New Issue	**Ratings (See "Ratings" herein)**
Book Entry Only	**Standard & Poor's: "AA"**

In the opinion of Bond Counsel, rendered in reliance upon and assuming the accuracy of and continuing compliance with certain representations and covenants relating to the applicable requirements of the Internal Revenue Code of 1986, as amended (the "Code"), under existing law, interest on the Series A Bonds is not included in gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax; however, with respect to certain corporations (as defined for federal income tax purposes) subject to the federal alternative minimum tax, such interest is taken into account in computing the federal alternative minimum tax. In the opinion of Bond Counsel, under existing statutes, interest on the Bonds is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates and is excluded from amounts on which the net Connecticut minimum tax is based for individuals, trusts and estates required to pay the federal alternative minimum tax. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the Series A Bonds. See "Tax Status of the Bonds" herein.

In the opinion of Bond Counsel, based on existing laws, interest on the Series B Bonds is included in the gross income of the owners thereof for purposes of Federal income taxation pursuant to the Code, is excluded from Connecticut taxable income for purposes of the Connecticut Income tax on individuals, trusts and estates, and is excluded from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay the Federal alternative minimum tax. See "Tax Status of the Bonds" herein

CITY OF NORWICH, CONNECTICUT
$8,800,000 GENERAL OBLIGATION BONDS, ISSUE OF 2016

CONSISTING OF:
$6,300,000 SERIES A, CAPITAL PROJECT BONDS (the "Series A Bonds") Bank Qualified
$2,500,000 SERIES B, TAXABLE BONDS (the "Series B Bonds", or "Taxable Bonds")

Dated: Date of Delivery	**Due: As set out on the inside cover**

As used herein, the "Bonds" means the Series A Bonds and the Series B Bonds, collectively.

The Bonds will be general obligations of the City of Norwich, Connecticut (the "City"), and the City will pledge its full faith and credit to pay the principal and interest on the Bonds when due. See "Securities and Remedies" herein.

Interest on the Series A Bonds will be payable on August 1, 2016 and semiannually thereafter on February 1 and August 1 in each year until maturity. **The Series A Bonds ARE subject to optional redemption prior to maturity as more fully described herein. See "Optional Redemption" herein.**

Interest on the Series B Bonds will be payable on August 1, 2016 and semiannually thereafter on February 1 and August 1 in each year until maturity. **The Series B Bonds ARE NOT subject to optional redemption prior to maturity.**

The Bonds will be issued by means of a book-entry-only system and registered in the name of Cede & Co., as nominee for The Depository Trust Company ("DTC"), New York, New York. The Beneficial Owners of the Bonds will not receive certificates representing their ownership interest in the Bonds. Principal of, redemption premium, if any, and interest on the Bonds will be payable by the City or its agent to DTC or its nominee as registered owner of the Bonds. Ownership of the Bonds may be in principal amounts of $5,000 or integral multiples thereof. So long as Cede & Co. is the bond owner, as nominee for DTC, reference herein to the bond owner or owners shall mean Cede & Co., as aforesaid, and shall not mean the Beneficial Owners (as described herein) of the Bonds. See "Book-Entry-Only Transfer System" herein.

The Registrar, Transfer Agent, Certifying Agent, and Paying Agent on the Bonds will be U.S. Bank National Association, Goodwin Square, 225 Asylum Street, 23rd Floor, Hartford, Connecticut 06103.

The Bonds are offered for delivery when, as and if issued, subject to the final approving opinions of Pullman & Comley, LLC, Bond Counsel. It is expected that delivery of the Bonds in book entry-only form will be made through the facilities of DTC on or about March 1, 2016.

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

FTN Financial Capital Markets	**BOSC, Inc.** **A subsidiary of BOK Financial Corp.**

The date of this Official Statement is February 17, 2016.

MATURITY SCHEDULES

$6,300,000 SERIES A BONDS

Dated: Date of Delivery **Due: August 1,**

(Base CUSIP[δ]: 669402)

Maturity	Principal	Interest Rate	Yield	CUSIP	Maturity	Principal	Interest Rate	Yield	CUSIP
2016	365,000	2.00%	0.45%	WD7	2026	285,000*	2.00%	1.90%	WP0
2017	365,000	2.00%	0.55%	WE5	2027	285,000*	2.25%	2.00%	WQ8
2018	365,000	2.00%	0.65%	WF2	2028	285,000*	2.50%	2.10%	WR6
2019	365,000	2.00%	0.75%	WG0	2029	285,000*	2.50%	2.20%	WS4
2020	365,000	3.00%	0.90%	WH8	2030	285,000*	2.50%	2.30%	WT2
2021	365,000	3.00%	1.00%	WJ4	2031	250,000*	2.75%	2.40%	WU9
2022	360,000	2.00%	1.20%	WK1	2032	250,000*	2.75%	2.50%	WV7
2023	360,000	2.00%	1.35%	WL9	2033	250,000*	3.00%	2.60%	WW5
2024	360,000	2.00%	1.60%	WM7	2034	250,000*	3.00%	2.70%	WX3
2025	355,000	2.00%	1.75%	WN5	2035	250,000*	3.00%	2.80%	WY1

$2,500,000 SERIES B TAXABLE BONDS

Dated: Date of Delivery **Due: August 1,**

(Base CUSIP[δ]: 669402)

Maturity	Principal	Interest Rate	Yield	CUSIP	Maturity	Principal	Interest Rate	Yield	CUSIP
2016	250,000	2.00%	0.70%	WZ8	2021	250,000	2.00%	1.75%	XE4
2017	250,000	2.00%	0.95%	XA2	2022	250,000	2.00%	1.95%	XF1
2018	250,000	2.00%	1.15%	XB0	2023	250,000	2.15%	2.15%	XG9
2019	250,000	2.00%	1.35%	XC8	2024	250,000	2.35%	2.35%	XH7
2020	250,000	2.00%	1.55%	XD6	2025	250,000	2.55%	2.55%	XJ3

This Official Statement (“Official Statement”) is not to be construed as a contract or agreement between the City and the purchasers or holders of any of the Bonds. Any statements made in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended merely as opinion and not as representations of fact. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the City since the date hereof.

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

No dealer, broker, salesman or any other person has been authorized to give any information or to make any representations, other than the information and representations contained herein, in connection with the offering of the Bonds, and if given or made, such information or representations must not be relied upon. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy any of the Bonds in any jurisdiction to any person to whom it is unlawful to make such offer or solicitation in such jurisdiction. The information set forth herein has been furnished by the City and other sources which are believed to be reliable, but is not guaranteed as to accuracy or completeness. Neither the delivery of this Official Statement nor any sale made hereunder shall under any circumstances create any implication that there has been no change in the affairs of the City since the date hereof.

Upon issuance, the Bonds will not be registered under the Securities Act of 1933, as amended, in reliance upon exemptions contained in such Act. The Bonds will not be listed on any stock or other securities exchange. Any registration or qualification of the Bonds in accordance with applicable provisions of securities laws of the states in which the Bonds may be registered or qualified and the exemption from registration or qualification in other states cannot be regarded as a recommendation thereof. Neither the Securities and Exchange Commission nor any other federal, state or other governmental entity or agency will have passed upon the accuracy of the Official Statement or, except for the City, approved the Bonds for sale. Any representation to the contrary may be a criminal offense.

The information relating to The Depository Trust Company ("DTC") and the book-entry only system contained in this Official Statement have been furnished by DTC (see "Book-Entry-Only System" herein). No representation is made by the City as to the adequacy or accuracy of such information. The City has not made any independent investigation of DTC or the book-entry only system.

δ CUSIP data herein is provided by the CUSIP Global Services LLC, managed on behalf of the American Bankers Association by Standard & Poor’s, a division of The McGraw Hill Companies, Inc. No representations are made as to the correctness of the CUSIP numbers. These CUSIP numbers may also be subject to change after the issuance of the Bonds.

* Priced assuming optional redemption on August 1, 2025; however any such redemption is at the option of the City.

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SERIES A, CAPITAL PROJECT BONDS

Issue Summary

The information in this section is qualified in its entirety by the detailed information and financial statements appearing elsewhere in this Official Statement. Investors must read the entire Official Statement to obtain information essential to the making of an informed decision. The Official Statement speaks only as of its date and the information herein is subject to change.

Issuer:	The City of Norwich, Connecticut (the "City")
Issue:	\$6,300,000 Series A, Capital Project Bonds (the "Series A Bonds")
Dated Date:	Date of Delivery
Interest Due:	February and August 1st in each year until maturity, commencing August 1, 2016
Principal Due Date:	August 1st, as shown on the inside cover of the Official Statement
Record Date:	The close of business on the fifteenth (15th) day of January and July in each year (or the preceding business day if the 15th is not a business day).
Purpose:	The Series A Bonds are being issued to finance various school facilities, road and gas system improvements, and other municipal improvements.
Security:	The Series A Bonds will be general obligations of the City, and the City will pledge its full faith and credit to the payment of principal of and interest on the Series A Bonds when due. See "Security and Remedies" herein
Bank Qualification:	The Series A Bonds shall be designated by the City as qualified tax-exempt obligations under the provisions of Section 265(b) of the Internal Revenue Code of 1986, as amended, for purposes of the deduction by financial institutions for interest expense allocable to the Series A Bonds.
Ratings:	See "Ratings" herein.
Redemption:	The Series A Bonds are subject to redemption prior to maturity as further described herein.
Tax Status:	See Appendix B "Form of Opinions of Bond Counsel".
Certifying Bank, Registrar, Transfer Agent, and Paying Agent:	U.S. Bank National Association, 225 Asylum Street, 23rd Floor, Hartford, Connecticut 06103.
Legal Opinion:	Pullman & Comley, LLC, Bond Counsel.
Financial Advisor:	William Blair & Company, Chicago, Illinois.
Continuing Disclosure:	In accordance with the requirements of Rule 15c2-12(b)(5) promulgated by the U.S. Securities and Exchange Commission, the City will agree to provide, or cause to be provided, annual financial information and operating data, notices of listed events and notices of failure to provide required information with respect to the Series A Bonds pursuant to a Continuing Disclosure Agreement to be executed by the City substantially in the form attached as Appendix C to this Official Statement.
Delivery:	It is expected that delivery of the Series A Bonds in book entry form to The Depository Trust Company will be made on or about March 1, 2016. Payment must be made in Federal Funds.
Issuer Official:	For further information regarding this Official Statement and the City contact: Mr. Joshua A. Pothier, Comptroller, City Hall, 100 Broadway, Norwich, Connecticut 06360.

SERIES B, TAXABLE BONDS

Issue Summary

The information in this section is qualified in its entirety by the detailed information and financial statements appearing elsewhere in this Official Statement. Investors must read the entire Official Statement to obtain information essential to the making of an informed decision. The Official Statement speaks only as of its date and the information herein is subject to change.

Issuer:	City of Norwich, Connecticut (the "City")
Issue:	$2,500,000 Series B, Taxable Bonds (the "Series B Bonds" or "Taxable Bonds")
Dated Date:	Date of Delivery
Interest Due:	February and August 1st in each year until maturity, commencing August 1, 2016
Principal Due Date:	August 1st, as shown on the inside cover of the Official Statement.
Record Date:	The close of business on the fifteenth (15th) day of January and July in each year (or the preceding business day if the 15th is not a business day).
Purpose:	The Series B Bonds are being issued to finance economic development and other taxable projects.
Security:	The Series B Bonds will be general obligations of the City, and the City will pledge its full faith and credit to the payment of principal of and interest on the Series B Bonds when due. See "Security and Remedies" herein.
Bank Qualification:	The Series B Bonds shall NOT be designated by the City as qualified tax-exempt obligations under the provisions of Section 265(b) of the Internal Revenue Code of 1986, as amended, for purposes of the deduction by financial institutions for interest expense allocable to the Series B Bonds.
Rating:	See "Ratings" herein.
Redemption:	The Series B Bonds are NOT subject to redemption prior to maturity as further described herein.
Tax Status:	See Appendix B "Form of Opinions of Bond Counsel".
Certifying Bank, Registrar, Transfer Agent, and Paying Agent:	U.S. Bank National Association, 225 Asylum Street, 23rd Floor, Hartford, Connecticut 06103.
Legal Opinion:	Pullman & Comley, LLC, Bond Counsel.
Financial Advisor:	William Blair & Company, Chicago, Illinois.
Continuing Disclosure:	In accordance with the requirements of Rule 15c2-12(b)(5) promulgated by the U.S. Securities and Exchange Commission, the City will agree to provide, or cause to be provided, annual financial information and operating data, notices of listed events and notices of failure to provide required information with respect to the Series B Bonds pursuant to a Continuing Disclosure Agreement to be executed by the City substantially in the form attached as Appendix C to this Official Statement.
Delivery:	It is expected that delivery of the Series B Bonds in book entry form to The Depository Trust Company will be made on or about March 1, 2016. Payment must be made in Federal Funds.
Issuer Official:	For further information regarding this Official Statement and the City contact: Mr. Joshua A. Pothier, Comptroller, City Hall, 100 Broadway, Norwich, Connecticut 06360.

- **Introduction**
- **Authority to Issue the Bonds**
- **Description of the Series A Bonds**
- **Description of the Series B Bonds**
- **Redemption Provisions**
- **Tax Status of the Bonds**
- **Security and Remedies**
- **Use of Proceeds**
- **Book-Entry-Only System**
- **DTC Practices**
- **Ratings**

BOND INFORMATION

Introduction

This Official Statement, including the cover page, inside cover page and appendices, is provided for the purpose of presenting certain information relating to the City of Norwich, Connecticut (the "City"), in connection with the original sale of the City's $8,800,000 General Obligation Bonds, Issue of 2016 consisting of the $6,300,000 Series A, Capital Project Bonds (the "Series A Bonds") and the $2,500,000 Taxable Bonds (the "Series B Bonds", or "Taxable Bonds", and together with the Series A Bonds, the "Bonds").

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

This Official Statement is not to be construed as a contract or agreement between the City and the purchasers or holders of any of the Bonds. Any statement made in this Official Statement involving matters of opinion or estimates are not intended to be representations of fact, and no representation is made that any such opinion or estimate will be realized. Neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the City since the date hereof.

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

The presentation of information is intended to show recent historical trends and is not intended to indicate future or continuing trends in the financial or other positions of the City. Except for information expressly attributed to other sources, all financial and other information presented herein has been provided by the City.

No dealer, broker, salesman or other person has been authorized to give any information or to make any representation other than as contained in this Official Statement in connection with the placement described herein, and if given or made, such information or representation must not be relied upon as having been authorized. The information in this Official Statement has been provided by the City and from other sources which are believed to be reliable. Neither the delivery of this Official Statement nor the sale of any of the Bonds shall imply that the information herein is correct as of any time subsequent to the date hereof.

Bond Counsel is not passing upon and does not assume responsibility for the accuracy or adequacy of the statements made in this Official Statement (other than matters expressly set forth as their opinion in Appendix B) and they make no representation that they have independently verified the same.

Authority to Issue the Bonds

The Bonds are issued pursuant to the General Statutes of Connecticut, as amended, the Charter of the City of Norwich and various bond ordinances adopted by the City Council.

Description of the Series A Bonds

The Series A Bonds will be dated the date of delivery and will bear interest at the rate or rates per annum shown on the inside cover, payable semiannually on February 1 and August 1 in each year until maturity, commencing August 1, 2016. Interest will be calculated on the basis of a 360-day year consisting of twelve 30-day months. Interest is payable to the registered owner as of the close of business on the fifteenth day of January and July (or the preceding business day if such fifteenth day is not a business day), in each year by check mailed to the registered owner; or so long as the Series A Bonds are registered in the name of Cede & Co., as nominee of DTC, by such other means as DTC, the Paying Agent and the City shall agree. The Series A Bonds are issuable only as fully registered bonds in book-entry form in denominations of $5,000 or any integral multiple thereof. The Bonds will mature as shown on the inside cover of this Official Statement.

Description of the Series B Bonds

The Series B Bonds will be dated the date of delivery and will bear interest at the rate or rates per annum shown on the inside cover, payable semiannually on February 1 and August 1 in each year until maturity, commencing August 1, 2016. Interest will be calculated on the basis of a 360-day year consisting of twelve 30-day months. Interest is payable to the registered owner as of the close of business on the fifteenth day of January and July (or the preceding business day if such fifteenth day is not a business day), in each year by check mailed to the registered owner; or so long as the Series B Bonds are registered in the name of Cede & Co., as nominee of DTC, by such other means as DTC, the Paying Agent and the City shall agree. The Series B Bonds are issuable only as fully registered bonds in book-entry form in denominations of $5,000 or any integral multiple thereof. The Bonds will mature as shown on the inside cover of this Official Statement.

Redemption Provisions

Optional Redemption – Series A
The Series A Bonds maturing on or before August 1, 2025 are not subject to redemption prior to maturity. The Series A Bonds maturing on August 1, 2026 and thereafter are subject to redemption prior to maturity, at the option of the City, on and after August 1, 2025, at any time, in whole or in part and by lot within a maturity, in such amounts and in such order of maturity as the City may determine, at the redemption price (expressed as a percentage of the principal amount of Series A Bonds to be redeemed) set forth in the following table, plus interest accrued and unpaid to the redemption date:

Redemption Date	Redemption Price
August 1, 2025 and thereafter	100.00%

The Series B Bonds are **not** subject to redemption.

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

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

The City, so long as a book-entry system is used for the Series A Bonds, will send any notice of redemption only to DTC (or a successor securities depository) or its nominee. Any failure of DTC to advise any DTC Participant or of any DTC Participant or Indirect Participant to notify any Indirect Participant or Beneficial Owner of any such notice and its content or effect will not affect the validity of the redemption of such Series A Bonds called for redemption. (See "Book-Entry-Only System" herein for a discussion of DTC and definitions of "DTC Participant", "Indirect Participant", and "Beneficial Owner".)

Redemption of a portion of the Series A Bonds of any maturity by the City will reduce the outstanding principal amount of such maturity held by DTC. In such event it is the current practice of DTC to allocate by lot, through its book-entry system, among the interests held by DTC Participants in the Series A Bonds to be redeemed, the interest to be reduced by such redemptions in accordance with its own rules or other agreements with DTC Participants. The DTC Participants and Indirect Participants may allocate reductions of the interest in the Series A Bonds to be redeemed held by the Beneficial Owners. Any such allocation of interest in the Series A Bonds to be redeemed will not be governed by the determination of the City authorizing the issuance of the Series A Bonds and will not be conducted by or the responsibility of the City, the Registrar or Paying Agent.

Tax Status of the Bonds

Tax Exemption of the Series A Bonds

Federal Taxes. In the opinion of Pullman & Comley, LLC, Bond Counsel, under existing law, interest on the Series A Bonds is not included in gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax; however, with respect to certain corporations (as defined for federal income tax purposes) subject to the federal alternative minimum tax, such interest is taken into account in computing the federal alternative minimum tax.

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

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

Original Issue Discount. The initial public offering price of the Series A Bonds may be less than the stated principal amount. Under existing law, the difference between the stated principal amount and the initial offering price of the Series A Bonds will constitute original issue discount. The offering price relating to the yield set forth on the cover page of this Official Statement for the Series A Bonds is expected to be the initial offering price to the public (excluding bond houses and brokers) at which a substantial amount of the Series A Bonds are sold. Under existing law, original issue discount on the Series A Bonds accrued and properly allocable to the owners thereof under the Code is excludable from gross income for federal income tax purposes if interest on the Series A Bonds is excludable from gross income for federal income tax purposes.

Under the Code, for purposes of determining an owner's adjusted basis in a Bond purchased at an original issue discount, original issue discount is treated as having accrued while the owner holds such Bond and will be added to the owner's basis. Original issue discount will accrue on a constant-yield-to-maturity method based on regular compounding. The owner's adjusted basis will be used to determine taxable gain or loss upon the sale or other disposition (including redemption or payment at maturity) of such a Bond. For certain corporations (as defined for federal income tax purposes), a portion of the original issue discount that accrues in each year to such Bond will be included in the calculation of the corporation's federal alternative minimum tax liability. As a result, ownership of such a Bond by such a corporation may result in an alternative minimum tax liability even though such owner has not received a corresponding cash payment.

Prospective purchasers of Series A Bonds at an original issue discount should consult their own tax advisors as to the calculation of accrued original issue discount, the accrual of original issue discount in the case of Bond owners purchasing such Series A Bonds after the initial offering and sale, and the state and local tax consequences of owning or disposing of such Series A Bonds.

Original Issue Premium. The initial public offering price of the Series A Bonds may be more than their stated principal amount. An owner who purchases a Bond at a premium to its principal amount must amortize the original issue premium as provided in the applicable Treasury Regulations, and amortized premium reduces the owner's basis in the Bond for federal income tax purposes. Prospective purchasers of the Series A Bonds should consult their tax advisors regarding the amortization of premium and the effect upon basis.

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

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

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

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

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

Owners of the Series A Bonds should consult their tax advisors with respect to other applicable state and local tax consequences of ownership of the Series A Bonds and the disposition thereof.

Series B Bonds

Federal Taxes. Interest on the Series B Bonds is included in the gross income of the owners thereof for federal income tax purposes pursuant to the Code. Ownership of the Series B Bonds may result in other federal income tax consequences to certain taxpayers. The owners of the Series B Bonds should consult their tax advisors with respect to the inclusion of interest on the Series B Bonds in gross income for federal income tax purposes and any collateral tax consequences.

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

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

Owners of the Series B Bonds should consult their tax advisors with respect to other applicable state and local tax consequences of ownership of the Series B Bonds and the disposition thereof.

Proposed Legislation and Other Matters. Tax legislation and administrative actions taken by tax authorities (whether currently proposed, proposed in the future, or enacted) and court decisions, whether at the federal or state level, may adversely affect the tax-exempt status of interest on the Bonds under federal or state law or otherwise prevent beneficial owners of the Bonds from realizing the full current benefit of the tax status of such interest. In addition, such legislation, actions or decisions could affect the market price for, or the marketability of, the Bonds.

Prospective purchasers of the Bonds should consult their own tax advisers regarding the foregoing matters.

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

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

Security and Remedies

General

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

Unless paid from other sources, the Bonds are payable from general property tax revenues of the City. The City has the power under the Connecticut General Statutes to levy ad valorem taxes on all taxable property in the City without limit as to rate or amount, except as to certain classified property such as certified forest land taxable at a limited rate, and dwelling houses of qualified elderly persons of low income or of qualified disabled persons taxable at limited amounts. The State of Connecticut (the "State") is obligated to pay the City the amount of tax revenue that the City would have received except for the limitation upon its power to tax such dwelling houses of qualified elderly persons.

Payment of the Bonds is not limited to property tax revenue or any other revenue source, but certain revenues of the City may be restricted as to use and therefore may not be available to pay debt service on the Bonds. There are no statutory provisions for priorities in the payment of general obligations of the City. There are no statutory provisions for a lien on any portion of the tax levy or other revenues or City property to secure the Bonds or judgments thereon, in priority to other claims.

Bondholder Remedies

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

Enforcement of a claim for payment of principal of or interest on general obligation bonds and notes of the City would also be subject to the applicable provisions of Federal bankruptcy laws and to provisions of other bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights, and to provisions of other statutes, if any, hereafter enacted by Congress or the Connecticut General Assembly extending the time for payment or imposing other constraints upon enforcement insofar as the same may be constitutionally applied. Connecticut General Statutes Section 7-566 provides that no Connecticut municipality shall file a petition to become a debtor under Chapter 9 of the Federal Bankruptcy Code, without the express prior written consent of the Governor.

The City of Norwich has never defaulted in the payment of principal of or interest on its Bonds or Notes.

Use of Proceeds
Series A Bonds and Series B Bonds

Project	**Bonds Authorized**	**Prior Bonds Issued**	**Estimated Grants**	**Series A Bonds**	**Series B Bonds**	**Authorized But Unissued**
Renovation & Expansion of Kelly Middle School	41,250,000	10,195,000	30,000,000	555,000	-	500,000
Code Correction Assistance	1,840,000	345,000	-	-	70,000	1,425,000
Commercial Rental Subsidy Program	500,000	275,000	-	-	225,000	-
Downtown Revolving Loan	1,040,000	95,000	-	-	945,000	-
Infrastructure Improvement Program	5,000,000	1,092,000		2,350,000	-	1,558,000
Demolition of 77 Chestnut St & 26 Shipping St.	500,000	395,000	-	-	10,000	95,000
2014 Norwich Technology Improvements	800,000	151,397		645,000	-	3,603
Gas Line Extensions (2014)	9,500,000	1,206,130	-	2,750,000	1,250,000	4,293,870
Total				6,300,000	2,500,000	

Book-Entry-Only System

Unless otherwise noted, the description which follows of the procedures and recordkeeping with respect to beneficial ownership interests in the Bonds, payment of interest and other payments on the Bonds to DTC participants or beneficial owners of the Bonds, confirmation and transfer of beneficial ownership interest in the Bonds and other bond-related transactions by and between DTC, the DTC participants and beneficial owners of the Bonds is based solely on information provided on DTC's website and presumed to be reliable. Accordingly, neither the City nor the Underwriter make any representation as to the completeness or the accuracy of such information or as to the absence of material adverse changes in such information subsequent to the date hereof.

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

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

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

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

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

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

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

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

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

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

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

DTC Practices

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

Ratings

Standard & Poor's Rating Services ("Standard & Poor's") has assigned a rating of "AA" to the Bonds and an "AA" rating on the City's currently outstanding general obligation bonds. The outlook on the bonds is stable.

The City furnished to the rating agencies certain information and materials, some of which may not have been included in this Official Statement. A rating obtained reflects only the view of each rating agency and will be subject to revision or withdrawal, which could affect the market price of the City's bonds or notes, including the Bonds.

Generally, a rating agency bases its rating upon such information and materials and upon investigations, studies and assumptions by the rating agency. There can be no assurance that a rating will continue for any given period of time or that it will not be lowered or withdrawn entirely by the rating agency if, in its judgment, circumstances so warrant. Any such downward change in or withdrawal of a rating may have an adverse effect on the marketability or market price of outstanding securities, including the Bonds. Each rating agency should be contacted directly for its rating on the Bonds and the explanation of such rating.

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THE ISSUER

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Form of Government

The City operates under a Charter adopted in 1952, which was most recently revised November 3, 2015. During fiscal year 2015, a City Charter Revision Committee was appointed for the purpose of reviewing the existing Charter and proposing any changes. The November 2015 referendum had 18 recommendations made by the Charter Revision Committee, of which 14 were approved. The significant changes passed by voters were.

- Changing the minimum annual levy for the capital budget at 2% of the previous year's General Fund budget rather than the value of 1 mill.
- Requiring that the terms, conditions, details, and particulars with respect to the issuance of bonds and notes be those prescribed by the Connecticut General Statutes.

The City operates under a Council/Manager form of government. The City Manager is appointed by the City Council and serves as the Chief Executive Officer. The City Manager serves at the pleasure of the City Council and is responsible to the City Council for the supervision and administration of City departments. The City Council consists of six members and one Mayor, all elected at large. Elections are held during odd calendar years as provided by state statute.

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

Principal City Officials

Office	Name	Manner of Selection & Term	Length of Service in Current Position	Total Tenure with City
City Council:				
Mayor	Deberey Hinchey	Elected – 4 years	2 years	6 years
President Pro Tempore	Peter A. Nystrom	Elected – 2 years	2 months	11 years
Alderperson	H. Tucker Braddock	Elected – 2 years	2 months	2 years
Alderperson	Stacy Gould	Elected – 2 year	2 months	2 months
Alderperson	Gerald Martin	Elected – 2 years	2 months	2 months
Alderperson	William Nash	Elected – 2 years	6 years	6 years
Alderperson	Joanne Philbrick	Elected – 2 year	2 months	2 months
City Manager	John Salomone*	Appointed – Indefinite	1 month	1 month
Comptroller	Joshua A. Pothier	Appointed – Indefinite	2 years	13 years
Deputy Comptroller	Anthony Madeira	Appointed – Indefinite	2 years	10 years
Treasurer	Michael Gualtieri	Elected – 2 years	2 months	2 months
Tax Collector	Kathy Daley	Appointed – Indefinite	9 years	17 years
Assessor	Donna Ralston	Appointed – Indefinite	7 years	7 years
City Clerk	Betsy Barrett	Appointed – Indefinite	6 years	6 years
Corporation Counsel	Michael E. Driscoll	Appointed – Indefinite	13 years	13 years
Superintendent of Schools	Abby I. Dolliver	Appointed – Indefinite	6 years	22 years
Board of Education				
Chairperson	Aaron Daniels	Elected – 2 years	6 years	6 years
Vice Chairperson	Dennis Slopak	Elected – 2 years	4 years	4 years
Secretary	Angelo Yeitz	Elected – 2 years	2 years	2 years
Board Member	Robert J. Aldi	Elected – 2 years	3 years	3 years
Board Member	Margaret Becotte	Elected – 2 years	2 months	2 months
Board Member	Yvette Jacaruso	Elected – 2 years	8 years	8 years
Board Member	Kevin Saythany	Elected – 2 years	2 months	2 months
Board Member	Susan Thomas	Elected – 2 years	2 months	2 months
Board Member	Joyce Werden	Elected – 2 years	10 years	10 years

* The City appointed John Salomone as City Manager effective as of February 1, 2016. Mr. Salomone previously served as Town Manager in the Town of Newington, CT for over 10 years.

Geography

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

Community Profile

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

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

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

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

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

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

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

Healthcare
Located within the City are various health facilities including the 213-bed William H. Backus Hospital, which underwent a $50 million expansion in 2007. Since then, Backus has added the Outpatient Care Center on Salem Turnpike and, in August 2014, the Family Health Center in Norwichtown Commons. Backus became affiliated with Hartford Healthcare in July 2013.

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

Recreation, Entertainment & Culture
The City has the 350-acre Mohegan Park in the heart of the City. Facilities at Mohegan Park include a beach, hiking trails, rose gardens, picnic areas and two children's playgrounds. The City has several other parks, playgrounds, and recreation fields, as well as a number of fishing locations. The City also offers an eighteen-hole public golf course and a public ice skating rink. The ice skating rink re-opened under the new management of the Norwich RoseGarden Ice Associates in December 2014.

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

Municipal Services

Police: Police protection is provided to the City of Norwich by a full-service, municipal police agency with 104 employees. The department is responsible for patrolling 223 miles of roads in nearly a 30 square mile area and operating a combined 911 communications center for dispatching police, fire, and EMS services. The department is particularly proud of its community policing efforts, which actively includes the public in solving crime and quality of life problems. The Department presently administers approximately $300,000 in federal and state grants. These grants provide funding to enhance police operations in the areas of drug education and enforcement, safe neighborhood patrols, DUI and traffic enforcement, technological improvements.

Fire: Fire protection in the City Consolidation District (CCD) is provided by a 61-employee full-time fire department. The outlying areas of the City are not part of the CCD and are protected by five volunteer fire companies, all of which are connected to the central fire department's switchboard for emergency dispatch.

Utilities: The City owns and operates its own gas, electric, water and wastewater systems through its Norwich Public Utilities (NPU), which has operated since 1904. NPU is governed by Chapter 12 of the City Charter that establishes a five-member Board of Public Utilities' Commissioners who are appointed by the City Council. The General Manager, who is appointed by the Commissioners, is responsible for NPU's management and operations. NPU has 150 employees and serves approximately 20,000 electric customers, 9,500 gas customers, 11,000 water customers and 7,500 wastewater customers. NPU supports general City activities by contributing 10% of its gross revenues (excluding sewer revenues) to the City's general fund. Contributions in fiscal year 2016 are anticipated to be equivalent to 4.52 mills of taxes. NPU's budget is approved by the Commissioners and is then presented to the City Council for adoption.

Water Operations
The City has a water supply system that consists of a 10-mgd water filtration plant, and a 4-mgd water filtration plant, four reservoirs, one emergency supply well, and a fully accredited laboratory. NPU produces a yearly water quality report that indicates that NPU consistently exceeds drinking water standards set by the State.

Drinking Water Infrastructure. NPU has embarked on a water infrastructure improvement program. The upgrades will be paid for through a combination of State grants and low interest loans from the Drinking Water Revolving Fund (DWRF). Design work is well underway on the replacement of the main pumps and control systems at the Deep River Drinking Water Treatment Plant, re-lining of approximately 3,500 ft. of transmission main, construction of two new 0.5 million gallon water storage tanks, and upgrading of the 4-mgd treatment plant.

Construction began in June 2014 on a new $1.6 million water tank located in Lebanon, Connecticut with a capacity of one million gallons. The tank went into service in December 2014. The new tank will improve operating efficiencies of NPU's water treatment plant located less than one mile away and allow for the plant to shut down for short periods of time to allow for maintenance and repairs with no impact to customers. The tank will also provide for the storage of water for use during power outages, water main failures, or other NPU system emergencies.

Wastewater Operations
Wastewater for NPU customers is treated in an activated sludge treatment plant. The Sewer Authority has worked closely with the City to secure funding to expand its wastewater collection system to neighborhoods that have seen the failure of private septic systems that affect residential property values. An extensive, multiyear combined sewer

overflow program, funded through state grants and loans, has successfully eliminated most sewer system overflows, and greatly improved water quality in the Shetucket, Yantic and Thames Rivers.

In 2010 the Sewer Authority commenced a seven year upgrade to the wastewater treatment plant. Design is expected to cost $7 million and construction $93 million for a total project cost of $100 million. Design is 100% complete. Construction is expected to commence in July 2016, and be completed in July 2020. The project will be substantially financed from State of Connecticut Clean Water Fund loans bearing interest at 2%, Clean Water Fund grants, and local funding. When completed, annual debt service is estimated to be $4.8M, to be paid 42% from City Sewer User Fees, 30% from City budget contributions, and 28% from sewer buy in fees from users outside of the City. A plan to pay for the new project is under discussion with the stakeholders. These infrastructure improvements will:

- Bring the City current with state and federal environmental mandates
- Upgrade the City's aging wastewater infrastructure to reduce treatment plant odors
- Reduce nitrogen from sewage discharge, making nearby rivers, Norwich harbor and Long Island Sound cleaner
- Power the sewer plant using recaptured methane gas, reducing Norwich's energy costs
- Prepare the City to meet future growth and assist with economic development opportunities
- Provide the ability to serve neighboring communities with wastewater services to enhance regional economic development.

NPU continues its multi-year Combined Sewer Overflow (CSO) program which has removed dozens of sewer system overflows over the past several years from the utility's wastewater infrastructure. NPU remains on track for the complete elimination of all CSO's in the coming years which will improve the water quality in the Shetucket and Thames rivers.

Fusion Paperboard. The Sewer Authority's largest customer, Fusion Paperboard, ceased operations in September of 2014. Fusion is located in the neighboring town of Sprague, CT. Fusion represented approximately 10% of the Sewer Authority's annual revenues. The Sewer Authority implemented an increase to sewer rates which took effect March 1, 2015 to account for the reduction in Fusion revenues associated with fixed cost recovery. As such, there will be no expected material impacts to sewer operations or financials as a result of the Fusion closure.

Natural Gas

NPU continues to expand its natural gas service throughout the City. This work has been funded through bond referendums totaling $20.5 million, which were approved by voters in 2010, 2012, and 2014. Since 2010, nearly 1,800 new natural gas customers have been added to the NPU network. This activity has generated an estimated $2.6 million in new annual revenue for NPU. The City and the Board of Public Utilities Commissioners have entered into an agreement that revenues will be paid annually to the City from the operation of the natural gas utility in an amount sufficient to pay when due debt service on bonds issued to finance the City's natural gas system extension. Natural gas revenues are not pledged to pay such bonds.

NPU upgraded its existing underground natural gas pipe services at nearly 70 locations during the summer of 2014. Following an aggressive schedule, NPU and contractor crews completed 18 months of rehabilitation work in 18 weeks in order to accommodate the repaving of the roads by the State of Connecticut Department of Transportation. Nearly 9,000 feet of cast iron pipe was taken out of the ground and more than 5,500 feet of new, polyethylene pipe was installed. The estimated lifespan of this new product is 100 years. This reliability improvement work represents a $1.6 million annual investment by NPU to improve its natural gas infrastructure.

In 2014, NPU was honored by the American Public Gas Association (APGA) with two awards recognizing excellence in operations and digital marketing. NPU is one of only 21 public natural gas systems in the United States - out of more than 700 APGA members - to be given the Systems Operational Achievement Recognition (SOAR) award, which is presented to natural gas utilities that demonstrate excellence in the four critical operational areas: worker safety, workforce development, systems integrity, and systems improvement. NPU was also honored as one of the leading marketers in the United States among public natural gas system in the 2014 APGA Marketing & Sales Awards for its Energize Norwich program. NPU was the winner in the category of digital marketing for its extensive efforts to educate and promote natural gas to its customers.

Electric

NPU is moving forward with a project that could make the City of Norwich and NPU a leader in renewable energy - in Connecticut and across New England. Working with the Connecticut Municipal Electric Energy Cooperative (CMEEC), NPU identified the former Roger's Road landfill as an ideal location for a Community Solar Garden that could provide its customers with more than 2.75 MW of renewable energy. Through this project, NPU customers would receive renewable energy without paying a premium; this power would be available for the vast majority of customers who would not otherwise have access to renewable power for either logistical or financial reasons. When added to NPU's existing hydro power capabilities (6%), this proposal would bring the renewable portion of the NPU portfolio to 12%.

In May 2015, NPU received APPA's RP3 Platinum Award. The RP3 program recognizes utilities that demonstrate high proficiency in four areas - reliability, safety, work force development and system improvement. Criteria within each of the four RP3 areas are based upon sound business practices and recognized industry best practices. In receiving a Platinum designation, NPU is among a select group of less than 100 utilities out of over 2,000 public power companies nationwide and the only one in Connecticut. The RP3 designation is for a three-year term and was also awarded to NPU in 2012.

On March 6, 2013, NPU's Greeneville and Occum hydroelectric facilities were certified by Low Impact Hydropower Institute (LIHI). This certification is intended to protect multiple ecosystems qualities, including river flows, water quality, fish and wildlife, and other environmental indicators of a healthy ecosystem around hydropower facilities and dams, as well as meeting recreation and cultural preservation needs. LIHI's criteria and standards are typically based on the most recent, and most stringent, mitigation measures recommended for the dam by expert state and federal resource agencies. There are thousands of hydropower dams in the U.S. with only about 100 presently certified by LIHI. NPU's holds two of the four certifications in the State. NPU is able to use this certification when marketing its hydro facilities, such as obtaining and selling Renewable Energy Certificates (RECs) to generate additional revenues.

Municipal Area Network

Norwich Public Utilities (NPU) continued to build upon and leverage their Municipal Area Network (MAN). The network consists of 35 miles of 144 strand fiber optic cabling around the City in two "loops." The fiber provides high-speed data, video and communications connectivity that is 600 times faster than any other data network available in Norwich. NPU has recently connected the fiber across the entirety of the Norwich MAN with the Connecticut Education Network, as part of the Nutmeg Network's award from the Broadband Technologies Opportunities Program (BTOP) to help improve communications capabilities throughout the State. This implementation has expanded the connectivity opportunities of NPU and the City with a 100% redundancy for internet services and opens the door for improved disaster recovery services and network monitoring. NPU is also using the MAN to support public safety in conjunction with the Norwich Police Department (NPD) with the deployment of four cameras throughout the city. The MAN provides for high definition resolution video capture from these cameras and subsequent transportation across the network at speeds not possible with copper wire installations

Administration

Administrative functions include human resources, purchasing, information technology, geographic information systems, accounting and financial planning. These units are responsible for anticipating the changes in the utility business, and building an infrastructure that will position NPU to take advantage of technological breakthroughs as they occur.

NPU Customer Service serves as the primary customer advocates within NPU. The goal for the Customer Service Division is to provide a level of customer service that consistently exceeds customer expectations. Customer Service encompasses energy efficiency, field services, metering, billing, the Customer Service Center, and external affairs. In an effort to promote one-stop shopping, customer service representatives and field service technicians have been crossed-trained to serve customers more efficiently. Field service technicians are responsible for providing accurate metering for all services, investigating high bill complaints, and gas service calls. NPU Customer Service also provides repair service for gas appliances. Recognizing energy efficiency as a solution to rising energy costs, NPU has successfully developed and implemented comprehensive efficiency programs to benefit residential and commercial electric and natural gas customers.

CMEEC AND MEMBER POWER SALES CONTRACTS

The City of Norwich, through NPU, is a member of the Connecticut Municipal Electric Energy Cooperative (CMEEC), a public corporation organized under Connecticut Public Act 75-634, subsequently enacted as Title 7-233, Chapter 101a, of the Connecticut General Statutes, as amended. 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 members and others. The Act permits any Connecticut municipality that has an electric utility department to become a CMEEC member. The City of Norwich, the City of Groton, the Borough of Jewett City, the Second Taxing District of the City of Norwalk, the Third Taxing District of the City of Norwalk, and the Town of Wallingford are the only Connecticut communities which have municipally owned electric utilities, all of whom, except the Town of Wallingford, are members. CMEEC, on behalf of its members, acts as a single integrated participant to NEPOOL and the NEPOOL Agreement.

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

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

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

THE CONNECTICUT TRANSMISSION MUNICIPAL ELECTRIC ENERGY COOPERATIVE

The Norwich Department of Public Utilities is also a member of The Connecticut Transmission Municipal Electric Energy Cooperative ("TRANSCO"), a public body corporate and politic, created pursuant to Chapter 101a of the Connecticut General Statutes, as amended. The members of TRANSCO include the members of CMEEC (the "Members") and the Town of Wallingford and the Bozrah Light and Power Company ("Bozrah"). The purpose of TRANSCO is to obtain electric transmission services and facilities at advantageous pricing and terms for its Members and contractual participants. TRANSCO has entered in a "Transmission Financing and Services Agreement" the "TFSA" with CMEEC, among other agreements between the two entities, whereby TRANSCO provides electric transmission services to CMEEC, which CMEEC then provides to its members and contractual participants. TRANSCO has entered into an agreement with Connecticut Light & Power Company to acquire certain electric transmission facilities located in the Town of Wallingford, Connecticut (the "Transmission Acquisition"). The participants in the Transmission Acquisition include the CMEEC Members and Bozrah (the "Transmission Participants"). The Transmission Acquisition has been permanently financed by debt issued by CMEEC and Transco supported by the security provisions of agreements between the Transmission Participants and CMEEC that establish the arrangements for the receipt of transmission services from CMEEC (supplied to CMEEC by TRANSCO through the TFSA), the support of the permanent financing costs of the Transmission Acquisition, the satisfaction of the other security requirements of such permanent financing and the flowing of the benefits of participation in the Transmission Acquisition back to the Project's participants, including NDPU. These agreements are referred to as the General Transmission Services Agreements ("GTSAs"). The terms of the GTSAs have security provisions similar to those of the MPSCs. The GTSAs are structured to authorize the acquisition of additional transmission facilities.

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

SOLID WASTE

The City has entered into the Municipal Solid Waste Management Services Contract, as amended (the "Service Contract") with the Southeastern Connecticut Regional Resources Recovery Authority (the "SCRRRA") pursuant to which it participates with ten other central Connecticut municipalities (the eleven constituting the "Contracting Municipalities"), in the Southeastern Connecticut System (the "System"). The System consists of a mass-bum solid waste disposal and electric generation facility located in the Town of Preston (the "Facility") and various improvements and facilities related thereto, including landfills. Under the Service Contract, the City is required to deliver or cause to be delivered to the System solid waste generated within its boundaries up to its minimum commitment of 22,281 tons per year and to pay a uniform per ton Disposal Service Payment (the "Service Payment") therefor. The Service Payment commitment is a "put-or-pay" commitment, in that if the aggregate minimum commitment of the Contracting Municipalities is not met by the total deliveries of all the Contracting Municipalities in any year, the City must pay the Service Payment for its full portion of the aggregate minimum commitment even if it did not deliver the full portion. The current fee is $58 per ton paid by user fees and property taxes. Pursuant to contracts between the Authority and American REF-FUEL Company of Southeastern Connecticut (the "Company"), the Facility is operated by the Company. The Service Payment applicable in any contract year is calculated by estimating the Net Cost of Operation, which is the Cost of Operation less Revenues other than Service Payments, as such items are defined in the Service Contract. Cost of Operations includes debt service on revenue bonds issued by or on behalf of the SCRRRA to finance the System and expenses of operation and administration of the System, among other things. Revenues mean all revenues, income and receipts derived from the ownership and operation of the System, including from the sale of electricity. The sum of all Service Payments and other payments from the Contracting Municipalities are required to be sufficient to pay or provide for the New Cost of Operations. Service Payments shall be payable so long as the System is accepting solid waste delivered by or on behalf of the City, whether or not such solid waste is processed at the Facility. The City's obligation to pay the Service Payment, so long as the Authority is accepting the City's solid waste, is absolute and unconditional, is not subject to any set-off, counterclaim, recoupment, defense (other than payment itself) or other right which the City may have against the SCRRRA or any person for any reason whatsoever, and shall not be affected by any defect in title, design, fitness for use, loss or destruction of the System. The City has pledged its full faith and credit to the payment of Service Payments and has also agreed to enforce or levy and collect all taxes, cost sharing or other assessments or charges and take all such other action as may be necessary to provide for the payment of the Service Payments.

Economic Development Activity

The Mayor 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 Norwich, reduces reliance on government agencies, and attract economic development investment from the State of Connecticut". Objectives identified to achieve this goal include: "revitalized downtown, adaptive reuse of existing structures, increased availability of viable commercial and industrial properties, and maintaining the existing and attracting new educational institutions into the City".

The City's economic development activities are assisted by Norwich Community Development Corporation, (NCDC), a private not-for-profit corporation established 50 years ago to improve the economic well-being of the City. The Mayor works closely with NCDC as an independent non-profit that is neither directly nor indirectly controlled by the City or any other governmental entity, but by Norwich City Council resolution, 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.

Ponemah Mill Adaptive Reuse Project
This $72 million project will convert a massive, 650,000 square foot, 19th century mill into 314 residential apartment units. The developer has sought assistance from the City in the form of a tax agreement under the Mill Enhancement Program. The State of Connecticut- Department of Housing and the finance arm- Connecticut Housing Investment Fund- is working with the developer, OneKey to close the project funding gap. The first phase of the project is 116 units and approximately $31 million, which is nearing the completion of finance assembly and is expected to be completed in 2017-18.

Marcus Plaza
Konover Corporation purchased this property and will make site improvements to better facilitate vehicle access to the Plaza. They are also completing a major facelift for the existing center including new signage. A Popeye's Chicken franchise will open in the location of the former Friendly's in 2016.

Philly's Cheesesteak
A local sandwich shop acquired a lease on a neighboring property in January 2014 and began renovations to expand their facility by a factor of three. The expansion took out an unsightly and problematic establishment and greatly improved the area.

Dominion Power
In 2014, Dominion acquired a 3.5 acre parcel from Easter Seals in the business park for $350,000 and constructed a $10 million, 16,000 square foot facility to act as a training center, data warehouse, and emergency operations center during an emergency at the Millstone Nuclear Plant in Waterford, Connecticut, 10 miles to the south.

Sheffield Pharmaceuticals
Sheffield Pharmaceuticals purchased the 136,000 square foot former Decorative Screen Printers building at 9 Wisconsin Avenue in the Business Park in December 2014 for $3.7 million with plans to use the facility as their main warehousing and distribution center for their 60,000 retail outlets across the US.

Norwich Beverage Facility
Norwich Beverage invested $300,000 in 2015 in a 26,000-square-foot production facility with three contract bottling lines at 29 Stott Ave. in the Stanley Israelite Business Park, bringing 12 new full-time jobs and giving it room to double capacity while providing room for future expansion.

Algonquin Interstate Gas Transmission Pipeline

Spectra Energy is planning two expansion projects on their Algonquin Interstate Gas Transmission Pipeline that runs through the City of Norwich. The goal of the projects is to bring abundant low cost natural gas from the shale reserves in Pennsylvania into the New England market. The first project scheduled to start in early 2016 and be completed in October 2016 includes building of a new metering and regulating station and replacing several thousands of feet of high pressure six inch pipe with 16 inch diameter pipe in Norwich. The second project scheduled to be completed in October 2017 is expected to include the building of a second new metering and regulation station in Norwich to serve the Norwich Public Utilities gas expansion project. When completed it is expected that these projects will add $10 to $15 million to Norwich’s tax base. All interstate pipeline work planned in Norwich as part of these projects is directly tied to the Norwich Public Utilities gas expansion projects.

These Guys Brew Pub

Norwich’s first brew pub opened in August 2015 on Franklin Street at the location of the former Chacer’s Bar & Grill. These Guys has invested nearly $400,000 in establishing Norwich’s first beer brewing operation and a highly rated chef running a quality eatery. In-house brewing will start in 2016 when the custom equipment is installed.

Anchor Insulation

Anchor Insulation closed on the purchase of 43 Wisconsin Ave in the Norwich Business Park that was formally occupied by Collins and Jewell who outgrew the property. Anchor is an industrial and residential insulation company with over 70 employees working out of the Norwich location. The owners have been looking for a new location for the last several years and when the property became available they felt it was a very good fit for their operations. Some investment was made into updating the property to fit their needs and starting in September 2015 the staff was able to occupy the space.

Former Norwich Bulletin Building

Mystic businessman, Tim Owens, purchased the former Norwich Bulletin building on Franklin Street in May 2015 for $150,000. He plans to turn a portion of the facility into a business incubator and development center with a microbrewery and mixed-use retail and manufacturing on the ground floor.

Former Downtown YMCA

The YMCA has been closed for four years now with no obvious buyers in queue. The facility is likely a tear down due to its specialized nature and the multiple additions over a century of use.

Former Reid and Hughes department store building.

This property has been owned by the City for 20 years. Norwich Community Development Corporation has taken a development option on this 26,000 square foot property and is marketing it to developers as a mixed use project with up to 20 housing units and two or three commercial spaces.

Housing Market

The City of Norwich has a diverse and changing housing supply. There are an estimated 18,500 housing units, including single family homes, apartments, duplexes, condominiums, townhouses and mobile homes. The City of Norwich is the largest municipality in Southeastern Connecticut and is located in New London County. Norwich’s median home sales prices are equal to about 2.2 times resident income, compared to the statewide and national averages of approximately 3 times resident income. This translates to a more affordable housing stock. At the same time, Norwich’s rental cost average remains lower than the national rental cost average. In addition, the rental vacancy rate has remained unchanged even though there has been an increase in monthly rental prices. A number of new, higher-end rental unit developments have appeared in the market over the last two years, diversifying Norwich’s housing stock and the rental market. These units are priced above HUD Fair Market Rent rates yet lease agreements are being executed prior to completion.

Multiple sources indicate an increase of 1.4-1.7% in median home sales prices within the next year. The projected increase is tied to improved market conditions including national government spending on projects such as the multi-year railroad improvements, military product development, and the ensuing manufacturing associated with these investments. Foreclosures and short-sales in the City have had a negative impact over the last five years, resulting in an increase in housing inventories. The City, however, has seen a leveling in foreclosure actions filed over the last three years, with a 25% decrease in such actions from 2014 to 2015. Despite this decrease, housing inventories continue to suppress market value and foreclosure filings are still active.

In order to stabilize the housing stock, Norwich continues to commit appropriate federal and state resources towards neighborhood preservation. The Office of Community Development uses HUD dollars 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 16% average increase in values). The City recently adopted a new blight ordinance which provides the administrative "teeth" necessary to encourage property owners to better maintain their property. Lastly, the City is also using HUD dollars to demolish abandoned, dilapidated and vacant residential properties. These are buildings that cannot be returned to the market and detract from the attractiveness of the neighborhood. In most cases, the remaining lots will be absorbed by surrounding property owners, returning the parcel to the tax rolls and providing open space opportunity for tenants and owners.

Federal Projects

New England Central Rail Line Upgrades
In September 2014, The State was awarded an $8.2 million Federal Transportation Investment Generating Economic Recovery program grant. This grant, in addition to $2 million of private investment from Genesee & Wyoming, Inc., will be used to upgrade the Connecticut section of the existing 394 miles of rail from the deep water port in New London to the Vermont/Quebec border to meet new freight standards, including increased weight capacity. In addition to the expanded freight rail opportunities, these upgrades will provide the beginning of the work required to offer passenger service on the NECR line in the future. The line passes north-south through Norwich, and adjacent to the Norwich Intermodal Transportation Center.

State of Connecticut Projects

Route 12 Paving Project
The Connecticut Department of Transportation resurfaced Route 12 from the Preston town line to the intersection of routes 12 & 97 in the Taftville section of Norwich during September through October 2014.

Route 82 Redesign
The Connecticut Department of Transportation proposed a two-phase reconstruction of Route 82 in August 2015. If this project is approved, construction may start in 2020. The 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

- *Downtown Revitalization Initiative.* The residents of the City of Norwich passed a bond referendum item in November 2010 for $3.38 million for downtown revitalization. Incentives apply strictly to business and projects of five residential units or more, which includes programs for building code correction assistance, commercial lease rebates, and revolving loan fund. The City's designated development agency, the Norwich Community Development Corporation, is administering the five-year program. The three Downtown Revitalization programs are designed to both prepare long time vacant spaces for occupancy as well as stimulate the growth of business activity in the downtown area. The programs, launched in August 2011 to date have had 100 applications with a 10% acceptance rate with a payout and encumbered value of over $800,000. Marketing has expanded throughout the region and is heavily promoted to the brokerage community. In 2014 there were four new businesses and three business expansions completed which took advantage of the program. In 2015 there were 5 new businesses taking advantage of the Lease Rebate, 4 new Code Corrections and 3 Revolving Loans.
- *Road Improvements.* The residents of the City of Norwich passed a bond referendum item in November 2013 for $5 million of infrastructure improvements. The City spent a total of $2.8 million of combined bond funds and capital funds during fiscal year 2015 to repave or reconstruct 6.2 miles of City roads. In addition, the City also took preventative maintenance measures such as crack sealing and chip sealing to extend the expected life of an additional 5.3 miles of moderately deteriorated City roads.
- *City Hall Exterior Stairway Rehabilitation.* The Public Works Department secured a 50% matching grant of $190,000, from the State Historic Preservation Office for the rehabilitation of the two exterior stairways at City Hall. The project was recently completed at a cost of approximately $380,000. This project preserves the beauty and distinct architecture of City Hall.
- *City Hall Condition Assessment.* The Public Works Department secured a 50% matching grant, up to a maximum of $10,000, from the Connecticut Trust for Historic Preservation for a Condition Assessment / Master Plan for the study of City Hall. This will enable the City to move forward with additional grants from the State Historic Preservation Office for the preservation of additional features of this landmark structure.
- *Sherman Street Bridge and Sunnyside Street Bridge Rehabilitations.* The Public Works Department previously secured approximately $5 million in federal and State grant money to pursue rehabilitation

projects to both the Sherman Street bridges and the Sunnyside Street Bridge. Design is currently underway with the Sherman Street bridge project and includes assessment and recommendations for the nearby Upper Falls Dam. The Sunnyside Street bridge is in the study phase through which it has been determined to be scour critical. This deficiency will also be addressed in the rehabilitation of this historic structure.

- *Spaulding Pond Dam Assessments.* The Public Works Department recently secured a $40,000 grant for a condition assessment on the two 50 year old dams in Mohegan Park. The funds are provided through the USDA Natural Resource Conservation Service. The studies will include inspection of the dams, hydrologic analysis, and potential scoping of any recommended rehabilitation projects.
- *Connecticut Avenue Pavement Rehabilitation.* The Public Works Department obtained a $685,200 grant through the Department of Transportation's Local Transportation Capital Improvement Program, (LOTCIP) for 100% of the construction costs for rehabilitating a 3,000 foot section of Connecticut Avenue in the City's Business Park. The project was completed in the Fall of 2015.
- *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, built to capitalize on the power of the Yantic River is also an important part of the cities 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.

  The Connecticut Department of Economic & Community Development awarded the City a $270,000 grant in January 2015 to prepare environmental assessments of the site, complete a structural feasibility analysis on the Granite Mill Building and a hazardous building materials survey of the building, which is located on the site and create an adaptive reuse plan for the property. The Norwich City Council approved the use of federal funding to demolish a blighted and dangerous warehouse building located on the property, adjacent to the river. The demolition of this building is expected to reduce potential vandalism, improve safety of residents and increase property values of both residential and commercial properties in the area. In August 2015, the Norwich City Council approved the purchase of 232 Yantic Street to further the possible development of the Uncas Leap area. The culmination of these activities will help increase the chance of success for the adaptive reuse plan.
- *Rose City Senior Center Renovations.* The City was able to obtain a $690,000 grant from the State of Connecticut Department of Social Services for renovations at the 20 year old Senior Center. The work includes a new roof, HVAC units, flooring replacement, window repair, and parking lot paving
- *School Initiatives*. Norwich Public Schools is an Alliance School district creating the ability to embark on advanced academic initiatives. Stanton and Uncas Schools are Network Schools allowing additional academic initiatives. Moriarty and Wequonnoc Schools are Intradistrict Magnet Schools – bringing our students even great opportunities for Environmental Sciences and Arts and Technology. Bishop School and a new Case Street location have become the district's Early Childhood Education Centers, allowing greater opportunities for the youngest students in our population. The school district now has all full-day kindergarten classes in order to create early childhood success. All children in Norwich Public Schools receive free breakfast (universal free breakfast); all children that qualify for reduced or free meals – receive free meals. The school system is also participating in some innovative farm to school initiatives to help local farmers and bring fresher produce directly to the children. Every elementary and middle school location has after school programs and every elementary school has before school programs.

Municipal Employees

Full-Time Equivalent

Fiscal Year	General Government	Board of Education	Public Utilities	Total
2016	293.20	688.80	149.50	1,131.50
2015	292.20	633.90	146.50	1,072.60
2014	290.60	602.80	142.00	1,035.40
2013	297.80	502.50	148.00	948.30
2012	284.20	482.20	152.00	918.40
2011	284.70	561.90	142.50	989.10
2010	293.20	583.90	139.50	1,016.60
2009	309.00	598.20	139.50	1,046.70
2008	309.00	575.30	137.00	1,021.30
2007	299.50	575.40	137.00	1,011.90

Source: City of Norwich – Finance Department
Note: Includes full-time, permanent part-time and personal contract employees.

Municipal Employees' Bargaining Organizations

Almost all City employees, with the exception of management, are represented by a bargaining organization as follows:

Collective Bargaining Group Name	Group Represented	Positions Represented	Start Date of Contract	End Date of Contract
General Government				
International Brotherhood of Police Officers (IBPO), Local 38	City 911 Dispatchers	9.00	07/01/14	06/30/17
International Association of Fire Fighters, Local 892	City Firefighters	58.00	07/01/13	06/30/16
Norwich City Hall Employees Association, Inc., Connecticut Independent Labor Union (CILU), Local #11	City Non-Supervisory administrative Employees	53.20	07/01/15	06/30/18
United Public Service Employees Union, Connecticut Organization for Public Safety Division	City Police Officers	92.00	07/01/13	06/30/16
United Public Service Employees Union, Connecticut Organization for Public Safety Division	City Public Works Employees	49.00	07/01/14	06/30/17
Public Works Supervisors, American Federation of State, County & Municipal Employees (AFSCME), Local 818, Council 4	City Public Works Supervisors	5.00	07/01/13	06/30/16
Municipal Employees Union "Independent" (MEUI)-Supervisors	City Supervisory administrative Employees	10.00	07/01/13	06/30/16
	SUBTOTAL	276.20		
Public Utilities				
Supervisory Employees Association , Inc. AFSCME Local 818, Council 4	NPU Supervisory and Professional Employees	47.00	07/01/12	06/30/16
International Brotherhood of Electrical Workers Local 457, Norwich Unit	NPU Technical and clerical workers	95.50	07/01/12	06/30/16
United Steelworkers of America AFL-CIO-CLC Local No. 9411-02	NPU Water distribution Employees	6.00	07/01/12	06/30/16
	SUBTOTAL	148.50		
Board of Education				
Norwich School Administrators Association	NPS Administrators	19.00	07/01/15	06/30/18
MEUI Local 506, SEIU, AFL-CIO	NPS Custodians	28.80	07/01/12	06/30/16
MEUI Local 506, SEIU, AFL-CIO	NPS Paraeducators	131.00	07/01/12	06/30/16
New England Health Care Employees Union District 1199, SEIU, AFL-CIO	NPS School Nurses	17.60	07/01/12	06/30/16
Norwich Educational Secretaries, AFSCME Local 1303-190, Council 4	NPS Administrative Assistants	24.50	07/01/15	06/30/18
Norwich Teachers League	NPS Teachers	326.64	07/01/15	06/30/18
	SUBTOTAL	547.54		
Non-bargaining Employees				
General Government		17.00		
Department of Public Utilities		1.00		
Board of Education		141.28		
	SUBTOTAL	159.28		
	GRAND TOTAL	**1,131.52**		

Source: City of Norwich Finance Department

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

School Facilities

The City's school system consists of ten schools for pupils in grades pre-K through 12. The schools are governed by a nine-member Board of Education.

	Grades	Date of Construction	Number of Classrooms	Enrollment 11/1/2015	Rated Capacity
Administration Building		1893	N/A		N/A
Bishop School	PreK	1925	11	232	280
Hickory Street School	7-12	1890	4	34	50
John B Stanton School	K-5	1956	25	352	440
John M Moriarty School	K-5	1975	33	411	620
Kelly Middle School	7-8	1962	47	754	800
Case St Early Learning Center	PreK	1975	5	59	70
Samuel Huntington School	PreK-5	1928	18	359	450
Teachers' Memorial School	6-8	1975	30	341	760
Thomas W Mahan School	K-5	1968	17	290	320
Uncas School	K-5	1975	18	234	340
Veterans' Memorial School	K-5	1968	17	327	320
Wequonnoc School	K-5	1962	17	247	340
Total			242	3,640	4,790

Source: City of Norwich, Board of Education

School Enrollments

Fiscal Year	Elementary Grades Pre-K - 5	Middle School Grades 6 - 8	High School Grades 9 - 12	Total Norwich Public Schools Enrollment	Norwich Students Enrolled at NFA[1]	Total Norwich School Enrollment
2006-2007	2,517	1,344	76	3,937	1,638	5,575
2007-2008	2,806	847	80	3,733	1,552	5,285
2008-2009	2,622	1,148	150	3,920	1,599	5,519
2009-2010	2,567	1,151	149	3,867	1,582	5,449
2010-2011	2,520	1,163	123	3,806	1,555	5,361
2011-2012	2,624	1,120	74	3,818	1,512	5,330
2012-2013	2,635	1,100	24	3,759	1,524	5,283
2013-2014	2,574	1,153	29	3,756	1,531	5,287
2014-2015	2,541	1,167	0	3,708	1,547	5,255
2015-2016	2,511	1,129	0	3,640	1,483	5,123
Projected						
2016-2017	2,584	1,178	--	3,787	1,514	5,301
2017-2018	2,599	1,189	--	3,813	1,514	5,327

Source: City of Norwich, Board of Education

[1] NFA, or Norwich Free Academy, is a privately-endowed high school located in the City and serves as one of the City's designated high schools.

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ECONOMIC AND DEMOGRAPHIC INFORMATION

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ECONOMIC AND DEMOGRAPHIC INFORMATION

Population and Density

	City of Norwich			New London County		State of Connecticut	
Year	**Population**	**% Change**	**Density[1]**	**Population[1]**	**% Change**	**Population[1]**	**% Change**
2014	40,738	0.60	1,503	274,071	0.01	3,592,053	0.50
2010	40,493	12.12	1,494	274,055	5.78	3,574,097	4.95
2000	36,117	-3.41	1,333	259,088	1.62	3,405,565	3.60
1990	37,391	-1.79	1,380	254,957	6.94	3,287,116	5.78
1980	38,074	-7.88	1,405	238,409	3.36	3,107,576	2.49
1970	41,333	---	1,525	230,654	---	3,032,217	---

Source: 1970-2014 U.S. Department of Commerce, Bureau of Census. (DP-01)

Population Distribution by Age

	City of Norwich		New London County		State of Connecticut	
Age	**2014**	**%**	**2014**	**%**	**2014**	**%**
Under 5	2,550	6.3	14,320	5.2	194,338	5.4
5-19	7,526	18.6	50,970	18.6	707,656	19.7
20-44	14,273	35.4	87,540	31.9	1,126,757	31.4
45-64	10,736	26.6	79,834	29.1	1,032,223	28.8
65 and over	5,293	13.2	41,407	15.1	531,079	14.7
Total	40,738	100.0	274,071	100.0	3,592,053	100.0
Median Age (Years)	38.0		40.6		40.3	

Source: U.S. Department of Commerce, Bureau of Census, 2010 -2014(DP-01)

Income Distribution

	City of Norwich		New London County		State of Connecticut	
Income for Families	**Families**	**%**	**Families**	**%**	**Families**	**%**
$0 – 9,999	408	4.4	2,100	3.0	30,584	3.4
10,000 – 24,999	1,072	11.4	4,665	6.7	65,128	7.3
25,000 – 49,999	2,254	24.1	11,425	16.5	141,679	15.8
50,000 – 74,999	2,133	22.8	12,572	18.1	140,776	15.6
75,000 – 99,999	1,156	12.4	11,159	16.1	129,656	14.4
100,000 – 149,999	1,441	15.4	14,531	20.9	184,327	20.5
150,000 or more	895	9.6	12,983	18.7	207,407	23.0
Total	9,359	100.0	69,435	100.0	899,557	100.0

Source: U.S. Department of Commerce, Bureau of Census, American Community Survey, 2010-2014 (DP03).

Comparative Income Measures

	City of Norwich	New London County	State of Connecticut
Per Capita Income, 2014	$27,111	$34,241	$38,480
Median Family Income, 2014	58,942	82,655	88,217
Median Household Income, 2014	49,695	66,693	69,899
% Families below poverty level, 2014	12.2	6.5	7.5

Source: U.S. Department of Commerce, Bureau of Census, American Community Survey, 2010-2014 (DP03).

[1] Per square mile: area 27.1 square miles

Educational Attainment

Years of School Completed Age 25 & Over

	City of Norwich		New London County		State of Connecticut	
	Number	%	Number	%	Number	%
Less than 9th grade	1,370	5.0	5,228	2.8	106,784	4.3
9th to 12th grade	2,453	8.9	11,913	6.3	150,227	6.1
High school graduate	9,837	35.6	58,953	31.2	677,887	27.6
Some college, no degree	6,224	22.5	37,843	20.0	431,807	17.6
Associate's degree	2,170	7.9	15,400	8.2	180,321	7.3
Bachelors' degree	3,466	12.6	32,268	17.1	506,662	20.6
Graduate or professional degree	2,090	7.6	27,157	14.4	401,889	16.4
Total	27,610	100.0	188,762	100.0	2,455,577	100.0
Percent high school graduate or higher	--	86.2	--	90.9	--	89.5
Percent bachelor degree or higher	--	20.1	--	31.5	--	37.0

Source: U.S. Department of Commerce, Bureau of Census, American Community Survey, 2010-2014 (DP02).

Total Employment by Industry

	City of Norwich		New London County		State of Connecticut		United States	
Sector	Employed	%	Employed	%	Employed	%	Employed	%
Agriculture & forestry	19	0.1	625	0.5	7,413	0.4	2,807,292	2
Construction	867	4.4	6,900	5.2	97,974	5.5	8,843,718	6.2
Manufacturing	1,456	7.4	17,383	13	191,057	10.8	14,955,235	10.4
Wholesale trade	293	1.5	2,179	1.6	44,195	2.5	3,937,598	2.7
Retail trade	2,311	11.7	14,800	11.1	191,267	10.8	16,598,718	11.6
Transportation & utilities	641	3.3	5,253	3.9	65,068	3.7	7,066,666	4.9
Information:	123	0.6	1,982	1.5	41,905	2.4	3,064,078	2.1
Finance, Insurance & Real Estate	462	2.3	5,708	4.3	161,926	9.2	9,467,555	6.6
Services, including Education & Health Care	12,770	64.9	71,903	53.9	899,638	50.9	69,638,605	48.6
Public Administration	747	3.8	6,540	4.9	66,491	3.8	7,055,768	4.9
Total	19,689	100.0	133,363	100.0	1,766,934	100.0	143,435,233	100.0

Source: U.S. Department of Commerce, Bureau of Census, American Community Survey, 2010-2014 (DP03).

Employment Data

Average Annual Period	City of Norwich		Percentage Unemployed		
	Employed	Unemployed	City of Norwich	Norwich-New London Labor Market Area[1]	State of Connecticut
2015[2]	18,951	1,499	7.0	6.1	5.7
2014	18,869	1,697	8.3	6.9	6.6
2013	19,786	1,952	9.0	8.0	7.8
2012	20,092	2,085	9.4	8.6	8.3
2011	20,692	2,201	9.6	8.7	8.8
2010	20,839	2,294	9.9	8.9	9.3
2009	19,310	1,941	9.1	7.9	8.3
2008	19,690	1,327	6.3	5.4	5.6
2007	19,414	1,058	5.2	4.3	4.6
2006	19,503	1,038	5.1	4.2	4.4

Source: Department of Labor, State of Connecticut, Office of Research, Historical Labor Force Monthly Data

[1] Statistics for the Connecticut portion of the Norwich-New London Labor Market Area

[2] 2015 Employment Data available from 1/15 to 11/15

Major Employers

Employer	Nature of Business	# of FTE Employees
William W. Backus Hospital	Medical Center	1,439
City of Norwich (incl. NPU & BOE)	Municipality	1,073
State of Connecticut	All State agencies	911
Bob's Discount Furniture	Distribution Center	530
U.S. Food Service	Food Distribution	375
Norwich Free Academy	Quasi-private high school	295
United Community & Family Services	Healthcare & community services	252
Wal-Mart	Grocery & Retailer	226
Shop Rite	Grocery	225
The American Group	Ambulance Service and other operations	181

Source: January 2015 survey by Norwich Finance Department

Number and Size of Households

	City of Norwich		New London County		State of Connecticut	
	Number	%	Number	%	Number	%
Persons in households	39,979	--	261,273	--	3,574,097	--
Persons per household (average)	2.41	--	2.44	--	2.52	--
Persons per family	3.02	--	2.98	--	3.08	--
Family households	9,884	59.5	69,862	65.3	908,661	66.3
Non-family households	6,715	40.5	37,195	34.7	462,426	33.7
All households	16,599	100.0	107,057	100.0	1,371,087	100.0
Family households by type						
Married couple	6,071	61.4	52,173	74.7	672,013	73.9
Female householders, no spouse	2,848	28.8	12,651	18.1	176,973	19.5
Other	965	9.8	5,038	7.2	59,675	6.6
Total family households	9,884	100.0	69,862	100.0	908,661	100.0
Non-family households by type						
Householders living alone	5,192	77.3	29,594	79.6	373,648	80.8
Other	1,523	22.7	7,601	20.4	88,778	19.2
Total non-family households	6,715	100.0	37,195	100.0	462,426	100.0

Source: U.S. Department of Commerce, Bureau of Census, 2010 (DP-1)

Age Distribution of Housing

	City of Norwich		New London County	State of Connecticut
Year Structure Built	Units	%	%	%
Built in 1939 or earlier	7,144	39.2	24.2	22.4
Built in 1940-1969	4,830	26.5	30.1	36.0
Built in 1970-1979	2,183	12.0	14.0	13.4
Built in 1980-1989	2,000	11.0	13.1	13.0
Built in 1990-1999	910	5.0	9.3	7.6
Built in 2000 - present	1,174	6.4	9.4	7.5
Total:	18,241	100.0	100.0	100.0

Source: U.S. Department of Commerce, Bureau of Census, American Community Survey, 2010-2014 (DP04).

Housing Inventory

Units in Structure	City of Norwich Units	City of Norwich %	New London County %	State of Connecticut %
1 unit detached	7,793	42.7	65.6	59.2
1 unit attached	1,253	6.9	4.1	5.4
2 to 4 units	4,363	23.9	14.2	17.1
5 to 9 units	1,732	9.5	5.2	5.5
10 or more units	2,472	13.6	8.7	12.1
Mobile home, trailer, other	628	3.4	2.3	0.8
Total Units	18,241	100.0	100.0	100.0

Source: U.S. Department of Commerce, Bureau of Census, American Community Survey, 2010-2014 (DP04).

Owner-Occupied Housing Values

Value	City of Norwich Number	City of Norwich %	New London County %	State of Connecticut %
Less than $50,000	644	7.5	3.8	2.6
$50,000 to $99,999	514	6.0	3.0	2.9
$100,000 to $149,999	1,494	17.5	7.7	8.0
$150,000 to $199,999	2,516	29.5	18.0	15.1
$200,000 to $299,999	2,531	29.7	33.9	28.2
$300,000 to $499,999	640	7.5	24.4	26.7
$500,000 to $999,999	165	1.9	7.3	12.0
$1,000,000 or more	26	0.3	1.9	4.5
Totals	8,530	100.0	100.0	100.0

Source: U.S. Department of Commerce, Bureau of Census, American Community Survey, 2010-2014 (DP04).

Building Permits

Calendar	Residential		Commercial		Industrial		Other		Total	
Year Ended	No.	Value	No.	Value	No.	Value	No.	Value	No.	Value
2015	1,622	$35,234,992	185	$14,631,952	--	$--	--	$--	1,807	$ 49,866,944
2014	1,958	18,694,563	176	8,053,706	--	--	--	--	2,134	26,748,269
2013	1,874	15,535,880	214	11,602,204	--	--	--	--	2,088	27,138,084
2012	1,427	19,452,636	155	7,761,148	--	--	--	--	1,582	27,213,784
2011	1,518	14,645,754	165	7,046,135	--	--	4	1,250	1,687	21,693,139
2010	1,510	14,605,025	160	15,293,738	--	--	25	5,300	1,695	29,904,063
2009	1,231	17,348,116	269	4,475,596	1	52,000	61	1,430,636	1,562	23,306,348
2008	1,827	13,949,602	312	15,969,375	3	23,360	45	1,999,093	2,187	31,941,430
2007	1,779	25,968,385	295	26,309,884	--	--	19	499,450	2,093	52,777,719
2006	1,545	23,456,782	250	41,858,422	1	1,500	4	850,000	1,800	66,166,704

Source: Building Official, City of Norwich

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- **Property Tax and Assessments**
- **Property Tax Levy and Collection**
- **Comparative Assessed Valuations**
- **Taxable Grand List and Tax Collections**
- **Major Taxpayers**

TAX BASE DATA

Property Tax and Assessments

Section 12-62 et. seq. of the Connecticut General Statutes govern real property assessments and establish the revaluation cycle for Connecticut municipalities of a revaluation every five years and, generally, a physical inspection every ten years. Section 12-62 also imposes a penalty on municipalities that fail to effect revaluations as required, with certain exceptions. However, the statute permits the phase-in of a real property assessment increase resulting from a revaluation over a period of up to five years. The maintenance of an equitable tax base by locating and appraising all real and personal property within the City for inclusion on the Grand List is the responsibility of the Assessor's Office. The Grand List represents the total assessed values for all taxable and tax exempt real estate, taxable personal property, and motor vehicles located within the City as of October 1. Assessments for real and personal property are computed at seventy percent (70%) of the market value at the time of last revaluation, and at 70% of the annual approval of Motor Vehicles by the Office of Policy and Management. Grand List information is used by municipalities to set the mill rate which in turn becomes the basis for the City's annual tax levy. Any property owner may seek to appeal its assessment by filing a written appeal to a City's Board of Assessment Appeals. The Board of Assessment Appeals elects to hear such appeals and determines whether adjustments to the Assessor's list relating to assessments under appeal are warranted. Under Connecticut law, taxpayers who are dissatisfied with a decision by a City's Board of Assessment Appeals may appeal the decision to the Connecticut Superior Court. The City's last revaluation was implemented on October 1, 2013 (commencing tax fiscal year 2014-2015). The next scheduled revaluation is due October 1, 2018.

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

Motor vehicle lists are furnished to municipalities by the State Department of Motor Vehicles and appraisals of motor vehicles are accomplished in accordance with an automobile price schedule developed by the Connecticut Association of Assessing Officials and as recommended by the State Office of Policy and Management. Section 12-71b of The Connecticut General Statutes provides that motor vehicles which are registered with the Commissioner of Motor Vehicles after the October 1 assessment date are subject to property tax as follows: 1) vehicles registered subsequent to October 1 but prior to the following August 1, are subject to a prorated tax based on the period of time from the date of registration until the following October 1; 2) vehicles purchased in August and September are not taxed until the next October 1 Grand List. With respect to replacement vehicles (as compared to additional vehicles) Section 12-71b provides for similar prorating of taxes on the new vehicle and a credit with respect to taxes due on the replaced vehicle during the assessment year. Public Act No. 15-244, which became effective October 1, 2015, allows municipalities to tax motor vehicles at a different rate than other taxable property but caps the motor vehicle tax rate at (i) 32.00 mills for the 2015 assessment year and (ii) 29.36 mills for the 2016 assessment year and thereafter. The Act also diverts a portion of state collected sales tax revenue to provide funding to municipalities to mitigate the revenue loss attributed to the motor vehicle property tax cap. The City's motor vehicle tax rates for the current 2014 assessment year is 41.39 mills for the town district and 48.06 mills for the city district.

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

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

Section 12-170v of the Connecticut General Statutes permits a municipality upon approval by its legislative body to freeze the property taxes due for certain low-income elderly residents. Any municipality providing such property tax relief may place a lien upon such property in the amount of total tax relief granted plus interest.

Property Tax Levy and Collection

Property taxes are levied on all taxable assessed property on the Grand List of October 1 prior to the beginning of the fiscal year. Real and personal property taxes are generally payable in two installments on July 1 and January 1, except that real and personal property taxes under $100 are payable in one installment on July 1. Motor vehicle tax bills are payable in July and motor vehicle supplemental bills are payable in January. A margin against delinquencies, legal reductions, and Grand List adjustments, such as Assessor errors, is provided by adjusting the Grand List downward when computing anticipated property tax revenue from the current levy. An estimate for delinquent taxes and outstanding interest and lien fees anticipated to be collected during the fiscal year is normally included as a revenue item in the budget. Delinquent taxes are billed at least four times a year with interest charged at the rate of one and one-half percent per month with a minimum charge of $2. In accordance with State law, the oldest outstanding tax is collected first. Outstanding real estate tax accounts are automatically liened each year prior to June 30 with legal demands and alias tax warrants used in the collection of personal property and motor vehicle tax bills. Delinquent motor vehicle and personal property tax accounts are transferred to a suspense account when collection appears unlikely at which time they cease to be carried as receivables by the City, although they remain collectible. Tax accounts unpaid fifteen years after the due date are not collectible in accordance with State statutes.

Comparative Assessed Valuations

		Real Estate		Personal Property				
FYE 6/30	Grand List 10/1	Industrial/ Commercial	Residential	Motor Vehicles	Other	Total Assessed Value	Less: Exemptions	Total Taxable Assessed Value
2017*	2015	$352,881,780	$1,155,152,120	$225,000,000	$147,599,382	$1,880,633,282	$39,000,000	$1,841,633,282
2016*	2014	351,104,190	1,150,941,600	225,000,000	140,620,990	1,867,666,780	39,000,000	1,828,666,780
2015	2013[1]	347,540,820	1,148,373,600	199,569,950	138,284,200	1,833,768,570	38,117,150	1,795,651,420
2014	2012	453,161,300	1,669,949,700	194,509,080	140,057,210	2,457,677,290	33,750,270	2,423,927,020
2013	2011	454,877,200	1,675,445,015	218,925,275	144,144,082	2,493,391,572	38,323,212	2,455,068,360
2012	2010	454,256,500	1,661,420,601	183,848,923	132,757,250	2,432,283,274	41,561,735	2,390,721,539
2011	2009	467,731,000	1,656,684,500	202,208,858	118,062,320	2,444,686,678	36,521,640	2,408,165,038
2010	2008[1]	433,291,000	1,666,402,137	194,403,183	114,906,447	2,409,002,767	30,891,414	2,378,111,353
2009	2007	344,640,000	1,235,104,300	208,755,740	112,574,765	1,901,074,805	24,841,160	1,876,233,645

Source: City of Norwich Assessor's Office

Taxable Grand List and Tax Collections
(Unaudited)

			Collected in the FY of the Levy		Collections in Subsequent	Total Collections through June 30, 2015	
FYE 6/30	Mill Rate	Adjusted Tax Levy for Fiscal Year	Amount	Percentage	Years	Amount	Percentage
General Fund							
2015	38.55	$69,247,589	$66,666,856	96.27%	-	$66,666,856	96.27%
2014	27.23	65,922,369	63,720,850	96.66%	$1,242,547	64,963,397	98.55
2013	26.54	64,617,976	62,401,066	96.57	1,323,431	63,724,497	99.64
2012	24.76	59,109,668	57,141,194	96.67	1,767,142	58,908,336	99.82
2011	24.04	57,006,148	54,816,062	96.16	2,059,009	56,875,071	99.89

In addition, the City collects two additional fire taxes which are used to pay for salary and benefits for the career fire department and the benefits and workers' compensation costs of the volunteer fire departments. For more information about the fire taxes, please refer to Appendix A, herein.

* Includes estimates for supplemental motor vehicle billing in the Motor Vehicles totals and Exemptions totals

[1] Revaluation Year

Major Taxpayers

Name	Nature of Business	Property Assessed Value as of October 1, 2015	% of Net Taxable Grand List October 1, 2015[1]
Computer Science Corporation	Computer Products & Services	31,470,640	1.71%
NorwichTown Commons	Shopping Center	16,814,800	0.91%
Bob's Discount Furniture	Retail Store & Distribution Center	14,536,810	0.79%
Norwich Realty Associates, LLC	Computer Leasing	9,666,400	0.52%
Plaza Enterprises	Real Estate	9,263,000	0.50%
Norwich Community Development Corporation	Shopping Center	8,662,100	0.47%
EMC Corporation	Department Store	8,364,790	0.45%
Wal-Mart Stores, Inc.	Office building	8,355,340	0.45%
Mashantucket Pequot Tribe	Natural Gas Pipeline	7,290,100	0.40%
Algonquin Gas Transmissions LLC	Real Estate	6,591,840	0.36%
	TOTAL	$121,015,820	6.62%

Source: City of Norwich Assessor's Office

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[1] The October 1, 2015 grand list is the base grand list that will be used for the tax bills to be issued July 1, 2016 for the 2017 fiscal year.

Principal Amount of Indebtedness

Pro Forma as of March 1, 2016

Date of Issue	Purpose	Original Issue Amount	Debt Outstanding	Coupon Rates	Final Maturity
Long Term Debt					
December 30, 2008	QZAB - Kelly Middle School	2,940,000	1,225,000	0%	2020
June 30, 2009	Clean Water Act 200801-C (water)	450,000	298,125	2.27%	2029
December 16, 2009	General Purpose, Series A	11,410,000	8,400,000	3.00-4.00%	2029
December 31, 2010	DWSRF 2010-8005	144,728	100,103	2.06%	2030
December 31, 2010	DWSRF 2010-8006	326,250	233,812	2.06%	2030
December 13, 2011	General Purpose	9680000	8,180,000	2.00-4.00%	2031
February 15, 2012	Refunding 2002	2,725,000	1,835,000	2.00%	2022
February 12, 2014	General Purpose, Series A	12,365,000	11,055,000	3.00-5.00%	2034
February 12, 2014	Refunding, Series B	5,780,000	2,970,000	3.00-5.00%	2019
March 3, 2015	General Purpose, Series A	5,600,000	5,350,000	3.00-4.00%	2034
March 3, 2015	Taxable Bonds, Series B	1,140,000	1,025,000	2.00-3.00%	2025
March 1, 2016	General Purpose, Series A (This Issue)	6,300,000	6,300,000	2.00-3.00%	2035
March 1, 2016	Taxable Bonds, Series B (This Issue)	2,500,000	2,500,000	2.00-3.00%	2025
Total Outstanding General Obligation Debt			**$49,472,041**		
Sewer – Revenue Secured Only[1]					
October 31, 1997	CWF 106-C	3,239,094	135,684	2.00%	2016
June 30, 2000	CWF 298-C	1,508,000	251,326	2.00%	2019
June 30, 2002	CWF 349-C	881,000	291,365	2.00%	2021
June 1, 2013	CWF 495-C (Digester)	5,747,554	4,792,262	2.00%	2032
December 31, 2013	CWF 625-D (Treatment Plant Design)	1,864,518	1,520,739	2.00%	2032
November 28, 2014	CWF 625-D-1 (Treatment Plant Design) – IFO[2]	2,510,422	2,293,242	2.00%	2031
		15,750,588	**9,284,619**		
Water – Revenue Secured Only[1]					
December 31, 2002	CWF 9714-C	1,899,000	759,981	2.77%	2021
April 30, 2014	Deep River Reservoir Pump/Drive DWSRF 2011-7005	160,284	153,065	2.00%	2032
April 30, 2014	Deep River Reservoir Transmission Line DWSRF 2011-7006	147,989	141,138	2.00%	2032
November 28, 2014	Deep River Reservoir Pump/Drive- IFO[2]	2,293,347	2,293,347	2.00%	5/31/16
November 28, 2014	Deep River Reservoir Transmission Line – IFO[2]	147,989	147,989	2.00%	5/31/16
June 30, 2015	DWSRF 2014-7027 Replacement of Stony Brook Contact Clarifier, Mohegan Park Tank, and North and South Transmission Mains	505,762	476,259	2.00%	2034
		5,154,371	**5,184,351**		
Total Outstanding Revenue Secured Debt			**$14,468,970**		
Total Outstanding Long-Term Debt			**$63,941,010**		

Short Term Debt

As of March 1, 2016, the City does not have any outstanding short term general obligation notes. Please see "Clean Water Fund Program" below for further details.

Overlapping/Underlying Debt

As of March 1, 2016, the City does not have any overlapping or underlying debt.

1 All revenue secured debt is issued through the Clean Water Fund. See "Clean Water Fund Program" herein.

2 These IFO amounts are short-term financing issued through the Clean Water Fund.

Aggregate Annual Debt Maturity Schedule
Pro Forma as of March 1, 2016 (Including principal and interest on Bonds)

Fiscal Year Ending (6/30)	GO Principal[1]	GO Interest Payments[*]	GO Principal % Retired	Solely Revenue Secured Principal[2]	Solely Revenue Secured Interest	Solely Revenue Secured % Retired
2016	290,000	347,666	1%	796,376	161,768	11.52%
2017	3,990,000	1,463,769	9%	673,442	146,489	18.98%
2018	3,935,000	1,354,298	17%	616,113	133,958	25.82%
2019	3,815,000	1,227,673	25%	627,091	121,471	32.77%
2020	3,605,000	1,110,883	33%	562,919	109,430	39.02%
2021	3,070,000	1,005,503	39%	574,395	97,954	45.39%
2022	2,965,000	905,008	46%	498,083	86,685	50.91%
2023	2,720,000	806,758	51%	418,650	78,537	55.55%
2024	2,715,000	714,550	57%	426,305	70,881	60.28%
2025	2,685,000	623,288	63%	434,115	63,072	65.10%
2026	2,255,000	543,013	68%	442,082	55,104	70.00%
2027	2,255,000	469,013	73%	450,210	46,976	74.99%
2028	2,255,000	397,113	77%	458,502	38,684	80.08%
2029	2,255,000	323,756	82%	465,087	30,224	85.24%
2030	2,255,000	250,044	87%	453,092	21,594	90.26%
2031	1,620,000	186,516	90%	461,897	12,789	95.39%
2032	1,625,000	134,375	94%	413,206	4,041	99.97%
2033	1,095,000	90,563	96%	2,888	--	100.00%
2034	1,095,000	53,250	98%	--	--	
2035	500,000	15,313	99%			
2036	250,000	3,750	100%	--	--	
	$47,615,000	$12,026,095		$9,016,354	$1,432,344	

[1] Includes $14,907,000 general obligation gas line debt that is expected to be paid from natural gas revenues.

[*] Preliminary, subject to change

[2] Excludes interim IFO Clean Water Fund loans as final debt service schedules haven't been finalized. These payments are secured solely from water or sewer revenues, and are not secured by the City's general obligation pledge.

Authorized But Unissued Debt
Pro Forma as of March 1, 2016

Project	Date Authorized	Bonds Authorization	Prior Bonds / Pay downs	Estimated Grants/ CWF Note financing	This Issue	Remaining Authorization
General Purpose						
NL Tpke & Pleasant St Bridges	01/16/07	530,000	90,000	215,000	-	225,000
Infrastructure Improvement Program (2013)	11/05/13	5,000,000	1,092,000	-	2,350,000	1,558,000
Demolition of 77 Chestnut St. & 26 Shipping St.	01/06/14	500,000	395,000	-	10,000	95,000
Norwich Technology Improvements	03/03/14	800,000	150,000	-	645,000	5,000
SCBA Packs	01/20/16	800,000	-	-	-	800,000
Urban Renewal						
Downtown Revitalization	11/02/10	3,380,000	715,000	-	1,240,000	1,425,000
Schools						
Renovation & Expansion of Kelly Middle School	11/06/07	41,250,000	10,195,000	30,000,000	555,000	500,000
Gas						
Gas line extensions	11/04/14	9,500,000	1,206,000	-	4,000,000	4,294,000
General Obligation Bond Total		**61,760,000**	**13,843,000**	**30,215,000**	**8,800,000**	**8,902,000**

Debt Statement
Pro Forma as of March 1, 2016

GENERAL OBLIGATION

LONG TERM DEBT	
General Purpose	$17,491,922
Schools	9,831,666
Sewers & Water	5,356,453
Urban Renewal	1,885,000
Gas[1]	14,907,000
TOTAL LONG TERM DEBT	**$49,472,041**
SHORT-TERM DEBT	$0
TOTAL DIRECT DEBT	**$49,472,041**
Less:	
Self-Supporting Debt[1]	(14,907,000)
TOTAL DIRECT NET DEBT	**$34,565,041**
OVERLAPPING/UNDERLYING DEBT	$ 0
TOTAL NET DIRECT DEBT	**$34,565,041**

Current Debt Ratios
Pro Forma as of March 1, 2016
(Grand List $ in thousands)

Population (2014)[2]	40,738
Net Taxable Grand List 10/1/14 at 70% of Full Value[3]	$1,801,183
Estimated Full Value	$2,573,119
Equalized Net Taxable Grand List (10/1/13)[4]	$2,574,692
Income per Capita[5]	$27,111
Estimated Full Value per Capita	$63,545

	Total Direct Debt	Total Direct Net Debt	Total Net Direct Debt
Debt per Capita	$1,214	$848	$848
Ratio to Net Taxable Grand List (%)	2.75%	1.92%	1.92%
Ratio to Estimated Full Value (%)	1.92%	1.34%	1.34%
Ratio to Equalized Net Taxable Grand List (%)	1.69%	1.18%	1.18%
Debt per Capita to Income per Capita (%)	4.48%	3.13%	3.13%

Limitation on Indebtedness

In accordance with the Connecticut General Statutes, the aggregate indebtedness of a municipality shall not exceed seven (7) times the annual receipts from taxation.

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

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

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

2 U.S. Department of Commerce, Bureau of Census, 2016

3 Assessor’s Office, City of Norwich

4 State of Connecticut, Fiscal Indicators, as of January 23, 2015

5 U.S. Department of Commerce, Bureau of Census, American Community Survey, 2010-2014 (DP03).

"Annual receipts from taxation", (the "base") is defined as total tax collections of the municipality and only coterminous municipalities (including interest, penalties and late payments) plus State payments for revenue loss under CGS Section 12-129d and State payments under CGS Section 7-528.

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

Statement of Statutory Debt Limitation and Debt Margin

Presented below is the statutory debt limitation for the City of Norwich:

Debt Limitation Base

Pro Forma as of March 1, 2016

Total tax collections (including interest and lien fees) for the fiscal year ended June 30, 2015.

City	$69,577,597
CCD Fire District	4,500,867
TCD Fire District	586,434
Reimbursement for elderly tax freeze	2,000
Debt Limitation Base	$74,666,898

Debt Limitation	**General Purposes**	**Schools**	**Sewers**	**Urban Renewal**	**Pension Deficit**
FACTOR MULTIPLIED BY BASE					
2 ¼ times base	168,000,521	-	-	-	-
4 ½ times base	-	336,001,041	-	-	-
3 ¾ times base	-	-	280,000,868	-	-
3 ¼ times base	-	-	-	242,667,419	-
3 times base	-	-	-	-	224,000,694
Total debt limitation	**$168,000,521**	**$336,001,041**	**$280,000,868**	**$242,667,419**	**$224,000,694**
Debt as defined by statute					
Bonds Payable (excluding $1,175,528 of water bonds)	17,491,922	9,831,666	4,180,925	1,885,000	--
Notes Payable:	--	--	--	--	--
Capital leases	829,762	--	--	--	--
School Construction Grants	--	--	--	--	--
Bonds authorized and unissued:	1,883,000	500,000	--	1,425,000	--
Total Indebtedness	**$20,204,684**	**$10,331,666**	**$4,180,925**	**$3,310,000**	**$0**
Debt Limitation in Excess of Outstanding and Authorized Limit	**$147,795,837**	**$325,669,375**	**$275,819,943**	**$239,357,419**	**$224,000,694**
Percent of Limitation	**12.03%**	**3.07%**	**1.49%**	**1.36%**	**0.00%**

Note: In no case shall total indebtedness exceed $522,668,286 or seven times annual receipt from taxation. Gas Line extension bonds and related authorized but unissued debt are excluded from the analysis above as they are Self Supporting Debt

Bond Authorization

The City has the power to incur indebtedness by issuing its bonds or notes as authorized by the Connecticut General Statutes subject to statutory debt limitations and the procedural requirements of the City Charter. The issuance of bonds and notes is authorized by the City Council and referenda if the proposed issuance for the project exceeds $800,000. Revenue secured obligations may be authorized by vote of the City Council.

Temporary Financing

When general obligation bonds have been authorized, bond anticipation notes may be issued maturing in not more than two years (CGS 7-378). Temporary notes may be renewed up to ten years from their original date of issue as long as all project grant payments are applied toward payment of temporary notes when they become due and payable and the legislative body schedules principal reductions by the end of the third year and for all subsequent years during which such temporary notes remain outstanding in an amount equal to a minimum of $1/20^{th}$ ($1/30^{th}$ for sewer projects) of the estimated net project cost (CGS Sec. 7-378a). The term of the bonds issue is reduced by the amount of time temporary financing exceeds two years, or, for sewer projects, by the amount of time temporary financing has been outstanding.

Temporary notes may be funded beyond ten years from the initial borrowing if a written commitment exists for State and/or federal grants, for terms not to exceed six months until such time that the final grant payments are received (CGS Sec. 7-378b).

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

Temporary notes may be issued in one year maturities for up to fifteen years in anticipation of sewer assessments receivable, such notes to be reduced annually by the amount of assessments received during the preceding year (CGS Sec. 7-269a).

State of Connecticut School Building Grants

Pursuant to Section 10-287i of the Connecticut General Statutes, the State will make proportional progress payments for eligible construction costs during project construction. The State grant will be paid directly to the municipality after it submits its request for progress payments, and accordingly, the municipality will issue its bonds only for its share of project costs.

The State will advance school building construction reimbursements to the City of Norwich for eligible costs at a reimbursement rate of approximately 77%. The Kelly School project will be reimbursed at approximately 77%.

Clean Water Fund Program

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

The CWF Program includes a drinking water component. Eligible drinking water projects receive State loans from the Drinking Water State Revolving Fund (DWSRF) established pursuant to the CWF, which bear interest at no more than one-half of the average net interest cost incurred by the State’s previous similar bond issue. State water grant funding is not generally available; however the State administers federal grant funding such as the Long Island Sound Restoration Act (LISRA) and American Recovery and Reinvestment Act (ARRA) through the DWSRF.

CWF and DWSRF loans are made pursuant to Project Grant and Project Loan Agreements (“Loan Agreements”). Construction costs are funded with temporary draw down loans called Interim Funding Obligations (IFO), which enables municipalities to borrow only what is required for project costs. The IFO is permanently financed through the issuance of a Project Loan Obligation (“PLO”) at the conclusion of the project. IFOs and PLOs are secured by either the full faith and credit of the municipality and/or a dedicated source of revenue. Most of the City’s CWF and DWSRF loans are secured only by sewer and water revenues.

Amortization of each loan is required to begin one year from the earlier of the scheduled completion date specified in the Loan Agreement or the actual project completion date. The final maturity of each PLO is twenty years from the scheduled completion date. Principal and interest payments are made (1) in equal monthly installments commencing one month after the scheduled completion date, or (2) in single annual installments representing 1/20 of total principal not later than one year from the scheduled completion date specified in the Loan Agreement repayable thereafter in monthly installments. Loans made under loan agreements entered into prior to July 1, 1989 are repayable in annual installments. Borrowers may elect to make level debt service payments or level principal payments. Borrowers may prepay their loans at any time prior to maturity without penalty. See “Municipal Services” under the Issuer, and “Water Operations” and “Wastewater Operations” therein.

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- **Fiscal Year**
- **Basis of Accounting and Accounting Policies**
- **Annual Audit**
- **Auditor's Disclaimer**
- **Pension Programs**
- **Other Post Employment Benefits**
- **General Fund Unrestricted Fund Balance Policy**
- **General Fund Revenues and Expenditures**

Fiscal Year

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

Basis of Accounting and Accounting Policies

The financial statements of the City of Norwich, Connecticut have been prepared in conformity with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB). Please refer to Appendix A "Financial Statements" herein for compliance and implementation details.

Annual Audit

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

For the fiscal year ended June 30, 2015, the financial statements of the various funds of the City were audited by Blum, Shapiro & Company, PC, Certified Public Accountants, West Hartford, Connecticut. The fiscal year ended 2015 Comprehensive Annual Financial Report ("CAFR"), including the Auditors' opinion, the Federal and State Single Audit Reports and the Report on Compliance and Internal Control over Financial Reporting were filed with OPM prior to December 31, 2015.

Auditor's Disclaimer

Blum, Shapiro & Company, PC, Certified Public Accountants, West Hartford, Connecticut, the City's independent auditors, are not passing upon and do not assume responsibility for the sufficiency, accuracy or completeness of the financial information presented in this Official Statement (other than matters expressly set forth in Appendix A, "Financial Statements" herein), and make no representation that they have independently verified the same. The auditors have not been engaged nor performed audit procedures regarding the post audit period. The auditors have not been asked to nor have they provided their written consent to include their Independent Auditors' Report in this Official Statement.

Pension Programs:

City Retirement System

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

The contribution requirements of plan members and the City are established and may be amended by the City legislature. Benefits and contributions are established by the City and may be amended only by the City Charter and union negotiation. City employees are required to contribute 8.0%. Police and firefighter participants are required to contribute 8.0%. The City's funding policy provides for periodic employer contributions at actuarially determined rates. In response to and in compliance with GASB 67/68 and in consultation with the City's investment advisors and actuary, the City reduced the assumed rate of return from 8.25% to 7.75% and changed the amortization from 30 years open to a maximum closed 25-year period for unfunded liabilities that existed on July 1, 2013 and a maximum 20-year period for any unfunded liabilities thereafter. In order to mitigate the impact on the operating budget, the City will increase its contribution by 15% each year starting in fiscal year 2014-15 to build up to the full actuarially determined contribution (ADC) over four to five years. The requirement to fund unfunded liabilities within the foregoing maximum 25 and 20 year periods are mandated by ordinance adopted by the City Council in December 2014, but is subject to repeal or override, including by the annual budget appropriating ordinance.

The City's actuary firm, Hooker & Holcombe, completed the July 1, 2015 actuarial valuation report on December 7, 2015. This valuation included changes to assumptions for salary increases, retirement rates, mortality, and termination factors based on an experience study conducted in 2015. The table below compares the funding status as of this most recent valuation to the previous valuations.

(In Thousands)

Pension Valuation History

Actuarial Valuation Date	Value of Assets	Actuarial Accrued Liability	Unfunded Accrued Liability	Percent Funded	Annual Covered Payroll	Unfunded Accrued Liability as a % of Covered Payroll
7/1/2015	$161,711	$254,730	$93,019	63.5%	$40,590	229.2
7/1/2013	144,789	227,932	83,143	63.5	37,572	221.3
7/1/2011	148,332	195,652	47,321	75.8	33,523	141.2
1/1/2010	149,304	184,161	34,857	81.1	32,509	107.2
1/1/2009	153,090	175,726	22,636	87.1	33,280	71.4
1/1/2008	157,020	165,406	8,386	94.9	30,696	27.3

Pension Contribution History

Fiscal Year Ended	Actuarially Determined Contribution	Actual City Contribution	% Contributed
6/30/2016*	$9,740	$7,656	78.60
6/30/2015	9,651	6,718	69.61
6/30/2014	5,790	5,849	101.02
6/30/2013	5,728	5,730	100.03
6/30/2012	4,713	4,407	93.51

* Included in 2015-16 budget

Volunteer Firefighters' Relief Fund

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

(In Thousands)

Relief Fund Valuation History

Actuarial Valuation Date	Value of Assets	Actuarial Accrued Liability	Unfunded Accrued Liability	% Funded
1/1/2014	$2,139	$5,041	$2,902	42.43
1/1/2012	1,639	4,804	3,165	34.12
1/1/2010	1,404	3,962	2,558	35.44
1/1/2008	1,299	3,810	2,511	34.09
1/1/2006	1,150	3,305	2,155	34.80
1/1/2004	1,057	2,779	1,722	38.04

Relief Fund Contribution History

Fiscal Year Ended	Actuarially Determined Contribution	Actual Contribution	% Contributed
6/30/2016*	$351	$351	100.00
6/30/2015	304	333	109.54
6/30/2014	309	309	100.00
6/30/2013	309	310	100.32
6/30/2012	255	281	110.20

* Included in 2015-16 budget

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

For further details on the plans, please refer to Appendix A, under "Financial Statements" herein.

Other Post Employment Benefits

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

With the July 1, 2013 valuation, the City reduced the assumed rate of return from 8% to 7.75% and changed the amortization from 30 years open to a maximum closed 25-year period for unfunded liabilities that existed July 1, 2013 and maximum 20-years for any unfunded liabilities thereafter. The requirement to fund unfunded liabilities within the foregoing maximum 25 and 20 year periods are mandated by ordinance adopted by the City Council in December 2014.

Hooker & Holcombe completed the July 1, 2015 actuarial valuation report on December 28, 2015. This valuation included changes to assumptions for mortality and medical trends. Hooker & Holcombe estimates the City's actuarial OPEB unfunded actuarial accrued liability at $43.8 million with an ARC of $5.5 million for fiscal years 2017 and 2018. The table below compares the funding status as of this most recent valuation to the previous five valuations.

OPEB Actuarial Valuation History
(In Thousands)

Actuarial Valuation Date	Value of Assets	Actuarial Accrued Liability	Unfunded Accrued Liability	Percent Funded	Annual Covered Payroll	Unfunded Accrued Liability as a % of Covered Payroll
7/1/2015	$13,586	$57,409	$43,823	$23.7%	$57,814	75.8
7/1/2013	9,684	55,483	45,799	17.5%	52,400	87.4
7/1/2011	4,405	57,618	53,213	7.6%	50,093	106.2
7/1/2009	2,594	58,239	55,645	4.5%	50,374	110.5
7/1/2007	-	46,595	46,595	0.0%	44,921	103.7

OPEB Contribution History

Fiscal Year Ended	Annual Required Contribution	Actual Contribution	% Contributed
6/30/2016*	$5,565	$5,565	100.00
6/30/2015	5,446	5,446	100.00
6/30/2014	6,040	6,040	100.00
6/30/2013	5,917	5,592	94.51

* Included in 2015-16 budget

With the July 1, 2013 valuation, the City reduced the assumed rate of return from 8% to 7.75% and changed the amortization from 30 years open to a maximum closed 25-year period for unfunded liabilities that existed on July 1, 2013 and a maximum 20-year period for any unfunded liabilities thereafter. The requirement to fund unfunded liabilities within the foregoing maximum 25 and 20 year periods are mandated by ordinance adopted by the City Council in December 2014.

For further details on the plans, please refer to Appendix A, under "Financial Statements" herein.

General Fund Unrestricted Fund Balance Policy

The City Council adopted by ordinance a formal General Fund Unrestricted 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. As of June 30, 2015, UFB was 8.44%. The policy provides the City will use all General Fund operating surpluses for the initial build-up to 12%. The policy does not allow appropriations from UFB to balance the budget, thereby facilitating the 12% goal.

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 UFB policy ordinance is subject to repeal or override, including by the annual budget appropriating ordinance.

General Fund Revenues and Expenditures
(Numbers in 000s)
(Unrestricted)

The General Fund revenues, expenditures and changes in fund balance for the fiscal years ended June 30, 2010 through June 30, 2015 have been derived from the City's audited financial statements. The budget for 2015-16 is stated on a budgetary basis, which is different from the audited financial statements presentation. The City's independent auditors have not examined, reviewed or compiled any of the estimates presented below or expressed any conclusion or provided any other form of assurance with respect to such estimates, and accordingly, assumes no responsibility for them. The financial information presented herein is the responsibility of the City's management. ("Appendix A – Financial Statements" was taken from the City's General Purpose Financial Statements for the Fiscal Year ended June 30, 2015).

	Budget 2015-16	Actual 2014-15	Actual 2013-14	Actual 2012-13	Actual 2011-12	Actual 2010-11
REVENUES						
Property Taxes	$73,639	$69,578	$66,620	$64,821	$59,244	$56,857
Intergovernmental Revenue	39,162	42,763	44,891	43,580	42,703	38,103
Charges for services	1,867	1,720	2,097	2,023	2,012	1,978
Licenses, permits and fees	569	439	543	671	495	624
Investment income	45	43	39	32	7	47
Other	772	1,671	1,198	1,023	1,135	1,727
Total Revenues	$116,054	$116,214	$115,388	$112,150	$105,596	$99,336
EXPENDITURES						
General Government	$5,810	$5,278	$4,933	$4,901	$4,493	$5,350
Public Safety	18,171	16,019	15,586	14,730	13,278	12,608
Social Services	2,002	1,868	2,012	2,025	1,858	1,775
Public Works	10,577	10,030	9,691	9,467	8,955	9,091
Education	74,000	77,145	77,381	75,394	72,021	67,160
Other	4,282	5,644	5,598	4,943	4,795	3,411
Capital Outlay	0	0	617	0	0	804
Debt Service	0	5,436	5,340	5,164	4,908	4,772
Total Expenditures	$114,842	$121,420	$121,158	$116,624	$110,308	$104,971
OTHER FINANCING SOURCES (USES)						
Transfers In	$5,070	$6,458	$7,357	$7,690	$7,222	$8,091
Transfers (Out)	-6,282	-1,834	-2,418	-2,656	-2,702	-2,535
Other			617			804
Total Sources (Uses)	($1,212)	$4,624	$5,556	$5,034	$4,520	$6,360
Revenues and other financing sources (under) expenditures	0	-582	-214	560	-192	725
Fund Balance, July 1	$10,399	$10,981	$11,195	$10,635	$10,827	$10,102
Fund Balance, June 30	$10,399	$10,399	$10,981	$11,195	$10,635	$10,827
Fund Balance as a % of Expenditure and Transfers Out	8.59%	8.44%	8.89%	9.39%	9.41%	10.07%

Source: City's Financial Statements from 2011-2015; City Approved Budget 2015-16
Note: the operating deficits in 2013-14 and 2014-15 were primarily caused by shortfalls in Connecticut special education excess cost grants. The City removed these grants from the estimated revenues for the 2015-16 budget year.

Public Act No. 15-244 (the "Act"), which became effective October 1, 2015, creates certain disincentives on increasing general budget expenditures for municipalities in Connecticut. Beginning in fiscal year 2018, the Office of Policy and Management ("OPM") must reduce the amount of the municipal revenue sharing grant (which is created by the Act) for those municipalities whose increases in general budget expenditures, with certain exceptions, exceed the spending limits specified in the Act. Each fiscal year, OPM must reduce the municipal revenue sharing grant paid to a municipality if the annual increase in its general budget expenditures is equal to or greater than 2.5% or the inflation rate, whichever is greater. The reduction to the municipal revenue sharing grant will generally equal 50 cents for every dollar the municipality spends over the expenditure cap. However, for municipalities that taxed motor vehicles at more than 32 mills for the 2013 assessment year (for taxes levied in FY 15), the reduction shall not be more than the portion of the grant that exceeds the difference between the amount of property taxes the municipality levied on motor vehicles for the 2013 assessment year and the amount the levy would have been had the motor vehicle mill rate been 32 mills. (See "Property Tax and Assessments" herein.)

The Act requires each municipality to annually certify to the Secretary of OPM whether the municipality has exceeded the increased spending limits, and if so, the amount by which the limit was exceeded.

Under the Act, municipal spending does not include expenditures:

1. for debt service, special education, or costs to implement court orders or arbitration awards;
2. associated with a major disaster or emergency declaration by the President or disaster emergency declaration issued by the Governor under the civil preparedness law; or
3. for any municipal revenue sharing grant the municipality disburses to a district, up to the difference between the amount of property taxes the district levied on motor vehicles in the 2013 assessment year and the amount the levy would have been had the motor vehicle mill rate been 32 mills, for FY 17 disbursements, or 29.63 mills, for FY 18 disbursements and thereafter.

- **Litigation**
- **Availability of Continuing Disclosure Information**
- **Transcript and Closing Documents**
- **Legal Matters**
- **Concluding Statement**

LEGAL AND OTHER INFORMATION

Litigation

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

Availability of Continuing Disclosure Information

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

In accordance with the requirements of Rule 15c2-12(b)(5) promulgated by the Securities and Exchange Commission, in connection with the issuance of the Bonds, the City will agree to provide or cause to be provided, (i) annual financial information and operating data, (ii) notice of certain events with respect to the Bonds, and (iii) timely notice of a failure of the City to provide the required annual financial information on or before the date specified in the Continuing Disclosure Agreement to be executed in substantially the form attached as Appendix C to this Official Statement.

The City has previously undertaken in Continuing Disclosure Agreements entered into for the benefit of holders of certain of its general obligation bonds and notes to provide certain annual financial information and event notices pursuant to Rule 15c2-12(b)(5). The City has not materially failed to meet any of its undertakings under such agreements during the past 5 years. The City filed its FY 2012 CAFR with EMMA on 12/31/12; however, when filing its FY 2013 CAFR, the City mistakenly used the assigned EMMA link from its FY 2012 CAFR filing which overrode the original FY 2012 CAFR posting date on 12/16/13. The MSRB is aware of the incident and has recommended that the City leave the posting as-is to avoid undoing the posting which may appear incorrectly as a late filing.

Transcript and Closing Documents

Upon delivery of the Bonds, the Underwriter will be furnished with the following:

1. Signature and No Litigation Certificates stating that at the time of delivery no litigation is pending or threatened affecting the validity of the Bonds or the levy or collection of taxes to pay the principal of and the interest on the Bonds.

2. A Certificate on behalf of the City signed by the Acting City Manager and the Comptroller, which will be dated the date of delivery and attached to a confirmed copy of the Official Statement, and which will certify, to the best of said officials' knowledge and belief, the descriptions and statements in the Official Statement relating to the City and its finances were true and correct in all material respects and did not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, and that there has been no material adverse change in the financial condition of the City from that set forth in or contemplated by the Official Statement.

3. Receipts for the purchase price of the Bonds.

4. The approving opinions of Pullman & Comley, Hartford, Connecticut for the Bonds in substantially the form set out in Appendix B to this Official Statement.

5. An executed Continuing Disclosure Agreement for the Bonds in substantially the form set out in Appendix C of this Official Statement.

6. Within seven (7) business days after the award, the City will make available to the winning bidder of each series of Bonds 15 copies of the Official Statement at the City's expense. Additional copies may be obtained by the winning bidder at its own expense by arrangement with the printer.

A record of the proceedings taken by the City in authorizing the Bonds will be kept on file at the principal office of the Registrar and Paying Agent, U.S. Bank National Association of Hartford, Connecticut and may be examined upon reasonable request.

Legal Matters

Pullman & Comley, LLC is acting as Bond Counsel in connection with the issuance of the Bonds. Delivery of the Bonds is conditioned upon delivery by Bond Counsel of its opinions substantially in the form set forth in Appendix B of this Official Statement.

Concluding Statement

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

Additional information may be obtained upon request from the City of Norwich Department of Finance, Attention Joshua A. Pothier, Comptroller, 100 Broadway, Norwich, Connecticut, telephone (860) 823-3720.

This Official Statement has been duly prepared and delivered by the City, and executed for and on behalf of the City by the following officials:

By: /s/ John Salomone	By: /s/ Joshua A. Pothier
John Salomone, *City Manager*	Joshua A. Pothier, *Comptroller*

Dated as of: February 17, 2016

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APPENDIX A - FINANCIAL STATEMENTS

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Independent Auditors' Report

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

Report on the Financial Statements

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, 2015, 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.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

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, 2015 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.

Change in Accounting Principle

As discussed in Note 15 to the financial statements, during the fiscal year ended June 30, 2015, the City adopted new accounting guidance, GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. The net assets of the City have been restated to recognize the net pension liability required in implementing GASB No. 68. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 10, the budgetary comparison information on pages 62 through 65, and the pension schedules on pages 66 through 72 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which 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 auditing standards generally accepted in the United States of America, 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.

Blum, Shapiro & Company, P.C.

West Hartford, Connecticut
December 4, 2015

CITY OF NORWICH, CONNECTICUT

MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2015

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, 2015. 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 of the City exceeded its liabilities, resulting in total net position at the close of the fiscal year of $167.1 million. Total net position for governmental activities at fiscal year-end was $58.5 million, and total net position for business-type activities was $108.6 million. Total unrestricted net deficit at June 30, 2015 was $26.2 million.
- On a government-wide basis, during the year, the City's net position increased by $5.3 million from $161.8 million to $167.1 million. Governmental activities net position increased by $0.5 million, and net position increased by $4.8 million for business-type activities. Governmental activities expenses were $155.3 million, while total revenues including transfers were $155.8 million.
- At the close of the year, the City's governmental funds reported, on a current financial resource basis, combined ending fund balances of $17.2 million, a decrease of $0.8 million from the prior fiscal year. Of the total fund balance as of June 30, 2015, $13.7 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 $10.4 million, a decrease of $0.6 million from the prior fiscal year. As of June 30, 2015, $10.4 million of the total fund balance is unrestricted representing 8.84% of total General Fund actual expenditures and operating transfers on a budgetary basis.
- The City's governmental activities total bonded debt increased by $3.1 million during the current fiscal year.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of a series of financial statements. The statement of net position and the statement of activities (Exhibits I and II, respectively) provide information about the activities of the City as a whole and present a longer-term view of the City's finances. Fund financial statements are presented in Exhibits III to IX. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the City's operations in more detail than the government-wide statements by providing information about the City's most significant funds. The remaining statements provide financial information about activities for which the City acts solely as a trustee or agent for the benefit of those outside of the government.

Government-Wide Financial Statements

The analysis of the City as a whole begins with Exhibits I and II. The statement of net position and the statement of activities report information about the City as a whole and about its activities for the current period. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the City's net position and changes in them. The City's net position, the difference between assets and liabilities, is one way to measure the City's financial health, or financial position. Over time, increases or decreases in the City's net position is one indicator of whether its financial health is improving or deteriorating. The reader needs to consider other nonfinancial factors, however, such as changes in the City's property tax base and the condition of the City's capital assets, to assess the overall health of the City.

In the statement of net position and the statement of activities, the City is divided into two types of activities:

- *Governmental Activities* - Most of the City's basic services are reported here, including education, public safety, sanitation, social services, public works and general administration. Property taxes, charges for services and state and federal grants finance most of these activities.

- *Business-Type Activities* - The City charges a fee to customers to help it cover all or most of the cost of certain services it provides. The City's Department of Public Utilities, Golf Course Authority, Stadium Authority and Ice Rink Authority are reported here.

Fund Financial Statements

The fund financial statements begin with Exhibit III and provide detailed information about the most significant funds - not the City as a whole. Some funds are required to be established by Charter. However, the City establishes many other funds to help control and manage financial activities for particular purposes (like the capital projects funds) or to show that it is meeting legal responsibilities for using grants and other money (like grants received from the State of Connecticut's Department of Education). The City's funds are divided into three categories: governmental, proprietary and fiduciary.

- *Governmental Funds (Exhibits III and IV)* - Most of the City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. The relationship (or differences) between governmental activities (reported in the statement of net position and the statement of activities) and governmental funds is described in a reconciliation included with the fund financial statements.

- *Proprietary Funds (Exhibits V, VI and VII)* - When the City charges customers for the services it provides, whether to outside customers or to other units of the City, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the statement of net position and the statement of activities. In fact, the City's enterprise funds (a component of proprietary funds) are the same as the business-type activities reported in the government-wide statements, but provide more detail and additional information, such as cash flows, for proprietary funds.

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The City's combined net position decreased from a year ago from $239.3 million to $167.1 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	
	2015	**2014**	**2015**	**2014**	**2015**	**2014**
Current and other assets	$ 57,956	$ 55,885	$ 38,897	$ 37,078	$ 96,853	$ 92,963
Capital assets	127,257	127,617	137,955	126,330	265,212	253,947
Total assets	185,213	183,502	176,852	163,408	362,065	346,910
Deferred outflows related to changes in projected investments earnings	4,210	186	1,890		6,100	186
Deferred charge on refunding	155				155	
Total deferred outflows of resources	4,365	186	1,890	-	6,255	186
Long-term debt outstanding	118,548	59,242	59,426	26,496	177,974	85,738
Unearned revenue	380	2,354	1,687	207	2,067	2,561
Other liabilities	12,151	11,360	8,985	8,127	21,136	19,487
Total liabilities	131,079	72,956	70,098	34,830	201,177	107,786
Net Position:						
Net investment in capital assets	80,829	84,303	110,565	112,277	191,394	196,580
Restricted	1,630	1,667	338	228	1,968	1,895
Unrestricted	(23,960)	24,762	(2,259)	16,073	(26,219)	40,835
Total Net Position	$ 58,499	$ 110,732	$ 108,644	$ 128,578	$ 167,143	$ 239,310

Net position of the City's governmental activities decreased by $52.2 million ($58.5 million compared to $110.7 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 - changed from $24.8 million at June 30, 2014 to ($24.0) million at the end of this year. The net position of business-type activities decreased from $16.1 million compared to ($2.3) million during 2015.

It is important to note that the recognition of the net pension liability on the financial statements through the implementation of GASB 68 caused a significant decrease in unrestricted net position for both governmental and business-type activities. The decrease in unrestricted net position did not result from a change in benefits offered to employees, only the presentation of the liability on the balance sheet. Pension liabilities are long-term ones which the City will continue to fund systematically through the annual budget process.

Table 2
CHANGES IN NET POSITION

(In Thousands)

	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
Revenues:						
Program revenues:						
Charges for services	$ 5,051	$ 5,386	$ 92,376	$ 86,858	$ 97,427	$ 92,244
Operating grants and contributions	59,088	58,277			59,088	58,277
Capital grants and contributions	1,774	1,664	3,547	1,798	5,321	3,462
General revenues:						
Property taxes	75,298	70,539			75,298	70,539
Grants and contributions not restricted to specific purposes	4,534	4,900			4,534	4,900
Unrestricted investment earnings	88	247	5	5	93	252
Other general revenues	2,536	942			2,536	942
Total revenues	148,369	141,955	95,928	88,661	244,297	230,616
Program expenses:						
General government	11,257	8,296			11,257	8,296
Public safety	25,750	23,882			25,750	23,882
Social services	2,581	4,248			2,581	4,248
Public works	14,334	15,989			14,334	15,989
Education	99,926	94,935			99,926	94,935
Interest on long-term debt	1,444	1,488			1,444	1,488
Department of Public Utilities			81,842	77,462	81,842	77,462
Other enterprise funds			1,817	2,615	1,817	2,615
Total program expenses	155,292	148,838	83,659	80,077	238,951	228,915
Excess (deficiency) before transfers	(6,923)	(6,883)	12,269	8,584	5,346	1,701
Transfers	7,467	7,938	(7,467)	(7,938)	-	-
Increase (Decrease) in Net Position	544	1,055	4,802	646	5,346	1,701
Net Position at Beginning of Year	110,732	109,677	128,578	127,932	239,310	237,609
Restatements for GASB 68	(52,777)		(24,736)		(77,513)	-
Net Position at End of Year	$ 58,499	$ 110,732	$ 108,644	$ 128,578	$ 167,143	$ 239,310

The City's total revenues were $244.3 million. The total cost of all programs and services was $239.0 million. Our analysis below separately considers the operations of governmental and business-type activities.

Governmental Activities

Governmental activities decreased the City's assets by $52.2 million during the year due to the restatements from the implementation of GASB 68. Total revenues of $148.4 million and $7.5 million in transfers from the City's business-type activities provided funding for the City's $155.3 million of governmental program expenses incurred during the year.

The City's revenues increased $6.4 million ($148.4 million compared to $142.0 million) which was primarily caused by increases in property tax collections ($4.8 million).

Total program expenses were $155.3 million as compared with $148.8 million reported last year. The expenses of the Education, Public Safety, and General Government functions experienced increases primarily attributable to rising pension, OPEB and health insurance costs.

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)

	Total Cost of Services		Net Cost of Services	
	2015	**2014**	**2015**	**2014**
General government	$ 11,257	$ 8,296	$ 9,500	$ 6,161
Public safety	25,750	23,882	24,928	23,070
Social services	2,581	4,248	559	2,298
Public works	14,334	15,989	11,757	13,325
Education	99,926	94,935	41,191	37,169
All others	1,444	1,488	1,444	1,488
Totals	$ 155,292	$ 148,838	$ 89,379	$ 83,511

Business-Type Activities
Revenues of the City's business-type activities (see Table 2) increased by $7.2 million during the year ($95.9 million in 2015 compared to $88.7 million in 2014) and expenses increased by $3.6 million. Overall net position decreased $19.9 million in 2015 due to the restatements from the implementation of GASB 68.

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 $17.2 million, which is a decrease of $0.8 million from last year's total of $18.0 million. Included in this year's total change in fund balance is a decrease of $0.6 million in the City's General Fund. The primary reasons for the General Fund's decrease mirror the general fund activities analysis highlighted in RSI-1 and RSI-2.

The Bond Expenditure Fund reported a fund deficit of $0.4 million at June 30, 2015. The fund balance increased by $0.5 million during the year. The City will issue bonds during 2016 to replenish the fund.

The Education Grants Fund reported a fund balance of $0.2 million which was $0.1 million lower than last year.

The other governmental funds have a total fund balance of $7.0 million - a $0.7 million decrease from last year.

Proprietary Funds

Net position of the Department of Public Utilities was $100.4 million, as compared to $95.1 million in the prior year, and City's other nonmajor enterprise funds net position decreased $0.5 million to $8.2 million from $8.7 million.

Unrestricted net deficit of the Department of Public Utilities was $16 thousand, and a deficit of $2.3 million for the other nonmajor enterprise funds. The Department of Public Utilities had operating revenues of $91.1 million from user fees, and other enterprise funds had $1.3 million. The total increase in net position for the fiscal year ended June 30, 2015 was $4.8 million.

General Fund Budgetary Highlights

While there were some interdepartmental budget transfers during the year, the General Fund did not have any supplemental appropriations during 2015.

During the year, actual revenues and other financing sources on a budgetary basis were $117.4 million, which was $1.1 million lower than budgetary estimates. The variance was caused primarily by lower than anticipated State of Connecticut Special Education Excess Cost grant revenues (See RSI-1 for additional detail).

Actual expenditures on a budgetary basis and other financing uses totaled $117.7 million, which were higher than actual revenues and other financing sources on a budgetary basis by $0.3 million. Actual expenditures on a budgetary basis were $0.8 million less than budgeted. Lower than budgeted expenditures were experienced in the General Government, Public Safety, Public Works, and Social Services.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2015, the City had $265.2 million invested in a broad range of capital assets, including land, building and system improvements, machinery and equipment, park facilities, roads, sewers and bridges - Table 4. This amount represents a net increase (including additions, deductions and depreciation) of $11.3 million, or 4.5%, over last year.

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

	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
Land	$ 24,912	$ 24,495	$ 3,204	$ 3,204	$ 28,116	$ 27,699
Buildings and improvements	33,812	35,670	26,306	24,909	60,118	60,579
Vehicles, machinery, equipment, pumping and distributions systems	6,853	7,010	88,991	84,572	95,844	91,582
Technology upgrade and road infrastructure	20,648	19,445			20,648	19,445
Construction in progress	41,032	40,997	19,454	13,645	60,486	54,642
Totals	$ 127,257	$ 127,617	$ 137,955	$ 126,330	$ 265,212	$ 253,947

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

Gas Line Extensions, Replacements, & Installations	$	5,429
AMI Electric Meters		3,354
Road Overlays		2,837
Sewer Jet Truck		411
Public Utilities Computer Upgrades		300
Total	$	12,331

The City's fiscal-year 2015-16 capital budget calls for spending $1.7 million for road overlays, public works vehicles, police vehicles, fire equipment and other projects. More detailed information about the City's capital assets is presented in Note 6 to the financial statements.

Long-Term Debt

At June 30, 2015, the City had total bonds and notes outstanding of $60.3 million. All of this debt is backed by the full faith and credit of the City. The City's outstanding net debt increased by $4.9 million during fiscal 2015.

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

	Governmental Activities		Business-Type Activities		Total	
	2015	**2014**	**2015**	**2014**	**2015**	**2014**
General obligation bonds	$ 45,449	$ 42,377	$ 223	$ 263	$ 45,672	$ 42,640
Serial notes payable			14,599	12,773	14,599	12,773
Total	$ 45,449	$ 42,377	$ 14,822	$ 13,036	$ 60,271	$ 55,413

In February 2015, Standard & Poor's and Moody's assigned an AA and Aa2 ratings, respectively, on Norwich's $6.7 million 2015 bond issue and affirmed those same ratings on the rest of Norwich's debt outstanding as of that date. On July 31, 2015, Fitch Ratings affirmed its AA rating with a stable outlook on the $8.8 million of outstanding bonds for which Fitch had originally issued a rating.

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 $523 million. The City's outstanding general obligation debt is at 8.06% 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 7 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

As of September 2015, the unemployment rate for the Norwich was 6.9%, down from 7.2% in the prior year. Connecticut's overall unemployment rate stood at 5.5%, compared with 5.9% for the same time last year. The State of Connecticut's education and non-education formula grants have not kept pace with inflation. This, coupled with increased employee benefit costs, creates a challenge for Norwich. The City, however, is poised to overcome such challenges with its commitments to economic development; cost reduction, including negotiation of reductions in OPEB benefits for future employees; and funding its long-term liabilities. The effects of these efforts are exemplified in the initiatives noted in the transmittal letter.

The fiscal year 2016 General Fund budget calls for $121.1 million in revenues and expenditures, an approximate 2.20% increase in expenditures over fiscal year 2015. Non-education expenditures increased by 0.44% and Education expenditures increased by 3.36%. On the revenue side, the fiscal year 2016 mill rate increased 2.35 mills, or 6.10%, from 38.55 to 40.90. No unrestricted fund balance was used to balance the budget.

In the City's business-type activities, the Norwich Public Utilities projects an 8.41% increase in revenues from fiscal year 2015 from $89.4 million to $96.9 million. This increase is largely due to the expansion of the gas customer base and increases in electric rates. Norwich Public Utilities budgeted $8.2 million in capital improvements to bolster its infrastructure and operational efficiency.

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.

EXHIBIT I

CITY OF NORWICH, CONNECTICUT
STATEMENT OF NET POSITION
JUNE 30, 2015
(In Thousands)

	Governmental Activities	Business-Type Activities	Total
Assets:			
Cash and cash equivalents	$ 26,361	$ 16,827	$ 43,188
Investments	3,523		3,523
Receivables, net	26,809	19,226	46,035
Internal balances	669	(669)	-
Due to Fiduciary Funds	553		553
Inventories	41	1,780	1,821
Other assets		1,733	1,733
Capital assets:			
Assets not being depreciated	65,944	22,658	88,602
Assets being depreciated, net	61,313	115,297	176,610
Total assets	185,213	176,852	362,065
Deferred Outflows of Resources:			
Changes in projected investment earnings	4,210	1,890	6,100
Deferred charge on refunding	155		155
Total deferred outlows of resources	4,365	1,890	6,255
Liabilities:			
Accounts and other payables	12,151	8,985	21,136
Unearned revenue	380	1,687	2,067
Noncurrent liabilities:			
Due within one year	8,066	5,685	13,751
Due in more than one year	110,482	53,741	164,223
Total liabilities	131,079	70,098	201,177
Net Position:			
Net investment in capital assets	80,829	110,565	191,394
Restricted for trust purposes:			
Expendable	43		43
Permanent	1,587		1,587
Restricted for energy conservation		338	338
Unrestricted	(23,960)	(2,259)	(26,219)
Total Net Position	$ 58,499	$ 108,644	$ 167,143

The accompanying notes are an integral part of the financial statements

CITY OF NORWICH, CONNECTICUT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2015
(In Thousands)

	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net Revenue (Expense) and Changes in Net Position: Governmental Activities	Business-Type Activities	Total
Governmental activities:							
General government	$ 11,257	$ 1,684	$ 73	$	$ (9,500)	$	$ (9,500)
Public safety	25,750	496	326		(24,928)		(24,928)
Social services	2,581	418	1,604		(559)		(559)
Public works	14,334	803	20	1,754	(11,757)		(11,757)
Education	99,926	1,650	57,065	20	(41,191)		(41,191)
Interest on long-term debt	1,444				(1,444)		(1,444)
Total governmental activities	155,292	5,051	59,088	1,774	(89,379)	-	(89,379)
Business-type activities:							
Department of Public Utilities:							
Gas	16,598	18,576		171		2,149	2,149
Electric	50,548	56,920		2,011		8,383	8,383
Water	7,818	8,817		607		1,606	1,606
Sewer	6,878	6,761		682		565	565
Nonmajor Enterprise Funds:							
Golf Course Authority	1,156	1,115				(41)	(41)
Stadium Authority	364	187				(177)	(177)
Ice Rink Authority	297			76		(221)	(221)
Total business-type activities	83,659	92,376	-	3,547	-	12,264	12,264
Total	$ 238,951	$ 97,427	$ 59,088	$ 5,321	(89,379)	12,264	(77,115)
General revenues:							
Property taxes					75,298		75,298
Grants and contributions not restricted to specific programs					4,534		4,534
Unrestricted investment earnings					88	5	93
Miscellaneous					2,536		2,536
Total general revenues					82,456	5	82,461
Transfers					7,467	(7,467)	-
Change in Net Position					544	4,802	5,346
Net Position at Beginning of Year, as Restated					57,955	103,842	161,797
Net Position at End of Year					$ 58,499	$ 108,644	$ 167,143

The accompanying notes are an integral part of the financial statements

CITY OF NORWICH, CONNECTICUT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2015
(In Thousands)

	General	Bond Expenditure	Education Grants	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	$ 26,085	$	$	$ 276	$ 26,361
Investments	2,008			1,515	3,523
Receivables, net	8,509		949	5,892	15,350
Due from other funds	2,532	455	1,615	4,804	9,406
Other assets				41	41
Total Assets	$ 39,134	$ 455	$ 2,564	$ 12,528	$ 54,681
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities:					
Accounts and other payables	$ 8,042	$ 818	$ 2,359	630	$ 11,849
Due to other funds	13,503			1,128	14,631
Unearned revenue	267			114	381
Total liabilities	21,812	818	2,359	1,872	26,861
Deferred inflows of resources:					
Unavailable revenue - property taxes	3,981			301	4,282
Unavailable revenue - special assessments	2,942			131	3,073
Unavailable revenue - loans receivable				3,241	3,241
Unavailable revenue - other receivable				20	20
Total deferred inflows of resources	6,923	-	-	3,693	10,616
Fund balances:					
Nonspendable				1,600	1,600
Restricted				1,865	1,865
Committed			205	3,561	3,766
Assigned	207				207
Unassigned	10,192	(363)		(63)	9,766
Total fund balances	10,399	(363)	205	6,963	17,204
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 39,134	$ 455	$ 2,564	$ 12,528	$ 54,681

(Continued on next page)

CITY OF NORWICH, CONNECTICUT
BALANCE SHEET - GOVERNMENTAL FUNDS (CONTINUED)
JUNE 30, 2015
(In Thousands)

Reconciliation of the Balance Sheet - Governmental Funds
to the Statement of Net Position:

Amounts reported for governmental activities in the statement of net position (Exhibit I) are different because of the following:

Fund balances - total governmental funds		$ 17,204
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:		
Governmental capital assets	$ 198,171	
Less accumulated depreciation	(70,914)	
Net capital assets		127,257
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		3,486
Interest receivable on property taxes		794
Housing rehabilitation loans		3,241
Accounts and other receivables		14,551
Deferred outflows related to pension investment experience		4,210
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.		1,380
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		(43,650)
Deferred charge on refunding		155
Unamortized bond premium		(1,799)
Interest payable on bonds and notes		(289)
Compensated absences		(3,498)
Landfill closure		(250)
Capital lease		(979)
Net OPEB obligation		(4,780)
Net pension liability		(58,534)
Net Position of Governmental Activities (Exhibit I)		$ 58,499

The accompanying notes are an integral part of the financial statements

EXHIBIT IV

CITY OF NORWICH, CONNECTICUT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2015
(In Thousands)

	General	Bond Expenditure	Education Grants	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:					
Property taxes, interest and liens	$ 69,578	$	$	$ 5,087	$ 74,665
Intergovernmental revenues	42,763		15,225	7,909	65,897
Charges for services	1,720		370	2,231	4,321
Licenses, permits and fees	439				439
Investment income	43			45	88
Other	1,671			370	2,041
Total revenues	116,214	-	15,595	15,642	147,451
Expenditures:					
Current:					
General government	5,278			351	5,629
Public safety	16,019			7,388	23,407
Social services	1,868			2,272	4,140
Public works	10,030			860	10,890
Education	77,145		15,712	4,898	97,755
Other	5,644				5,644
Capital outlay		6,407		3,431	9,838
Debt service	5,436	182			5,618
Total expenditures	121,420	6,589	15,712	19,200	162,921
Deficiency of Revenues over Expenditures	(5,206)	(6,589)	(117)	(3,558)	(15,470)
Other Financing Sources (Uses):					
Transfers in	6,458			3,065	9,523
Transfers out	(1,834)	(14)		(208)	(2,056)
Issuance of general obligation bonds		6,740			6,740
Bond premiums		419			419
Total other financing sources	4,624	7,145	-	2,857	14,626
Net Change in Fund Balances	(582)	556	(117)	(701)	(844)
Fund Balances at Beginning of Year	10,981	(919)	322	7,664	18,048
Fund Balances at End of Year	$ 10,399	$ (363)	$ 205	$ 6,963	$ 17,204

(Continued on next page)

CITY OF NORWICH, CONNECTICUT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2015
(In Thousands)

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities:

Amounts reported for governmental activities in the statement of activities (Exhibit II) are different because:		
Net change in fund balances - total governmental funds (Exhibit IV)	$	(844)
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		4,926
Depreciation expense		(5,250)
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.		(37)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds, and revenues recognized in the funds are not reported in the statement of activities:		
Property tax receivable - accrual basis change		526
Property tax interest and lien revenue - accrual basis change		107
Housing loan repayments		1,399
Accounts and other receivables - accrual basis change		2,757
Change in deferred outflows related to changes in projected investments earnings		4,210
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		(6,740)
Premium on bonds		(419)
Bond principal payments		3,900
Amortization of deferred charge on refunding		(31)
Amortization of premiums		187
Capital lease payments		144
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		(28)
Accrued interest		(25)
Net OPEB expense		14
Landfill postclosure care		1,312
Change in net pension liability		(5,933)
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.		369
Change in Net Position of Governmental Activities (Exhibit II)	$	544

The accompanying notes are an integral part of the financial statements

CITY OF NORWICH, CONNECTICUT
STATEMENT OF NET POSITION - PROPRIETARY FUNDS
JUNE 30, 2015
(In Thousands)

	Business-Type Activities			Governmental Activities
	Department of Public Utilities	Nonmajor Enterprise Funds	Total	Internal Service Funds
Assets:				
Current assets:				
Cash and cash equivalents	$ 16,827	$	$ 16,827	$
Receivables, net:				
User charges	17,665	79	17,744	
Intergovernmental		1	1	
Other	1,480		1,480	
Due from other funds		240	240	6,447
Inventories	1,780		1,780	
Other assets	1,733		1,733	
Total current assets	39,485	320	39,805	6,447
Capital assets, net	127,315	10,640	137,955	
Total assets	166,800	10,960	177,760	6,447
Deferred outflows of resources:				
Changes in projected investments earnings	1,890		1,890	-
Liabilities:				
Current liabilities:				
Accounts payable and accrued liabilities	7,655	66	7,721	9
Notes payable	3,596		3,596	
Bonds payable	15	25	40	
Capital leases payable	394		394	
Compensated absences	526		526	
Risk management claims	489		489	2,317
Cash advances from other funds	640		640	
Due to other funds	98	811	909	
Unearned revenue		1,686	1,686	
Total current liabilities	13,413	2,588	16,001	2,326
Noncurrent liabilities:				
Customer deposits	1,264		1,264	
Notes payable	11,003		11,003	
Bonds payable	43	140	183	
Capital leases payable	551		551	
Compensated absences	2,323		2,323	
Risk management claims	1,009		1,009	2,741
Cash advances from other funds	10,983		10,983	
Net Pension Liability	27,689		27,689	
Total noncurrent liabilities	54,865	140	55,005	2,741
Total liabilities	68,278	2,728	71,006	5,067
Net Position:				
Net investment in capital assets	100,090	10,475	110,565	
Restricted for energy conservation	338		338	
Unrestricted	(16)	(2,243)	(2,259)	1,380
Total Net Position	$ 100,412	$ 8,232	$ 108,644	$ 1,380

The accompanying notes are an integral part of the financial statements

CITY OF NORWICH, CONNECTICUT
STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN FUND NET POSITION - PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2015
(In Thousands)

	Business-Type Activities			Governmental Activities
	Department of Public Utilities	Nonmajor Enterprise Funds	Total	Internal Service Funds
Operating Revenues:				
Charges for services	$ 88,662	$ 1,302	$ 89,964	$ 16,705
Use of property	1,344		1,344	
Other services	1,068		1,068	
Total operating revenues	91,074	1,302	92,376	16,705
Operating Expenses:				
Purchased gas and electric	37,630		37,630	
General and administrative	12,959		12,959	
Operations and maintenance	14,544	1,374	15,918	
Depreciation	6,972	419	7,391	
Customer accounts	3,315		3,315	
Gross revenue and property taxes	2,596		2,596	
Claims			-	14,571
Premiums and administrative charges			-	1,765
Pension expense	3,012		3,012	
Total operating expenses	81,028	1,793	82,821	16,336
Operating Income (Loss)	10,046	(491)	9,555	369
Nonoperating Income (Expense):				
Donated capital assets		76	76	
Interest income	5		5	
Interest expense	(667)	(5)	(672)	
Loss on disposal of capital assets	(147)	(19)	(166)	
Total nonoperating expense	(809)	52	(757)	-
Income (Loss) Before Contributions and Transfers	9,237	(439)	8,798	369
Capital contributions	3,471		3,471	
Transfers out	(7,467)		(7,467)	
Change in Net Position	5,241	(439)	4,802	369
Total Net Position at Beginning of Year, as Restated	95,171	8,671	103,842	1,011
Total Net Position at End of Year	$ 100,412	$ 8,232	$ 108,644	$ 1,380

The accompanying notes are an integral part of the financial statements

CITY OF NORWICH, CONNECTICUT
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2015
(In Thousands)

	Business-Type Activities			Governmental Activities
	Department of Public Utilities	Nonmajor Enterprise Funds	Total	Internal Service Funds
Cash Flows from Operating Activities:				
Cash received from charges for services	$ 90,422	$ 1,365	$ 91,787	$ 2,564
Cash receipts for interfund services provided			-	14,020
Cash paid to vendors	(58,923)	(665)	(59,588)	(16,584)
Cash paid to employees for services	(15,059)	(647)	(15,706)	
Net cash provided by operating activities	16,440	53	16,493	-
Cash Flows from Noncapital and Related Financing Activities:				
Transfers to other funds	(7,467)		(7,467)	
Customer deposits	(7)		(7)	
Advances from (to) other funds	(18)		(18)	
Net cash used in noncapital and related financing activities	(7,492)	-	(7,492)	-
Cash Flows from Capital and Related Financing Activities:				
Capital contributions	3,471		3,471	
Purchase of capital assets	(17,361)	(22)	(17,383)	
Proceeds from long-term debt	2,768		2,768	
Principal payment on bonds and notes	(957)	(25)	(982)	
Principal payment on capital leases	(312)		(312)	
Interest payment on debt	(667)	(6)	(673)	
Cash advances from the City of Norwich	3,039		3,039	
Net cash used in capital and related financing activities	(10,019)	(53)	(10,072)	-
Cash Flows from Investing Activities:				
Income on investments	5		5	
Net Decrease in Cash and Cash Equivalents	(1,066)	-	(1,066)	-
Cash and Cash Equivalents at Beginning of Year	17,893	-	17,893	-
Cash and Cash Equivalents at End of Year	$ 16,827	$ -	$ 16,827	$ -
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities:				
Operating income (loss)	$ 10,046	$ (491)	$ 9,555	$ 369
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation expense	6,972	419	7,391	
Provision for uncollectible accounts	2,420		2,420	
Increase in receivables	(5,145)	(4)	(5,149)	
Decrease (Increase) in inventories and other assets	(456)	42	(414)	
Increase in due from other funds		59	59	395
Increase in due to other funds		111	111	
Decrease in unearned revenues		(4)	(4)	
Increase (decrease) in accounts payable and accrued liabilities	1,540	(79)	1,461	(764)
Increase in net pension liability	2,953		2,953	
Increase in deferred outflows of resources	(1,890)		(1,890)	
Total adjustments	6,394	544	6,938	(369)
Net Cash Provided by Operating Activities	$ 16,440	$ 53	$ 16,493	$ -
Noncash Capital and Financing Activities:				
Capital asset contribution		$ 1,559		
Change in deferred contributions		(1,483)		
Loss on disposal		(19)		
Total Noncash Capital and Finacing Activities		$ 57		

The accompanying notes are an integral part of the financial statements

CITY OF NORWICH, CONNECTICUT
STATEMENT OF FIDUCIARY NET POSITION - FIDUCIARY FUNDS
JUNE 30, 2015
(In Thousands)

	Trust Funds	Agency Funds
Assets:		
Cash and cash equivalents	$ 1,109	$ 475
Investments:		
Mutual funds	150,129	
Common stock	24,417	
Other receivables		106
Total assets	175,655	$ 581
Liabilities:		
Accounts and other payables	400	$
Due to other funds	553	
Due to student groups and agencies		581
Total liabilities	953	$ 581
Net Position:		
Held in Trust for Pension and Other Benefits	$ 174,702	

The accompanying notes are an integral part of the financial statements

CITY OF NORWICH, CONNECTICUT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION - FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2015
(In Thousands)

	Private Purpose Trust Funds
Additions:	
Contributions:	
Employer	$ 12,497
Plan members	4,729
Total contributions	17,226
Investment income:	
Net appreciation in fair value of investments	4,024
Interest and dividends	1,760
Total investment income	5,784
Less investment expense	(916)
Net investment income	4,868
Total additions	22,094
Deductions:	
Benefits	20,705
Administration	419
Lump sum distributions and withdrawals	180
Total deductions	21,304
Net Increase	790
Net Position Held in Trust for Pension Benefits at Beginning of Year	173,912
Net Position Held in Trust for Pension and Other Post Employment Benefits at End of Year	$ 174,702

The accompanying notes are an integral part of the financial statements

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 (except for agency funds, which have no measurement focus). 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.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, charges for services, licenses and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received.

The City reports the following major governmental funds:

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.

The Bond Expenditure Fund accounts for the City's capital projects established pursuant to project bond authorizations. Financial resources include intergovernmental grants, bond proceeds and transfers from the City's General Fund.

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

The City reports the following major proprietary fund:

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:

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.

The Pension 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.

The OPEB Trust Fund accounts for the activities of the City's other post employment benefit plan, which accumulate resources for medical and life insurance benefits provided to qualified retired employees.

The Agency Funds account for monies held as a custodian for outside groups and agencies and are used for senior activities, performance bonds and pass-through grants.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments in lieu of taxes and other charges between certain City functions because the elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include property taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise fund are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

D. Deposits and Investments

The City's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

State statutes authorize the City to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds, repurchase agreements and certain other investments as described in Note 3.

Investments for the City are reported at fair value.

E. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the noncurrent portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances." All trade and property tax receivables are shown net of an allowance for uncollectibles.

Property taxes on all property are assessed as of October 1 prior to the beginning of the fiscal year and become legally due and payable on the following July 1 and January 1. If taxes are unpaid as of June 30 following the payable date, a lien is placed on the real property. Property assessments are made at 70% of the market value. Property taxes receivable are recorded on the due date. Taxes not paid within 30 days of the due date are subject to an interest charge of one and one-half percent per month. The City is not a part of any overlapping government which assesses separate property taxes. An amount of $495 has been established as an allowance for uncollected taxes. At June 30, 2015, this represents 11.0% of property taxes receivable.

F. Inventories and Prepaid Items

All inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

G. Capital Assets

Capital assets, which include property, plant, equipment and infrastructure, assets (e.g., roads, bridges, sidewalks and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than $5,000 (amount not rounded) and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market 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:

Assets	Years
Buildings	40-50
Building improvements	20
Infrastructure, public domain infrastructure and distribution and collection systems	20-50
Machinery and equipment	5-20

H. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position or fund balance that applies to a future period or periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City reports a deferred charge on refunding and deferred outflows related to pension 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 results from differences between expected and actual experience, changes in assumptions or other inputs. These amounts are deferred and included in pension 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 plan (active employees and inactive employees).

In addition to liabilities, the governmental funds balance sheet of reports unavailable revenue, which arises only under the modified accrual basis of accounting. The governmental funds report unavailable revenues from several sources: property taxes, special assessments, long-term loans and other receivables. These amounts are deferred and recognized as an inflow of resources (revenue) in the period in which the amounts become available.

I. 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.

J. 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.

K. OPEB Assets/Obligations

The net OPEB asset/obligation represents the cumulative difference between the annual pension/OPEB cost and the City's contributions to the plans. These amounts are calculated on an actuarial basis and are recorded as noncurrent assets and/or noncurrent liabilities, accordingly, in the government-wide financial statements

L. 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. Significant bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

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.

M. Fund Equity 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.

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 has a policy that does not allow unrestricted fund balance to go below 8% of operating expenditures. The City is assumed to use restricted resources first if both restricted and unrestricted resources are to be used for the same purpose. In addition, when committed, assigned and unassigned resources are available, it is assumed that committed resources are used first, then assigned, and lastly, unassigned.

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.

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

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

During fiscal year 2015, there were not any additional appropriations.

(In Thousands)

B. Deficit Fund Equity

Certain individual funds had fund balance/net position deficits at June 30, 2015 as follows:

Major Fund:	
Bond Expenditure Fund	$ 363*
Nonmajor Governmental Funds:	
Dog License	62**
Revolving Loan Program	1**
Nonmajor Enterprise Funds:	
Ice Rink Authority	758**
Internal Service Funds:	
Workers' Compensation	494**

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

3. CASH, CASH EQUIVALENTS AND INVESTMENTS

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

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

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

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*, $43,878 of the City's bank balance of $46,363 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	$	39,390
Uninsured and collateral held by the pledging bank's trust department, not in the City's name		4,488
Total Amount Subject to Custodial Credit Risk	$	43,878

Cash Equivalents

At June 30, 2015, the City's cash equivalents amounted to $9. 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

(In Thousands)

Investments

As of June 30, 2015, the City had the following investments:

			Investment Maturities (Years)		
Investment Type	**Credit Rating**	**Fair Value**	**Less Than 1**	**1 – 10**	**More Than 10**
Interest-bearing investments:					
Certificates of deposit*	N/A	$ 2,008	$ 217	$ 1,791	$
Other investments:					
Common stock		26,199			
Mutual funds		149,861			
Total Investments		$ 178,068			

*Subject to coverage by Federal Depository Insurance and collateralization.

N/A Not applicable

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. Equity securities that meet or exceed a credit rating of BBB-/Baa3 may be purchased. 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.

(In Thousands)

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.

4. 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	Nonmajor and Other Funds	Total
Receivables:					
Taxes	$ 4,178	$	$	$ 389	$ 4,567
Accrued interest on taxes	993				993
Intergovernmental	723	949		2,145	3,817
User charges			19,938	79	20,017
Assessments	2,942				2,942
Housing and rehabilitation loans				3,241	3,241
Accounts and other	334		1,480	257	2,071
Gross receivables	9,170	949	21,418	6,111	37,648
Less allowance for uncollectibles:					
Taxes	(462)			(33)	(495)
Accrued interest on taxes	(199)				(199)
User charges			(2,273)		(2,273)
Total allowance	(661)	-	(2,273)	(33)	(2,967)
Net Total Receivables	$ 8,509	$ 949	19,145	$ 6,078	$ 34,681

(In Thousands)

5. 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, 2015 is presented below.

Receivable Fund	Payable Fund	Amount
General Fund	Department of Public Utilities	$ 40
	Nonmajor Enterprise	811
	Nonmajor Governmental	1,128
	Other Post Employment Benefit Trust	229
	Pension Trust	324
Bond Expenditure	General Fund	455
Education Grants	General Fund	1,615
Internal Service Funds	General Fund	6,389
	Department of Public Utilities	58
Nonmajor Enterprise	General Fund	240
Nonmajor Governmental	General Fund	4,804
Total		$ 16,093

A summary of interfund transfers is presented below:

	Transfers In: General	Transfers In: Nonmajor Governmental	Total
Transfers out:			
General Fund	$	$ 1,834	$ 1,834
Bond Expenditure		14	14
Department of Public Utilities	6,250	1,217	7,467
Nonmajor Governmental	208		208
Total Transfers Out	$ 6,458	$ 3,065	$ 9,523

Transfers from the General Fund to other nonmajor governmental funds are in support of the City's capital improvement program, fire services 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 parking services and landfill operations accounted for outside of the General Fund. 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.

(In Thousands)

6. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2015 was as follows:

	Beginning Balance	Reclassifications	Transfers	Increases	Decreases	Ending Balance
Governmental activities:						
Capital assets not being depreciated:						
Land	$ 24,495	$	$	$ 417	$	$ 24,912
Construction in progress	40,997		(70)	105		41,032
Total capital assets not being depreciated	65,492	-	(70)	522	-	65,944
Capital assets being depreciated:						
Buildings and improvements	66,138		70	433		66,641
Vehicles, machinery and equipment	21,558			1,135	(490)	22,203
Technology upgrade and infrastructure	40,663			2,837	(117)	43,383
Total capital assets being depreciated	128,359	-	70	4,405	(607)	132,227
Less accumulated depreciation for:						
Buildings and improvements	(30,468)			(2,361)		(32,829)
Vehicles, machinery and equipment	(14,548)			(1,268)	466	(15,350)
Technology upgrade and infrastructure	(21,218)			(1,621)	104	(22,735)
Total accumulated depreciation	(66,234)	-	-	(5,250)	570	(70,914)
Total capital assets being depreciated, net	62,125	-	70	(845)	(37)	61,313
Governmental Activities Capital Assets, Net	$ 127,617	$ -	$ -	$ (323)	$ (37)	$ 127,257
Business-type activities:						
Capital assets not being depreciated:						
Land	$ 3,204	$	$	$	$	$ 3,204
Construction in progress	13,645		(11,798)	17,896	(289)	19,454
Total capital assets not being depreciated	16,849	-	(11,798)	17,896	(289)	22,658
Capital assets being depreciated:						
Structures and improvements	51,922		286	1,480	(292)	53,396
Machinery, equipment, pumping and distribution systems	201,261		11,512	94	(1,211)	211,656
Total capital assets being depreciated	253,183	-	11,798	1,574	(1,503)	265,052
Less accumulated depreciation for:						
Structures and improvements	(27,013)	986		(1,339)	276	(27,090)
Machinery, equipment, pumping and distribution systems	(116,689)	(986)		(6,052)	1,062	(122,665)
Total accumulated depreciation	(143,702)	-	-	(7,391)	1,338	(149,755)
Total capital assets being depreciated, net	109,481	-	11,798	(5,817)	(165)	115,297
Business-Type Activities Capital Assets, Net	$ 126,330	$ -	$ -	$ 12,079	$ (454)	$ 137,955

(In Thousands)

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

Governmental activities:		
General government	$	202
Public safety		962
Social services		60
Public works		3,075
Education		951
Total Depreciation Expense - Governmental Activities	$	5,250
Business-type activities:		
Department of Public Utilities	$	6,972
Golf Course Authority		59
Stadium Authority		209
Ice Rink Authority		151
Total Depreciation Expense - Business-Type Activities	$	7,391

Construction Commitments

The City has active construction projects as of June 30, 2015. At year end, the City's commitments with contractors on active authorizations are as follows:

Project	Cumulative Authorization	Current Expenditures	Cumulative Expenditures	Balance June 30, 2015
Senior Center Improvements	$ 690	$ 381	$ 381	$ 309
Intermodal Transportation Center	22,070		22,070	
Kelly Middle School Renovation	41,250	74	40,298	952
Control Room & Data Center	9,500	112	1,341	8,159
CIP Compliance - PTF Upgrade	266	68	68	198
CNG Station - Otrobando Ave	1,732	69	172	1,561
LCTP Phase 2 CWF 607 PG	2,105	30	2,150	(45)
WWTP Design & Construction CWF 625D/ 625D-1/625C	28,700	370	6,969	21,731
Deep River Backwash Filter	280		119	161
Deep River Transmission Main	1,630	1,614	1,840	(210)
Stonybrook Buoyant Media	2,000	65	335	1,665
New Pumps, Drive, & Tank	2,440	1,682	2,064	376
Royal Oaks Main Replacement	2,600	1,572	1,688	912
South Sections SB Transmission	2,600	19	68	2,532
Mohegan Park Tank Replacement	2,800	36	97	2,703
North Sections SB Transmission	2,800	30	97	2,703
Total	$ 123,463	$ 6,123	$ 79,756	$ 43,707

(In Thousands)

7. LONG-TERM DEBT

Changes in Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2015 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
Bonds payable:					
General obligation bonds	$ 40,810	$ 6,740	$ 3,900	$ 43,650	$ 4,040
Add unamortized premiums	1,567	419	187	1,799	
Total bonds payable	42,377	7,159	4,087	45,449	4,040
Compensated absences	3,470	1,557	1,529	3,498	1,535
Landfill closure	1,562		1,312	250	25
Capital leases	1,123		144	979	149
Net pension liability	52,601	5,933		58,534	
Net OPEB obligation	4,794	5,432	5,446	4,780	
Risk management claims	5,825	13,804	14,571	5,058	2,317
Governmental Activities Long-Term Liabilities	$ 111,752	$ 33,885	$ 27,089	$ 118,548	$ 8,066
Business-Type Activities:					
Bonds and notes payable:					
General obligation bonds	$ 263	$	$ 40	$ 223	$ 40
State of Connecticut - serial note	12,773	2,788	962	14,599	3,596
Total bonds and notes payable	13,036	2,788	1,002	14,822	3,636
Compensated absences	2,737	676	564	2,849	526
Capital leases	1,017	240	312	945	394
Workers' compensation	1,284	603	389	1,498	489
Net pension liability	24,736	2,953		27,689	
Cash advances	8,622	3,480	479	11,623	640
Business-Type Activities Long-Term Liabilities	$ 51,432	$ 10,740	$ 2,746	$ 59,426	$ 5,685

The net pension obligation and the net other post employment benefits liabilities have primarily been liquidated with General Fund resources.

(In Thousands)

A schedule of bonds outstanding at June 30, 2015 is presented below:

Description	Date of Issue	Date of Maturity	Interest Rate (%)	Amount of Original Issue	Balance Outstanding June 30, 2015
Governmental Activities:					
General purpose bonds payable:					
Schools	12/30/2008	12/30/2020		$ 2,940	$ 1,470
General purpose	12/02/2009	12/01/2029	3.0-4.0	9,145	7,255
Schools	12/02/2009	12/01/2029	3.0-4.0	2,000	1,580
General purpose	12/13/2011	12/01/2022	2.0-4.0	4,680	4,210
Schools	12/13/2011	12/01/2022	2.0-4.0	5,000	4,470
Refunding - (04/15/02) bonds	02/15/2012	04/15/2022	2.0	2,725	1,835
General purpose	02/12/2014	02/01/2024	3.0-5.0	12,365	11,710
Refunding - (4/15/2004 and 3/15/2005) bonds	02/12/2014	09/15/2019	3.0-5.0	2,793	2,005
Refunding - (4/15/2004 and 3/15/2005) bonds - Schools	02/12/2014	09/15/2019	3.0-5.0	2,987	2,375
General purpose - Series A	03/03/2015	08/01/2024	3.0-4.0	5,600	5,600
General Purpose - Series B	03/03/2015	08/01/2024	2.0-3.0	1,140	1,140
Total					$ 43,650
Business-Type Activities:					
Refunding - (02/12/2014) Stony Brook Reservoir	02/12/2014	09/15/2019	3.0-5.0	$ 73	$ 58
Golf course	12/02/2009	12/01/2029	3.0-4.0	265	165
State of Connecticut serial notes payable:					
Clean Water Act 106-C	10/31/1997	10/31/2016	2.00	3,410	270
Clean Water Act 298-C	06/30/2000	06/30/2019	2.00	1,508	302
Clean Water Act 349-C	12/31/2002	12/31/2021	2.00	881	323
Clean Water Act 9714-C	12/31/2002	12/31/2021	2.77	1,899	726
Clean Water Act 200801-C	07/01/2009	07/01/2029	2.27	450	313
Clean Water Act 625-D	12/31/2012	12/31/2031	2.00	1,865	1,575
Clean Water Act 495-C	05/31/2013	06/01/2032	2.00	5,748	4,956
Clean Water Act 625-D1	05/31/2015	12/31/2031	2.00	2,510	2,375
Drinking Water State Revolving Fund 2010-8005	03/31/2010	12/31/2029	2.06	145	105
Drinking Water State Revolving Fund 2010-8006	03/31/2010	06/30/2030	2.06	326	245
Drinking Water State Revolving Fund 2011-7005	04/30/2014	10/31/2032	2.00	160	150
Drinking Water State Revolving Fund 2011-7006	04/30/2014	04/30/2032	2.00	148	138
Drinking Water State Revolving Fund 2014-7027	06/30/2015	12/31/2034	2.27	506	506
State of Connecticut interim notes payable:					
Drinking Water State Revolving Fund 2014-7036*	*	*	*	*	2,615
Total					$ 14,822

* Loans are not permanently financed at this time.

(In Thousands)

The annual debt service requirements of the governmental activities bonded indebtedness is as follows:

Year Ending June 30,	Principal	Interest	Total
2016	$ 4,040	$ 1,466	$ 5,506
2017	3,595	1,340	4,935
2018	3,540	1,170	4,710
2019	3,415	1,056	4,471
2020	3,205	953	4,158
2021-2025	11,320	3,485	14,805
2026-2030	9,850	1,678	11,528
2031-2035	4,685	353	5,038
Total	$ 43,650	$ 11,501	$ 55,151

The annual debt service requirements of the City’s bond and notes payable of business-type activities are as follows:

Year Ending June 30,	Principal	Interest	Total
2016	$ 3,636	$ 245	$ 3,881
2017	883	225	1,108
2018	829	206	1,035
2019	847	188	1,035
2020	784	171	955
2021-2025	3,332	623	3,955
2026-2030	3,290	295	3,585
2031-2035	1,221	27	1,248
Total	$ 14,822	$ 1,980	$ 16,802

(In Thousands)

Capital Leases

Governmental Activities
The City entered into multi-year capital leases for the purchase of a fire truck and other equipment. Principal payments for the 2015 fiscal year were $144. The net undepreciated value of assets purchased by capital lease approximates the principal balances payable of $979 at June 30, 2015. The following is a summary of capital lease commitments as of June 30, 2015.

Year Ending June 30,	Governmental Funds
2016	$ 184
2017	184
2018	184
2019	183
2020	177
2021-2023	195
Total payments	1,107
Less interest	(128)
Principal Balance	$ 979

Business-Type Activities
The Department of Public Utilities has entered into multi-year capital leases for the purchase of various items including equipment, vehicles, financial management systems and a municipal wide-area network. Principal payments for the 2015 fiscal year were $312. The net undepreciated value of assets purchased by capital lease approximates the principal balances payable of $945 at June 30, 2015. The following is a summary of capital lease commitments as of June 30, 2015.

Year Ending June 30,	Enterprise Funds
2016	$ 418
2017	367
2018	198
Total payments	983
Less interest	(38)
Principal Balance	$ 945

(In Thousands)

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	$	1,118	
Vacation		680	
Other		271	
Nonvested:			
Sick		1,400	*
Other		29	*
Total	$	3,498	

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

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 $250 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, 2015. 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 City is eligible for approximately $3,300 in state grants, of which $2,020 has been drawn down. 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.

Bonds Authorized/Unissued

Bonds authorized/unissued with outstanding debt at June 30, 2015 are as follows:

Description	Authorized	Bonded	Grants	Authorized Unissued
Kelly Middle School Renovation*	$ 41,250	$ 10,195	$ 29,250	$ 1,805
New London Turnpike & Pleasant Street Bridges	315	90		225
Demolition - Greenville & Buckingham Schools	675	665		10
Infrastructure Improvement Program	5,000	1,092		3,908
Demolition - 77 Chestnut St. & 26 Shipping St.	500	395		105
Downtown Revitalization	3,380	715		2,665
Gas Line Extensions	9,500	1,000		8,500
Wawecus Street Bridge	800	500		300
Code Correction Assistance	1,840	345		1,495
Commercial Rental Subsidy Program	1,000	275		725
Downtown Revolving Loan	540	95		445
Total	$ 64,800	$ 15,367	$ 29,250	$ 20,183

* The City expects to receive approximately 77.14% of eligible project costs from the State in the form of progress payments.

(In Thousands)

Debt Limitations

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

Category	Debt Limit	Net Indebtedness	Balance
General purpose	$ 168,001	$ 21,871	$ 146,130
Schools	336,002	12,295	323,707
Sewers	280,001	4,571	275,430
Urban renewal	242,668	3,380	239,288
Pension deficit	224,001		224,001

The total of the City's net statutory indebtedness of $42.1 million does not exceed the legal debt limitation of $523 million (seven times the base for debt limitation computation).

8. FUND EQUITY

A. Fund Balance

The components of fund balance at June 30, 2015 are as follows:

	General Fund	Bond Expenditure Fund	Education Grants	Nonmajor Governmental Funds	Total
Fund balances:					
Nonspendable:					
Inventory	$	$	$	$ 41	$ 41
Trust				1,559	1,559
Restricted for:					
Trust				71	71
Grants				296	296
Fire districts				1,498	1,498
Committed to:					
Public safety				17	17
Public works				1,805	1,805
Social services				734	734
General government				207	207
Education			205	798	1,003
Assigned to:					
General government - encumbrances	4				4
Public works - encumbrances	68				68
Public safety - encumbrances	19				19
Education - encumbrances	116				116
Unassigned	10,192	(363)		(63)	9,766
Total Fund Balances	$ 10,399	$ (363)	$ 205	$ 6,963	$ 17,204

(In Thousands)

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, 2015 on behalf of the Department were $338. 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.

9. 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 2015 for hospitalization with a maximum aggregate for all claims of approximately $19,420.

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 $500 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:				
2014-2015	$ 1,293	$ 12,499	$ 12,750	$ 1,042
2013-2014	1,380	13,203	13,290	1,293
Workers' Compensation:				
2014-2015	4,532	1,821	2,336	4,017
2013-2014	7,825	(1,153)	2,140	4,532

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 $1,499 for estimated unpaid accrued losses on reported claims as of June 30, 2015.

10. 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 are elected by plan members, three are 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. General City 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. City employees receive a retirement benefit of 2.2% of average final earnings during the highest 3 years out of the last 10 consecutive year period with a maximum of 74.8% of average earnings. Police who retire at normal retirement (after 20 years of service) receive 48% of average annual pay (highest 3 years out of last 10 consecutive years) for the first 20 years of service plus 2.2% of pay in excess of 20 years with a maximum benefit of 70% of average annual pay. Firefighters who retire at normal retirement after 20 years of service regardless of age will receive 48% of average earnings plus 2.2% of average earnings for each year over 20 with a maximum of 70% of pay. Average earnings for firefighters is defined as the average of the highest 3-year period out of the last consecutive 10-year period prior to retirement. If an employee leaves employment or dies before meeting the vesting requirements, accumulated contributions and interest are refunded. Effective benefits and contributions are established by the City as negotiated with the various unions. The General Fund and the Fire Districts Fund are used to liquidate net pension obligations.

(In Thousands)

At July 1, 2013, the plan members consisted of:

Retirees and beneficiaries currently receiving benefits	532
Terminated employees not yet receiving benefits	52
Active plan members	553
Total	1,137

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

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.

C. 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. City employees are required to contribute 8%. Police and firefighter participants are required to contribute 8%. Board of Education participants are required to contribute 7%. The City's funding policy provides for periodic employer contributions at actuarially determined rates. With the City's July 1, 2013 valuation, the Personnel and Pension Board voted to make some changes in the actuarial assumptions to bring them in line with other pension funds, GASB Statement No. 68, and GFOA best practices. As a result of these changes, the City's Actuarially Determined Employer Contribution (ADEC) increased substantially. Pursuant to Ordinance 1710 adopted December 15, 2014, the City is committed to increasing its employer contribution by 15% each year until the City returns to funding 100% of the ADEC. The City's current contribution percentage is 25.69% of covered payroll.

Administrative costs of the plan are financed through investment earnings.

(In Thousands)

D. Investments

Investment Policy

The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the Personnel and Pension Board by a majority vote of its members. It is the policy of the Personnel and Pension Board to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The pension plan's investment policy discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans. The following was the Board's adopted asset allocation policy as of June 30, 2015.

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return*	Weighting
U.S. Government Fixed Income	13.00%	1.75%	0.23%
U.S. Investment Grade Fixed Income	7.00%	2.25%	0.16%
U.S. Corporate High Yield Fixed Income	9.00%	3.25%	0.29%
International Developed Markets Fixed Income	1.00%	2.00%	0.02%
U.S. Large-Cap Equity	38.00%	4.75%	1.81%
U.S. Mid-Cap Equity	9.00%	5.50%	0.50%
U.S. Small-Cap Equity	4.00%	5.50%	0.22%
International Developed Markets Equity	12.00%	5.25%	0.63%
Emerging Markets Equity	5.00%	6.00%	0.30%
Cash	2.00%	0.50%	0.01%
Total Portfolio	100.00%		4.17%
Long-Term Inflation Expectation			3.00%
Long-Term Expected Nominal Return			7.17%

Rate of Return

For the year ended June 30, 2015, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 2.89%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

E. Net Pension Liability of the City

The components of the net pension liability of the City at June 30, 2015 were as follows:

Total pension liability	$ 242,442
Plan fiduciary net position	(159,261)
Net Pension Liability	$ 83,181
Plan fiduciary net position as a percentage of the total pension liability	65.69%

(In Thousands)

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of July 1, 2013, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0%
Salary increases	Ranges from 2.5% to 10.5%, based on age
Investment rate of return	7.75%, including inflation

Mortality rates were based on the RP-2000 Mortality Table with separate male and female rates, with no collar adjustment for annuitants, projected to the valuation date with Scale AA.

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. The results support a rate between 7.25% and 7.75%. An expected rate of return of 7.75% was used.

Discount Rate

The discount rate used to measure the total pension liability was 7.75%. 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.

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 June 30, 2014	$ 233,799	$ 159,455	$ 74,344
Changes for the year:			
Service cost	5,498		5,498
Interest on total pension liability	17,981		17,981
Differences between expected and actual experience			-
Changes in assumptions			-
Employer contributions		6,718	(6,718)
Member contributions		3,247	(3,247)
Net investment income		4,679	(4,679)
Benefit payments, including refund to employee contributions	(14,836)	(14,836)	-
Administrative expenses		(2)	2
Other changes			-
Net changes	8,643	(194)	8,837
Balances as of June 30, 2015	$ 242,442	$ 159,261	$ 83,181

(In Thousands)

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 discount rate of 7.75%, 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 (6.75%) or 1 percentage point higher (8.75%) than the current rate:

	1% Decrease in Discount Rate (6.75%)	Current Discount Rate (7.75%)	1% Increase in Discount Rate (8.75%)
Net pension liability as of June 30, 2015	$ 106,810	$ 83,181	$ 57,690

City of Norwich Volunteer Firefighters' Relief Plan

A. Plan Description and Benefits Provided

The City is the administrator of a Volunteer Firefighters Relief Plan (the 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.

The City provides benefits to Volunteer Firefighters who are at least 55 years old and have at least 20 years of credited service. Credited service is defined as a member who has responded to at least 20% of all emergency calls and 20% of all training sessions and drills. "Retirees" from the plan receive a monthly benefit of $22 multiplied by the years of credited service (to a maximum of 40 years).

Management of the plans rest with the Volunteer Firefighters' Relief Fund Committee (VFFRF), 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. The City Treasurer shall have the care and custody of all pension funds and with the approval of the VFFRF, 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 VFFRF, may designate and appoint a corporate trustee or trustees to manage the pension funds.

The contribution requirements of plan members and the City are established and may be amended by the City legislature. Members are required to contribute $264 for each calendar year of credited service.

At January 1, 2014, the plan members consisted of:

Retirees and beneficiaries receiving benefits	50
Active plan members	137
Total	187

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.

(In Thousands)

Plan Changes and Changes in Actuarial Assumptions
There were no plan changes reflected in the last actuarial valuation.

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.

C. 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 $264 for each calendar year of credited service.

D. 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 Committee's adopted asset allocation policy as of June 30, 2015.

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return*	Weighting
U.S. Large Cap	24.00%	4.75%	1.14%
U.S. Mid/Small Cap	6.00%	5.50%	0.33%
International Equities (Unhedged)	13.00%	5.25%	0.74%
Emerging International Equities	5.00%	6.00%	0.24%
Core Bonds	49.00%	2.00%	0.98%
Commodities	2.00%	5.00%	0.10%
Cash	1.00%	0.50%	0.01%
Total Portfolio	100.00%		3.54%
Long-Term Inflation Expectation			3.00%
Long-Term Expected Nominal Return			6.54%

* Long-Term Returns are provided by Hooker and Holcombe Investment Advisors, Inc. The returns are geometric means.

Rate of Return
For the year ended June 30, 2015, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was .7%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

(In Thousands)

E. Net Pension Liability of the City

The components of the net pension liability of the City at June 30, 2015 were as follows:

Total pension liability	$	5,224
Plan fiduciary net position		(2,182)
Net Pension Liability	$	3,042
Plan fiduciary net position as a percentage of the total pension liability		41.77%

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of July 1, 2013, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0%
Salary increases	N/A - members are volunteers
Investment rate of return	7.0%, including inflation

Mortality rates were based on the RP-2000 Mortality Table with separate male and female rates, with no collar adjustment for annuitants, projected to the valuation date with Scale AA.

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 rates term rates shown above are geometric averages, the impact of asset allocation and rebalancing is not reflected in the expected return. The results support a rate between 6.75% and 7.25%. An expected rate of return of 7.00% was used.

Discount Rate

The discount rate used to measure the total pension liability was 7.00%. 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.

(In Thousands)

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 June 30, 2014	$ 5,091	$ 2,098	$ 2,993
Changes for the year:			
Service cost	59		59
Interest on total pension liability	351		351
Differences between expected and actual experience			-
Changes in assumptions			-
Employer contributions		333	(333)
Member contributions		16	(16)
Net investment income		16	(16)
Benefit payments, including refund to employee contributions	(277)	(277)	-
Administrative expenses		(4)	4
Other changes			-
Net changes	133	84	49
Balances as of June 30, 2015	$ 5,224	$ 2,182	$ 3,042

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 discount rate of 7.00%, 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 (6.00%) or 1 percentage point higher (8.00%) than the current rate:

	1% Decrease in Discount Rate (6.00%)	Current Discount Rate (7.00%)	1% Increase in Discount Rate (8.00%)
Net pension liability as of June 30, 2015	$ 3,717	$ 3,042	$ 2,486

(In Thousands)

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

For the year ended June 30, 2015, the City recognized pension expense of $9,836. At June 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	City Employees	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ -
Changes of assumptions	-	-
Net difference between projected and actual earning on pension plan investments	5,994	-
Total	$ 5,994	$ -

	Volunteer Firefighter	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ -
Changes of assumptions	-	-
Net difference between projected and actual earning on pension plan investments	106	-
Total	$ 106	$ -

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

Year Ended June 30,	
2016	$ (1,525)
2017	(1,525)
2018	(1,525)
2019	(1,525)
Total	$ (6,100)

Teachers Retirement

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.

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.

Employees

Effective July 1, 1992, each teacher is required to contribute 6% of salary for the pension benefit.

(In Thousands)

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

At June 30, 2015, 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		52,936
Total	$	52,936

The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. At June 30, 2015, the City has no proportionate share of the net pension liability.

For the year ended June 30, 2015, the City recognized pension expense and revenue of $3,972 in Exhibit II for on-behalf amounts for the benefits provided by the State.

E. Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of June 30, 2014, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.00%
Salary increase	3.75-7.00%, including inflation
Investment rate of return	8.50%, net of pension plan investment expense, including inflation

Mortality rates were based on the RP-2000 Combined Mortality Table projected 19 years using scale AA, with a two-year setback for males and females for the period after service retirement and for dependent beneficiaries.

The actuarial assumptions used in the June 30, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2005 - June 30, 2010.

Future cost-of-living increases for members who retire on or after September 1, 1992 are assumed to be an annual cost-of-living adjustment of 2%.

(In Thousands)

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 target asset allocation and best estimates of arithmetic real rates of return for each major class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Large Cap U.S. equities	21.0%	7.3%
Developed non-U.S. equities	18.0%	7.5%
Emerging markets (Non-U.S.)	9.0%	8.6%
Core fixed income	7.0%	1.7%
Inflation linked bond fund	3.0%	1.3%
Emerging market bond	5.0%	4.8%
High yield bonds	5.0%	3.7%
Real estate	7.0%	5.9%
Private equity	11.0%	10.9%
Alternative investments	8.0%	0.7%
Liquidity fund	6.0%	0.0.%
Total	100.0%	

F. Discount Rate

The discount rate used to measure the total pension liability was 8.50%. 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. 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.

11. OTHER POST EMPLOYMENT 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 Post Employment 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. 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 and the Fire Districts Fund are used to liquidate net other post employment benefit obligations.

At July 1, 2013, plan membership consisted of the following:

Active plan members	833
Retired plan members	387
Total Participants	1,220

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.

Funding Policy
The City is committed to funding the annual required contribution. 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.

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 67 for both the retiree and the retiree's spouse.

For Police who retire on or after September 2014, 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 0.5% of their earnings to the OPEB fund.

Fire 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 67 for both the retiree and the retiree's spouse.

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.

Retired Board of Education Teachers and Administrators
For most current retirees, the City funds full cost of insurance for the retiree and spouse up to age 70.

The level of retiree and spouse benefits was scaled back incrementally through negotiations from 1995 through 2004. Teachers and Administrators hired after June 2004 are not eligible for postretirement medical benefits through the City.

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.

(In Thousands)

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.

For the year ended June 30, 2015, plan members contributed $1,466. 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, 2015 totaled $5,446.

C. Annual OPEB Cost and Net OPEB Obligations

The City's annual other post employment benefit (OPEB) cost is calculated based on the annual required contribution (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 25 years. The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the City's net OPEB obligation (asset):

		Retiree Health Plan
Annual required contribution (ARC)	$	5,446
Interest on net OPEB obligation		372
Adjustment to annual required contribution		(386)
Annual OPEB cost		5,432
Contributions made		(5,446)
Decrease in net OPEB obligation		(14)
Net OPEB obligation, beginning of year		4,794
Net OPEB Obligation, End of Year	$	4,780

(In Thousands)

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation is presented below.

Year Ended		Annual OPEB Cost (AOC)		Actual Contribution	Percentage of AOC Contributed		OPEB Obligation
6/30/15	$	5,431	$	5,446	100.0%	$	4,780
6/30/14		6,029		6,040	100.0		4,794
6/30/13		5,907		5,592	95.0		4,805

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as accrual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented below, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Schedule of Funding Progress

Actuarial Valuation Date		Actuarial Value of Assets (a)		Actuarial Accrued Liability (AAL) Entry Age (b)	Funded Ratio (a/b)		Covered Payroll (c)	UFAL as a % of Covered Payroll ((b-a)/c)
7/1/13	$	9,683	$	55,483	17.5%	$	52,400	87.4%
7/1/11		4,405		57,618	7.6		50,093	106.2
7/1/09		2,594		58,239	4.7		50,374	110.5

Schedule of Employer Contributions

Year Ended		Annual Required Contribution	Percentage Contributed
6/30/2015	$	5,446	100%
6/30/2014		6,040	100
6/30/2013		5,917	95
6/30/2012		6,184	99
6/30/2011		6,065	87
6/30/2010		5,352	69

Projections for benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the July 1, 2013 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions include a 7.75% investment rate of return, which is the rate of the expected long-term investment returns of plan assets calculated based on the funding policy of the plan at the valuation date. The annual healthcare cost trend rate is 9% initially, decreasing .5% per year to an ultimate rate of 5% for 2021 and later. The dental inflation rate is 5%. The general inflation assumption is 3.0%. The UAAL is being amortized as a level dollar basis. The amortization period at July 1, 2013 was 25 years.

12. 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 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. The bylaws were amended in 1995 to allow for participation of representation from the Town of Wallingford on the Board of Directors. CMEEC's Board is comprised of nineteen (19) 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, 2015 was $31.28 million.

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

During the 2015 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 (CO_2) cap and trading program as proposed by the RGGI in Connecticut. During the 2015 fiscal year, the Department's contributions to the fund totaled $244 and drawdowns were $329. The balance of the Department's funds held by CMEEC for the RGGI was $109 for the year ended June 30, 2015.

(In Thousands)

13. COMMITMENTS AND CONTINGENCIES

Connecticut Municipal Electric Energy Cooperative

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 current rate structure for its customers includes an annual amortized cost recovery component to pay the annual fixed charged cost obligation for the Department's percentage of CMEEC's annual debt service.

The Department's net deferred debt fixed cost obligation to CMEEC as of June 30, 2015 is summarized as follows:

CMEEC - debt service fixed cost obligation	$	21,492
Department - rate stabilization funds on deposit with CMEEC		(8,994)
Net Deferred Fixed Cost Obligation	$	12,498

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 assets. The fixed cost obligation paid by the Department to CMEEC included in the cost to purchase power for the current year was $2,489.

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

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 ten 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.

(In Thousands)

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 eleven 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.

14. 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.

15. PRIOR PERIOD ADJUSTMENT - RESTATEMENT OF NET POSITION

The following restatements were recorded to the beginning of net position of the governmental activities as a result of implementation of GASB Statement No 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27*:

	Governmental Activities	Business-Type Activities	Total
Net position balance at June 30 2014, as previously reported	$ 110,732	$ 128,578	$ 239,310
Adjustments:			
Eliminate net pension obligation reported per GASB No. 27	91		91
Eliminate net pension assets reported per GASB No. 27	(267)		(267)
Record starting net pension liability per GASB No. 68	(52,601)	(24,736)	(77,337)
Net Position Balance at July 1, 2014, as Restated	$ 57,955	$ 103,842	$ 161,797

CITY OF NORWICH, CONNECTICUT
GENERAL FUND
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE YEAR ENDED JUNE 30, 2015
(In Thousands)

	Budgeted Amounts			
	Original	Final	Actual	Variance
General property taxes:				
Current tax levy	$ 66,135	$ 66,135	$ 65,943	$ (192)
Motor vehicle supplement	750	750	812	62
Prior years levy	1,810	1,810	1,822	12
Interest and liens	850	850	1,001	151
Total	69,545	69,545	69,578	33
Licenses, permits and fees:				
Miscellaneous permits and fees	580	580	439	(141)
Intergovernmental revenues:				
Building maintenance	294	294	320	26
City housing	84	84	90	6
Municipal revenue sharing	365	365	196	(169)
Pequot funds	780	780	785	5
Payment in lieu of taxes	1,632	1,632	1,592	(40)
Elderly taxes	132	132	128	(4)
Youth Services	89	89	89	-
Federal DCPA match funds	20	20	19	(1)
Health services	121	121	139	18
Transportation	664	664	691	27
Special education	850	850	574	(276)
Education cost sharing	32,317	32,317	32,049	(268)
Town aid road	501	501	502	1
COPS grant	100	100	233	133
Telecommunications fund	49	49	44	(5)
Total	37,998	37,998	37,451	(547)
Charges for services:				
Town Clerk - recording fees	365	365	327	(38)
Town Clerk - conveyance tax	420	420	302	(118)
Land recording capital improvement fee	16	16	16	-
Probate court	22	22	24	2
Landfill	1,084	1,084	932	(152)
City property - relocation	100	100		(100)
Senior Citizens Center	5	5	5	-
Tuition	100	100	114	14
Total	2,112	2,112	1,720	(392)
Use of money:				
Interest from investments	45	45	43	(2)

(Continued on next page)

CITY OF NORWICH, CONNECTICUT
GENERAL FUND
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2015
(In Thousands)

	Budgeted Amounts			
	Original	**Final**	**Actual**	**Variance**
Other revenue:				
Sewer assessments	$ 490	$ 490	$ 382	$ (108)
In lieu of taxes/telephone	120	120	141	21
NGCA debt service	30	30	30	-
DPU - City service	94	94	94	-
Bond and note payments	817	817	817	-
Traffic violations	7	7	10	3
Miscellaneous	285	285	228	(57)
Total	1,843	1,843	1,702	(141)
Total revenues	112,123	112,123	110,933	(1,190)
Other financing sources:				
Transfers in:				
Cemetery Trust	60	60	62	2
Department of Public Utilities	6,250	6,250	6,250	-
Police	80	80	146	66
Total	6,390	6,390	6,458	68
Total	$ 118,513	$ 118,513	117,391	$ (1,122)

Budgetary revenues are different than GAAP revenues because:	
State of Connecticut on-behalf contributions to the Connecticut State Teachers' Retirement System for City teachers are not budgeted.	3,972
The Board of Education does not budget for intergovernmental grants, which are credited against education expenditures for budgetary reporting. These amounts are recorded as revenues and expenditures for GAAP financial reporting purposes.	1,340
Under liquidation of prior year encumbrances is recorded as miscellaneous revenue for budgetary reporting. This amount is excluded for financial reporting purposes.	(31)
Total Revenues and Other Financing Sources as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds - Exhibit IV	$ 122,672

CITY OF NORWICH, CONNECTICUT
GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE YEAR ENDED JUNE 30, 2015
(In Thousands)

	Budgeted Amounts			
	Original	**Final**	**Actual**	**Variance**
General government:				
City Manager	$ 328	$ 328	$ 314	$ 14
Finance	1,439	1,451	1,448	3
City Treasurer	228	228	217	11
Assessment	418	418	390	28
Personnel	504	504	495	9
Law	538	538	509	29
City Clerk	380	380	380	-
City Council	364	364	334	30
Election	131	131	122	9
Planning and Neighborhood Services	997	997	987	10
Emergency Management	79	79	79	-
Total general government	5,406	5,418	5,275	143
Public safety:				
Police	13,364	13,653	13,476	177
Fire:				
East Great Plain	127	127	115	12
Laurel Hill	62	62	57	5
Occum	69	69	69	-
Taftville	148	148	147	1
Yantic	160	161	160	1
Fire Central	2,038	2,038	1,980	58
Total public safety	15,968	16,258	16,004	254
Social Services:				
Recreation	559	589	586	3
Human services	537	537	500	37
Senior Citizens Center	586	586	575	11
Youth and Family Services	210	210	207	3
Total social services	1,892	1,922	1,868	54
Public works:				
Engineering and administration	597	597	569	28
Fleet maintenance	1,411	1,419	1,373	46
Solid waste	2,702	2,704	2,499	205
Maintenance and cleaning	4,074	4,109	4,243	(134)
Building maintenance	1,195	1,204	1,230	(26)
Parking maintenance	149	150	114	36
Total public works	10,128	10,183	10,028	155
Board of Education	71,593	71,593	71,593	-

(Continued on next page)

CITY OF NORWICH, CONNECTICUT
GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2015
(In Thousands)

	Budgeted Amounts			
	Original	**Final**	**Actual**	**Variance**
Other	$ 6,256	$ 5,869	$ 5,644	$ 225
Debt Service:				
Principal	4,069	4,069	4,069	-
Interest	1,367	1,367	1,367	-
Total debt service	5,436	5,436	5,436	-
Transfers out	1,834	1,834	1,834	-
Total	$ 118,513	$ 118,513	117,682	$ 831

Budgetary expenditures are different than GAAP expenditures because:	
State of Connecticut on-behalf payments to the Connecticut State Teachers' Retirement System for City teachers are not budgeted.	3,972
The Board of Education does not budget for intergovernmental grants, which are credited against education expenditures for budgetary reporting. These amounts are recorded as revenues and expenditures for GAAP financial reporting purposes.	1,340
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.	(207)
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.	467
Total Expenditures and Other Financing Uses as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds - Exhibit IV	$ 123,254

CITY OF NORWICH, CONNECTICUT
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
LAST TWO FISCAL YEARS - CITY EMPLOYEES
(In Thousands)

	2015	2014
Total pension liability:		
Service cost	$ 5,498	$ 2,679
Interest	17,981	17,334
Benefit payments, including refunds of member contributions	(14,836)	(14,146)
Net change in total pension liability	8,643	5,867
Total pension liability - beginning	233,799	227,932
Total pension liability - ending	242,442	233,799
Plan fiduciary net position:		
Contributions - employer	6,718	5,849
Contributions - member	3,247	3,057
Net investment income	4,681	20,194
Benefit payments, including refunds of member contributions	(14,836)	(14,146)
Administrative expense	(4)	(32)
Net change in plan fiduciary net position	(194)	14,922
Plan fiduciary net position - beginning	159,455	144,533
Plan fiduciary net position - ending	159,261	159,455
Net Pension Liability - Ending	$ 83,181	$ 74,344
Plan fiduciary net position as a percentage of the total pension liability	65.69%	68.20%
Covered-employee payroll	$ 39,262	$ 37,752
Net pension liability as a percentage of covered-employee payroll	211.86%	196.93%

CITY OF NORWICH, CONNECTICUT
SCHEDULE OF EMPLOYER CONTRIBUTIONS
LAST TEN FISCAL YEARS - CITY EMPLOYEES
(In Thousands)

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Actuarially determined contribution	$ 9,651	$ 5,790	$ 5,728	$ 4,713	$ 3,644	$ 2,397	$ 3,037	$ 2,921	$ 2,662	$ 1,862
Contributions in relation to the actuarially determined contribution	6,718	5,849	5,730	4,407	3,752	2,771	3,216	3,098	2,830	2,006
Contribution Deficiency (Excess)	$ 2,933	$ (59)	$ (2)	$ 306	$ (108)	$ (374)	$ (179)	$ (177)	$ (168)	$ (144)
Covered-employee payroll	$ 39,262	$ 37,752	$ 36,302	$ N/A	$ N/A	$ N/A	$ N/A	$ N/A	$ N/A	$ N/A
Contributions as a percentage of covered-employee payroll	17.11%	15.49%	15.78%	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Notes to Schedule

Valuation date: July 1, 2013
Measurement date: June 30, 2014
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 dollar, closed
Remaining amortization period	25 years, closed
Asset valuation method	5-year smoothed market
Inflation	3.0%
Salary increases	Ranges from 2.5% to 10.5%, based on age
Investment rate of return	7.75%

Retirement age - City and Public Utility Employees	Earlier of either (1) Age 55 with 25 years of service, (2) Age 60 with 5 years of service, or (3) 34 years of service
Retirement age - Board of Education Employees	Earlier of either (1) Age 55 with 25 years of service, or (2) Age 60 with 5 years of service
Retirement age - Police Officers and Firefighters	20 years of service
Mortality - Actives	1994 Uninsured Pensioners Mortality Table with separate male and female rates, projected to the valuation date with Scale AA
Mortality - Retirees and Terminated Vested	RP-2000 Mortality Table with separate male and female rates, with no collar adjustment for annuitants, projected to the valuation date with Scale AA

CITY OF NORWICH, CONNECTICUT
SCHEDULE OF INVESTMENT RETURNS
LAST TWO FISCAL YEARS - CITY EMPLOYEES

	2015	2014
Annual money-weighted rate of return, net of investment expense	2.98%	14.19%

CITY OF NORWICH, CONNECTICUT
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
LAST TWO FISCAL YEARS - VOLUNTEER FIRE
(In Thousands)

	2015	2014
Total pension liability:		
Service cost	$ 59	$ 49
Interest	351	367
Benefit payments, including refunds of member contributions	(277)	(268)
Net change in total pension liability	133	148
Total pension liability - beginning	5,091	4,943
Total pension liability - ending	5,224	5,091
Plan fiduciary net position:		
Contributions - employer	333	309
Contributions - member	16	12
Net investment income	16	253
Benefit payments, including refunds of member contributions	(277)	(268)
Administrative expense	(4)	(11)
Net change in plan fiduciary net position	84	295
Plan fiduciary net position - beginning	2,098	1,803
Plan fiduciary net position - ending	2,182	2,098
Net Pension Liability - Ending	$ 3,042	$ 2,993
Plan fiduciary net position as a percentage of the total pension liability	41.77%	41.21%
Covered-employee payroll*	$ -	$ -
Net pension liability as a percentage of covered-employee payroll	N/A	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

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Actuarially determined contribution	$ 304	$ 309	$ 309	$ 255	$ 255	$ 255	$ 247	$ 213	$ 213	$ 151
Contributions in relation to the actuarially determined contribution	333	309	310	281	250	250	250	213	160	120
Contribution Deficiency (Excess)	$ (29)	$ -	$ (1)	$ (26)	$ 5	$ 5	$ (3)	$ -	$ 53	$ 31
Covered-employee payroll*	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Contributions as a percentage of covered-employee payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

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

Notes to Schedule

Valuation date: January 1, 2014
Measurement date: June 30, 2014
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 dollar, closed
Remaining amortization period	25 years, closed
Asset valuation method	5-year smoothed market
Inflation	3.0%
Investment rate of return	7.00%
Retirement age	The later of (1) age 55, or (2) 20 years of service
Mortality	RP-2000 Mortality Table with separate male and female rates, with no collar adjustment, combined table for non-annuitants and annuitants projected to the valuation date with Scale AA

CITY OF NORWICH, CONNECTICUT
SCHEDULE OF INVESTMENT RETURNS
LAST TWO FISCAL YEARS - VOLUNTEER FIRE

	2015	2014
Annual money-weighted rate of return, net of investment expense	0.70%	15.89%

CITY OF NORWICH, CONNECTICUT
SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
TEACHERS RETIREMENT PLAN
LAST FISCAL YEAR

		2015
City's proportion of the net pension liability (asset)		0.00%
City's proportionate share of the net pension liability (asset)	$	-
State's proportionate share of the net pension liability (asset) associated with the City		52,936
Total	$	52,936
City's covered-employee payroll	$	28,303
City's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll		0.00%
Plan fiduciary net position as a percentage of the total pension liability (asset)		61.51%

Notes to Schedule

Changes in benefit terms	None
Changes of assumptions	During 2011, rates of withdrawal, retirement and assumed rates of salary increases were adjusted to reflect actual and anticipated experience. These assumptions were recommended as part of the Experience Study for the System for the five-year period ended June 30, 2010.
Actuarial cost method	Entry age
Amortization method	Level percent of salary, closed
Remaining amortization period	22.4 years
Asset valuation method	4-year smoothed market

APPENDIX B – FORM OF OPINIONS OF BOND COUNSEL AND TAX EXEMPTION

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FORM OF OPINION OF BOND COUNSEL
CITY OF NORWICH, CONNECTICUT
$6,300,000 GENERAL OBLIGATION BONDS, ISSUE OF 2016,
SERIES A, CAPITAL PROJECT BONDS

March __, 2016

City of Norwich
City Hall
100 Broadway
Norwich, Connecticut 06360

We have acted as Bond Counsel to the City of Norwich, Connecticut (the "City") in connection with the issuance by the City of its $6,300,000 General Obligation Bonds, Issue of 2016, Series A, Capital Project Bonds, dated March 1, 2016 (the "Series A Bonds"). In such capacity, we have examined a record of proceedings of the City authorizing the Series A Bonds, a Tax Compliance Agreement of the City dated March 1, 2016 (the "Agreement"), such law and such other proceedings, certifications, and documents as we have deemed necessary to render this opinion.

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

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

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

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

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

In our opinion, under existing law, interest on the Series A Bonds is not included in gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax; however, with respect to certain corporations (as defined for federal income tax purposes) subject to the federal alternative minimum tax, such interest is taken into account in computing the federal alternative minimum tax. We express no opinion regarding other federal income tax consequences caused by the ownership or disposition of, or receipt of interest on the Series A Bonds.

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

The Series A Bonds have been designated by the City to be and are qualified tax exempt obligations of the City under Section 265(b)(3) of the Code.

We express no opinion herein regarding the accuracy, adequacy, or completeness of the Official Statement dated February 17, 2016 and other offering material relating to the Series A Bonds.

We have not undertaken to advise whether any events after the date of issuance of the Series A Bonds, including the adoption of federal tax legislation, may affect the tax status of interest on the Series A Bonds.

Although we have rendered an opinion that interest on the Series A Bonds is not included in gross income for federal income tax purposes, federal income tax liability may otherwise be affected by the ownership or disposition of the Series A Bonds. We express no opinion regarding any tax consequence caused by ownership or disposition of, or receipt of interest income on, the Series A Bonds not specifically described herein.

Respectfully,

PULLMAN & COMLEY, LLC

FORM OF OPINION OF BOND COUNSEL CITY OF NORWICH, CONNECTICUT $2,500,000 GENERAL OBLIGATION BONDS, ISSUE OF 2016, SERIES B, TAXABLE BONDS

March __, 2016

City of Norwich
City Hall
100 Broadway
Norwich, Connecticut 06360

We have acted as Bond Counsel to the City of Norwich, Connecticut (the "City") in connection with the issuance by the City of its $2,500,000 General Obligation Bonds, Issue of 2016, Series B, Taxable Bonds, dated March 1, 2016 (the "Series B Bonds"). In such capacity, we have examined a record of proceedings of the City authorizing the Series B Bonds, such law and such other proceedings, certifications, and documents as we have deemed necessary to render this opinion.

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

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

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

In our opinion, under existing law, interest on the Series B Bonds is included in gross income for federal income tax purposes pursuant to the Internal Revenue Code of 1986, as amended.

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

We express no opinion herein regarding the accuracy, adequacy, or completeness of the Official Statement dated February 17, 2016 and other offering material relating to the Series B Bonds.

We have not undertaken to advise whether any events after the date of issuance of the Series B Bonds, including the adoption of Federal tax legislation, may affect the tax status of such Series B Bonds.

We express no opinion regarding any tax consequence caused by ownership or disposition of, or receipt of interest income on, the Series B Bonds not specifically described herein.

Respectfully,

PULLMAN & COMLEY, LLC

APPENDIX C – FORM OF CONTINUING DISCLOSURE AGREEMENT

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Appendix C

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

In Connection With The Issuance and Sale of
City of Norwich, Connecticut
\$6,300,000 General Obligation Bonds, Issue of 2016, Series A, Capital Project Bonds
And
\$2,500,000 General Obligation Bonds, Issue of 2016, Series B, Taxable Bonds

Dated March 1, 2016

WHEREAS, the City of Norwich, Connecticut (the "Issuer") has heretofore authorized the issuance of \$6,300,000 in aggregate principal amount of its General Obligation Bonds, Issue of 2016, Series A, Capital Project Bonds and \$2,500,000 in aggregate principal amount of its General Obligation Bonds, Issue of 2016, Series B, Taxable Bonds (collectively, the "Bonds") to be dated March 1, 2016 and to mature in the principal amounts and on the dates set forth in the Issuer's Official Statement describing the Bonds (the "Official Statement"); and

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

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

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

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

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

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

"Fiscal Year End" shall mean the last day of the Issuer's fiscal year, currently June 30.

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

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

Section 2. Annual Reports.

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

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

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

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

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

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

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

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

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

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

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

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

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

(c) Subject to the requirements of Section 8 hereof, the Issuer reserves the right to modify from time to time the specific types of information or data provided or the format of the presentation of such information or data, to the extent necessary or appropriate; provided that the Issuer agrees that any such modification will be done in a manner consistent with the Rule. The Issuer also reserves the right to modify the preparation and presentation of financial statements described herein as may be required to conform with changes in Connecticut law applicable to municipalities or any changes in generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board from time to time.

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

Section 4. **Event Notices.**

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

(i) principal and interest payment delinquencies;

(ii) non-payment related defaults, if material;

(iii) unscheduled draws on debt service reserves reflecting financial difficulties;

(iv) unscheduled draws on credit enhancements reflecting financial difficulties;

(v) substitution of credit or liquidity providers, or their failure to perform;

(vi) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB), or other material notices or determinations with respect to the tax status of the Bonds, or other events affecting the tax status of the Bonds;

(vii) modification to rights of security holders, if material;

(viii) bond calls, if material, and tender offers;

(ix) defeasances;

(x) release, substitution or sale of property securing repayment of the securities, if material;

(xi) rating changes;

(xii) bankruptcy, insolvency, receivership or similar event of the Issuer;

(xiii) the consummation of a merger, consolidation, acquisition involving the Issuer, other than the ordinary course of business, or the sale of all or substantially all the assets of the Issuer, or the entry into a definitive agreement to engage in such a transaction, or a termination of such an agreement, other than in accordance with its terms, if material; and

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

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

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

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

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

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

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

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

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

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

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

CITY OF NORWICH, CONNECTICUT

By:____________________________________
John Salomone, City Manager

By:____________________________________
Joshua A. Pothier, Comptroller

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APPENDIX D – NOTICE OF SALE AND BID FORMS

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NOTICE OF SALE

CITY OF NORWICH, CONNECTICUT

$8,800,000
GENERAL OBLIGATION BONDS, ISSUE OF 2016

CONSISTING OF

$6,300,000 SERIES A, CAPITAL PROJECT BONDS

AND

$2,500,000 SERIES B, TAXABLE BONDS

ELECTRONIC BIDS via ***PARITY®*** will be received by the **CITY OF NORWICH, CONNECTICUT** (the "City") at the Office of the Comptroller, City Hall, 100 Broadway, Norwich, Connecticut 06360 on Wednesday, February 17, 2016 for the purchase of:

$6,300,000 Series A, Capital Project Bonds
(the "Series A Bonds")

BANK QUALIFIED

Bid until 11:00 A.M. (Eastern Time)

And

$2,500,000 Series B, Taxable Bonds
(the "Series B Bonds")

Bid until 11:30 A.M. (Eastern Time)

(collectively referred to in this Notice of Sale as the "Bonds")

Separate forms of proposal will be provided for the Bonds of each series. Bidders may submit proposals for either series of the Bonds, and are not required to submit proposals for both.

Unless otherwise provided, provisions regarding the Bonds in this Notice of Sale apply separately to the Series A Bonds and Series B Bonds.

Tax Exempt Series A Bonds

The Series A Bonds will be dated March 1, 2016, and will mature and become payable on August 1 in each of the years and in the principal amounts as follows:

Year	Amount	Year	Amount
2016	365,000	2026	285,000
2017	365,000	2027	285,000
2018	365,000	2028	285,000
2019	365,000	2029	285,000
2020	365,000	2030	285,000
2021	365,000	2031	250,000
2022	360,000	2032	250,000
2023	360,000	2033	250,000
2024	360,000	2034	250,000
2025	355,000	2035	250,000

Taxable Series B Bonds

The Series B Bonds will be dated March 1, 2016, and will mature and become payable on August 1 in each of the years and in the principal amounts as follows:

Year	Amount	Year	Amount
2016	250,000	2021	250,000
2017	250,000	2022	250,000
2018	250,000	2023	250,000
2019	250,000	2024	250,000
2020	250,000	2025	250,000

The Issue

The full faith and credit of the City will be pledged for the prompt payment of the principal of, redemption premium, if any, and interest on the Bonds. The Bonds will be general obligations of the City payable, unless paid from other sources, from ad valorem taxes which may be levied on all taxable property subject to taxation by the City without limit as to rate or amount except as to classified property such as certified forest lands taxable at a limited rate and dwelling houses of qualified elderly persons of low income or of qualified disabled persons taxable at limited amounts pursuant to provisions of the Connecticut General Statutes, as amended. The Bonds will be dated their date of delivery, with interest payable on August 1, 2016 and semiannually thereafter on each February 1 and August 1 in each year until maturity, or earlier redemption. The information in this Notice of Sale is only a brief summary of certain provisions of the Bonds. For further information about the Bonds, reference is hereby made to the Preliminary Official Statement, dated February 5, 2016.

Optional Redemption

Series A Bonds

The Series A Bonds maturing on August 1, 2026 and thereafter are subject to redemption prior to maturity, at the option of the City, on or after August 1, 2025, at any time, in whole or in part and by lot within a maturity, in such amounts and in such order of maturity as the City may determine at the following redemption price (expressed as a percentage of the principal amount of the Series A Bonds to be redeemed) plus interest accrued and unpaid to the redemption date:

Redemption Period	Redemption Price
August 1, 2025 and thereafter	100%

The City, so long as a book-entry system is used for the Series A Bonds, will send any notice of redemption only to DTC (or a successor securities depository) or its nominee. Any failure of DTC to advise any DTC Participant, or of any DTC Participant or Indirect Participant to notify any Indirect Participant or Beneficial Owner, of any such notice and its content or effect will not affect the validity of the redemption of such Series A Bonds called for redemption.

Series B Bonds

The Series B Bonds are **not** subject to optional redemption.

Ratings

The City has applied to Standard & Poor's Rating Services for assignment of their municipal bond ratings to the Bonds. The assigned ratings may be obtained from the rating agency or will be posted through the facilities of ***PARITY®*** prior to sale.

Official Statement and Continuing Disclosure Agreement

The City has prepared a Preliminary Official Statement for the Bonds which is dated February 5, 2016, which is deemed final as of its date for purposes of SEC Rule 15c2-12(b)(1), except for omissions permitted thereby, but is subject to revision or amendment. The City will make available to the winning purchaser of each series of Bonds 15 copies of the Official Statement at the City's expense. The copies of the Official Statement will be made available to each winning purchaser at delivery of the Bonds or by the seventh business day after the day bids on the Bonds are received. If the City's financial advisor is provided with the necessary information from the winning purchaser by noon of the date following the day bids on the Bonds are received, the copies of the Official Statement will include an additional cover page and other pages indicating the interest rates, ratings, yields or reoffering prices, the name of the managing underwriter, and any corrections. The purchaser shall arrange with the financial advisor the method of delivery of the copies of the Official Statement to the purchaser. Additional copies of the Official Statement may be obtained by the purchaser at its own expense by arrangement with the printer.

The purchaser agrees to promptly file a final Official Statement with the Municipal Securities Rulemaking Board and to take any and all other actions necessary to comply with applicable Securities and Exchange Commission and Municipal Securities Rulemaking Board rules governing the offering, sale and delivery of the Bonds to the ultimate purchasers.

The City will enter into a Continuing Disclosure Agreement with respect to the Bonds, substantially in the form attached as Appendix C to the Official Statement (the "Continuing Disclosure Agreement"), to provide or cause to be provided, in accordance with the requirements of SEC Rule 15c2-12(b)(5), (i) annual financial information and operating data including audited financial statements, (ii) notice of the occurrence of certain events with respect to the Bonds within ten (10) business days of such event, and (iii) timely notice of a failure by the City to provide the required annual financial information. The winning bidder's obligation to purchase the Bonds shall be conditioned upon its receiving, at or prior to the delivery of the Bonds, an executed copy of the Continuing Disclosure Agreement for the Bonds.

Electronic Proposals Bidding Procedure

Bids for the purchase of the Bonds must be submitted electronically via ***PARITY®***, in accordance with this Notice of Sale, until 11:00 A.M. (Eastern Time) for the Series A Bonds and until 11:30 A.M. (Eastern Time) for the Series B Bonds on Wednesday, February 17, 2016, but no bid will be received after the time for receiving bids specified herein. To the extent any instructions or directions set forth in ***PARITY®*** shall conflict with information in this Notice of Sale, the terms of this Notice of Sale shall control. For further information about ***PARITY®***, including any fee charged, potential bidders may contact i-Deal LLC at 1359 Broadway, 2nd Floor, New York, New York 10018, telephone: (212) 849-5021. Any prospective bidder must be a subscriber of i-Deal LLC's BiDCOMP competitive bidding system. The City neither will confirm any subscription nor be responsible for any failure of a prospective bidder to subscribe.

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

For the purpose of the electronic bidding process, the time maintained on ***PARITY®*** shall constitute the official time. For information purposes only, bidders are requested to state in their bids the true interest cost to the City, as described under "Award, Delivery and Payment" below, represented by the rate or rates of interest and the bid price specified in their respective bids. All electronic bids shall be deemed to incorporate the provisions of this Notice of Sale.

Disclaimer. Each ***PARITY®*** prospective electronic bidder shall be solely responsible to make necessary arrangements to access ***PARITY®*** for the purposes of submitting its bid in a timely manner and in compliance with the requirements of this Notice of Sale. Neither the City nor ***PARITY®*** shall have any duty or obligation to undertake such arrangements to bid for any prospective bidder or to provide or assure such access to any prospective bidder, and neither the City nor ***PARITY®*** shall be responsible for a bidder's failure to make a bid or for proper operation of, or have any liability for any delays or interruptions of, or any damages caused by, ***PARITY®***. The City is using ***PARITY®*** as a communication mechanism, and not as the City's agent, to conduct the electronic bidding for the Bonds. The City is not bound by any advice and determination of ***PARITY®*** to the effect that any particular bid complies with the terms of this Notice of Sale and in particular the bid requirements herein set forth. All costs and expenses incurred by prospective bidders in connection with their subscription to, arrangements with and submission of bids via ***PARITY®*** are the sole responsibility of the bidders; and the City is not responsible, directly or indirectly, for any such costs or expenses. If a prospective bidder encounters any difficulty in arranging to bid or submitting, modifying or withdrawing a bid for the Bonds, the prospective bidder should telephone ***PARITY®*** at (212) 849-5021. If any provision of this Notice shall conflict with information provided by ***PARITY®*** , this Notice shall control.

Bid Requirements

A separate proposal must be submitted for the purchase of the Bonds of each series. Bidders may submit proposals for the Series A Bonds, Series B Bonds, or both Series. Each proposal for the purchase of the Bonds must specify the amount bid for the Bonds (which shall be the aggregate par value of the Bonds, and, at the option of the bidder, a premium), and shall specify in a multiple of one-eighth (1/8) or one-twentieth (1/20) of one percent (1%) the rate or rates of interest per annum which the Bonds are to bear, but shall not specify (a) more than one interest rate for any Bonds of a series having a like maturity, or (b) any interest rate for any Bonds of a series which exceeds the interest rate specified in such proposal for any other Bonds by more than two percent (2%). Interest shall be computed on the basis of twelve 30 day months and a 360 day year. No bid for less than par will be considered.

Award, Delivery and Payment

Unless all bids are rejected, each series of Bonds will be awarded to the bidder whose bid will result in the lowest true interest cost ("TIC") to the City. The TIC will be the annual interest rate, compounded semiannually, which, when used to discount all payments of principal and interest payable on the Bonds to March 1, 2016, the anticipated date of delivery of the Bonds, results in an amount equal to the purchase price for each series of the Bonds, excluding interest accrued to the date of delivery. In the event that two or more bidders offer bids at the same lowest TIC, the City will determine by lot which of such bidders will be awarded each series of the Bonds. It is requested that each proposal be accompanied by a statement of the percentage of true interest cost computed and rounded to four decimal places. Such statement shall not be considered as a part of the proposal. The purchase price must be paid in Federal Funds.

Promptly upon verbal notification that a bidder's proposal may be accepted, the bidder shall confirm to the City the reoffering prices of all the Bonds of each maturity.

Bids will be finally accepted or rejected promptly after opening and not later than 4:00 p.m. (Eastern Time) on the Bid Date in accordance with the provisions herein.

Simultaneously with or before delivery of the Series A Bonds, the purchaser of the Series A Bonds shall furnish to the City a certificate acceptable to Bond Counsel for the City to the effect that the purchaser has either purchased the Series A Bonds at the prices shown on such certificate for investment and not with a view toward distribution or resale and not in the capacity of a bond house, broker or other intermediary or has made a bona fide public offering of the Series A Bonds to the public (i) at initial offering prices not greater than, or yields not lower than, the respective prices or yields shown on the certificate, and (ii) a substantial amount of each maturity of the Series A Bonds was sold to the final purchasers thereof (not including bond houses and brokers or similar persons or organizations acting in the capacity of underwriters or wholesalers) at prices not greater than or yields not lower than, such offering prices or yields. Bond Counsel advises that (i) such certificates must be made on the best knowledge, information and belief of the purchaser, (ii) the sale to the public of 10% or more of each maturity of the Series A Bonds at prices not greater than or yields not lower than, the initial offering prices or yields would be sufficient for the purpose of certifying as to the sale of a substantial amount of the Series A Bonds and (iii) reliance on other facts as a basis for such certification would require evaluation by Bond Counsel to assure compliance with the statutory requirement.

Upon the delivery of the Bonds the successful bidder shall be furnished, without cost, with the respective approving opinion of Pullman & Comley, LLC, of Bridgeport, Connecticut, Bond Counsel, substantially in the forms set out in Appendices B-1 and B-2 to the Official Statement. The successful bidder will also be furnished with a receipt of payment for each series of the Bonds, a Signature and No

Litigation Certificate dated as of the date of delivery of the Bonds, stating that there is no litigation pending, or to the knowledge of the signers thereof, threatened, affecting the validity of the Bonds or the power of the City to levy and collect taxes to pay them. A copy of the final Official Statement prepared for this Bond issue will also be furnished together with a certificate of City Officials relating to the accuracy and completeness of the Official Statement.

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

The Series B Bonds will **NOT** be designated by the City as qualified tax-exempt obligations under the provisions of Section 265(b) of the Internal Revenue Code of 1986, as amended, for purposes of the deduction by financial institutions for Federal income tax purposes of a portion of interest expense allocable to tax exempt obligations.

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

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

The Bonds will be delivered to The Depository Trust Company, New York, New York ("DTC") or its agent via Fast Automated Securities Transfer ("FAST") on or about March __, 2016 against payment in immediately available Federal Funds. The deposit of the Bonds with DTC under a book-entry system requires the assignment of CUSIP numbers prior to delivery. It shall be the responsibility of the winning bidder or bidders to obtain CUSIP numbers for the Bonds prior to delivery, and the City will not be responsible for any delay occasioned by the inability to deposit the Bonds with DTC due to the failure of the winning bidder or bidders to obtain such numbers and to supply them to the City in a timely manner. The City assumes no responsibility for any CUSIP Service Bureau charge or other charge that may be imposed for the assignment of such numbers, which charges shall be the responsibility of and shall be paid for by the purchaser.

Right to Reject Bids; Waiver

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

Postponement; Change of Terms

The City reserves the right to alter any terms of the Bonds or this Notice of Sale and to postpone, from time to time, the date or time established for the receipt of the bids.

Book-Entry-Only Form

The Bonds will be issued by means of a book-entry system with no physical distribution of bond certificates made to the public. The Bonds will be issued in registered form and one bond certificate for each maturity will be issued to DTC, registered in the name of its nominee, Cede & Co., and immobilized in its custody. A book-entry system will be employed, evidencing ownership of the Bonds in the principal amount of $5,000 or integral multiples thereof, with transfers of ownership effected on the records of DTC and its Participants pursuant to rules and procedures adopted by DTC and its Participants. The purchaser, as a condition to delivery of the Bonds, will be required to deposit the bond certificates with DTC, registered in the name of Cede & Co. Principal of, redemption premium, if any, and interest on the Bonds will be payable by the City or its agent to DTC or its nominee as registered owner of the Bonds. Principal, redemption premium, if any, and interest payments by DTC to Participants of DTC will be the responsibility of DTC; principal, redemption premium, if any, and interest payments to Beneficial Owners by Participants of DTC will be the responsibility of such Participants and other nominees of Beneficial Owners. The City will not be responsible or liable for payments by DTC to its Participants or by DTC Participants to Beneficial Owners or for maintaining, supervising or reviewing the records maintained by DTC, its Participants or persons acting through such Participants.

In the event that (a) DTC determines not to continue to act as securities depository for the Bonds and the City fails to identify another qualified securities depository to replace DTC, or (b) the City determines to discontinue the book-entry system of evidence and transfer of ownership of the Bonds, the City will authenticate and deliver replacement Bonds in the form of fully registered Bond certificates directly to the Beneficial Owners of the Bonds or their nominees.

Additional Information

For more information regarding the Bonds and the City, reference is made to the Official Statement. Copies of the Official Statement may be obtained from William Blair & Company, L.L.C., 222 West Adams Street, Chicago, Illinois 60606, Tel. (312) 364-8292.

JOHN SALOMONE
City Manager

JOSHUA A. POTHIER
Comptroller

February 5, 2016

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CITY OF NORWICH, CONNECTICUT • GENERAL OBLIGATION BONDS, ISSUE OF 2016

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