

CITY OF NORWICH, CONNECTICUT
ANNUAL COMPREHENSIVE FINANCIAL REPORT



FISCAL YEAR ENDED JUNE 30, 2023
DEPARTMENT OF FINANCE
UNION SQUARE
NORWICH, CONNECTICUT

**Annual Comprehensive
Financial Report
of the

City of Norwich,
Connecticut**

Fiscal Year Ended June 30, 2023

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December 13, 2023

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

I am pleased to submit the Annual Comprehensive Financial Report (“ACFR”) of the City of Norwich (the “City”) for the fiscal year ended June 30, 2023. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the City. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner to present fairly the financial position and results of operations of the City. All disclosures necessary to enable the reader to gain an understanding of the City’s financial activities have been included.

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

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

The City is required to undergo an annual single audit in conformity with the provisions of the Federal Single Audit Act and U.S. Office of Management and Budget’s “Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards” (commonly called “Uniform Guidance”). Information related to this single audit, including the schedule of expenditures of federal awards, findings and recommendations, and auditors’ reports on the internal control over financial reporting and compliance with applicable laws and regulations, are issued under separate cover and are not included in this report. The City is also required to undergo a State single audit. Information related to this State single audit will be issued separately.

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

Profile of Government

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

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

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

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

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

Local Economy

The City pursues economic and physical stabilization and revitalization. The City has maintained the quality of services to its citizens while having the 15th lowest per capita tax burdens in the State 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, maintaining the existing infrastructure and attracting new educational institutions into the City.

The City's economic development activities are assisted by Norwich Community Development Corporation (NCDC), a private not-for-profit corporation established in 1964 to improve the economic well-being of the City. The Mayor works closely with NCDC as an independent non-profit that is neither directly nor indirectly controlled by the City or any other governmental entity, but by Norwich City Council resolution, is the economic development arm of the City. Many activities are underway which support these objectives, and will move the community toward the City's primary economic development goals.

The City along with NCDC were awarded a Bronze Certification by the Connecticut Economic Development Association for effective and efficient land use planning and economic development policies and procedures. This acknowledgement is manifest in the business growth and infrastructure rehabilitation currently assisting the economy of the City.

Commercial/ Industrial Activity

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.

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.

77-91 Main Street

In March 2020, the developer received approval from the Commission on the City Plan to. This project is renovating 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 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 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 is on track for an opening by 2024. The project is slated to receive \$165,000 of Federal American Rescue Plan Act (ARPA) funds through NCDC to assist with building code corrections.

Nalas Engineering

Nalas Engineering of Essex, CT, purchased 1 Winneden Avenue in December 2018 for a chemical process and manufacturing facility. Among other things, Nalas does the engineering, chemistry, and modeling for continuous processing of the precursors to the main energetics that power torpedoes, as well as other military needs. Nalas is positioned to onshore the research, development, design, and production of the US military requirements for the future. Their first phase of the operation is to complete a multi-million dollar facility housing these opportunities here in Norwich. Nalas also services the pharmaceutical industry as well as others using batch-type manufacturing processes. The project is permitted and 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 of Norwich was identified as a Disproportionately Impacted Area. As such, two cannabis cultivators selected to receive provisional licenses by the State of Connecticut have chosen to locate in the city. Each is a multi-state cannabis cultivation operator and in the aggregate will bring nearly 80,000-square-feet of plant manufacturing to the city which represents over 70 new jobs and significant utility usage. One operator is locating its facility in the former Mr. Big's department store on Eighth Street in Greeneville and the other in a former manufacturing facility on Forest Drive. Each will require 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.

[Former Thermos Property Solar Installation](#)

In August 2023, the Connecticut DECD awarded a \$2 million brownfields mitigation grant to NCDL which will be used to demolish two former Thermos factory buildings. Once demolished, a solar array will be installed to generate power for the Thermos of the Thames condominium complex.

[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 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), 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 for infrastructure improvements. Voters most recently approved the \$6 million infrastructure bond referendum item on the November 2023 ballot. In addition to bond funding, the City secured a \$2.1 million Local Transportation and Capital Improvement Program grant for the reconstruction of Dunham Street, a 0.75-mile urban collector road connecting West Main Street to West Thames Street. Construction was completed in the summer of 2022. The City received a \$400,000 Connectivity Grant for constructing a modern roundabout at the intersection of Franklin Street and Main Street. This project was completed in October 2021 and has improved traffic flow and pedestrian movement. Recently the City has secured a \$2.1 million grant for the reconstruction of the southern mile of New London Turnpike.

Sherman Street, Sunnyside Street, and Pleasant Street Bridge Rehabilitations

The Public Works Department previously secured approximately \$12 million in Federal and state grant money to pursue rehabilitation projects to all four of these bridges. Construction for the replacement of the Sherman Street bridges started in June of 2022. Both bridges will be replaced and a 600-foot section of Asylum Street will also be reconstructed in order to allow raising the bridges by 18-inches, making them less prone to flooding. 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 the 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 Act

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

School Initiatives

Programs

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

Facilities

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

Norwich Public Utilities (NPU)

Each year, NPU provides the City with a payment of 10% of gross revenues from its natural gas, electric and water revenues. In Fiscal Year 2024, the payment from NPU to the City will be approximately \$9.1 million.

Over the past ten years, NPU payments to the City have totaled \$85.3 million, which reduces Norwich taxpayers burdens by an estimated 4.4 mills per year.

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 Division

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 and 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.

Gas Division

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.

Long-Term Financial Planning & Relevant Financial Policies

Unassigned Fund Balance

The City Council adopted by ordinance a formal General Fund Unassigned Fund Balance (“UFB”) policy in December 2014. This policy identifies a target fund balance range of 12% to 17% of annual General Fund expenditures and operating transfers.

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

- fund capital improvements beyond the level required by the Charter
- transfer funds to the bonded projects fund to finance authorized, but unissued projects
- retire existing debt early
- make extra contributions into the Pension or OPEB funds

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

Capital Improvements

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

Debt Management

In addition to statutory debt limitations, the City further restricts debt by 1) not allowing debt service expenditures to grow at a rate greater than all other General Fund expenditures and, 2) limiting net indebtedness to 15% of the City’s taxable assessed value.

Pension & Other Post-Employment Benefits Funding

The City has committed to funding the City Employee Pension Trust Fund, Volunteer Firefighters Relief Fund, and OPEB Fund. Starting with fiscal year 2014-15, the City reviewed its assumptions for these plans, lowered the assumed rate of return, and shortened amortization periods. As a result, the liabilities and actuarially determined employer contributions for these plans will be higher than they would have under the previous sets of assumptions. The city shall contribute the amount recommended by its actuary each fiscal year unless the amount varies by more than 15% +/- from the previous year. This variance shall be calculated by division (e.g., NPU, Norwich Public Schools, Police, Fire, Volunteer Fire, and all other General City). If the contribution recommended by actuary is less than 85% of the previous year’s contribution, then the city shall contribute an amount equal to 85% of the previous year’s contribution. If the contribution recommended by actuary is greater than 115% of the previous year’s contribution, then the city shall contribute an amount equal to 115% of the previous year’s contribution.

In November 2021, the voters of the City of Norwich approved a \$145 million pension obligation bond referendum. The City Council also voted to amend the pension funding policies for pensions and created a pension reserve fund as a further hedge against volatility while the City has pension obligation bonds outstanding. The pension obligation bonds were sold in February 2022.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (“GFOA”) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Norwich, Connecticut, for its annual comprehensive financial report for the year ended June 30, 2022. This was the 30th consecutive year that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized Annual Comprehensive financial report. The report must satisfy both accounting principles generally accepted in the United States of America and applicable legal requirements.

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

For fiscal years beginning July 1, 2000 through 2023, the GFOA awarded the City a “Distinguished Budget Presentation Award” for its budget document. The budgets submitted had to satisfy four different criteria: the budget as a Policy Document, the budget as a Financial Plan, the budget as an Operations Guide and the budget as a Communications Device. The award earned by the City is the highest form of recognition in the area of budgeting.

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

Respectfully submitted,

A handwritten signature in black ink that reads "Joshua A. Pothier". The signature is written in a cursive style with a large, looping flourish at the end.

Joshua A. Pothier, CPA, CPFO
Comptroller



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Norwich
Connecticut**

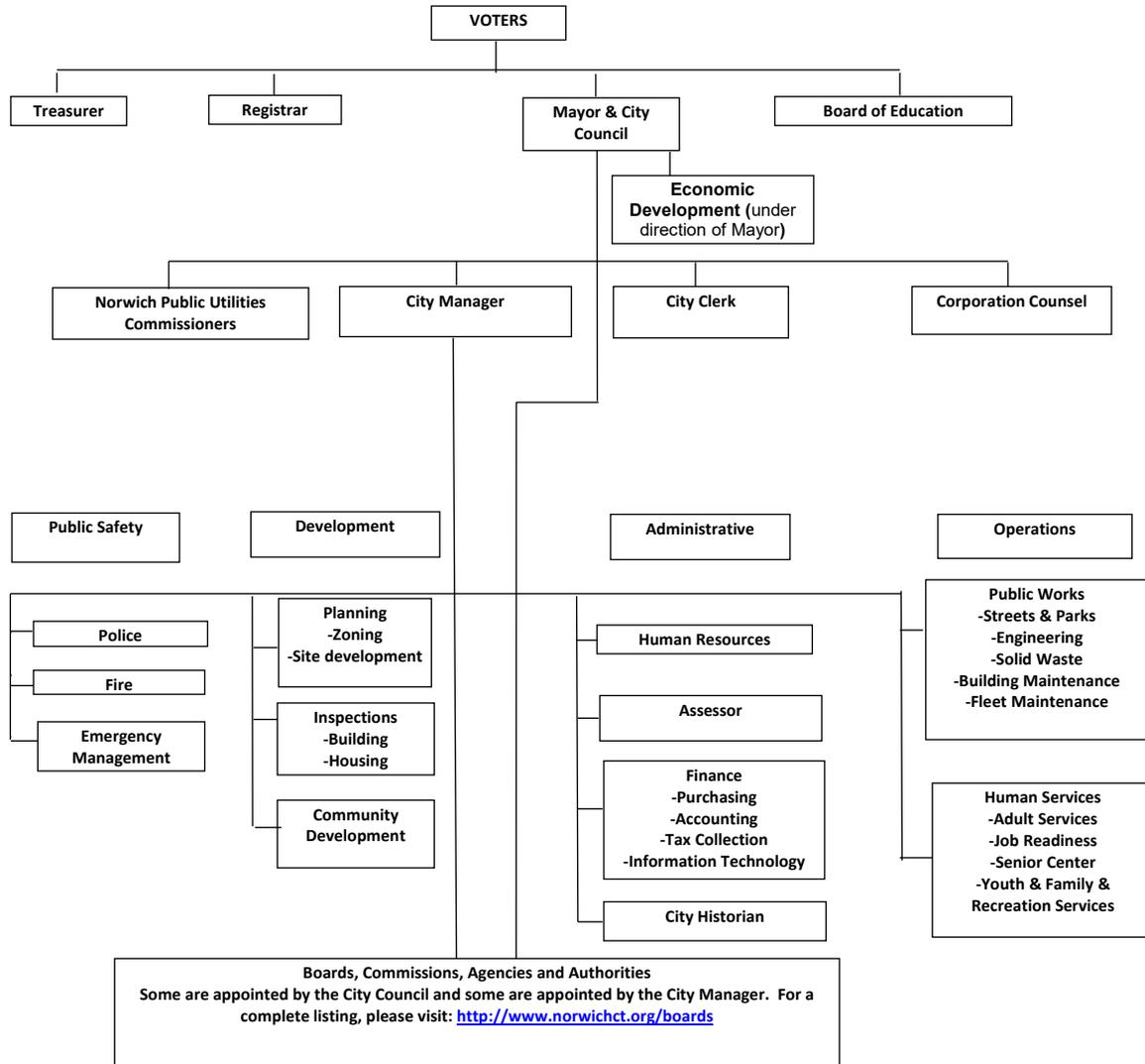
For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2022

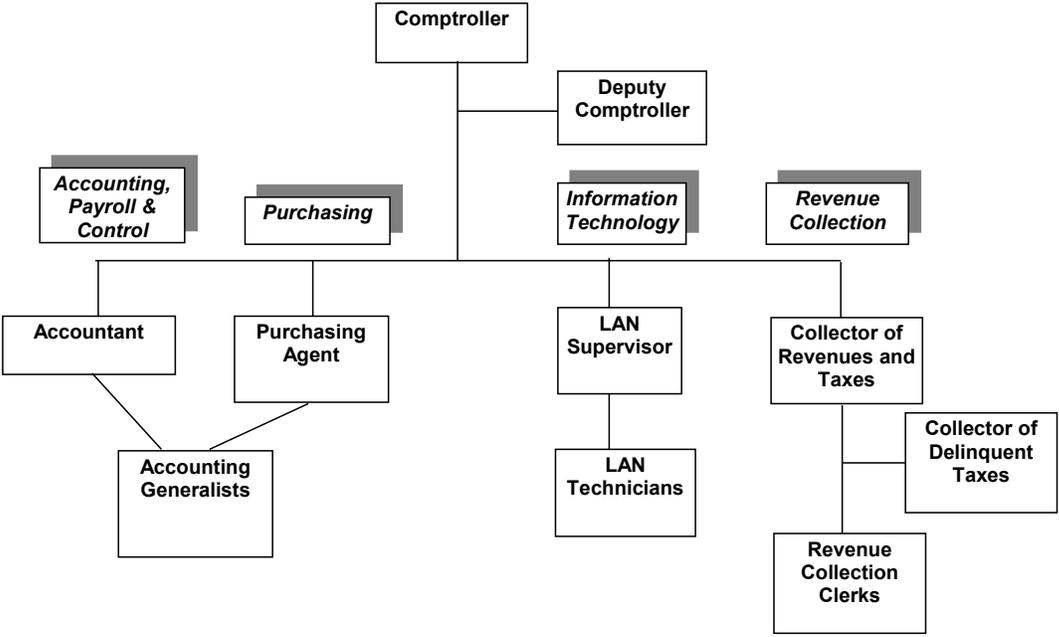
Christopher P. Morill

Executive Director/CEO

Organization Chart



City of Norwich Finance Department Organization Chart



City Officials

Elected City Officials & NPU Commissioners

Term Length Term Expires

City Council

Peter A. Nystrom, Mayor (R)	4 Years	12/2/25
Joseph A. DeLucia, President Pro Tempore (D)	2 Years	12/5/23
Tracey Burto (D)	2 Years	12/5/23
Stacy L. Gould (R)	2 Years	12/5/23
William L. Nash (R) *	2 Years	12/5/23
Grant Neuendorf (R)	2 Years	12/5/23
Swarnjit Bhatia Singh (D)	2 Years	12/5/23

Board of Education

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

Treasurer

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

Cate Larkin (D) ***	4 Years	1/8/25
Cheryl Stover (R)	4 Years	1/8/25

Appointed NPU Commissioners

Robert A. Staley, Chairperson (R)	5 Years	3/1/28
Stewart Peil, Vice Chairperson (R)	5 Years	3/1/27
Michael A. Goldblatt, Secretary (R)	5 Years	3/1/25
Ashon Avent (D)	5 Years	3/1/24
William Warzecha (D)	5 Years	3/1/26

* William Nash won a special election in May 2023 to serve the remainder of the term of Derell Q. Wilson who resigned in January 2023 after he was elected to the Connecticut House of Representatives.

** Joshua Chapman resigned from the Board of Education in June 2023. James Paulsen will serve the remainder of his term.

*** Dianne Daniels resigned as Registrar of Voters in June 2003. Cate Larkin will serve the remainder of her term.

Directory of City Administrative Officials

Title	Name	Phone Number
City Manager	John Salomone	(860) 823-3750
Assessor	William Lee	(860) 823-3722
Building Inspector	Daniel Coley	(860) 823-3775
City Clerk	Betsy Barrett	(860) 823-3734
City Planner	Deanna Rhodes	(860) 823-3767
Collector of Taxes & Revenues	Karlene Deal	(860) 823-3760
Comptroller	Joshua A. Pothier	(860) 823-3720
Deputy Comptroller	Orla McKiernan	(860) 823-3813
Corporation Counsel	Michael E. Driscoll	(860) 889-3321
Emergency Management Director	Tracy Montoya	(860) 892-6080
Engineer	Brian Long	(860) 823-3798
Fire Chief, Norwich (CCD)	Tracy Montoya	(860) 892-6080
Fire Chief, East Great Plain VFD	Keith Milton	(860) 886-0392
Fire Chief, Laurel Hill VFD	Aaron Westervelt	(860) 892-1973
Fire Chief, Occum VFD	Scott Eggert	(860) 822-8285
Fire Chief, Taftville VFD	Timothy Jencks	(860) 887-6676
Fire Chief, Yantic VFD	William Eyberse	(860) 887-2221
Health Director	Patrick McCormack, MPH	(860) 823-1189
Housing Authority Director	Jeffrey Arn	(860) 887-1605
Human Resources Director	Brigid Marks	(860) 823-3786
Human Services Director	Kate Milde	(860) 823-3778
LAN Supervisor	Raymond LaRose	(860) 859-4404
Police Chief	Patrick Daley	(860) 886-5561
Public Utilities Manager	Chris LaRose	(860) 887-2555
Public Works Director	Patrick McLaughlin	(860) 823-3789
Purchasing Agent	Robert Castronova	(860) 823-3706
Senior Center Manager	Michael Wolak	(860) 889-5960
Superintendent of Schools	Dr. Kristen Stringfellow Ed.D.	(860) 823-6284
Youth, Family & Recreation Services Manager	Erin Haggan	(860) 823-3782
Zoning Enforcement Officer	Richard Shuck	(860) 823-3752

FINANCIAL SECTION



INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Norwich, Connecticut, as of and for the year ended June 30, 2023, 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, 2023, 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 Matter

During fiscal year ended June 30, 2023, the City of Norwich, Connecticut adopted GASB Statement No. 96, *Subscription Based Information Technology Arrangements*. The guidance requires the recognition of a Subscription Based Information Technology Arrangement asset and corresponding liability. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City of Norwich, Connecticut's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Norwich, Connecticut's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison information and the pension and OPEB schedules, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Norwich, Connecticut's basic financial statements. The 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 fund statements and schedules 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 sections 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 13, 2023, on our consideration of the City of Norwich, Connecticut's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Norwich, Connecticut's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Norwich, Connecticut's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

West Hartford, Connecticut
December 13, 2023

**CITY OF NORWICH, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023**

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, 2023. 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 (\$543.3 million) of the City exceeded its liabilities and deferred inflows of resources (\$372.8 million), resulting in total net position at the close of the fiscal year of \$170.5 million. Total net position for governmental activities at fiscal year-end was \$38.4 million, and total net position for business-type activities was \$132.1 million. Total unrestricted net *deficit* at June 30, 2023 was \$61.3 million.
- On a government-wide basis, during the year, the City's net position increased by \$6.6 million from \$163.9 million to \$170.5 million. Governmental activities net position increased by \$8.2 million and net position decreased by \$1.7 million for business-type activities. Governmental activities expenses were \$217.5 million, while total revenues including transfers were \$225.8 million.
- At the close of the year, the City's governmental funds reported, on a current financial resource basis, combined ending fund balances of \$122.2 million, an increase of \$8.1 million from the prior fiscal year. Of the total fund balance as of June 30, 2023, \$113.7 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 \$21.0 million, an increase of \$3.6 million from the prior fiscal year. As of June 30, 2023, \$20.7 of the \$21.0 million fund balance is unassigned, representing 15.0% of total General Fund actual expenditures and operating transfers on a budgetary basis..
- The City's governmental activities total bonded debt increased by \$1.3 million during the current fiscal year because of the issuance of \$9.8 million in new bonds and the paydown of \$8.4 million of existing 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.

**CITY OF NORWICH, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023**

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.

**CITY OF NORWICH, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023**

- *Fiduciary Funds (Exhibits VIII and IX)* - The City is the trustee, or fiduciary, for its employees' pension and other benefit plans. It is also responsible for other assets that, because of a trust arrangement, can be used only for the trust beneficiaries. All of the City's fiduciary activities are reported in separate statements of fiduciary net position and changes in fiduciary net position. These activities are excluded from the City's other financial statements because the City cannot use these assets to finance its operations. The City is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The City's combined net position increased from a year ago from \$163.9 million to \$170.5 million. The analysis below focuses on the net position (Table 1) and changes in net position (Table 2) of the City's governmental and business-type activities.

**Table 1
NET POSITION
(In Thousands)**

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Assets:						
Current and Other Assets	\$ 172,022	\$ 167,892	\$ 18,478	\$ 14,254	\$ 190,500	\$ 182,146
Capital Assets	133,108	121,849	167,655	165,499	300,763	287,348
Total Assets	<u>305,130</u>	<u>289,741</u>	<u>186,133</u>	<u>179,753</u>	<u>491,263</u>	<u>469,494</u>
Deferred Outflows of Resources	34,922	51,982	17,084	25,727	52,006	77,709
Liabilities:						
Long-Term Debt Outstanding	259,971	260,607	55,463	55,834	315,434	316,441
Unearned Revenue	18,919	23,654	743	797	19,662	24,451
Other Liabilities	13,692	12,634	12,988	12,647	26,680	25,281
Total Liabilities	<u>292,582</u>	<u>296,895</u>	<u>69,194</u>	<u>69,278</u>	<u>361,776</u>	<u>366,173</u>
Deferred Inflows of Resources	<u>9,054</u>	<u>14,659</u>	<u>1,959</u>	<u>2,427</u>	<u>11,013</u>	<u>17,086</u>
Net Position:						
Net Investment in Capital Assets	88,076	78,709	140,816	140,419	228,892	219,128
Restricted	2,533	1,962	358	1,122	2,891	3,084
Unrestricted	(52,193)	(50,502)	(9,110)	(7,766)	(61,303)	(58,268)
Total Net Position	<u>\$ 38,416</u>	<u>\$ 30,169</u>	<u>\$ 132,064</u>	<u>\$ 133,775</u>	<u>\$ 170,480</u>	<u>\$ 163,944</u>

Net position of the City's governmental activities increased by \$8.2 million to \$38.4 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 - decreased from (\$50.6) million at June 30, 2022 to (\$52.2) million at the end of this year. The unrestricted net position of business-type activities decreased from (\$7.8) million compared to (\$9.1) million during 2023.

**CITY OF NORWICH, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023**

**Table 2
CHANGES IN NET POSITION
(In Thousands)**

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Revenues:						
Program Revenues:						
Charges for Services	\$ 6,730	\$ 6,467	\$ 112,486	\$ 99,911	\$ 119,216	\$ 106,378
Operating Grants and Contributions	86,846	74,597		-	86,846	74,597
Capital Grants and Contributions	15,679	6,957	1,227	787	16,906	7,744
General Revenues:						
Property Taxes	91,207	90,297		-	91,207	90,297
Grants and Contributions not Restricted to Specific Purposes	9,163	5,957		-	9,163	5,957
Unrestricted Investment Earnings	2,303	296		38	2,303	334
Other General Revenues	5,154	67,659	616	-	5,770	67,659
Total Revenues	217,082	252,230	114,329	100,736	331,411	352,966
Program Expenses:						
General Government	10,728	3,820		-	10,728	3,820
Public Safety	42,179	123,944		-	42,179	123,944
Social Services	4,881	2,383		-	4,881	2,383
Public Works	13,756	7,615		-	13,756	7,615
Education	140,633	114,408		-	140,633	114,408
Interest on Long-Term Debt	5,364	1,144		-	5,364	1,144
Department of Public Utilities		-	105,515	98,810	105,515	98,810
Other Enterprise Funds		-	1,782	1,872	1,782	1,872
Total Program Expenses	217,541	253,314	107,297	100,682	324,838	353,996
Excess (Deficiency) Before Transfers	(459)	(1,084)	7,032	54	6,573	(1,030)
Transfers	8,706	8,648	(8,706)	(8,648)		-
Increase (Decrease) In Net Position	8,247	7,564	(1,674)	(8,594)	6,573	(1,030)
Net Position - Beginning of Year	30,169	22,605	133,738	142,332	163,907	164,937
Net Position - End of Year	\$ 38,416	\$ 30,169	\$ 132,064	\$ 133,738	\$ 170,480	\$ 163,907

The City's total revenues were \$331.4 million. The total cost of all programs and services was \$324.8 million. Our analysis below separately considers the operations of governmental and business-type activities.

Governmental Activities

Governmental activities increased the City's net position by \$8.2 million during the year. Total revenues of \$216.9 million and \$8.7 million in transfers from the City's business-type activities provided funding for the City's \$217.5 million of governmental program expenses incurred during the year.

The City's revenues decreased \$35.3 million (\$217.1 million compared to \$252.2 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 in 2022.

**CITY OF NORWICH, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023**

Total program expenses were \$217.5 million as compared with \$253.3 million reported last year. The large decrease 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 during 2022.

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>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
General Government	\$ 10,728	\$ 3,820	\$ 7,282	\$ 859
Public Safety	42,179	123,944	31,200	118,590
Social Services	4,881	2,383	2,220	(875)
Public Works	13,756	7,615	4,135	2,895
Education	140,633	114,408	58,085	42,680
All Others	5,364	1,144	5,364	1,144
Totals	<u>\$ 217,541</u>	<u>\$ 253,314</u>	<u>\$ 108,286</u>	<u>\$ 165,293</u>

Business-Type Activities

Revenues of the City's business-type activities (see Table 2) increased by \$13.6 million during the year (\$114.3 million in 2023 compared to \$100.7 million in 2022) and expenses increased by \$6.6 million. Overall net position decreased \$1.7 million in 2023. For the DPU, revenues in 2023 increased with approved rate increases. DPU expenses in 2023 increased with the uptick in costs to purchase power and gas.

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 \$122.2 million, which is an increase of \$8.1 million from last year's total of \$114.1 million. Included in this year's total change in fund balance is an increase of \$3.6 million in the City's General Fund. The primary reasons for the General Fund's increase are higher than anticipated delinquent property tax collections, conveyance taxes, interest income and building permit revenues. Please see the general fund activities analysis in RSI-1 and RSI-2 for further detail.

The Debt Service Fund reported a fund balance of \$63.6 million at June 30, 2023. The fund balance increased by \$63.6 million during the year due to the transfer of a long-term interfund receivable from DPU for its portion of the Gas Line Extension Bonds and Pension Obligation Bond debt. This receivable had been recorded in the Bond Expenditure Fund in the prior year.

The Education Grants Fund reported a fund balance of \$0.1 million which was a \$0.2 million increase from last year.

**CITY OF NORWICH, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023**

The General Government Grants & Programs fund, in which the City records activity for the American Rescue Plan Act grant in addition to other grants, had a fund balance of (\$20.0) which was a \$24 decrease from the prior year.

The other nonmajor governmental funds have a total fund balance of \$37.6 million - a \$59.2 million increase from last year.

Proprietary Funds

Net position of the DPU was \$124.6 million, as compared to \$126.2 million in the prior year, and City's other nonmajor enterprise funds' net position decreased by \$0.2 million to \$7.4 million.

Unrestricted net deficit of the DPU was (\$6.8) million, and a deficit of (\$2.3) million for the other nonmajor enterprise funds. The DPU had operating revenues of \$110.7million from user fees, and other enterprise funds had \$1.8 million. The total decrease in net position for the fiscal year ended June 30, 2023 was \$(1.7) million. The change in the DPU net position is largely attributable to the increase in gas and electric purchase prices which will be recovered by future rate increases.

General Fund Budgetary Highlights

During the year, actual revenues and other financing sources on a budgetary basis were \$141.8 million, which was \$3.2 million higher than budgetary estimates. The variance was caused primarily by higher than anticipated delinquent property tax collections, conveyance taxes, interest income and building permit revenues. Please see the general fund activities analysis in RSI-1 for further detail..

Actual expenditures on a budgetary basis and other financing uses totaled \$138.0 million, which were lower than actual revenues and other financing sources on a budgetary basis by \$3.8 million and lower than budget by \$0.6 million. The \$0.6 million budget variance was primarily due to lower spending in General Government and Public Safety.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2023, the City had \$300.8 million invested in a broad range of capital assets, including land, building and system improvements, machinery and equipment, park facilities, roads, software, sewers and bridges - Table 4. This amount represents a net decrease (including additions, deductions and depreciation) of \$13.5 million, or 4.70%, compared to last year.

**CITY OF NORWICH, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023**

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

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Land	\$ 28,508	\$ 28,615	\$ 3,285	\$ 3,285	\$ 31,793	\$ 31,900
Buildings and Improvements	53,259	54,706	33,130	30,593	86,389	85,299
Vehicles, Machinery, Equipment, Pumping and Distributions Systems	9,419	9,611	115,693	112,591	125,112	122,202
Technology Upgrade and Road Infrastructure	21,585	21,404	-	-	21,585	21,404
Construction in Progress	20,337	7,513	14,438	19,030	34,775	26,543
Right-To-Use Lease Assets	-	-	641	731	641	731
SBITA Assets	-	-	468	-	468	-
Totals	<u>\$ 133,108</u>	<u>\$ 121,849</u>	<u>\$ 167,655</u>	<u>\$ 166,230</u>	<u>\$ 300,763</u>	<u>\$ 288,079</u>

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

NPU S. Golden St Office Renovations	\$ 1,751
NPU Fleet Vehicles	1,190
NPU Gas Main Installations	1,331
NPU Gas Service Installations	1,545
NPU Countryside Water Distribution System	786
NPU Stony Brook - Buoyant Media	9,033
NPU Wastewater Long-Term Control Plan	4,319
NPU Wastewater Main Cast In Place Piping	519
Citywide paving	1,679
Total	<u>\$ 22,153</u>

The City's fiscal-year 2024 capital budget calls for spending \$2.8 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, 2023, the City had total bonds and notes outstanding of \$216.7 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 \$1.7 million during fiscal 2023 because of the issuance of \$9.8 million in new bonds (including \$0.6 million premium) and \$2.5 million of new State of Connecticut Clean Water Fund notes and the paydown of \$10.6 million of existing bonds and notes.

**CITY OF NORWICH, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023**

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

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
General Obligation Bonds	\$ 190,570	\$ 189,221	\$ -	\$ -	\$ 190,570	\$ 189,221
Notes Payable	-	63	346	759	346	822
Serial Notes Payable	-	-	25,762	25,057	25,762	25,057
Lease Liability	-	-	574	643	574	643
SBITA Liability	-	-	157	-	157	-
Total	<u>\$ 190,570</u>	<u>\$ 189,284</u>	<u>\$ 26,839</u>	<u>\$ 26,459</u>	<u>\$ 217,409</u>	<u>\$ 215,743</u>

In December 2022, Standard & Poor's assigned an AA rating on Norwich's \$9.2 million general 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 48.01% 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 9 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

As of October 2023, the unemployment rate for the Norwich was 3.8%, down from 4.6% in the prior year. Connecticut's overall unemployment rate stood at 3.4%, compared with 4.0% for the same time last year. Until recently the State of Connecticut's education and noneducation formula grants had not kept pace with inflation for many years. State legislators have 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 2024 General Fund budget calls for \$144.7 million in revenues and expenditures, a 4.39% increase in over fiscal year 2023. Noneducation expenditures increased by 6.60% and education expenditures increased by 3.08%. On the revenue side, the fiscal year 2024 General Fund mill rate increased 0.02 mills, or 0.05%, from 41.83 to 41.85. No unrestricted fund balance was used to balance the budget.

**CITY OF NORWICH, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023**

In the City's business-type activities, the Norwich Public Utilities projects a 7.44% increase in revenues from fiscal year 2023 from \$104.4 million to \$112.2 million. This increase is based on projected normalized sales and includes Board approved rate increases in the gas, electric, and sewer divisions. Norwich Public Utilities budgeted \$48.7 million in capital improvements including \$31.1 million towards 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, 2023
(IN THOUSANDS)

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and Cash Equivalents	\$ 26,957	\$ 64,527	\$ 91,484
Investments	53,244	-	53,244
Receivables, Net	27,425	14,549	41,974
Internal Balances	64,396	(64,396)	-
Supplies	-	2,705	2,705
Other Assets	-	1,093	1,093
Capital Assets:			
Assets Not Being Depreciated	48,845	17,723	66,568
Assets Being Depreciated, Net	84,263	149,932	234,195
Total Assets	<u>305,130</u>	<u>186,133</u>	<u>491,263</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Outflows - Pensions	28,036	15,659	43,695
Deferred Outflows - OPEB	5,868	1,425	7,293
Deferred Charge on Refunding	1,018	-	1,018
Total Deferred Outflows of Resources	<u>34,922</u>	<u>17,084</u>	<u>52,006</u>
LIABILITIES			
Accounts and Other Payables	13,692	12,988	26,680
Unearned Revenue	18,919	743	19,662
Noncurrent Liabilities:			
Due Within One Year	12,294	4,850	17,144
Due in More Than One Year	247,677	50,613	298,290
Total Liabilities	<u>292,582</u>	<u>69,194</u>	<u>361,776</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflows - Leases	1,462	536	1,998
Deferred Inflows - Pensions	481	-	481
Deferred Inflows - OPEB	7,111	1,423	8,534
Total Deferred Inflows of Resources	<u>9,054</u>	<u>1,959</u>	<u>11,013</u>
NET POSITION			
Net Investment in Capital Assets	88,076	140,816	228,892
Restricted for:			
Permanent Trust Purposes - Expendable	2,054	-	2,054
Permanent Trust Purposes - Nonexpendable	33	-	33
Other	446	-	446
Energy Conservation	-	358	358
Unrestricted	<u>(52,193)</u>	<u>(9,110)</u>	<u>(61,303)</u>
Total Net Position	<u>\$ 38,416</u>	<u>\$ 132,064</u>	<u>\$ 170,480</u>

See accompanying Notes to Financial Statements.

**CITY OF NORWICH, CONNECTICUT
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2023
(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	\$ 10,728	\$ 2,729	\$ 717	\$ -	\$ (7,282)	\$ -	\$ (7,282)
Public Safety	42,179	633	2,410	7,936	(31,200)	-	(31,200)
Social Services	4,881	543	2,118	-	(2,220)	-	(2,220)
Public Works	13,756	1,878	-	7,743	(4,135)	-	(4,135)
Education	140,633	947	81,601	-	(58,085)	-	(58,085)
Interest on Long-Term Debt	5,364	-	-	-	(5,364)	-	(5,364)
Total Governmental Activities	217,541	6,730	86,846	15,679	(108,286)	-	(108,286)
BUSINESS-TYPE ACTIVITIES							
Department of Public Utilities	105,515	110,719	-	1,227	-	6,431	6,431
Nonmajor Enterprise Funds:							
Golf Course Authority	1,330	1,431	-	-	-	101	101
Stadium Authority	340	-	-	-	-	(340)	(340)
Ice Rink Authority	112	336	-	-	-	224	224
Total Business-Type Activities	107,297	112,486	-	1,227	-	6,416	6,416
Total	\$ 324,838	\$ 119,216	\$ 86,846	\$ 16,906	(108,286)	6,416	(101,870)
GENERAL REVENUES AND TRANSFERS							
					91,207	-	91,207
Property Taxes							
Grants and Contributions not Restricted to Specific Programs					9,163	-	9,163
Unrestricted Investment Earnings					2,303	-	2,303
Miscellaneous					5,154	616	5,770
Transfers					8,706	(8,706)	-
Total General Revenues and Transfers					116,533	(8,090)	108,443
CHANGE IN NET POSITION							
					8,247	(1,674)	6,573
Net Position - Beginning of Year					30,169	133,738	163,907
NET POSITION - END OF YEAR							
					\$ 38,416	\$ 132,064	\$ 170,480

See accompanying Notes to Financial Statements.

CITY OF NORWICH, CONNECTICUT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2023
(IN THOUSANDS)

ASSETS	General	Debt Service	Education Grants	General Government Grants and Programs	Nonmajor Governmental Funds	Total Governmental Funds
Cash and Cash Equivalents	\$ 25,032	\$ -	\$ -	\$ -	\$ 1,924	\$ 26,956
Investments	51,214	-	-	-	2,030	53,244
Receivables, Net	7,587	-	5,246	548	13,231	26,612
Due from Other Funds	6,430	63,550	1,764	17,752	28,817	118,313
Total Assets	\$ 90,263	\$ 63,550	\$ 7,010	\$ 18,300	\$ 46,002	\$ 225,125
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES						
LIABILITIES						
Accounts and Other Payables	\$ 8,933	\$ -	\$ 2,021	\$ 195	\$ 2,477	\$ 13,626
Due to Other Funds	53,579	-	4,424	-	1,009	59,012
Unearned Revenue	176	-	465	18,125	144	18,910
Total Liabilities	62,688	-	6,910	18,320	3,630	91,548
DEFERRED INFLOWS OF RESOURCES						
Unavailable Revenue - Property Taxes	3,678	-	-	-	236	3,914
Unavailable Revenue - Special Assessments	966	-	-	-	70	1,036
Unavailable Revenue - Loans Receivable	800	-	-	-	4,215	5,015
Unavailable Revenue - Leases	1,163	-	-	-	298	1,461
Total Deferred Inflows of Resources	6,607	-	-	-	4,819	11,426
FUND BALANCES						
Nonspendable	-	-	-	-	33	33
Restricted	-	-	-	-	8,372	8,372
Committed	-	63,550	100	-	21,748	85,398
Assigned	231	-	-	-	9,313	9,544
Unassigned	20,737	-	-	(20)	(1,913)	18,804
Total Fund Balances	20,968	63,550	100	(20)	37,553	122,151
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 90,263	\$ 63,550	\$ 7,010	\$ 18,300	\$ 46,002	\$ 225,125

See accompanying Notes to Financial Statements.

**CITY OF NORWICH, CONNECTICUT
BALANCE SHEET
GOVERNMENTAL FUNDS (CONTINUED)
JUNE 30, 2023
(IN THOUSANDS)**

RECONCILIATION TO THE STATEMENT OF NET POSITION

Fund Balances - Total Governmental Funds	\$	122,151
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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		244,583
Less Accumulated Depreciation		(111,475)
Net Capital Assets		133,108

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		3,914
Loans Receivable		4,975
Accounts and Other Receivables		1,876
Deferred Outflows:		
Deferred Outflow of Resources Related to Pensions		28,036
Deferred Outflow of Resources Related to OPEB		5,868
Deferred Charge on Refunding		1,018

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.

(564)

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		(188,205)
Unamortized Bond Premium		(2,365)
Interest Payable on Bonds and Notes		(69)
Compensated Absences		(3,425)
Landfill Closure		(100)
Net Pension Liability		(33,837)
Net OPEB Liability		(26,373)
Deferred Inflow of Resources Related to Pensions		(481)
Deferred Inflow of Resources Related to OPEB		(7,111)

Net Position of Governmental Activities (Exhibit I)	\$	38,416
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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, 2023
(IN THOUSANDS)

	General	Debt Service	Education Grants	General Government Grants and Programs	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES						
Property Taxes, Interest, and Liens	\$ 86,579	\$ -	\$ -	\$ -	\$ 4,504	\$ 91,083
Intergovernmental Revenues	54,128	-	32,327	8,528	14,097	109,080
Charges for Services	3,395	-	176	-	2,145	5,716
Licenses, Permits, and Fees	1,183	-	-	-	-	1,183
Investment Income	1,699	-	-	-	590	2,289
Other	299	4,566	-	6	380	5,251
Total Revenues	<u>147,283</u>	<u>4,566</u>	<u>32,503</u>	<u>8,534</u>	<u>21,716</u>	<u>214,602</u>
EXPENDITURES						
Current:						
General Government	6,578	-	-	-	189	6,767
Public Safety	18,890	-	-	8,596	9,070	36,556
Social Services	1,894	-	-	-	2,767	4,661
Public Works	12,153	-	-	-	225	12,378
Education	97,747	-	32,346	-	4,475	134,568
Other	2,857	-	-	-	-	2,857
Capital Outlay	-	-	-	-	13,641	13,641
Debt Service	-	13,543	-	-	-	13,543
Total Expenditures	<u>140,119</u>	<u>13,543</u>	<u>32,346</u>	<u>8,596</u>	<u>30,367</u>	<u>224,971</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	7,164	(8,977)	157	(62)	(8,651)	(10,369)
OTHER FINANCING SOURCES (USES)						
Transfers In	5,717	72,527	-	38	7,633	85,915
Transfers Out	(9,305)	-	-	-	(67,904)	(77,209)
Issuance of General Obligation Bonds	-	-	-	-	9,200	9,200
Bond Premiums	-	-	-	-	571	571
Total Other Financing Sources (Uses)	<u>(3,588)</u>	<u>72,527</u>	<u>-</u>	<u>38</u>	<u>(50,500)</u>	<u>18,477</u>
NET CHANGE IN FUND BALANCES	3,576	63,550	157	(24)	(59,151)	8,108
Fund Balances - Beginning of Year	<u>17,392</u>	<u>-</u>	<u>(57)</u>	<u>4</u>	<u>96,704</u>	<u>114,043</u>
FUND BALANCES - END OF YEAR	<u>\$ 20,968</u>	<u>\$ 63,550</u>	<u>\$ 100</u>	<u>\$ (20)</u>	<u>\$ 37,553</u>	<u>\$ 122,151</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, 2023
(IN THOUSANDS)

RECONCILIATION TO THE STATEMENT OF ACTIVITIES

Net Change in Fund Balances - Total Governmental Funds (Exhibit IV) \$ 8,108

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	18,248
Depreciation Expense	(6,852)

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. (137)

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	125
Loan Repayments	914
Accounts and Other Receivables - Accrual Basis Change	(134)

Change in Deferred Outflows:

Deferred Outflow of Resources Related to Pensions	(15,096)
Deferred Outflow of Resources Related to OPEB	(835)

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	(9,200)
Premium on Bonds	(571)
Bond Principal Payments	8,265
Amortization of Deferred Charge on Refunding	(126)
Amortization of Premiums	157
Note Payable Principal Payments	63

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	(92)
Accrued Interest	(179)
Landfill Postclosure Care	17
Change in Net Pension Liability	1,771
Change in Net OPEB Liability	(486)
Change in Deferred Inflows:	
Deferred Inflow of Resources Related to Pensions	1,853
Deferred Inflow of Resources Related to OPEB	2,487

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. (53)

Change in Net Position of Governmental Activities (Exhibit II)	\$ 8,247
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See accompanying Notes to Financial Statements.

CITY OF NORWICH, CONNECTICUT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2023
(IN THOUSANDS)

	Business-Type Activities			Governmental
	Department of Public Utilities	Nonmajor Enterprise Funds	Total	Internal Service Funds
ASSETS				
Current Assets:				
Cash and Cash Equivalents	\$ 64,527	\$ -	\$ 64,527	\$ -
Receivables, Net	14,091	16	14,107	13
Due from Other Funds		170	170	5,095
Supplies	2,705	-	2,705	-
Other Assets	1,093	-	1,093	-
Total Current Assets	<u>82,416</u>	<u>186</u>	<u>82,602</u>	<u>5,108</u>
Noncurrent Assets				
Lease Receivable	442	-	442	
Capital Assets, Net	157,863	9,792	167,655	
Total Assets	<u>240,721</u>	<u>9,978</u>	<u>250,699</u>	<u>5,108</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Outflows - Pensions	15,659	-	15,659	
Deferred Outflows - OPEB	1,425	-	1,425	
Total Deferred Outflows of Resources	<u>17,084</u>	<u>-</u>	<u>17,084</u>	<u>-</u>
LIABILITIES				
Current Liabilities:				
Accounts Payable and Accrued Liabilities	\$ 8,236	\$ 859	\$ 9,095	\$ -
Notes Payable	2,039	-	2,039	-
Compensated Absences	2,241	-	2,241	-
Risk Management Claims	270	-	270	2,155
Lease Liability	137	43	180	-
SBITA Liability	120	-	120	-
Cash Advances from Other Funds	2,661	-	2,661	-
Due to Other Funds	134	882	1,016	-
Due to Other Governments	-	2	2	-
Unearned Revenue	-	743	743	6
Total Current Liabilities	<u>15,838</u>	<u>2,529</u>	<u>18,367</u>	<u>2,161</u>
Noncurrent Liabilities:				
Customer Deposits	3,891	-	3,891	-
Notes Payable	24,069	-	24,069	-
Compensated Absences	2,966	-	2,966	-
Risk Management Claims	897	-	897	3,511
Lease Liability	370	24	394	-
SBITA Liability	37	-	37	-
Cash Advances from Other Funds	60,889	-	60,889	-
Net Pension Liability	15,209	-	15,209	-
Net OPEB Liability	7,041	-	7,041	-
Total Noncurrent Liabilities	<u>115,369</u>	<u>24</u>	<u>115,393</u>	<u>3,511</u>
Total Liabilities	<u>131,207</u>	<u>2,553</u>	<u>133,760</u>	<u>5,672</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred Inflows - Leases	536	-	536	-
Deferred Inflows - OPEB	1,423	-	1,423	-
Total Deferred Outflows of Resources	<u>1,959</u>	<u>-</u>	<u>1,959</u>	<u>-</u>
NET POSITION				
Net Investment in Capital Assets	131,091	9,725	140,816	-
Restricted for Energy Conservation	358	-	358	-
Unrestricted	(6,810)	(2,300)	(9,110)	(564)
Total Net Position	<u>\$ 124,639</u>	<u>\$ 7,425</u>	<u>\$ 132,064</u>	<u>\$ (564)</u>

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, 2023
(IN THOUSANDS)

	Business-Type Activities			Governmental
	Department of Public Utilities	Nonmajor Enterprise Funds	Total	Internal Service Funds
OPERATING REVENUES				
Charges for Services	\$ 108,641	\$ 1,431	\$ 110,072	\$ 21,816
Use of Property	1,180	-	1,180	-
Other Services	898	-	898	-
Rent	-	336	336	-
Total Operating Revenues	<u>110,719</u>	<u>1,767</u>	<u>112,486</u>	<u>21,816</u>
OPERATING EXPENSES				
Purchased Gas and Electric	41,994	-	41,994	-
Operations and Maintenance	18,343	1,261	19,604	-
General and Administrative	16,308	-	16,308	-
Depreciation and Amortization	9,623	485	10,108	-
Pension Expense	8,453	-	8,453	-
Customer Accounts	4,602	-	4,602	-
Gross Revenue and Property Taxes	2,142	-	2,142	-
OPEB Expense	1,151	-	1,151	-
Claims	-	-	-	19,132
Premiums and Administrative Charges	-	-	-	2,737
Total Operating Expenses	<u>102,616</u>	<u>1,746</u>	<u>104,362</u>	<u>21,869</u>
OPERATING INCOME (LOSS)	8,103	21	8,124	(53)
NONOPERATING INCOME (EXPENSE)				
Interest Income	65	4	69	-
Interest Expense	(2,633)	(36)	(2,669)	-
Loss on Disposal of Capital Assets	(266)	-	(266)	-
Other Nonoperating Revenue	547	-	547	-
Total Nonoperating Income (Expense)	<u>(2,287)</u>	<u>(32)</u>	<u>(2,319)</u>	<u>-</u>
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	5,816	(11)	5,805	(53)
Capital Contributions	1,227	-	1,227	-
Transfers In	-	-	-	-
Transfers Out	(8,577)	(129)	(8,706)	-
CHANGE IN NET POSITION	(1,534)	(140)	(1,674)	(53)
Net Position - Beginning of Year	<u>126,173</u>	<u>7,565</u>	<u>133,738</u>	<u>(511)</u>
NET POSITION - END OF YEAR	<u>\$ 124,639</u>	<u>\$ 7,425</u>	<u>\$ 132,064</u>	<u>\$ (564)</u>

See accompanying Notes to Financial Statements.

CITY OF NORWICH, CONNECTICUT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2023
(IN THOUSANDS)

	Business-Type Activities			Governmental
	Department of Public Utilities	Nonmajor Enterprise Funds	Total	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash Received from Charges for Services	\$ 111,054	\$ 1,733	\$ 112,787	\$ 2,487
Cash Receipts for Interfund Services Provided	-	-	-	20,173
Cash Paid to Vendors	(62,823)	(939)	(63,762)	(22,660)
Cash Paid to Employees for Services	(23,371)	(512)	(23,883)	-
Net Cash Provided (Used) by Operating Activities	24,860	282	25,142	-
CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES				
Transfers to Other Funds	(8,578)	-	(8,578)	-
Customer Deposits	500	-	500	-
Transfers from (to) Other Funds	122	(129)	(7)	-
Net Cash Provided (Used) by Noncapital and Related Financing Activities	(7,956)	(129)	(8,085)	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Capital Contributions	1,227	-	1,227	-
Purchases of Capital Assets	(9,681)	(80)	(9,761)	-
Proceeds from Sale of Capital Assets	38	-	38	-
Lease Payments Received	101	-	101	-
Proceeds from Notes Payable	2,508	-	2,508	-
Principal Payment on Notes Payable	(2,216)	-	(2,216)	-
Payments on Leases	(149)	(41)	(190)	-
Payments on SBITAs	(484)	-	(484)	-
Interest Payment on Debt	(2,609)	(28)	(2,637)	-
Interest Payments on Leases	(24)	(8)	(32)	-
Capital Advances (Repayments) from Other Funds	(1,847)	-	(1,847)	-
Other Nonoperating Revenues	548	-	548	-
Net Cash Provided (Used) by Capital and Related Financing Activities	(12,588)	(157)	(12,745)	-
CASH FLOWS FROM INVESTING ACTIVITIES				
Income on Investments	65	4	69	-
NET INCREASE IN CASH AND CASH EQUIVALENTS	4,381	-	4,381	-
Cash and Cash Equivalents - Beginning of Year	60,146	-	60,146	-
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 64,527</u>	<u>\$ -</u>	<u>\$ 64,527</u>	<u>\$ -</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES				
Operating Income (Loss)	\$ 8,103	\$ 21	\$ 8,124	\$ (53)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Depreciation Expense	9,623	485	10,108	-
Changes in Assets, Deferred Outflows, Liabilities and Deferred Inflows:				
Change in Deferred Outflow of Resources Related to Pensions	7,978	-	7,978	-
Change in Deferred Outflow of Resources Related to OPEB	665	-	665	-
Change in Net Pension Liability	(670)	-	(670)	-
Change in Net OPEB Liability	135	-	135	-
Change in Deferred Inflow of Resources Related to Leases	(104)	-	(104)	-
Change in Deferred Inflow of Resources Related to Pensions	(7)	-	(7)	-
Change in Deferred Inflow of Resources Related to OPEB	(357)	-	(357)	-
(Increase) Decrease in Receivables	438	24	462	3
(Increase) Decrease in Inventories and Other Assets	613	-	613	-
(Increase) Decrease in Due from Other Funds	-	38	38	844
Increase (Decrease) in Due to Other Funds	-	(68)	(68)	-
Increase (Decrease) in Unearned Revenues	-	(54)	(54)	(3)
Increase (Decrease) in Accounts Payable and Accrued Expenses	(1,557)	(164)	(1,721)	(791)
Total Adjustments	16,757	261	17,018	53
Net Cash Provided (Used) by Operating Activities	<u>\$ 24,860</u>	<u>\$ 282</u>	<u>\$ 25,142</u>	<u>\$ -</u>

See accompanying Notes to Financial Statements.

CITY OF NORWICH, CONNECTICUT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
YEAR ENDED JUNE 30, 2023
(IN THOUSANDS)

	Pension and Other Employee Benefit Trust Funds
ASSETS	
Cash and Cash Equivalents	\$ 53
Investments:	
U.S. Government Securities	32,577
U.S. Government Agencies	9,554
Corporate Bonds	25,264
Mutual Funds	253,801
Common Stock	54,446
Real Estate	971
Accounts Receivable	1,997
Total Assets	378,663
LIABILITIES	
Accounts and Other Payables	425
NET POSITION	
Restricted for OPEB Benefits	33,831
Restricted for Pension Benefits	344,407
Total Net Position	\$ 378,238

See accompanying Notes to Financial Statements.

CITY OF NORWICH, CONNECTICUT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
YEAR ENDED JUNE 30, 2023
(IN THOUSANDS)

	Pension and Other Employee Benefit Trust Funds
ADDITIONS	
Contributions:	
Employer	\$ 7,960
Plan Members	5,756
Total Contributions	13,716
Investment Income:	
Net Change in Fair Value of Investments	24,413
Interest and Dividends	8,404
Total Investment Income	32,817
Less Investment Expense	(766)
Net Investment Income	32,051
Total Additions	45,767
DEDUCTIONS	
Benefits	25,586
Administration	513
Lump Sum Distributions and Withdrawals	636
Total Deductions	26,735
CHANGE IN NET POSITION	19,032
Net Position - Beginning of Year	359,206
NET POSITION - END OF YEAR	\$ 378,238

See accompanying Notes to Financial Statements.

CITY OF NORWICH, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023
(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, 2023
(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, with the exception of grant revenues which are considered available if they are collected within 90 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.

Debt Service Fund

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

Education Grants Fund

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

General Government Grants and Programs

The General Government Grants and Programs Fund accounts for various other grants administered by the City.

CITY OF NORWICH, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023
(IN THOUSANDS)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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.

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.

CITY OF NORWICH, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023
(IN THOUSANDS)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed. Unrestricted resources are used in the following order: committed, assigned then unassigned.

D. Adoption of New Accounting Standards

In May 2020, the GASB issued GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. This standard defines a subscription-based information technology arrangement (SBITA); establishes that a SBITA results in a right-to-use subscription asset (an intangible asset) and a corresponding subscription liability; provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and requires note disclosures regarding a SBITA.

The City adopted the requirements of the guidance effective July 1, 2022 and has applied the provisions of this standard to the beginning of the period of adoption. The implementation of this standard resulted in the City reporting a SBITA asset and a SBITA liability as disclosed in Note 9.

E. 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.

F. 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.

CITY OF NORWICH, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023
(IN THOUSANDS)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Receivables and Payables (Continued)

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.

G. Supplies and Prepaid Items

All supplies are valued at cost using the first-in/first-out (FIFO) method. Supplies 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.

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 a year. 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
Right-of-Use Lease Asset	2 to 10 Years
Subscription-Based Information Technology Arrangement Assets	2 to 5 Years

CITY OF NORWICH, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023
(IN THOUSANDS)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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. 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 can result from differences between expected and actual experience, changes in assumptions, projected versus actual investment earnings or other inputs. With the exception of differences between projected and actual earnings, which are required to be recognized over a five-year period, 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 (participating active employees and vested former employees).

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time. The City reports a deferred inflow of resources related to pensions and OPEB in the government-wide statement of net position. A deferred inflow of resources related to pension and OPEB can result from differences between expected and actual experience, changes in assumptions, projected versus actual investment earnings, or other inputs. With the exception of differences between projected and actual earnings, which are required to be recognized over a five-year period, 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 (participating active employees and vested former employees). The City also reports deferred inflow(s) of resources related to advanced property tax collections and leases in the government-wide statement of net position and in the governmental funds. Also, for governmental funds, the City reports unavailable revenue, which arises only under the modified accrual basis of accounting. The governmental funds report unavailable revenues from property taxes, interest on property taxes, loans and other receivables. These amounts are deferred and recognized as an inflow of resources (revenue) in the period during which the amounts become available.

CITY OF NORWICH, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023
(IN THOUSANDS)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

CITY OF NORWICH, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023
(IN THOUSANDS)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

M. Long-Term Obligations (Continued)

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.

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.

CITY OF NORWICH, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023
(IN THOUSANDS)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

N. Fund Balance and Net Position (Continued)

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 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.

CITY OF NORWICH, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023
(IN THOUSANDS)

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.

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.

Except for encumbrance accounting, the on-behalf contributions from the State of Connecticut into the TRB Pension and OPEB plans as well as some intergovernmental grant revenues, the budget is prepared on the modified accrual basis of accounting. The legal level of control, the level at which expenditures may not exceed appropriations, is at the department level.

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.

CITY OF NORWICH, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023
(IN THOUSANDS)

NOTE 2 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (CONTINUED)

A. Budgetary Information (Continued)

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, 2023 as follows:

Major Governmental Funds:		
General Government Grants and Programs	\$	20 *
Nonmajor Governmental Funds:		
Dog License		128 *
Youth Services		3 *
Economic Development		3 *
Fire Grants and Programs		1 *
Property Rehabilitation		62 *
Internal Service Funds:		
Workers' Compensation		2,490 *

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

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.

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

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

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.

Based on the criteria described in GASB Statement No. 40, *Deposits and Investment Risk Disclosures*, \$100,035 of the City’s bank balance of \$127,912 was exposed to custodial credit risk as follows:

Uninsured and Uncollateralized	\$	89,809
Uninsured and Collateral Held by the Pledging Bank's Trust Department, not in the City's Name		10,226
Total Amount Subject to Custodial Credit Risk	\$	100,035

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

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

B. Cash Equivalents

At June 30, 2023, the City's cash equivalents amounted to \$12,677. The following table provides a summary of the City's cash equivalents (excluding U.S. Government guaranteed obligations) as rated by nationally recognized statistical rating organizations. The pools all have maturities of less than one year.

	Standard & Poor's
State Short-Term Investment Fund (STIF)	AAA/m
Dime Bank	AAA/m

NOTE 4 INVESTMENTS

As of June 30, 2023, the City had the following investments:

	Fair Value	Investment Maturities (Years)		
		Less Than 1	1 - 10	More Than 10
Interest-Bearing Investments:				
Certificate of Deposit	\$ 47,252	\$ 45,205	\$ 2,047	\$ -
U.S. Government Securities	36,786	3,983	28,397	4,406
U.S. Government Agencies	9,573	510	26	9,037
Corporate Bonds	25,573	1,728	22,414	1,431
Total	119,184	\$ 51,426	\$ 52,884	\$ 14,874
Other Investments:				
Mutual Funds	254,004			
Common Stock	55,698			
Private Equity - Real Estate	971			
Total Investments	\$ 429,857			

**CITY OF NORWICH, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
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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	Certificate of Deposit
Aaa	\$ 1,261	\$ 32,578	\$ -	\$ -
Aa1	330	14	-	-
Aa3	370	-	-	-
A1	5,112	40	-	-
A2	1,497	19	-	-
A3	1,152	28	-	-
Baa1	2,558	-	-	-
Baa2	1,964	-	-	-
Baa3	7,204	5	-	-
Ba1	891	-	-	-
Ba2	187	-	-	-
Ba3	332	-	-	-
B1	586	-	-	-
B2	74	-	-	-
B3	121	-	-	-
Unrated	1,934	4,102	9,573	47,252
Totals	<u>\$ 25,573</u>	<u>\$ 36,786</u>	<u>\$ 9,573</u>	<u>\$ 47,252</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, 2023:

CITY OF NORWICH, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023
(IN THOUSANDS)

NOTE 4 INVESTMENTS (CONTINUED)

	June 30, 2023	Fair Value Measurements Using		
		Level 1	Level 2	Level 3
Investments by Fair Value Level:				
Debt Securities:				
U.S. Government Securities	\$ 36,786	\$ 36,786	\$ -	\$ -
U.S. Government Agencies	9,573	9,573	-	-
Corporate Bonds	25,573	-	25,573	-
Equity Securities:				
Common Stock	55,698	55,698	-	-
Mutual Funds	254,004	254,004	-	-
Total Investments by Fair Value Level	381,634	<u>\$ 356,061</u>	<u>\$ 25,573</u>	<u>\$ -</u>
Investments Recorded at Amortized Cost:				
Certificate of Deposit	47,252			
Investments Recorded at Net Asset Value				
Private Equity - Real Estate	971			
Total Investments	<u>\$ 429,857</u>			

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, 2023
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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	Education Grants	Department of Public Utilities	General Government Grants and Programs	Nonmajor and Other Funds	Total
Receivables:						
Taxes	\$ 4,886	\$ -	\$ -	\$ -	\$ 295	\$ 5,181
Intergovernmental	-	5,246	-	548	8,272	14,066
User Charges	-	-	17,704	-	16	17,720
Leases	1,178	-	442	-	298	1,918
Assessments	966	-	-	-	-	966
Loans	800	-	-	-	4,254	5,054
Accounts and Other	77	-	-	-	326	403
Pension Trust Fund	425	-	-	-	-	425
Gross Receivables	<u>8,332</u>	<u>5,246</u>	<u>18,146</u>	<u>548</u>	<u>13,461</u>	<u>45,733</u>
Less Allowance for Uncollectibles:						
Taxes	(745)	-	-	-	(29)	(774)
User Charges	-	-	(3,613)	-	-	(3,613)
Accounts and Other	-	-	-	-	(172)	(172)
Total Allowance	<u>(745)</u>	<u>-</u>	<u>(3,613)</u>	<u>-</u>	<u>(201)</u>	<u>(4,559)</u>
Net Total Receivables	<u>\$ 7,587</u>	<u>\$ 5,246</u>	<u>\$ 14,533</u>	<u>\$ 548</u>	<u>\$ 13,260</u>	<u>\$ 41,174</u>

**CITY OF NORWICH, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023
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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, 2023 is presented below.

	Due from Other Funds	Due to Other Funds
General Fund	\$ 6,430	\$ 53,579
Debt Service Fund	63,550	-
Education Grants	1,764	4,424
General Government Grants and Programs	17,752	-
Nonmajor Governmental	28,817	1,009
Department of Public Utilities	-	63,684
Nonmajor Enterprise	170	882
Internal Service Funds	5,095	-
Total	<u>\$ 123,578</u>	<u>\$ 123,578</u>

Included within the balances above are \$63,550 of long-term interfund advances receivable by the Debt Service 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	Debt Service Expenditure	General Government Grants and Programs	Nonmajor Governmental	
Transfers Out:					
General Fund	\$ -	\$ 1,763	\$ 38	\$ 7,504	\$ 9,305
Department of Public Utilities	3,220	5,357	-	-	8,577
Nonmajor Governmental	2,497	65,407	-	-	67,904
Nonmajor Enterprise	-	-	-	129	129
Total	<u>\$ 5,717</u>	<u>\$ 72,527</u>	<u>\$ 38</u>	<u>\$ 7,633</u>	<u>\$ 85,915</u>

**CITY OF NORWICH, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
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(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 City, acting as lessor, leases various property under long-term, non-cancelable lease agreements. The leases expire at various dates through 2036. During the year ended June 30, 2023, the City recognized \$93 in lease revenue pursuant to these contracts.

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

<u>Year Ending June 30.</u>	Governmental Activities	
	Principal	Interest
2024	\$ 95	\$ -
2025	96	-
2026	97	-
2027	308	-
2028	75	-
2029-2033	353	-
2034-2036	154	-
Total	\$ 1,178	\$ -

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, 2023, the Department of Public Utilities recognized \$104 in lease revenue pursuant to these contracts.

CITY OF NORWICH, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023
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NOTE 7 LEASES (CONTINUED)

A. Lessor (Continued)

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>
2024	\$ 104	\$ -
2025	104	-
2026	70	-
2027	27	-
2028	26	-
2029-2033	134	-
2034-2036	80	-
Total	<u>\$ 545</u>	<u>\$ -</u>

B. Lessee

The Department of Public Utilities and Golf Course Authority 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>
2024	\$ 180	\$ 24
2025	88	14
2026	62	11
2027	63	8
2028	64	6
2028-2032	117	4
Total	<u>\$ 574</u>	<u>\$ 67</u>

Right-to-use lease assets acquired through outstanding contracts are shown below:

Right-to-Use Lease Assets:	
Land	\$ 582
Equipment	408
Less: Accumulated Amortization	<u>(349)</u>
Total	<u>\$ 641</u>

CITY OF NORWICH, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023
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NOTE 8 CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2023 was as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Governmental Activities:					
Capital Assets Not Being Depreciated:					
Land	\$ 28,615	\$ 30	\$ (137)	\$ -	\$ 28,508
Construction in Progress	7,513	14,596	-	(1,772)	20,337
Total Capital Assets Not Being Depreciated	36,128	14,626	(137)	(1,772)	48,845
Capital Assets Being Depreciated:					
Buildings and Improvements	106,271	592	-	1,303	108,166
Vehicles, Machinery, and Equipment	33,438	1,178	(79)	251	34,788
Technology Upgrade and Infrastructure	50,714	1,852	-	218	52,784
Total Capital Assets Being Depreciated	190,423	3,622	(79)	1,772	195,738
Less Accumulated Depreciation for:					
Buildings and Improvements	(51,565)	(3,342)		-	(54,907)
Vehicles, Machinery, and Equipment	(23,827)	(1,621)	79	-	(25,369)
Technology Upgrade and Infrastructure	(29,310)	(1,889)	-	-	(31,199)
Total Accumulated Depreciation	(104,702)	(6,852)	79	-	(111,475)
Total Capital Assets Being Depreciated, Net	85,721	(3,230)	-	1,772	84,263
Governmental Activities Capital Assets, Net	<u>\$ 121,849</u>	<u>\$ 11,396</u>	<u>\$ (137)</u>	<u>\$ -</u>	<u>\$ 133,108</u>

CITY OF NORWICH, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
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NOTE 8 CAPITAL ASSETS (CONTINUED)

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Business-Type Activities:					
Capital Assets Not Being Depreciated:					
Land	\$ 3,285	\$ -	\$ -	\$ -	\$ 3,285
Construction in Progress	26,276	11,016	-	(22,854)	14,438
Total Capital Assets Not Being Depreciated	29,561	11,016	-	(22,854)	17,723
Capital Assets Being Depreciated:					
Structures and Improvements	65,830	68	(641)	4,302	69,559
Intangible Plant	-			4,319	4,319
Machinery, Equipment, Pumping, and Distribution Systems	265,483	16	(1,849)	14,233	277,883
Total Capital Assets Being Depreciated	331,313	84	(2,490)	22,854	351,761
Less Accumulated Depreciation for:					
Structures and Improvements	(35,303)	(1,767)	641	-	(36,429)
Intangible Plant	-	(216)	-	-	(216)
Machinery, Equipment, Pumping, and Distribution Systems	(160,072)	(7,740)	1,519	-	(166,293)
Total Accumulated Depreciation	(195,375)	(9,723)	2,160	-	(202,938)
Right to Use - Lease Asset:					
Land	582	-	-	-	582
Equipment	306	122	(20)	-	408
Total Right to Use - Lease Asset	888	122	(20)	-	990
Less Accumulated Amortization:					
Land	(59)	(59)	-	-	(118)
Equipment	(98)	(153)	20	-	(231)
Total Accumulated Amortization	(157)	(212)	20	-	(349)
Subscription Based Information Technology Arrangement (SBITA)					
Assets:					
SBITA	-	641	-	-	641
Less Accumulated Amortization:					
SBITA	-	(173)	-	-	(173)
Total Capital Assets Being Depreciated, Net	136,669	(9,261)	(330)	22,854	149,932
Business-Type Activities Capital Assets, Net	\$ 166,230	\$ 1,755	\$ (330)	\$ -	\$ 167,655

CITY OF NORWICH, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
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NOTE 8 CAPITAL ASSETS (CONTINUED)

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

Governmental Activities:	
General Government	\$ 277
Public Safety	2,292
Social Services	2,510
Public Works	95
Education	<u>1,678</u>
Total Depreciation Expense - Governmental Activities	<u><u>\$ 6,852</u></u>
Business-Type Activities:	
Department of Public Utilities	\$ 9,623
Golf Course Authority	194
Stadium Authority	188
Ice Rink Authority	<u>103</u>
Total Depreciation Expense - Business-Type Activities	<u><u>\$ 10,108</u></u>

Construction Commitments

The City has active construction projects as of June 30, 2023. At year end, the City's commitments with contractors on active authorizations are as follows:

<u>Project</u>	<u>Cumulative Authorization</u>	<u>Current Expenditures</u>	<u>Cumulative Expenditures</u>	<u>Balance June 30, 2023</u>
Sherman Street Bridge	\$ 12,703	\$ 7,626	\$ 8,700	\$ 4,003
Sunnyside Street Bridge	2,329	53	1,867	462
Police Radio System upgrades	3,205	-	3,198	7
Dunham Street Reconstruction	1,732	1,053	1,693	39
Uncas Leap Heritage Park	2,800	179	179	2,621
Motorola CAD RMS Project	4,100	2,747	2,747	1,353
Department of Public Utilities - Various*	216,510	1,777	13,688	202,822
Total	<u><u>\$ 243,379</u></u>	<u><u>\$ 13,435</u></u>	<u><u>\$ 32,072</u></u>	<u><u>\$ 211,307</u></u>

* *As an enterprise fund, the Department of Public Utilities does not encumber project spending, instead annual project spending is approved through the budget process. Due to the timing of spending and projects, the same work can be approved in multiple year(s)/budget(s) as capital project budgets are not cumulative. Due to this significant difference in budgeting/project approval, the Department of Public Utilities has provided Estimated Project Costs in place of "Cumulative Authorization."*

CITY OF NORWICH, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023
(IN THOUSANDS)

NOTE 9 LONG-TERM DEBT

Changes in Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2023 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities:					
Bonds Payable:					
General Obligation Bonds	\$ 187,270	\$ 9,200	\$ 8,265	\$ 188,205	\$ 8,455
Add Unamortized Premiums	1,951	571	157	2,365	-
Total Bonds Payable	<u>189,221</u>	<u>9,771</u>	<u>8,422</u>	<u>190,570</u>	<u>8,455</u>
Compensated Absences	3,333	1,710	1,618	3,425	1,668
Landfill Closure	117	-	17	100	16
Notes Payable	63	-	63	-	-
Net Pension Liability	35,608	-	1,771	33,837	-
Net OPEB Liability	25,887	486	-	26,373	-
Risk Management Claims	6,442	19,132	19,908	5,666	2,155
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Governmental Activities Long-Term Liabilities	<u>\$ 260,671</u>	<u>\$ 31,099</u>	<u>\$ 31,799</u>	<u>\$ 259,971</u>	<u>\$ 12,294</u>
Business-Type Activities:					
Bonds and Notes Payable:					
Notes Payable	\$ 759	\$ -	\$ 413	\$ 346	\$ 280
State of Connecticut - Serial Note	25,057	2,508	1,803	25,762	1,759
Total Bonds and Notes Payable	<u>25,816</u>	<u>2,508</u>	<u>2,216</u>	<u>26,108</u>	<u>2,039</u>
Compensated Absences	5,426	1,914	2,133	5,207	2,241
Lease Liability	643	122	191	574	180
SBITA Liability	-	412	255	157	120
Workers' Compensation	1,165	255	253	1,167	270
Net Pension Liability	15,879	-	670	15,209	-
Net OPEB Liability	6,905	136	-	7,041	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Business-Type Activities Long-Term Liabilities	<u>\$ 55,834</u>	<u>\$ 5,347</u>	<u>\$ 5,718</u>	<u>\$ 55,463</u>	<u>\$ 4,850</u>

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

CITY OF NORWICH, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023
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NOTE 9 LONG-TERM DEBT (CONTINUED)

A schedule of bonds outstanding at June 30, 2023 is presented below:

Description	Date of Issue	Date of Maturity	Interest Rate (%)	Amount of Original Issue	Balance Outstanding June 30, 2023
Governmental Activities:					
General Purpose Bonds Payable:					
General Purpose - Series A	3/3/2015	8/1/2034	3.0-4.0	\$ 5,600	\$ 3,050
General Purpose - Series B	3/3/2015	8/1/2024	2.0-3.0	1,140	220
General Purpose - Series A	3/1/2016	8/1/2035	2.0-2.6	6,300	3,750
General Purpose - Series B	3/1/2016	8/1/2025	2.0-3.0	2,500	750
Refunding - (Partial 12/02/2009 Series A) Bonds - Series C	10/12/2016	8/1/2024	1.8-4.0	2,925	1,170
General Purpose - Series A	3/1/2017	8/1/2036	3.0-4.0	4,450	3,100
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	700
General Purpose - Series A	12/6/2018	8/1/2038	3.0-5.0	7,970	6,720
General Purpose - Series A	12/5/2019	8/1/2039	2.0-5.0	3,575	3,205
General Purpose - Series A	10/28/2020	8/1/2040	3.0-5.0	1,205	1,080
General Purpose - Series B	10/28/2020	8/1/2040	2.0-5.1	15,920	11,865
Pension Obligation Bonds	2/25/2022	8/1/2046	1.4-3.3	145,000	140,570
General Purpose - Series A	12/29/2022	8/1/2043	4.0-5.0	9,200	9,200
Total					<u>\$ 188,205</u>
Business-Type Activities:					
Notes Payable:					
Equipment Financing Loan	12/28/2017	2/29/2024	4.25	\$ 1,896	\$ 215
Equipment Financing Loan	7/1/2020	10/31/2024	3.05	344	131
State of Connecticut Serial Notes Payable:					
Clean Water Act 625-D	12/31/2012	12/31/2031	2.00	1,865	876
Clean Water Act 495-C	5/31/2013	6/1/2032	2.00	5,748	2,821
Clean Water Act 625-D1	5/31/2015	12/31/2031	2.00	2,510	1,321
Clean Water Act 707-Pd	2/26/2021	1/31/2041	2.00	1,655	1,455
Clean Water Act 743-D	*	*	*	*	2,050
Drinking Water State Revolving Fund 200801-C	7/1/2009	7/1/2029	2.27	450	133
Drinking Water State Revolving Fund 2010-8005	3/31/2010	12/31/2029	2.06	145	47
Drinking Water State Revolving Fund 2010-8006	3/31/2010	6/30/2030	2.06	326	114
Drinking Water State Revolving Fund 2010-7005	4/30/2014	10/31/2032	2.00	160	81
Drinking Water State Revolving Fund 2010-7006	4/30/2014	4/30/2032	2.00	148	73
Drinking Water State Revolving Fund 2014-7027	6/30/2015	12/31/2034	2.27	506	291
Drinking Water State Revolving Fund 2014-7036	5/31/2016	11/30/2036	2.00	4,052	2,515
Drinking Water State Revolving Fund 2015-7037	10/12/2016	9/30/2034	2.00	1,528	955
Drinking Water State Revolving Fund 2017-7056	2/28/2019	6/30/2028	2.00	2,695	2,044
Drinking Water State Revolving Fund 2019-7069	12/31/2020	6/30/2040	2.00	2,477	2,106
Drinking Water State Revolving Fund 2019-7072	8/31/2019	2/28/2039	2.00	1,582	1,239
Drinking Water State Revolving Fund 2019-7081	11/30/2020	6/30/2040	2.00	2,414	2,052
Drinking Water State Revolving Fund 2019-7077	9/30/2022	9/30/2041	2.00	5,824	5,458
Drinking Water State Revolving Fund 2022-7104	3/31/2023	9/30/2042	2.00	131	131
Total					<u>\$ 26,108</u>

* Loan is not permanently financed at this time.

**CITY OF NORWICH, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
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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>
2024	\$ 8,455	\$ 5,791	\$ 14,246
2025	8,475	5,556	14,031
2026	8,410	5,347	13,757
2027	8,160	5,138	13,298
2028	8,235	4,926	13,161
2029 - 2033	40,510	21,306	61,816
2034 - 2038	37,045	15,507	52,552
2039 - 2043	37,100	9,162	46,262
2044 - 2047	31,815	2,370	34,185
Total	<u>\$ 188,205</u>	<u>\$ 75,103</u>	<u>\$ 263,308</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>
2024	\$ 2,039	\$ 402	\$ 2,441
2025	1,831	424	2,255
2026	1,775	388	2,163
2027	1,787	353	2,140
2028	1,798	317	2,115
2029 - 2033	8,182	1,052	9,234
2034 - 2038	4,868	363	5,231
2039 - 2043	1,778	95	1,873
Subtotal	<u>24,058</u>	<u>3,394</u>	<u>27,452</u>
State of Connecticut - Serial Notes not Permanently Financed as of June 30, 2023	2,050	-	2,050
Total	<u>\$ 26,108</u>	<u>\$ 3,394</u>	<u>\$ 29,502</u>

CITY OF NORWICH, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023
(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	\$ 673
Vacation	813
Other	263
Nonvested:	
Sick	1,672 *
Other	3 *
Total	\$ 3,424

* 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	\$ 3,858
Vacation	1,349
Total	\$ 5,207

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 \$100 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, 2023. 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
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(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.

Subscription-Based Information Technology Arrangements

The City has entered into subscription based-information technology arrangements (SBITAs) for various items under long-term, noncancelable SBITA agreements. The SBITAs expire at various dates through 2025 and provide for renewal options.

Total future minimum payments under SBITA agreements are as follows:

<u>Year Ending June 30.</u>	<u>Business-Type Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2024	\$ 121	\$ 6
2025	36	3
Total	<u>\$ 157</u>	<u>\$ 9</u>

Subscription based information technology arrangement assets acquired through outstanding contracts are shown below.

Subscription Based Information Technology Arrangements	\$ 4,690
Less: Accumulated Amortization	<u>(1,345)</u>
Total	<u>\$ 3,345</u>

Bonds Authorized/Unissued

Bonds authorized/unissued with outstanding debt at June 30, 2023 are as follows:

<u>Description</u>	<u>Authorized</u>	<u>Bonded</u>	<u>Grants</u>	<u>Authorized Unissued</u>
Wawecus St. Bridge	\$ 800	\$ 500	\$ -	\$ 300
Code Correction Assistance	1,840	1,723	-	117
Dodd Stadium Capital Improvements (2018)	800	450	-	350
Infrastructure Improvement Program (2019)	5,000	926	-	4,074
School Construction Program (2022)	<u>385,000</u>	<u>7,000</u>	<u>230,000</u>	<u>148,000</u>
Total	<u>\$ 393,440</u>	<u>\$ 10,599</u>	<u>\$ 230,000</u>	<u>\$ 152,841</u>

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

NOTE 9 LONG-TERM DEBT (CONTINUED)

Debt Limitations

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

<u>Category</u>	<u>Debt Limit</u>	<u>Net Indebtedness</u>	<u>Balance</u>
General Purpose	\$ 203,335	\$ 26,339	\$ 176,996
Schools	406,670	158,616	248,054
Sewers	338,891	1,735	337,156
Urban Renewal	293,706	1,647	292,059
Pension Deficit	271,113	140,570	130,543

The total of the City's net statutory indebtedness of \$328.9 million does not exceed the legal debt limitation of \$633 million (seven times the base for debt limitation computation).

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

A. Fund Balance

The components of fund balance at June 30, 2023 are as follows:

	General Fund	Bond Expenditure Fund	Education Grants	General Government Grants and Programs	Nonmajor Governmental Funds	Total
Fund Balances:						
Nonspendable:						
Trust	\$ -	\$ -	\$ -	\$ -	\$ 33	\$ 33
Restricted for:						
Trust:						
Cemetery Trusts	-	-	-	-	2,038	2,038
Parks and Gardens Trusts	-	-	-	-	16	16
Grants:						
School Construction Projects	-	-	-	-	5,872	5,872
Fire Districts	-	-	-	-	259	259
Student Activities	-	-	-	-	45	45
Opioid Remediation	-	-	-	-	142	142
Committed to:						
Public Safety:						
Police Grants and Programs	-	-	-	-	181	181
Public Works:						
Public Parking	-	-	-	-	142	142
Other	-	-	-	-	544	544
Social Services:						
Recreation	-	-	-	-	1,013	1,013
Human Services	-	-	-	-	55	55
Senior Center	-	-	-	-	63	63
General Government:						
Downtown Revitalization Revolving I	-	-	-	-	284	284
Pension Reserve Fund	-	-	-	-	14,810	14,810
Other	-	-	-	-	932	932
Education:						
School Lunch	-	-	-	-	2,261	2,261
Adult Education	-	-	-	-	31	31
School Construction Projects	-	-	-	-	16	16
Other	-	-	100	-	1,416	1,516
Debt Service	-	63,550	-	-	-	63,550
Assigned to:						
Encumbrances:						
General Government	40	-	-	-	-	40
Public Safety	44	-	-	-	-	44
Public Works	43	-	-	-	-	43
Social Services	17	-	-	-	-	17
Education	87	-	-	-	-	87
Capital Projects	-	-	-	-	9,313	9,313
Unassigned	20,737	-	-	(20)	(1,913)	18,804
Total Fund Balances	<u>\$ 20,968</u>	<u>\$ 63,550</u>	<u>\$ 100</u>	<u>\$ (20)</u>	<u>\$ 37,553</u>	<u>\$ 122,151</u>

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

NOTE 10 FUND BALANCE (CONTINUED)

B. Department of Public Utilities – Restricted Net Position

Connecticut Municipal Electric Energy Cooperative (CMEEC) administers a Municipal Energy and Load Conservation Fund (the Fund) on behalf of its cooperative members, including the Norwich Department of Public Utilities (the Department). The Fund was established to comply with provisions of House Bill 7501, Public Act No. 05-1 requiring CMEEC to establish and administer the Fund. CMEEC includes a charge of 2.5 mills per kilowatt hour in the monthly purchase power costs of wholesale electricity sold to the Department for deposit into the Fund. Disbursements from the Fund are required to be made pursuant to a comprehensive electric conservation and load management plan. Funds held by CMEEC as of June 30, 2023 on behalf of the Department were \$358. 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 \$231 within the General Fund for various reasons and \$9,307 within the Nonmajor Governmental Funds for capital projects.

NOTE 11 TAX ABATEMENTS

As of June 30, 2023, 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
- Distressed Municipalities

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.

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

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, 2023, taxes abated through this program total \$40. 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, 2023, taxes abated through this program total \$318. 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, 2023, taxes abated through this program total \$128. There are no provisions to recapture abated taxes under this program. No other commitments have been made by the City to the abatement recipients under this program.

The Housing Development Zone tax abatement agreements provide real property tax abatements for improvements to commercial and residential real estate in Housing Development Zones pursuant of Connecticut General Statutes Section 8-380. Under the terms of the agreements, qualifying developments in Housing Development zones provide an abatement over an eleven-year period where the assessment is increased incrementally from 0% to 100%. For the fiscal year ended June 30, 2023, taxes abated through this program total \$495. 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 Distressed Municipalities tax abatement program provides real and personal property tax abatements to encourage investment in manufacturing. To be eligible, 30% of new employees must be residents of the Enterprise Zone or residents of the municipality in which the plant is located and eligible under the Workforce Investment Act. The program includes 5-year 80% abatement of local property taxes on all qualifying real and personal property. For the fiscal year ended June 30, 2023, taxes abated through this program total \$137. 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 2023 for hospitalization and prescriptions with a maximum aggregate for all claims of approximately \$21,870.

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

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

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

	Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claim Payments	Balance at Fiscal Year End
Medical:				
2022 - 2023	\$ 1,682	\$ 16,728	\$ 17,303	\$ 1,107
2021 - 2022	1,423	17,269	17,010	1,682
Workers’ Compensation:				
2022 - 2023	4,760	2,404	2,605	4,559
2021 - 2022	4,550	2,448	2,238	4,760

CITY OF NORWICH, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
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NOTE 12 RISK MANAGEMENT (CONTINUED)

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 \$1,167 for estimated unpaid accrued losses on reported claims as of June 30, 2023.

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.

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.

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

NOTE 13 EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (CONTINUED)

City of Norwich Retirement System (Continued)

B. Union Coalition (Continued)

2018 Agreement (Continued)

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.

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.

**CITY OF NORWICH, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023
(IN THOUSANDS)**

NOTE 13 EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (CONTINUED)

City of Norwich Retirement System (Continued)

E. Plan Membership

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

Retirees and Beneficiaries Currently Receiving Benefits	663
Terminated Employees Not Yet Receiving Benefits	50
Active Plan Members	559
Total	1,272

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.

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 10.12% 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.

CITY OF NORWICH, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023
(IN THOUSANDS)

NOTE 13 EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (CONTINUED)

City of Norwich Retirement System (Continued)

G. Investments (Continued)

Investment Policy (Continued)

The following was the Board's adopted asset allocation policy as of June 30, 2023.

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return*
U.S. Core Fixed Income	30.00 %	1.95 %
U.S. Large Caps	35.00	5.57
U.S. Small & Mid Caps	14.00	6.44
Foreign Developed Equity	17.00	7.30
Private Real Estate Property	4.00	4.88
Total	100.00 %	

* Long-Term Returns are geometric means.

Rate of Return

For the year ended June 30, 2023, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 8.86%. 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, 2023 were as follows:

Total Pension Liability	\$ 386,274
Plan Fiduciary Net Position	(340,816)
Net Pension Liability	\$ 45,458

Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	88.23%
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I. Actuarial Assumptions

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

Inflation	2.75%
Salary Increases	Based on Age
Investment Rate of Return	6.25%, Net of Investment-Related Expenses

CITY OF NORWICH, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023
(IN THOUSANDS)

NOTE 13 EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (CONTINUED)

City of Norwich Retirement System (Continued)

I. Actuarial Assumptions (Continued)

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.

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, 2022	\$ 373,629	\$ 325,869	\$ 47,760
Changes for the Year:			
Service Cost	7,994	-	7,994
Interest on Total Pension Liability	23,173	-	23,173
Differences Between Expected and Actual Experience	3,515	-	3,515
Employer Contributions		4,411	(4,411)
Member Contributions		4,223	(4,223)
Net Investment Income		28,424	(28,424)
Benefit Payments, Including Refund of Employee Contributions	(22,037)	(22,038)	1
Administrative Expenses		(73)	73
Net Changes	<u>12,645</u>	<u>14,947</u>	<u>(2,302)</u>
Balances as of June 30, 2023	<u>\$ 386,274</u>	<u>\$ 340,816</u>	<u>\$ 45,458</u>

**CITY OF NORWICH, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023
(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	\$ 94,056	\$ 45,458	\$ 5,176

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

For the year ended June 30, 2023, the City recognized pension expense of \$23,254. At June 30, 2023, the City reported deferred outflows of resources related to pension from the following sources (there were no deferred inflows for the year ended June 20, 2023):

	Governmental Activities	Business-Type Activities Department of Public Utilities	Total
Deferred Outflows of Resources:			
Differences Between Expected and Actual Experience	\$ 1,854	\$ 2,302	\$ 4,156
Changes of Assumptions	17,755	9,225	26,980
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	7,923	4,132	12,055
Total	<u>\$ 27,532</u>	<u>\$ 15,659</u>	<u>\$ 43,191</u>

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

<u>Year Ended June 30,</u>	Governmental Activities	Business-Type Activities Department of Public Utilities	Total
2024	\$ 9,681	\$ 6,134	\$ 15,815
2025	7,896	4,446	12,342
2026	10,604	5,422	16,026
2027	(649)	(343)	(992)
Total	<u>\$ 27,532</u>	<u>\$ 15,659</u>	<u>\$ 43,191</u>

**CITY OF NORWICH, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023
(IN THOUSANDS)**

NOTE 13 EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (CONTINUED)

City of Norwich Volunteer Firefighters’ Relief Plan

A. Plan Description and Benefits Provided

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

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

Volunteers 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, 2023
(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, 2023.

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

NOTE 13 EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (CONTINUED)

City of Norwich Volunteer Firefighters' Relief Plan (Continued)

C. Investments (Continued)

Investment Policy (Continued)

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return*
U.S. Government Bonds	12.00 %	1.11 %
U.S. Credit Bonds	15.00	2.67
U.S. High Yield Bonds	3.00	4.24
U.S. Large Caps	35.00	5.57
U.S. Mid Caps	8.00	5.95
U.S. Small Caps	6.00	7.18
Foreign Developed Equity	13.60	7.30
Emerging Markets Equity	3.40	9.44
Private Real Estate Property	4.00	4.88
Total Portfolio	100.00 %	

* Long-Term Returns are geometric means.

Rate of Return

For the year ended June 30, 2023, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 10.01%. 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, 2023 were as follows:

Total Pension Liability	\$ 7,179
Plan Fiduciary Net Position	(3,591)
Net Pension Liability	\$ 3,588

Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	50.02%
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CITY OF NORWICH, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023
(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	2.75%
Salary Increases	Based on Age
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-2019 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, 2023
(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 (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balances as of July 1, 2022	\$ 7,045	\$ 3,318	\$ 3,727
Changes for the Year:			
Service Cost	89	-	89
Interest on Total Pension Liability	433	-	433
Employer Contributions	-	310	(310)
Member Contributions	-	16	(16)
Net Investment Income	-	339	(339)
Benefit Payments, Including Refund of Employee Contributions	(388)	(388)	-
Administrative Expenses	-	(4)	4
Net Changes	134	273	(139)
Balances as of June 30, 2023	<u>\$ 7,179</u>	<u>\$ 3,591</u>	<u>\$ 3,588</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	\$ 4,435	\$ 3,588	\$ 2,890

**CITY OF NORWICH, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023
(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, 2023, the City recognized pension expense of \$240. At June 30, 2023, 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	\$ 34	\$ 458
Changes of Assumptions	303	23
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	167	
Total	\$ 504	\$ 481

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

<u>Year Ended June 30,</u>	Governmental Activities
2024	\$ (69)
2025	(74)
2026	176
2027	(10)
Total	\$ 23

**CITY OF NORWICH, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023
(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, 2023

	<u>City Employee Pension Trust Fund</u>	<u>Volunteer Fire Pension Trust Fund</u>	<u>Total</u>
ASSETS			
Cash and Cash Equivalents	\$	\$ 53	\$ 53
Investments:			
U.S. Government Securities	28,115		28,115
U.S. Government Agencies	8,286		8,286
Corporate Bonds	21,875		21,875
Mutual Funds	233,946	3,518	237,464
Common Stock	48,074		48,074
Real Estate	942		942
Accounts Receivable	<u>3</u>	<u>20</u>	<u>23</u>
Total Assets	<u>341,241</u>	<u>3,591</u>	<u>344,832</u>
LIABILITIES			
Accounts and Other Payables	<u>425</u>		<u>425</u>
NET POSITION			
Restricted for Pensions	<u>\$ 340,816</u>	<u>\$ 3,591</u>	<u>\$ 344,407</u>

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

NOTE 13 EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (CONTINUED)

City of Norwich Volunteer Firefighters' Relief Plan (Continued)

K. Schedule of Changes in Plan Net Position for the Year Ended June 30, 2023

	City Employee Pension Trust Fund	Volunteer Fire Pension Trust Fund	Total
ADDITIONS			
Contributions:			
Employer	\$ 4,411	\$ 310	\$ 4,721
Plan Members	4,223	16	4,239
Total Contributions	<u>8,634</u>	<u>326</u>	<u>8,960</u>
Investment Income:			
Net Appreciation in Fair Value of Investments	21,617	253	21,870
Interest and Dividends	7,489	106	7,595
Total Investment Income	<u>29,106</u>	<u>359</u>	<u>29,465</u>
Less Investment Expense	<u>(682)</u>	<u>(20)</u>	<u>(702)</u>
Net Investment Income	<u>28,424</u>	<u>339</u>	<u>28,763</u>
Total Additions	37,058	665	37,723
DEDUCTIONS			
Benefits	21,402	388	21,790
Administration	73	4	77
Lump Sum Distributions and Withdrawals	636		636
Total Deductions	<u>22,111</u>	<u>392</u>	<u>22,503</u>
NET INCREASE (DECREASE)	14,947	273	15,220
Net Position Restricted for Pensions - Beginning of Year	<u>325,869</u>	<u>3,318</u>	<u>329,187</u>
NET POSITION RESTRICTED FOR PENSIONS - END OF YEAR	<u>\$ 340,816</u>	<u>\$ 3,591</u>	<u>\$ 344,407</u>

CITY OF NORWICH, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023
(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, 2023, the amount of "on-behalf" contributions made by the state was \$8,947 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, 2023, 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		113,479
Total	\$	113,479

The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2022. At June 30, 2023, the City has no proportionate share of the net pension liability.

For the year ended June 30, 2023, the City recognized pension expense and revenue of \$10,968 in Exhibit II.

**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)

E. Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of June 30, 2022, 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, 2022 valuation were based on the results of an actuarial experience study for the period July 1, 2014 – 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:

- Legislation was passed restoring the 25% wear down of Plan N benefits to vested members as of June 30, 2019.

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, 2023
(IN THOUSANDS)**

NOTE 13 EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (CONTINUED)

Connecticut Teachers Retirement System – Pension (Continued)

E. Actuarial Assumptions (Continued)

Cost-of-Living Allowance (Continued)

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

Long-Term Rate of Return

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

Asset Class	Expected Return	Target Allocation
Domestic Equity	5.40 %	20.00 %
Developed Market International	6.40	11.00
Emerging Market International	8.60	9.00
Core Fixed Income	0.80	13.00
Private Credit	6.50	5.00
Emerging Market Debt	3.80	5.00
High Yield Bonds	3.40	3.00
Real Estate	5.20	19.00
Private Equity	9.40	10.00
Alternative Investments	3.10	3.00
Liquidity Fund	(0.40)	2.00
Total		<u>100.00 %</u>

**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)

F. Discount Rate

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

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

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

H. Pension Plan Fiduciary Net Position

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

I. Other Information

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

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

NOTE 13 EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (CONTINUED)

Aggregated Pension Information

The City recognized the following amounts related to pension plans as of and for the year ended June 30, 2023:

	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	\$ 27,532	\$ 30,249	\$ -	\$ 14,801
Business-Type Activities	15,659	15,209	-	8,453
Total City of Norwich Retirement System	43,191	45,458	-	23,254
Volunteer Firefighters' Relief Plan:				
Governmental Activities	504	3,588	481	240
Connecticut Teachers Retirement System:				
Governmental Activities	-	-	-	10,968
Totals	<u>\$ 43,695</u>	<u>\$ 49,046</u>	<u>\$ 481</u>	<u>\$ 34,462</u>
Governmental Activities	\$ 28,036	\$ 33,837	\$ 481	\$ 26,009
Business-Type Activities	15,659	15,209	-	8,453
Totals	<u>\$ 43,695</u>	<u>\$ 49,046</u>	<u>\$ 481</u>	<u>\$ 34,462</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, 2023
(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
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(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 pay the full cost of postretirement medical benefits through the City.

CITY OF NORWICH, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023
(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
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(IN THOUSANDS)

NOTE 14 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

City of Norwich, Retiree Health Plan (Continued)

C. Funding Policy (Continued)

Contributions

For the year ended June 30, 2023, plan members and the Teacher Retirement Board contributed \$1,517. 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, 2023 totaled \$3,239.

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, 2023, the annual money-weighted rate of return on investments, net of investment expense, was 10.27%. 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, 2023. The components of the net OPEB liability of the City at June 30, 2023 were as follows:

Total OPEB Liability	\$ 67,245
Plan Fiduciary Net Position	<u>33,831</u>
Net OPEB Liability	<u><u>\$ 33,414</u></u>

Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	50.31%
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**CITY OF NORWICH, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023
(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, 2022, 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: 6.0% - 4.0% over 52 years; Post-Medicare: 4.8% - 4.0% 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.

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, 2023 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%	1.84%
U.S. Large Caps	37.00%	4.08%
U.S. Small & Mid Caps	15.00%	4.10%
Foreign Developed Equity	18.00%	5.56%
Total	<u>100.00%</u>	

* Long-Term Returns are geometric means.

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

City of Norwich, Retiree Health Plan (Continued)

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.

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, 2022	\$ 62,811	\$ 30,019	\$ 32,792
Changes for the Year:			
Service Cost	1,383	-	1,383
Interest	3,929	-	3,929
Changes in Assumptions	1,812	-	1,812
Contributions - Employer		3,239	(3,239)
Contributions - Member		13	(13)
Net Investment Income		3,260	(3,260)
Benefit Payments	(2,690)	(2,691)	1
Administrative Expenses	-	(9)	9
Net Changes	4,434	3,812	622
Balances as of June 30, 2023	\$ 67,245	\$ 33,831	\$ 33,414

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	\$ 39,888	\$ 33,414	\$ 27,879

**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)

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: 5.0% - 3.0% Post-Medicare 3.8% - 3.0%)	Current Trend Rate (Pre-Medicare: 6.0% - 4.0% Post-Medicare 4.8% - 4.0%)	1% Increase (Pre-Medicare: 7.0% - 5.0% Post-Medicare 5.8% - 5.0%)
Net OPEB Liability	\$ 26,538	\$ 33,414	\$ 41,611

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

For the year ended June 30, 2023, the City recognized OPEB expense of \$2,517. At June 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Governmental Activities	Business-Type Activities <u>Department of Public Utilities</u>	<u>Total</u>
Deferred Outflows of Resources:			
Differences Between Expected and Actual Experience	\$	\$ 468	\$ 468
Changes of Assumptions	4,408	886	5,294
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	1,460	71	1,531
Total	<u>\$ 5,868</u>	<u>\$ 1,425</u>	<u>\$ 7,293</u>
Deferred Inflows of Resources:			
Differences Between Expected and Actual Experience	<u>\$ (7,111)</u>	<u>\$ (1,423)</u>	<u>\$ (8,534)</u>

**CITY OF NORWICH, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
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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	
2024	\$ (814)	\$ 261	\$ (553)
2025	(518)	54	(464)
2026	636	(117)	519
2027	(593)	(180)	(773)
2028	46	(16)	30
Total	<u>\$ (1,243)</u>	<u>\$ 2</u>	<u>\$ (1,241)</u>

L. Schedule of Plan Net Position – June 30, 2023

	Other Postemployment Benefit Trust Fund
ASSETS	
Cash and Cash Equivalents	\$
Investments:	
U.S. Government Securities	4,462
U.S. Government Agencies	1,268
Corporate Bonds	3,389
Mutual Funds	16,337
Common Stock	6,372
Real Estate	29
Accounts Receivable	1,974
Total Assets	<u>33,831</u>
NET POSITION	
Restricted for OPEB Benefits	<u>\$ 33,831</u>

**CITY OF NORWICH, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
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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, 2023

	<u>Other Postemployment Benefit Trust Fund</u>
ADDITIONS	
Contributions:	
Employer	\$ 3,239
Plan Members	1,517
Total Contributions	<u>4,756</u>
Investment Income:	
Net Appreciation in Fair Value of Investments	2,543
Interest and Dividends	809
Total Investment Income	<u>3,352</u>
Less Investment Expense	<u>(64)</u>
Net Investment Income	<u>3,288</u>
Total Additions	8,044
DEDUCTIONS	
Benefits	3,796
Administration	436
Total Deductions	<u>4,232</u>
NET INCREASE	3,812
Net Position Restricted for OPEB Benefits - Beginning of Year	<u>30,019</u>
NET POSITION RESTRICTED FOR OPEB BENEFITS - END OF YEAR	<u><u>\$ 33,831</u></u>

Other Postemployment Benefit – Connecticut State Teachers Retirement Plan

A. Plan Description

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

**CITY OF NORWICH, CONNECTICUT
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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 \$220 per month for a retired member plus an additional \$220 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. A subsidy amount of \$440 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 \$440 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
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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 \$220 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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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, 2023, the amount of "on-behalf" contributions made by the state was \$127 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, 2023, 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		9,938
Total	\$	9,938

CITY OF NORWICH, CONNECTICUT
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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, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as June 30, 2022. At June 30, 2023, the City has no proportionate share of the net OPEB liability.

For the year ended June 30, 2023, the City recognized OPEB expense and revenue of \$599 in Exhibit II.

G. Actuarial Assumptions

The total OPEB 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%
Healthcare Costs Trend Rate:	Known increased until calendar year 2024 then general trend decreasing to an ultimate rate of 4.50% by 2031
Salary Increases:	3.00% - 6.50%, including inflation
Investment Rate of Return:	3.53%, Net of OPEB plan investment expense, including inflation
Year Fund Net Position will be Depleted	2027

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, 2022, 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 2.17% to 3.53%;
- Expected annual per capita claims costs were updated to better reflect anticipated medical and prescription drug claim experience;
- The assumed age-related annual percentage increases in expected annual per capita health care claim costs were updated;

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)

G. Actuarial Assumptions (Continued)

- Long-term health care cost trend rates were updated; and
- The percentages of participating retirees who are expected to enroll in the Medicare Supplement Plan and the Medicare Advantage Plan options were updated to better reflect anticipated plan experience.

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

- There was a change in the maximum monthly subsidy amounts offered to retirees and their dependents from \$110/\$220 to \$220/\$440.

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 (0.98%).

H. Discount Rate

The discount rate used to measure the total OPEB liability was 3.53%. 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, 2022.

In addition to the actuarial methods and assumptions of the June 30, 2022, 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.

**CITY OF NORWICH, CONNECTICUT
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NOTE 14 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

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

H. Discount Rate (Continued)

- Annual State contributions were assumed to be equal to the most recent five-year average of state contributions toward the fund.

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 Annual Comprehensive 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, 2023:

	Deferred Outflow of Resources Related to OPEB	Net OPEB Liability	Deferred Inflow of Resources Related to OPEB	OPEB Expense
City of Norwich Retiree Health Plan:				
Governmental Activities	\$ 5,868	\$ 26,373	\$ 7,111	\$ 1,366
Business-Type Activities	1,425	7,041	1,423	1,151
Connecticut Teachers Retirement System:				
Governmental Activities	-	-	-	599
Total	<u>\$ 7,293</u>	<u>\$ 33,414</u>	<u>\$ 8,534</u>	<u>\$ 3,116</u>
Governmental Activities	\$ 5,868	\$ 26,373	\$ 7,111	\$ 1,965
Business-Type Activities	1,425	7,041	1,423	1,151
Total	<u>\$ 7,293</u>	<u>\$ 33,414</u>	<u>\$ 8,534</u>	<u>\$ 3,116</u>

CITY OF NORWICH, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023
(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, 2023 was \$34,525.

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 2023 fiscal year, the share of contributions to the fund received by the Department totaled \$280, with drawdowns of \$263, and interest on the fund of \$638. The balance of the Department funds held by CMEEC for the RGGI was \$125 for the year ended June 30, 2023.

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, 2023, the Department has obligations in place through 2031. Expense under the contracts totaled \$6,185 during the year ended June 30, 2023.

**CITY OF NORWICH, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023
(IN THOUSANDS)**

NOTE 16 COMMITMENTS AND CONTINGENCIES

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, 2023 is summarized as follows:

CMEEC - Debt Service Fixed Cost Obligation	\$	14,044
Department - Rate Stabilization Funds on Deposit with CMEEC		<u>(11,864)</u>
Net Deferred Fixed Cost Obligation	\$	<u><u>2,180</u></u>

The rate stabilization funds held by CMEEC and the allocated percentage of CMEEC’s debt obligation are not reported on the Department’s statement of net position. The fixed cost obligation paid by the Department to CMEEC included in the cost to purchase power for the current year was \$2,055.

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, 2023
(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, 2023, \$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, 2023
(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.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF NORWICH, CONNECTICUT
GENERAL FUND
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2023
(NON-GAAP BUDGETARY BASIS)
(IN THOUSANDS)

	Budgeted Amounts		Actual	Variance
	Original	Final		
General Property Taxes:				
Current Tax Levy	\$ 74,745	\$ 74,745	\$ 74,814	\$ 69
Motor Vehicle Supplement	8,460	8,460	8,263	(197)
Prior Years Levy	1,639	1,639	2,216	577
Interest and Liens	1,127	1,127	1,260	133
Total	85,971	85,971	86,553	582
Other Taxes:				
Conveyance Tax	708	708	1,049	341
Telecommunications Tax	80	80	86	6
Total	788	788	1,135	347
Intergovernmental Revenues:				
Payment in Lieu of Taxes	2,887	2,887	2,953	66
City Housing	166	166	169	3
Mashantucket-Pequot Mohegan	2,360	2,360	2,360	-
Youth Service Bureau	72	72	72	-
Town Aid Road	489	489	497	8
Municipal Revenue Sharing	3,416	3,416	3,681	265
EMPG	1,000	1,000	1,000	-
Education Cost Sharing	32,317	32,317	32,086	(231)
Health Services	105	105	53	(52)
Enhanced 911 Telecommunication Fund			125	125
Total	42,812	42,812	42,996	184
Charges for Services:				
Senior Citizens Center	7	7	9	2
Landfill	85	85	103	18
Direct Hauler Fees	733	733	827	94
Backyard Rollout Fee	8	8	7	(1)
Recording Fees	162	162	191	29
Planning and Zoning Fees	23	23	17	(6)
Printing and Duplication Fees	57	57	58	1
Notary Public Fees	1	1	2	1
Vital Statistics	126	126	122	(4)
Total	1,202	1,202	1,336	134
Licenses and Permits:				
Public Safety Permits	20	20	23	3
Building Permits	584	584	1,151	567
Road Opening Permits	4	4	3	(1)
Marriage Licenses	4	4	4	-
Animal Licenses	1	1	2	1
Total	613	613	1,183	570

**CITY OF NORWICH, CONNECTICUT
GENERAL FUND
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES
BUDGET AND ACTUAL (CONTINUED)
YEAR ENDED JUNE 30, 2023
(NON-GAAP BUDGETARY BASIS)
(IN THOUSANDS)**

	Budgeted Amounts		Actual	Variance
	Original	Final		
Fines and Assessments:				
Traffic Violations	\$ 6	\$ 6	\$ 2	\$ (4)
Blight Citations	47	47	7	(40)
Sewer Assessments	200	200	247	47
Total	253	253	256	3
Rents and Royalties:				
Building Rent Revenue	386	386	404	18
Property Rent	104	104	130	26
Cell Tower Rent	72	72	106	34
Facilities Rent	18	18	28	10
Total	580	580	668	88
Investment Income:				
Interest on Investments	450	450	1,699	1,249
Other Revenues:				
Financial Services	147	147	84	(63)
Human Resources Services	54	54	58	4
Publics Works Services	40	40	40	-
Sale of City Assets	116	116	101	(15)
Miscellaneous Revenue	37	37	16	(21)
Total	394	394	299	(95)
Total Revenues	133,063	133,063	136,125	2,715
Other Financing Sources:				
Transfers in:				
Cemetery Trust	75	75	83	8
Department of Public Utilities	5,278	5,278	5,278	-
Police	183	183	328	145
Golf Course Authority	28	28	28	-
Total Other Financing Sources	5,564	5,564	5,717	153
Total Revenues and Other Financing Sources	\$ 138,627	\$ 138,627	141,842	\$ 2,868
Budgetary revenues are different than GAAP revenues because:				
State of Connecticut State Teachers' Retirement System on-behalf pension contributions for City teachers is not budgeted.			8,947	
State of Connecticut State Teachers' Retirement System on-behalf OPEB contributions for City teachers is not budgeted.			127	
The Board of Education does not budget for intergovernmental grants, which are credited against education expenditures for budgetary reporting. These amounts are recorded as revenues and expenditures for GAAP financial reporting purposes.			2,058	
The City does not record 60-day collection on a budgetary basis			26	
Total Revenues and Other Financing Sources as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balance Governmental Funds - Exhibit IV			\$ 153,000	

**CITY OF NORWICH, CONNECTICUT
GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2023
(NON-GAAP BUDGETARY BASIS)
(IN THOUSANDS)**

	Budgeted Amounts		Actual	Variance
	Original	Final		
General Government:				
City Council	\$ 439	\$ 439	\$ 425	\$ 14
City Manager	440	440	440	-
Finance	1,932	1,948	1,935	13
Assessor	535	540	497	43
City Treasurer	304	308	307	1
Law	439	439	355	84
Human Resources	661	661	642	19
City Clerk	522	533	519	14
Planning and Neighborhood Services	1,251	1,263	1,257	6
Election	169	234	229	5
Total General Government	<u>6,692</u>	<u>6,805</u>	<u>6,606</u>	<u>199</u>
Public Safety:				
Police	18,345	18,375	18,195	180
Fire:				
Fire General	2,357	2,361	2,353	8
Emergency Management	76	76	50	26
East Great Plain	165	161	157	4
Laurel Hill	87	87	82	5
Occum	100	100	92	8
Taftville	176	176	175	1
Yantic	172	209	207	2
Total Public Safety	<u>21,478</u>	<u>21,545</u>	<u>21,311</u>	<u>234</u>
Social Services:				
Senior Citizens Center	730	740	740	-
Youth and Family Services	313	318	302	16
Human Services	450	493	488	5
Recreation	436	399	376	23
Total Social Services	<u>1,929</u>	<u>1,950</u>	<u>1,906</u>	<u>44</u>
Public Works:				
Street Maintenance	4,757	4,785	4,744	41
Engineering and Administration	985	999	958	41
Street Lighting	330	330	347	(17)
Fleet Maintenance	1,584	1,637	1,617	20
Refuse and Recycling	2,968	2,968	2,921	47
Building Maintenance	1,400	1,411	1,456	(45)
Parking Maintenance	126	132	142	(10)
Total Public Works	<u>12,150</u>	<u>12,262</u>	<u>12,185</u>	<u>77</u>
Board of Education	86,804	86,804	86,804 *	-

**CITY OF NORWICH, CONNECTICUT
GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL (CONTINUED)
YEAR ENDED JUNE 30, 2023
(NON-GAAP BUDGETARY BASIS)
(IN THOUSANDS)**

	Budgeted Amounts		Actual	Variance
	Original	Final		
Other	\$ 3,275	\$ 2,962	\$ 2,885	\$ 77
Transfers Out	6,299	6,299	6,299	-
Total	<u>\$ 138,627</u>	<u>\$ 138,627</u>	137,996	<u>\$ 631</u>

Budgetary expenditures are different than GAAP expenditures because:

State of Connecticut State Teachers' Retirement System on-behalf pension contributions for City teachers is not budgeted. 8,947

State of Connecticut State Teachers' Retirement System on-behalf OPEB contributions for City teachers is not budgeted. 127

The Board of Education does not budget for intergovernmental grants, which are credited against education expenditures for budgetary reporting. These amounts are recorded as revenues and expenditures for GAAP financial reporting purposes. 2,058

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. (140)

Encumbrances for purchases and commitments ordered in the previous year that were received and liquidated in the current year are reported for financial statement reporting purposes. 436

Total Expenditures and Other Financing Uses as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds - Exhibit IV \$ 149,424

CITY OF NORWICH, CONNECTICUT
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
CITY EMPLOYEES
LAST TEN FISCAL YEARS
(NON-GAAP BUDGETARY BASIS)
(IN THOUSANDS)

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability:										
Service Cost	\$ 7,994	\$ 6,252	\$ 6,691	\$ 5,973	\$ 5,881	\$ 5,769	\$ 5,656	\$ 5,890	\$ 5,498	\$ 2,679
Interest	23,173	23,279	22,662	21,529	20,905	20,965	20,281	18,659	17,981	17,334
Differences Between Expected and Actual Experience	3,515	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	(22,037)	(20,722)	(20,092)	(18,792)	(18,326)	(17,496)	(16,927)	(15,426)	(14,836)	(14,146)
Net Change in Total Pension Liability	12,645	48,610	9,261	25,449	8,460	8,492	9,010	21,905	8,643	5,867
Total Pension Liability - Beginning	373,629	325,019	315,758	290,309	281,849	273,357	264,347	242,442	233,799	227,932
Total Pension Liability - Ending	386,274	373,629	325,019	315,758	290,309	281,849	273,357	264,347	242,442	233,799
Plan Fiduciary Net Position:										
Contributions - Employer	4,411	144,718	12,774	12,107	11,432	10,103	8,711	7,581	6,718	5,849
Contributions - Member	4,223	4,062	3,937	3,917	3,896	3,664	3,386	3,358	3,247	3,057
Net Investment Income (Loss)	28,424	(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	(22,038)	(20,722)	(20,092)	(18,792)	(18,326)	(17,496)	(16,927)	(15,426)	(14,836)	(14,146)
Administrative Expense	(73)	(352)	(106)	(74)	(7)	(44)	(5)	(42)	(4)	(32)
Net Change in Plan Fiduciary Net Position	14,947	101,174	37,255	4,334	9,523	8,324	13,378	(7,380)	(194)	14,922
Plan Fiduciary Net Position - Beginning	325,869	224,695	187,440	183,106	173,583	165,259	151,881	159,261	159,455	144,533
Plan Fiduciary Net Position - Ending	340,816	325,869	224,695	187,440	183,106	173,583	165,259	151,881	159,261	159,455
Net Pension Liability - Ending	\$ 45,458	\$ 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	88.23%	87.22%	69.13%	59.36%	63.07%	61.59%	60.46%	57.46%	65.69%	68.20%
Covered Payroll	\$ 43,591	\$ 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	104.28%	109.31%	229.61%	293.68%	245.36%	251.23%	259.61%	267.71%	204.93%	189.35%

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

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Actuarially Determined Contribution	\$ 4,411	\$ 13,684	\$ 12,759	\$ 12,073	\$ 12,010	\$ 10,820	\$ 10,732	\$ 9,740	\$ 9,651	\$ 5,790
Contributions in Relation to the Actuarially Determined Contribution	4,411	144,718	12,774	12,107	11,432	10,103	8,711	7,581	6,718	5,849
Contribution Deficiency (Excess)	\$ -	\$ (131,034)	\$ (15)	\$ (34)	\$ 578	\$ 717	\$ 2,021	\$ 2,159	\$ 2,933	\$ (59)
Covered Payroll	\$ 43,591	\$ 43,693	\$ 43,693	\$ 43,693	\$ 43,095	\$ 41,638	\$ 42,011	\$ 40,590	\$ 39,262	\$ 37,752
Contributions as a Percentage of Covered Payroll	10.12%	331.22%	29.24%	27.71%	26.53%	24.26%	20.74%	18.68%	17.11%	15.49%

Notes to Schedule:

Valuation Date: July 1, 2022
 Measurement Date: June 30, 2023
 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: 25 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.

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

	<u>2023</u>	<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	8.86%	-9.54%	21.27%	3.95%	7.29%	7.40%	12.17%	-1.81%	2.98%	14.19%

CITY OF NORWICH, CONNECTICUT
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
VOLUNTEER FIRE
LAST TEN FISCAL YEARS
(IN THOUSANDS)

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability:										
Service Cost	\$ 89	\$ 71	\$ 58	\$ 82	\$ 65	\$ 63	\$ 63	\$ 59	\$ 59	\$ 49
Interest	433	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	(388)	(400)	(355)	(347)	(339)	(333)	(322)	(301)	(277)	(268)
Net Change in Total Pension Liability	134	6	167	427	160	170	152	739	133	148
Total Pension Liability - Beginning	7,045	7,039	6,872	6,445	6,285	6,115	5,963	5,224	5,091	4,943
Total Pension Liability - Ending	7,179	7,045	7,039	6,872	6,445	6,285	6,115	5,963	5,224	5,091
Plan Fiduciary Net Position:										
Contributions - Employer	310	357	335	365	365	373	373	351	333	309
Contributions - Member	16	14	10	10	11	14	14	16	16	12
Net Investment Income (Loss)	339	(575)	839	84	175	192	265	(9)	16	253
Benefit Payments, Including Refunds of Member Contributions	(388)	(400)	(355)	(347)	(339)	(333)	(322)	(301)	(277)	(268)
Administrative Expense	(4)	(10)	(6)	(9)	(1)	(9)	(2)	(9)	(4)	(11)
Net Change in Plan Fiduciary Net Position	273	(614)	823	103	211	237	328	48	84	295
Plan Fiduciary Net Position - Beginning	3,318	3,932	3,109	3,006	2,795	2,558	2,230	2,182	2,098	1,803
Plan Fiduciary Net Position - Ending	3,591	3,318	3,932	3,109	3,006	2,795	2,558	2,230	2,182	2,098
Net Pension Liability - Ending	\$ 3,588	\$ 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	50.02%	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									

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

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

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Actuarially Determined Contribution	\$ 310	\$ 357	\$ 335	\$ 365	\$ 365	\$ 373	\$ 373	\$ 304	\$ 304	\$ 309
Contributions in Relation to the Actuarially Determined Contribution	310	357	335	365	365	369	187	373	366	345
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4	\$ 186	\$ (69)	\$ (62)	\$ (36)
Covered-Employee Payroll*	-	-	-	-	-	-	-	-	-	-
Contributions as a Percentage of Covered Payroll	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, 2023

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 TEN FISCAL YEARS**

	<u>2023</u>	<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	10.01%	-14.13%	25.73%	2.73%	6.06%	7.25%	10.91%	-0.37%	0.70%	15.89%

**CITY OF NORWICH, CONNECTICUT
 SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
 TEACHERS RETIREMENT PLAN
 LAST NINE FISCAL YEARS
 (IN THOUSANDS)**

	2023	2022	2021	2020	2019	2018	2017	2016	2015
City's Proportion of the Net Pension Liability	0.00%	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	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State's Proportionate Share of the Net Pension Liability Associated with the City	113,479	85,110	107,461	82,027	63,248	76,431	80,635	57,271	52,936
Total	<u>\$ 113,479</u>	<u>\$ 85,110</u>	<u>\$ 107,461</u>	<u>\$ 82,027</u>	<u>\$ 63,248</u>	<u>\$ 76,431</u>	<u>\$ 80,635</u>	<u>\$ 57,271</u>	<u>\$ 52,936</u>
City's Covered Payroll	\$ 34,156	\$ 29,338	\$ 26,335	\$ 20,294	\$ 24,148	\$ 22,652	\$ 24,204	\$ 24,594	\$ 28,303
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	0.00%	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	54.06%	60.77%	49.24%	52.00%	57.69%	55.93%	52.26%	59.50%	61.51%

Notes to Schedule:

Changes in Benefit Terms Changes of Assumptions Actuarial Cost Method Amortization Method Remaining Amortization Period Asset Valuation Method Inflation Salary Increase Investment Rate of Return	Legislation was passed restoring the 25% wear down of Plan N benefits to vested members as of June 30, 2019. None Entry age Level percent of pay, closed 27.8 years 4-year smoothed market 2.50% 3.00%-6.50%, including inflation 6.90%, net of investment related expense
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*Notes - This schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available.
 - The measurement date is one year earlier than the employer's reporting date.

CITY OF NORWICH, CONNECTICUT
SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS
OPEB
LAST EIGHT FISCAL YEARS*
(IN THOUSANDS)

	2023	2022	2021	2020	2019	2018	2017	2016
Total OPEB Liability:								
Service Cost	\$ 1,383	\$ 1,096	\$ 1,288	\$ 1,200	\$ 1,644	\$ 1,699	\$ 1,658	\$ 1,610
Interest	3,929	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	1,812	5,832	-	1,182	-	(2,129)	-	-
Benefit Payments	(2,690)	(3,274)	(2,872)	(2,450)	(3,175)	(4,572)	(4,624)	(5,164)
Net Change in Total OPEB Liability	4,434	(2,579)	2,935	455	2,906	(1,911)	1,724	1,872
Total OPEB Liability - Beginning	62,811	65,390	62,455	62,000	59,094	61,005	59,281	57,409
Total OPEB Liability - Ending	67,245	62,811	65,390	62,455	62,000	59,094	61,005	59,281
Plan Fiduciary Net Position:								
Contributions - Employer	3,239	4,684	4,367	5,340	5,240	5,548	5,492	5,566
Contributions - Member	13	10	11	10	15	200	177	291
Net Investment Income (Loss)	3,260	(4,043)	5,494	856	1,534	1,035	1,420	(562)
Benefit Payments, Including Refunds of Member Contributions	(2,691)	(3,274)	(2,872)	(2,450)	(3,175)	(4,572)	(4,624)	(5,164)
Administrative Expense	(9)	(30)	(9)	(28)	(10)	(22)	(2)	(20)
Net Change in Plan Fiduciary Net Position	3,812	(2,653)	6,991	3,728	3,604	2,189	2,463	111
Plan Fiduciary Net Position - Beginning	30,019	32,672	25,681	21,953	18,349	16,160	13,697	13,586
Plan Fiduciary Net Position - Ending	33,831	30,019	32,672	25,681	21,953	18,349	16,160	13,697
Net OPEB Liability - Ending	\$ 33,414	\$ 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	50.31%	47.79%	49.96%	41.12%	35.41%	31.05%	26.49%	23.11%
Covered-Employee Payroll	\$ 61,617	\$ 61,617	\$ 68,379	\$ 68,379	\$ 65,850	\$ 63,623	\$ 59,548	\$ 57,814
Net OPEB Liability as a Percentage of Covered-Employee Payroll	54.23%	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)**

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Actuarially Determined Contribution (1)	\$ 3,239	\$ 4,684	\$ 4,367	\$ 5,522	\$ 5,485	\$ 5,542	\$ 5,492	\$ 5,566	\$ 5,431	\$ 6,030
Contributions in Relation to the Actuarially Determined Contribution	3,239	4,684	4,367	5,340	5,240	5,548	5,492	5,566	5,446	6,040
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ 182	\$ 245	\$ (6)	\$ -	\$ -	\$ (15)	\$ (10)
Covered-Employee Payroll	\$ 61,617	\$ 61,617	\$ 68,379	\$ 68,379	\$ 65,850	\$ 63,623	\$ 59,548	\$ 57,814	\$ 56,130	N/A
Contributions as a Percentage of Covered-Employee Payroll	5.26%	7.60%	6.39%	7.81%	7.96%	8.72%	9.22%	9.63%	9.70%	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, 2023
 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:

<ul style="list-style-type: none"> Actuarial Cost Method Amortization Method Amortization Period Asset Valuation Method Inflation Healthcare Cost Trend Rates Salary Increases Investment Rate of Return Retirement Age - City and Public Utilities Employees Retirement Age - Board of Education Certified Employees Retirement Age - Board of Education Non-Certified Employees Retirement Age - Police Officers Retirement Age - Firefighters Healthy Mortality Disabled Mortality 	<ul style="list-style-type: none"> Entry age normal Level percent Closed 26 years Market value 2.75% Pre-Medicare: 6.0% - 4.0% over 52 years; Post-Medicare: 4.8% - 4.0% over 52 years Varies by age, service and employee group 6.25% Age 55 with 25 years of service or age 60 with 5 years of service 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. Any age with 25 years of service or age 60 with 10 years of service. 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. 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. 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. 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.
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**CITY OF NORWICH, CONNECTICUT
 SCHEDULE OF INVESTMENT RETURNS
 OPEB
 LAST SEVEN FISCAL YEARS***

	<u>2023</u>	<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	10.27%	-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 SIX FISCAL YEARS*
 (IN THOUSANDS)**

	2023	2022	2021	2020	2019	2018
City's Proportion of the Net OPEB Liability	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
City's Proportionate Share of the Net OPEB Liability	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State's Proportionate Share of the Net OPEB Liability Associated with the City	<u>9,938</u>	<u>9,273</u>	<u>16,028</u>	<u>12,793</u>	<u>12,644</u>	<u>19,672</u>
Total	<u>\$ 9,938</u>	<u>\$ 9,273</u>	<u>\$ 16,028</u>	<u>\$ 12,793</u>	<u>\$ 12,644</u>	<u>\$ 19,672</u>
City's Covered Payroll	\$ 34,156	\$ 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%	0.00%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability (Asset)	0.00%	0.00%	0.00%	2.08%	1.49%	1.79%

Notes to Schedule:

Changes in Benefit Terms	There was a change in the maximum monthly subsidy amounts offered to retirees and their dependents from \$110/\$220 to \$220/\$440.
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, 2022 was updated to equal the SEIR of 3.53% as of June 30, 2022; Expected annual per capita claims costs were updated to better reflect anticipated medical and prescription drug claim experience; The assumed age-related annual percentage increases in expected annual per capita health care claims costs were updated; Long-term health care cost trend rates were updated; and The percentages of participating retirees who are expected to enroll in the Medicare Supplement Plan and the Medicare Advantage Plan options were updated to better reflect anticipated plan experience.
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	2.50%

*Notes - This schedule is intended to show information for ten years. Additional years' information will be displayed as it
 - The measurement date is one year earlier than the employer's reporting date

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

GENERAL FUND

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

NONMAJOR GOVERNMENTAL FUNDS

NONMAJOR GOVERNMENTAL FUNDS

Debt Service

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

Special Revenue Funds

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

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

NONMAJOR GOVERNMENTAL FUNDS

Capital Projects Funds

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

Permanent Funds

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

**CITY OF NORWICH, CONNECTICUT
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2023
(IN THOUSANDS)**

ASSETS	Special Revenue								
	Dog License	School Lunch Program	Sidewalk	Fire Districts	Adult Education	Adult Education Multi Year	Parking Commission	Opioid Settlement Fund	Youth Services
Cash and Cash Equivalents	\$ -	\$ 1,711	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Investments	-	-	-	-	-	-	-	-	-
Receivables, Net:									
Property Taxes	-	-	-	266	-	-	-	-	-
Intergovernmental	-	592	-	-	-	-	-	-	110
Loans	-	-	-	-	-	-	-	-	-
Leases	-	-	-	-	-	-	298	-	-
Other	-	3	70	-	24	7	37	-	-
Due from Other Funds	-	-	382	429	46	25	150	142	-
Total Assets	<u>\$ -</u>	<u>\$ 2,306</u>	<u>\$ 452</u>	<u>\$ 695</u>	<u>\$ 70</u>	<u>\$ 32</u>	<u>\$ 485</u>	<u>\$ 142</u>	<u>\$ 110</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES									
LIABILITIES									
Accounts and Other Payables	\$ 17	\$ 20	\$ -	\$ 198	\$ 61	\$ 1	\$ 8	\$ -	\$ 65
Due to Other Funds	111	22	-	-	-	-	-	-	42
Unearned Revenue	-	-	-	-	9	-	-	-	6
Total Liabilities	<u>128</u>	<u>42</u>	<u>-</u>	<u>198</u>	<u>70</u>	<u>1</u>	<u>8</u>	<u>-</u>	<u>113</u>
DEFERRED INFLOWS OF RESOURCES									
Unavailable Revenue - Special Assessments	-	-	70	-	-	-	-	-	-
Unavailable Revenue - Loans Receivable	-	3	-	-	-	-	37	-	-
Unavailable Revenue - Property Taxes	-	-	-	236	-	-	-	-	-
Unavailable Revenue - Leases	-	-	-	-	-	-	298	-	-
Total Deferred Inflows of Resources	<u>-</u>	<u>3</u>	<u>70</u>	<u>236</u>	<u>-</u>	<u>-</u>	<u>335</u>	<u>-</u>	<u>-</u>
FUND BALANCES									
Nonspendable	-	-	-	-	-	-	-	-	-
Restricted	-	-	-	259	-	-	-	142	-
Committed	-	2,261	382	-	-	31	142	-	-
Assigned	-	-	-	-	-	-	-	-	-
Unassigned	(128)	-	-	2	-	-	-	-	(3)
Total Fund Balances	<u>(128)</u>	<u>2,261</u>	<u>382</u>	<u>261</u>	<u>-</u>	<u>31</u>	<u>142</u>	<u>142</u>	<u>(3)</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ -</u>	<u>\$ 2,306</u>	<u>\$ 452</u>	<u>\$ 695</u>	<u>\$ 70</u>	<u>\$ 32</u>	<u>\$ 485</u>	<u>\$ 142</u>	<u>\$ 110</u>

**CITY OF NORWICH, CONNECTICUT
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET (CONTINUED)
JUNE 30, 2023
(IN THOUSANDS)**

ASSETS	Special Revenue								
	Lead Paint Abatement	Other Grants and Programs	Economic Development	Community Development Fund	Education Programs	BOE Nonlapsing Fund	Fire Grants and Programs	Police Asset Forfeiture	Police Grants and Programs
Cash and Cash Equivalents	\$ -	\$ -	\$ -	\$ -	\$ 45	\$ -	\$ -	\$ -	\$ -
Investments	-	-	-	-	-	-	-	-	-
Receivables, Net:									
Property Taxes	-	-	-	-	-	-	-	-	-
Intergovernmental	576	-	-	384	-	-	-	-	-
Loans	1,294	-	-	-	-	-	-	-	-
Leases	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Due from Other Funds	-	352	-	-	35	1,402	-	111	75
Total Assets	\$ 1,870	\$ 352	\$ -	\$ 384	\$ 80	\$ 1,402	\$ -	\$ 111	\$ 75
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES									
LIABILITIES									
Accounts and Other Payables	\$ 5	\$ -	\$ -	\$ 132	\$ 21	\$ -	\$ -	\$ -	\$ 5
Due to Other Funds	515	-	3	252	-	-	1	-	-
Unearned Revenue	-	7	-	-	-	-	-	-	-
Total Liabilities	520	7	3	384	21	-	1	-	5
DEFERRED INFLOWS OF RESOURCES									
Unavailable Revenue - Special Assessments	-	-	-	-	-	-	-	-	-
Unavailable Revenue - Loans Receivable	1,294	-	-	-	-	-	-	-	-
Unavailable Revenue - Property Taxes	-	-	-	-	-	-	-	-	-
Unavailable Revenue - Leases	-	-	-	-	-	-	-	-	-
Total Deferred Inflows of Resources	1,294	-	-	-	-	-	-	-	-
FUND BALANCES									
Nonspendable	-	-	-	-	-	-	-	-	-
Restricted	-	-	-	-	45	-	-	-	-
Committed	56	345	-	-	14	1,402	-	111	70
Assigned	-	-	-	-	-	-	-	-	-
Unassigned	-	-	(3)	-	-	-	(1)	-	-
Total Fund Balances	56	345	(3)	-	59	1,402	(1)	111	70
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 1,870	\$ 352	\$ -	\$ 384	\$ 80	\$ 1,402	\$ -	\$ 111	\$ 75

**CITY OF NORWICH, CONNECTICUT
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET (CONTINUED)
JUNE 30, 2023
(IN THOUSANDS)**

ASSETS	Special Revenue									
	Recreation Grants and Programs	Social Services Grants and Programs	Senior Citizens Programs	Mohegan Park	Revolving Loan Fund	Sachem Fund	Property Rehabilitation	Pension Reserve Fund	Deposits and Performance Bonds	Total
Cash and Cash Equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 159	\$ 1,915
Investments	-	-	-	-	-	-	-	-	-	-
Receivables, Net:										
Property Taxes	-	-	-	-	-	-	-	-	-	266
Intergovernmental	-	4	7	-	-	-	-	-	-	1,673
Loans	-	-	-	-	79	-	2,881	-	-	4,254
Leases	-	-	-	-	-	-	-	-	-	298
Other	-	-	-	-	-	-	-	-	-	141
Due from Other Funds	1,033	51	58	116	284	32	-	14,810	340	19,873
Total Assets	<u>\$ 1,033</u>	<u>\$ 55</u>	<u>\$ 65</u>	<u>\$ 116</u>	<u>\$ 363</u>	<u>\$ 32</u>	<u>\$ 2,881</u>	<u>\$ 14,810</u>	<u>\$ 499</u>	<u>\$ 28,420</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES										
LIABILITIES										
Accounts and Other Payables	\$ 20	\$ -	\$ 2	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 555
Due to Other Funds	-	-	-	-	-	-	62	-	-	1,008
Unearned Revenue	-	-	-	-	79	-	-	-	-	101
Total Liabilities	<u>20</u>	<u>-</u>	<u>2</u>	<u>-</u>	<u>79</u>	<u>-</u>	<u>62</u>	<u>-</u>	<u>-</u>	<u>1,664</u>
DEFERRED INFLOWS OF RESOURCES										
Unavailable Revenue - Special Assessments	-	-	-	-	-	-	-	-	-	70
Unavailable Revenue - Loans Receivable	-	-	-	-	-	-	2,881	-	-	4,215
Unavailable Revenue - Property Taxes	-	-	-	-	-	-	-	-	-	236
Unavailable Revenue - Leases	-	-	-	-	-	-	-	-	-	298
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,881</u>	<u>-</u>	<u>-</u>	<u>4,819</u>
FUND BALANCES										
Nonspendable	-	-	-	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-	-	-	446
Committed	1,013	55	63	116	284	32	-	14,810	499	21,686
Assigned	-	-	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	(62)	-	-	(195)
Total Fund Balances	<u>1,013</u>	<u>55</u>	<u>63</u>	<u>116</u>	<u>284</u>	<u>32</u>	<u>(62)</u>	<u>14,810</u>	<u>499</u>	<u>21,937</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 1,033</u>	<u>\$ 55</u>	<u>\$ 65</u>	<u>\$ 116</u>	<u>\$ 363</u>	<u>\$ 32</u>	<u>\$ 2,881</u>	<u>\$ 14,810</u>	<u>\$ 499</u>	<u>\$ 28,420</u>

**CITY OF NORWICH, CONNECTICUT
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET (CONTINUED)
JUNE 30, 2023
(IN THOUSANDS)**

ASSETS	Capital Projects				Permanent				Total Nonmajor Governmental Funds
	Capital	Bond	School	Brown	Public Parks & Gardens	Fred	Cemetery	Total	
	Improvement	Expenditure	Projects	Park		Abbot Summer Concert	Trust		
Cash and Cash Equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9	\$ 9	\$ 1,924
Investments	-	-	-	-	-	-	2,030	2,030	2,030
Receivables, Net:									
Property Taxes	-	-	-	-	-	-	-	-	266
Intergovernmental	4,258	-	2,341	-	-	-	-	-	8,272
Loans	-	-	-	-	-	-	-	-	4,254
Leases	-	-	-	-	-	-	-	-	298
Other	-	-	-	-	-	-	-	-	141
Due from Other Funds	1,168	1,809	5,872	46	43	6	-	49	28,817
Total Assets	<u>\$ 5,426</u>	<u>\$ 1,809</u>	<u>\$ 8,213</u>	<u>\$ 46</u>	<u>\$ 43</u>	<u>\$ 6</u>	<u>\$ 2,039</u>	<u>\$ 2,088</u>	<u>\$ 46,002</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES									
LIABILITIES									
Accounts and Other Payables	\$ 1,808	\$ 18	\$ 96	\$ -	\$ 1,922	\$ -	\$ -	\$ -	\$ 2,477
Due to Other Funds	-	-	-	-	-	-	1	1	1,009
Unearned Revenue	43	-	-	-	43	-	-	-	144
Total Liabilities	<u>1,851</u>	<u>18</u>	<u>96</u>	<u>-</u>	<u>1,965</u>	<u>-</u>	<u>1</u>	<u>1</u>	<u>3,630</u>
DEFERRED INFLOWS OF RESOURCES									
Unavailable Revenue - Special Assessments	-	-	-	-	-	-	-	-	70
Unavailable Revenue - Loans Receivable	-	-	-	-	-	-	-	-	4,215
Unavailable Revenue - Property Taxes	-	-	-	-	-	-	-	-	236
Unavailable Revenue - Leases	-	-	-	-	-	-	-	-	298
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,819</u>
FUND BALANCES									
Nonspendable	-	-	-	-	-	28	5	-	33
Restricted	-	-	5,872	-	5,872	15	1	2,038	8,372
Committed	-	-	16	46	62	-	-	-	21,748
Assigned	5,196	1,888	2,229	-	9,313	-	-	-	9,313
Unassigned	(1,621)	(97)	-	-	(1,718)	-	-	-	(1,913)
Total Fund Balances	<u>3,575</u>	<u>1,791</u>	<u>8,117</u>	<u>46</u>	<u>13,529</u>	<u>43</u>	<u>6</u>	<u>2,038</u>	<u>37,553</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 5,426</u>	<u>\$ 1,809</u>	<u>\$ 8,213</u>	<u>\$ 46</u>	<u>\$ 15,494</u>	<u>\$ 43</u>	<u>\$ 2,039</u>	<u>\$ 2,088</u>	<u>\$ 46,002</u>

**CITY OF NORWICH, CONNECTICUT
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
YEAR ENDED JUNE 30, 2023
(IN THOUSANDS)**

	Special Revenue								
	Dog License	School Lunch Program	Sidewalk	Fire Districts	Adult Education	Adult Education Multi Year	Parking Commission	Opioid Settlement Fund	Youth Services
REVENUES									
Property Taxes, Interest, and Liens	\$ -	\$ -	\$ -	\$ 4,504	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental Revenues	-	3,444	-	876	578	-	-	-	454
Charges for Services	18	182	32	-	616	1	186	-	-
Investment Income	-	-	-	2	-	-	3	-	-
Other	-	-	-	-	-	38	-	142	13
Total Revenues	<u>18</u>	<u>3,626</u>	<u>32</u>	<u>5,382</u>	<u>1,194</u>	<u>39</u>	<u>189</u>	<u>142</u>	<u>467</u>
EXPENDITURES									
Current:									
General Government	-	-	-	-	-	-	-	-	-
Public Safety	155	-	-	8,622	-	-	-	-	-
Social Services	-	-	-	-	-	-	-	-	475
Public Works	-	-	58	-	-	-	167	-	-
Education	-	3,090	-	-	1,195	25	-	-	-
Capital Outlay	-	-	-	-	-	-	-	-	-
Total Expenditures	<u>155</u>	<u>3,090</u>	<u>58</u>	<u>8,622</u>	<u>1,195</u>	<u>25</u>	<u>167</u>	<u>-</u>	<u>475</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(137)	536	(26)	(3,240)	(1)	14	22	142	(8)
OTHER FINANCING SOURCES (USES)									
Transfers In	134	-	250	3,300	-	-	-	-	4
Transfer Out	-	-	-	-	-	-	(15)	-	(4)
Proceeds from Bond Issuance	-	-	-	-	-	-	-	-	-
Bond Premium	-	-	-	-	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>134</u>	<u>-</u>	<u>250</u>	<u>3,300</u>	<u>-</u>	<u>-</u>	<u>(15)</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	(3)	536	224	60	(1)	14	7	142	(8)
Fund Balances - Beginning of Year	(125)	1,725	158	201	1	17	135	-	5
FUND BALANCES - END OF YEAR	<u>\$ (128)</u>	<u>\$ 2,261</u>	<u>\$ 382</u>	<u>\$ 261</u>	<u>\$ -</u>	<u>\$ 31</u>	<u>\$ 142</u>	<u>\$ 142</u>	<u>\$ (3)</u>

**CITY OF NORWICH, CONNECTICUT
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (CONTINUED)
YEAR ENDED JUNE 30, 2023
(IN THOUSANDS)**

	Special Revenue								
	Lead Paint Abatement	Other Grants and Programs	Economic Development	Community Development Fund	Education Programs	BOE Nonlapsing Fund	Fire Grants and Programs	Police Asset Forfeiture	Police Grants and Programs
REVENUES									
Property Taxes, Interest, and Liens	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental Revenues	470	4	-	968	2	-	-	25	-
Charges for Services	8	20	-	-	(28)	-	-	-	584
Investment Income	-	-	-	-	2	-	-	2	-
Other	-	23	-	-	-	-	-	-	17
Total Revenues	<u>478</u>	<u>47</u>	<u>-</u>	<u>968</u>	<u>(24)</u>	<u>-</u>	<u>-</u>	<u>27</u>	<u>601</u>
EXPENDITURES									
Current:									
General Government	-	51	-	-	-	-	-	-	-
Public Safety	-	-	-	-	-	-	-	30	263
Social Services	472	-	-	1,003	-	-	-	-	-
Public Works	-	-	-	-	-	-	-	-	-
Education	-	-	-	-	104	-	-	-	-
Capital Outlay	-	-	-	-	-	-	-	-	-
Total Expenditures	<u>472</u>	<u>51</u>	<u>-</u>	<u>1,003</u>	<u>104</u>	<u>-</u>	<u>-</u>	<u>30</u>	<u>263</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	6	(4)	-	(35)	(128)	-	-	(3)	338
OTHER FINANCING SOURCES (USES)									
Transfers In	-	16	-	35	-	-	-	-	-
Transfer Out	-	-	-	-	(1)	(1,923)	-	-	(328)
Proceeds from Bond Issuance	-	-	-	-	-	-	-	-	-
Bond Premium	-	-	-	-	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>16</u>	<u>-</u>	<u>35</u>	<u>(1)</u>	<u>(1,923)</u>	<u>-</u>	<u>-</u>	<u>(328)</u>
NET CHANGE IN FUND BALANCES	6	12	-	-	(129)	(1,923)	-	(3)	10
Fund Balances - Beginning of Year	<u>50</u>	<u>333</u>	<u>(3)</u>	<u>-</u>	<u>188</u>	<u>3,325</u>	<u>(1)</u>	<u>114</u>	<u>60</u>
FUND BALANCES - END OF YEAR	<u>\$ 56</u>	<u>\$ 345</u>	<u>\$ (3)</u>	<u>\$ -</u>	<u>\$ 59</u>	<u>\$ 1,402</u>	<u>\$ (1)</u>	<u>\$ 111</u>	<u>\$ 70</u>

**CITY OF NORWICH, CONNECTICUT
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (CONTINUED)
YEAR ENDED JUNE 30, 2023
(IN THOUSANDS)**

	Special Revenue									Total
	Recreation Grants and Programs	Social Services Grants and Programs	Senior Citizens Programs	Mohegan Park	Revolving Loan Fund	Sachem Fund	Property Rehabilitation	Pension Reserve Fund	Deposits and Performance Bonds	
REVENUES										
Property Taxes, Interest, and Liens	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,504
Intergovernmental Revenues	-	8	21	-	-	-	-	-	-	6,850
Charges for Services	240	-	81	-	19	-	186	-	-	2,145
Investment Income	-	-	-	2	-	-	-	351	-	362
Other	44	7	10	-	-	-	-	-	80	374
Total Revenues	284	15	112	2	19	-	186	351	80	14,235
EXPENDITURES										
Current:										
General Government	-	-	-	-	2	-	-	-	117	170
Public Safety	-	-	-	-	-	-	-	-	-	9,070
Social Services	211	59	117	-	-	-	430	-	-	2,767
Public Works	-	-	-	-	-	-	-	-	-	225
Education	-	-	-	-	-	-	-	-	-	4,414
Capital Outlay	-	-	-	-	-	-	-	-	-	-
Total Expenditures	211	59	117	-	2	-	430	-	117	16,646
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	73	(44)	(5)	2	17	-	(244)	351	(37)	(2,411)
OTHER FINANCING SOURCES (USES)										
Transfers In	-	-	-	-	-	-	153	888	-	4,780
Transfer Out	-	-	-	-	-	-	(15)	(128)	-	(2,414)
Proceeds from Bond Issuance	-	-	-	-	-	-	-	-	-	-
Bond Premium	-	-	-	-	-	-	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-	-	-	138	760	-	2,366
NET CHANGE IN FUND BALANCES	73	(44)	(5)	2	17	-	(106)	1,111	(37)	(45)
Fund Balances - Beginning of Year	940	99	68	114	267	32	44	13,699	536	21,982
FUND BALANCES - END OF YEAR	\$ 1,013	\$ 55	\$ 63	\$ 116	\$ 284	\$ 32	\$ (62)	\$ 14,810	\$ 499	\$ 21,937

**CITY OF NORWICH, CONNECTICUT
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (CONTINUED)
YEAR ENDED JUNE 30, 2023
(IN THOUSANDS)**

	Capital Projects				Permanent				Total Nonmajor Governmental Funds	
	Capital Improvement	Bond Expenditure	School Projects	Brown Park	Total	Public Parks & Gardens	Fred Abbot Summer Concert	Cemetery Trust		Total
REVENUES										
Property Taxes, Interest, and Liens	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,504
Intergovernmental Revenues	7,247	-	-	-	7,247	-	-	-	-	14,097
Charges for Services	-	-	-	-	-	-	-	-	-	2,145
Investment Income	-	-	-	1	1	1	-	226	227	590
Other	-	6	-	-	6	-	-	-	-	380
Total Revenues	<u>7,247</u>	<u>6</u>	<u>-</u>	<u>1</u>	<u>7,254</u>	<u>1</u>	<u>-</u>	<u>226</u>	<u>227</u>	<u>21,716</u>
EXPENDITURES										
Current:										
General Government	-	-	-	-	-	-	(1)	20	19	189
Public Safety	-	-	-	-	-	-	-	-	-	9,070
Social Services	-	-	-	-	-	-	-	-	-	2,767
Public Works	-	-	-	-	-	-	-	-	-	225
Education	-	-	61	-	61	-	-	-	-	4,475
Capital Outlay	<u>10,822</u>	<u>2,634</u>	<u>185</u>	<u>-</u>	<u>13,641</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>13,641</u>
Total Expenditures	<u>10,822</u>	<u>2,634</u>	<u>246</u>	<u>-</u>	<u>13,702</u>	<u>-</u>	<u>(1)</u>	<u>20</u>	<u>19</u>	<u>30,367</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(3,575)	(2,628)	(246)	1	(6,448)	1	1	206	208	(8,651)
OTHER FINANCING SOURCES (USES)										
Transfers In	2,754	99	-	-	2,853	-	-	-	-	7,633
Transfer Out	-	(65,407)	-	-	(65,407)	-	-	(83)	(83)	(67,904)
Proceeds from Bond Issuance	-	2,200	7,000	-	9,200	-	-	-	-	9,200
Bond Premium	-	571	-	-	571	-	-	-	-	571
Total Other Financing Sources (Uses)	<u>2,754</u>	<u>(62,537)</u>	<u>7,000</u>	<u>-</u>	<u>(52,783)</u>	<u>-</u>	<u>-</u>	<u>(83)</u>	<u>(83)</u>	<u>(50,500)</u>
NET CHANGE IN FUND BALANCES	(821)	(65,165)	6,754	1	(59,231)	1	1	123	125	(59,151)
Fund Balances - Beginning of Year	<u>4,396</u>	<u>66,956</u>	<u>1,363</u>	<u>45</u>	<u>72,760</u>	<u>42</u>	<u>5</u>	<u>1,915</u>	<u>1,962</u>	<u>96,704</u>
FUND BALANCES - END OF YEAR	<u>\$ 3,575</u>	<u>\$ 1,791</u>	<u>\$ 8,117</u>	<u>\$ 46</u>	<u>\$ 13,529</u>	<u>\$ 43</u>	<u>\$ 6</u>	<u>\$ 2,038</u>	<u>\$ 2,087</u>	<u>\$ 37,553</u>

**CITY OF NORWICH, CONNECTICUT
FIRE DISTRICTS FUND REVENUES
BUDGETARY BASIS
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2023
(IN THOUSANDS)**

	Budgeted Amounts		Actual	Variance
	Original	Final		
Taxes, Interest, and Lien Fees:				
Fire	\$ 3,987	\$ 3,987	\$ 4,066	\$ 79
Volunteer Fire	433	433	438	5
Total Taxes, Interest, and Lien Fees	4,420	4,420	4,504	84
Intergovernmental:				
Shared Revenues	876	876	876	-
Other:				
Other Fund Transfers	3,300	3,300	3,300	-
Investment Income	9	9	2	(7)
Total	<u>\$ 8,605</u>	<u>\$ 8,605</u>	<u>\$ 8,682</u>	<u>\$ 77</u>

**CITY OF NORWICH, CONNECTICUT
FIRE DISTRICTS FUND EXPENDITURES
BUDGETARY BASIS
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2023
(IN THOUSANDS)**

	Budgeted Amounts		Actual	Variance
	Original	Final		
Fire:				
Employees	\$ 3,520	\$ 3,520	\$ 3,426	\$ 94
Overtime	68	68	211	(143)
Replacement Costs	763	781	883	(102)
Fringe Benefits	3,766	3,766	3,615	151
Workers' Compensation	48	48	43	5
Volunteer Firefighter Tax Credit	130	130	134	(4)
Volunteer Firefighter Trust Fund	310	310	310	-
Total	<u>\$ 8,605</u>	<u>\$ 8,623</u>	<u>\$ 8,622</u>	<u>\$ 1</u>

**CITY OF NORWICH, CONNECTICUT
SCHEDULE OF FIRE DISTRICT TAXES
YEAR ENDED JUNE 30, 2023
(IN THOUSANDS)**

Grand List	Uncollected Taxes July 1, 2022	Lawful Corrections		Transfers to Suspense	Adjusted Taxes Collectible	Collections				Net Uncollected Taxes June 30, 2023	Overpayment Credit Balances	Gross Uncollected Taxes June 30, 2023
		Additions	Deductions			Taxes	Interest	Fees	Total			
2021	\$ 4,376	\$ 5	\$ 8	\$ 2	\$ 4,371	\$ 4,276	\$ 18	\$ -	\$ 4,294	\$ 95	\$ -	\$ 95
2020	167	4	6	2	163	92	20	-	112	71	1	72
2019	74	2	4	5	67	27	12	-	39	40	1	41
2018	35	-	4	1	30	9	6	-	15	21	-	21
2017	20	-	1	1	18	5	4	-	9	13	-	13
2016	15	-	-	1	14	2	2	-	4	12	-	12
2015	11	-	-	1	10	1	1	-	2	9	-	9
2014	9	-	-	1	8	-	1	-	1	8	-	8
2013	8	-	-	1	7	-	1	-	1	7	-	7
2012	8	-	-	1	7	-	-	-	-	7	-	7
2011	5	-	-	1	4	-	-	-	-	4	-	4
2010	3	-	-	-	3	-	-	-	-	3	-	3
2009	2	-	-	-	2	-	-	-	-	2	-	2
2008	1	-	-	-	1	-	-	-	-	1	-	1
Total	\$ 4,734	\$ 11	\$ 23	\$ 17	\$ 4,705	4,412	65	-	4,477	\$ 293	\$ 2	\$ 295
						Suspense Collections	8	8	16			
						Total Tax Collections	<u>\$ 4,420</u>	<u>\$ 73</u>	<u>\$ -</u>	4,493		
						Property Taxes Receivable Considered Available:						
						June 30, 2022			(19)			
						June 30, 2023			30			
						Total			<u>\$ 4,504</u>			

*Operation of law

NONMAJOR ENTERPRISE FUNDS

NONMAJOR ENTERPRISE FUNDS

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

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

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

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

CITY OF NORWICH, CONNECTICUT
COMBINING STATEMENT OF NET POSITION
NONMAJOR ENTERPRISE FUNDS
JUNE 30, 2023
(IN THOUSANDS)

	Business-Type Activities			Totals
	Golf Course Authority	Stadium Authority	Ice Rink Authority	
ASSETS				
Current Assets:				
Receivables, Net:				
User Charges	\$ -	\$ -	\$ 16	\$ 16
Due from Other Funds	170	-	-	170
Total Current Assets	170	-	16	186
Capital Assets, Net	3,038	5,929	825	9,792
Total Assets	3,208	5,929	841	9,978
LIABILITIES				
Current Liabilities:				
Accounts Payable and Accrued Expenses	844	15	-	859
Lease Liability	43	-	-	43
Due to Other Funds	-	263	619	882
Due to Other Governments	2	-	-	2
Unearned Revenue	572	-	171	743
Total Current Liabilities	1,461	278	790	2,529
Noncurrent Liabilities:				
Lease Liability	24	-	-	24
Total Liabilities	1,485	278	790	2,553
NET POSITION				
Net Investment in Capital Assets	2,971	5,929	825	9,725
Unrestricted	(1,248)	(278)	(774)	(2,300)
Total Net Position	\$ 1,723	\$ 5,651	\$ 51	\$ 7,425

CITY OF NORWICH, CONNECTICUT
COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET POSITION
NONMAJOR ENTERPRISE FUNDS
YEAR ENDED JUNE 30, 2023
(IN THOUSANDS)

	Business-Type Activities			Totals
	Golf Course Authority	Stadium Authority	Ice Rink Authority	
OPERATING REVENUES				
Charges for Services	\$ 1,431	\$ -	\$ -	\$ 1,431
Rent	-	89	247	336
Total Operating Revenues	<u>1,431</u>	<u>89</u>	<u>247</u>	<u>1,767</u>
OPERATING EXPENSES				
Operations and Maintenance	1,100	152	9	1,261
Depreciation and Amortization	194	188	103	485
Total Operating Expenses	<u>1,294</u>	<u>340</u>	<u>112</u>	<u>1,746</u>
OPERATING INCOME (LOSS)	137	(251)	135	21
NONOPERATING INCOME (EXPENSE)				
Interest Income	4	-	-	4
Interest Expense	(36)	-	-	(36)
Total Nonoperating Expense	<u>(32)</u>	<u>-</u>	<u>-</u>	<u>(32)</u>
NET INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	105	(251)	135	(11)
Transfers Out	<u>(129)</u>	<u>-</u>	<u>-</u>	<u>(129)</u>
CHANGE IN NET POSITION	(24)	(251)	135	(140)
Net Position - Beginning of Year	<u>1,747</u>	<u>5,902</u>	<u>(84)</u>	<u>7,565</u>
NET POSITION - END OF YEAR	<u>\$ 1,723</u>	<u>\$ 5,651</u>	<u>\$ 51</u>	<u>\$ 7,425</u>

**CITY OF NORWICH, CONNECTICUT
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
YEAR ENDED JUNE 30, 2023
(IN THOUSANDS)**

	Business-Type Activities			Totals
	Golf Course Authority	Stadium Authority	Ice Rink Authority	
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash Received from Charges for Services	\$ 1,546	\$ 110	\$ 77	\$ 1,733
Cash Paid to Vendors	(752)	(110)	(77)	(939)
Cash Paid to Employees for Services	(512)	-	-	(512)
Net Cash Provided (Used) by Operating Activities	282	-	-	282
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers to Other Funds	(129)	-	-	(129)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Purchase of Capital Assets	(80)	-	-	(80)
Interest Payments - other	(28)	-	-	(28)
Principal Payments on Leases	(41)	-	-	(41)
Interest Payments on Leases	(8)	-	-	(8)
Advances from Other Funds	-	-	-	-
Net Cash Provided (Used) by Capital and Related Financing Activities	(157)	-	-	(157)
CASH FLOWS FROM INVESTING ACTIVITIES				
Income on Investments	4	-	-	4
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS				
	-	-	-	-
Cash and Cash Equivalents - Beginning of Year	-	-	-	-
CASH AND CASH EQUIVALENTS - END OF YEAR				
	\$ -	\$ -	\$ -	\$ -
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES				
Operating Income (Loss)	\$ 137	\$ (251)	\$ 135	\$ 21
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:	194	188	103	485
Changes in Assets and Liabilities:				
(Increase) Decrease in Receivables	-	21	3	24
(Increase) Decrease in Due from Other Funds	(4)	42	-	38
Increase (Decrease) in Due to Other Funds	-	-	(68)	(68)
Increase (Decrease) in Unearned Revenues	119	-	(173)	(54)
Increase (Decrease) in Accounts Payable and Accrued Liabilities	(164)	-	-	(164)
Total Adjustments	145	251	(135)	261
Net Cash Provided (Used) by Operating Activities	\$ 282	\$ -	\$ -	\$ 282

INTERNAL SERVICE FUNDS

INTERNAL SERVICE FUNDS

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

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

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

CITY OF NORWICH, CONNECTICUT
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
JUNE 30, 2023
(IN THOUSANDS)

	Medical Benefits	Workers' Compensation	Total
ASSETS			
Current:			
Accounts Receivable	\$ 13	\$	\$ 13
Due from Other Funds	3,026	2,069	5,095
Total Assets	3,039	2,069	5,108
LIABILITIES			
Current:			
Risk Management Claims	1,107	1,048	2,155
Unearned Revenue	6		6
Total Current Liabilities	1,113	1,048	2,161
Noncurrent:			
Risk Management Claims		3,511	3,511
Total Liabilities	1,113	4,559	5,672
NET POSITION			
Unrestricted	\$ 1,926	\$ (2,490)	\$ (564)

**CITY OF NORWICH, CONNECTICUT
 COMBINING STATEMENT OF REVENUES, EXPENSES,
 AND CHANGES IN FUND NET POSITION
 INTERNAL SERVICE FUNDS
 YEAR ENDED JUNE 30, 2023
 (IN THOUSANDS)**

	<u>Medical Benefits</u>	<u>Workers' Compensation</u>	<u>Total</u>
OPERATING REVENUES			
Charges for Services	\$ 19,175	\$ 2,641	\$ 21,816
OPERATING EXPENSES			
Claims Expense	16,728	2,404	19,132
Premiums and Administrative Expenses	<u>2,339</u>	<u>398</u>	<u>2,737</u>
Total Operating Expenses	<u>19,067</u>	<u>2,802</u>	<u>21,869</u>
OPERATING INCOME (LOSS)	108	(161)	(53)
Net Position - Beginning of Year	<u>1,818</u>	<u>(2,329)</u>	<u>(511)</u>
NET POSITION - END OF YEAR	<u><u>\$ 1,926</u></u>	<u><u>\$ (2,490)</u></u>	<u><u>\$ (564)</u></u>

CITY OF NORWICH, CONNECTICUT
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
YEAR ENDED JUNE 30, 2023
(IN THOUSANDS)

	Medical Benefits	Workers' Compensation	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash Received from Charges for Services	\$ 2,487	\$	\$ 2,487
Cash Receipts for Interfund Services Provided	17,161	3,012	20,173
Cash Paid to Vendors	(19,648)	(3,012)	(22,660)
Net Cash Provided (Used) by Operating Activities	-	-	-
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS			
	-	-	-
Cash and Cash Equivalents - Beginning of Year	-	-	-
CASH AND CASH EQUIVALENTS - END OF YEAR			
	\$ -	\$ -	\$ -
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES			
Operating Income (Loss)	\$ 108	\$ (161)	\$ (53)
Changes in Assets and Liabilities:			
(Increase) Decrease in Receivables	3		3
(Increase) Decrease in Due from Other Funds	473	371	844
Increase (Decrease) in Accounts Payable and Accrued Liabilities	(581)	(210)	(791)
Increase (Decrease) in Unearned Revenues	(3)		(3)
Total Adjustments	(108)	161	53
Net Cash Provided (Used) by Operating Activities	\$ -	\$ -	\$ -

FIDUCIARY FUNDS

FIDUCIARY FUNDS

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

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

The City's Trust Funds are listed below:

- City Employee Pension
- Volunteer Fire Pension
- Other Post Employment Benefit

CITY OF NORWICH, CONNECTICUT
COMBINING STATEMENT OF FIDUCIARY NET POSITION
PENSION AND OTHER EMPLOYEE BENEFIT TRUST FUNDS
JUNE 30, 2023
(IN THOUSANDS)

	City Employee Pension Trust Fund	Volunteer Fire Pension Trust Fund	Other Postemployment Benefit Trust Fund	Total
ASSETS				
Cash and Cash Equivalents	\$ -	\$ 53	\$ -	\$ 53
Investments:				
U.S. Government Securities	28,115	-	4,462	32,577
U.S. Government Agencies	8,286	-	1,268	9,554
Corporate Bonds	21,875	-	3,389	25,264
Mutual Funds	233,946	3,518	16,337	253,801
Common Stock	48,074	-	6,372	54,446
Real Estate	942	-	29	971
Accounts Receivable	3	20	1,974	1,997
Total Assets	<u>341,241</u>	<u>3,591</u>	<u>33,831</u>	<u>378,663</u>
LIABILITIES				
Accounts and Other Payables	<u>425</u>	<u>-</u>	<u>-</u>	<u>425</u>
NET POSITION				
Net Position Restricted for OPEB Benefits	-	-	33,831	33,831
Net Position Restricted for Pension Benefits	<u>340,816</u>	<u>3,591</u>	<u>-</u>	<u>344,407</u>
Total Net Position	<u>\$ 340,816</u>	<u>\$ 3,591</u>	<u>\$ 33,831</u>	<u>\$ 378,238</u>

CITY OF NORWICH, CONNECTICUT
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
PENSION AND OTHER EMPLOYEE BENEFIT TRUST FUNDS
YEAR ENDED JUNE 30, 2023
(IN THOUSANDS)

	City Employee Pension Trust Fund	Volunteer Fire Pension Trust Fund	Other Postemployment Benefit Trust Fund	Total
ADDITIONS				
Contributions:				
Employer	\$ 4,411	\$ 310	\$ 3,239	\$ 7,960
Plan Members	4,223	16	1,517	5,756
Total Contributions	<u>8,634</u>	<u>326</u>	<u>4,756</u>	<u>13,716</u>
Investment Income:				
Net Gain in Fair Value of Investments	21,617	253	2,543	24,413
Interest and Dividends	<u>7,489</u>	<u>106</u>	<u>809</u>	<u>8,404</u>
Total Investment Income	29,106	359	3,352	32,817
Less Investment Expense	<u>(682)</u>	<u>(20)</u>	<u>(64)</u>	<u>(766)</u>
Net Investment Income	<u>28,424</u>	<u>339</u>	<u>3,288</u>	<u>32,051</u>
Total Additions	37,058	665	8,044	45,767
DEDUCTIONS				
Benefits	21,402	388	3,796	25,586
Administration	73	4	436	513
Lump-Sum Distributions and Withdrawals	<u>636</u>	<u>-</u>	<u>-</u>	<u>636</u>
Total Deductions	<u>22,111</u>	<u>392</u>	<u>4,232</u>	<u>26,735</u>
CHANGE IN NET POSITION	14,947	273	3,812	19,032
Net Position - Beginning of Year	<u>325,869</u>	<u>3,318</u>	<u>30,019</u>	<u>359,206</u>
NET POSITION - END OF YEAR	<u>\$ 340,816</u>	<u>\$ 3,591</u>	<u>\$ 33,831</u>	<u>\$ 378,238</u>

SUPPLEMENTAL SCHEDULES

CITY OF NORWICH, CONNECTICUT
SCHEDULE OF BONDS AND SERIAL NOTES PAYABLE
YEAR ENDED JUNE 30, 2023
(IN THOUSANDS)

Description	Interest Rate (%)	Issue Date	Maturity Date	Original Amount Issued	Balance Beginning of Year	Issued During Year	Paid During Year	Balance End of Year
Governmental Activities:								
General Purpose Bonds Payable:								
General Purpose - Series A	3.0-4.0	3/3/2015	8/1/2034	\$ 5,600	\$ 3,325	\$ -	\$ 275	\$ 3,050
General Purpose - Series B	2.0-3.0	3/3/2015	8/1/2024	1,140	335	-	115	220
General Purpose - Series A	2.0-2.6	3/1/2016	8/1/2035	6,300	4,110	-	360	3,750
General Purpose - Series B	2.0-3.0	3/1/2016	8/1/2025	2,500	1,000	-	250	750
Refunding - (Partial 12/02/2009 Series A)								
Bonds - Series C	1.8-4.0	10/12/2016	8/1/2024	2,925	1,755	-	585	1,170
General Purpose - Series A	3.0-4.0	3/1/2017	8/1/2036	4,450	3,325	-	225	3,100
Refunding - (Partial 12/02/2009 Series A)								
Bonds - Series A	3.0-4.0	3/1/2017	8/1/2036	2,825	2,825	-	-	2,825
General Purpose - Series B	1.0-3.9	3/1/2017	8/1/2036	1,000	750	-	50	700
General Purpose - Series A	3.0-5.0	12/6/2018	8/1/2038	7,970	7,140	-	420	6,720
General Purpose - Series A	2.0-5.0	12/5/2019	8/1/2039	3,575	3,390	-	185	3,205
General Purpose - Series A	3.0-5.0	10/28/2020	8/1/2040	1,205	1,140	-	60	1,080
General Purpose - Series B	2.0-5.1	10/28/2020	8/1/2040	15,920	13,175	-	1,310	11,865
Pension Obligation Bonds	1.4-3.3	2/25/2022	8/1/2046	145,000	145,000	-	4,430	140,570
General Purpose - Series A	4.0-5.0	12/29/2022	8/1/2043	9,200	-	9,200	-	9,200
Total				209,610	187,270	9,200	8,265	188,205

CITY OF NORWICH, CONNECTICUT
SCHEDULE OF BONDS AND SERIAL NOTES PAYABLE
YEAR ENDED JUNE 30, 2023
(IN THOUSANDS)

Description	Interest Rate (%)	Issue Date	Maturity Date	Original Amount Issued	Balance Beginning of Year	Issued During Year	Paid During Year	Balance End of Year
Business-Type Activities:								
Notes Payable:								
Equipment Financing Agreement	4.25	12/28/2017	2/29/2024	\$ 1,937	\$ 565	\$ -	\$ 350	\$ 215
Equipment Financing Agreement	3.05	7/1/2020	10/31/2024	344	194	-	63	131
State Of Connecticut Serial Notes Payable:								
Clean Water Act 625-D	2.00	12/31/2012	12/31/2031	1,865	969	-	93	876
Clean Water Act 495-C	2.00	5/31/2013	6/1/2032	5,748	3,107	-	286	2,821
Clean Water Act 625-D1	2.00	5/31/2015	12/31/2031	2,510	1,462	-	141	1,321
Clean Water Act 707-Pd	2.00	2/26/2021	1/31/2041	1,655	1,538	-	83	1,455
Clean Water Act 743-D	*	*	*	*	-	2,050	-	2,050
Drinking Water State Revolving Fund 200801-C	2.27	7/1/2009	7/1/2029	450	156	-	23	133
Drinking Water State Revolving Fund 2010-8005	2.06	3/31/2010	12/31/2029	145	54	-	7	47
Drinking Water State Revolving Fund 2010-8006	2.06	3/31/2010	6/30/2030	326	130	-	16	114
Drinking Water State Revolving Fund 2010-7005	2.00	4/30/2014	10/31/2032	160	90	-	9	81
Drinking Water State Revolving Fund 2010-7006	2.00	4/30/2014	4/30/2032	148	81	-	8	73
Drinking Water State Revolving Fund 2014-7027	2.27	6/30/2015	12/31/2034	506	316	-	25	291
Drinking Water State Revolving Fund 2014-7036	2.00	5/31/2016	11/30/2036	4,052	2,718	-	203	2,515
Drinking Water State Revolving Fund 2015-7037	2.00	10/12/2016	9/30/2034	1,528	1,040	-	85	955
Drinking Water State Revolving Fund 2017-7056	2.00	2/28/2019	6/30/2028	2,695	2,179	-	135	2,044
Drinking Water State Revolving Fund 2019-7069	2.00	12/31/2020	6/30/2040	2,477	2,229	-	123	2,106
Drinking Water State Revolving Fund 2019-7072	2.00	8/31/2019	2/28/2039	1,582	1,319	-	80	1,239
Drinking Water State Revolving Fund 2019-7081	2.00	11/30/2020	6/30/2040	2,414	2,172	-	120	2,052
Drinking Water State Revolving Fund 2019-7077	2.00	9/30/2022	9/30/2041	5,824	5,497	-	39	5,458
Drinking Water State Revolving Fund 2022-7104	2.00	3/31/2023	9/30/2042	131	-	131	-	131
Total				<u>36,497</u>	<u>25,816</u>	<u>2,181</u>	<u>1,889</u>	<u>26,108</u>
Total				<u>\$ 246,107</u>	<u>\$ 213,086</u>	<u>\$ 11,381</u>	<u>\$ 10,154</u>	<u>\$ 214,313</u>

* Loan is not permanently financed at this time.

CITY OF NORWICH, CONNECTICUT
BOND AND SERIAL NOTES PAYABLE
SCHEDULE OF ANNUAL DEBT SERVICE REQUIREMENTS
YEAR ENDED JUNE 30, 2023
(IN THOUSANDS)

Fiscal Year Ending June 30	Governmental Activities		Business-Type Activities		Total Primary Government	
	General Obligation Bonds		General Obligation Bonds, Notes Payable and Serial Notes		Principal	Interest
	Principal	Interest	Principal	Interest		
2024	\$ 8,455	\$ 5,791	\$ 2,039	\$ 402	\$ 10,494	\$ 6,193
2025	8,475	5,556	1,831	424	10,306	5,980
2026	8,410	5,347	1,775	388	10,185	5,735
2027	8,160	5,138	1,787	353	9,947	5,491
2028	8,235	4,926	1,798	317	10,033	5,243
2029	8,330	4,706	1,806	281	10,136	4,987
2030	8,435	4,484	1,794	244	10,229	4,728
2031	7,980	4,264	1,786	209	9,766	4,473
2032	8,070	4,040	1,634	173	9,704	4,213
2033	7,695	3,812	1,162	145	8,857	3,957
2034	7,840	3,579	1,160	122	9,000	3,701
2035	7,405	3,343	1,083	100	8,488	3,443
2036	7,330	3,105	931	79	8,261	3,184
2037	7,270	2,865	847	62	8,117	2,927
2038	7,200	2,615	847	45	8,047	2,660
2039	7,420	2,355	708	29	8,128	2,384
2040	7,230	2,095	633	16	7,863	2,111
2041	7,275	1,838	354	5	7,629	1,843
2042	7,460	1,574	81	-	7,541	1,574
2043	7,715	1,300	2	-	7,717	1,300
2044	7,525	1,021	-	-	7,525	1,021
2045	7,805	742	-	-	7,805	742
2046	8,090	453	-	-	8,090	453
2047	8,395	154	-	-	8,395	154
Subtotal	<u>\$ 188,205</u>	<u>\$ 75,103</u>	24,058	3,394	<u>\$ 212,263</u>	<u>\$ 78,497</u>
State of Connecticut - Serial Notes not Permanently Financed as of June 30, 2023			2,050	-		
Total			<u>\$ 26,108</u>	<u>\$ 3,394</u>		

STATISTICAL SECTION

STATISTICAL SECTION INFORMATION

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

Statistical section information is presented in the following categories:

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

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

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

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

	Fiscal Year									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Governmental Activities:										
Net Investment in Capital Assets	\$ 88,076	\$ 78,709	\$ 74,279	\$ 90,304	\$ 79,887	\$ 77,058	\$ 75,885	\$ 75,885	\$ 80,829 *	\$ 84,303
Restricted	2,533	1,962	2,160	3,915	1,789	1,697	1,620	1,620	1,630	1,667
Unrestricted	(52,193)	(50,502)	(53,834)	(80,442) *	(68,423)	(58,803)	(17,860)	(17,860) *	(23,960)	24,762
Total Governmental Activities										
Net Position	38,416	30,169	22,605	13,777	13,253	19,952	59,645	59,645	58,499	110,732
Business-Type Activities:										
Net Investment in Capital Assets	140,816	140,419	136,016	137,973	136,712	131,273	128,042	128,042	110,565	112,277
Restricted	358	1,122	1,368	524	249	120	334	334	338	228
Unrestricted	(9,110)	(7,766)	4,948	(214)	(7,568)	(16,817)	(19,180) *	(19,180) *	(2,259) *	16,073
Total Business-Type Activities										
Net Position	132,064	133,775	142,332	138,283	129,393	114,576	109,196	109,196	108,644	128,578
Primary Government:										
Net Investment in Capital Assets	228,892	219,128	210,295	228,277	216,599	208,331	203,927	203,927	191,394	196,580
Restricted	2,891	3,084	3,528	4,439	2,038	1,817	1,954	1,954	1,968	1,895
Unrestricted	(61,303)	(58,268)	(48,886)	(81,161)	(75,991)	(75,620)	(35,875)	(35,875)	(26,219)	40,835
Total Primary Government										
Net Position	\$ 170,480	\$ 163,944	\$ 164,937	\$ 151,555	\$ 142,646	\$ 134,528	\$ 170,006	\$ 170,006	\$ 167,143	\$ 239,310

Notes:
 (1) Schedule prepared on the accrual basis of accounting.
 * As Restated

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

	Fiscal Year									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
EXPENSES										
Governmental Activities:										
General Government	\$ 10,728	\$ 3,820	\$ 9,389	\$ 9,953	\$ 9,953	\$ 9,680	\$ 10,522	\$ 10,543	\$ 11,257	\$ 8,296
Public Safety	42,179	123,944	27,306	32,947	32,947	29,139	72,870	31,681	25,750	23,882
Social Services	4,881	2,383	4,811	4,013	4,013	4,885	4,614	4,038	2,581	4,248
Public Works	13,756	7,615	14,196	15,048	15,048	10,374	14,539	13,754	14,334	15,989
Education	140,633	114,408	118,197	107,553	107,553	110,987	101,609	101,748	99,926	94,935
Interest on Long-Term Debt	5,364	1,144	1,282	1,198	1,198	1,145	1,351	1,348	1,444	1,488
Total Governmental Activities Expenses	<u>217,541</u>	<u>253,314</u>	<u>175,181</u>	<u>170,712</u>	<u>170,712</u>	<u>166,210</u>	<u>205,505</u>	<u>163,112</u>	<u>155,292</u>	<u>148,838</u>
Business-Type Activities:										
Department of Public Utilities	105,515	98,810	79,908	79,734	79,734	84,253	83,797	84,729	81,842	77,462
Other Enterprise Funds	1,782	1,835	1,661	1,544	1,544	1,540	1,629	1,646	1,817	2,615
Total Business-Type Activities Expenses	<u>107,297</u>	<u>100,645</u>	<u>81,569</u>	<u>81,278</u>	<u>81,278</u>	<u>85,793</u>	<u>85,426</u>	<u>86,375</u>	<u>83,659</u>	<u>80,077</u>
Total Primary Government Expenses	<u>324,838</u>	<u>353,959</u>	<u>256,750</u>	<u>251,990</u>	<u>251,990</u>	<u>252,003</u>	<u>290,931</u>	<u>249,487</u>	<u>238,951</u>	<u>228,915</u>
PROGRAM REVENUES										
Governmental Activities:										
Charges for Services:										
General Government	2,729	2,623	2,093	1,896	1,466	1,893	2,041	2,115	1,684	2,107
Public Works	1,878	1,357	510	1,220	1,252	667	721	744	803	811
Education	947	932	975	1,361	1,423	1,239	1,415	1,495	1,650	1,581
Other	1,176	1,555	942	999	1,233	1,154	1,156	1,204	914	887
Operating Grants and Contributions	86,846	74,597	70,689	64,851	61,448	64,515	64,394	60,567	59,088	58,277
Capital Grants and Contributions	15,679	6,957	2,679	1,821	1,775	2,288	634	2,467	1,774	1,664
Total Governmental Activities Program Revenues	<u>109,255</u>	<u>88,021</u>	<u>77,888</u>	<u>72,148</u>	<u>68,597</u>	<u>71,756</u>	<u>70,361</u>	<u>68,592</u>	<u>65,913</u>	<u>65,327</u>
Business-Type Activities:										
Charges For Services:										
Department of Public Utilities	110,719	98,452	91,571	95,214	97,467	95,218	88,607	89,434	91,074	85,038
Other Nonmajor Enterprise Funds	1,767	1,459	1,404	1,607	1,346	1,292	1,388	1,482	1,302	1,820
Capital Grants and Contributions	1,227	787	1,766	3,849	4,577	2,421	4,585	3,809	3,547	1,798
Total Business-Type Activities Program Revenues	<u>113,713</u>	<u>100,698</u>	<u>94,741</u>	<u>100,670</u>	<u>103,390</u>	<u>98,931</u>	<u>94,580</u>	<u>94,725</u>	<u>95,923</u>	<u>88,656</u>
Total Primary Government Program Revenues	<u>222,968</u>	<u>188,719</u>	<u>172,629</u>	<u>172,818</u>	<u>171,987</u>	<u>170,687</u>	<u>164,941</u>	<u>163,317</u>	<u>161,836</u>	<u>153,983</u>
NET (EXPENSE) REVENUE										
Governmental Activities	(108,286)	(165,293)	(97,293)	(102,524)	(102,115)	(94,454)	(135,144)	(94,520)	(89,379)	(83,511)
Business-Type Activities	6,416	53	13,172	17,327	22,112	13,138	9,154	8,350	12,264	8,579
Total Primary Government Net Expense	<u>\$ (101,870)</u>	<u>\$ (165,240)</u>	<u>\$ (84,121)</u>	<u>\$ (85,197)</u>	<u>\$ (80,003)</u>	<u>\$ (81,316)</u>	<u>\$ (125,990)</u>	<u>\$ (86,170)</u>	<u>\$ (77,115)</u>	<u>\$ (74,932)</u>

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

	Fiscal Year									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
GENERAL REVENUES AND OTHER CHANGES IN NET POSITION										
Governmental Activities:										
Property Taxes	\$ 91,207	\$ 90,297	\$ 90,080	\$ 87,831	\$ 81,997	\$ 79,996	\$ 79,343	\$ 81,709	\$ 75,298	\$ 70,539
Grants and Contributions Not Restricted to Specific Programs	9,163	5,957	4,486	4,491	3,992	4,404	5,580	4,771	4,534	4,900
Unrestricted Investment Earnings	2,303	296	688	902	1,050	609	394	146	88	247
Miscellaneous	5,154	67,659	1,628	497	662	1,297	1,301	1,236	2,536	942
Transfers	8,706	8,648	9,193	8,822	7,715	8,465	8,516	7,804	7,467	7,938
Total Governmental Activities	<u>116,533</u>	<u>172,857</u>	<u>106,075</u>	<u>102,543</u>	<u>95,416</u>	<u>94,771</u>	<u>95,134</u>	<u>95,666</u>	<u>89,923</u>	<u>84,566</u>
Business-Type Activities:										
Investment Earnings and Miscellaneous Revenues	616	38	70	385	420	56	13	6	5	152
Transfers	(8,706)	(8,648)	(9,193)	(8,822)	(7,715)	(8,465)	(8,516)	(7,804)	(7,467)	(7,938)
Total Business-Type Activities	<u>(8,090)</u>	<u>(8,610)</u>	<u>(9,123)</u>	<u>(8,437)</u>	<u>(7,295)</u>	<u>(8,409)</u>	<u>(8,503)</u>	<u>(7,798)</u>	<u>(7,462)</u>	<u>(7,786)</u>
Total Primary Government	<u>\$ 108,443</u>	<u>\$ 164,247</u>	<u>\$ 96,952</u>	<u>\$ 94,106</u>	<u>\$ 88,121</u>	<u>\$ 86,362</u>	<u>\$ 86,631</u>	<u>\$ 87,868</u>	<u>\$ 82,461</u>	<u>\$ 76,780</u>
CHANGES IN NET POSITION										
Governmental Activities	\$ 8,247	\$ 7,564	\$ 8,782	\$ 19	\$ (6,699)	\$ 317	\$ (40,010)	\$ 1,146	\$ 544	\$ 1,055
Business-Type Activities	(1,674)	(8,557)	4,049	8,890	14,817	4,729	651	552	4,802	793
Total Primary Government	<u>\$ 6,573</u>	<u>\$ (993)</u>	<u>\$ 12,831</u>	<u>\$ 8,909</u>	<u>\$ 8,118</u>	<u>\$ 5,046</u>	<u>\$ (39,359)</u>	<u>\$ 1,698</u>	<u>\$ 5,346</u>	<u>\$ 1,848</u>

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

**CITY OF NORWICH, CONNECTICUT
FUND BALANCES – GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(IN THOUSANDS)**

	Fiscal Year									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
GENERAL FUND										
Assigned	\$ 231	\$ -	\$ -	\$ 116	\$ 69	\$ 261	\$ 664	\$ 227	\$ 207	\$ 498
Unassigned	20,737	17,392	17,016	14,277	13,653	15,303	17,017	14,652	10,192	10,483
Total General Fund	<u>\$ 20,968</u>	<u>\$ 17,392</u>	<u>\$ 17,016</u>	<u>\$ 14,393</u>	<u>\$ 13,722</u>	<u>\$ 15,564</u>	<u>\$ 17,681</u>	<u>\$ 14,879</u>	<u>\$ 10,399</u>	<u>\$ 10,981</u>
ALL OTHER GOVERNMENTAL FUNDS										
Nonspendable	\$ 33	\$ 1,920	\$ 2,118	\$ 1,828	\$ 1,836	\$ 1,733	\$ 1,723	\$ 1,584	\$ 1,600	\$ 1,660
Restricted	8,372	1,405	689	20,651	23,904	19,906	22,340	19,244	13,488	10,518
Committed	85,398	93,512	26,291	6,265	6,801	6,509	5,189	5,030	3,766	4,354
Unassigned	(1,933)	(129)	(445)	(419)	(355)	(99)	(87)	(73)	(426)	(1,043)
Total All Other Governmental Funds	<u>\$ 91,870</u>	<u>\$ 96,708</u>	<u>\$ 28,653</u>	<u>\$ 28,325</u>	<u>\$ 32,186</u>	<u>\$ 28,049</u>	<u>\$ 29,165</u>	<u>\$ 25,785</u>	<u>\$ 18,428</u>	<u>\$ 15,489</u>

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

**CITY OF NORWICH, CONNECTICUT
CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(IN THOUSANDS)**

	Fiscal Year									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
REVENUES										
Property Taxes, Interest, and Liens	\$ 91,083	\$ 90,812	\$ 90,445	\$ 86,873	\$ 82,309	\$ 79,475	\$ 79,880	\$ 81,951	\$ 74,665	\$ 71,555
Intergovernmental	109,080	87,412	77,627	67,529	65,791	71,004	70,232	67,903	65,897	65,112
Charges for Services, Licenses, Permits, Fees, and Other	12,150	75,085	7,568	7,191	7,033	7,054	8,601	10,191	10,002	9,921
Investment Income	2,289	359	687	902	1,049	608	392	146	88	248
Total Revenues	<u>214,602</u>	<u>253,668</u>	<u>176,327</u>	<u>162,495</u>	<u>156,182</u>	<u>158,141</u>	<u>159,105</u>	<u>160,191</u>	<u>150,652</u>	<u>146,836</u>
EXPENDITURES										
General Government	6,767	6,752	6,413	6,195	6,354	6,040	5,631	6,174	5,629	5,777
Public Safety	36,556	178,068	28,942	28,769	29,065	28,013	26,868	25,998	23,407	22,958
Social Services	4,661	4,672	4,821	4,659	4,275	4,933	3,716	4,289	4,140	4,013
Public Works	12,378	11,481	10,818	10,787	11,031	10,652	11,397	11,094	10,890	11,115
Education	134,568	122,780	117,230	109,391	105,064	107,541	105,574	99,284	97,755	94,320
Other	2,857	2,737	2,766	2,559	2,303	3,135	3,276	4,036	5,644	5,598
Capital Outlay	13,641	7,065	8,284	9,436	7,000	3,426	4,987	8,587	9,838	9,275
Debt Service:										
Principal	8,265	4,125	3,095	4,095	4,305	4,430	4,180	4,040	3,900	4,330
Interest	5,278	1,262	2,645	1,813	1,567	1,669	1,690	1,703	1,718	1,283
Total Expenditures	<u>224,971</u>	<u>338,942</u>	<u>185,014</u>	<u>177,704</u>	<u>170,964</u>	<u>169,839</u>	<u>167,319</u>	<u>165,205</u>	<u>162,921</u>	<u>158,669</u>
EXCESS OF REVENUES UNDER EXPENDITURES	(10,369)	(85,274)	(8,687)	(15,209)	(14,782)	(11,698)	(8,214)	(5,014)	(12,269)	(11,833)
OTHER FINANCING SOURCES (USES)										
Transfers In	85,915	17,415	19,340	17,253	16,387	15,713	15,824	14,773	9,523	10,746
Transfers Out	(77,209)	(8,767)	(10,147)	(8,381)	(7,571)	(7,248)	(7,308)	(6,969)	(2,056)	(2,808)
Issuance of Leases	-	-	-	-	-	-	-	-	-	617
Bonds Issued	9,200	145,000	1,205	3,575	7,970	-	5,450	8,800	6,740	12,365
Bond Premium	571	-	44	77	291	-	1,093	247	419	1,368
Refunding Bonds Issued	-	-	15,920	-	-	-	5,750	-	-	5,780
Payment to Refunding Bond Escrow Agent	-	-	(15,780)	-	-	-	(6,413)	-	-	(6,226)
Total Other Financing Sources (Uses)	<u>18,477</u>	<u>153,648</u>	<u>10,582</u>	<u>12,524</u>	<u>17,077</u>	<u>8,465</u>	<u>14,396</u>	<u>16,851</u>	<u>14,626</u>	<u>21,842</u>
NET CHANGE IN FUND BALANCES	8,108	68,374	1,895	(2,685)	2,295	(3,233)	6,182	11,837	2,357	10,009
Fund Balances - Beginning of Year	114,043	45,669	43,774	45,908	43,613	46,846	40,664	28,827	26,470	16,461
FUND BALANCES - END OF YEAR	<u>\$ 122,151</u>	<u>\$ 114,043</u>	<u>\$ 45,669</u>	<u>\$ 43,223</u>	<u>\$ 45,908</u>	<u>\$ 43,613</u>	<u>\$ 46,846</u>	<u>\$ 40,664</u>	<u>\$ 28,827</u>	<u>\$ 26,470</u>
Debt Service as a Percentage of Noncapital Expenditures	6.55%	1.62%	3.23%	3.60%	3.60%	3.77%	3.64%	3.61%	3.56%	3.63%

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

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

Fiscal Year Ended June 30	Grand List Year October 1	Real Estate		Personal Property		Total Assessed Value	Less: Exemptions	Total Taxable Assessed Value	Total Adjusted Tax Levy (General Fund, CCD Fire Taxes and TCD Taxes)	Average Direct Rate (in Mills)	Estimated Actual Taxable Value	Taxable Assessed Value as a Percentage of Actual Taxable Value	State Equalized Net Grand List
		Industrial/Commercial	Residential	Motor Vehicles	Other								
2023	2021	\$ 442,460	\$ 1,259,405	\$ 304,805	\$ 208,618	\$ 2,215,287	\$ 87,256	\$ 2,128,031	\$ 89,732	42.17	\$ 3,040,044	70.00%	\$ 3,835,308
2022	2020	445,932	1,236,899	255,503	216,284	2,154,618	74,138	2,080,480	91,007	43.74	2,972,114	70.00%	3,226,101
2021	2019 ¹	446,291	1,231,169	233,367	209,876	2,120,704	74,657	2,046,046	89,459	43.72	2,922,923	70.00%	3,101,046
2020	2018	444,160	1,222,558	229,102	207,495	2,103,315	76,226	2,027,088	86,610	42.73	2,895,840	70.00%	2,839,954
2019	2017	380,568	1,168,912	229,468	208,401	1,987,349	83,785	1,903,564	81,545	42.84	2,719,377	70.00%	2,801,852
2018	2016	354,974	1,156,298	227,777	159,304	1,898,352	37,976	1,860,376	78,849	42.38	2,657,679	70.00%	2,711,520
2017	2015	352,574	1,153,311	226,975	147,557	1,880,418	34,215	1,846,203	78,980	42.78	2,637,432	70.00%	2,707,001
2016	2014 ¹	351,104	1,149,342	223,067	141,106	1,864,620	38,569	1,826,051	79,320	43.44	2,608,644	70.00%	2,670,158
2015	2013	347,541	1,148,374	226,420	138,284	1,860,619	38,117	1,822,502	74,316	40.78	2,603,574	70.00%	2,574,692
2014	2012	453,582	1,669,529	194,509	140,057	2,457,677	33,750	2,423,927	70,865	29.24	3,462,753	70.00%	2,936,728

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

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

**CITY OF NORWICH, CONNECTICUT
PRINCIPAL PROPERTY TAXPAYERS
OCTOBER 1, 2021 AND OCTOBER 1, 2012
(IN THOUSANDS)**

Business Name	Nature of Business	October 1, 2021			October 1, 2012		
		Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Computer Science Corporation	Computer Products & Services	\$ 34,804	1	1.64%	\$ 31,731	1	1.31%
NorwichTown Commons	Shopping Center	17,565	2	0.83%	9,241	10	0.38%
Bob's Discount Furniture	Retail Store & Distribution Center	15,847	3	0.74%	22,718	2	0.94%
Norwich Realty Associates, LLC	Real Estate	11,381	4	0.53%			0.00%
Plaza Enterprises	Shopping Center	11,026	5	0.52%	14,782	3	0.61%
Mashantucket Pequot Tribe	Real Estate	10,209	6	0.48%	9,731	7	0.40%
Domino Solar Ltd.	Solar Installations	9,603	7	0.45%			0.00%
Elk Thamesview LLC	Apartment Complex	9,460	8	0.44%			0.00%
Electric Boat Corporation	Computer Equipment	9,414	9	0.44%			0.00%
Algonquin Gas Transmissions LLC	Natural Gas Pipeline	8,101	10	0.38%	9,868	6	0.41%
EMC Corporation	Computer leasing			0.00%	13,416	4	0.55%
US Food Service	Food Service			0.00%	12,302	5	0.51%
Wal-Mart Stores, Inc.	Department store			0.00%	9,637	8	0.40%
Norwich Community Development Corp	Office Building				9,297	9	
Total		\$ 137,410		6.46%	\$ 142,724		5.50%

Source: City of Norwich Assessor's Office

Note: The October 1, 2021 grand list was the base grand list utilized for the tax bills issued July 1, 2022 for the 2023 fiscal year.

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

Fiscal Year Ended June 30	Net Taxable Grand List	Mill Rate	Adjusted Tax Levy for Fiscal Year	Collected Within the Fiscal Year of the Levy		Collections in Subsequent	Total Collections to Date		Total Direct Rates	
				Amount	Percentage		Amount	Percentage	City Consolidated District	Town Consolidated District
<u>General Fund</u>										
2023	\$ 2,128,031	41.83	\$ 85,361	\$ 82,943	97.17%	\$	\$ 82,943	97.17%	48.48	42.18
2022	2,080,480	41.98	86,329	83,698	96.95%	1,447	85,146	98.63%	48.64	42.35
2021	2,046,046	42.06	85,139	82,919	97.39%	1,586	84,506	99.26%	48.47	42.38
2020	2,027,088	40.28	81,312	79,043	97.21%	2,081	81,124	99.77%	47.99	40.64
2019	1,903,564	41.01	76,713	74,447	97.05%	2,158	76,604	99.86%	48.39	41.46
2018	1,860,376	40.52	74,351	72,124	97.01%	2,145	74,270	99.89%	48.74	40.67
2017	1,846,203	41.22	74,366	72,150	97.02%	2,151	74,301	99.91%	49.06	41.69
2016	1,826,051	40.90	74,375	72,017	96.83%	2,307	74,324	99.93%	48.06	41.39
2015	1,822,502	38.55	69,248	66,667	96.27%	2,538	69,205	99.94%	45.93	39.04
2014	2,423,927	27.23	65,922	63,721	96.66%	2,162	65,883	99.94%	32.27	27.59
<u>City Consolidation District (CCD) Fire Tax</u>										
2023	\$ 705,173	6.65	\$ 3,938	\$ 3,848	97.71%	\$	\$ 3,848	97.71%		
2022	678,498	6.66	4,163	4,007	96.23%	89	4,095	98.37%		
2021	660,965	6.41	3,885	3,766	96.95%	81	3,847	99.02%		
2020	656,653	7.71	4,804	4,623	96.24%	161	4,784	99.58%		
2019	624,670	7.38	4,263	4,107	96.33%	144	4,251	99.71%		
2018	612,003	8.22	4,331	4,200	96.96%	120	4,320	99.74%		
2017	616,753	7.84	4,099	3,986	97.23%	105	4,091	99.79%		
2016	613,919	7.16	4,347	4,144	95.34%	196	4,340	99.85%		
2015	614,079	7.38	4,481	4,249	94.84%	225	4,474	99.86%		
2014	864,925	5.04	4,378	4,172	95.30%	200	4,372	99.86%		
<u>Town Consolidation District (TCD) Volunteer Fire Relief Tax</u>										
2023	\$ 1,422,858	0.35	\$ 432	\$ 426	98.68%	\$	\$ 426	98.68%		
2022	1,401,982	0.37	515	510	99.13%		510	99.13%		
2021	1,385,081	0.32	435	428	98.39%	5	433	99.53%		
2020	1,370,435	0.36	494	486	98.37%	7	493	99.80%		
2019	1,278,893	0.45	568	558	98.12%	10	568	99.93%		
2018	1,248,373	0.15	166	165	98.96%	2	166	99.95%		
2017	1,229,450	0.47	515	508	98.67%	7	515	99.96%		
2016	1,212,132	0.49	598	586	98.09%	11	598	99.98%		
2015	1,208,423	0.49	587	572	97.34%	16	587	99.98%		
2014	1,559,002	0.36	564	552	97.80%	12	564	99.99%		

Notes:

Mill rate for Motor Vehicle taxes was capped at 37 for both the CCD and the TCD in FY2016-17. The mill rate for Motor Vehicles was capped at 39 for both the CCD and the TCD in FY2017-18. The mill rate for Motor Vehicles was capped at 45 mills in the CCD in fiscal years 2018-19 through FY2021-22. The mill rate was capped at 32.46 mills for both the CCD and the TCD in FY2022-23 and FY2023-24.

**CITY OF NORWICH, CONNECTICUT
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS
(IN THOUSANDS)**

Fiscal Year	Governmental Activities			Business-Type Activities					Total Debt			General Obligation Bonds		
	General Obligation Bonds	Special Assessment Bonds	Notes Payable	General Obligation Bonds	Intergovernmental Loans	Lease Payable	SBITA Payable	Notes Payable	Total Primary Government	Debt to Total Personal Income ²	Debt per Capita ²	Total GO Debt	GO Debt to Estimated Actual Value of Taxable Property	GO Debt per Capita ²
2023	\$ 190,570	\$ -	\$ -	\$ -	\$ 23,735	\$ 574	\$ 157	\$ 346	\$ 215,382	16.10%	\$ 5,383	\$ 190,570	6.27%	\$ 4,763
2022	189,221	-	63	-	19,573	643	-	759	210,259	16.70%	5,255	189,221	6.37%	4,729
2021	46,395	-	125	-	13,433	-	-	1,174	61,126	5.22%	1,577	46,395	1.59%	1,197
2020	48,119	-	185	26	14,614	-	-	1,220	64,163	5.82%	1,655	48,145	1.66%	1,242
2019	48,629	-	350	66	15,893	-	-	1,737	66,675	5.94%	1,689	48,695	1.79%	1,234
2018	44,953	-	514	107	14,292	-	-	1,856	61,722	5.62%	1,564	45,060	1.70%	1,142
2017	52,014	-	675	143	15,372	-	-	196	68,400	6.45%	1,729	52,157	1.98%	1,319
2016	50,233	-	830	183	15,055	-	-	551	66,852	6.18%	1,676	50,416	1.93%	1,264
2015	43,592	-	979	223	12,005	-	-	945	57,744	5.63%	1,437	43,815	1.68%	1,091
2014	40,810	-	1,123	263	12,773	-	-	1,017	55,986	5.46%	1,393	41,073	1.19%	1,022

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

¹ See Property Tax Assessment schedule

² See Demographic Statistics schedule

Business-Type GO bonds includes Stony Brook and Golf Course debt

**CITY OF NORWICH, CONNECTICUT
STATEMENT OF DEBT LIMITATION
JUNE 30, 2023
(IN THOUSANDS)**

Total Tax Collections, Including Interest and Lien Fees						\$ 85,903
Total Tax Collections, Norwich Fire District						<u>4,468</u>
Base						<u>\$ 90,371</u>
	General Purpose	Schools	Sewers	Urban Renewal	Pension Deficit	Total
Debt Limitation:						
2-1/4 Times Base	\$ 203,335	\$ -	\$ -	\$ -	\$ -	-
4-1/2 Times Base	-	406,670	-	-	-	-
3-3/4 Times Base	-	-	338,891	-	-	-
3-1/4 Times Base	-	-	-	293,706	-	-
3 Times Base	-	-	-	-	271,113	-
7 Times Base	-	-	-	-	-	632,597
Total Debt Limitation	<u>203,335</u>	<u>406,670</u>	<u>338,891</u>	<u>293,706</u>	<u>271,113</u>	<u>632,597</u>
Indebtedness:						
Bonds Payable	21,615	10,616	1,735	1,530	140,570	176,066
Bonds Authorized and Unissued	<u>4,724</u>	<u>148,000</u>	<u>-</u>	<u>117</u>	<u>-</u>	<u>152,841</u>
Total Indebtedness	<u>26,339</u>	<u>158,616</u>	<u>1,735</u>	<u>1,647</u>	<u>140,570</u>	<u>328,907</u>
Debt Limitation in Excess of Outstanding and Authorized Debt	<u>\$ 176,996</u>	<u>\$ 248,054</u>	<u>\$ 337,156</u>	<u>\$ 292,059</u>	<u>\$ 130,543</u>	<u>\$ 303,690</u>

Note 1: In no event shall total debt exceed seven times annual receipts from taxation. The maximum amount permitted would be \$633 million.

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

Note 3: Bonds and serial notes payable do not include State of Connecticut Serial Notes of \$25,762 as they are self supporting debt.

Note 4: Gas line extension bonds in the amount of \$12,139 are excluded from the analysis above as well as Lease Payables in the amount of \$574 and Subscription-Based Information Technology Payables in the amount of \$157 as they are self-supporting debt.

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

	<u>2023</u>	<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>
Calculation of Legal Debt Limit										
Tax Collections										
General Fund tax collections	\$ 85,903	\$ 85,977	\$ 81,590	\$ 77,469	\$ 74,954	\$ 75,168	\$ 76,946	\$ 69,575	\$ 66,620	\$ 64,834
Fire District collections	4,468	4,468	5,283	4,840	4,521	4,712	5,005	5,087	4,935	4,550
Reimbursement for loss on tax exempt properties							2	2	4	4
Taxable Base	90,371	90,445	86,873	82,309	79,475	79,880	81,953	74,664	71,559	69,388
Times limit of 7	7	7	7	7	7	7	7	7	7	7
Overall Legal Debt Limit	<u>632,597</u>	<u>633,115</u>	<u>608,111</u>	<u>576,163</u>	<u>556,326</u>	<u>559,160</u>	<u>573,671</u>	<u>522,650</u>	<u>500,913</u>	<u>485,714</u>
Indebtedness:										
Long-term debt										
General Purpose Bonds Payable	21,615	21,198	23,106	23,806	22,858	16,861	18,289	17,347	15,705	14,794
School Bonds	10,616	4,078	4,557	5,076	6,135	7,300	8,528	9,832	10,525	11,122
Sewers	1,735	1,933	2,255	2,417	2,717	3,107	3,551	4,036	4,571	5,315
Urban renewal	1,530	1,785	2,045	1,805	1,855	1,505	1,700	1,885	715	
Pension deficit	140,570	145,000								
Water	294	6,763	7,274	7,784	15,929	6,356	6,869	5,951	2,248	2,052
Leases		63	125	185	350	514	675	830	979	1,123
Gas line extensions	12,139	13,277	14,432	15,041	14,998	16,019	17,041	14,907	11,509	8,730
Bonds authorized and unissued	152,841	7,612	6,872	8,122	4,912	11,872	3,935	4,709	9,622	14,735
Total indebtedness (1)	<u>341,341</u>	<u>201,709</u>	<u>60,666</u>	<u>64,236</u>	<u>69,753</u>	<u>63,534</u>	<u>60,588</u>	<u>59,497</u>	<u>55,873</u>	<u>57,872</u>
Less:										
Water bonds and serial notes payable	(294)	(6,763)	(7,274)	(7,784)	(15,929)	(6,356)	(6,869)	(5,951)	(2,248)	(2,052)
School building grants										
Utilities portion of POB	(51,411)	(53,032)								
Gas line extensions	(12,139)	(13,277)	(14,432)	(15,041)	(14,998)	(16,019)	(17,041)	(14,907)	(11,509)	(8,730)
Net indebtedness applicable to legal debt limit (1)	<u>277,496</u>	<u>128,636</u>	<u>38,960</u>	<u>41,410</u>	<u>38,827</u>	<u>41,159</u>	<u>36,679</u>	<u>38,639</u>	<u>42,116</u>	<u>47,090</u>
Debt Limitation in Excess of Outstanding and Authorized Debt	<u>\$ 355,101</u>	<u>\$ 504,479</u>	<u>\$ 569,151</u>	<u>\$ 534,753</u>	<u>\$ 517,500</u>	<u>\$ 518,001</u>	<u>\$ 536,992</u>	<u>\$ 484,012</u>	<u>\$ 458,797</u>	<u>\$ 438,624</u>
Total net debt applicable to the limit as a percentage of debt limit	43.87%	20.32%	6.41%	7.19%	6.98%	7.36%	6.39%	7.39%	8.41%	9.70%
Net indebtedness as a percentage of net taxable assessed value (1)	13.040%	6.183%	1.904%	2.043%	2.040%	2.212%	1.987%	2.116%	2.311%	1.943%
Net indebtedness per capita	6,936	3,215	1,005	1,068	984	1,043	927	968	1,048	1,172

(Continued on next page)

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

	<u>2023</u>	<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>
Calculation of Continuing Disclosure Agreement Ratios										
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.										
Total indebtedness per legal debt limit	\$ 341,341	\$ 201,709	\$ 60,666	\$ 64,236	\$ 69,753	\$ 63,534	\$ 60,588	\$ 59,497	\$ 55,873	\$ 57,872
Less: Authorized but unissued debt	(152,841)	(7,612)	(6,872)	(8,122)	(4,912)	(11,872)	(3,935)	(4,709)	(9,622)	(14,735)
Total Direct Debt	<u>188,499</u>	<u>194,096</u>	<u>53,793</u>	<u>56,114</u>	<u>64,841</u>	<u>51,662</u>	<u>56,653</u>	<u>54,788</u>	<u>46,251</u>	<u>43,138</u>
Less: Water bonds and sewer indirect self-funding debt	(2,029)	(8,696)	(9,528)	(10,201)	(18,646)	(9,463)	(10,420)	(9,987)	(6,819)	(7,368)
Less: School building grants										
Total Net Direct Debt	<u>186,470</u>	<u>185,400</u>	<u>44,265</u>	<u>45,913</u>	<u>46,196</u>	<u>42,199</u>	<u>46,233</u>	<u>44,800</u>	<u>39,432</u>	<u>35,770</u>
Equalized Net Grand List ("ENGL") (3)	3,835,308	3,226,101	3,101,046	2,839,954	2,801,852	2,711,520	2,707,001	2,670,158	2,574,692	2,936,728
Valuation Date	10/1/2021	10/1/2020	10/1/2019	10/1/2018	10/1/2017	10/1/2016	10/1/2015	10/1/2014	10/1/2013	10/1/2012
Ratio of Direct Debt to ENGL	4.915%	6.016%	1.735%	1.976%	2.314%	1.905%	2.093%	2.052%	1.796%	1.469%
Total Direct Debt Per Capita	\$4,711.42	\$4,850.71	\$1,387.57	\$1,447.43	\$1,642.80	\$1,308.89	\$1,432.22	\$1,373.16	\$1,151.16	\$1,073.66
Ratio of Net Direct Debt to ENGL	4.862%	5.747%	1.427%	1.617%	1.649%	1.556%	1.708%	1.678%	1.532%	1.218%
Total Net Direct Debt Per Capita	\$4,660.71	\$4,633.39	\$1,141.79	\$1,184.31	\$1,170.40	\$1,069.14	\$1,168.80	\$1,122.84	\$981.44	\$890.29
Ratio of Net General Bonded Debt to ENGL	0.840%	0.783%	0.892%	1.017%	1.035%	0.891%	0.991%	1.018%	1.019%	0.882%
Total Net General Bonded Debt Per Capita	\$805.61	\$631.66	\$713.56	\$745.01	\$734.55	\$612.13	\$677.97	\$681.18	\$652.83	\$645.05

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

**CITY OF NORWICH, CONNECTICUT
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS
(IN THOUSANDS)**

Fiscal Year	Population (1)	Per Capita Personal Income (2)	Total Personal Income (thousands) (2)	School Enrollment (3)	Employed (4)	Unemployed (4)	Percentage Unemployed			
							City of Norwich (4)	New London/Norwich Market (4)	State of Connecticut (4)	United States (5)
2023	40,009	\$ 33,441	\$ 1,337,941	4,773	19,148	805	4.0%	3.2%	3.5%	3.9%
2022	40,014	31,459	1,258,800	4,657	18,618	1,047	5.3%	4.5%	3.8%	4.3%
2021	38,768	30,201	1,170,832	4,798	17,332	1,630	8.6%	6.7%	6.1%	5.3%
2020	38,768	28,429	1,102,135	4,977	18,065	1,924	9.6%	6.9%	5.8%	6.6%
2019	39,470	28,429	1,122,093	5,009	19,964	802	3.9%	3.5%	3.6%	4.0%
2018	39,470	27,825	1,098,253	4,996	20,083	1,032	4.9%	4.2%	4.5%	4.1%
2017	39,556	26,823	1,061,011	5,054	20,217	1,163	5.4%	4.8%	5.0%	4.6%
2016	39,899	27,111	1,081,702	5,123	19,387	1,374	6.6%	5.5%	5.6%	5.0%
2015	40,178	25,510	1,024,941	5,255	19,246	1,418	6.9%	5.7%	5.5%	5.2%
2014	40,178	25,510	1,024,941	5,287	20,126	1,698	7.8%	6.6%	6.5%	6.1%

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

**CITY OF NORWICH, CONNECTICUT
PRINCIPAL EMPLOYERS
2023 AND 2014
(UNAUDITED)
(IN THOUSANDS)**

Business Name	Nature of Business	2023			2014		
		Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
William W. Backus Hospital	Medical Center	1,895	1	9.90%	1,437	1	7.14%
City of Norwich (incl. NPU & BOE)	Municipality	1,283	2	6.70%	948	2	4.71%
State of Connecticut	All State agencies	944	3	4.93%	890	3	4.42%
U.S. Food Service	Food Distribution	300	4	1.57%			0.00%
United Community & Family Services	Healthcare & community services	276	5	1.44%	225	7	1.12%
Nordson EFD	Plastics Products Manufacturing	270	6	1.41%			0.00%
Bob's Discount Furniture	Distribution Center	250	7	1.31%	530	4	2.63%
Norwich Free Academy	Quasi-private high school	245	8	1.28%	275	6	1.37%
The American Group	Ambulance Service and other operations	219	9	1.14%	187	8	0.93%
Shop Rite	Grocery	180	10	0.94%			0.00%
Computer Science Corporation	Computer Products & Services			0.00%	443	5	2.20%
AC Linen Servcies	Commercial laundry & dry cleaning			0.00%	185	9	0.92%
Dime Bank	Financial Institution			0.00%	177	10	0.88%
Total		<u>5,862</u>		<u>30.61%</u>	<u>5,297</u>		<u>26.32%</u>

Source: July 2023 survey by Norwich Community Development Corporation. Not all companies responded with updated information.

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

	<u>2023</u>	<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>
General City										
City Council	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
City Manager	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Finance	13.0	12.5	12.5	12.5	11.5	11.5	12.0	12.0	12.0	12.0
Assessment	4.0	4.0	4.0	4.0	3.6	3.0	3.0	4.0	4.0	4.0
Treasurer	3.0	3.0	3.0	3.0	2.8	3.0	3.0	3.0	3.0	3.0
Human Resources	4.0	4.0	4.0	4.0	3.6	4.0	4.0	4.6	4.6	4.6
City Clerk	0.0	4.5	4.5	4.5	4.5	4.5	4.0	5.0	4.0	4.0
Planning & Neighborhood Services	4.0	9.0	9.0	9.0	9.0	9.0	9.5	11.0	10.0	10.0
Election	9.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Police	2.0	100.0	103.0	104.5	104.5	104.8	106.8	110.5	110.8	110.8
Fire	100.0	58.7	58.8	58.8	58.8	58.7	59.0	61.0	62.0	61.0
Emergency Management	58.7	0.3	0.3	0.3	0.3	0.3	1.0	1.0	1.0	1.0
PW Street Maintenance	0.3	31.0	32.0	32.0	32.0	34.0	35.0	37.0	37.0	36.0
PW Engineering & Administration	35.0	6.0	6.0	6.0	6.0	6.0	6.0	5.0	5.0	5.0
PW Fleet Maintenance	7.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0
PW Solid Waste	7.0	0.0	0.0	0.0	0.0	0.0	3.0	3.0	3.0	3.0
PW Building Maintenance	0.0	9.0	9.0	9.0	9.0	9.0	9.0	9.0	9.0	9.0
PW Parking Maintenance	9.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Senior Citizens Center	1.0	7.0	7.0	7.0	7.0	7.0	7.0	7.6	7.6	7.0
Youth Service Bureau	7.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Human Services	2.0	3.4	3.4	3.4	3.4	3.0	3.0	5.0	5.0	5.0
Recreation	3.0	5.0	5.0	5.0	5.0	5.6	5.0	5.0	5.0	6.0
Subtotal - General City	<u>275.0</u>	<u>273.4</u>	<u>277.5</u>	<u>279.0</u>	<u>277.0</u>	<u>279.4</u>	<u>286.3</u>	<u>299.7</u>	<u>299.0</u>	<u>297.4</u>
Board of Education										
General Fund-funded positions	461.0	451.4	379.5	379.5	447.7	410.5	375.9	409.7	388.3	357.2
State & federal grant-funded positions	34.1	36.1	36.1	38.7	28.0	31.0	42.3	42.3	39.0	39.0
School Lunch (state & federal grant)	29.3	21.3	21.3	21.3	21.3	21.0	22.3	22.3	22.3	22.3
Adult Education (state & federal grant)	246.1	279.3	291.5	307.9	266.1	226.4	220.9	214.6	184.3	184.3
Subtotal - Board of Education	<u>770.5</u>	<u>788.2</u>	<u>728.4</u>	<u>747.4</u>	<u>763.1</u>	<u>688.9</u>	<u>661.3</u>	<u>688.8</u>	<u>633.9</u>	<u>602.8</u>
Norwich Public Utilities	<u>151.0</u>	<u>150.0</u>	<u>146.0</u>	<u>147.5</u>	<u>148.5</u>	<u>149.5</u>	<u>149.5</u>	<u>146.5</u>	<u>142.0</u>	<u>148.0</u>
Grand totals	<u>1196.5</u>	<u>1211.6</u>	<u>1151.9</u>	<u>1173.9</u>	<u>1188.6</u>	<u>1117.8</u>	<u>1097.1</u>	<u>1135.0</u>	<u>1074.9</u>	<u>1048.2</u>

Notes on this Table:
Source: City Adopted Budget documents

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

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Function										
<i>General Government</i>										
Finance										
Number of tax and refuse bills mailed +	49,806	50,736	50,070	50,371	50,511	49,698	50,157	49,697	49,336	49,587
Number of internal control reviews performed	3	2	2	2	3	14	2	2	2	2
Assessor										
Number of deeds processed	1,872	1,954	1,976	1,758	1,526	1,497	1,426	1,489	1,496	1,401
Personal property declarations	1,870	1,879	1,912	2,027	1,784	1,780	1,763	1,833	1,719	1,792
Board of assessment appeals adjustments	3	11	6	7	27	434	96	43	10	110
Human Resources										
Number of applications processed	3,427	2,285	3,081	2,271	2,412	3,510	2,327	1,597	1,349	1,372
Vacancies filled through promotion	46	37	26	31	27	25	26	19	19	6
Vacancies filled through new hires	59	48	40	32	29	19	21	21	29	15
Employee turnover rate (includes retirees)	13.7%	10.2%	9.0%	9.2%	7.0%	7.9%	6.3%	5.0%	1.5%	2.0%
City Clerk										
Land records recorded	5,484	8,164	7,434	6,871	5,985	6,517	6,597	5,822	6,146	6,823
Marriage licenses issued	238	319	297	217	230	432	302	300	274	285
Death certificates recorded	630	954	1,020	558	555	563	479	476	517	433
Birth certificates recorded	884	853	827	876	854	949	936	941	860	894
Management Information Systems										
Website visits	255,495	255,495	299,584	344,707	284,917	263,343	280,797	303,488	274,847	219,706
Election										
Voters added	2,121	1,935	3,882	1,752	2,316	1,717	3,490	1,908	856	465
Voters removed	5,371	2,295	3,082	1,632	3,324	4,830	2,507	1,827	895	1,043
Voter changes	3,223	2,495	6,379	2,829	3,754	3,591	5,100	2,541	2,124	6,258
Total voters	18,921	20,160	25,104	20,525	20,999	20,085	25,013	24,167	21,129	21,343
Planning & Neighborhood Services										
Site development plans	10	14	12	13	13	13	3	5	5	6
Zoning permit applications	194	241	333	289	260	259	251	263	172	266
Zoning complaints	68	65	40	28	54	70	47	47	68	80
Code violations	331	683	943	793	986	826	1,178	572	273	349
Citations issued	12	6	144	181	214	22	77	145	76	61
<i>Education</i>										
Average Class Size - Kindergarten	N/A	18.8	16.7	16.9	19.8	20.4	21.3	20.3	20.6	19.7
Average Class Size - Grade 2	N/A	20.4	20.0	17.1	20.1	19.9	21.9	19.5	19.6	19.6
Average Class Size - Grade 5	N/A	18.5	18.4	16.6	21.5	22.4	23.0	20.1	21.1	20.2
Average Class Size - Grade 7	N/A	19.7	21.7	23.5	22.0	22.9	22.9	21.5	24.5	21.3
<i>Public Safety</i>										
Police										
911 calls *	N/A	21,145	21,956	21,103	20,920	22,648	22,290	22,189	20,506	22,215
Non-emergency calls *	N/A	50,737	31,060	35,016	36,156	39,045	35,141	35,020	36,646	34,302
DWI arrests *	N/A	142	86	144	197	212	171	196	182	223
Fire										
Central Fire Department										
Service Calls	2,668	2,609	2,322	2,265	2,409	2,874	2,430	2,381	2,784	2,418
East Great Plain VFD										
Service Calls	983	985	883	844	975	961	784	823	786	798
Laurel Hill VFD										
Service Calls	117	96	N/A	111	118	118	105	118	103	101
Occum VFD										
Service Calls	260	262	189	166	188	240	207	161	255	228
Taftville VFD										
Service Calls	865	747	N/A	751	783	N/A	670	646	666	661
Enc Yantic VFD										
Service Calls	624	674	584	682	688	617	570	683	631	622
Emergency Management										
Hours of emergency training	50	32	1,850	1,850	1,900	1,100	357	1,530	1,450	1,171
Shelters maintained	13	13	13	17	17	17	16	16	16	16

**TABLE 14
(CONTINUED)**

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

	<u>2023</u>	<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>
Function										
<i>Social Services</i>										
Recreation										
Number of youth registrations	2,395	2,205	1,672	3,325	3,099	3,476	2,613	2,177	2,122	2,035
Number of youth program hours	1,722	685	2,003	4,862	9,892	2,295	2,283	1,725	1,575	1,500
Adults & Seniors registrations	164	309	341	839	884	607	158	160	226	239
Adults & Seniors program hours	N/R	N/R	325	973	2,473	165	87	278	335	350
Human Services										
General Human Services										
Job placements	34	20	22	30	218	111	134	225	225	243
Individuals relocated due to condemnation	6	55	13	55	150	18	55	80	72	88
Rent & housing assistance cases	1,961	1,933	91	133	72	195	215	202	130	123
Senior Center			145122							
Preventative health programs & services	8,394	6,945	1,383	5,891	9,060	9,013	10,039	9,975	9,836	9,836
Outreach services	4,941	3,675	3,233	2,720	3,182	2,979	2,639	1,050	997	997
Youth & Family Services										
Counseling cases	26	45	16	28	71	79	60	55	83	83
Youth employment	167	151	146	176	106	42	129	170	168	169
Juvenile justice/ diversion	87	51	36	48	92	89	63	81	67	67
<i>Public Works</i>										
Engineering & Administration										
Road miles paved	6.92	4.20	5.30	4.20	4.00	6.00	3.44	9.10	6.20	4.83
Road miles chip sealed or crack sealed	4.25	6.40	5.50	7.00	0.00	3.50	4.63	5.00	5.30	10.65
Utilities										
Gas service calls	2,686	2,599	2,125	2,270	2,444	2,666	3,042	2,933	3,290	4,057
Electric service calls	368	681	722	816	1,399	1,934	1,347	1,526	1,313	1,228
Water service calls	975	1,497	831	1,366	1,995	2,277	2,437	2,797	2,277	2,635
Sewer service calls	202	134	127	137	58	152	195	345	142	162

Source: The respective City departments.

N/A - not available

N/R - Not reported before

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

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

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

Fiscal Year	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Function										
<i>Education</i>										
School buildings	13	13	13	13	13	13	13	13	13	13
Administrative buildings	1	1	1	1	1	1	1	1	1	1
<i>Public Safety</i>										
<i>Police</i>										
Stations	1	1	1	1	1	1	1	1	1	1
Vehicles	48	48	48	50	50	50	50	50	39	39
<i>Fire</i>										
Firefighting/rescue vehicles	24	24	24	27	27	27	27	27	27	27
Other vehicles	29	29	29	31	31	31	31	31	11	11
Fire stations	7	7	7	7	7	7	7	7	7	7
<i>Social Services</i>										
<i>Recreation</i>										
Number of basketball courts	16	16	16	16	16	16	16	16	16	16
Number of football fields	1	1	1	1	1	1	1	1	1	1
Number of multi-use fields	15	15	15	15	15	15	15	15	15	15
Number of playgrounds	14	14	14	14	14	14	14	14	14	14
Number of soccer fields	4	4	4	4	4	4	4	4	4	4
Number of softball fields	5	5	5	5	5	5	5	5	5	5
Number of tennis courts	4	4	4	8	10	10	10	10	10	10
Mowers	4	4	4	5	5	5	5	5	5	5
Other vehicles	11	11	11	5	5	5	5	5	5	5
<i>Public Works</i>										
<i>Streets & Parks Maintenance</i>										
Dump trucks	33	33	33	34	34	36	36	36	25	24
Sweepers	2	2	2	2	2	3	3	3	2	3
Parks	18	14	14	14	14	10	10	10	10	10
Cemeteries	8	8	8	8	8	8	8	8	8	8
Mowers	11	11	11	18	18	16	16	16	16	16
<i>Building Maintenance</i>										
Parking lots	14	14	14	14	14	14	14	14	13	13
Parking garages	4	4	4	4	4	4	4	4	4	4
<i>Utilities</i>										
<i>Gas</i>										
Gas distribution main (miles)	156	155	156	156	158	156	156	156	151	149
<i>Electric</i>										
Distribution lines	231	232	232	232	233	232	232	234	235	235
Street lights	4,144	4,142	4,150	4,146	4,150	4,181	4,172	4,180	4,292	4,292
<i>Water</i>										
Water distribution system (miles)	201	201	201	199	196	196	196	195	196	195
<i>Sewer</i>										
Sewer distribution system (miles)	138	138	138	138	137	136	136	130	129	129
<i>Fiber Optic</i>										
Fiber optic cable (miles)	82	82	82	82	82	80	77	75	74	72

Source: The respective City departments.

N/A - not available

N/R - these statistics are not reported any longer