	16	16	12
Building Maintenance										
Parking lots	14	14	14	14	14	14	14	13	13	13
Parking garages	4	4	4	4	4	4	4	4	4	4
<i>Utilities</i>										
Gas										
Gas distribution main (miles)	155	156	156	158	156	156	156	151	149	142
Electric										
Distribution lines	232	232	232	233	232	232	234	235	235	233
Street lights	4,142	4,150	4,146	4,150	4,181	4,172	4,180	4,292	4,292	4,292
Water										
Water distribution system (miles)	201	201	199	196	196	196	195	196	195	195
Sewer										
Sewer distribution system (miles)	138	138	138	137	136	136	130	129	129	127
Fiber Optic										
Fiber optic cable (miles)	82	82	82	82	80	77	75	74	72	72

Source: The respective City departments.

N/A - not available

N/R - these statistics are not reported any longer