

FINAL OFFICIAL STATEMENT DATED NOVEMBER 30, 2023

NEW MONEY ISSUE: Book-Entry-Only

RATINGS: S&P Global Ratings: "AA"

In the opinion of Bond Counsel, rendered in reliance upon and assuming the accuracy of and continuing compliance by the City with certain representations and covenants relating to the applicable requirements of the Internal Revenue Code of 1986, as amended (the "Code"), under existing law, interest on the Bonds is excluded from gross income for federal income tax purposes and is not treated as an item of tax preference for purposes of the federal alternative minimum tax under the Code; however, such interest is taken into account in determining the annual adjusted financial statement income of certain corporations for the purpose of computing the alternative minimum tax imposed on corporations for tax years beginning after December 31, 2022. In the opinion of Bond Counsel, under existing statutes, interest on the Bonds is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates and is excluded from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay the federal alternative minimum tax. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the Bonds. (See "Tax Matters" herein.)



City of Norwich, Connecticut \$5,000,000 General Obligation Bonds, Issue of 2023 (Bank Qualified)

Dated: Date of Delivery

**Due: Serially, August 1, 2024 – 2043
as detailed below:**

The \$5,000,000 General Obligation Bonds, Issue of 2023 (the "Bonds") will be general obligations of the City of Norwich, Connecticut (the "City") and the City will pledge its full faith and credit to pay the principal of and interest on the Bonds when due. (See "Security and Remedies" herein.)

Year	Principal	Coupon	Yield	CUSIP ¹	Year	Principal	Coupon	Yield	CUSIP ¹
2024	\$ 250,000	4.000%	2.900%	669402J75	2034*	\$ 250,000	4.000%	2.700%	669402K99
2025	250,000	4.000%	2.860%	669402J83	2035*	250,000	4.000%	2.800%	669402L23
2026	250,000	4.000%	2.660%	669402J91	2036*	250,000	4.000%	2.950%	669402L31
2027	250,000	4.000%	2.580%	669402K24	2037*	250,000	4.000%	3.050%	669402L49
2028	250,000	4.000%	2.530%	669402K32	2038*	250,000	4.000%	3.150%	669402L56
2029	250,000	4.000%	2.550%	669402K40	2039*	250,000	4.000%	3.250%	669402L64
2030	250,000	4.000%	2.570%	669402K57	2040*	250,000	4.000%	3.350%	669402L72
2031*	250,000	4.000%	2.580%	669402K65	2041*	250,000	4.000%	3.400%	669402L80
2032*	250,000	4.000%	2.600%	669402K73	2042*	250,000	4.000%	3.450%	669402L98
2033*	250,000	4.000%	2.600%	669402K81	2043*	250,000	4.000%	3.500%	669402M22

* Priced assuming redemption on August 1, 2030; however any such redemption is at the option of the City.

BANCROFT CAPITAL, LLC

Interest on the Bonds will be payable on August 1, 2024 and semiannually thereafter on February 1 and August 1 in each year until maturity. The Bonds will be issued in book-entry-only form whereby the beneficial owners of the Bonds will not receive physical delivery of bond certificates. Principal of, and interest payments on, the Bonds will be made by the City to The Depository Trust Company, New York, New York ("DTC"), or its nominee as registered owner of the Bonds. DTC will credit its participants in accordance with their respective holdings shown in the records of DTC. It is anticipated that the beneficial owners of the Bonds will receive payment or credit from DTC participants and other nominees of the beneficial owners. Ownership of the Bonds may be in principal amounts of \$5,000 or integral multiples thereof. (See "Book-Entry-Only Transfer System" herein.)

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

The Registrar, Transfer Agent, Paying Agent, and Certifying Agent will be U.S. Bank Trust Company, National Association.

The Bonds are offered for delivery when, as and if issued, subject to the approving opinion of Pullman & Comley, LLC, Bond Counsel, of Bridgeport and Hartford, Connecticut and certain other conditions. It is expected that delivery of the Bonds in book-entry-only form will be made to DTC on or about December 14, 2023.

This cover page contains information for a quick reference only. It is not a summary of the issue. Investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision.

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

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

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

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

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

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

This Official Statement may include “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Without limiting the foregoing, the words “may,” “believe,” “could,” “might,” “possible,” “potential,” “project,” “will,” “should,” “expect,” “intend,” “plan,” “predict,” “anticipate,” “estimate,” “approximate,” “contemplate,” “continue,” “target,” “goal” and similar expressions are intended to identify forward-looking statements, although not all forward-looking statements contain these words. All forward-looking statements included in this Official Statement are based on information available to the City up to the date as of which such statements are to be made, or otherwise up to, and including, the date of this document, and the City assumes no obligation to update any such forward-looking statements to reflect events or circumstances that arise after the date hereof or after the date of any report containing such forward-looking statement, as applicable. Actual results could differ materially from those anticipated in these forward-looking statements as a result of certain important factors, including, but not limited to (i) the effect of and from, future municipal, state and federal budgetary matters, including state and federal grants and other forms of financial aid to the City; (ii) federal tax policy, including the deductibility of state and local taxes for federal tax purposes; (iii) macroeconomic economic and business developments, both for the country as a whole and particularly affecting the City; (iv) financial services industry developments; (v) litigation or arbitration; (vi) climate and weather related developments, natural disasters and other acts of God; (vii) factors used in estimating future obligations of the City; (viii) the effects of epidemics and pandemics, including economic effects; (ix) foreign hostilities or wars; (x) foreign or domestic terrorism; and (xi) other factors contained in this Official Statement.

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Bond Issue Summary

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

Date of Sale:	Thursday, November 30, 2023 at 11:30 A.M. (Eastern Time).
Location of Sale:	Office of the City Manager, City Hall, 100 Broadway, Norwich, Connecticut 06360.
Issuer:	City of Norwich, Connecticut (the "City").
Issue:	\$5,000,000 General Obligation Bonds, Issue of 2023 (the "Bonds").
Dated Date:	Date of delivery.
Interest Due:	Interest due August 1, 2024 and semiannually thereafter on February 1 and August 1 in each year until maturity, or earlier redemption.
Principal Due:	Principal due serially August 1, 2024 through August 1, 2043 as detailed in this official statement.
Authorization and Purpose:	The Bonds are being issued to permanently finance various general purpose and school projects authorized by certain bond ordinances adopted by the City, and in some instances by the voters at referenda. See "Authorization and Purpose" herein.
Redemption:	The Bonds are subject to redemption prior to maturity as herein provided.
Security and Remedies:	The Bonds will be general obligations of the City, and the City will pledge its full faith and credit to the payment of principal and interest on the Bonds when due.
Credit Rating:	The City received a rating of "AA" from S&P Global Ratings ("S&P") on the Bonds.
Bond Insurance:	The City does not expect to purchase a credit enhancement facility.
Basis of Award:	Lowest True Interest Cost (TIC), as of the dated date.
Tax Matters:	See "Tax Matters" herein.
Bank Qualification:	The Bonds <u>shall be</u> designated as qualified tax-exempt obligations by the City under the provisions of Section 265(b) of the Internal Revenue Code of 1986, as amended, for purposes of the deduction by financial institutions for certain interest expense allocable to the Bonds.
Continuing Disclosure:	In accordance with the requirements of Rule 15c2-12(b)(5) promulgated by the Securities and Exchange Commission, the City will agree to provide, or cause to be provided: (i) annual financial information and operating data, (ii) notices of the occurrence of certain events within ten (10) business days of the occurrence of certain events with respect to the Bonds, and (iii) timely notice of a failure of the City to provide the required annual financial information when due pursuant to a Continuing Disclosure Agreement to be executed by the City substantially in the form set forth in Appendix C to this Official Statement.
Registrar, Transfer Agent, Certifying Agent & Paying Agent:	U.S. Bank Trust Company, National Association, CityPlace I, 185 Asylum Street, 27 th Floor, Hartford, Connecticut 06107.
Legal Opinion:	Pullman & Comley, LLC, of Bridgeport and Hartford, Connecticut will act as Bond Counsel.
Municipal Advisor:	Phoenix Advisors, LLC of Milford, Connecticut will act as Municipal Advisor. Telephone (203) 878-4945.
Delivery and Payment:	It is expected that delivery of the Bonds in book-entry-only form will be made to The Depository Trust Company on or about December 14, 2023 against payment in Federal Funds.
Issuer Official:	Questions concerning the City, or this Official Statement, should be addressed to Mr. Joshua A. Pothier, Comptroller, City of Norwich, 100 Broadway, Norwich, Connecticut 06360. Telephone (860) 823-3720.

I. Bond Information

Introduction

This Official Statement, including the cover page and appendices, is provided for the purpose of presenting certain information relating to the City of Norwich, Connecticut (the "City"), in connection with the original issuance and sale of the City's \$5,000,000 General Obligation Bonds, Issue of 2023 (the "Bonds").

The Bonds are offered for sale at public bidding. A Notice of Sale dated November 21, 2023 has been furnished to prospective bidders. Reference is made to the Notice of Sale, which is included as Appendix D, for the terms and conditions of the bidding.

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

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

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

In accordance with the requirements of Rule 15c2-12(b)(5) promulgated by the Securities and Exchange Commission, the City will agree to provide, or cause to be provided, annual financial information and operating data and timely notice of the occurrence of certain events with respect to the Bonds pursuant to a Continuing Disclosure Agreement to be executed substantially in the form set forth in Appendix C to this Official Statement.

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

Global Health Emergency Risk

The COVID-19 Outbreak and Future Pandemics

On January 30, 2020, the outbreak of COVID-19 was declared a Public Health Emergency of International Concern by the World Health Organization. On March 13, 2020, the President of the United States declared a national emergency as a result of the COVID-19 outbreak. On March 10, 2020, Governor Lamont declared a state of emergency throughout the State of Connecticut (the "State") and took steps to mitigate the spread and impacts of COVID-19. As of May 11, 2023, the federal and State public health emergency declarations have been terminated.

In response to the COVID-19 pandemic, on March 11, 2021, President Biden signed into law the \$1.9 trillion American Rescue Plan Act of 2021 (the "Rescue Plan") that provided various forms of financial assistance and other relief to state and local governments. The City received \$28.8 million from the Rescue Plan. The City developed a plan for the use of such funds that will focus on infrastructure improvements and other initiatives that comply with the program eligibility criteria.

For up-to-date information concerning the State's actions in response to COVID-19, see <https://portal.ct.gov/coronavirus>. Neither the City, nor the parties involved with the issuance of the Bonds, has reviewed the information provided by the State on its website and such parties take no responsibility for the accuracy thereof.

To date, the COVID-19 outbreak has had no material adverse effect on the finances of the City.

Pandemics, epidemics and other public health emergencies, may adversely impact the City and its revenues, expenses and financial condition. The City cannot predict the duration and extent of such pandemics, epidemics and other health emergencies, or quantify the magnitude of their ultimate impact on the State and regional economy, or on the revenues and expenses of the City. Pandemics, epidemics and other health emergencies may be ongoing, and their dynamic nature may lead to many uncertainties, including (i) the geographic spread as they evolve; (ii) the severity as they mutate; (iii) the duration of the outbreak; (iv) actions that may be taken by governmental authorities to contain or mitigate future outbreaks; (v) the development of medical therapeutics or vaccinations; (vi) travel restrictions; (vii) the impact of the outbreak on the local, State or global economy; (viii) whether and to what extent the State Governor may order additional public health measures; and (ix) the impact of the outbreak and actions taken in response to the outbreak on City revenues, expenses and financial condition.

Prospective investors should assume that restrictions and limitations related to COVID-19 and any future variants or pandemics may be instituted by the State or federal government.

Climate Change

Numerous scientific studies have detailed changing global weather patterns and the potential for increasing extreme weather events across the world. The City faces certain threats due to climate change, including drought, flooding and damaging wind that could become more severe and frequent. The City cannot predict the timing, extent or severity of climate change and its impact on the City's operations and finances.

Cybersecurity

The City, like many other public and private entities, relies on technology to conduct its operations. The City and its departments face cyber threats from time to time, including but not limited to hacking, viruses, malware, phishing, and other attacks on computers and other sensitive digital networks and systems. With the threat landscape becoming more complex, the City is implementing software solutions for advanced threat protection and computer file and server monitoring. In addition, the City is expanding security awareness and training of employees. The City also maintains cybersecurity insurance coverage with Tokio Marine, with \$1,000,000 limits of coverage for first party expense and third-party liability claims. No assurances can be given, however, that such security and operational control measures will be completely successful to guard against cyber threats and attacks. The results of any such attack could impact business operations and/or damage City digital networks and systems and the costs of remedying any such damage could be substantial. There have not been any recent interruptions to the City's network resulting from cyber attacks.

Municipal Advisor

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

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

The Bonds

The Bonds will be dated the date of delivery, and will mature on August 1 in each of the years as set forth on the front cover of this Official Statement. Interest will be payable on August 1, 2024 and semiannually thereafter on August 1 and February 1 in each year until maturity, or earlier redemption, as set forth on the cover of this Official Statement. Interest will be calculated on the basis of twelve 30-day months and a 360-day year. Interest is payable to the registered owner as of the close of business on the fifteenth day of January and July in each year, or the preceding business day if such fifteenth day is not a business day, by check, mailed to the registered owner at the address as shown on the registration books of the City kept for such purpose, or so long as the Bonds are registered in the name of Cede & Co., as nominee of DTC, by such other means as DTC, the Paying Agent and the City shall agree.

Optional Redemption

The Bonds maturing on or before August 1, 2030 are not subject to redemption prior to maturity. The Bonds maturing on August 1, 2031 and thereafter are subject to redemption prior to maturity, at the election of the City, on or after August 1, 2030 at any time, in whole or in part and by lot within a maturity, in such amounts and in such order of maturity as the City may determine, at the following redemption price (expressed as a percentage of the principal amount of Bonds to be redeemed) plus interest accrued and unpaid to the redemption date:

<u>Period During Which Redeemed</u>	<u>Redemption Prices</u>
August 1, 2030 and thereafter	100%

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

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

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

Authorization and Purpose

The Bonds are authorized and are being issued pursuant to Title 7 of the General Statutes of Connecticut, as amended, the Charter of the City, certain bond ordinances adopted by the City Council, and in some instances by the voters at referenda.

Use of Proceeds

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

<u>Project</u>	<u>Total Amount of Authorization</u>	<u>This Issue: The Bonds</u>
Infrastructure Improvement Program (2019)....	\$ 5,000,000	\$ 2,000,000
School Building Program (2022).....	385,000,000	3,000,000
Totals	\$ 390,000,000	\$ 5,000,000

Book-Entry-Only Transfer System

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

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

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

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

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

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

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

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

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

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

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

DTC Practices

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

Replacement Bonds

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

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Security and Remedies

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

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

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

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

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

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

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

Qualification for Financial Institutions

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

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

Availability of Continuing Disclosure Information

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

In accordance with the requirements of Rule 15c2-12(b)(5) promulgated by the Securities and Exchange Commission, in connection with the issuance of the Bonds, the City will agree to provide or cause to be provided, (i) annual financial information and operating data, (ii) timely notice of certain events with respect to the Bonds, but not in excess of ten (10) business days after the occurrence of the event, and (iii) timely notice of a failure of the City to provide the required annual financial information on or before the date specified in the Continuing Disclosure Agreement to be executed in substantially the form attached as Appendix C - Form of Continuing Disclosure Agreement to this Official Statement.

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

Ratings

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

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

Bond Insurance

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

Tax Matters

Federal Taxes. In the opinion of Bond Counsel, under existing law, (i) interest on the Bonds is excluded from gross income for federal income tax purposes, and (ii) such interest is not an item of tax preference for purposes of the federal alternative minimum tax; however, such interest is taken into account in determining the annual adjusted financial statement income of certain corporations for the purpose of computing the alternative minimum tax imposed on corporations for tax years beginning after December 31, 2022.

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

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

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

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

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

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

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

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

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

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

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

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

Legal Opinion

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

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II. The Issuer



Form of Government

The City of Norwich (“City” or “Norwich”) operates under a Charter adopted in 1952, which was most recently revised on November 3, 2015. The City operates under a Council/Manager form of government. The City Manager is appointed by the City Council and serves as the Chief Executive Officer. The City Manager serves at the pleasure of the City Council and is responsible to the City Council for the supervision and administration of City departments. The City Council consists of six members and one Mayor, all elected at large. Elections are held during odd calendar years as provided by state statute.

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

Principal Municipal Officials

Office	Name	Manner of Selection / Term	Length of Current Service	Total Tenure with City
City Council:				
Mayor	Peter A. Nystrom	Elected – 4 years	7 years	19 years
President Pro Tempore	Joseph A. DeLucia	Elected – 2 years	7 years	7 years
Council Member	Swaranjit Singh Bhatia	Elected – 2 years	2 years	2 years
Council Member	Tracey Burto ¹	Elected – 2 years	2 years	2 years
Council Member	Stacy Gould	Elected – 2 years	9 years	9 years
Council Member	Grant Neuendorf ¹	Elected – 2 years	2 years	2 years
Council Member	Bill Nash ²	Elected – 2 years	< 1 year	< 1 year
City Manager	John Salomone	Appointed – Indefinite	8 years	8 years
Comptroller	Joshua A. Pothier	Appointed – Indefinite	10 years	21 years
Deputy Comptroller	Orla McKiernan	Appointed – Indefinite	1 year	1 year
Treasurer	Michael Gualtieri ³	Elected – 2 years	9 years	9 years
Collector of Taxes & Revenues	Karlene Deal	Appointed – Indefinite	8 years	8 years
Assessor	William Lee	Appointed – Indefinite	3 years	9 years
City Clerk	Roseanne Muscarella	Appointed – Indefinite	< 1 year	< 1 year
Corporation Counsel	Michael E. Driscoll	Appointed – Indefinite	22 years	22 years
Superintendent of Schools	Susan Lessard	Appointed – Interim	< 1 year	6 years
Board of Education				
Chairperson	Robert Aldi ⁴	Elected – 2 years	2 years	8 years
Vice Chairperson	Mark Kulos	Elected – 2 years	6 years	7 years
Secretary	Carline Charmelus	Elected – 2 years	5 years	5 years
Board Member	Aaron Daniels ⁴	Elected – 2 years	15 years	15 years
Board Member	Christine DiStasio	Elected – 2 years	5 years	5 years
Board Member	Heather Fowler	Elected – 2 years	2 years	2 years
Board Member	Gregory Perry	Elected – 2 years	2 years	2 years
Board Member	Kevin Saythany	Elected – 2 years	5 years	7 years
Board Member	James Paulson ⁴	Elected – 2 years	< 1 year	< 1 year

¹ *Outgoing Council Members. New Members Sheila Hayes and Mark Bettencourt were elected to the City Council on November 7, 2023 and will be sworn in as council members on December 5, 2023.*

² *Started in January 2023. Replaced Derell Q. Wilson after Mr. Wilson was elected to the State House of Representatives.*

³ *Outgoing Treasurer. New Treasurer Robert Buckley, was elected on November 7, 2023, and will be sworn in as the City's Treasurer on December 5, 2023.*

⁴ *Outgoing Board of Education members. New members John Iovino, Ella Myles and Chris Milton were elected to the Board of Education on November 7, 2023 and will be sworn in as Board of Education members on December 5, 2023.*

Geography

The City covers an area of 27.1 square miles located 40 miles southeast of Hartford, surrounded by Montville, Preston, Lisbon, Sprague, Franklin, and Bozrah. The City is about three hours from New York City by rail or highway transportation. Providence, Rhode Island is approximately an hour from the City, and Boston is approximately two hours away. The City is served by interstate, intrastate, and local bus lines. The City is served by Interstate 395 from north to south connecting the City with I-95 and I-90 to Boston and New York. Route 2 links the City with Hartford and I-91. State Route 82 connects downtown Norwich with I-395. Rail transportation and freight service is available to major points, including New York, Boston, Providence, and Montreal. Air service is available at Groton-New London Airport to the south, Green Airport (Providence) to the east, and Bradley Airport to the north. Norwich Harbor provides a 600-foot turning basin connecting with the Thames River and Long Island Sound.

Community Profile

History

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

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

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

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

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

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

Education

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

Healthcare

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

Industry

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

Recreation, Entertainment & Culture

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

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

Municipal Services

Police

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

Fire

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

Utilities

The City owns and operates natural gas, electric, water, and wastewater systems through its Norwich Department of Public Utilities (NPU), which was established in 1904. NPU is governed by Chapter 12 of the City Charter that establishes a five-member Board of Public Utilities' Commissioners who are appointed by the City Council. The General Manager, who is appointed by the Commissioners, is responsible for NPU's management and operations. NPU has 152 employees and serves approximately 21,000 electric customers, 9,600 gas customers, 11,000 water customers, and 7,700 wastewater customers. NPU supports general City activities by contributing 10% of its gross revenues (excluding sewer revenues) to the City's general fund. Contributions in fiscal year 2024 are expected to be \$9.1 million, the equivalent of 4.35 mills of taxes. NPU's budget is approved by the Commissioners and is then presented to the City Council for adoption.

Water Division

NPU's new \$8 million dissolved air flotation system is currently online at the Stony Brook Water Treatment Plant and functioning properly. This complex plant upgrade project, which began in 2019, is improving water quality for NPU water customers throughout the region.

NPU is in the preliminary stages of upgrading and improving private water service lines to individual residences that contain lead. NPU is conducting a comprehensive survey of its entire water system to confirm all material in water service lines. NPU has already been awarded \$950,000 for this critical work, which is estimated to last for at least five years.

Electric Infrastructure

NPU is among 118 of the nation's more than 2,000 public power utilities that have earned the Reliable Public Power Provider designation from the American Public Power Association (APPA) for providing reliable and safe electrical service. The designation, which is for three years, was most recently awarded to NPU in 2021. This significant achievement recognizes public power utilities that demonstrate proficiency in four disciplines: reliability, safety, workforce development, and system improvements.

In 2023, NPU continued its support for the Light Up Navajo Nation IV, a mutual aid project that extends electric service to Navajo homes without electricity. Two NPU Linemen spent two weeks in the Chinle District, which is in the northeast corner of Arizona. Of the 55,000 homes located within the 27,000-square-mile Navajo Nation (roughly the size of West Virginia), approximately 14,000 homes still do not have electricity.

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 \$200 million, will be the largest construction project in the history of Norwich, and bring critically important infrastructure upgrades to Norwich and the region. NPU has secured more than \$74 million in grant funding from the State of Connecticut with the balance to be financed with loans, at 2% interest, through the State of Connecticut Clean Water Fund and Drinking Water State Revolving Fund programs. Construction is expected to begin by early 2024.

Working with Senators Blumenthal and Murphy, NPU secured \$1.6 million to support the re-lining of older sewer mains in the Greenville section of Norwich. The funding, a federal appropriation through the Environmental Protection Agency (EPA) will allow this critical work to continue and improve water quality in the Shetucket and Thames Rivers and well as Long Island Sound.

Natural Gas

In April 2023, NPU was awarded \$10 million by the Pipeline and Hazardous Materials Safety Administration (part of the U.S. Department of Transportation) to modernize a significant portion of its natural gas infrastructure. This will be a multi-year effort that will ultimately improve the safety and efficiency of NPU's system, while also providing environmental benefits to the region by reducing the number of natural gas leaks into the atmosphere.

CMEEC and Member Power Sales Contracts

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

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

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

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

The Connecticut Transmission Municipal Electric Energy Cooperative

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

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

Solid Waste

The City has entered into the Municipal Solid Waste Management Services Contract, as amended (the "Service Contract") with the Southeastern Connecticut Regional Resources Recovery Authority (the "SCRRA", or the "Authority") pursuant to which it participates with ten other central Connecticut municipalities (the eleven constituting the "Contracting Municipalities"), in the Southeastern Connecticut System (the "System"). The System consists of a mass-burn solid waste disposal and electric generation facility operated by American REF-FUEL Company of Southeastern Connecticut (the "Company") and located in the Town of Preston (the "Facility") and various improvements and facilities related thereto, including landfills. Under the Service Contract, the City is required to deliver or cause to be delivered to the System solid waste generated within its boundaries and to pay a uniform per ton Disposal Service Payment (the "Service Payment") for such solid waste. The current fee is \$61.25 per ton paid by user fees and property taxes. The Service Payment applicable in any contract year is calculated by estimating the Net Cost of Operation, which is the Cost of Operation less Revenues other than Service Payments, as such items are defined in the Service Contract. 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's obligation to pay the Service Payment, so long as the Authority is accepting the City's solid waste, is absolute and unconditional, is not subject to any set-off, counterclaim, recoupment, defense (other than payment itself) or other rights which the City may have against the SCRRA or any person for any reason whatsoever, and shall not be affected by any defect in title, design, fitness for use, loss or destruction of the System. The City has pledged its full faith and credit to the payment of Service Payments and has also agreed to enforce or levy and collect all taxes, cost-sharing, or other assessments or charges and take all such other action as may be necessary to provide for the payment of the Service Payments.

Economic Development Activity

The City pursues economic and physical stabilization and revitalization. The City has maintained the quality of services to its citizens while having the 15th lowest per capita tax burdens in the State, per the Office of Policy and Management Data's *Fiscal Indicators*, at \$2,128 for fiscal year 2021.

The Mayor is responsible and accountable for economic development. The overriding goal for the City is to increase its grand list through activities which enhance community life, attract newcomers to the City, reduces reliance on government agencies, and attract economic development investment from the State of Connecticut. Objectives identified to achieve this goal include: revitalizing downtown, adaptively reusing existing structures, increasing availability of viable commercial and industrial properties, and maintaining the existing and attracting new educational institutions into the City.

The City's economic development activities are assisted by Norwich Community Development Corporation (NCDC), a private, not-for-profit corporation established 60 years ago to improve the economic well-being of the City. The Mayor works closely with NCDC as an independent non-profit that is neither directly nor indirectly controlled by the City or any other governmental entity, but by Norwich City Council resolution. NCDC 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 with abatement 90% complete. Site prep will commence simultaneous to interior construction before the end of 2023. 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. 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. The existing units have a sustained 95%+ occupancy with a waiting list and the new units are expected to fill quickly.

Business Park North

NCDC acquired 384 acres in the Occum section of Norwich in December 2022 for \$3.55 million to be used as a second business park. NCDC was awarded \$11.9 million in grants in March 2023 to help build infrastructure to allow development of the park. NCDC estimates that Business Park North could attract \$300 million of private investment and that they may have parcels ready to sell by the end of 2024.

77-91 Main Street

In March 2020, the developer received approval from the Commission on the City Plan to renovate a historic contributing building located in the Downtown Norwich National Historic District to include 42 residential units and 10,288-square-feet of commercial tenant space. The City Council approved Federal American Rescue Plan Act ("ARPA") funds managed by 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 and the first two model units are actively marketing for a ribbon cutting before the end of 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 to 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 and are on track for an opening by 2024. The project is slated to receive \$165,000 of 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 in Norwich. Nalas also services the pharmaceutical industry as well as others using batch-type manufacturing processes. The project is permitted and is an ongoing 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.

Cannabis Cultivation and Retail

The City 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 Greenville and the other in a former manufacturing facility on Forest Drive. Each will require approximately \$20 million investment to reach full operational capability. They both plan to be operational by early 2024. Cannabis retail sales have commenced in the City, with Zen Leaf opening its retail operation in July 2023. Retail operations are subject to a 3% municipal tax on gross receipts.

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 project completion in 2025.

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 currently under construction and should be completed in 2024.

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. It is currently under construction and should be completed in 2024.

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. The City contributed \$1.05 million in ARPA funds towards this development with 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. The City was awarded a \$2 million Connecticut Community Communities Challenge Grant to assist with the redevelopment of the YMCA property from the DECD in April of 2022. The City also received grant and loan assistance from the Capital Region Council of Governments and for brownfield remediation funding. Mattern anticipates completing the space for a brew pub before Fall 2024, followed by other commercial spaces and finishing in 2025 with the relocation of Mattern's headquarters into the former YMCA building.

Regional Activity

Electric Boat

General Dynamics Electric Boat (EB) is 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 184-acre New London Pier is being used as a wind turbine assembly facility. The Connecticut Port Authority worked 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 \$300 million project was completed in 2023. The downstream impact on Norwich is demand for new industrial space. Three offshore wind projects commissioned by Connecticut, New York and Rhode Island – a total of approximately 160 turbines, with an output of 1,760 MW (enough to power over 1 million homes) – are scheduled for assembly and delivery from New London. The first of these projects, the South Fork Wind, is expected to be operational by the end of 2023.

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 2022, 379 single-family homes, 125 multi-family homes, 19 mobile homes and 153 condos sold in Norwich. The median sales price for a single family home during this period was \$235,000.

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 a 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. As a result of input from a June 2022 informational meeting, the preliminary design is being reviewed to explore the possibility of fewer roundabouts. Construction may start by 2026. 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 and a \$6 million bond resolution referendum in November 2023 for infrastructure improvements. 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. Construction is scheduled to be complete in the summer of 2024.

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 a future community gathering space within the existing ruin.

The Norwich City Council allocated \$2.8 million dollars of ARPA funds towards the continued design and development of the site into a Heritage Park, including amenities proposed within the Master Plan; such as an amphitheater, bathrooms, walkways, viewing platforms, lighting, and accessible parking. Construction started in August of 2023, and is scheduled to be completed in the summer of 2024.

American Rescue Plan

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, the schools still keep with the Magnet themes. Bishop is an early learning center. There are also two 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 Greeneville, 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.

***Employee Relations and Collective Bargaining
Municipal Employees***

	2024	2023	2022	2021	2020
General Government.....	305.50	305.50	273.40	277.40	278.90
Board of Education.....	791.25	845.85	788.20	728.40	747.40
Public Utilities.....	152.00	151.00	150.00	148.00	146.00
Total.....	1,248.75	1,302.35	1,211.60	1,153.80	1,172.30

Source: Comptroller's Office, City of Norwich

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Employee Bargaining Groups

General Government Unions	Positions Covered	Current Contract Expiration Date
United Public Service Employees Union, Local 38.....	10.00	6/30/2025
International Association of Fire Fighters, Local 892.....	57.00	6/30/2024
Norwich City Hall Employees Association, Inc., Connecticut Independent Labor Union (CILU), Local #11.....	62.40	6/30/2025
United Public Service Employees Union, Connecticut Organization for Public Safety Division - Police Officers.....	98.50	6/30/2023 ¹
United Public Service Employees Union, Connecticut Organization for Public Safety Division - Public Works.....	47.00	6/30/2025
Public Works Supervisors, American Federation of State, County & Municipal Employees (AFSCME), Local 818, Council 4.....	4.00	6/30/2024
Municipal Employees Union "Independent" (MEUI)-Supervisors.....	11.00	6/30/2023 ¹
Organized.....	289.90	
Non-Union.....	15.60	
Sub-Total.....	305.50	
Public Utilities		
Supervisory Employees Association , Inc. AFSCME Local 818, Council 4.....	49.00	6/30/2025
International Brotherhood of Electrical Workers Local 457, Norwich Unit.....	98.00	6/30/2025
United Steelworkers of America AFL-CIO-CLC Local No. 9411-02.....	4.00	6/30/2025
Organized.....	151.00	
Non-Union.....	1.00	
Sub-Total.....	152.00	
Board of Education		
Norwich School Administrators Association.....	35.00	6/30/2025
MEUI Local 506, SEIU, AFL-CIO - Custodians.....	30.00	6/30/2023 ¹
MEUI Local 506, SEIU, AFL-CIO - Paraeducators.....	150.00	6/30/2024
New England Health Care Employees Union District 1199, SEIU, AFL-CIO.....	15.00	6/30/2024
Administrative Assistants, AFSCME Local 1303-190, Council 4.....	34.00	6/30/2025
Norwich Teachers League.....	412.00	6/30/2026
UFCWI Local 371, NPS Food Services Managers.....	-	6/30/2024 ²
UPSEU, NPS Food Services Workers.....	-	6/30/2024 ²
Organized.....	676.00	
Non-Union.....	115.25	
Sub-Total.....	791.25	
Total.....	1,248.75	

¹ In negotiation.

² Food services operations outsourced in July 2023.

Source: Finance Department, City of Norwich

Connecticut General Statutes sections 7-473c, 7-474 and 10-153a to 10-153n provide a procedure for binding arbitration of collective bargaining agreements between municipal employers and organizations representing municipal employees, including certified teachers and certain other employees. The legislative body of an affected municipality may reject the arbitration panel's decision by a two-thirds majority vote. The State and the employee organization must be advised in writing of the reasons for rejection. The State will then appoint a new panel of either one or three arbitrators to review the decisions on each of the rejected issues. The panel must accept the last best offer of either party. In reaching its determination, the arbitration panel shall give priority to the public interest and the financial capability of the municipal employer, including consideration of other demands on the financial capability of the municipal employer. For binding arbitration of contracts, in assessing the financial capability of a municipality, there is an irrefutable presumption that a budget reserve of (i) 5% or less with respect to teacher's contracts, and (ii) 15% or less with respect to municipal employees, is not available for payment of the cost of any item subject to arbitration. In the light of the employer's financial capability, the panel shall consider prior negotiations between the parties, the interests and welfare of the employee group, changes in the cost of living, existing employment conditions, and the wages, salaries, fringe benefits, and other conditions of employment prevailing in the labor market, including developments in private sector wages and benefits.

Educational System

School Facilities

School	Grades	Date of Construction	Number of Classrooms	10/1/2023 Enrollment	Rated Capacity
John B Stanton School.....	K-5	1956	25	385	440
John M Moriarty School.....	PreK-5	1975	33	462	620
Samuel Huntington School.....	PreK-5	1928	18	302	450
Thomas W Mahan School.....	PreK-5	1968	17	257	320
Uncas School.....	K-5	1975	18	240	340
Veterans' Memorial School.....	PreK-5	1968	17	292	320
Wequonnoc School.....	K-5	1962	17	222	340
Teachers' Memorial School.....	6-8	1975	30	486	760
Kelly Middle School.....	6-8	1962/2013	47	566	800
Norwich Transition Academy.....	Ages 18-21	1975	5	32	70
Total.....			227	3,244	4,460

Source: City of Norwich, Board of Education

Norwich voters approved a \$385 million referendum in November 2022 to replace the existing pre-K through grade 5 schools with four new schools at the Greenville, Stanton, Moriarty, and Uncas school sites; either renovate-as-new or replace Teachers' Memorial; and renovate Huntington as the new home for adult education and the administrative offices. These construction projects will occur over six to eight years.

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School Enrollment

Norwich Students Enrolled In-District

School Year	PreK-5	6-8	Transition Academy (Ages 18-21)	Total
<u>Historical</u>				
2017-18	2,462	1,033	20	3,515
2018-19	2,443	1,065	23	3,531
2019-20	2,427	1,048	19	3,494
2020-21	2,248	1,075	22	3,345
2021-22	2,149	1,045	31	3,225
2022-23	2,259	1,011	26	3,296
2023-24	2,161	1,054	37	3,252

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

Source: Norwich Public Schools.

Projected

Pre K-8	
2024-25	3,322
2025-26	3,392
2026-27	3,409
2027-28	3,397
2028-29	3,391
2029-30	3,401
2030-31	3,440
2031-32	3,458
2032-33	3,467

Source: Norwich Public Schools.

Norwich Students Enrolled Out-of-District

School Year	PreK-8	Norwich Free Academy	Other High Schools	Total
<u>Historical</u>				
2017-18	258	1,510	328	2,096
2018-19	223	1,501	326	2,050
2019-20	208	1,502	356	2,066
2020-21	135	1,271	368	1,774
2021-22	122	1,432	402	1,956
2022-23	147	1,477	400	2,024
2023-24	144	1,473	404	2,021

Note: In many cases, Norwich Public Schools (NPS) pays ancillary costs for students who attend out of district such as occupational therapy, transportation, nurses, psychologists, etc.

Source: Norwich Public Schools.

III. Economic and Demographic Information Population and Density

Year	Actual		
	Population ¹	% Increase	Density ²
2021 ³	40,020	-0.3%	1,477
2020	40,125	-0.9%	1,481
2010	40,493	12.1%	1,494
2000	36,117	-3.4%	1,333
1990	37,391	-1.8%	1,380
1980	38,074	-7.9%	1,405
1970	41,333	--	1,525

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

² Per square mile: 27.1 square miles.

³ U.S. Department of Commerce, Bureau of Census, American Community Survey, 2017-2021.

Age Distribution of the Population

Age	City of Norwich		State of Connecticut	
	Number	Percent	Number	Percent
Under 5 years	1,599	4.0%	182,122	5.1%
5 to 9 years	1,816	4.5	196,540	5.5
10 to 14 years	3,086	7.7	224,371	6.2
15 to 19 years	2,259	5.6	245,790	6.8
20 to 24 years	2,653	6.6	241,370	6.7
25 to 34 years	6,324	15.8	445,861	12.4
35 to 44 years	4,756	11.9	439,098	12.2
45 to 54 years	4,969	12.4	488,283	13.5
55 to 59 years	2,749	6.9	269,688	7.5
60 to 64 years	2,971	7.4	252,028	7.0
65 to 74 years	4,180	10.4	357,409	9.9
75 to 84 years	1,818	4.5	173,149	4.8
85 years and over	840	2.1	89,621	2.5
Total.....	40,020	100.0%	3,605,330	100.0%
Median Age (Years).....	39.3		41.0	

Source: American Community Survey, 2017-2021.

Income Distribution

Income	City of Norwich		State of Connecticut	
	Families	Percent	Families	Percent
Less than \$10,000.....	421	4.1%	23,811	2.6%
\$10,000 to \$14,999.....	260	2.5	14,243	1.6
\$15,000 to \$24,999.....	357	3.5	36,091	4.0
\$25,000 to \$34,999.....	661	6.4	44,586	4.9
\$35,000 to \$49,999.....	1,208	11.8	71,397	7.8
\$50,000 to \$74,999.....	2,230	21.7	123,873	13.6
\$75,000 to \$99,999.....	1,369	13.3	113,529	12.5
\$100,000 to \$149,999.....	2,188	21.3	188,052	20.7
\$150,000 to \$199,999.....	788	7.7	117,255	12.9
\$200,000 or more.....	775	7.6	177,169	19.5
Total.....	10,257	100.0%	910,006	100.0%

Source: American Community Survey, 2017-2021.

Income Levels

	City of Norwich	State of Connecticut
Per Capita Income, 2021	\$ 33,441	\$ 48,869
Median Family Income, 2021	\$ 74,860	\$ 106,441
Median Household Income, 2021	\$ 59,791	\$ 83,572

Source: American Community Survey, 2017-2021.

Educational Attainment Persons 25 Years and Older

	City of Norwich		State of Connecticut	
	Number	Percent	Number	Percent
Less than 9th grade.....	1,247	4.4%	101,461	4.0%
9th to 12th grade.....	1,976	6.9	123,560	4.9
High School graduate.....	10,911	38.1	656,949	26.1
Some college, no degree.....	6,504	22.7	418,214	16.6
Associate's degree	2,383	8.3	194,987	7.8
Bachelor's degree.....	3,486	12.2	561,567	22.3
Graduate or professional degree.....	2,100	7.3	458,399	18.2
Total.....	28,607	100.0%	2,515,137	100.0%
Total high school graduate or higher (%)...	88.7%		91.1%	
Total bachelor's degree or higher (%).....	19.5%		40.6%	

Source: American Community Survey, 2017-2021.

Employment by Industry

Sector	City of Norwich		State of Connecticut	
	Number	Percent	Number	Percent
Agriculture, forestry, fishing/hunting & mining	152	0.7%	7,314	0.4%
Construction	1,173	5.8	113,665	6.2
Manufacturing	2,140	10.5	192,688	10.6
Wholesale trade	348	1.7	41,165	2.3
Retail trade	1,982	9.8	194,081	10.6
Transportation and warehousing, and utilities	825	4.1	80,481	4.4
Information	189	0.9	36,259	2.0
Finance, insurance, real estate, rental & leasing	664	3.3	164,657	9.0
Professional, scientific, management, administrative, and waste mgmt services	1,482	7.3	212,866	11.7
Education, health and social services	4,892	24.1	482,274	26.5
Arts, entertainment, recreation, accommodation and food services	4,856	23.9	148,835	8.2
Other services (except public administration)	1,016	5.0	82,217	4.5
Public Administration	600	3.0	66,493	3.6
Total Labor Force, Employed	20,319	100.0%	1,822,995	100.0%

Source: American Community Survey, 2017-2021.

**Employment Data
By Place of Residence**

Period	Percentage Unemployed				
	City of Norwich		Norwich -		
	Employed	Unemployed	City of Norwich	New London Labor Market	State of Connecticut
September 2023	19,051	690	3.5	2.7	3.0
Annual Average					
2022	18,297	968	5.0	4.4	4.1
2021	16,920	1,751	9.4	7.2	6.6
2020	17,782	2,573	6.3	9.2	7.3
2019	19,513	826	4.1	3.6	3.7
2018	19,415	913	4.5	4.0	4.1
2017	19,039	1,288	6.3	5.4	5.3
2016	18,889	1,472	7.2	5.9	5.6
2015	18,869	1,697	8.3	6.9	6.7
2014	19,786	1,952	9.0	8.0	7.8
2013	20,092	2,085	9.4	8.6	8.3

Note: Not seasonally adjusted.

Source: State of Connecticut, Department of Labor.

Major Employers

Name	Business	Number of Employees
William W. Backus Hospital.....	Medical Center	1,895
City of Norwich (incl. NPU & BOE).....	Municipality	1,283
State of Connecticut.....	All State Agencies	944
U.S. Food Service.....	Food Distribution	300
United Community & Family Services.....	Healthcare & Community Services	276
Nordson EFD.....	Plastics Products Manufacturing	270
Bob's Discount Furniture.....	Distribution Center	250
Norwich Free Academy.....	Quasi-Private High School	245
The American Group.....	Ambulance Service and Other Operations	219
Shop Rite.....	Grocery	180

Source: July 2023 Survey conducted by the Norwich Community Development Corporation (NCDC). Not all companies responded with updated information.

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Building Permits

Calendar Year Ended	Residential		Commercial / Industrial		Totals	
	No.	Value	No.	Value	No.	Value
2023 ¹	1,636	\$ 21,384,291	333	\$ 22,160,034	1,969	\$ 43,544,325
2022	1,473	32,923,844	277	37,883,515	1,750	70,807,359
2021	1,430	22,253,070	291	39,703,420	1,721	61,956,490
2020	1,261	18,463,298	253	19,565,045	1,514	38,028,343
2019	1,376	15,635,636	303	14,282,191	1,679	29,917,827
2018	1,143	30,510,842	240	10,145,133	1,383	40,655,975
2017	1,160	29,829,229	233	10,030,824	1,393	39,860,053
2016	1,212	11,695,513	275	12,934,143	1,487	24,629,656
2015	1,622	35,234,992	185	14,631,952	1,807	49,866,944
2014	1,958	18,694,563	176	8,053,706	2,134	26,748,269

¹ As of October 31, 2023.

Source: Building Official, City of Norwich

Age Distribution of Housing

Year Built	City of Norwich		State of Connecticut	
	Units	Percent	Units	Percent
1939 or earlier.....	7,597	39.5%	323,631	21.2%
1940 to 1969.....	5,657	29.4	528,583	34.6
1970 to 1979.....	1,524	7.9	206,448	13.5
1980 to 1989.....	1,923	10.0	191,539	12.5
1990 to 1999.....	888	4.6	118,124	7.7
2000 or 2009.....	1,085	5.6	104,519	6.8
2010 or later.....	581	3.0	54,195	3.5
Total Housing Units.....	19,255	100.0%	1,527,039	100.0%

Percent Owner Occupied 53.0%

66.2%

Source: American Community Survey, 2017-2021.

Housing Inventory

Type	City of Norwich		State of Connecticut	
	Units	Percent	Units	Percent
1-unit, detached.....	8,315	43.2%	899,368	58.9%
1-unit, attached.....	912	4.7	90,010	5.9
2 units.....	2,957	15.4	122,509	8.0
3 or 4 units.....	2,057	10.7	127,995	8.4
5 to 9 units.....	1,576	8.2	79,520	5.2
10 to 19 units.....	1,117	5.8	54,673	3.6
20 or more units.....	1,794	9.3	141,189	9.2
Mobile home.....	527	2.7	11,240	0.7
Boat, RV, van, etc.....	-	-	535	0.0
Total Inventory.....	19,255	100.0%	1,527,039	100.0%

Source: American Community Survey, 2017-2021.

Owner-Occupied Housing Values

Specified Owner-Occupied Units	City of Norwich		State of Connecticut	
	Number	Percent	Number	Percent
Less than \$50,000.....	619	6.9%	19,747	2.1%
\$50,000 to \$99,999.....	548	6.1	25,603	2.8
\$100,000 to \$149,999.....	1,893	21.1	68,932	7.4
\$150,000 to \$199,999.....	2,284	25.5	130,158	14.1
\$200,000 to \$299,999.....	2,652	29.6	250,981	27.1
\$300,000 to \$499,999.....	869	9.7	268,183	29.0
\$500,000 to \$999,999.....	82	0.9	117,839	12.7
\$1,000,000 or more.....	20	0.2	44,060	4.8
Total.....	8,967	100.0%	925,503	100.0%
Median Sales Price.....	\$178,900		\$286,700	

Source: American Community Survey, 2017-2021.

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IV. Tax Base Data

Property Tax Assessments

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

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

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

Section 12-71e(a) of the Connecticut General Statutes (the "General Statutes") has been amended whereby the mill rate for motor vehicles shall not exceed 32.46 mills for the assessment year commencing October 1, 2021, and each assessment year thereafter. Section 12-71e(b) of the Connecticut General Statutes has been amended to state that no district or borough may set a motor vehicle mill rate that if combined with the motor vehicle mill rate of the town, city, consolidated town and city or consolidated town and borough in which such district or borough is located would result in a combined motor vehicle mill rate above 32.46 mills for the assessment year commencing October 1, 2021, and each assessment year thereafter. The City's mill rate for motor vehicles for the assessment year commencing October 1, 2022 (the Fiscal Year June 30, 2024) is 32.46 mills. Section 4-661 of the General Statutes, as amended, diverts a portion of State collected sales tax revenue to provide funding to municipalities to mitigate the revenue loss attributed to the motor vehicle property tax cap.

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

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

Comparative Assessed Valuations

Grand List of 10/1	Commercial/ Residential		Personal Property (%)	Motor Vehicle (%)	Gross Taxable Grand List	Less Exemption	Net Taxable Grand List	Percent Growth
	Real Property (%)	Industrial Real Property (%)						
2022 ²	56.0	19.9	9.7	14.4	\$ 2,253,442,409	\$ 85,024,313	\$ 2,168,418,096	1.94
2021	56.9	20.0	9.4	13.7	2,214,442,184	87,243,992	2,127,198,192	2.25
2020	57.4	20.7	10.0	11.9	2,154,617,561	74,137,706	2,080,479,855	1.68
2019	58.1	21.0	9.9	11.0	2,120,703,696	74,657,458	2,046,046,238	0.94
2018 ¹	58.1	21.1	9.9	10.9	2,103,314,513	76,226,356	2,027,088,157	6.49
2017	58.8	19.2	10.5	11.5	1,987,348,631	83,784,876	1,903,563,755	2.32
2016	60.9	18.7	8.4	12.0	1,898,351,937	37,976,340	1,860,375,597	0.77
2015	61.3	18.7	7.8	12.1	1,880,417,583	34,214,957	1,846,202,626	1.10
2014	61.6	18.8	7.6	12.0	1,864,619,667	38,568,886	1,826,050,781	0.19
2013 ¹	61.7	18.7	7.4	12.2	1,860,618,673	38,117,150	1,822,501,523	(24.81)

¹ Revaluation.

² Estimated supplemental motor vehicles and exemptions.

Source: City of Norwich Assessor's Office

Property Tax Levies and Collections

Collected within the Fiscal Year of the Levy								Total Collections to Date ²	
Grand List of 10/1	Fiscal Year Ending 6/30	Net Taxable Grand List	Adjusted Tax Levy for Fiscal Year	Mill Rate ¹	Amount	Percentage	Collected in Subsequent Years	Amount	Percentage
<u>General Fund</u>									
2022 ⁴	2024	\$ 2,168,418,096	\$ 87,274,308	41.85 / 32.09	\$ 46,690,287	53.5%	N/A	<u>In Collection</u>	
2021	2023	2,127,198,192	85,361,319	41.83 / 32.46	82,943,467	97.2%	\$ 526,437	\$ 83,469,904	97.8%
2020	2022	2,080,479,855	86,329,381	41.98	83,698,370	97.0%	643,210	84,341,580	97.7%
2019	2021	2,046,046,238	85,139,496	42.06	82,919,221	97.4%	1,231,895	84,151,116	98.8%
2018 ¹	2020	2,027,088,157	81,312,479	40.28	79,043,079	97.2%	1,988,568	81,031,647	99.7%
<u>City Consolidation District (CCD) Fire Tax</u>									
2022 ⁴	2024	\$ 725,086,345	\$ 4,150,272	6.79 / 0.37	\$ 2,118,669	51.0%	N/A	<u>In Collection</u>	
2021	2023	704,747,210	3,938,430	6.65 / 0.00	3,848,066	97.7%	21,785	\$ 3,869,851	98.3%
2020	2022	678,498,247	4,163,347	6.66 / 3.02	4,006,565	96.2%	40,899	4,047,464	97.2%
2019	2021	660,965,123	3,884,751	6.41 / 2.94	3,766,214	96.9%	56,128	3,822,342	98.4%
2018 ¹	2020	656,653,313	4,803,635	7.71 / 4.72	4,622,801	96.2%	149,741	4,772,542	99.4%
<u>Town Consolidation District (TCD) Volunteer Fire Relief Tax</u>									
2022 ⁴	2024	\$ 1,443,331,751	\$ 532,892	0.37	\$ 295,236	55.4%	N/A	<u>In Collection</u>	
2021	2023	1,422,450,982	432,141	0.35 / 0.00	426,420	98.7%	1,416	\$ 427,836	99.0%
2020	2022	1,401,981,608	514,514	0.37	510,032	99.1%	(2,755)	507,277	98.6%
2019	2021	1,385,081,115	435,047	0.32	428,054	98.4%	3,774	431,828	99.3%
2018 ¹	2020	1,370,434,844	493,875	0.36	485,813	98.4%	6,895	492,708	99.8%

¹ Revaluation.

² As of September 30, 2023

³ The higher mill rate is for real estate and commercial personal property and the lower mill rate is for motor vehicles.

⁴ Grand List and Tax Levy includes estimates for Supplemental Motor Vehicles

Sources: City of Norwich Tax Office

Property Tax Receivable

Fiscal Year Ending 6/30	Total Uncollected	Uncollected for Current Year of Levy
2023 ¹	\$4,886,000	\$2,418,000
2022	4,739,000	2,631,011
2021	4,331,000	2,328,000
2020	4,283,000	2,381,000
2019	3,521,000	2,274,000
2018	4,168,000	2,350,000
2017	3,526,000	2,256,000
2016	4,008,000	2,394,000
2015	4,178,000	2,715,000
2014	3,612,000	2,260,000

¹ Subject to audit.

Source: Tax Collector's Report, City's Annual Audited Financial Statements, 2014-2022. 2023 from Finance Department

Ten Largest Taxpayers

Name	Nature of Business	Taxable Valuation	Percent of Net Taxable Grand List ¹
Computer Science Corporation.....	Computer Products & Services	\$ 34,803,790	1.61%
NorwichTown Commons.....	Shopping Center	17,565,340	0.81%
Bob's Discount Furniture.....	Distribution Warehouse	15,847,400	0.73%
Norwich Realty Associates LP.....	Real Estate	11,380,600	0.52%
Plaza Enterprises.....	Shopping Center	11,025,680	0.51%
Mashantucket Pequot Tribe.....	Real Estate	10,209,130	0.47%
Domino Solar Ltd.....	Solar Powerplant	9,602,790	0.44%
Elk Thamesview LLC.....	Apartment Complex	9,460,080	0.44%
Electric Boat Corporation.....	Computer Equipment	9,414,440	0.43%
Algonquin Gas Transmissions LLC....	Natural Gas Pipeline	8,100,850	0.37%
Total.....		\$ 137,410,100	6.34%

¹ Based on the October 1, 2022 Net Taxable Grand List of \$2,168,418,096.

Source: City of Norwich Assessor's Office

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V. Debt Summary
Principal Amount of Bonded Indebtedness ¹
(Pro-Forma)

<u>Date</u>	<u>Purpose</u>	<u>Rate %</u>	<u>Amount of Original Issue</u>	<u>Outstanding</u>	<u>Fiscal Year of Final Maturity</u>
<u>Long-Term GO Debt (as of June 30, 2023)</u>					
03/03/15	General Purpose, Series A.....	3.00 - 4.00	\$ 5,600,000	\$ 3,050,000	2034
03/03/15	Taxable Bonds, Series B.....	2.00 - 3.00	1,140,000	220,000	2025
03/01/16	General Purpose, Series A.....	2.00 - 3.00	6,300,000	3,750,000	2035
03/01/16	Taxable Bonds, Series B.....	2.00 - 3.00	2,500,000	750,000	2025
10/12/16	Refunding Bonds, Series C.....	1.75 - 4.00	2,925,000	1,170,000	2024
03/10/17	General Purpose, Series A.....	3.00 - 4.00	7,275,000	5,925,000	2037
03/10/17	Taxable Bonds, Series B.....	1.00 - 3.90	1,000,000	700,000	2037
12/06/18	General Purpose.....	3.00 - 5.00	7,425,000	6,250,000	2039
12/06/18	Urban Renewal.....	3.00 - 5.00	545,000	470,000	2039
12/05/19	General Purpose.....	2.00 - 5.00	3,430,000	3,074,000	2040
12/05/19	Urban Renewal.....	2.00 - 5.00	145,000	131,000	2040
10/28/20	General Purpose, Series A.....	2.00 - 3.00	740,000	666,000	2041
10/28/20	Urban Renewal, Series A.....	2.00 - 3.00	465,000	414,000	2041
10/28/20	Refunding Bonds, Series C.....	0.39 - 2.17	15,920,000	11,865,000	2034
02/25/22	Pension Bonds.....	1.348 - 3.641	145,000,000	140,570,000	2047
12/29/22	General Purpose.....	4.00 - 5.00	9,200,000	9,200,000	2043
	Sub-Total.....		\$ 209,610,000	\$ 188,205,000	
<u>This Issue</u>					
12/14/23	General Purpose.....	4.00	\$ 5,000,000	\$ 5,000,000	2044
	Sub-Total.....		5,000,000	5,000,000	
	Total G.O. Bonds.....		\$ 214,610,000	\$ 193,205,000	
<u>Sewer - Revenue Secured Only (as of June 30, 2023)</u>					
12/31/12	CWF 625-D (Treatment Plant Design).....	2.00	\$ 1,864,518	\$ 875,860	2032
07/01/13	CWF 495-C (Digester).....	2.00	5,747,554	2,844,909	2032
05/30/15	CWF 625-D-1 (Treatment Plant Design).....	2.00	2,510,422	1,320,779	2031
02/26/21	CWF 707-PD.....	2.00	1,655,000	1,455,021	2041
10/31/23	CWF 743-D ²	2.00	2,060,549	2,060,549	2043
	Sub-Total.....		\$ 13,838,043	\$ 8,557,118	
<u>Water - Revenue Secured Only (as of June 30, 2023)</u>					
06/30/09	Clean Water Act 200801-C - Water.....	2.27	\$ 450,000	\$ 133,125	2029
12/31/10	DWSRF 2010-8005.....	2.06	144,728	47,037	2030
12/31/10	DWSRF 2010-8006.....	2.06	326,250	114,187	2030
04/30/14	Deep River Reservoir Pump / Drive DWSRF 2011-7005.....	2.00	160,284	80,864	2032
04/30/14	Deep River Reservoir Transmission Line / DWSRF 2011-7006.....	2.00	147,989	72,624	2032
06/30/15	DWSRF 2014-7027 Replacement of Stony Brook Contact Clarifier, Mohegan Park Tank, and North and South Transmission Mains.....	2.00	505,762	290,813	2034
05/31/16	DWSRF 2014-7036 Deep River Reservoir Pump, Drive, Tank, Transmission Line.....	2.00	4,051,579	2,515,355	2035
10/12/16	DWSRF 2015-7037 Royal Oaks and Plain Hill Water and Gas System.....	2.00	1,528,016	955,010	2034
02/28/19	DWSRF 2017-7056 Mohegan Park Tank Const.....	2.00	2,695,094	2,043,780	2034
02/26/21	DWSRF 2019-7069-2 Occum Water Storage Tank.....	2.00	2,477,090	2,105,527	2040
08/30/19	DWSRF 2019-7072 AMI Water Meter Replacement.....	2.00	1,582,335	1,239,496	2039
11/30/20	DWSRF 2019-7081 Sprague Emergency Interconnection & Stony Brook Transmission Main Rehab Project.....	2.00	2,413,669	2,051,618	2040
09/30/22	DWSRF 2019-7077-2 Stony Brook DAF.....	2.00	5,824,202	5,458,222	2042
03/31/23	DWSRF 2022-7104 Countryside Drive Association Water System Consolidation.....	2.00	130,976	130,976	2043
	Sub-Total.....		\$ 22,437,974	\$ 17,238,634	
	Total Revenue Bonds.....		\$ 36,276,017	\$ 25,795,752	

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

² This issue closed October 31, 2023 and is included although this table contains all debt as of June 30, 2023.

**Short-Term Debt
As of December 14, 2023
(Pro-Forma)**

As of December 14, 2023, the City has no outstanding short-term debt.

**Annual Bonded Debt Maturity Schedule ¹
As of December 14, 2023
(Pro-Forma)**

Fiscal Year Ended	Principal	Interest	Total	This Issue:			Total	Cumulative Principal Retired
				Gen. Purpose	Schools	Total		
2024	\$ 8,455,000	\$ 5,791,244	\$ 14,246,244	\$ -	\$ -	\$ -	\$ 8,455,000	4.4%
2025	8,475,000	5,555,534	14,030,534	100,000	150,000	250,000	8,725,000	8.9%
2026	8,410,000	5,346,643	13,756,643	100,000	150,000	250,000	8,660,000	13.4%
2027	8,160,000	5,137,508	13,297,508	100,000	150,000	250,000	8,410,000	17.7%
2028	8,235,000	4,925,888	13,160,888	100,000	150,000	250,000	8,485,000	22.1%
2029	8,330,000	4,706,478	13,036,478	100,000	150,000	250,000	8,580,000	26.6%
2030	8,435,000	4,484,093	12,919,093	100,000	150,000	250,000	8,685,000	31.1%
2031	7,980,000	4,263,564	12,243,564	100,000	150,000	250,000	8,230,000	35.3%
2032	8,070,000	4,040,388	12,110,388	100,000	150,000	250,000	8,320,000	39.6%
2033	7,695,000	3,811,633	11,506,633	100,000	150,000	250,000	7,945,000	43.7%
2034	7,840,000	3,579,290	11,419,290	100,000	150,000	250,000	8,090,000	47.9%
2035	7,405,000	3,343,396	10,748,396	100,000	150,000	250,000	7,655,000	51.9%
2036	7,330,000	3,105,418	10,435,418	100,000	150,000	250,000	7,580,000	55.8%
2037	7,270,000	2,864,689	10,134,689	100,000	150,000	250,000	7,520,000	59.7%
2038	7,200,000	2,615,322	9,815,322	100,000	150,000	250,000	7,450,000	63.6%
2039	7,420,000	2,355,170	9,775,170	100,000	150,000	250,000	7,670,000	67.5%
2040	7,230,000	2,095,429	9,325,429	100,000	150,000	250,000	7,480,000	71.4%
2041	7,275,000	1,837,681	9,112,681	100,000	150,000	250,000	7,525,000	75.3%
2042	7,460,000	1,574,424	9,034,424	100,000	150,000	250,000	7,710,000	79.3%
2043	7,715,000	1,299,661	9,014,661	100,000	150,000	250,000	7,965,000	83.4%
2044	7,525,000	1,021,392	8,546,392	100,000	150,000	250,000	7,775,000	87.4%
2045	7,805,000	742,309	8,547,309	-	-	-	7,805,000	91.5%
2046	8,090,000	452,940	8,542,940	-	-	-	8,090,000	95.7%
2047	8,395,000	152,831	8,547,831	-	-	-	8,395,000	100.0%
Total.....	\$ 188,205,000	\$ 75,102,925	\$ 263,307,925	\$ 2,000,000	\$ 3,000,000	\$ 5,000,000	\$ 193,205,000	

¹ As of June 30, 2023 and excludes outstanding Notes, long-term capital leases, revenue secured clean water fund debt and bonds refunded.

Overlapping/Underlying Debt

As of December 14, 2023, the City does not have any overlapping or underlying debt.

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Debt Statement
As of December 14, 2023
(Pro-Forma)

Long-Term G.O. Debt Outstanding: ¹

General Purpose (Includes This issue).....	\$ 23,615,492
Schools (Includes This issue).....	13,616,084
Sewers	10,291,787
Pension	140,570,000
Urban Renewal	1,530,000
Gas ²	12,138,755
Total Long-Term Debt	219,000,751
Total Short-Term Debt	-
Total Overall Debt	219,000,751
Less: Self-Supporting Debt ³	(63,550,164)
Total Overall Net Debt	\$ 155,450,588

¹ Excludes capital leases and refunded bonds. Also excludes revenue secured Sewer debt in the amount of \$8,557,118 and Water debt in the amount of \$17,238,634. Outstanding long term bonds are as of June 30, 2023.

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

³ Includes Gas Bonds paid by the NPU along with NPU's allocation of the Pension Obligation Bonds.

Current Debt Ratios
As of December 14, 2023
(Pro-Forma)

Population (2021)	40,020
Net Taxable Grand List (10/1/22)	\$ 2,168,418,096
Estimated Full Value	\$ 3,097,740,137
Equalized Grand List (10/1/21) ²	\$ 3,835,308,485
Money Income per Capita (2021) ¹	\$ 33,441

	Total Overall Debt	Total Overall Net Debt
	\$ 219,000,751	\$ 155,450,588
Per Capita.....	\$5,472.28	\$3,884.32
Ratio to Net Taxable Grand List.....	10.10%	7.17%
Ratio to Estimated Full Value.....	7.07%	5.02%
Ratio to Equalized Grand List.....	5.71%	4.05%
Debt per Capita to Money Income per Capita.....	16.36%	11.62%

¹ U.S. Department of Commerce, Bureau of Census, American Community Survey, 2017-2021.

² Office of Policy and Management, State of Connecticut.

Bond Authorization

The City has the power to incur indebtedness by issuing its bonds or notes as authorized by the Connecticut General Statutes subject to statutory debt limitations and the procedural requirements of the City Charter. The issuance of bonds and notes is authorized by the City Council and referenda if the proposed issuance for the project exceeds \$800,000. Revenue secured obligations may be authorized by vote of the City Council. For a detailed description of how the Bonds were authorized, see “Authorization and Purpose” herein.

Maturities

General obligation bonds (serial and term), with the exception of refunding bonds, are required to be payable in maturities wherein a succeeding maturity may not exceed any prior maturity by more than 50% or aggregate annual principal and interest payments must be substantially equal. The first installment of any series of bonds shall mature not later than three years from the date of the issue of such series. Pursuant to state law, all bonds issued on or after July 1, 2017, shall be due not later than thirty years from the date of their issuance.

Temporary Financing

When general obligation bonds have been authorized, bond anticipation notes may be issued maturing no later than two years after the original date of issue (CGS Sec. 7-378). Temporary notes may be renewed up to ten years from their original date of issue as long as all project grant payments are applied toward payment of temporary notes when they become due and payable and the legislative body schedules principal reductions by the end of the third and each subsequent year during which such temporary notes remain outstanding in an amount equal to a minimum of 1/20th (1/30th for certain sewer and school projects) of the estimated net project cost (CGS Sec. 7-378a) subject to the exception set forth in C.G.S. Sec. 10. 287f. The term of the bond issue is reduced by the amount of time temporary financing exceeds two years, or, for sewer and school projects, by the amount of time temporary financing has been outstanding.

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

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

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Clean Water Fund and Drinking Water State Revolving Programs

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

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

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

As of December 14, 2023, the City has no CWF IFO obligations outstanding.

Limitation of Indebtedness

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

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

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

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

**Statement of Statutory Debt Limitation
As of December 14, 2023
(Pro Forma)**

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

Received by the Treasurer for the year ended June 30, 2023 (unaudited)	\$ 90,985,170
Base for Debt Limitation Computation	<u>\$ 90,985,170</u>

	General Purpose	Schools	Sewers	Urban Renewal	Unfunded Pension
Debt Limitation:					
2 1/4 times base.....	\$ 204,716,633	-	-	-	-
4 1/2 times base.....	-	\$ 409,433,265	-	-	-
3 3/4 times base.....	-	-	\$ 341,194,388	-	-
3 1/4 times base.....	-	-	-	\$ 295,701,803	-
3 times base.....	-	-	-	-	\$ 272,955,510
Total Debt Limitation	<u>\$ 204,716,633</u>	<u>\$ 409,433,265</u>	<u>\$ 341,194,388</u>	<u>\$ 295,701,803</u>	<u>\$ 272,955,510</u>

Indebtedness: ^{1,2}

Bonds Outstanding.....	\$ 21,615,492	\$ 10,616,084	\$ 10,291,787	\$ 1,530,000	\$ 140,570,000
Bonds – This Issue.....	2,000,000	3,000,000	-	-	-
Short Term Debt	-	-	-	-	-
Capital Leases	-	-	-	-	-
Debt Authorized But Unissued.....	8,723,781	143,000,000	-	87,325	-
Total Indebtedness	<u>32,339,274</u>	<u>156,616,084</u>	<u>10,291,787</u>	<u>1,617,325</u>	<u>140,570,000</u>

Less:

State School Grants Receivable.....	-	-	-	-	-
Total Net Indebtedness	<u>32,339,274</u>	<u>156,616,084</u>	<u>10,291,787</u>	<u>1,617,325</u>	<u>140,570,000</u>

DEBT LIMITATION IN EXCESS

OF OUTSTANDING INDEBTEDNESS...	<u>\$ 172,377,359</u>	<u>\$ 252,817,181</u>	<u>\$ 330,902,601</u>	<u>\$ 294,084,478</u>	<u>\$ 132,385,510</u>
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¹ Gas Line extension bonds outstanding in the amount of \$12,138,755.

² Excludes \$17,238,633 of self-supporting water debt.

Note: In no case shall total indebtedness exceed seven times annual receipts from taxation or \$636,896,190.

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

**Authorized but Unissued Debt
As of December 14, 2023
(Pro Forma)**

Project	Total				
	Amount of Authorization	Bonds Issued	Est. Grants/ Other Sources	This Issue: The Bonds	Authorized but Unissued
Code Correction Assistance.....	\$ 1,810,000	\$ 1,722,675	\$ -	\$ -	\$ 87,325
Dodd Stadium Capital Improvements (2018)...	800,000	450,000	-	-	350,000
Infrastructure Improvement Program (2019)....	5,000,000	926,219	-	2,000,000	2,073,781
Wawecus Street Bridge.....	800,000	500,000	-	-	300,000
Infrastructure Improvement Program (2023)....	6,000,000	-	-	-	6,000,000
School Building Program (2022).....	385,000,000	7,000,000	232,000,000	3,000,000	143,000,000
Totals.....	\$ 399,410,000	\$ 10,598,894	\$ 232,000,000	\$ 5,000,000	\$ 151,811,106

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

Long-Term Debt	2023 ²	2022	2021	2020	2019
Government-Type Bonds.....	\$ 188,205,000	\$ 187,270,000	\$ 46,395,000	\$ 48,145,000	\$ 48,664,000
Business-Type Bonds ¹	23,735,202	25,816,000	13,432,699	25,441,000	21,922,000
Sub-Total.....	211,940,202	213,086,000	59,827,699	73,586,000	70,586,000
Short-Term Debt					
Bond Anticipation Notes.....	-	-	-	-	-
Grand Total.....	\$ 211,940,202	\$ 213,086,000	\$ 59,827,699	\$ 73,586,000	\$ 70,586,000

¹ Includes golf course bonds, clean water fund loans, and drinking water state revolving fund loans.

² Subject to audit.

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

Fiscal Year Ended 6/30	Net Assessed Value (000s)	Estimated Full Value ¹ (000s)	Net Long-Term Debt ² (000s)	Ratio of Net Long-Term Debt to Estimated Full		Population ³	Ratio of Net Long-Term Debt per Capita to Per Capita Income ⁴ (%)	
				Value (%)	Value (%)		Net Long-Term Debt per Capita	Income (%)
2023 ⁵	\$ 2,127,198	\$ 3,038,855	\$ 188,205	8.85%	6.19%	40,020	\$ 4,702.77	14.06%
2022	2,080,480	2,972,114	187,270	9.00%	6.30%	40,020	4,679.41	13.99%
2021	2,046,046	2,922,923	46,395	2.27%	1.59%	40,020	1,159.30	3.47%
2020	2,027,088	2,895,840	48,145	2.38%	1.66%	40,020	1,203.02	3.60%
2019	1,903,564	2,719,377	48,664	2.56%	1.79%	40,020	1,215.99	3.64%

¹ Assessment Ratio, 70%.

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

³ U.S. Department of Commerce, Bureau of Census, ACS 2017-2021 Estimates.

⁴ Money Income per Capita: ACS 2017-2021 Estimates: \$33,441 used for all calculations.

⁵ Subject to audit.

Note: Excludes capital leases.

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

Fiscal Year Ended 6/30	General Fund Debt Service			General Fund Expenditures ¹	Ratio of General Fund Debt Service to Total General Fund Expenditures (%)
	Non-POB	POB	Total		
2024	\$ 4,297	\$ 4,395	\$ 8,692	\$ 153,790	5.65%
2023	3,494	4,397	7,891	158,449	4.98%
2022	3,908	-	3,908	144,748	2.70%
2021	4,062	-	4,062	140,535	2.89%
2020	4,384	-	4,384	137,695	3.18%
2019	4,263	-	4,263	131,761	3.24%
2018	4,469	-	4,469	135,485	3.30%
2017	4,373	-	4,373	131,915	3.32%
2016	4,542	-	4,542	126,857	3.58%
2015	5,436	-	5,436	123,254	4.41%

¹ GAAP basis of accounting. Includes Transfers out.

Source: Annual Audited Financial Statements: 2014-2022

City of Norwich Finance Department: 2023 & 2024

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VI. Financial Administration

Fiscal Year

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

Basis of Accounting and Accounting Policies

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

Budget Procedure

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

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

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

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

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

Annual Audit

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

For the fiscal year ended June 30, 2022, the financial statements of the various funds of the City were audited by Clifton Larsen Allen LLP, Certified Public Accountants, West Hartford, Connecticut. The financial statements for the fiscal year ended June 30, 2023 is currently underway.

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 2023 for hospitalization with a maximum aggregate for all claims of approximately \$27,166.

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

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

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

Capital Improvement Plan

Uses	Fiscal Year							Total
	2023	2024	2025	2026	2027	2028	2029	
School Construction.....	\$ 385,000,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 385,000,000
Police.....	3,514,000	44,750,000	-	-	-	-	-	48,264,000
Fire.....	-	-	2,650,000	1,850,000	-	700,000	-	5,200,000
Public Works.....	2,670,669	8,235,821	787,000	787,000	787,000	787,000	787,000	14,841,490
Planning.....	-	-	-	-	-	-	-	-
Total.....	\$ 392,184,669	\$ 53,685,821	\$ 3,437,000	\$ 2,637,000	\$ 787,000	\$ 1,487,000	\$ 787,000	\$ 455,005,490
Sources								
Bonds.....	\$ 149,000,000	\$ 50,750,000	\$ 2,500,000	\$ -	\$ -	\$ -	\$ -	\$ 202,250,000
CT School Construction Grants.....	236,000,000	-	-	-	-	-	-	236,000,000
Capital Budget.....	954,669	1,299,331	590,000	2,290,000	440,000	1,140,000	440,000	7,154,000
Federal American Rescue Plan Act....	5,895,000	1,000,000	-	-	-	-	-	6,895,000
CT Local Capital Impr. Program.....	335,000	347,000	347,000	347,000	347,000	347,000	347,000	2,417,000
Other Grants / Private Fundraising....	-	289,490	-	-	-	-	-	289,490
Total.....	\$ 392,184,669	\$ 53,685,821	\$ 3,437,000	\$ 2,637,000	\$ 787,000	\$ 1,487,000	\$ 787,000	\$ 455,005,490

Pension Programs

City Retirement System

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

The contribution requirements of plan members and the City are established and may be amended by the City Council. Benefits and contributions are established by the City and may be amended only by the City Charter and union negotiation. City and Police employees are required to contribute 8.5%. Firefighter participants are required to contribute 9.5%. The City's funding policy provides for periodic employer contributions at actuarially determined rates. In connection with the pension obligation bond initiative and in consultation with the City's investment advisors and actuary, the City reduced the assumed rate of return to 6.25% and changed the amortization to a closed 25-year period with its July 1, 2021 actuarial valuation.

The table below shows the City's contributions compared to the actuarially determined contribution (in millions).

Fiscal Year Ended	Actuarially Determined Contribution (000's)	Actual Contribution (000's)	% of ADC Contributed
6/30/2024 ^{1,2}	\$ 5,254	\$ 5,254	100.0%
6/30/2023 ²	4,411	4,411	100.0%
6/30/2022 ³	13,684	144,718	1057.6%
6/30/2021	12,759	12,774	100.1%
6/30/2020	12,073	12,073	100.0%
6/30/2019	12,010	11,432	95.2%
6/30/2018	10,820	10,103	93.4%
6/30/2017	10,732	8,711	81.2%
6/30/2016	9,740	7,581	77.8%
6/30/2015	9,651	6,718	69.6%

¹ Budgeted amounts.

² Subject to audit.

³ The increase in actual contribution is due to pension obligation bonds issued by the City in February 2022.

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Volunteer Firefighters' Relief Fund

The City is also the administrator of a Volunteer Firefighters' Relief Plan which was established to provide pension benefits to volunteers. The Plan is considered to be part of the City's financial reporting entity and is included in the City's financial reports as a pension trust fund. The plan does not issue a stand-alone report. The City is committed to funding 100% of the ADC for the Volunteer Firefighters' Relief Plan.

Fiscal Year Ended	Actuarially Determined		Actual	% of ADC Contributed
	Contribution (000's)	Contribution (000's)	Contribution (000's)	
6/30/2024 ^{1, 2}	\$ 329 ^{1, 2}	\$ 329		100.0%
6/30/2023 ²	310 ²	310		100.0%
6/30/2022	357	357		100.0%
6/30/2021	335	335		100.0%
6/30/2020	365	365		100.0%
6/30/2019	365	365		100.0%
6/30/2018	373	373		100.0%
6/30/2017	373	373		100.0%
6/30/2016	374	351		93.9%
6/30/2015	304	333		109.5%

¹ Budgeted amounts.

² Subject to audit.

The City's actuarial valuation report as of July 1, 2022 was completed in November 2022. As of July 1, 2022, the Pension Plan had an unfunded actuarial accrued liability of \$11,939,681 which amount reflects an interest rate assumption of 6.25%.

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

Total Net Pension Liability

The following presents the net pension liability of the City as of June 30, 2022.

	City	Volunteer Firefighters'
Total Pension Liability	\$ 386,274,032	\$ 7,179,101
Plan Fiduciary Net Position	340,816,093	3,591,086
Total Net Pension Liability	<u>\$ 45,457,939</u>	<u>\$ 3,588,015</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	88.23%	50.02%

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

The following presents the net pension liability of the City as of June 30, 2022, 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 (5.25%)	Current Discount Rate (6.25%)	1% Increase (7.25%)
City Net Pension Liability	\$ 94,056,505	\$ 45,457,939	\$ 5,176,488

	1% Decrease (5.25%)	Current Discount Rate (6.25%)	1% Increase (7.25%)
Volunteer Firefighters' Net Pension Liability	\$ 4,434,797	\$ 3,588,015	\$ 2,890,219

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

Other Post Employment Benefits (OPEB)

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

The City completed the July 1, 2021 actuarial valuation report in December 2021. This valuation included changes to assumptions for recent bargaining unit negotiations, a decrease in the assumed rate of return from 7.25% to 6.25%, and changes in amortization methods. The table below compares the funding status as of this most recent valuation to the previous valuations.

Total Net OPEB Liability

Total OPEB Liability	\$ 67,244,518
Plan Fiduciary Net Position	33,830,768
Total Net OPEB Liability	<u>\$ 33,413,750</u>
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	50.31%

Schedule of Contributions

Fiscal Year Ended	Actuarially Determined Contribution (000's)	Actual Contribution (000's)	% of ARC Contributed
6/30/2024 ^{1,2}	\$ 3,441	\$ 3,441	100.0%
6/30/2023 ^{1,2}	3,239	3,239	100.0%
6/30/2022	4,684	4,684	100.0%
6/30/2021	4,367	4,367	100.0%
6/30/2020	5,522	5,339	96.7%
6/30/2019	5,485	5,240	95.5%
6/30/2018	5,542	5,548	100.1%
6/30/2017	5,492	5,492	100.0%
6/30/2016	5,565	5,565	100.0%
6/30/2015	5,446	5,446	100.0%

¹ Subject to Audit.

² Budgeted amounts.

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

The following presents the net OPEB liability of the City as of June 30, 2022 at the current discount rate, as well as what the City’s net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1% Decrease	Current	1% Increase
	(5.25%)	Discount Rate	(7.25%)
		(6.25%)	
Net OPEB Liability.....	\$ 39,888,569	\$ 33,413,750	\$ 27,879,067

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

The following presents the net OPEB liability of the City as of June 30, 2022 at the current healthcare trend rate, as well as what the City’s net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower or 1 percentage point higher than the current healthcare cost trend rates:

	1% Decrease	Healthcare Cost	1% Increase
		Trend Rates ¹	
Net OPEB Liability.....	\$ 26,538,002	\$ 33,413,750	\$ 41,611,023

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

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General Fund Unassigned Fund Balance Policy

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.

Investment Practices

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

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

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

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General Fund Balance Sheet
Four Year Summary of Actual Assets, Liabilities, and General Fund Equity
And Estimated Actual
(in thousands)

	<i>Estimated</i>				
	<i>Actual</i> ¹	<i>Actual</i>	<i>Actual</i>	<i>Actual</i>	<i>Actual</i>
	6/30/2023	6/30/2022	6/30/2021	6/30/2020	6/30/2019
Assets:					
Cash and Cash Equivalents	\$ 11,160	\$ 36,982	\$ 25,190	\$ 14,689	\$ 7,589
Investments	65,086	40,467	31,480	27,464	30,735
Receivables, net.....	5,314	7,250	6,621	6,666	5,976
Lease Receivable.....	1,700	1,723	-	-	-
Due from Other Funds	6,726	4,799	7,312	2,593	2,646
Other	-	-	-	-	-
Total Assets	89,986	91,221	70,603	51,412	46,946
Liabilities, Equity, & Other Credits:					
Current Liabilities					
Accounts and Other Payables.....	6,705	6,901	8,958	8,157	6,768
Deferred Revenues	-	-	-	-	-
Due to Other Funds	55,573	58,529	38,679	22,844	21,201
Unearned Revenues	-	306	511	141	77
Total Liabilities	62,278	65,736	48,148	31,142	28,046
Deferred Inflow of Resources					
Unavailable Revenue - Property Taxes	4,423	3,490	4,081	4,350	3,453
Unavailable Revenue - Leases	1,700	1,723	-	-	-
Unavailable Revenue - Special Assessments	541	1,157	1,358	1,527	1,725
Total Deferred Inflow of Resources	6,664	6,370	5,439	5,877	5,178
Equity & Other Credits					
Nonspendable	-	-	-	-	-
Committed	-	-	-	-	-
Assigned	-	-	-	116	69
Unassigned.....	21,044	17,392	17,016	14,277	13,653
Total Equity & Other Credits	21,044	17,392	17,016	14,393	13,722
Total Liabilities, Equity & Other Credits ...	\$ 89,986	\$ 89,498	\$ 70,603	\$ 51,412	\$ 46,946

¹ Subject to audit.

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General Fund Revenues and Expenditures
Four Year Summary of Audited Revenues and Expenditures (GAAP Basis) and
Estimated Actual and Adopted Budget (Budgetary Basis)
(in thousands)

	<i>Adopted</i> Budget ¹	<i>Estimated</i> Actual ¹	Actual	Actual	Actual	Actual
	6/30/2024	6/30/2023	6/30/2022	6/30/2021	6/30/2020	6/30/2019
Revenues:						
Property Taxes	\$ 87,582	\$ 86,665	\$ 86,156	\$ 85,977	\$ 81,590	\$ 77,469
Intergovernmental Revenue	44,057	54,170	48,907	46,942	45,825	42,251
Charges for services	2,366	2,385	3,226	2,848	2,601	2,356
Licenses, permits and fees	886	1,182	886	643	606	485
Investment income	2,400	1,699	159	213	786	835
Other	1,335	1,362	287	226	238	68
Total.....	\$ 138,626	\$ 147,463	\$ 139,621	\$ 136,849	\$ 131,646	\$ 123,464
Expenditures:						
General Government	\$ 7,280	\$ 6,595	\$ 6,110	\$ 5,754	\$ 5,821	\$ 5,898
Public Safety	22,571	21,323	21,053	20,118	19,790	19,470
Social Services	12,905	12,153	2,187	2,044	2,129	2,027
Public Works	2,049	1,513	11,279	10,597	10,554	10,698
Education	89,474	98,345	93,157	90,696	89,872	84,605
Other	3,245	3,147	2,738	2,766	2,559	2,303
Capital Outlay	-	-	-	-	-	-
Debt Service.....	-	-	-	140	-	-
Total.....	\$ 137,524	\$ 143,076	\$ 136,524	\$ 132,115	\$ 130,725	\$ 125,001
Excess (Deficiency) of Revenues						
Over Expenditures.....	\$ 1,102	\$ 4,387	\$ 3,097	\$ 4,734	\$ 921	\$ (1,537)
Other Financing Sources (Uses):						
Operating transfers in.....	6,090	5,564	5,501	6,169	6,720	6,455
Operating transfers out.....	(7,192)	(6,299)	(8,222)	(8,420)	(6,970)	(6,760)
Issuance of Refunding Bonds	-	-	-	15,920	-	-
Payment to Refunding Bonds Escrow Agent...	-	-	-	(15,780)	-	-
Other	-	-	-	-	-	-
Net Other Financing Sources (Uses).....	\$ (1,102)	\$ (735)	\$ (2,721)	\$ (2,111)	\$ (250)	\$ (305)
Excess (Deficiency) Of Revenues And Other Financing Sources Over Expenditures and Other Financing Uses.....	-	3,652	376	2,623	671	(1,842)
Fund Equity, Beginning of Year.....	21,044	17,392	17,016	14,393	13,722	15,564
Residual Equity Transfer.....	-	-	-	-	-	-
Fund Equity, End of Year.....	N/A	\$ 21,044	\$ 17,392	\$ 17,016	\$ 14,393	\$ 13,722

¹ Budgetary basis of accounting; subject to audit.

Analysis of General Fund Equity

	<i>Adopted</i> Budget ¹	<i>Estimated</i> Actual ¹	Actual	Actual	Actual	Actual
	6/30/2024	6/30/2023	6/30/2022	6/30/2021	6/30/2020	6/30/2019
Nonspendable.....	N/A	\$ -	\$ -	\$ -	\$ -	\$ -
Committed.....	N/A	-	-	-	-	-
Assigned.....	N/A	-	-	-	116	69
Unassigned.....	N/A	21,044	17,392	17,016	14,277	13,653
Total Fund Equity.....	N/A	\$ 21,044	\$ 17,392	\$ 17,016	\$ 14,393	\$ 13,722

¹ Budgetary Basis of accounting. Subject to audit. No assurances can be given that subsequent projections and the final result of operations will not change.

VII. Legal and Other Information

Legal Matters

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

Litigation

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

Transcript and Closing Documents

Upon delivery of the Bonds, the winning purchaser will be furnished the following:

1. A Signature and No Litigation Certificate stating that at the time of delivery, no litigation is pending or threatened affecting the validity of the Bonds or the levy or collection of taxes to pay them.
2. A certificate on behalf of the City, signed by the City Manager and the Comptroller, which will be dated the date of delivery, and which will certify, to the best of said officials' knowledge and belief, at the time bids were accepted on the Bonds, the description and statements in the Preliminary Official Statement relating to the City and its finances were true and correct in all material respects and did not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, and that there has been no material adverse change in the financial condition of the City from that set forth in or contemplated by the Preliminary Official Statement.
3. A receipt for the purchase price of the Bonds.
4. The Approving Opinion of Pullman & Comley, LLC, Bond Counsel in substantially the form attached hereto as Appendix B.
5. An executed Continuing Disclosure Agreement for the Bonds in substantially the form attached hereto as Appendix C.

The City of Norwich has prepared this Official Statement for the Bonds, which is dated November 30, 2023. The City deems such Official Statement final as of its date for purposes of SEC Rule 15c2-12 (b)(1), but it is subject to revision or amendment. The City will make available to the winning purchaser of the Bonds a reasonable number of copies of the Official Statement at the City's expense. The copies of the Official Statement will be made available to the winning purchaser within seven business days of the bid opening. If the City's Municipal Advisor, Phoenix Advisors, LLC, is provided with the necessary information from the winning purchaser by noon of the day following the day bids on the Bonds are received, the copies of the Official Statement will include an additional cover page and other pages indicating the interest rates, ratings, yields or reoffering prices, and the name of the managing underwriter. The winning purchaser shall arrange with the Municipal Advisor the method of delivery of the copies of the Official Statement to the winning purchaser. Additional copies of the Official Statement may be obtained by the winning purchaser at its own expense by arrangement with the printer.

A transcript of the proceedings taken by the City with respect to the Bonds will be kept on file at the offices of U.S. Bank Trust Company, National Association and will be available for examination upon reasonable notice.

Concluding Statement

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

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

CITY OF NORWICH, CONNECTICUT

By: /s/ John L. Salomone
John L. Salomone, *City Manager*

By: /s/ Joshua A. Pothier
Joshua A. Pothier, *Comptroller*

Dated as of November 30, 2023

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Appendix A

2022 General Purpose Financial Statements

The following includes excerpts from the Annual Comprehensive Financial Report of the City of Norwich, Connecticut for the fiscal year ended June 30, 2022. The supplemental data which was a part of that report has not been reproduced herein. A copy of the complete report is available upon request from Matthew A. Spoerndle, Senior Managing Director, Phoenix Advisors, LLC, 53 River Street, Milford, Connecticut 06460. Telephone (203) 878-4945.

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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.

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

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

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	(884)
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	12,793
Total Amount Subject to Custodial Credit Risk	<u>\$ 125,166</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	32,923	970	27,893	4,060
Total	104,549	<u>\$ 32,722</u>	<u>\$ 54,672</u>	<u>\$ 17,155</u>
Other Investments:				
Mutual Funds	220,368			
Common Stock	74,997			
Real Estate	963			
Total Investments	<u>\$ 400,877</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>	<u>Business-Type Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2023	\$ 145	\$ 22
2024	132	17
2025	61	13
2026	60	11
2027	63	8
2028-2032	182	10
Total	<u>\$ 643</u>	<u>\$ 81</u>

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
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(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
JUNE 30, 2022
(IN THOUSANDS)**

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
(IN THOUSANDS)**

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
JUNE 30, 2022
(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
JUNE 30, 2022
(IN THOUSANDS)**

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
JUNE 30, 2022
(IN THOUSANDS)**

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
JUNE 30, 2022
(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	<u>\$ 47,760</u>

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
JUNE 30, 2022
(IN THOUSANDS)

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
JUNE 30, 2022
(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	184

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
JUNE 30, 2022
(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	-	-	-
Contributions	(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	\$	85,110

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
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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:

<u>Asset Class</u>	<u>Expected Return</u>	<u>Target Allocation</u>
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
JUNE 30, 2022
(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	1,479

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 Department of Public Utilities	Total
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
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(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>\$ 30,019</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
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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
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(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
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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
(IN THOUSANDS)**

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
(IN THOUSANDS)

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)**

Fines and assessments

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>

Investment Income

Interest	240	240	159	(81)
Subtotal	<u>240</u>	<u>240</u>	<u>159</u>	<u>(81)</u>

Rents

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>

Other Revenues

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>

Other Financing Sources

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>
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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
<i>Other</i>				
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	<u>144,718</u>	<u>12,774</u>	<u>12,107</u>	<u>11,432</u>	<u>10,103</u>	<u>8,711</u>	<u>7,581</u>	<u>6,718</u>	<u>5,849</u>	<u>5,730</u>
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	\$ 85,110	\$ 107,461	\$ 82,027	\$ 63,248	\$ 76,431	\$ 80,635	\$ 57,271	\$ 52,936
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.

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Appendix B

Form of Opinion of Bond Counsel

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FORM OF OPINION OF BOND COUNSEL

December __, 2023

City of Norwich
City Hall
100 Broadway
Norwich, Connecticut 06360

We have acted as Bond Counsel in connection with the issuance by the City of Norwich, Connecticut (the “City”), of its \$5,000,000 General Obligation Bonds, Issue of 2023, (the “Bonds”) dated December __, 2023. In such capacity, we have examined a record of proceedings of the City authorizing the Bonds, a Tax Compliance Agreement and Certificate of the City dated the date hereof (the “Agreement”), such law and such other proceedings, certifications, and documents as we have deemed necessary to render this opinion.

As to questions of fact material to our opinion, we have relied upon the certified proceedings and other certifications of public officials furnished to us without undertaking to verify the same by independent investigation.

We are of the opinion that when the Bonds are duly certified by U.S. Bank Trust Company, National Association, the Bonds will be valid and legally binding general obligations of the City payable as to both principal and interest from ad valorem taxes which may be levied on all taxable property subject to taxation by the City without limitation as to rate or amount except as to classified property such as certified forest lands taxable at a limited rate and dwelling houses of qualified elderly persons of low income or of qualified disabled persons taxable at limited amounts pursuant to Connecticut statutes. We are further of the opinion that the Agreement is a valid and binding agreement of the City and was duly authorized by the City.

The rights of the holders of the Bonds and the enforceability thereof may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors’ rights generally and by equitable principles, whether considered at law or in equity.

The Internal Revenue Code of 1986 (the “Code”), establishes certain requirements that must be satisfied at and subsequent to the issuance and delivery of the Bonds in order that interest on the Bonds be excluded from gross income under Section 103 of the Code. In the Agreement, the City has made covenants and representations designed to assure compliance with such requirements of the Code. The City has covenanted in the Agreement that it will at all times comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Bonds to ensure that interest on the Bonds shall not be included in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds, including covenants regarding, among other matters, the use, expenditure and investment of the proceeds of the Bonds.

In rendering the below opinions regarding the federal treatment of interest on the Bonds, we have relied upon and assumed (i) the material accuracy of the representations, statements of intention and reasonable expectations, and certifications of fact contained in the Agreement, and (ii) continuing compliance by the City with the covenants set forth in the Agreement as to such tax matters.

The City has designated the Bonds as “qualified tax exempt obligations” within the meaning of Code Section 265(b)(3) for purposes of the deduction by financial institutions for interest expense allocable to the Bonds.

In our opinion, under existing statutes and court decisions, (i) interest on the Bonds is excluded from gross income for federal income tax purposes; and (ii) such interest is not an item of tax preference for purposes of the federal alternative minimum tax; however, such interest is taken into account in determining the annual adjusted financial statement income of certain corporations for the purpose of computing the alternative minimum tax imposed on corporations for tax years beginning after December 31, 2022. We express no opinion regarding other federal income tax consequences caused by ownership or disposition of, or receipt of interest on the Bonds.

We are further of the opinion that, under existing statutes, interest on the Bonds is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates and is excluded from amounts on which the net Connecticut minimum tax is based for individuals, trusts and estates required to pay the federal alternative minimum tax. We express no opinion regarding other state income tax consequences caused by ownership or disposition of, or receipt of interest on the Bonds.

We express no opinion herein regarding the accuracy, adequacy, or completeness of the Preliminary Official Statement, the Official Statement and other offering material relating to the Bonds.

The foregoing opinion is based upon existing laws, regulations, rules and court decisions. We undertake no responsibility to inform you of changes in law or fact occurring after the date hereof which may affect the conclusions herein. In addition, we have not undertaken to advise in the future whether any events after the date of issuance of the Bonds, including the adoption of federal tax legislation, may affect the tax status of interest on the Bonds.

Respectfully,

PULLMAN & COMLEY, LLC

Appendix C

Form of Continuing Disclosure Agreement

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

**In Connection With The Issuance and Sale of
City of Norwich, Connecticut
\$5,000,000 General Obligation Bonds, Issue of 2023**

Dated December __, 2023

WHEREAS, the City of Norwich, Connecticut (the “Issuer”) has heretofore authorized the issuance of \$5,000,000 in aggregate principal amount of its General Obligation Bonds, Issue of 2023 (the “Bonds”) to be dated December __, 2023 and to mature in the principal amounts and on the dates set forth in the Issuer’s Official Statement describing the Bonds (the “Official Statement”); and

WHEREAS, the Issuer acknowledges that an underwriter may not purchase or sell the Bonds unless it has reasonably determined that the Issuer has undertaken in a written agreement for the benefit of the beneficial owners of the Bonds to provide certain continuing disclosure information as required by Securities and Exchange Commission Rule 15c2-12(b)(5) as amended from time to time (the “Rule”), and the Issuer desires to assist the underwriter of the Bonds in complying with the Rule; and

WHEREAS, the Issuer is authorized pursuant to Connecticut General Statutes §3-20e enacted by the Connecticut General Assembly to make representations and agreements for the benefit of the beneficial owners of the Bonds to meet the requirements of the Rule; and

WHEREAS, in order to assist the underwriter of the Bonds in complying with the Rule, this Continuing Disclosure Agreement is to be made, executed and delivered in connection with the issuance of the Bonds, all for the benefit of the beneficial owners of the Bonds, as they may be from time to time;

NOW, THEREFORE, THE ISSUER HEREBY REPRESENTS, COVENANTS AND AGREES AS FOLLOWS:

Section 1. Definitions. In addition to the terms defined above, the following capitalized terms shall have the meanings ascribed thereto:

“Annual Report” shall mean any Annual Report provided by the Issuer pursuant to, and as described in, Sections 2 and 3 of this Continuing Disclosure Agreement.

“Fiscal Year End” shall mean the last day of the Issuer’s fiscal year, currently June 30.

“Listed Events” shall mean any of the events listed in Section 4 of this Continuing Disclosure Agreement.

“MSRB” shall mean the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934, as amended, or any successor thereto.

Section 2. Annual Reports.

(a) The Issuer shall provide or cause to be provided to the MSRB, in accordance with the provisions of the Rule and of this Continuing Disclosure Agreement, the following annual financial information and operating data regarding the Issuer:

(i) Audited financial statements as of and for the year ending on its Fiscal Year End for the general fund, capital projects funds and special revenue funds, prepared in accordance with generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board from time to time or mandated state statutory principles as in effect from time to time; and

(ii) Financial information and operating data as of and for the year ending on its Fiscal Year End of the following type to the extent not included in the audited financial statements described in (i) above:

(A) the amounts of the gross and net taxable grand list;

(B) a listing of the ten largest taxpayers on the grand list, together with each such taxpayer's taxable valuation thereon;

(C) the percentage and amount of the annual property tax levy collected and uncollected;

(D) a schedule of the annual debt service on outstanding long-term bonded indebtedness;

(E) a calculation of the net direct debt, total direct debt, and total overall net debt (reflecting overlapping and underlying debt);

(F) the total direct debt and total overall net debt of the Issuer per capita;

(G) the ratios of total direct debt and total overall net debt of the Issuer to the Issuer's net taxable grand list;

(H) a statement of statutory debt limitations and debt margins;
and

(I) the funding status of the Issuer's pension benefit obligations.

(b) The above-referenced information is expected to be provided by the filing of and cross reference to the Issuer's audited financial statements. The information may be provided in whole or in part by cross-reference to other documents provided to the MSRB, including official statements of the Issuer which will be available from the MSRB or filed with the SEC. The information will be provided in an electronic format and accompanied by identifying information as prescribed by the MSRB.

(c) Subject to the requirements of Section 8 hereof, the Issuer reserves the right to modify from time to time the specific types of information or data provided or the format of the presentation of such information or data, to the extent necessary or appropriate; provided that the Issuer agrees that any such

modification will be done in a manner consistent with the Rule. The Issuer also reserves the right to modify the preparation and presentation of financial statements described herein as may be required to conform with changes in Connecticut law applicable to municipalities or any changes in generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board from time to time.

Section 3. Timing. The Issuer shall provide the information and data referenced in Section 2(a) not later than eight months after each Fiscal Year End subsequent to the date of issuance of the Bonds, provided, however, that if such financial information and data for the Fiscal Year End preceding the date of issuance of the Bonds is not contained in the Final Official Statement for the Bonds or has not otherwise been previously provided, the Issuer shall provide such information and data no later than eight months after the close of such preceding Fiscal Year End. The Issuer agrees that if audited information is not available eight months after the close of any Fiscal Year End, it shall submit unaudited information by such time and will submit audited information when available.

Section 4. Event Notices.

(a) The Issuer agrees to provide or cause to be provided to the MSRB, within ten (10) business days of the occurrence of any of the following events with respect to the Bonds, notice of the occurrence of such event:

- (i) principal and interest payment delinquencies;
- (ii) non-payment related defaults, if material;
- (iii) unscheduled draws on debt service reserves reflecting financial difficulties;
- (iv) unscheduled draws on credit enhancements reflecting financial difficulties;
- (v) substitution of credit or liquidity providers, or their failure to perform;
- (vi) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB), or other material notices or determinations with respect to the tax status of the Bonds, or other events affecting the tax status of the Bonds;
- (vii) modification to rights of security holders, if material;
- (viii) bond calls, if material, and tender offers;
- (ix) defeasances;
- (x) release, substitution or sale of property securing repayment of the securities, if material;
- (xi) rating changes;
- (xii) bankruptcy, insolvency, receivership or similar event of the Issuer;
- (xiii) the consummation of a merger, consolidation, acquisition involving the Issuer, other than the ordinary course of business, or the sale of all or substantially all the

assets of the Issuer, or the entry into a definitive agreement to engage in such a transaction, or a termination of such an agreement, other than in accordance with its terms, if material;

(xiv) the appointment of a successor or additional trustee, or the change in the name of the trustee;

(xv) Incurrence of a financial obligation of the obligated person, if material, or agreement to covenants, events of default, remedies, priority right, or other similar terms of a financial obligation of the obligated person, any of which affect security holders, if material; and

(xvi) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the obligated person, any of which reflect financial difficulties.

Note to clauses (a)(xv) and (a)(xvi): For purposes of the events identified in clauses (a)(xv) and (xvi), the term “financial obligation” means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term “financial obligation” shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

Section 5. Notice of Failure. The Issuer agrees to provide or cause to be provided, in a timely manner, to the MSRB, notice of any failure by the Issuer to provide the annual financial information described in Section 2(a) of this Continuing Disclosure Agreement on or before the date set forth in Section 3 hereof.

Section 6. Termination of Reporting Obligation. The Issuer’s obligations under this Continuing Disclosure Agreement shall terminate upon the defeasance, prior redemption or payment in full of all of the Bonds.

Section 7. Agent. The Issuer may, from time to time, appoint or engage an agent to assist it in carrying out its obligations under this Continuing Disclosure Agreement, and may discharge any such agent, with or without appointing a successor agent.

Section 8. Amendment; Waiver. Notwithstanding any other provision of this Continuing Disclosure Agreement, the Issuer may amend this Continuing Disclosure Agreement, and any provision of this Continuing Disclosure Agreement may be waived, if such amendment or waiver is made in connection with a change in circumstances that arises from a change in legal requirements, a change in law, or a change in the identity, nature or status of the Issuer, and is supported by an opinion of counsel expert in federal securities laws, to the effect that (i) such amendment or waiver would not materially adversely affect the beneficial owners of the Bonds and (ii) the Continuing Disclosure Agreement as so amended would have complied with the requirements of the Rule as of the date of the Continuing Disclosure Agreement, taking in account any amendments or interpretations of the Rule as well as any changes in circumstances. A copy of any such amendment will be filed in a timely manner with the MSRB. The annual financial information provided on the first date following adoption of any such amendment will explain, in narrative form, the reasons for the amendment and the impact of the change in the type of operating or financial information provided.

Section 9. Additional Information. Nothing in this Continuing Disclosure Agreement shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Continuing Disclosure Agreement or any other means of communications, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Continuing Disclosure Agreement. If the Issuer chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Continuing Disclosure Agreement, the Issuer shall have no obligation under this Continuing Disclosure Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 10. Indemnification. The Issuer agrees to indemnify and save its officials, officers and employees harmless against any loss, expense and liabilities which they may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorney's fees) of defending against any claim of liability hereunder, but excluding any such liabilities due to any such person's malicious, wanton, or willful act. The obligations of the Issuer under this Section shall survive, notwithstanding that such person may no longer be serving in such capacity.

Section 11. Enforceability. The Issuer agrees that its undertaking pursuant to the Rule set forth in this Continuing Disclosure Agreement is intended to be for the benefit of and enforceable by the beneficial owners of the Bonds. In the event the Issuer shall fail to perform its duties hereunder, the Issuer shall have the option to cure such failure after its receipt of written notice from any beneficial owner of the Bonds of such failure. In the event the Issuer does not cure such failure, the right of any beneficial owner of the Bonds to enforce the provisions of this undertaking shall be limited to a right to obtain specific enforcement of the Issuer's obligations hereunder. No monetary damages shall arise or be payable hereunder nor shall any failure to comply with this Continuing Disclosure Agreement constitute default of the Issuer with respect to the Bonds.

Section 12. Governing Law. This Continuing Disclosure Agreement shall be governed by the laws of the State of Connecticut.

Section 13. Method of Filing. To the extent filings are required to be made to the MSRB under this Continuing Disclosure Agreement, the Issuer shall transmit such filings or notices in an electronic format to the continuing disclosure service portal provided through MSRB's EMMA as provided at <http://emma.msrb.org/> or any similar system that is acceptable to the SEC.

IN WITNESS WHEREOF, the Issuer has caused this Continuing Disclosure Agreement to be executed in its name by its undersigned officers, duly authorized, all as of the date first above written.

CITY OF NORWICH, CONNECTICUT

By: _____
John L. Salomone, City Manager

By: _____
Joshua A. Pothier, Comptroller

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Appendix D

Notice of Sale

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NOTICE OF SALE

CITY OF NORWICH, CONNECTICUT
\$5,000,000 GENERAL OBLIGATION BONDS, ISSUE OF 2023
(BANK QUALIFIED)
BOOK-ENTRY-ONLY

NOTICE IS GIVEN that ELECTRONIC BIDS solely via **PARITY**® will be received by the CITY OF NORWICH, CONNECTICUT (the “Issuer”), until 11:30 A.M. (E.T.) on THURSDAY,

NOVEMBER 30, 2023

(the “Sale Date”) for the purchase, when issued, of all (but not less than all) of the Issuer’s \$5,000,000 General Obligation Bonds, Issue of 2023, dated December 14, 2023 (the “Bonds”), at no less than par and accrued interest from the date of the Bonds to the date of delivery, if any, maturing on August 1 in the principal amounts and in each of the years as follows:

<u>Maturity</u>	<u>Amount (\$)</u>	<u>Maturity</u>	<u>Amount (\$)</u>
2024	250,000	2034	250,000
2025	250,000	2035	250,000
2026	250,000	2036	250,000
2027	250,000	2037	250,000
2028	250,000	2038	250,000
2029	250,000	2039	250,000
2030	250,000	2040	250,000
2031	250,000	2041	250,000
2032	250,000	2042	250,000
2033	250,000	2043	250,000

The Bonds will bear interest commencing August 1, 2024 and semiannually thereafter on February 1 and August 1 in each year until maturity, as further described in the Preliminary Official Statement (as hereinafter defined), at the rate or rates per annum specified by the winning bidder.

Optional Redemption

The Bonds maturing on or before August 1, 2030 are not subject to redemption prior to maturity. The Bonds maturing August 1, 2031 and thereafter are subject to redemption prior to maturity, at the option of the Issuer, on or after August 1, 2030 either in whole or in part at any time, in such order of maturity and amount as the Issuer may determine, and by lot within a maturity, at the respective prices (expressed as a percentage of the principal amount of the Bonds to be redeemed) set forth in the following table, plus interest accrued and unpaid to the redemption date:

<u>Period During Which Redeemed</u>	<u>Redemption Price</u>
August 1, 2030 and thereafter	100.0%

Nature of Obligation

The Bonds will constitute general obligations of the Issuer, and the Issuer will pledge its full faith and credit to pay the principal of and interest on the Bonds when due. Unless paid from other sources, the Bonds are payable from ad valorem taxes which may be levied on all taxable property subject to taxation by the Issuer without limit as to rate or amount except as to classified property such as certified forest lands taxable at a limited rate and dwelling houses of qualified elderly persons of low income or of qualified disabled persons taxable at limited amounts pursuant to provisions of the Connecticut General Statutes, as amended.

Bank Qualification

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

Registration

The Bonds will be issued by means of a book-entry system with no physical distribution of bond certificates made to the public. The Bonds will be issued in registered form and one bond certificate for each maturity will be issued to The Depository Trust Company (“DTC”), New York, New York, registered in the name of its nominee, Cede & Co., and immobilized in its custody. A book-entry system will be employed, evidencing ownership of the Bonds in principal amounts of \$5,000 or any integral multiple thereof, with transfers of ownership effected on the records of DTC and its participants pursuant to rules and procedures adopted by DTC and its participants. The purchaser, as a condition to delivery of the Bonds, will be required to deposit the bond certificates with DTC, registered in the name of Cede & Co. Principal of, redemption premium, if any, and interest on the Bonds will be payable by the Issuer or its agent to DTC or its nominee as registered owner of the Bonds. Principal and interest payments by DTC to participants of DTC will be the responsibility of DTC; principal and interest payments to beneficial owners by participants of DTC will be the responsibility of such participants and other nominees of beneficial owners. The Issuer will not be responsible or liable for payments by DTC to its participants or by DTC participants or indirect participants to beneficial owners or for maintaining, supervising or reviewing the records maintained by DTC, its participants or persons acting through such participants. Upon receipt from the Issuer, the Paying Agent will pay principal of and interest on the Bonds directly to DTC so long as DTC or its nominee, Cede & Co, is the bondholder.

In the event that (a) DTC determines not to continue to act as securities depository for the Bonds and the Issuer fails to identify another qualified securities depository to replace DTC, or (b) the Issuer determines to discontinue the book-entry system of evidence and transfer of ownership of the Bonds, the Issuer will authenticate and deliver replacement Bonds in the form of fully registered certificates. Any such replacement Bonds will provide that interest will be payable by

check mailed by the Paying Agent to the registered owner whose name appears on the registration books of the Issuer as of the close of business on the record date preceding each interest payment date. The record dates for the Bonds will be the fifteenth day of January and July, or the preceding business day if such fifteenth day is not a business day, in each year.

Proposals

Each bid must be for the entire \$5,000,000 of the Bonds. Each proposal must specify the amount bid for the Bonds (which shall be the aggregate par value of the Bonds, and, at the option of the bidder, a premium), and must specify in a multiple of one-twentieth of one percent ($1/20$ of 1%) or one-eighth of one percent ($1/8$ of 1%) the rate or rates of interest per annum which the Bonds are to bear, provided that such proposal shall not state (a) more than one interest rate for any Bonds having a like maturity or (b) any interest rate for any Bonds of one maturity which exceeds the interest rate stated in such proposal for Bonds of a different maturity by more than three (3) percentage points. In addition to the amount bid for the Bonds, the purchaser must pay an amount equal to the interest on the Bonds accrued to the date of delivery. For the purpose of the bidding process, the time as maintained on *PARITY*® shall constitute the official time. For information purposes only, bidders are requested to state in their bids the true interest cost (“TIC”) to the Issuer, as described under “Basis of Award” below, represented by the rate or rates of interest and the bid price specified in their respective bids. Interest shall be calculated on the basis of a 360-day year consisting of twelve 30-day months. No proposal for less than par and accrued interest to the date of delivery will be considered.

Basis of Award; Right to Reject Proposals; Waiver; Postponement; Change of Terms

Unless all bids are rejected, as between proposals which comply with this Notice of Sale, the Bonds will be awarded to the bidder whose bid proposes the lowest true interest cost (“TIC”) to the Issuer. The TIC will be the annual interest rate, compounded semiannually, which, when used to discount all payments of principal and interest payable on the Bonds results in an amount equal to the purchase price for the Bonds, excluding interest accrued to the date of delivery. If there is more than one bidder making said offer at the same lowest TIC, the Bonds will be sold to the bidder whose proposal is selected by the Issuer by lot from among all such proposals. It is requested that each proposal be accompanied by a statement of the percentage of TIC computed and rounded to six decimal places. Such statement shall not be considered as part of the proposal. The purchase price must be paid in immediately available federal funds.

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

The Issuer further reserves the right to postpone the sale to another time and date in its sole discretion for any reason, including Internet difficulties. The Issuer will use its best efforts to notify prospective bidders in a timely manner of any need for a postponement. Upon the establishment of an alternative sale date, any bidder may submit proposals for the purchase of the Bonds in accordance with the provisions of this Notice of Sale.

CUSIP Numbers

The deposit of the Bonds with DTC under a book-entry system requires the assignment of CUSIP numbers prior to delivery. It shall be the responsibility of Phoenix Advisors LLC to obtain CUSIP numbers for the Bonds prior to delivery, and Phoenix Advisors, LLC, will provide the CUSIP Service Bureau with the final details of the sale, including the identity of the winning bidder. The Issuer will not be responsible for any delay occasioned by the inability to deposit the Bonds with DTC due to the failure of Phoenix Advisors, LLC to obtain such numbers and to supply them to the Issuer in a timely manner. Neither the failure to print such CUSIP number on any bond, nor any error with respect thereto, shall constitute cause for a failure or refusal by the purchaser thereof to accept delivery of and pay for the Bonds. All expenses in relation to the printing of CUSIP numbers on the Bonds shall be paid for by the Issuer; provided, however, that the Issuer assumes no responsibility for any CUSIP Service Bureau charge or other charge that may be imposed for the assignment of such numbers, which charges shall be the responsibility of and shall be paid for by the purchaser.

Electronic Proposals Bidding Procedure

Electronic bids for the purchase of the Bonds must be submitted through the facilities of **PARITY®**. Any prospective bidder must be a subscriber of i-Deal's BiDCOMP competitive bidding system. Further information about **PARITY®**, including any fee charged, may be obtained from **PARITY®**, c/o i-Deal LLC, 1359 Broadway, 2nd Floor, New York, New York 10018, Attention: Customer Support (telephone: (212) 849-5021 – email notice: parity@i-deal.com). The Issuer neither will confirm any subscription nor be responsible for any failure of a prospective bidder to subscribe.

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

Disclaimer. Each of **PARITY®** prospective electronic bidders shall be solely responsible to make necessary arrangements to access **PARITY®** for the purpose of submitting its bid in a timely manner and in compliance with the requirements of this Notice. Neither the Issuer nor **PARITY®** shall have any duty or obligation to undertake such arrangements to bid for any prospective bidder or to provide or assure such access to any prospective bidder, and neither the Issuer or **PARITY®** shall be responsible for a bidder's failure to make a bid or for the proper

operation of, or have any liability for any delays or interruptions of, or any damages caused by, **PARITY®**. The Issuer is using **PARITY®** as a communication mechanism, and not as the Issuer's agent, to conduct the electronic bidding for the Bonds. The Issuer is not bound by any advice and determination of **PARITY®** to the effect that any particular bid complies with the terms of this Notice and in particular the bid requirements herein set forth. All costs and expenses incurred by prospective bidders in connection with their subscription to, arrangements with and submission of bids via **PARITY®** are the sole responsibility of the bidders; and the Issuer is not responsible directly or indirectly, for any of such costs or expenses. If the prospective bidder encounters any difficulty in arranging to bid or submitting, modifying or withdrawing a bid for the Bonds, the prospective bidder should telephone **PARITY®** at (212) 849-5021. If any provision of this Notice shall conflict with information provided by **PARITY®**, this Notice shall control.

For the purpose of the electronic bidding process, the time maintained on **PARITY®** shall constitute the official time.

Certifying Agent, Registrar, Paying Agent and Transfer Agent

The Bonds will be authenticated by U.S. Bank Trust Company, National Association, Hartford, Connecticut. U.S. Bank Trust Company, National Association will also act as Registrar, Paying Agent and Transfer Agent.

Delivery, Payment and Closing Requirements

At or prior to the delivery of the Bonds the purchaser shall be furnished, without cost, with (a) the approving opinion of Pullman & Comley, LLC of Bridgeport and Hartford, Connecticut, Bond Counsel ("Bond Counsel") (see "Bond Counsel Opinion" below); (b) a signature and no litigation certificate, in form satisfactory to said firm, dated as of the date of delivery of the Bonds, and stating that there is no litigation pending, or to the knowledge of the signer or signers thereof threatened, affecting the validity of the Bonds or the power of the Issuer to levy and collect taxes to pay them; (c) a signed copy of the Official Statement prepared for this bond issue; (d) a certificate of Issuer Officials relating to the accuracy and completeness of the Official Statement; (e) a Continuing Disclosure Agreement; and (f) a receipt of payment for the Bonds.

The Bonds will be delivered against payment in immediately available federal funds through the facilities of DTC, New York, New York or its agent via Fast Automated Securities Transfer ("FAST") on or about December 14, 2023 (the "Closing Date").

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

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

Bond Counsel Opinion

The legality of the issue will be passed upon by Pullman & Comley, LLC of Bridgeport and Hartford, Connecticut, Bond Counsel, and the purchaser will be furnished with its opinion, without charge, substantially in the form set forth in Appendix B to the Official Statement. The opinion will state that the Bonds are valid and binding obligations of the Issuer. If the Competitive Sale Rule (as defined below in the “Establishment of Issue Price” section) is met, Bond Counsel will require as a precondition to release of its opinion that the purchaser of such Bonds deliver to it a completed “issue price” certificate, or similar certificate, regarding expectations or public offering prices, as applicable, with respect to the Bonds awarded to such bidder, as described below under “Establishment of Issue Price”.

Establishment of Issue Price

In order to provide the Issuer with information that enables it to comply with certain requirements of the Internal Revenue Code of 1986 (the “Code”) relating to the exclusion of interest on the Bonds from the gross income of their owners, the winning bidder will be required to complete, execute, and deliver to the Issuer at or prior to the delivery of the Bonds an “issue price” or similar certificate setting forth the reasonably expected initial offering price to the Public (the “Initial Offering Price”) or the actual sales price or prices of the Bonds, as circumstances may determine, together with the supporting pricing wires or equivalent communications, with such modifications as may be appropriate or necessary, in the reasonable judgment of Bond Counsel. Communications relating to this “Establishment of Issue Price” section, the completed certificate(s) and any supporting information shall be delivered to (1) Bond Counsel at Michael J. Andreana, Esq., Pullman & Comley, LLC, 90 State House Square, Hartford, CT 06103, Telephone: (203) 330-2235, E-mail: mandreana@pullcom.com and (2) the Municipal Advisor at Matthew Spoerndle, Phoenix Advisors, LLC, 53 River Street, Milford, CT 06460, Telephone: (203) 878-4945, E-mail: mspoerndle@muniadvisors.com (the “Municipal Advisor”). Questions related to this “Establishment of Issue Price” section should be directed to Bond Counsel or the Municipal Advisor. For purposes of this “Establishment of Issue Price” section, Bond Counsel may act on behalf of the Issuer and the Municipal Advisor may act on behalf of the Issuer.

By submitting a bid, each bidder is certifying that its bid is a firm offer to purchase the Bonds, is a good faith offer which the bidder believes reflects current market conditions, and is not a “courtesy bid” being submitted for the purpose of assisting in meeting the competitive sale requirements relating to the establishment of the “issue price” of the Bonds pursuant to Section 148 of the Code, including the requirement that bids be received from at least three (3) underwriters of municipal bonds who have established industry reputations for underwriting new issuances of municipal bonds.

By submitting a bid, a bidder represents to the Issuer that it has an established industry reputation for underwriting new issuances of municipal bonds such as the Bonds, represents that such bidder’s bid is submitted for or on behalf of such bidder by an officer or agent who is duly authorized to bind the bidder to a legal, valid and enforceable contract for the purchase of the Bonds, and understands that upon award by the Issuer that this Notice of Sale constitutes a written contract between such bidder, as winning bidder, and the Issuer.

By submitting a bid, the bidder agrees that if the Competitive Sale Rule (as set forth below) is not met, it will satisfy either the Actual Sales Rule (as set forth below) or the Hold-the-Offering-Price Rule (as set forth below).

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

Notification of Contact Information of Winning Bidder. Promptly upon award, the winning bidder shall notify the Municipal Advisor and Bond Counsel of the contact name, telephone number and e-mail address of the person(s) of the winning bidder for purposes of communications concerning this “Establishment of Issue Price” section.

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

- (1) the Issuer shall disseminate, or have disseminated on its behalf, this Notice of Sale to potential bidders in a manner that is reasonably designed to reach potential bidders;
- (2) all bidders shall have an equal opportunity to bid;
- (3) the Issuer anticipates receiving bids from at least three underwriters of municipal bonds who have established industry reputations for underwriting new issuances of municipal bonds; and
- (4) the Issuer anticipates awarding the sale of the Bonds to the bidder who submits a firm offer to purchase the Bonds at the lowest true interest cost (“TIC”), as set forth in this Notice of Sale.

Competitive Sale Rule Met. The Issuer, or the Municipal Advisor on behalf of the Issuer, shall at the time of award advise the winning bidder if the Competitive Sale Rule has been met. Within two (2) hours of award (or such other time as agreed to by Bond Counsel), the winning bidder shall provide Bond Counsel and the Municipal Advisor, via e-mail, a completed “ISSUE PRICE CERTIFICATE” in the form attached hereto as Attachment A.

Competitive Sale Rule Not Met. In the event that the Competitive Sale Rule is not satisfied, the Issuer, or the Municipal Advisor on behalf of the Issuer, shall at the time of award advise the winning bidder. The Issuer may determine to treat (i) the first price at which ten percent (10%) of a Maturity of the Bonds (the “Actual Sales Rule”) is sold to the Public as the issue price of that Maturity, and/or (ii) the Initial Offering Price to the Public as of the Sale Date of any Maturity of the Bonds as the issue price of that Maturity (the “Hold-the-Offering-Price Rule”), in each case applied on a Maturity-by-Maturity basis. In the event that the Competitive Sale Rule is not satisfied, the winning bidder, by 4:30 p.m. (E.T.) on the Sale Date, shall notify and provide, via e-mail, Bond Counsel and the Municipal Advisor (I) of the first price at which ten percent (10%) of each Maturity of Bonds has been sold to the Public and (II) reasonable supporting documentation or certifications of such price the form of which is acceptable to Bond Counsel; i.e., those

Maturities of the Bonds that satisfy the Actual Sales Rule as of the Sale Date. After such receipt, the Issuer, or Bond Counsel on behalf of the Issuer, shall promptly confirm with the winning bidder, via e-mail, which Maturities of the Bonds shall be subject to the Actual Sales Rule and which Maturities shall be subject to the Hold-the-Offering-Price Rule.

For those Maturities of Bonds subject to the Hold-the-Offering-Price Rule, the winning bidder shall (i) provide Bond Counsel (via e-mail) a copy of pricing wire or equivalent communication for the Bonds (ii) confirm that each Underwriter (as defined below) has offered or will offer all of the Bonds to the Public on or before the date of award at the Initial Offering Prices and (ii) agree, on behalf of each Underwriter participating in the purchase of the Bonds, that each Underwriter will neither offer nor sell unsold Bonds of any Maturity to which the Hold-the-Offering-Price Rule shall apply to any person at a price that is higher than the Initial Offering Price for such Maturity during the period starting on the Sale Date and ending on the earlier of the following:

- (1) the close of the fifth (5th) business day after the Sale Date; or
- (2) the date on which the Underwriters have sold at least ten percent (10%) of that Maturity of the Bonds to the Public at a price that is no higher than the Initial Offering Price.

The winning bidder shall promptly advise Bond Counsel and the Municipal Advisor, via e-mail, when the Underwriters have sold ten percent (10%) of that Maturity of the Bonds to the Public at a price that is no higher than the Initial Offering Price, if that occurs prior to the close of the fifth (5th) business day after the Sale Date.

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

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

Definitions. For purposes of this “Establishment of Issue Price” section:

- (1) “Maturity” means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate Maturities.
- (2) “Public” means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a Related Party to an Underwriter.
- (3) “Related Party” generally means any two or more persons who have greater than 50% common ownership, directly or indirectly.
- (4) “Underwriter” means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead Underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this definition to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a third-party distribution agreement participating in the initial sale of the Bonds to the Public).

Official Statement

For more information regarding the Bonds or the Issuer, reference is made to the Preliminary Official Statement dated November 21, 2023 (the “Official Statement”) describing the Bonds and the financial condition of the Issuer. The Preliminary Official Statement is available in electronic format at <https://munihub.com>, and such electronic access is being provided as a matter of convenience only. Copies of the Preliminary Official Statement may be obtained from Matthew Spoerndle, Phoenix Advisors, LLC, 53 River Street, Milford, CT 06460, Telephone: (203) 878-4945, E-mail: mspoerndle@muniadvisors.com. The Issuer deems such Official Statement to be a final official statement for purposes of complying with Securities and Exchange Commission Rule 15c2-12 (the “Rule”), but such Official Statement is subject to revision or amendment as appropriate. The Issuer will make available to the purchaser a reasonable number of copies of the final Official Statement at the Issuer’s expense, and the final Official Statement will be made available to the purchaser by no later than the earlier of the delivery of the Bonds or by the seventh (7th) business day after the day bids on the Bonds are received. If the Issuer’s Municipal Advisor, is provided with the necessary information from the purchaser by 12:00 o’clock noon on the day after the Sale Date, the copies of the final Official Statement will include an additional cover page and other pages, if necessary, indicating the interest rates, rating(s), yields or reoffering prices and the name of the managing underwriter of the Bonds, and any corrections. The purchaser shall arrange with the Municipal Advisor the method of delivery of the copies of the final Official

Statement to the purchaser. Additional copies of the final Official Statement may be obtained by the purchaser at its own expense by arrangement with the printer.

Continuing Disclosure Agreement

As required by the Rule, the Issuer will undertake, pursuant to a Continuing Disclosure Agreement (the “Agreement”), to provide annual financial information and operating data including audited financial statements, notice of the occurrence of certain events with respect to the Bonds within ten (10) business days of such event, and timely notice of any failure by the Issuer to provide annual reports on or before the date specified in the Agreement. A form of the Agreement is attached to the Official Statement as Appendix C. The purchaser’s obligation to purchase the Bonds shall be conditioned upon its receiving, at or prior to delivery of the Bonds, an executed Agreement.

JOHN L. SALOMONE
City Manager

JOSHUA A. POTHIER
Comptroller

November 21, 2023

ATTACHMENT A

ISSUE PRICE CERTIFICATE

(If Competitive Sale Rule Met)

CITY OF NORWICH, CONNECTICUT
\$ _____ GENERAL OBLIGATION BONDS, ISSUE OF 2023
Dated December 14, 2023

The undersigned, on behalf of [UNDERWRITER] (“[SHORT NAME OF UNDERWRITER]”), hereby certifies as set forth below with respect to the sale of the above-captioned obligations (the “Bonds”).

1. ***Due Authorization.*** The undersigned is a duly authorized representative of [SHORT NAME OF UNDERWRITER], the purchaser of the Bonds.

2. ***Purchase Price.*** The CITY OF NORWICH, CONNECTICUT (the “Issuer”) sold to [SHORT NAME OF UNDERWRITER], for delivery on or about December 14, 2023, the Bonds at a price of par (\$ _____), plus an aggregate net premium of \$ _____ and less an underwriter’s discount of \$ _____, resulting in an aggregate net purchase price of \$ _____.

3. ***Reasonably Expected Initial Offering Price.***

(a) As of November 30, 2023 (the “Sale Date”), the reasonably expected initial offering prices of the Bonds to the Public by [SHORT NAME OF UNDERWRITER] are the prices listed in **Schedule A** (the “Expected Offering Prices”). The Expected Offering Prices are the prices for the Maturities of the Bonds used by [SHORT NAME OF UNDERWRITER] in formulating its bid to purchase the Bonds. Attached as **Schedule B** is a true and correct copy of the bid provided by [SHORT NAME OF UNDERWRITER] to purchase the Bonds.

(b) [SHORT NAME OF UNDERWRITER] was not given the opportunity to review other bids prior to submitting its bid.

(c) The bid submitted by [SHORT NAME OF UNDERWRITER] constituted a firm offer to purchase the Bonds.

4. ***Defined Terms.***

(a) “Maturity” means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate Maturities.

(b) “Public” means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an

Underwriter. The term “related party” for purposes of this certificate generally means any two or more persons who have greater than fifty percent (50%) common ownership, directly or indirectly.

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

5. ***Representations and Information.*** The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents [SHORT NAME OF UNDERWRITER]’s interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986 and the Treasury Regulations thereunder (collectively, the “Code”). The undersigned understands that the foregoing information will be relied upon by the Issuer in making its certification as to issue price of the Bonds under the Code and with respect to compliance with the federal income tax rules affecting the Bonds. Pullman & Comley, LLC, bond counsel, may rely on the foregoing representations in rendering its opinion on the exclusion from federal gross income of the interest on the Bonds, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer relating to the Bonds. Except as set forth above, no third party may rely on the foregoing certifications, and no party may rely hereon for any other purpose.

IN WITNESS WHEREOF, the undersigned has executed this Certificate as of November 30, 2023.

[UNDERWRITER]

By: _____
Name:
Title:

Schedule A to Issue Price Certificate

<u>Maturity, August 1</u>	<u>Principal Amount (\$)</u>	<u>Interest Rate (%)</u>	<u>Price (\$, not Yield)</u>
2024	250,000		
2025	250,000		
2026	250,000		
2027	250,000		
2028	250,000		
2029	250,000		
2030	250,000		
2031	250,000		
2032	250,000		
2033	250,000		
2034	250,000		
2035	250,000		
2036	250,000		
2037	250,000		
2038	250,000		
2039	250,000		
2040	250,000		
2041	250,000		
2042	250,000		
2043	250,000		

Schedule B to Issue Price Certificate