

AN ORDINANCE AMENDING SECTIONS 7-131.3 AND 7-132.4 OF ARTICLE VI OF CHAPTER 7 OF THE CODE OF ORDINANCES TO CORRECT THE LANGUAGE REGARDING PERMITTED USES OF GENERAL FUND UNASSIGNED FUND BALANCE AND TO REDUCE THE VARIANCE ACTUARIALLY DETERMINED CONTRIBUTIONS.

WHEREAS, the general fund unassigned fund balance policy was intended to preclude the use of fund balance in place of normal operating revenues; and

WHEREAS, the City has taken a number of measures to reduce the volatility of pension and other post-employment benefit contributions, such as reducing the assumed rate of return and utilizing more conservative actuarial assumptions; and

WHEREAS, it is in the best interest of the City to further reduce volatility by reducing the year-to-year variances in budgeted pension and other post-employment benefit contributions from 15% to 10%.

NOW, THEREFORE, BE IT ORDAINED BY THE COUNCIL OF THE CITY OF NORWICH, that sections 7-131.3 and 7-132.4 be amended in Article VI of Chapter 7 of the Code of Ordinances:

Sec. 7-131.3. Permitted uses of unassigned fund balance.

UFB may be used to absorb operating deficits caused by unanticipated, unbudgeted revenue shortfalls or expenditure overages which cannot be mitigated by utilizing the contingency appropriation. UFB ~~may~~ shall not be used in the place of normal operating revenues in the annual budget process.

To the extent that UFB exceeds 17 percent of the current fiscal year's budgeted expenditures and operating transfers, the council of the City of Norwich may appropriate, by ordinance, some portion of such excess for one or more of the following purposes:

- (a) Additional capital improvements beyond those required by Charter Chapter VII, Section 17 which can be demonstrated to reduce the future operating expenses of the city.
- (b) Make transfers to a bonded projects fund to pay for projects with authorized, but unissued debt.
- (c) Retire existing debt early.
- (d) Make employer contributions to the pension or other post-employment benefits trust funds above the amount required by section 7-132.4.
- (e) Fund projects and other expenditures for which the City of Norwich is authorized to incur indebtedness pursuant to Charter Chapter VIII, Section 1.

Sec. 7-132.4. Contributions.

- (a) Generally. The city shall contribute the actuarially determined contribution ("ADC"), as defined by Government Accounting Standards Board Statements 68 and 75, each fiscal year unless the amount varies by more than ~~15~~ 10 percent \pm from the previous year. This variance shall be calculated by division (e.g., Norwich Public Utilities, Norwich Public Schools, Police, Fire, Volunteer Fire, and all other General City).
- (b) If the ADC is less than ~~85~~ 90 percent of the previous year's contribution, the city shall contribute an amount equal to ~~85~~ 90 percent of the previous year's contribution.
- (c) If the ADC is greater than ~~115~~ 110 percent of the previous year's contribution, the city shall contribute an amount equal to ~~115~~ 110 percent of the previous year's contribution.

Purpose:

To amend financial policies to correct the language regarding permitted uses of general fund unassigned fund balance and to reduce the variance from 15% to 10% for actuarially determined contributions.

Mayor Peter Albert Nystrom
President Pro Tem Joseph A. DeLucia
Alderwoman Stacy Gould