

OFFICIAL STATEMENT DATED FEBRUARY 28, 2017

**New Issue/ Refunding
Book Entry Only**

**Ratings: S&P Global: "AA"
(See "Ratings" herein)**

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 (as defined below) 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 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. 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 (as defined below) 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
\$8,275,000 GENERAL OBLIGATION BONDS, ISSUE OF 2017
(THE "BONDS")**

CONSISTING OF:

**\$7,275,000 GENERAL OBLIGATION BONDS, SERIES A
(the "Series A Bonds") (BANK QUALIFIED)**

**\$1,000,000 GENERAL OBLIGATION BONDS (FEDERALLY TAXABLE), SERIES B
(the "Series B Bonds")**

Dated: Date of Delivery

Due: August 1, as listed on the inside cover

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 "Security and Remedies" herein.

Interest on the Bonds will be payable on August 1, 2017 and semiannually thereafter on August 1 and February 1 in each year until maturity. **The Bonds ARE subject to redemption prior to maturity.** See "Optional Redemption" and "Mandatory Sinking Fund Redemption" herein.

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 System" herein.

The Registrar, Transfer Agent, Certifying Agent, Paying Agent and Escrow 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. Certain legal matters will be passed upon for the Underwriter by its counsel, Shipman & Goodwin LLP, Hartford, Connecticut. 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 10, 2017.

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.

PiperJaffray

MATURITY SCHEDULES(Base CUSIP^δ: 669402)**\$7,275,000 SERIES A BONDS**

Dated: Date of Delivery					Due: August 1,				
Maturity	Principal	Interest Rate	Yield	CUSIP	Maturity	Principal	Interest Rate	Yield	CUSIP
2017	\$225,000	3.000%	0.780%	XS3	2024	\$225,000	4.000%	2.100%	XZ7
2018	225,000	3.000	0.980	XT1	2025	795,000	4.000	2.150	YA1
2019	225,000	3.000	1.180	XU8	2026	790,000	4.000	2.250	YB9
2020	225,000	3.000	1.330	XV6	2027	785,000	4.000	2.350	YC7
2021	225,000	3.000	1.550	XW4	2028*	785,000	4.000	2.420	YD5
2022	225,000	3.000	1.750	XX2	2029*	780,000	3.000	2.650	YE3
2023	225,000	3.000	1.900	XY0					

3.500% \$440,000 Term Bond due August 1, 2031*, Yield 2.850%, CUSIP 669402-YG8**4.000% \$440,000 Term Bond due August 1, 2033*, Yield 2.950%, CUSIP 669402-YH6****4.000% \$660,000 Term Bond due August 1, 2036*, Yield 3.050%, CUSIP 669402-YJ2****\$1,000,000 SERIES B BONDS**

Dated: Date of Delivery					Due: August 1,				
Maturity	Principal	Interest Rate	Yield	CUSIP	Maturity	Principal	Interest Rate	Yield	CUSIP
2017	\$50,000	1.000%	1.000%	YK9	2020	\$50,000	2.000%	2.000%	YN3
2018	50,000	1.400	1.400	YL7	2021	50,000	2.250	2.250	YP8
2019	50,000	1.700	1.700	YM5	2022	50,000	2.500	2.500	YQ6

3.300% \$250,000 Term Bond due August 1, 2027, Yield 3.300%, CUSIP 669402-YR4**3.650% \$250,000 Term Bond due August 1, 2032, Yield 3.650%, CUSIP 669402-YS2****3.900% \$200,000 Term Bond due August 1, 2036, Yield 3.900%, CUSIP 669402-YT0**

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

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 redemption on August 1, 2027; however any such redemption is at the election of the City. See "Optional Redemption" herein.

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.

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

The Underwriter has provided the following sentence for inclusion in this Official Statement. The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to investors under federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE BONDS AT LEVELS ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME WITHOUT PRIOR NOTICE.

[THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK.]

TABLE OF CONTENTS

<p>ISSUE SUMMARY1</p> <p style="padding-left: 20px;"><i>Series A Bonds</i> 1</p> <p>ISSUE SUMMARY2</p> <p style="padding-left: 20px;"><i>Series B Bonds</i> 2</p> <p>BOND INFORMATION.....3</p> <p style="padding-left: 20px;"><i>Introduction</i>..... 4</p> <p style="padding-left: 20px;"><i>Authority to Issue the Bonds</i>..... 4</p> <p style="padding-left: 20px;"><i>Description of the Bonds</i> 4</p> <p style="padding-left: 20px;"><i>Optional Redemption</i> 4</p> <p style="padding-left: 20px;"><i>Mandatory Sinking Fund Redemption</i>..... 5</p> <p style="padding-left: 20px;"><i>Notice of Redemption</i> 6</p> <p style="padding-left: 20px;"><i>Tax Status of the Bonds</i> 7</p> <p style="padding-left: 20px;"><i>Security and Remedies</i> 9</p> <p style="padding-left: 20px;"><i>Use of Proceeds</i>..... 10</p> <p style="padding-left: 20px;"><i>Sources and Uses of Funds</i> 10</p> <p style="padding-left: 20px;"><i>Plan of Refunding</i>..... 11</p> <p style="padding-left: 20px;"><i>Verification of Mathematical Computations</i> 11</p> <p style="padding-left: 20px;"><i>Book-Entry-Only System</i> 11</p> <p style="padding-left: 20px;"><i>DTC Practices</i>..... 13</p> <p style="padding-left: 20px;"><i>Ratings</i> 13</p> <p style="padding-left: 20px;"><i>Underwriting</i>..... 13</p> <p>THE ISSUER.....15</p> <p style="padding-left: 20px;"><i>Form of Government</i>..... 16</p> <p style="padding-left: 20px;"><i>Principal City Officials</i> 16</p> <p style="padding-left: 20px;"><i>Geography</i>..... 17</p> <p style="padding-left: 20px;"><i>Community Profile</i> 17</p> <p style="padding-left: 20px;"><i>Municipal Services</i> 18</p> <p style="padding-left: 20px;"><i>Economic Development Activity</i>..... 21</p> <p style="padding-left: 20px;"><i>Housing Market</i>..... 22</p> <p style="padding-left: 20px;"><i>Federal Projects</i>..... 23</p> <p style="padding-left: 20px;"><i>State of Connecticut Projects</i> 23</p> <p style="padding-left: 20px;"><i>Major City Initiatives</i> 23</p> <p style="padding-left: 20px;"><i>Municipal Employees</i> 25</p> <p style="padding-left: 20px;"><i>Municipal Employees' Bargaining Organizations</i> 26</p> <p style="padding-left: 20px;"><i>School Facilities</i>..... 27</p>	<p style="padding-left: 20px;"><i>School Enrollments</i> 27</p> <p>ECONOMIC AND DEMOGRAPHIC INFORMATION.....29</p> <p style="padding-left: 20px;"><i>Population and Density</i>..... 30</p> <p style="padding-left: 20px;"><i>Population Distribution by Age</i> 30</p> <p style="padding-left: 20px;"><i>Income Distribution</i> 30</p> <p style="padding-left: 20px;"><i>Comparative Income Measures</i>..... 31</p> <p style="padding-left: 20px;"><i>Educational Attainment</i>..... 31</p> <p style="padding-left: 20px;"><i>Total Employment by Industry</i> 31</p> <p style="padding-left: 20px;"><i>Employment Data</i>..... 32</p> <p style="padding-left: 20px;"><i>Major Employers</i> 32</p> <p style="padding-left: 20px;"><i>Age Distribution of Housing</i> 32</p> <p style="padding-left: 20px;"><i>Housing Inventory</i>..... 33</p> <p style="padding-left: 20px;"><i>Owner-Occupied Housing Values</i>..... 33</p> <p style="padding-left: 20px;"><i>Number and Size of Households</i> 33</p> <p style="padding-left: 20px;"><i>Building Permits</i> 34</p> <p>TAX BASE DATA35</p> <p style="padding-left: 20px;"><i>Property Tax and Assessments</i>..... 36</p> <p style="padding-left: 20px;"><i>Property Tax Levy and Collection</i> 37</p> <p style="padding-left: 20px;"><i>Comparative Assessed Valuations</i> 37</p> <p style="padding-left: 20px;"><i>Taxable Grand List and Tax Collections</i> 38</p> <p style="padding-left: 20px;"><i>Major Taxpayers</i> 39</p> <p>DEBT AND FINANCIAL INFORMATION41</p> <p style="padding-left: 20px;"><i>Principal Amount of Indebtedness</i> 42</p> <p style="padding-left: 20px;"><i>Short Term Debt</i>..... 43</p> <p style="padding-left: 20px;"><i>Overlapping/Underlying Debt</i> 43</p> <p style="padding-left: 20px;"><i>Aggregate Annual Debt Maturity Schedule</i> 43</p> <p style="padding-left: 20px;"><i>Authorized but Unissued Debt</i> 44</p> <p style="padding-left: 20px;"><i>Debt Statement</i>..... 44</p> <p style="padding-left: 20px;"><i>Current Debt Ratios</i> 45</p> <p style="padding-left: 20px;"><i>Limitation on Indebtedness</i> 45</p> <p style="padding-left: 20px;"><i>Statement of Statutory Debt Limitation and Debt Margin</i> 46</p> <p style="padding-left: 20px;"><i>Debt Limitation Base</i> 46</p> <p style="padding-left: 20px;"><i>Bond Authorization</i> 46</p> <p style="padding-left: 20px;"><i>Temporary Financing</i> 46</p>
---	--

State of Connecticut School Building Grants 47

Clean Water Fund Program..... 47

FINANCIAL ADMINISTRATION**49**

Fiscal Year 50

Basis of Accounting and Accounting Policies 50

Annual Audit 50

Auditor’s Disclaimer 50

Pension Programs..... 50

Other Post-Employment Benefits 52

General Fund Unrestricted Fund Balance Policy..... 53

General Fund Revenues and Expenditures 54

LEGAL AND OTHER INFORMATION**57**

Litigation..... 58

Availability of Continuing Disclosure Information... 58

Legal Matters 58

Concluding Statement 58

APPENDIX A - FINANCIAL STATEMENTS

APPENDIX B-1 – FORM OF OPINION OF BOND COUNSEL

APPENDIX B-2 – FORM OF OPINION OF BOND COUNSEL

APPENDIX C -1 – FORM OF CONTINUING DISCLOSURE AGREEMENT

APPENDIX C -2 – FORM OF CONTINUING DISCLOSURE AGREEMENT

ISSUE SUMMARY

Series A Bonds

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:	\$7,275,000 General Obligation Bonds, Series A (the "Series A Bonds")
Dated Date:	Date of Delivery
Interest Due:	February 1 st and August 1 st in each year until maturity, commencing August 1, 2017
Principal Due Date:	August 1 st as shown on the inside cover of the Official Statement
Record Date:	The close of business on the fifteenth (15 th) day of January and July in each year (or the preceding business day if the 15 th is not a business day).
Purpose:	The Series A Bonds are being issued to finance various road and gas system improvements and firefighter equipment purchases and to refund a portion of the outstanding maturities of the City's General Obligation Bonds, Issue of 2009, Series A, Capital Project Bonds.
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:	S&P Global: "AA". See "Ratings" herein.
Redemption:	The Series A Bonds <u>ARE</u> subject to redemption prior to maturity. See "Optional Redemption" and "Mandatory Sinking Fund Redemption" herein.
Tax Status:	See APPENDIX B-1 – FORM OF OPINION OF BOND COUNSEL.
Certifying Bank, Registrar, Transfer Agent, Paying Agent, and Escrow 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-1- FORM OF CONTINUING DISCLOSURE AGREEMENT 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 10, 2017.
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.

ISSUE SUMMARY

Series B Bonds

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:	\$1,000,000 General Obligation Bonds (Federally Taxable), Series B (the "Series B Bonds")
Dated Date:	Date of Delivery
Interest Due:	February 1 st and August 1 st in each year until maturity, commencing August 1, 2017
Principal Due Date:	August 1 st as shown on the inside cover of the Official Statement
Record Date:	The close of business on the fifteenth (15 th) day of January and July in each year (or the preceding business day if the 15 th is not a business day).
Purpose:	The Series B Bonds are being issued to finance gas system improvements.
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.
Ratings:	S&P Global: "AA". See "Ratings" herein.
Redemption:	The Series B Bonds <u>ARE</u> subject to redemption prior to maturity. See "Optional Redemption" and "Mandatory Sinking Fund Redemption" herein.
Tax Status:	See APPENDIX B-1 – FORM OF OPINION 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-2 FORM OF CONTINUING DISCLOSURE AGREEMENT 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 10, 2017.
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 Bonds**
- **Optional Redemption**
- **Mandatory Sinking Fund Redemption**
- **Notice of Redemption**
- **Tax Status of the Bonds**
- **Security and Remedies**
- **Use of Proceeds**
- **Sources and Uses of Funds**
- **Plan of Refunding**
- **Verification of Mathematical Computations**
- **Book-Entry-Only System**
- **DTC Practices**
- **Ratings**
- **Underwriting**

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 sale of the City's \$8,275,000 General Obligation Bonds, Issue of 2017, (the "Bonds") consisting of \$7,275,000 General Obligation Bonds, Series A (the "Series A Bonds") and the \$1,000,000 General Obligation Bonds (Federally Taxable), Series B (the "Series B Bonds"), and collectively 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, and will serve as Escrow Agent for the Series A 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 sale 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-1 – FORM OF OPINION OF BOND COUNSEL) 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 and resolutions adopted by the City Council.

Description of the Bonds

The 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, 2017. 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 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 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.

Optional Redemption

The Bonds maturing on or before August 1, 2027 are not subject to redemption prior to maturity. The Bonds maturing on and after August 1, 2028 are subject to redemption prior to maturity, at the option of the City, on and after August 1, 2027, 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 or prices (expressed as a percentage of the principal amount of Bonds to be redeemed) set forth in the following table, plus interest accrued and unpaid to the redemption date:

<u>Redemption Date</u>	<u>Redemption Price</u>
August 1, 2027 and thereafter	100.00%

Mandatory Sinking Fund Redemption

The Series A Bonds due on August 1 of the years 2031, 2033 and 2036 are subject to mandatory sinking fund redemption in part by lot at a redemption price equal to one hundred percent (100%) of the principal amount of the Bonds to be redeemed, plus accrued interest thereon to the date specified for redemption, on August 1 in each of the years set forth in the following table, in the principal amount specified in each of such years. The Series B Bonds due on August 1 of the years 2027, 2032, and 2036 are subject to mandatory sinking fund redemption in part by lot at a redemption price equal to one hundred percent (100%) of the principal amount of the Bonds to be redeemed, plus accrued interest thereon to the date specified for redemption, on August 1 in each of the years set forth in the following table, in the principal amount specified in each of such years. The City, at its option, may credit against any mandatory sinking fund redemption, term bonds of the maturity then subject to redemption which have been redeemed and not theretofore applied as credit against any mandatory sinking fund redemption requirement.

SERIES A TERM BOND DUE AUGUST 1, 2031

YEAR	PRINCIPAL AMOUNT
2030	\$220,000
2031*	220,000
*Final Maturity	

SERIES A TERM BOND DUE AUGUST 1, 2033

YEAR	PRINCIPAL AMOUNT
2032	\$220,000
2033*	220,000
*Final Maturity	

SERIES A TERM BOND DUE AUGUST 1, 2036

YEAR	PRINCIPAL AMOUNT
2034	\$220,000
2035	220,000
2036*	220,000
*Final Maturity	

SERIES B TERM BOND DUE AUGUST 1, 2027

YEAR	PRINCIPAL AMOUNT
2023	\$50,000
2024	50,000
2025	50,000
2026	50,000
2027*	50,000
*Final Maturity	

SERIES B TERM BOND DUE AUGUST 1, 2032

YEAR	PRINCIPAL AMOUNT
2028	\$50,000
2029	50,000
2030	50,000
2031	50,000
2032*	50,000
*Final Maturity	

SERIES B TERM BOND DUE AUGUST 1, 2036

YEAR	PRINCIPAL AMOUNT
2033	\$50,000
2034	50,000
2035	50,000
2036*	50,000
*Final Maturity	

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 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 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 Bonds. Upon the giving of such notice, if sufficient funds available solely for redemption are on deposit with the Paying Agent, the Bonds, or portions thereof so called for redemption will cease to bear interest after the specified redemption date. So long as Cede & Co., as nominee for DTC is the registered owner of the Bonds, all notices of redemption will be sent only to DTC or its successor nominee.

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

The City, so long as a book-entry system is used for the Bonds, will send any notice of redemption only to DTC (or 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 Bonds called for redemption.

Redemption of a portion of the Bonds of any maturity by the City will reduce the outstanding principal amount of Bonds 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 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 Bonds to be redeemed held by the Beneficial Owners. Any such allocation of interest in the Bonds to be redeemed will not be governed by the determination of the City authorizing the issuance of the Bonds and will not be conducted by the City, or be the responsibility of, the City, the Registrar or Paying Agent.

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 inside 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.

Tax Status of 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 opinions of Bond Counsel are rendered as of its date, and Bond Counsel assumes no obligation to update or supplement their opinions 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 opinions. 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

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, motor vehicles 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.

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/ Other Sources	Series A Bonds	Series B Bonds	Authorized But Unissued
New London Turnpike and Pleasant Street Bridges	\$530,000	\$90,000	\$215,000	\$200,000	-	\$25,000
Infrastructure Improvement Program	5,000,000	3,540,000		1,460,000	-	-
SCBA Equipment	800,000	-	-	790,000	-	10,000
Gas Line Extensions (2014)	9,500,000	5,291,000	-	2,000,000	\$1,000,000	1,209,000
Refunding	3,000,000	-	-	2,825,000	-	175,000-
Total	\$18,830,000	\$8,921,000	\$215,000	\$7,275,000	\$1,000,000	\$1,419,000

Sources and Uses of Funds

Sources	Series A Bonds	Series B Bonds
Principal Amount of Bonds	\$7,275,000.00	\$1,000,000.00
Net Original Issue Premium	710,052.15	
Cash on Hand	60,000.00	
Total Sources	\$8,045,052.15	\$1,000,000
Uses		
Deposit to Project Fund	\$4,736,111.77	\$981,512.82
Deposit to Escrow Deposit Fund	3,183,486.15	
Costs of Issuance ¹	125,454.23	18,487.18
Total Uses	\$8,045,052.15	\$1,000,000

¹Includes Underwriter's Discount

Plan of Refunding

A portion of the Series A Bonds are being issued to advance refund a portion of the City's outstanding General Obligation Bonds, Issue of 2009, Series A, Capital Project Bonds, which were dated December 16, 2009 (the "Refunded Bonds"), as listed below. The refunding is contingent upon delivery of the Series A Bonds.

Series	Maturity		Principal	Coupon	Call	Call
	Date	CUSIP			Date	Price %
2009A	12/01/25	669402-SF7	\$600,000	4.00%	12/1/2018	100
2009A	12/01/26	669402-SG5	600,000	4.00	12/1/2018	100
2009A	12/01/27	669402-SH3	600,000	4.00	12/1/2018	100
2009A	12/01/28	669402-SJ9	600,000	4.00	12/1/2018	100
2009A	12/01/29	669402-SK6	600,000	4.00	12/1/2018	100

Upon delivery of the Series A Bonds, a portion of the Series A Bond proceeds will be deposited in an irrevocable escrow fund (the "Escrow Deposit Fund") established with U.S. Bank National Association, as escrow agent (the "Escrow Agent"), under an escrow agreement (the "Escrow Agreement") dated as of March 10, 2017 between the Escrow Agent and the City. The Escrow Agent will use such proceeds to purchase a portfolio of non-callable direct obligations of, or obligations guaranteed by, the government of the United States of America, including United States Treasury State and Local Government Series ("SLGS") securities, Federal National Mortgage Association ("FNMA") securities, and any other securities permitted by Section 7-400 of the Connecticut General Statutes, all of which shall not be callable or prepayable at the option of the issuer thereof (the "Escrow Securities"). The principal of and interest on the Escrow Securities, when due, will provide amounts sufficient to pay the principal of, interest on and redemption premium, if any, on the Refunded Bonds on the dates such payments are due. The City may also enter into an agreement to reinvest receipts from Escrow Securities not immediately required to pay the principal of, and redemption premium, if any, and interest on the Refunded Bonds. All investment income on and the maturing principal of the Escrow Securities held in the Escrow Deposit Fund will be irrevocably deposited by the City for payment of the Refunded Bonds.

Verification of Mathematical Computations

AMTEC Corporation of Avon, Connecticut ("AMTEC") has verified from information provided to them the mathematical accuracy as of the date of the closing of the Series A Bonds of (i) the computations contained in the provided schedules to determine that the anticipated receipts from the Escrow Securities and cash deposits, to be held in escrow, will be sufficient to pay, when due, the principal, interest and call premium requirements, if any, of the Refunded Bonds and (ii) the computations of yield on both the Escrow Securities and the Series A Bonds contained in the provided schedules used by Bond Counsel in its determination that the interest on the Series A Bonds is excludable from federal income tax purposes. AMTEC will express no opinion on the assumptions provided to them, nor as to the exemption from taxation of the interest on the Series A Bonds.

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 the Depository Trust Company ("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.

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 securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited

securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has an S&P Global Rating'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 Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

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

Principal 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

S&P Global Ratings (“S&P”) 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 agency certain information and materials, some of which may not have been included in this Official Statement. A rating obtained reflects only the view of the 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. The rating agency should be contacted directly for its rating on the Bonds and the explanation of such rating.

Underwriting

The Bonds are being purchased by Piper Jaffray & Co. (the “Underwriter”) pursuant to the terms of purchase contracts for the Bonds with the City (the “Bond Purchase Contracts”). Pursuant to the Bond Purchase Contracts, the Underwriter has agreed to purchase the Series A Bonds at the net aggregate purchase price of \$7,949,417.74 (which is equal to the par amount of the Series A Bonds plus net original premium of \$710,052.15 and less an underwriter’s discount of \$35,634.41), and the Series B Bonds at the net purchase price of \$993,597.41 (which is equal to the par amount of the Series B Bonds less an underwriter’s discount of \$6,402.59). The Underwriter may offer and sell the Bonds to certain dealers (including dealers depositing Bonds into unit investment trusts) and others at prices lower or yields higher than the public offering prices or yields stated on the inside cover page hereof. The initial offering prices or yields may be changed from time to time by the Underwriter.

The Bonds are offered by the Underwriter for sale in those jurisdictions in the United States, Puerto Rico and Guam where it is lawful to make such offers. The Underwriter has undertaken that it has not offered, sold or delivered and will not offer, sell or deliver, directly or indirectly, any of the Bonds or distribute this Official Statement or other material relating to the Bonds in or from any jurisdiction except under circumstances that will, to the best of its knowledge and belief, result in compliance with the applicable laws and regulations thereof.

The Underwriter has entered into a distribution agreement (the “CS & Co. Distribution Agreement”) with Charles Schwab & Co., Inc. (“CS & Co.”) for the retail distribution of certain securities offerings including the Bonds, at the original issue prices. Pursuant to the CS & Co. Distribution Agreement, CS & Co. will purchase Bonds from the Underwriter at the original issue price less a negotiated portion of the selling concession applicable to any Bonds that CS & Co. sells.

[THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK.]

- **Form of Government**
- **Principal City Officials**
- **Geography**
- **Community Profile**
- **Municipal Services**
- **Economic Development Activity**
- **Housing Market**
- **Federal Projects**
- **State of Connecticut Projects**
- **Major City Initiatives**
- **Municipal Employees**
- **Municipal Employees' Bargaining Organizations**
- **School Facilities**
- **School Enrollments**

Form of Government

The City operates under a Charter adopted in 1952, which was most recently revised on 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 to 2% of the previous year's General Fund budget rather than the value of one 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	3 years	7 years
President Pro Tempore	Peter A. Nystrom	Elected – 2 years	1 year	12 years
Aldersperson	H. Tucker	Elected – 2 years	1 year	3 years
	Braddock			
Aldersperson	Stacy Gould	Elected – 2 years	1 year	1 year
Aldersperson	Gerald Martin	Elected – 2 years	1 year	1 year
Aldersperson	William Nash	Elected – 2 years	3 years	5 years
Aldersperson	Joanne Philbrick	Elected – 2 years	1 year	1 year
City Manager	John Salomone	Appointed – Indefinite	1 year	1 year
Comptroller	Joshua A. Pothier	Appointed – Indefinite	3 years	14 years
Deputy Comptroller	Anthony Madeira	Appointed – Indefinite	3 years	11 years
Treasurer	Michael Gualtieri	Elected – 2 years	1 year	1 year
Collector of Taxes & Revenues	Karlene Deal	Appointed – Indefinite	1 year	1 year
Assessor	Donna Ralston	Appointed – Indefinite	8 years	8 years
City Clerk	Betsy Barrett	Appointed – Indefinite	5 years	5 years
Corporation Counsel	Michael E. Driscoll	Appointed – Indefinite	15 years	15 years
Superintendent of Schools	Abby I. Dolliver	Appointed – Indefinite	7 years	24 years
Board of Education				
Chairperson	Aaron Daniels	Elected – 2 years	7 years	7 years
Vice Chairperson	Dennis Slopak	Elected – 2 years	5 years	5 years
Secretary	Angelo Yeitz	Elected – 2 years	3 years	3 years
Board Member	Robert J. Aldi	Elected – 2 years	3 years	3 years
Board Member	Margaret Becotte	Elected – 2 years	1 year	1 year
Board Member	Yvette Jacaruso	Elected – 2 years	9 years	9 years
Board Member	Kevin Saythany	Elected – 2 years	1 year	1 year
Board Member	Rashid Haynes	Elected – 2 years	1 month	1 month
Board Member	Joyce Werden	Elected – 2 years	11 years	11 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 schools, two middle schools, and an elementary clinical day treatment program. Of the seven elementary schools, two are designated as Commissioner's Network schools by the Connecticut Department of Education, two are Magnet schools, and one is a School Improvement Concept school. In addition, the City has three parochial schools, two Montessori schools, a charter school, and a regional adult education program. Norwich Free Academy is a privately-endowed high school and serves as one of the City's designated high schools. Also located in the City are a state regional technical high school, a middle college, and a community college.

Healthcare

Located within the City are various health facilities including the 213-bed William H. Backus Hospital (Backus). Backus 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 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 by a full-service, municipal police agency with 107 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, and technological improvements.

Fire

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

Utilities

The City owns and operates natural gas, electric, water and wastewater systems through its Norwich Department of Public Utilities (NPU), which was established in 1904. NPU is governed by Chapter 12 of the City Charter that establishes a five-member Board of Public Utilities' Commissioners who are appointed by the City Council. The General Manager, who is appointed by the Commissioners, is responsible for NPU's management and operations. NPU has 150 employees and serves approximately 21,000 electric customers, 9,600 gas customers, 11,000 water customers and 7,600 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 2017 are anticipated to be \$8.7 million, the equivalent of 4.95 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, a 4-mgd water filtration plant, four reservoirs, one emergency supply well, and a fully accredited laboratory. NPU produces an annual water quality report that indicates that NPU consistently exceeds drinking water standards set by federal and state regulators.

NPU has embarked on a significant water infrastructure improvement program over the past several years that includes several projects in design and construction phases totaling approximately \$22 million. Many of these upgrades will be paid for through a combination of State grants and low interest loans from the Drinking Water State Revolving Fund (DWSRF). These projects include the replacement of the main pumps and control systems at the Deep River Water Treatment Plant, re-lining of approximately 3,500 feet of transmission main, construction of two new 500,000 gallon water storage tanks, and upgrading of the 4-mgd treatment plant.

Wastewater Operations

Wastewater for NPU customers is treated in an activated sludge treatment plant. NPU's 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.

NPU's Sewer Authority is in the midst of a large-scale upgrade to its wastewater treatment plant. The overall cost of this project is expected to exceed \$100 million and the design of this project is 100% complete. The project will be financed with 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 \$4.8 million, to be paid 42% from sewer user fees, 30% from City budget contributions, and 28% from sewer buy-in fees from users outside of the City. A formal plan to pay for the new project is under discussion with numerous 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 and region to meet future growth and assist with economic development opportunities.

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.

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 1,900 new natural gas customers have been added to the NPU network. This activity has generated nearly \$2.8 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 was recently 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.

Electric

In 2016, NPU completed a project that will make the City and NPU a leader in renewable energy - in Connecticut and across New England. Working with the Connecticut Municipal Electric Energy Cooperative (CMEEEC), NPU identified the former Roger's Road landfill as an ideal location for a Community Solar Garden that will provide its customers with more than 2.75 MW of renewable energy. Through this project, NPU customers will 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 this proposal would bring the renewable portion of the NPU portfolio to nearly 20%.

In May 2015, NPU received the RP3 Platinum Award from the American Public Power Association which 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.

Municipal Area Network

NPU continues to build upon and leverage its Municipal Area Network (MAN) that 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 centrally monitored security 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

NPU's administrative functions include human resources, purchasing, information technology, geographic information systems, accounting and financial planning. These units are responsible for monitoring and anticipating the changes in the utility business, and building an infrastructure that will position NPU to take advantage of technological improvements 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 includes 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, 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. CMEEC is empowered to undertake the planning, financing, acquisition, construction, and operation of facilities for the generation and transmission of electric power and energy for its members and others. The Act permits any Connecticut municipality that has an electric utility department to become a CMEEC member. The City is one of seven municipalities that own an electric utility in Connecticut. The City of Norwich, City of Groton, Town of Bozrah, Borough of Jewett City, Second Taxing District of the City of Norwalk, Third Taxing District of the City of Norwalk, and Town of Wallingford are the only Connecticut communities which have municipally owned electric utilities, all of which, except the Town of Wallingford, are members. CMEEC, on behalf of its members, acts as a single integrated participant to New England Power Pool ("NEPOOL") and the NEPOOL Agreement.

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

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

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

The Connecticut Transmission Municipal Electric Energy Cooperative

NPU is also a member of The Connecticut Transmission Municipal Electric Energy Cooperative ("TRANSCO"), a public body corporate and politic, created pursuant to 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. The purpose of TRANSCO is to obtain electric transmission services and facilities at advantageous pricing and terms for its Members and contractual participants. TRANSCO has entered in a "Transmission Financing and Services Agreement" the "TFSA" with CMEEC, among other agreements between the two entities, whereby TRANSCO provides electric transmission services to CMEEC, which CMEEC then provides to its members and contractual participants. TRANSCO has entered into an agreement with Eversource to acquire certain electric transmission facilities located in the Town of Wallingford, Connecticut (the "Transmission Acquisition"). The participants in the Transmission Acquisition include the CMEEC Members and Bozrah (the "Transmission Participants"). The Transmission Acquisition has been permanently financed by debt issued by CMEEC and TRANSCO supported by the security provisions of agreements between the Transmission Participants and CMEEC that establish the arrangements for the receipt of transmission services from CMEEC (supplied to CMEEC by TRANSCO through the TFSA), the support of the permanent financing costs of the Transmission Acquisition, the satisfaction of the other security requirements of such permanent financing and the flowing of the benefits of participation in the Transmission Acquisition back to the Project's participants, including NPU. These agreements are referred to as the General Transmission Services Agreements ("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 "SCRRA", or the "Authority") pursuant to which it participates with ten other central Connecticut municipalities (the eleven constituting the "Contracting Municipalities"), in the Southeastern Connecticut System (the "System"). The System consists of a mass-burn solid waste disposal and electric generation facility located in the Town of Preston (the "Facility") and various improvements and facilities related thereto, including landfills. Under the Service Contract, the City is required to deliver or cause to be delivered to the System solid waste generated within its boundaries and to pay a uniform per ton Disposal Service Payment (the "Service Payment") therefor. 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. 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 SCRRA or any person for any reason whatsoever, and shall not be affected by any defect in title, design, fitness for use, loss or destruction of the System. The City has pledged its full faith and credit to the payment of Service Payments and has also agreed to enforce or levy and collect all taxes, cost sharing or other assessments or charges and take all such other action as may be necessary to provide for the payment of the Service Payments.

Economic Development Activity

The Mayor is responsible and accountable for economic development. The overriding goal for the City is to increase its grand list through activities which "enhance community life, attract newcomers to the City, reduces reliance on government agencies, and attract economic development investment from the State of Connecticut". Objectives identified to achieve this goal include: "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. In early 2016 Ponemah Riverbank LLC was awarded multiple grants, tax credits, construction financing and permanent financing totaling \$35,000,000 for the first phase of the three-phase project. Construction began within three weeks of the closing date with such critical items as structural repairs, interior partitions, indoor and outdoor utilities, and sandblasting of the 135-year-old wood structure. The first phase is expected to be completed in 2017.

Salem Turnpike Hotel Project

In September 2016, Texas developer Patrick Levantino purchased the 154 Salem Turnpike property for \$3.1 million through his 395 Properties LLC entity. This was the site of a Hampton Inn project which had been stalled for years. 395 Properties LLC plans to make \$3.2 million of improvements to the property and aims to open by spring 2017. The City Council agreed to phase in the taxes on the improvements over seven years.

[Former Downtown Peoples United Building](#)

Cape Cod-based developer, Kris Mahabir, purchased the former Peoples United building at the corner of Broadway and Main Street in January 2017 for \$375,000. The developer is currently negotiating with brokers to market the 32,000-square foot building to commercial tenants.

[Norwich Beverage Facility](#)

In 2015, Norwich Beverage invested \$300,000 in a 26,000-square-foot production facility with three contract bottling lines at 29 Stott Avenue 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 undertaking two expansion projects on its Algonquin Interstate Gas Transmission Pipeline that runs through the City. The goal of the projects is to bring abundant, low-cost natural gas from the Marcellus shale reserves in Pennsylvania into the New England market. The first project was completed in 2016 and included the building of a new metering and regulating station and replacement of several thousands of feet of high pressure six inch pipe with 16 inch diameter pipe in the City. The second project, scheduled to be completed by the end of 2017, will include the building of a second new metering and regulation station in the City to serve the NPU gas expansion project. Upon completion, these projects are expected to add \$10 to \$15 million to the City's tax base.

[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. In-house brewing opened in early 2016. These Guys Brewing ("TGB") is a small seven-barrel system that was installed at a total cost, including building renovations and a new bar, of nearly \$500,000. Their food is a creative and original twist on popular pub fare but produced by a five-star chef which is heavily supported by an expansive customer base drawing a new crowd to downtown Norwich.

[Anchor Insulation](#)

Anchor Insulation ("Anchor") closed on the purchase of 43 Wisconsin Avenue 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 18,000 square foot 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 at 40-66 Franklin Street in May 2015 for \$150,000. What was for over 100 years the local newspaper facility – the Norwich Bulletin – has become a beehive of microenterprise activity. The 34,000-square foot facility already has Norwich's second microbrewery under construction. Epicure Brewing will be a state-of-the-art 15-barrel system that will specialize in unique craft beers. Foundry66, a co-work center, opened with its first 7,500 foot phase in October 2016. The operation will have a mix of open spaces, teleconference and meeting rooms, lounge area, work rooms available for members to grow their businesses. One of the new tenants will be NCDC. Foundry66 will also host and sponsor business and networking events for the microenterprise community in the region.

[Norwich Business Guide](#)

In Fall 2015, the City was proud to announce the release of the Doing Business in Norwich Guide. This guide takes a process that has not always been well-defined and creates a map for businesses to follow. The guide is the culmination of a year of work between the City, NPU, NCDC and The Greater Norwich Area Chamber of Commerce.

[Housing Market](#)

The City has an estimated 18,500 housing units, including single family homes, apartments, duplexes, condominiums, townhouses and mobile homes. Norwich is the largest municipality in Southeastern Connecticut and is located in New London County. The City's median home sales prices are equal to about 2.6 times resident income. This represents an increase over this time last year, but consistent with the last six months. This suggests that housing prices remained stable throughout the year, partially due to increased demand driving values upward. Over the last six months, there has been a measurable increase in rental costs and a steady increase in available rental units. This is a result of a number of new, higher-end rental unit developments that appeared on the market over the last two years.

Sales prices have continued to increase over the last five years with the greatest increase happening in the spring 2016 market. Housing sales prices in December 2016 were slightly higher than the peak of spring 2016. The increase has been tied to improved purchase market conditions as well as the benefits associated with public and private spending on

projects within the area. These projects include large scale housing developments, multi-year railroad improvements, military product development, and the ensuing manufacturing, restaurant and retail growth associated with these investments. Foreclosure numbers increased during the last quarter of 2016, with the greatest number occurring in November. Overall the foreclosures have trended downward, with a 50% reduction over the last two years.

As part of the City's investment to stabilize the housing stock, Norwich has committed federal and state resources towards neighborhood preservation. The Office of Community Development uses HUD funds to rehabilitate approximately 30 units of housing each year. These funds address health, safety and code issues impacting properties. In addition to addressing health and safety issues, the rehabilitation aids in increasing property values (approximately 13% average increase in values). In July 2016, the City was awarded a three-year Lead Based Paint Hazard Control grant for \$2.4 million. These funds will further improve owner occupied and investor housing units.

In 2014, the City made a series of changes to how neighborhood stabilization is handled administratively. In 2014, a blight ordinance was adopted which provides the administrative "teeth" necessary to encourage property owners to better maintain their property. In 2015, the City allocated HUD monies to a new program that demolishes 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. The City is in the process of completing 3 transactions to date. In 2016, the City added a homeownership component to the previously mentioned Property Rehabilitation Program. This program will use federal dollars to address municipal property foreclosures that are residential. City owned residential properties will be renovated and sold to first-time homebuyers in an effort to increase ownership while preserving the neighborhood. These are added tools to help improve the quality of life in the City, while working to stimulate the local economy.

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 \$4.6 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 increasing the weight capacity to 286,000 lbs. freight car shipments. The groundbreaking for this project took place in Willimantic in October 2016 and the project is expected to be completed in 2018. In addition to the expanded freight rail opportunities, these upgrades will provide the beginning of the work required to offer passenger service on the New England Central Rail 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 (CTDOT) resurfaced Route 12 from the Preston town line to the intersection of routes 12 & 97 in the Taftville section of Norwich in the fall of 2014. Route 97 in the Occum section of Norwich was resurfaced in the fall of 2016.

Route 82 Redesign

The CTDOT proposed a two-phase reconstruction of Route 82 in August 2015. This project was approved by the Norwich City Council which cleared the way for CTDOT to begin preliminary design work. Field surveying has been completed and preliminary engineering is underway which will be followed by public hearings and final design. Construction may start by 2020. The preliminary design concept 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 passed a bond referendum item in November 2010 for \$3.38 million for downtown revitalization. Incentives apply strictly to businesses and residential projects of five units or more, which includes programs for building code correction assistance, commercial lease rebates, and a revolving loan fund. The City's designated development agency, the NCDC, is administering the ten-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, have made an impact in the number of businesses and residences in downtown with 22 new residential units that have participated in one or more of the programs. Additionally, there have been investments made to 26 businesses and residential projects since the beginning of the program. The program has total client applications of 56 Lease Rebates, 26 Code Corrections, and 15 Revolving

Loan programs. In 2015-16 there were six additional businesses taking advantage of the Lease Rebate, five new Code Corrections, and three Revolving Loans. In 2016 this amounted to \$245,050 of newly encumbered investments.

Road Improvements

The residents of the City passed a bond referendum item in November 2013 for \$5 million of infrastructure improvements. The City spent a total of \$1.8 million of combined bond funds and capital funds during fiscal year 2016 to repave or reconstruct 6.5 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 3.5 miles of moderately deteriorated City roads. The City also re-surfaced a large downtown parking lot with these funds.

City Hall Flooring Restoration

The Public Works Department secured a 50% matching grant of \$90,000 from the State Historic Preservation Office for the restoration of the original wood flooring in the hallways of City Hall. The project was recently completed at a cost of approximately \$194,000. This project preserves the beauty and distinct architecture of City Hall.

Sherman Street, Sunnyside Street, and Pleasant Street Bridge Rehabilitations

The Public Works Department previously secured approximately \$6 million in federal and State grant money to pursue rehabilitation projects to all three of these bridges. Design is currently underway with the Sherman Street bridge project and includes assessment and recommendations for the nearby Upper Falls Dam. The study phase for the Sunnyside Street Bridge is completed and design for the rehabilitation is getting underway. The rehabilitation will preserve the historic features of the bridge. The Pleasant Street Bridge, which will require a deck replacement, is in the design phase. A public informational meeting will be held in the spring of 2017.

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 included inspection of the dams, hydrologic analysis, and scoping of any recommended rehabilitation projects. The Assessment Reports were completed in September of 2016.

Connecticut Avenue Pavement Rehabilitation

The Public Works Department obtained a \$685,200 grant through the CTDOT Local Transportation Capital Improvement Program, (LOTICIP) 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.

Wisconsin Avenue & Winnenden Road Pavement Rehabilitation

The Public Works Department obtained a \$625,098 grant through the LOTICIP for 100% of the construction costs for rehabilitating a 2,300 foot section of roadway in the City's Business Park. This project also continues into the Town of Franklin, making it a regional project. The project was completed in the fall of 2016.

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 City's industrial heritage. City agencies, the Mohegan Tribe, and numerous stakeholder groups have been working together to improve this resource; to protect it and share it with future generations.

The Connecticut Department of Economic & Community Development awarded the City two grants. The first grant was for \$270,000 in order 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 most recent grant for \$500,000 was awarded in November 2016. Those funds will go towards implementing part of the master plan and adaptive reuse of the property. Furthermore, 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 the safety of residents and increase property values of both residential and commercial properties in the area.

Lastly, 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. Community Development has recently obtained a decision from the Connecticut Trust for Historic Preservation allowing the brick mill to be demolished in order to attempt to save the older granite mill.

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 Rose City Senior Center. The work included a new roof, HVAC units, flooring replacement, painting, window repair, and parking lot paving. The building renovations were completed in the fall of 2015 and the parking lot work was completed in May of 2016.

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 – providing greater 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 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
2017	286.30	661.30	149.50	1,097.10
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

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	Beginning Date of Contract	End Date of Contract
General Government				
United Public Service Employees Union, Local 38	City 911 Dispatchers	9.00	7/1/2014	6/30/2017
International Association of Fire Fighters, Local 892	City Firefighters	56.00	7/1/2016	6/30/2019
Norwich City Hall Employees Association, Inc., Connecticut Independent Labor Union (CILU), Local #11	City Non-supervisory administrative employees	51.00	7/1/2015	6/30/2018
United Public Service Employees Union, Connecticut Organization for Public Safety Division	City Police Officers	91.75	7/1/2013	6/30/2016 *
United Public Service Employees Union, Connecticut Organization for Public Safety Division	City Public Works Employees	47.00	7/1/2014	6/30/2017
Public Works Supervisors, American Federation of State, County & Municipal Employees (AFSCME), Local 818, Council 4	City Public Works Supervisors	5.00	7/1/2016	6/30/2019
Municipal Employees Union "Independent" (MEUI)-Supervisors	City Supervisory Administrative employees	9.50	7/1/2016	6/30/2019
	Subtotal	269.25		
Public Utilities				
Supervisory Employees Association , Inc. AFSCME Local 818, Council 4	NPU Supervisory and Professional Employees	48.00	7/1/2015	6/30/2018
International Brotherhood of Electrical Workers Local 457, Norwich Unit	NPU Technical and clerical workers	94.50	7/1/2015	6/30/2018
United Steelworkers of America AFL-CIO-CLC Local No. 9411-02	NPU Water distribution employees	6.00	7/1/2016	6/30/2018
	Subtotal	148.50		
Board of Education				
Norwich School Administrators Association	NPS Administrators	19.00	7/1/2015	6/30/2018
MEUI Local 506, SEIU, AFL-CIO	NPS Custodians	27.00	7/1/2016	6/30/2017
MEUI Local 506, SEIU, AFL-CIO	NPS Paraeducators	120.00	7/1/2016	6/30/2017
New England Health Care Employees Union District 1199, SEIU, AFL-CIO	NPS School Nurses	17.25	7/1/2016	6/30/2017
Norwich Educational Secretaries, AFSCME Local 1303-190, Council 4	NPS Administrative Assistants	23.60	7/1/2015	6/30/2018
Norwich Teachers League	NPS Teachers	272.60	7/1/2015	6/30/2018
	Subtotal	479.45		
Non-Bargaining Employees				
General Government		17.00		
Department of Public Utilities		1.00		
Board of Education		181.90		
	Subtotal	199.90		
GRAND TOTAL		1,097.10		

Source: City of Norwich Finance Department

*Contracts currently being negotiated

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 twelve schools for pupils in grades pre-K through 12. The schools are governed by a nine-member Board of Education. High school students may attend Norwich Free Academy, a privately endowed school located in the City.

	Grades	Date of Construction	Number of Classrooms	Enrollment 11/1/2016	Rated Capacity
Administration Building		1893	0	0	0
Bishop School	PreK	1925	11	208	280
Hickory Street School¹	7-12	1890	4	0	50
John B Stanton School	K-5	1956	25	333	440
John M Moriarty School	K-5	1975	33	415	620
Kelly Middle School	7-8	1962	47	713	800
Case St Early Learning Center	PreK	1975	5	62	70
Samuel Huntington School	PreK-5	1928	18	376	450
Teachers' Memorial School	6	1975	30	339	760
Thomas W Mahan School	K-5	1968	17	283	320
Uncas School	K-5	1975	18	248	340
Veterans' Memorial School	K-5	1968	17	318	320
Wequonnoc School	K-5	1962	17	258	340
Total			242	3,553	4,790

Source: City of Norwich, Board of Education

1. Hickory School is now designated as a Natchaug private school. As such, their enrollment is not included with the Norwich School District.

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	Total Norwich School Enrollment
2005-2006	2,534	1,348	33	3,915	1,644	5,559
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
2016-2017	2,501	1,052	0	3,553	1,501	5,054
Projected 2017-2018	2,599	1,189	0	3,813	1,514	5,327

Source: City of Norwich, Board of Education

[THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK.]

- **Population and Density**
- **Population Distribution by Age**
- **Income Distribution**
- **Comparative Income Measures**
- **Educational Attainment**
- **Total Employment by Industry**
- **Employment Data**
- **Major Employers**
- **Age Distribution of Housing**
- **Housing Inventory**
- **Owner-Occupied Housing Values**
- **Number and Size of Households**
- **Building Permits**

Population and Density

Year	City of Norwich			New London County		State of Connecticut	
	Population	% Change	Density [1]	Population	% Change	Population	% Change
2014	40,738	0.6	1,503	274,071	0.01	3,592,053	0.5
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	3.6
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	---

[1] Per square mile: area 27.1 square miles

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

Population Distribution by Age

Age	City of Norwich		New London County		State of Connecticut	
	2014	%	2014	%	2014	%
Under 5	2,550	6.3	14,320	5.2	191,445	5.3
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	274,071	100	3,592,053	100
Median Age (Years)	38		40.6		40.3	

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

Income Distribution

Income for Families	City of Norwich		New London County		State of Connecticut	
	Families	%	Families	%	Families	%
\$0 - 9,999	487	5.2	2,395	3.5	30,926	3.5
10,000 - 24,999	1,067	11.3	5,054	7.3	64,148	7.1
25,000 - 49,999	2,295	24.4	11,145	16.0	138,888	15.5
50,000 - 74,999	2,137	22.7	12,217	17.6	139,724	15.6
75,000 - 99,999	1,142	12.2	11,025	15.9	126,557	14.1
100,000 - 149,999	1,385	14.7	14,575	21.0	183,030	20.4
150,000 or more	883	9.5	13,005	18.7	212,366	23.8
Total	9,396	100	69,416	100	895,639	100

Source: U.S. Department of Commerce, Bureau of Census, American Community Survey, 2011-2015 (DP03).

Comparative Income Measures

	City of Norwich	New London County	State of Connecticut
Per Capita Income, 2015	\$26,823	\$34,208	\$38,803
Median Family Income, 2015	58,207	82,349	89,031
Median Household Income, 2015	50,078	66,233	70,331
% Families below poverty level, 2015	12.9	7.4	7.6

Source: U.S. Department of Commerce, Bureau of Census, American Community Survey, 2011-2015 (DP03).

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	1,569	5.7	5,543	2.9%	105,725	4.3
9th to 12th grade	2,453	9.0	10,947	5.8	144,132	5.9
High school graduate	10,482	38.3	58,882	31.2	673,973	27.4
Some college, no degree	6,076	22.2	37,282	19.7	430,129	17.5
Associate's degree	2,170	7.9	15,498	8.2	2,050	7.5
Bachelors' degree	3,023	11.0	33,415	17.7	516,001	21.0
Graduate or professional degree	1,736	6.3	27,303	14.5	409,606	16.6%
Total	27,389	100	188,870	100	2,462,855	100
Percent high school graduate or higher	--	85.3	--	91.3	--	89.9
Percent bachelor degree or higher	--	17.4	--	32.1	--	37.6

Source: U.S. Department of Commerce, Bureau of Census, American Community Survey, 2011-2015 (DP02).

Total Employment by Industry

Sector	City of Norwich		New London County		State of Connecticut		United States	
	Employed	%	Employed	%	Employed	%	Employed	%
Agriculture & forestry	24	0.1	713	0.5	7,214	0.4	2,852,402	2.0
Construction	841	4.2	6,912	5.2	100,593	5.6	9,027,391	6.2
Manufacturing	1,363	6.8	17,097	12.9	100,593	10.7	15,171,260	10.4
Wholesale trade	263	1.3	2,067	1.6	44,581	2.5	3,968,627	2.7
Retail trade	2,437	12.2	14,993	11.3	193,799	10.9	16,835,942	11.6
Transportation & utilities	713	3.6	5,397	4.1	66,850	3.8	7,226,063	5.0
Information:	155	0.8	2,067	1.6	41,486	2.3	3,094,143	2.1
Finance, Insurance & Real Estate	642	3.2	5,954	4.5	163,822	9.2	9,578,175	6.6
Services, including Education & Health Care	12,735	63.8	71,021	53.4	905,043	54.5	70,996,786	48.6
Public Administration	779	3.9	6,769	5.1	66,743	3.7	6,996,990	4.8
Total	19,952	100	133,363	100	1,766,934	100	143,435,233	100

Source: U.S. Department of Commerce, Bureau of Census, American Community Survey, 2011-2015 (DP03).

Employment Data

Year	City of Norwich		Percentage Unemployed		
	Employed	Unemployed	City of Norwich	Norwich-New London Labor Market Area	State of Connecticut
2016 (Dec)	19,072	956	4.8	4.0	4.4
2015	18,889	1,472	7.2	5.9	5.7
2014	18,869	1,697	8.3	6.9	6.6
2013	19,786	1,952	9	8	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

Major Employers

Employer	Nature of Business	# of FTE Employees
William W. Backus Hospital	Medical center	1,439
City of Norwich (incl. NPU & BOE)	Municipality	1,097
State of Connecticut	All State agencies	881
Bob's Discount Furniture	Distribution center	553
U.S. Food Service	Food distribution	335
Norwich Free Academy	Quasi-private high school	303
United Community & Family Services	Healthcare & community services	245
Shop Rite	Grocery	225
The American Group	Ambulance service and other operations	192
AC Linen	Uniform laundry service	169

Source: July 2016 survey by Norwich Finance Department

Age Distribution of Housing

Year Structure Built	City of Norwich		New London County	State of Connecticut
	Units	%	%	%
Built in 1939 or earlier	7,120	38.9	24.1	22.2
Built in 1940-1969	4,778	26.1	29.7	36
Built in 1970-1979	2,205	12	13.9	13.4
Built in 1980-1989	2,018	11	13.4	13
Built in 1990-1999	939	5.1	9.4	7.7
Built in 2000 - present	1,250	6.9	9.6	7.7
Total:	18,241	100	100	100

Source: U.S. Department of Commerce, Bureau of Census, American Community Survey, 2011-2015 (DP04).

Housing Inventory

Units in Structure	City of Norwich		New London County		State of Connecticut	
	Units	%	%	%	%	%
1 unit detached	7,678	41.9	65.3	59.2		
1 unit attached	1,158	6.3	4.1	5.4		
2 to 4 units	4,702	25.7	14.2	17.0		
5 to 9 units	1,585	8.7	5.5	5.5		
10 or more units	2,476	13.5	8.6	12.0		
Mobile home, trailer, other	711	3.9	2.3	0.8		
Total Units	18,310	100	100	100	100	100

Source: U.S. Department of Commerce, Bureau of Census, American Community Survey, 2011-2015 (DP04).

Owner-Occupied Housing Values

Value	City of Norwich		New London County		State of Connecticut	
	Number	%	%	%	%	%
Less than \$50,000	711	8.4	3.8	2.7		
\$50,000 to \$99,999	613	7.2	3.3	3.2		
\$100,000 to \$149,999	1,491	17.6	8.5	8.6		
\$150,000 to \$199,999	2,755	32.5	19.0	15.5		
\$200,000 to \$299,999	2,161	25.5	33.2	27.7		
\$300,000 to \$499,999	533	6.3	23.0	26.0		
\$500,000 to \$999,999	173	2.0	7.4	11.8		
\$1,000,000 or more	36	0.4	1.8	4.5		
Totals	8,473	100	100	100	100	100

Source: U.S. Department of Commerce, Bureau of Census, American Community Survey, 2011-2015 (DP04).

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	107,057	100	1,371,087	100
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	69,862	100	908,661	100
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	37,195	100	462,426	100

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

Building Permits

Calendar Year Ended	Residential		Commercial		Industrial		Other		Total	
	#	Amount	#	Amount	#	Amount	#	Amount	#	Amount
2016	1,212	\$11,695,513	275	\$12,934,143	-	-	-	-	1,487	\$24,629,656
2015	1,622	35,234,992	185	14,631,952	-	-	-	-	1,807	49,866,944
2014	1,958	18,694,563	176	8,053,706	-	-	-	-	2,134	26,748,269
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

Source: Building Official, City of Norwich

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

Section 12-62 et. seq. of the Connecticut General Statutes governs real property assessments and establishes 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 the 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 is 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; and 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.

Section 206 of Public Act No. 15-244 (Jan. 2015 Reg. Sess.), as amended by Section 187 of Public Act No. 16-3 (May 2016 Spec. Sess.), of the Connecticut General Assembly (the "Act") created a cap on the local property tax mill rate for motor vehicles for the assessment year commencing October 1, 2015, and each assessment year thereafter. Notwithstanding any mill rate for motor vehicles set by a municipality before the effective date of the Act, for the assessment year commencing October 1, 2015, the mill rate for motor vehicles shall not exceed 37 mills, except in the case of a municipality that set a mill rate before the effective date of the Act for motor vehicles of 32 mills for the assessment year commencing October 1, 2015, the mill rate for motor vehicles shall be the lesser of 37 mills, the mill rate set before the effective date of the Act for real property and personal property other than motor vehicles for such municipality for the assessment year commencing October 1, 2015, or a mill rate for motor vehicles set by a municipality after the effective date of the Act that is less than 37 mills. For the assessment year commencing October 1, 2016, and each assessment year thereafter, the mill rate for motor vehicles shall not exceed 32 mills. Any municipality or special tax district may establish a mill rate for motor vehicles that is different from its mill rate for real property to comply with the provisions of the Act. No district or borough may set a motor vehicle mill rate that if combined with the motor vehicle mill rate of the municipality in which such district or borough is located would result in a combined motor vehicle mill rate (1) above 37 mills for the assessment year commencing October 1, 2015, provided in the case of a district or borough that set a mill rate before the effective date of the Act for motor vehicles that if combined with the motor vehicle mill rate of the municipality in which such district or borough is located resulted in a combined motor vehicle mill rate of 32 mills for the assessment year commencing October 1, 2015, the mill rate on motor vehicles for any such district or borough for such assessment year shall be the lesser of (A) a mill rate for motor vehicles that if combined with the motor vehicle mill rate of the municipality in which such district or borough is located would result in a combined motor vehicle mill rate of 37, (B) the mill rate set before the effective date of the Act for the assessment year commencing October 1, 2015, on real property and personal property other than motor vehicles for such borough or district, or (C) a mill rate for motor vehicles set by a borough or district after the effective date of the Act that is less than 37 mills when combined with the motor vehicle mill rate of the municipality in which such district or borough is located, or (2) above 32 mills for the assessment year commencing October 1, 2016, and each assessment year 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 mill rate for motor vehicles for the assessment year commencing October 1, 2014 (the fiscal year ending June 30, 2016) was 41.69 mills for the town district and 49.06 mills for the city district. Pursuant to the cap set forth in the Act, the City's mill rate for motor vehicles for the assessment year commencing October 1, 2015 (the fiscal year ending June 30, 2017) is 37 mills.

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. The City does not currently have any such property tax abatements.

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. The City does not currently have any such property tax abatements.

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

FYE 6/30	Grand List 10/1	Real Estate		Personal Property		Total Assessed Value	Less: Exemptions	Total Taxable Assessed Value
		Industrial/ Commercial	Residential	Motor Vehicles	Other			
2018*	2016	\$354,973,710	\$1,157,737,740	\$228,325,062	\$159,487,490	\$1,900,524,002	\$37,591,335	\$1,862,932,667
2017*	2015	352,849,880	1,153,562,220	224,972,960	147,409,642	1,878,794,702	41,655,240	1,837,139,462
2016	2014	351,104,190	1,149,342,343	223,067,491	141,105,643	1,864,619,667	38,568,886	1,826,050,781
2015	2013 ¹	347,540,820	1,148,373,600	226,420,053	138,284,200	1,860,618,673	38,117,150	1,822,501,523
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	453,610,500	1,663,063,669	186,880,259	132,489,780	2,436,044,208	41,816,022	2,394,228,186
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

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

¹ Revaluation year

Fiscal Year Ended June 30	Mill Rate	Adjusted Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
			Amount	Percentage		Amount	Percentage
General Fund							
2016	40.90	\$74,375,047	\$72,017,229	96.83%	-	\$72,017,229	96.83%
2015 ¹	38.55	69,247,589	66,666,856	96.27%	\$1,519,065	68,185,921	98.47%
2014	27.23	65,922,369	63,720,850	96.66%	1,939,560	65,660,410	99.60%
2013	26.54	64,617,976	62,401,066	96.57%	2,104,927	64,505,993	99.83%
2012	24.76	59,109,668	57,141,194	96.67%	1,910,520	59,051,714	99.90%
2011	24.04	57,006,148	54,816,062	96.16%	2,151,289	56,967,351	99.93%
City Consolidation District (CCD) Fire Tax							
2016	7.16	4,346,924	4,144,334	95.34%	-	4,144,334	95.34%
2015 ¹	7.38	4,480,546	4,249,344	94.84%	129,275	4,378,619	97.73%
2014	5.04	4,377,711	4,171,888	95.30%	180,539	4,352,427	99.42%
2013	4.56	3,994,954	3,809,333	95.35%	173,666	3,982,999	99.70%
2012	4.07	3,495,998	3,329,031	95.22%	161,628	3,490,659	99.85%
2011	3.98	3,426,178	3,250,889	94.88%	172,096	3,422,985	99.91%
Town Consolidation District (TCD) Volunteer Fire Relief Tax							
2016	0.49	597,734	586,331	98.09%	-	586,331	98.09%
2015 ¹	0.49	587,393	571,757	97.34%	10,191	581,948	99.07%
2014	0.36	564,456	552,037	97.80%	11,267	563,304	99.80%
2013	0.36	566,323	553,745	97.78%	12,016	565,761	99.90%
2012	0.36	555,983	544,300	97.90%	11,400	555,700	99.95%
2011	0.36	549,900	536,529	97.57%	13,115	549,644	99.95%

Source: City of Norwich Tax Office

¹ Revaluation year

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 - FINANCIAL STATEMENTS, herein.

Major Taxpayers

Name	Nature of Business	Net Taxable Valuation as of 10/1/15	% of Net Taxable Grand List
Computer Science Corporation	Computer Products & Services	\$30,728,140	1.65%
NorwichTown Commons	Shopping Center	16,814,800	0.90%
Domino Solar Ltd.	Solar Installations	15,684,560	0.84%
Bob's Discount Furniture	Retail Store & Distribution Center	14,818,370	0.80%
U.S. Food Service	Food Distribution	14,058,890	0.75%
Norwich Realty Associates, LLC	Real Estate	9,322,430	0.50%
Plaza Enterprises	Shopping Center	9,263,000	0.50%
Mashantucket Pequot Tribe	Real Estate	8,505,105	0.46%
Algonquin Gas Transmissions LLC	Natural Gas Pipeline	8,203,990	0.44%
Wal-Mart Stores, Inc.	Department Store	8,071,260	0.43%
		\$ 135,470,545	7.27%

Source: City of Norwich Assessor's Office

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

[THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK.]

- **Principal Amount of Indebtedness**
- **Short Term Debt**
- **Overlapping/Underlying Debt**
- **Aggregate Annual Debt Maturity Schedule**
- **Authorized But Unissued Debt**
- **Debt Statement**
- **Current Debt Ratios**
- **Limitation on Indebtedness**
- **Statement of Statutory Debt Limitation and Debt Margin**
- **Debt Limitation Base**
- **Bond Authorization**
- **Temporary Financing**
- **State of Connecticut School Building Grants**
- **Clean Water Fund Program**

Principal Amount of Indebtedness

Pro Forma as of March 10, 2017

Date of Issue	Purpose	Original Issue Amount	Debt Outstanding	Coupon Rates	Final Maturity
Long Term GO Debt					
December 30, 2008	QZAB - Kelly Middle School	\$2,940,000	\$980,000	0%	2020
June 30, 2009	Clean Water Act 200801-C (water)	450,000	275,625	2.27%	2029
December 16, 2009	General Purpose, Series A	11,410,000	1,800,000 ¹	3.00-4.00%	2029
December 31, 2010	DWSRF 2010-8005	144,728	92,867	2.06%	2030
December 31, 2010	DWSRF 2010-8006	326,250	217,500	2.06%	2030
December 13, 2011	General Purpose	9,680,000	7,680,000	2.00-4.00%	2031
February 15, 2012	Refunding 2002	2,725,000	1,545,000	2.00%	2022
February 12, 2014	General Purpose, Series A	12,365,000	10,405,000	3.00-5.00%	2034
February 12, 2014	Refunding, Series B	5,780,000	2,085,000	3.00-5.00%	2019
March 3, 2015	General Purpose, Series A	5,600,000	5,000,000	3.00-4.00%	2034
March 3, 2015	Taxable Bonds, Series B	1,140,000	910,000	2.00-3.00%	2025
March 1, 2016	General Purpose, Series A	6,300,000	5,935,000	2.00-3.00%	2035
March 1, 2016	Taxable Bonds, Series B	2,500,000	2,250,000	2.00-3.00%	2025
October 12, 2016	Refunding Bonds, Series C	2,925,000	2,925,000	1.75-4.00%	2024
March 10, 2017	General Purpose, Series A	7,275,000	7,275,000	3.00-4.00%	2037
March 10, 2017	Taxable Bonds, Series B	1,000,000	<u>1,000,000</u>	1.00-3.90%	2037
	<i>Subtotal</i>		<i>\$50,375,992</i>		
Sewer – Revenue Secured Only²					
June 30, 2000	CWF 298-C	\$1,508,000	\$175,928	2.00%	2019
June 30, 2002	CWF 349-C	881,000	243,798	2.00%	2021
June 1, 2013	CWF 495-C (Digester)	5,747,554	4,540,139	2.00%	2032
December 31, 2013	CWF 625-D (Treatment Plant Design)	1,864,518	1,438,266	2.00%	2032
May 30, 2015	CWF 625-D-1 (Treatment Plant Design) – IFO	2,510,422	<u>2,168,874</u>	2.00%	2031
	<i>Subtotal</i>		<i>\$8,567,005</i>		
Water – Revenue Secured Only²					
December 31, 2002	CWF 9714-C	\$1,899,000	\$552,217	2.77%	2021
April 30, 2014	Deep River Reservoir Pump/Drive DWSRF 2011-7005	160,284	135,737	2.00%	2032
April 30, 2014	Deep River Reservoir Transmission Line DWSRF 2011-7006	147,989	124,695	2.00%	2032
June 30, 2015	DWSRF 2014-7027 Replacement of Stony Brook Contact Clarifier, Mohegan Park Tank, and North and South Transmission Mains	505,762	450,971	2.00%	2034
May 31, 2016	Deep River Reservoir Pump, Drive, Tank, Transmission Line	4,051,579	3,798,355	2.00%	2035
October 12, 2016	DWSRF 2015-7037 Royal Oaks and Plain Hill Water and Gas System	1,528,016	<u>1,492,645</u>	2.00%	2034
	<i>Subtotal</i>		<i>\$6,554,620</i>		
Total Outstanding Revenue Secured Debt			<u>\$15,121,624</u>		
Total Outstanding Long-Term Debt			<u>\$65,497,616</u>		

¹ Excludes bonds being refunded by the 2017 Series A Bonds.

² All revenue secured debt is issued through the Clean Water Fund. See “Clean Water Fund Program” herein.

Short Term Debt

As of March 10, 2017, 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 10, 2017, the City does not have any overlapping or underlying debt

Aggregate Annual Debt Maturity Schedule¹

*Pro Forma as of March 10, 2017 (Including estimated principal and interest on Bonds)
Excludes Refunded Bonds*

Fiscal Year Ending (6/30)	GO Principal ²	GO Interest Payments	2017 Series A Bonds Principal	2017 Series A Bonds Interest	2017 Series B Bonds Principal	2017 Series B Bonds Interest	GO Principal % Retired	Solely Revenue Secured Principal ²	Solely Revenue Secured Interest	Solely Revenue Secured % Retired
2017	\$275,000	\$253,141					0.54%	\$745,202	\$180,923	18.98%
2018	4,180,000	1,350,360	\$225,000	\$233,140	\$50,000	\$27,035	9.26	687,881	165,966	17.07%
2019	4,060,000	1,223,735	225,000	255,125	50,000	29,750	17.75	698,868	151,052	25.22%
2020	3,850,000	1,106,945	225,000	248,375	50,000	28,975	25.83	634,704	136,583	32.62%
2021	3,300,000	1,003,665	225,000	241,625	50,000	28,050	32.83	646,189	122,679	39.99%
2022	2,955,000	904,070	225,000	234,875	50,000	26,988	39.15	569,887	108,983	46.50%
2023	2,705,000	807,151	225,000	228,125	50,000	25,800	44.99	490,463	98,407	52.15%
2024	2,700,000	716,838	225,000	221,375	50,000	24,350	50.81	498,128	88,324	57.78%
2025	2,675,000	624,800	225,000	213,500	50,000	22,700	56.59	505,947	78,086	63.38%
2026	1,975,000	435,700	795,000	193,100	50,000	21,050	62.11	513,924	67,690	68.96%
2027	1,975,000	385,013	790,000	161,400	50,000	19,400	67.62	522,063	57,133	74.51%
2028	1,975,000	337,113	785,000	129,900	50,000	17,750	73.13	530,365	46,412	80.04%
2029	1,975,000	287,756	785,000	98,500	50,000	16,013	78.63	535,086	35,524	85.51%
2030	1,975,000	238,044	780,000	71,100	50,000	14,188	84.12	498,858	25,033	90.54%
2031	1,655,000	186,516	220,000	55,550	50,000	12,363	87.89	487,744	15,102	95.36%
2032	1,625,000	134,375	220,000	47,850	50,000	10,538	91.60	410,258	5,432	99.35%
2033	1,095,000	90,563	220,000	39,600	50,000	8,713	94.27	28,176	1,184	99.63%
2034	1,095,000	53,250	220,000	30,800	50,000	6,825	96.95	25,288	598	99.88%
2035	500,000	15,313	220,000	22,000	50,000	4,875	98.45	12,644	84	100.00%
2036	250,000	3,750	220,000	13,200	50,000	2,925	99.47	--	--	--
2037			220,000	4,400	50,000	975	100.00			
	\$42,795,000	\$10,158,098	\$7,275,000	\$2,743,540	\$1,000,000	\$349,260		\$9,041,675	\$1,385,195	

¹ Totals may not add up due to rounding.

² Includes 2009A Bonds being refunded.

² Excludes interim IFO Clean Water Fund loans as final debt service schedules have not 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 10, 2017

Project	Date Authorized	Bond Authorization	Prior Bonds/ Paydowns	Estimated Grants/ Other Financing	This Issue	Remaining Authorization
New London Turnpike and Pleasant Street Bridges Infrastructure Improvement Program (2013)	01/16/07	\$530,000	\$90,000	\$215,000	\$200,000	\$25,000
SCBA Packs	11/05/13	5,000,000	3,540,000	-	1,460,000	-
	01/19/16	<u>800,000</u>	<u>-</u>	<u>-</u>	<u>790,000</u>	<u>10,000</u>
Subtotal - General Purpose		6,330,000	3,630,000	215,000	2,450,000	35,000
Downtown Revitalization	11/02/10	3,380,000	1,955,000		-	1,425,000
Reid and Hughes Property	10/03/16	<u>800,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>800,000</u>
Subtotal - Urban Renewal		4,180,000	1,955,000	-	-	2,225,000
Renovation & Expansion of Kelly Middle School	11/06/07	<u>41,250,000</u>	<u>10,750,000</u>	<u>30,000,000</u>	<u>-</u>	<u>500,000</u>
Subtotal - Schools		41,250,000	10,750,000	30,000,000	-	500,000
Gas line extensions	11/04/14	<u>9,500,000</u>	<u>5,291,000</u>	<u>-</u>	<u>3,000,000</u>	<u>1,209,000</u>
Subtotal - Gas		9,500,000	5,291,000	-	3,000,000	1,209,000
Grand Total		\$61,260,000	\$21,626,000	\$30,215,000	\$5,450,000	\$3,969,000

Debt Statement

Pro Forma as of March 10, 2017

GENERAL OBLIGATION

LONG TERM DEBT¹²³	
General Purpose	\$18,424,438
Schools	8,528,241
Sewers & Water	4,682,813
Urban Renewal	1,700,000
Gas ⁴	17,040,500
TOTAL LONG TERM DEBT	\$50,375,992
SHORT-TERM DEBT	\$0
TOTAL DIRECT DEBT	\$50,375,992
Less:	
Self-Supporting Debt ⁴	-17,040,500
TOTAL DIRECT NET DEBT	\$33,335,492
OVERLAPPING/UNDERLYING DEBT	\$0
TOTAL NET DIRECT DEBT	\$33,335,492

¹ Excludes Refunded Bonds.

² Excludes revenue secured debt.

³ Excludes Capital leases.

⁴ While debt issued for gas line purposes is secured by the general obligation pledge of the City, NPU has agreed to pay the City annually an amount equal to the debt service.

Current Debt Ratios

(Grand List \$ in thousands)

Population (2014)¹	40,738
Net Taxable Grand List 10/1/16 at 70% of Full Value²	\$1,862,933
Estimated Full Value	\$2,661,333
Equalized Net Taxable Grand List (10/1/14)³	\$2,670,158
Income per Capita⁴	\$26,823
Estimated Full Value per Capita	\$65,328

	Total Direct Debt	Total Direct Net Debt	Total Net Direct Debt
Debt per Capita	\$1,236.58	\$818.29	\$818.29
Ratio to Net Taxable Grand List (%)	2.70%	1.79%	1.79%
Ratio to Estimated Full Value (%)	1.89%	1.25%	1.25%

1 U.S. Department of Commerce, Bureau of Census, 2014

2 Assessor's Office, City of Norwich

3 State of Connecticut, Fiscal Indicators, Office of Policy & Management

4 U.S. Department of Commerce, Bureau of Census, American Community Survey, 2011-2015 (DP03).

Limitation on Indebtedness

In accordance with the Connecticut General Statutes, the aggregate indebtedness of a municipality shall not exceed seven 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

"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 (i) issued in anticipation of taxes; (ii) issued for the supply of water, gas, electricity, electric demand response, conservation and load management, distributed generation, renewable energy products, for the construction of subways for cables, wires and pipes, for the construction of underground conduits for cables, wires and pipes, for the construction and operation of a municipal community antenna television system, and for two or more such purposes; (iii) issued in anticipation of the receipt of proceeds from assessments levied upon property benefited by any public improvement; (iv) issued in anticipation of the receipt of proceeds from State or federal grants evidenced by a written commitment or for which an allocation has been approved by the State Bond Commission, or from a contract with the State, a State agency or another municipality, but only to the extent such indebtedness can be paid from such proceeds; (v) issued for certain water pollution control projects; and (vi) upon placement in escrow of an amount sufficient to provide for the payment when due of the principal and interest on bonds, notes or other obligations.

Statement of Statutory Debt Limitation and Debt Margin

Pro Forma as of March 10, 2017

Total tax collections (including interest and lien fees) for the fiscal year ended June 30, 2016.

General Fund	\$76,946,000
Fire Districts	5,005,000
Reimbursement for elderly tax freeze	2,000
Total Base	\$81,953,000

Debt Limitation Base

	General Purpose	Schools	Sewers	Urban Renewal	Pension Deficit
Debt limitation¹:					
2-1/4 times base	\$184,394,250	-	-	-	-
4-1/2 times base	-	\$368,788,500	-	-	-
3-3/4 times base	-	-	\$307,323,750	-	-
3-1/4 times base	-	-	-	\$266,347,250	-
3 times base	-	-	-	-	\$245,859,000
Debt as defined by statute:					
Bonds payable²	18,424,438	8,528,241	3,691,424 ³	1,700,000	
Notes payable					-
Capital leases	829,762	-	-	-	-
Bond authorized but unissued	35,000	500,000	-	2,225,000	-
Total indebtedness	19,289,199	9,028,241	3,691,424	3,925,000	-
Debt limitation in excess of outstanding and authorized debt	165,105,051	359,760,259	303,632,326	262,422,250	245,859,000
Percent of Limitation	10.46%	2.45%	1.20%	1.47%	0.00%

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 referendum 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 Sec. 7-378). Temporary notes may be renewed up to ten years from their original date of issue as long as all project grant payments are applied toward payment of temporary notes when they become due and payable and the legislative body schedules principal reductions by the end of the third year and for all subsequent years during which such temporary notes remain outstanding in an amount equal to a minimum of 1/20th (1/30th for sewer projects) of the estimated net project cost (CGS Sec. 7-378a). The term of the bond 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

¹ In no case shall total indebtedness exceed \$573,671,000 or seven times annual receipt from taxation.

² Gas Line extension bonds and related authorized but unissued debt are excluded from the analysis above as they are Self Supporting Debt.

³ Excludes \$991,390 of Self Supporting water debt.

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 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.

[THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK.]

- **Fiscal Year**
- **Basis of Accounting and Accounting Policies**
- **Annual Audit**
- **Auditor's Disclaimer**
- **Pension Programs**
- **Other Postemployment 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 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, 2016, the financial statements of the various funds of the City were audited by Blum, Shapiro & Company, PC, Certified Public Accountants, West Hartford, Connecticut ("Blum Shapiro"). The fiscal year ended 2016 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, 2016.

Auditor's Disclaimer

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

The contribution requirements of plan members and the City are established and may be amended by the City 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 has increased 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. The next valuation will be as of July 1, 2017.

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	\$161,711	\$254,730	\$93,019	63.48%	\$40,590	229.17%
7/1/2013	144,789	227,932	83,143	63.52%	37,572	221.29%
7/1/2011	148,332	195,652	47,320	75.81%	33,523	141.16%
1/1/2010	149,304	184,161	34,857	81.07%	32,509	107.22%
1/1/2009	153,090	175,726	22,636	87.12%	33,280	68.02%
1/1/2008	157,020	165,406	8,386	94.93%	30,696	27.32%

Contribution History

(In Thousands)

Fiscal Year Ended	Actuarially Determined Contribution	Actual Contribution	Percentage Contributed
6/30/2017*	\$10,732	\$8,804	82.04%
6/30/2016	9,740	7,581	77.83%
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%
6/30/2011	3,644	3,752	102.96%
6/30/2010	2,397	2,771	115.60%
6/30/2009	3,037	3,216	105.89%
6/30/2008	2,921	3,098	106.06%
6/30/2007	2,662	2,830	106.31%

* Included in 2016-17 budget

Volunteer Firefighters' Relief Fund

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

Valuation History

(In Thousands)

Actuarial Valuation Date	Value of Assets	Actuarial Accrued Liability	Unfunded Accrued Liability	Percent Funded
1/1/2016	\$2,308	\$5,877	\$3,569	39.27%
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%

Contribution History

(In Thousands)

Fiscal Year Ended	Actuarially Determined Contribution	Actual Contribution	Percentage Contributed
6/30/2017 *	\$373	\$373	100.00%
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%
6/30/2011	\$255	\$250	98.04%
6/30/2010	\$255	\$250	98.04%
6/30/2009	\$247	\$250	101.21%
6/30/2008	\$213	\$213	100.00%
6/30/2007	\$213	\$160	75.12%

* Included in 2016-17 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 - 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 in 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 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 four valuations.

Valuation History

(In Thousands)

Actuarial Valuation Date	Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as % 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

(In Thousands)

Fiscal Year Ended	Annual Required Contribution	Actual Contribution	Percentage Contributed
6/30/2017 *	\$ 5,492	\$ 5,492	100.00%
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%
6/30/2012	\$ 6,184	\$ 6,114	98.87%
6/30/2011	\$ 6,065	\$ 5,251	86.58%
6/30/2010	\$ 5,352	\$ 3,690	68.95%
6/30/2009	\$ 5,352	\$ 3,399	63.51%
6/30/2008	\$ 5,352	\$ 5,339	99.76%

* Included in 2016-17 budget

For further details on the plans, please refer to APPENDIX A - 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, 2016, UFB was 11.73%. 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

The General Fund revenues, expenditures and changes in fund balance for the fiscal years ended June 30, 2013 through June 30, 2016 have been derived from the City's audited financial statements. The budgeted results for 2016-17 have not been audited and are 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, 2016).

(In Thousands)

	Budgeted	Actual	Actual	Actual	Actual
	2016-17	2015-16	2014-15	2013-14	2012-13
REVENUES					
Property Taxes	\$74,111	\$76,946	\$69,578	\$66,620	\$64,821
Intergovernmental Revenue	39,105	45,537	42,763	44,891	43,580
Charges for services	1,738	1,977	1,720	2,097	2,023
Licenses, permits and fees	504	661	439	543	671
Investment income	199	75	43	39	32
Other	834	994	1,671	1,198	1,023
Total Revenues	\$116,491	\$126,190	\$116,214	\$115,388	\$112,150
EXPENDITURES					
General Government	\$5,735	\$5,739	\$5,278	\$4,933	\$4,901
Public Safety	18,367	17,737	16,019	15,586	14,730
Social Services	1,847	2,046	1,868	2,012	2,025
Public Works	10,646	10,396	10,030	9,691	9,467
Education	75,430	80,621	77,145	77,381	75,394
Other	4,043	4,036	5,644	5,598	4,943
Capital Outlay	-	-	-	617	-
Debt Service *	-	-	5,436	5,340	5,164
Total Expenditures	\$116,068	\$120,575	\$121,420	\$121,158	\$116,624
OTHER FINANCING SOURCES (USES)					
Transfers In	\$6,465	\$5,147	\$6,458	\$7,357	\$7,690
Transfers (Out) *	(6,888)	(6,282)	(1,834)	(2,418)	(2,656)
Other				617	
Total Sources (Uses)	(\$423)	(\$1,135)	\$4,624	\$5,556	\$5,034
Revenues and other financing sources (under) expenditures	\$0	\$4,480	(\$582)	(\$214)	\$560
Fund Balance, July 1,	\$14,879	\$10,399	\$10,981	\$11,195	\$10,635
Fund Balance, June 30	\$14,879	\$14,879	\$10,399	\$10,981	\$11,195
Fund Balance as % of Expenditures and Transfers Out	12.10%	11.73%	8.44%	8.89%	9.39%

Source: City of Norwich CAFRs from Fiscal Years 2013-2016; unaudited, projected financial results for FY2017

* Starting in FY2016, the City manages debt service in a Debt Service Fund. As a result, the General Fund records these costs as Transfers Out rather than Expenditures.

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.

Section 207 of Public Act No. 15-244 (Jan. 2015 Reg. Sess.), as amended by Section 42 of Public Act No. 16-2 (May 2016 Spec. Sess.) and Section 189(h) of Public Act No. 16-3 (May 2016 Spec. Sess.), of the Connecticut General Assembly created a cap on adopted general budget expenditures for municipalities in Connecticut in order for municipalities to be eligible to receive the full amount of the State's municipal revenue sharing grant. Beginning in fiscal year ending June 30, 2018, and in each fiscal year thereafter, the Office of Policy and Management ("OPM") must reduce the municipal revenue sharing grant amount for those municipalities whose adopted general budget expenditures (with certain exceptions including but not limited to debt service, special education, implementation of court orders or arbitration awards, budgeting for an audited deficit, nonrecurring grants, capital expenditures of \$100,000 or more, or payments on unfunded pension liabilities, and certain major disaster or emergency expenditures) exceeds the spending limits specified in this act. For each applicable fiscal year, OPM must determine the municipality's percentage growth in general budget expenditures over the prior fiscal year and reduce the grant if the growth rate is equal to or greater than 2.5% or the inflation rate, whichever is greater, each of those amounts adjusted by an amount proportionate to any increase to in the municipality's population from the previous fiscal year. The reduction is generally equal to 50 cents for every dollar the municipality spends over this cap. Each municipality must annually certify to the Secretary of the OPM whether such municipality has exceeded the cap set forth in this act and if so the amount by which the cap was exceeded. For the fiscal year ending June 30, 2018, and each fiscal year thereafter, motor vehicle property tax grants to municipalities that impose mill rates on real property and personal property other than motor vehicles greater than 32 mills or that, when combined with the mill rate of any district located within the municipality, impose mill rates greater than 32 mills, shall be made in an amount equal to the difference between the amount of property taxes levied by the municipality and any district located within the municipality on motor vehicles for the assessment year commencing October 1, 2013, and the amount such levy would have been if the mill rate on motor vehicles for said assessment year was 32 mills.

[THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK.]

- **Litigation**
- **Availability of Continuing Disclosure Information**
- **Legal Matters**
- **Concluding Statement**

[THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK.]

**CITY OF NORWICH, CONNECTICUT
COMPREHENSIVE ANNUAL FINANCIAL REPORT**



**FISCAL YEAR ENDED JUNE 30, 2016
DEPARTMENT OF FINANCE
UNION SQUARE
NORWICH, CONNECTICUT**

Comprehensive Annual Financial Report

of the

City of Norwich, Connecticut

Fiscal Year Ended June 30, 2016

Prepared By:

City of Norwich Finance Department

Joshua A. Pothier, CPA, CPFO
Comptroller

Anthony G. Madeira, CPFO
Deputy Comptroller

Sandra J. Kuchta
Accountant

**CITY OF NORWICH, CONNECTICUT
TABLE OF CONTENTS
JUNE 30, 2016**

Introductory Section		Page
	Comptroller's Letter of Transmittal	i-xi
	Certificate of Achievement for Excellence in Financial Reporting	xii
	Organizational Chart of the City	xiii
	Organizational Chart of the Finance Department	xiv
	Directory of Elected City Officials and NPU Commissioners	xv
	Directory of Appointed City Officials	xvi
Financial Section		
	Independent Auditors' Report	1-3
	Management's Discussion and Analysis	4-11
Basic Financial Statements		
Exhibit		
	Government-Wide Financial Statements:	
I	Statement of Net Position	12
II	Statement of Activities	13
	Fund Financial Statements:	
	Governmental Funds:	
III	Balance Sheet	14-15
IV	Statement of Revenues, Expenditures and Changes in Fund Balances	16-17
	Proprietary Funds:	
V	Statement of Net Position	18
VI	Statement of Revenues, Expenses and Changes in Fund Net Position	19
VII	Statement of Cash Flows	20
	Fiduciary Funds:	
VIII	Statement of Fiduciary Net Position	21
IX	Statement of Changes in Fiduciary Net Position	22
	Notes to the Financial Statements	23-71
Required Supplementary Information		
	General Fund:	
RSI-1	Schedule of Revenues and Other Financing Sources - Budget and Actual	72-73
RSI-2	Schedule of Expenditures and Other Financing Uses - Budget and Actual	74-75
RSI-3	Schedule of Changes in Net Pension Liability and Related Ratios - City Employees	76
RSI-4	Schedule of Employer Contributions - City Employees	77
RSI-5	Schedule of Investment Returns - City Employees	78
RSI-6	Schedule of Changes in Net Pension Liability and Related Ratios - Volunteer Fire	79
RSI-7	Schedule of Employer Contributions - Volunteer Fire	80
RSI-8	Schedule of Investment Returns - Volunteer Fire	81
RSI-9	Schedule of the City's Proportionate Share of the Net Pension Liability - Teachers Retirement Plan	82

<u>Exhibit</u>	Combining and Individual Fund Statements and Schedules	<u>Page</u>
	General Fund:	
A-1	Comparative Balance Sheet	83
A-2	Report of Tax Collector	84
	Nonmajor Governmental Funds:	
B-1	Combining Balance Sheet	85-87
B-2	Combining Statement of Revenues, Expenditures and Changes in Fund Balances	88-90
B-3	Fire Districts Fund Revenues - Budgetary Basis - Budget and Actual	91
B-4	Fire Districts Fund Expenditures - Budgetary Basis - Budget and Actual	92
B-5	Schedule of Fire District Taxes	93
	Nonmajor Enterprise Funds:	
C-1	Combining Statement of Net Position	94
C-2	Combining Statement of Revenues, Expenses and Changes in Fund Net Position	95
C-3	Combining Statement of Cash Flows	96
	Internal Service Funds:	
D-1	Combining Statement of Net Position	97
D-2	Combining Statement of Revenues, Expenses and Changes in Fund Net Position	98
D-3	Combining Statement of Cash Flows	99
	Fiduciary Funds:	
	Trust Funds:	
E-1	Combining Statement of Fiduciary Net Position	100
E-2	Combining Statement of Changes in Fiduciary Net Position	101
	Agency Funds:	
F-1	Combining Balance Sheet	102
F-2	Combining Statement of Changes in Assets and Liabilities	103
 <u>Schedule</u>		
	Supplemental Schedules	
1	Schedule of Bonds and Serial Notes Payable	104
	Bond and Serial Notes Payable:	
2	Schedule of Annual Debt Service Requirements	105

Statistical Section

Table

	Financial Trends:	
1	Net Position by Component	106
2	Changes in Net Position	107-108
3	Fund Balances, Governmental Funds	109
4	Changes in Fund Balances, Governmental Funds	110
	Revenue Capacity:	
5	Property Tax Assessment	111
6	Principal Property Taxpayers	112
7	Property Tax Levies and Collections	113
	Debt Capacity:	
8	Ratio of Outstanding Debt by Type	114
9	Statement of Debt Limitation	115
10	Legal Debt Margin Information and Continuing Disclosure Agreement Ratios	116-117
	Demographic and Economic Statistics:	
11	Demographic and Economic Statistics	118
12	Principal Employers	119
	Operating Information:	
13	Budgeted Full-Time Equivalent City Government Employees	120
14	Operating Indicators by Function	121-122
15	Capital Asset Statistics by Function	123

Introductory Section



JOSHUA A. POTHIER, C.P.A.
COMPTROLLER
Phone: (860) 823-3720
Fax: (860) 823-3812

100 Broadway Room 105
Norwich, CT 06360-4431
www.norwichct.org/finance
jpothier@cityofnorwich.org

November 18, 2016

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

I am pleased to submit the Comprehensive Annual Financial Report ("CAFR") of the City of Norwich (the "City") for the fiscal year ended June 30, 2016. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the City. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner to present fairly the financial position and results of operations of the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

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

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

The City is required to undergo an annual single audit in conformity with the provisions of the Federal Single Audit Act and U.S. Office of Management and Budget's "Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards" (commonly called "Uniform Guidance"). Information related to this single audit, including the schedule of expenditures of federal awards,

findings and recommendations, and auditors' reports on the internal control over financial reporting and compliance with applicable laws and regulations, are issued under separate cover and are not included in this report. The City is also required to undergo a State single audit. Information related to this State single audit will be issued separately.

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

Profile of Government

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

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

The City operates under a Charter adopted in 1952, which was most recently revised 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 to two percent of the previous year's General Fund budget rather than the value of one 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 has a Council/Manager form of government. The City Manager is appointed by the City Council and serves as the Chief Executive Officer. The City Manager serves at the pleasure of the City Council and is responsible to the City Council for the supervision and administration of City departments. The City Council consists of six members and one Mayor, all elected at large. Elections are held during odd calendar years as provided by state statute.

This report includes all funds of the City. The City provides a full range of services to its citizens. These services include: public safety, street maintenance and sanitation, health and human services, public

parks and recreation, library, education, public improvements, planning, zoning, water, gas, electric, sewer and general administrative services.

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

Local Economy

The City aggressively pursues economic and physical stabilization and revitalization. The City has maintained the quality of services to its citizens while having the 11th lowest per capita tax burdens in the State at \$1,641 for fiscal year 2014.

The Mayor is responsible and accountable for economic development. The overriding goal for the City is to increase its grand list through activities which "enhance community life, attract newcomers to 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 in 1963 to improve the economic well-being of the City. The Mayor works closely with NCDC as an independent non-profit that is neither directly nor indirectly controlled by the City or any other governmental entity, but by Norwich City Council resolution, is the economic development arm of the City. Many activities are underway which support these objectives, and will move the community toward the City's primary economic development goals.

Commercial/ Industrial Activity

Ponemah Mill Adaptive Reuse Project

This \$72 million project will convert a massive, 650,000 square foot, 19th century mill into 314 residential apartment units. In early 2016 Ponemah Riverbank LLC was awarded multiple grants, tax credits, construction financing and permanent financing totaling \$35,000,000 for the first phase of the three-phase project. Construction began within three weeks of the closing date with such critical items as structural repairs, interior partitions, indoor and outdoor utilities, and sandblasting of the 135-year-old wood structure. The first phase is expected to be completed in 2017.

Salem Turnpike Hotel Project

In September 2016, Texas developer Patrick Levantino purchased the 154 Salem Turnpike property for \$3.1 million through his 395 Properties LLC entity. This was the site of a Hampton Inn project which had been stalled for years. 395 Properties LLC plans to make \$3.2 million of improvements to the property. The City Council agreed to phase in the taxes on the improvements over seven years.

Norwich Beverage Facility

In 2015, Norwich Beverage invested \$300,000 in a 26,000-square-foot production facility with three contract bottling lines at 29 Stott Avenue 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 undertaking two expansion projects on its 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 started in early 2016 and is scheduled to be completed in by the end of the year. The project includes building 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 by the end of 2017, will include the building of a second new metering and regulation station in Norwich to serve the NPU gas expansion project. When completed, these projects are expected to add \$10 to \$15 million to Norwich's tax base.

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. In-house brewing opened in early 2016. These Guys Brewing ("TGB") is a small seven-barrel system that was installed at a total cost, including building renovations and a new bar, of nearly \$500,000. TGB is known for making great beer with Becka Atkins as one of a few "pink boots" brewers in the northeast. Their food is a creative and original twist on popular pub fare but produced by a five-star chef which is heavily supported by an expansive customer base drawing a new crowd to downtown Norwich.

Anchor Insulation

Anchor Insulation ("Anchor") closed on the purchase of 43 Wisconsin Avenue 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 18,000 square foot 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 at 40-66 Franklin Street in May 2015 for \$150,000. What was for over 100 years the local newspaper facility – the Norwich Bulletin – has become a beehive of microenterprise activity. The 34,000-square foot facility already has Norwich's second microbrewery under construction. Epicure Brewing will be a state-of-the-art 15-barrel system that will specialize in unique craft beers. Foundry66, a co-work center, opened with its first 7,500 foot phase in October 2016. The operation will have a mix of open spaces, teleconference and meeting rooms, lounge area, work rooms available for members to grow their businesses. One of the new tenants will be NCDC. Foundry66 will also host and sponsor business and networking events for the microenterprise community in the region.

Norwich Business Guide

In Fall 2015, the City of Norwich was proud to announce the release of the Doing Business in Norwich Guide. This guide takes a process that has not always been well-defined and creates a map for businesses to follow. The guide is the culmination of a year of work between the City of Norwich, Norwich Public Utilities (“NPU”), NCDC and The Greater Norwich Area Chamber of Commerce.

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 2.6 times resident income, an increase over last year. Since housing data is more readily available than income data, it is believed that this number will fall back in-line within the next year. It also suggests that the housing values are beginning to stabilize and market forces (demand) are driving these values upward. This is due, in part, to the affordability of the housing stock for both homeownership and rental opportunities. Norwich’s rental cost average remains lower than the national and state rental cost averages.

In addition, the rental vacancy rate continues to remain unchanged although monthly rental costs have slightly increased. 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 U.S. Department of Housing and Urban Development (“HUD”) Fair Market Rent rates yet lease agreements are being executed prior to completion.

The City realized an increase of in sale prices for houses during the spring market and has lowered slightly based on seasonality. The market remains stronger than last year. It is believed the increase was tied to improved purchase market conditions as well as the benefits associated with public and private spending on projects within the area. These projects include large scale housing developments, multi-year railroad improvements, military product development, and the ensuing manufacturing, restaurant and retail growth associated with these investments.

Foreclosure numbers continue to trend downward, with a 50% reduction over the last two years. Despite this decrease, housing inventories in certain areas continue to suppress market value and foreclosure filings are still active. As part of the City’s investment to stabilize the housing stock, Norwich has committed federal and state resources towards neighborhood preservation. The Office of Community Development uses HUD funds to rehabilitate approximately 30 units of housing each year. These funds address health, safety and code issues impacting properties. In addition to addressing health and safety issues, the rehabilitation aids in increasing property values (approximately 13% average increase in values). In July 2016, Norwich was awarded a three-year Lead Based Paint Hazard Control grant for \$2.4 million. These funds will further improve owner occupied and investor housing units.

In 2014, the City made a series of changes to how neighborhood stabilization is handled administratively. The City Council adopted a blight ordinance which provides the administrative “teeth” necessary to encourage property owners to better maintain their property. In 2015, the City allocated HUD monies to a new program that demolishes 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. In 2016, Norwich added a home ownership component to the previously mentioned Property Rehabilitation Program which will use federal dollars to address municipal property foreclosures that are residential. City owned residential properties will be renovated and sold to first-time homebuyers in an effort to increase ownership while preserving the neighborhood. These are added tools to help improve the quality of life in Norwich, while working to stimulate the local economy.

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 New England Central Rail 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 (“CTDOT”) 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. Work on Route 97 from Route 12 north to Route 660 in Occum is expected to be completed by the end of 2016.

Route 82 Redesign

The CTDOT proposed a two-phase reconstruction of Route 82 in August 2015. This project was approved by the Norwich City Council which cleared the way for CTDOT to begin preliminary design work. Field surveying and documentation is underway which will be followed by public hearings and final design. Construction may start by 2020. The preliminary design concept 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 businesses and residential projects of five units or more, which includes programs for building code correction assistance, commercial lease rebates, and a revolving loan fund. The City’s designated development agency, the NCDC, is administering the ten-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 and to date have made an impact in the number of businesses and residences in downtown with 22 new residential units that have participated in one or more of the programs. Additionally, there have been investments made to 26 businesses and residential projects

since the beginning of the program. The program has total client applications of 56 Lease Rebates, 26 Code Corrections, and 15 Revolving Loan programs. In 2015-16 there were six additional businesses taking advantage of the Lease Rebate, five new Code Corrections, and three Revolving Loans. In 2016 this amounted to \$245,050 of newly encumbered investments.

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 \$1.8 million of combined bond funds and capital funds during fiscal year 2016 to repave or reconstruct 6.5 miles of City roads. An additional two miles of road were paved by NPU in connection with utility upgrades. In addition, the City also took preventative maintenance measures such as crack sealing and chip sealing to extend the expected life of an additional 3.5 miles of moderately deteriorated City roads. The City also re-surfaced 180 spaces in a downtown parking lot with bond funds.

City Hall Flooring Restoration

The Public Works Department secured a 50% matching grant of \$90,000, from the State Historic Preservation Office for the restoration of the original wood flooring in the hallways of City Hall. The project was recently completed at a cost of approximately \$194,000. This project preserves the beauty and distinct architecture of City Hall.

Sherman Street, Sunnyside Street, and Pleasant Street Bridge Rehabilitations

The Public Works Department previously secured approximately \$6 million in federal and State grant money to pursue rehabilitation projects to all three of these bridges. Design is currently underway with the Sherman Street bridge project. 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. The Pleasant Street Bridge is also in the design phase and will require a deck replacement.

Spaulding Pond Dam Assessments

The Public Works Department obtained a \$40,000 grant for a condition assessment on the two 50 year old dams in Mohegan Park. The funds were provided through the USDA Natural Resource Conservation Service. The studies included inspection of the dams, hydrologic analysis, and identification of possible rehabilitation projects.

Connecticut Avenue Pavement Rehabilitation

The Public Works Department obtained a \$685,200 grant through the CTDOT Local Transportation Capital Improvement Program, (LOTICIP) 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.

Wisconsin Avenue & Winnenden Road Pavement Rehabilitation

The Public Works Department obtained a \$625,100 grant through the LOTICIP for 100% of the construction costs for rehabilitating a 2,300 foot section of roadway in the City's Business Park. This project also continues into the Town of Franklin, making it a regional project. The project should be completed by December 2016.

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 City's industrial heritage. City agencies, the Mohegan Tribe, and numerous stakeholder groups have been working together to improve this resource; to protect it and share it with future generations.

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 the 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. Community Development has recently obtained a decision from the Connecticut Trust for Historic Preservation allowing the brick mill to be demolished in order to attempt to save the older granite mill.

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 included a new roof, HVAC units, flooring replacement, painting, window repair, and parking lot paving. The building renovations were completed in the fall of 2015 and the parking lot work was completed in May of 2016.

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 – providing greater 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 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.

Drinking Water Infrastructure

NPU has embarked on significant water infrastructure improvement program improvements over the past several years which include multiple projects in design and construction phases totaling approximately \$22 million. Many of these upgrades will be paid for through a combination of State grants and low interest loans from the Drinking Water Revolving Fund ("DWRF"). These projects include 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 half-million gallon water storage tanks, and upgrading of the four mgd treatment plant.

Electric Infrastructure

Working with the Connecticut Municipal Electric Energy Cooperative (“CMEEC”), NPU identified two locations within the city as excellent locations for Community Solar Gardens that will provide its customers with more than seven megawatts of renewable energy starting in early 2017. Through these projects, NPU customers will 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 these projects will bring the renewable portion of the NPU portfolio to nearly 20%.

In May 2015, NPU received American Public Power Association’s RP3 Platinum Award, which is a three-year designation. 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 was also awarded to NPU in 2012.

Wastewater Treatment Plant

NPU’s Sewer Authority is in the midst of a large-scale upgrade to its wastewater treatment plant. The overall cost of this project is expected to exceed \$100 million and the design of this project is 100% complete. 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 and region to meet future growth and assist with economic development opportunities.

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.

Gas Line Expansion

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 2,000 new natural gas customers have been added to the NPU network. This activity has generated approximately \$2.8 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 has been honored by the American Public Gas Association (“APGA”) with an award that recognizes excellence in operations. 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 recognized with the SOAR Silver Award for 2014-2017.

Long-Term Financial Planning

Unrestricted Fund Balance

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.

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

Capital Improvements

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

Debt Management

In addition to statutory debt limitations, the City further restricts debt by 1) not allowing debt service expenditures to grow at a rate greater than all other General Fund expenditures and, 2) limiting net indebtedness to 5% of the City’s taxable assessed value.

Pension & Other Post-Employment Benefits Funding

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

previous year's contribution, then the city shall contribute an amount equal to 115% of the previous year's contribution.

Relevant Financial Policies

Unrestricted Fund Balance

Neither the 2015-16 nor the 2016-17 adopted budgets used UFB to balance the General Fund budget.

In fiscal year 2014-15, there was a General Fund surplus of \$4.4 million primarily resulting from additional tax collections from personal property audits.

Awards and Acknowledgements

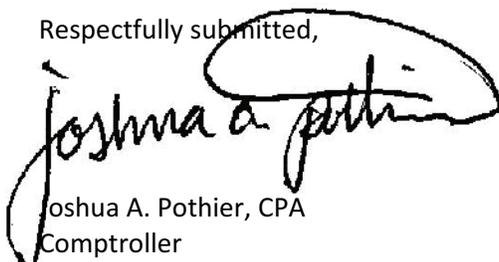
The Government Finance Officers Association of the United States and Canada ("GFOA") awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Norwich, Connecticut, for its comprehensive annual financial report for the year ended June 30, 2015. This was the 23rd consecutive year that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized comprehensive annual financial report. The CAFR must satisfy both accounting principles generally accepted in the United States of America and applicable legal requirements.

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

For fiscal years beginning July 1, 2000 through 2016, the GFOA awarded the City a "Distinguished Budget Presentation Award" for its adopted budget. The budgets submitted had to satisfy four different criteria: the budget as a Policy Document, the budget as a Financial Plan, the budget as an Operations Guide and the budget as a Communications Device. The award earned by the City is the highest form of recognition in the area of budgeting.

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

Respectfully submitted,



Joshua A. Pothier, CPA
Comptroller



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

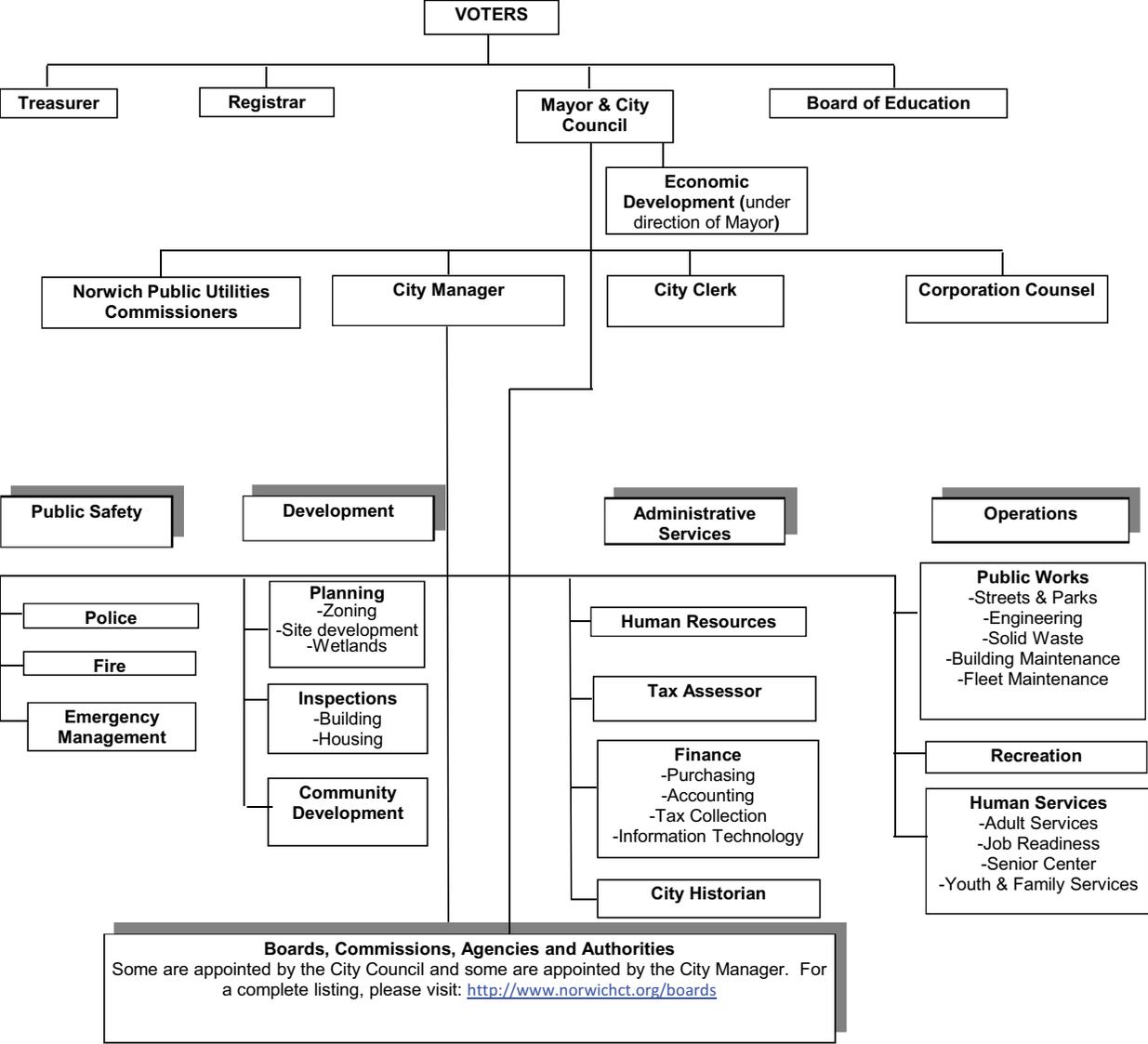
**City of Norwich
Connecticut**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

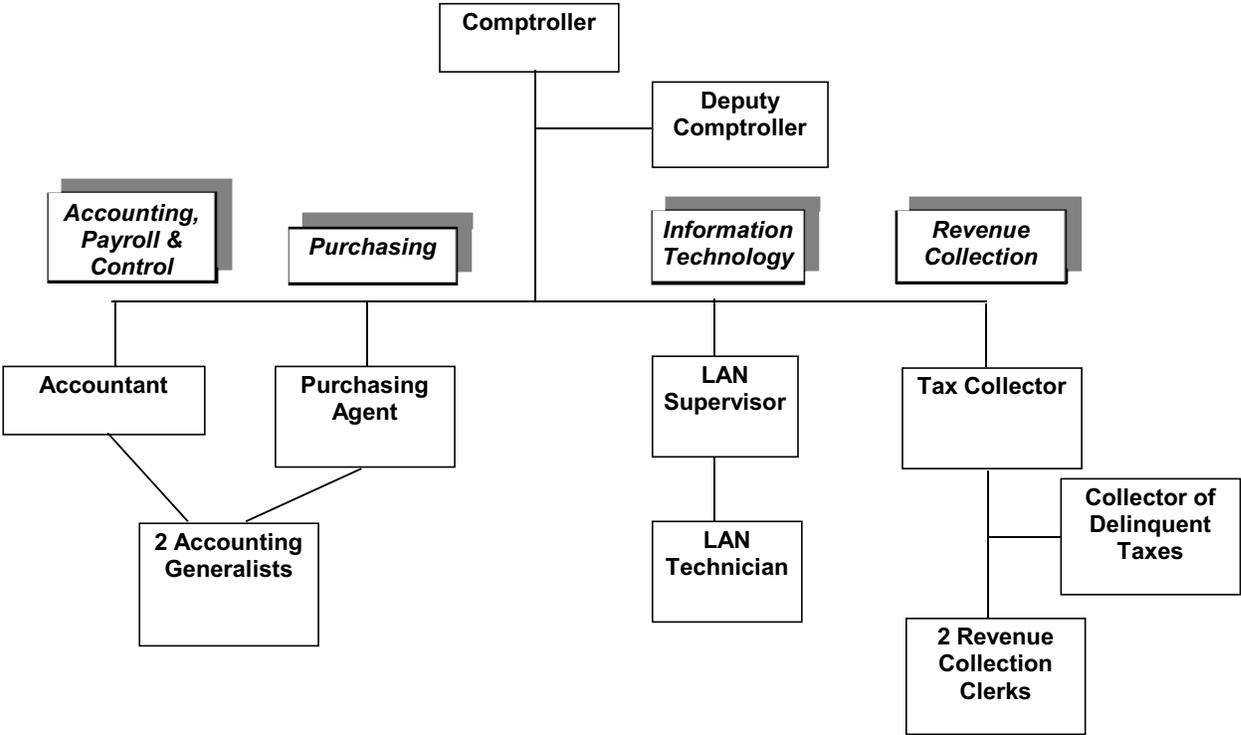
June 30, 2015

Executive Director/CEO

City of Norwich Organization Chart



City of Norwich Finance Department Organization Chart



City Officials

Elected City Officials & NPU Commissioners

City Council

	<u>Term Length</u>	<u>Term Expires</u>
Deberey Hinchey, Mayor (D)	4 Years	12/5/17
Peter A. Nystrom, President Pro Tempore (R)	2 Years	12/5/17
H. Tucker Braddock (D)	2 Years	12/5/17
Stacy Gould (R)	2 Years	12/5/17
Gerald Martin (R)	2 Years	12/5/17
William Nash (R)	2 Years	12/5/17
Joanne Philbrick (R)	2 Years	12/5/17

Board of Education

	<u>Term Length</u>	<u>Term Expires</u>
Aaron Daniels, Chairperson (R)	2 Years	12/5/17
Dennis Slopak, Vice Chairperson (R)	2 Years	12/5/17
Angelo Yeitz, Secretary (R)	2 Years	12/5/17
Robert J. Aldi (D)	2 Years	12/5/17
Margaret Becotte (R)	2 Years	12/5/17
Dr. Yvette Jacaruso (D)	2 Years	12/5/17
Kevin Saythany (D)	2 Years	12/5/17
Susan Thomas (R)	2 Years	12/5/17
Joyce C. Werden (D)	2 Years	12/5/17

Treasurer

	<u>Term Length</u>	<u>Term Expires</u>
Michael Gualtieri (R)	2 Years	12/5/17

Registrar of Voters

	<u>Term Length</u>	<u>Term Expires</u>
Dianne Daniels (D)	2 Years	1/4/17
Dianne Slopak (R)	2 Years	1/4/17

Appointed NPU Commissioners

	<u>Term Length</u>	<u>Term Expires</u>
Diana Boisclair, Chair (R)	5 Years	3/01/20
Robert Groner, Vice-Chair (D)	5 Years	3/01/18
Larry Goldman, Secretary (D)	5 Years	3/01/17
Stephen Becker (R)	5 Years	3/01/19
Dr. Grace Jones (D)	5 Years	2/28/21

Directory of City Administrative Officials

Title	Name	Phone Number
City Manager	John Salomone	(860) 823-3750
Assessor	Donna Ralston	(860) 823-3722
Building Inspector	James Troeger	(860) 823-3775
City Clerk	Betsy Barrett	(860) 823-3734
Collector of Taxes & Revenues	Karlene Deal	(860) 823-3760
Comptroller	Joshua A. Pothier	(860) 823-3720
Deputy Comptroller	Anthony Madeira	(860) 823-3717
Corporation Counsel	Michael E. Driscoll	(860) 889-3321
Emergency Management Director	Gene M. Arters	(860) 887-1018
Engineer	Patrick McLaughlin	(860) 823-3798
Fire Chief, Norwich (CCD)	Ken Scandariato	(860) 892-6080
Fire Chief, East Great Plain VFD	Keith Milton	(860) 886-0392
Fire Chief, Laurel Hill VFD	Aaron Westervelt	(860) 892-1973
Fire Chief, Occum VFD	Robert LaChapelle	(860) 822-8285
Fire Chief, Taftville VFD	Timothy Jencks	(860) 887-6676
Fire Chief, Yantic VFD	Frank Blanchard	(860) 887-2221
Health Director	Patrick McCormack, MPH	(860) 823-1189
Housing Authority Director	Charles Whitty	(860) 887-1605
Human Resources Director	Brigid Marks	(860) 823-3786
Human Services Director	Lee-Ann Gomes	(860) 823-3778
LAN Supervisor	Leon Barnowski	(860) 859-4404
Parking Administrator	Judy Rizzuto	(860) 889-5586
Planning & Community Development Director	Gary Evans	(860) 823-3766
Police Chief	Patrick Daley	(860) 886-5561
Public Utilities Manager	John Bilda	(860) 887-2555
Public Works Director	Ryan Thompson	(860) 823-3789
Purchasing Agent	William Hathaway	(860) 823-3706
Senior Center Director	Michael Wolak	(860) 889-5960
Superintendent of Schools	Abby I. Dolliver	(860) 823-6284
Zoning Enforcement Officer	Tianne Curtis	(860) 823-3752

Financial Section



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, 2016, 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from 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, 2016 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 4 to the financial statements, during the fiscal year ended June 30, 2016, the City adopted new accounting guidance, GASB Statement No. 72, *Fair Value Measurement and Application*. 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 4 through 11, the budgetary comparison information on pages 72 through 75 and the pension schedules on pages 76 through 82 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Norwich, Connecticut's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

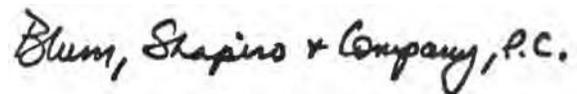
The combining and individual nonmajor fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and, accordingly, we do not express an opinion or provide any assurance on them.

We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statement of the City of Norwich, Connecticut as of and for the year ended June 30, 2015 (not presented herein), and have issued our report thereon dated December 4, 2015, which contained unmodified opinions on the respective financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information. The accompanying General Fund balance sheet as of June 30, 2015 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and related directly to the underlying accounting and other records used to prepare the 2015 financial statements. The accompanying General Fund balance sheet has been subjected to the auditing procedures applied in the audit of the 2015 basic financial statements and certain additional procedures including comparing and reconciling such information directly to the underlying accounting and other records used to prepare those financial statements or to those financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the General Fund balance sheet is fairly stated in all material respects in relation to the basic financial statements as a whole for the year ended June 30, 2015.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 18, 2016 on our consideration of the City of Norwich, Connecticut's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Norwich, Connecticut's internal control over financial reporting and compliance.



West Hartford, Connecticut
November 18, 2016

CITY OF NORWICH, CONNECTICUT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2016

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, 2016. 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 \$170.0 million. Total net position for governmental activities at fiscal year-end was \$59.6 million, and total net position for business-type activities was \$110.4 million. Total unrestricted net deficit at June 30, 2016 was \$35.9 million.
- On a government-wide basis, during the year, the City's net position increased by \$2.9 million from \$167.1 million to \$170.0 million. Governmental activities net position increased by \$1.1 million, and net position increased by \$1.7 million for business-type activities. Governmental activities expenses were \$163.1 million, while total revenues including transfers were \$164.3 million.
- At the close of the year, the City's governmental funds reported, on a current financial resource basis, combined ending fund balances of \$26.5 million, an increase of \$9.3 million from the prior fiscal year. Of the total fund balance as of June 30, 2016, \$19.8 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 \$14.9 million, an increase of \$4.5 million from the prior fiscal year. As of June 30, 2016, \$14.9 million of the total fund balance is unrestricted representing 12.36% of total General Fund actual expenditures and operating transfers on a budgetary basis.
- The City's governmental activities total bonded debt increased by \$4.8 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 increased from a year ago from \$167.1 million to \$170.0 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	
	2016	2015	2016	2015	2016	2015
Current and other assets	\$ 66,684	\$ 57,956	\$ 41,022	\$ 38,897	\$ 107,706	\$ 96,853
Capital assets	<u>126,824</u>	<u>127,257</u>	<u>143,830</u>	<u>137,955</u>	<u>270,654</u>	<u>265,212</u>
Total assets	<u>193,508</u>	<u>185,213</u>	<u>184,852</u>	<u>176,852</u>	<u>378,360</u>	<u>362,065</u>
Deferred Outflows of Resources:						
Difference between expected and actual experience	1,875	4,210	876	1,890	2,751	6,100
Changes in assumptions	5,081		2,312		7,393	-
Changes in projected and actual investment earnings	11,482		5,242		16,724	-
Deferred charge on refunding	<u>124</u>	<u>155</u>			<u>124</u>	<u>155</u>
Total deferred outflows of resources	<u>18,562</u>	<u>4,365</u>	<u>8,430</u>	<u>1,890</u>	<u>26,992</u>	<u>6,255</u>
Long-term debt outstanding	143,086	118,548	72,652	59,426	215,738	177,974
Unearned revenue	1,316	380	1,545	1,687	2,861	2,067
Other liabilities	<u>7,820</u>	<u>12,151</u>	<u>8,724</u>	<u>8,985</u>	<u>16,544</u>	<u>21,136</u>
Total liabilities	<u>152,222</u>	<u>131,079</u>	<u>82,921</u>	<u>70,098</u>	<u>235,143</u>	<u>201,177</u>
Deferred Inflows of Resources:						
Difference between expected and actual experience	<u>203</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>203</u>	<u>-</u>
Net Position:						
Net investment in capital assets	75,885	80,829	128,042	110,565	203,927	191,394
Restricted	1,620	1,630	334	338	1,954	1,968
Unrestricted	<u>(17,860)</u>	<u>(23,960)</u>	<u>(18,015)</u>	<u>(2,259)</u>	<u>(35,875)</u>	<u>(26,219)</u>
Total Net Position	<u>\$ 59,645</u>	<u>\$ 58,499</u>	<u>\$ 110,361</u>	<u>\$ 108,644</u>	<u>\$ 170,006</u>	<u>\$ 167,143</u>

Net position of the City's governmental activities increased by \$1.1 million (\$59.6 million compared to \$58.5 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 \$(24.0) million at June 30, 2015 to \$(17.9) million at the end of this year. The net position of business-type activities decreased from \$(2.3) million compared to \$(18.0) million during 2016.

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 in 2015. 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	
	2016	2015	2016	2015	2016	2015
Revenues:						
Program revenues:						
Charges for services	\$ 5,558	\$ 5,051	\$ 90,916	\$ 92,376	\$ 96,474	\$ 97,427
Operating grants and contributions	60,567	59,088			60,567	59,088
Capital grants and contributions	2,467	1,774	3,809	3,547	6,276	5,321
General revenues:						
Property taxes	81,709	75,298			81,709	75,298
Grants and contributions not restricted to specific purposes	4,771	4,534			4,771	4,534
Unrestricted investment earnings	146	88	6	5	152	93
Other general revenues	1,236	2,536			1,236	2,536
Total revenues	<u>156,454</u>	<u>148,369</u>	<u>94,731</u>	<u>95,928</u>	<u>251,185</u>	<u>244,297</u>
Program expenses:						
General government	10,543	11,257			10,543	11,257
Public safety	31,681	25,750			31,681	25,750
Social services	4,038	2,581			4,038	2,581
Public works	13,754	14,334			13,754	14,334
Education	101,748	99,926			101,748	99,926
Interest on long-term debt	1,348	1,444			1,348	1,444
Department of Public Utilities			83,564	81,842	83,564	81,842
Other enterprise funds			1,646	1,817	1,646	1,817
Total program expenses	<u>163,112</u>	<u>155,292</u>	<u>85,210</u>	<u>83,659</u>	<u>248,322</u>	<u>238,951</u>
Excess (deficiency) before transfers	(6,658)	(6,923)	9,521	12,269	2,863	5,346
Transfers	<u>7,804</u>	<u>7,467</u>	<u>(7,804)</u>	<u>(7,467)</u>	<u>-</u>	<u>-</u>
Increase (Decrease) in Net Position	1,146	544	1,717	4,802	2,863	5,346
Net Position at Beginning of Year	<u>58,499</u>	<u>57,955</u>	<u>108,644</u>	<u>103,842</u>	<u>167,143</u>	<u>161,797</u>
Net Position at End of Year	<u>\$ 59,645</u>	<u>\$ 58,499</u>	<u>\$ 110,361</u>	<u>\$ 108,644</u>	<u>\$ 170,006</u>	<u>\$ 167,143</u>

The City's total revenues were \$251.2 million. The total cost of all programs and services was \$248.3 million. Our analysis below separately considers the operations of governmental and business-type activities.

Governmental Activities

Governmental activities increased the City's assets by \$1.1 million during the year. Total revenues of \$156.5 million and \$7.8 million in transfers from the City's business-type activities provided funding for the City's \$163.1 million of governmental program expenses incurred during the year.

The City's revenues increased \$8.1 million (\$156.5 million compared to \$148.4 million) which was primarily caused by increases in property tax collections.

Total program expenses were \$163.1 million as compared with \$155.3 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)

	<u>Total Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
General government	\$ 10,543	\$ 11,257	\$ 7,598	\$ 9,500
Public safety	31,681	25,750	30,760	24,928
Social services	4,038	2,581	1,770	559
Public works	13,754	14,334	11,489	11,757
Education	101,748	99,926	41,555	41,191
All others	<u>1,348</u>	<u>1,444</u>	<u>1,348</u>	<u>1,444</u>
Totals	<u>\$ 163,112</u>	<u>\$ 155,292</u>	<u>\$ 94,520</u>	<u>\$ 89,379</u>

Business-Type Activities

Revenues of the City's business-type activities (see Table 2) decreased by \$1.2 million during the year (\$94.7 million in 2016 compared to \$95.9 million in 2015) and expenses increased by \$1.6 million. Overall net position increased \$1.7 million in 2016.

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 \$26.5 million, which is an increase of \$9.3 million from last year's total of \$17.2 million. Included in this year's total change in fund balance is an increase of \$4.5 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 balance of \$2.2 million at June 30, 2016. The fund balance increased by \$2.6 million during the year.

The Education Grants Fund reported a fund balance of \$0.5 million which was \$0.3 million higher than last year.

The other governmental funds have a total fund balance of \$9.0 million - a \$2.0 million increase from last year.

Proprietary Funds

Net position of the Department of Public Utilities was \$102.3 million, as compared to \$100.4 million in the prior year, and City’s other nonmajor enterprise funds net position decreased \$0.1 million to \$8.1 million from \$8.2 million.

Unrestricted net deficit of the Department of Public Utilities was \$15.9 million, and a deficit of \$2.1 million for the other nonmajor enterprise funds. The Department of Public Utilities had operating revenues of \$89.4 million from user fees, and other enterprise funds had \$1.5 million. The total increase in net position for the fiscal year ended June 30, 2016 was \$1.7 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 2016.

During the year, actual revenues and other financing sources on a budgetary basis were \$124.8 million, which was \$3.7 million higher than budgetary estimates. The variance was caused primarily by additional personal property tax collections due to personal property audits (See RSI-1 for additional detail).

Actual expenditures on a budgetary basis and other financing uses totaled \$120.3 million, which were lower than actual revenues and other financing sources on a budgetary basis by \$4.5 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, 2016, the City had \$270.7 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 \$5.5 million, or 2.1%, over last year.

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

	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
Land	\$ 25,598	\$ 24,912	\$ 3,204	\$ 3,204	\$ 28,802	\$ 28,116
Buildings and improvements	71,657	33,812	26,674	26,306	98,331	60,118
Vehicles, machinery, equipment, pumping and distributions systems	6,909	6,853	96,324	88,991	103,233	95,844
Technology upgrade and road infrastructure	21,521	20,648			21,521	20,648
Construction in progress	1,139	41,032	17,628	19,454	18,767	60,486
Totals	\$ 126,824	\$ 127,257	\$ 143,830	\$ 137,955	\$ 270,654	\$ 265,212

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

Deep River Reservoir Improvements	\$	5,655
Gas Line Extensions, Replacements, & Installations		4,826
Road Overlays		2,432
Otrabando Avenue CNG Station		1,994
AMI Electric Meters		<u>401</u>
 Total	 \$	 <u><u>15,308</u></u>

The City's fiscal-year 2016-17 capital budget calls for spending \$2.7 million for road overlays, public works vehicles, police vehicles, fire equipment and other projects. More detailed information about the City's capital assets is presented in Note 7 to the financial statements.

Long-Term Debt

At June 30, 2016, the City had total bonds and notes outstanding of \$65.5 million. All of this debt is backed by the full faith and credit of the City. The City's outstanding net debt increased by \$5.2 million during fiscal 2016.

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

	<u>Governmental</u>		<u>Business-Type</u>		<u>Total</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
General obligation bonds	\$ 50,233	\$ 45,449	\$ 183	\$ 223	\$ 50,416	\$ 45,672
Serial notes payable			<u>15,055</u>	<u>14,599</u>	<u>15,055</u>	<u>14,599</u>
Total	<u>\$ 50,233</u>	<u>\$ 45,449</u>	<u>\$ 15,238</u>	<u>\$ 14,822</u>	<u>\$ 65,471</u>	<u>\$ 60,271</u>

In September 2016, Standard & Poor's assigned an AA rating on Norwich's \$2.8 million 2016 refunding bond issue and affirmed this rating on the rest of Norwich's debt outstanding as of that date. On October 19, 2016, Fitch Ratings affirmed its AA rating with a stable outlook on the \$5.4 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 \$573.7 million. The City's outstanding general obligation debt is at 6.74% of this limitation. Table 9 presents more detailed information about the debt limitation.

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

As of September 2016, the unemployment rate for the Norwich was 6.1%, down from 6.9% in the prior year. Connecticut's overall unemployment rate stood at 5.1%, compared with 5.5% 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 2017 General Fund budget calls for \$123.0 million in revenues and expenditures, an approximate 1.51% increase in over fiscal year 2016. Non-education expenditures increased by 0.85% and Education expenditures increased by 1.93%. On the revenue side, the fiscal year 2017 mill rate increased 0.32 mills, or 0.78%, from 40.90 to 41.22. No unrestricted fund balance was used to balance the budget.

In the City's business-type activities, the Norwich Public Utilities projects an 0.81% increase in revenues from fiscal year 2016 from \$96.9 million to \$97.7 million. This increase is largely due to the expansion of the gas customer base and increases in water and sewer rates. Norwich Public Utilities budgeted \$20.8 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.

Basic Financial Statements

CITY OF NORWICH, CONNECTICUT
STATEMENT OF NET POSITION
JUNE 30, 2016
(In Thousands)

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Assets:			
Cash and cash equivalents	\$ 28,707	\$ 19,403	\$ 48,110
Investments	8,562		8,562
Receivables, net	28,587	18,649	47,236
Internal balances	594	(594)	-
Due to Fiduciary Funds	199		199
Inventories	35	2,044	2,079
Other assets		1,520	1,520
Capital assets:			
Assets not being depreciated	26,737	20,832	47,569
Assets being depreciated, net	100,087	122,998	223,085
Total assets	<u>193,508</u>	<u>184,852</u>	<u>378,360</u>
Deferred Outflows of Resources:			
Difference between expected and actual experience	1,875	876	2,751
Changes in assumptions	5,081	2,312	7,393
Changes in projected and actual investment earnings	11,482	5,242	16,724
Deferred charge on refunding	124		124
Total deferred outflows of resources	<u>18,562</u>	<u>8,430</u>	<u>26,992</u>
Liabilities:			
Accounts and other payables	7,820	8,724	16,544
Unearned revenue	1,316	1,545	2,861
Noncurrent liabilities:			
Due within one year	8,531	3,540	12,071
Due in more than one year	134,555	69,112	203,667
Total liabilities	<u>152,222</u>	<u>82,921</u>	<u>235,143</u>
Deferred Inflows of Resources:			
Difference between expected and actual experience	<u>203</u>		<u>203</u>
Net Position:			
Net investment in capital assets	75,885	128,042	203,927
Restricted for trust purposes:			
Expendable	43		43
Permanent	1,577		1,577
Restricted for energy conservation		334	334
Unrestricted	<u>(17,860)</u>	<u>(18,015)</u>	<u>(35,875)</u>
Total Net Position	<u>\$ 59,645</u>	<u>\$ 110,361</u>	<u>\$ 170,006</u>

The accompanying notes are an integral part of the financial statements

CITY OF NORWICH, CONNECTICUT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2016
(In Thousands)

	<u>General</u>	<u>Bond Expenditure</u>	<u>Education Grants</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash and cash equivalents	\$ 28,199	\$	\$	\$ 508	\$ 28,707
Investments	7,037			1,525	8,562
Receivables, net	7,046		233	7,291	14,570
Due from other funds	1,990	3,214	2,778	5,145	13,127
Other assets				35	35
Total Assets	<u>\$ 44,272</u>	<u>\$ 3,214</u>	<u>\$ 3,011</u>	<u>\$ 14,504</u>	<u>\$ 65,001</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities:					
Accounts and other payables	\$ 4,658	\$ 991	\$ 1,638	\$ 251	\$ 7,538
Due to other funds	18,328			970	19,298
Unearned revenue	81		909	326	1,316
Total liabilities	<u>23,067</u>	<u>991</u>	<u>2,547</u>	<u>1,547</u>	<u>28,152</u>
Deferred inflows of resources:					
Unavailable revenue - property taxes	3,746			291	4,037
Unavailable revenue - special assessments	2,580			130	2,710
Unavailable revenue - loans receivable				3,564	3,564
Unavailable revenue - other receivable				16	16
Total deferred inflows of resources	<u>6,326</u>	<u>-</u>	<u>-</u>	<u>4,001</u>	<u>10,327</u>
Fund balances:					
Nonspendable				1,584	1,584
Restricted		2,223		2,879	5,102
Committed			464	4,566	5,030
Assigned	227				227
Unassigned	14,652			(73)	14,579
Total fund balances	<u>14,879</u>	<u>2,223</u>	<u>464</u>	<u>8,956</u>	<u>26,522</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 44,272</u>	<u>\$ 3,214</u>	<u>\$ 3,011</u>	<u>\$ 14,504</u>	<u>\$ 65,001</u>

(Continued on next page)

CITY OF NORWICH, CONNECTICUT
BALANCE SHEET - GOVERNMENTAL FUNDS (CONTINUED)
JUNE 30, 2016
(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	\$ 26,522
--	-----------

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

Governmental capital assets	\$ 203,764	
Less accumulated depreciation	<u>(76,940)</u>	
Net capital assets		126,824

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	3,198
Interest receivable on property taxes	840
Housing rehabilitation loans	3,564
Accounts and other receivables	16,743
Deferred outflows:	
Difference between expected and actual experience	1,875
Changes in assumptions	5,081
Changes in projected and actual investment earnings	11,482

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.

1,518

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	(48,410)
Deferred charge on refunding	124
Unamortized bond premium	(1,823)
Interest payable on bonds and notes	(276)
Compensated absences	(3,362)
Landfill closure	(238)
Capital lease	(830)
Net OPEB obligation	(4,765)
Net pension liability	(78,219)
Deferred inflows - difference between expected and actual experience	<u>(203)</u>

Net Position of Governmental Activities (Exhibit I)	<u>\$ 59,645</u>
---	------------------

The accompanying notes are an integral part of the financial statements

CITY OF NORWICH, CONNECTICUT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2016
(In Thousands)

	<u>General</u>	<u>Bond Expenditure</u>	<u>Education Grants</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:					
Property taxes, interest and liens	\$ 76,946	\$	\$	\$ 5,005	\$ 81,951
Intergovernmental revenues	45,537		14,583	7,783	67,903
Charges for services	1,977		366	2,263	4,606
Licenses, permits and fees	661				661
Investment income	75			71	146
Other	994			1,411	2,405
Total revenues	<u>126,190</u>	<u>-</u>	<u>14,949</u>	<u>16,533</u>	<u>157,672</u>
Expenditures:					
Current:					
General government	5,739			435	6,174
Public safety	17,737			8,261	25,998
Social services	2,046			2,243	4,289
Public works	10,396			698	11,094
Education	80,621		14,690	3,973	99,284
Other	4,036				4,036
Capital outlay		5,892		2,695	8,587
Debt service		132		5,611	5,743
Total expenditures	<u>120,575</u>	<u>6,024</u>	<u>14,690</u>	<u>23,916</u>	<u>165,205</u>
Excess (Deficiency) of Revenues over Expenditures	<u>5,615</u>	<u>(6,024)</u>	<u>259</u>	<u>(7,383)</u>	<u>(7,533)</u>
Other Financing Sources (Uses):					
Transfers in	5,147			9,626	14,773
Transfers out	(6,282)	(437)		(250)	(6,969)
Issuance of general obligation bonds		8,800			8,800
Bond premiums		247			247
Total other financing sources (uses)	<u>(1,135)</u>	<u>8,610</u>	<u>-</u>	<u>9,376</u>	<u>16,851</u>
Net Change in Fund Balances	4,480	2,586	259	1,993	9,318
Fund Balances at Beginning of Year	<u>10,399</u>	<u>(363)</u>	<u>205</u>	<u>6,963</u>	<u>17,204</u>
Fund Balances at End of Year	<u>\$ 14,879</u>	<u>\$ 2,223</u>	<u>\$ 464</u>	<u>\$ 8,956</u>	<u>\$ 26,522</u>

(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, 2016
(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)	\$ 9,318
---	----------

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	6,085
Depreciation expense	(6,419)

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.

	(99)
--	------

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	(289)
Property tax interest and lien revenue - accrual basis change	46
Housing loan repayments	323
Accounts and other receivables - accrual basis change	2,190
Change in deferred outflows:	
Difference between expected and actual experience	1,875
Changes in assumptions	5,081
Changes in projected and actual investment earnings	7,272

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	(8,800)
Premium on bonds	(247)
Bond principal payments	4,040
Amortization of deferred charge on refunding	(31)
Amortization of premiums	223
Capital lease payments	149

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	136
Accrued interest	16
Net OPEB expense	15
Landfill postclosure care	12
Change in net pension liability	(19,685)
Deferred inflows - difference between expected and actual experience	(203)

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.

	<u>138</u>
--	------------

Change in Net Position of Governmental Activities (Exhibit II)	<u>\$ 1,146</u>
--	-----------------

The accompanying notes are an integral part of the financial statements

CITY OF NORWICH, CONNECTICUT
STATEMENT OF NET POSITION - PROPRIETARY FUNDS
JUNE 30, 2016
(In Thousands)

	Business-Type Activities			Governmental
	Department of Public Utilities	Nonmajor Enterprise Funds	Total	Internal Service Funds
Assets:				
Current assets:				
Cash and cash equivalents	\$ 19,403	\$	\$ 19,403	\$
Receivables, net:				
User charges	16,913	54	16,967	
Other	1,682		1,682	
Due from other funds		278	278	6,964
Inventories	2,044		2,044	
Other assets	1,520		1,520	
Total current assets	41,562	332	41,894	6,964
Capital assets, net	133,529	10,301	143,830	
Total assets	175,091	10,633	185,724	6,964
Deferred outflows of resources:				
Differences between expected and actual experience	876		876	
Changes of assumptions	2,312		2,312	
Changes in projected investment earnings	5,242		5,242	
Total deferred outflows of resources	8,430	-	8,430	-
Liabilities:				
Current liabilities:				
Accounts payable and accrued liabilities	7,210	74	7,284	7
Notes payable	1,169		1,169	
Bonds payable	11	25	36	
Capital leases payable	331		331	
Compensated absences	564		564	
Risk management claims	533		533	2,636
Cash advances from other funds	907		907	
Due to other funds	66	806	872	
Unearned revenue		1,545	1,545	
Total current liabilities	10,791	2,450	13,241	2,643
Noncurrent liabilities:				
Customer deposits	1,440		1,440	
Notes payable	13,886		13,886	
Bonds payable	32	115	147	
Capital leases payable	219		219	
Compensated absences	2,533		2,533	
Risk management claims	1,112		1,112	2,803
Cash advances from other funds	13,235		13,235	
Net pension liability	37,980		37,980	
Total noncurrent liabilities	70,437	115	70,552	2,803
Total liabilities	81,228	2,565	83,793	5,446
Net Position:				
Net investment in capital assets	117,881	10,161	128,042	
Restricted for energy conservation	334		334	
Unrestricted	(15,922)	(2,093)	(18,015)	1,518
Total Net Position	\$ 102,293	\$ 8,068	\$ 110,361	\$ 1,518

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, 2016
(In Thousands)

	Business-Type Activities			Governmental
	Department of Public Utilities	Nonmajor Enterprise Funds	Total	Internal Service Funds
Operating Revenues:				
Charges for services	\$ 87,492	\$ 1,317	\$ 88,809	\$ 19,278
Use of property	771		771	
Other services	1,118		1,118	
Rent		165	165	
Total operating revenues	<u>89,381</u>	<u>1,482</u>	<u>90,863</u>	<u>19,278</u>
Operating Expenses:				
Purchased gas and electric	33,215		33,215	
General and administrative	16,046		16,046	
Operations and maintenance	16,537	1,279	17,816	
Depreciation	7,109	362	7,471	
Customer accounts	3,499		3,499	
Gross revenue and property taxes	2,493		2,493	
Claims			-	17,353
Premiums and administrative charges			-	1,787
Pension expense	3,750		3,750	
Total operating expenses	<u>82,649</u>	<u>1,641</u>	<u>84,290</u>	<u>19,140</u>
Operating Income (Loss)	<u>6,732</u>	<u>(159)</u>	<u>6,573</u>	<u>138</u>
Nonoperating Income (Expense):				
Interest income	6		6	
Interest expense	(773)	(5)	(778)	
Loss on disposal of capital assets	(89)		(89)	
Total nonoperating expense	<u>(856)</u>	<u>(5)</u>	<u>(861)</u>	<u>-</u>
Income (Loss) Before Contributions and Transfers	5,876	(164)	5,712	138
Capital contributions	3,809		3,809	
Transfers out	<u>(7,804)</u>		<u>(7,804)</u>	
Change in Net Position	1,881	(164)	1,717	138
Total Net Position at Beginning of Year	<u>100,412</u>	<u>8,232</u>	<u>108,644</u>	<u>1,380</u>
Total Net Position at End of Year	<u>\$ 102,293</u>	<u>\$ 8,068</u>	<u>\$ 110,361</u>	<u>\$ 1,518</u>

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, 2016
(In Thousands)

	Business-Type Activities			Governmental
	Department of Public Utilities	Nonmajor Enterprise Funds	Total	Internal Service Funds
Cash Flows from Operating Activities:				
Cash received from charges for services	\$ 92,882	\$ 1,364	\$ 94,246	\$ 3,174
Cash receipts for interfund services provided			-	15,831
Cash paid to vendors	(54,395)	(751)	(55,146)	(19,005)
Cash paid to employees for services	(20,448)	(560)	(21,008)	
Net cash provided by (used in) operating activities	<u>18,039</u>	<u>53</u>	<u>18,092</u>	<u>-</u>
Cash Flows from Noncapital and Related Financing Activities:				
Transfers to other funds	(7,804)		(7,804)	
Customer deposits	176		176	
Advances from (to) other funds	(32)		(32)	
Net cash provided by (used in) noncapital and related financing activities	<u>(7,660)</u>	<u>-</u>	<u>(7,660)</u>	<u>-</u>
Cash Flows from Capital and Related Financing Activities:				
Capital contributions	3,809		3,809	
Net change in capital assets	(13,411)	(23)	(13,434)	
Proceeds from long-term debt	1,437		1,437	
Principal payment on bonds and notes	(996)	(25)	(1,021)	
Principal payment on capital leases	(394)		(394)	
Interest payment on debt	(773)	(5)	(778)	
Cash advances from the City of Norwich	2,519		2,519	
Net cash provided by (used in) capital and related financing activities	<u>(7,809)</u>	<u>(53)</u>	<u>(7,862)</u>	<u>-</u>
Cash Flows from Investing Activities:				
Income on investments	<u>6</u>		<u>6</u>	
Net Increase (Decrease) in Cash and Cash Equivalents	2,576	-	2,576	-
Cash and Cash Equivalents at Beginning of Year	<u>16,827</u>	<u>-</u>	<u>16,827</u>	<u>-</u>
Cash and Cash Equivalents at End of Year	<u>\$ 19,403</u>	<u>\$ -</u>	<u>\$ 19,403</u>	<u>\$ -</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:				
Operating income (loss)	\$ 6,732	\$ (159)	\$ 6,573	\$ 138
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation expense	7,109	362	7,471	
Provision for uncollectible accounts	2,952		2,952	
(Increase) decrease in receivables	(2,402)	25	(2,377)	
(Increase) decrease in inventories and other assets	(51)		(51)	
(Increase) decrease in due from other funds		(37)	(37)	(517)
(Increase) decrease in deferred outflows of resources:				
Differences between expected and actual experience	(876)		(876)	
Changes of assumptions	(2,313)		(2,313)	
Changes in projected investment earnings	(3,352)		(3,352)	
Increase (decrease) in due to other funds		(5)	(5)	
Increase (decrease) in unearned revenues		(141)	(141)	
Increase (decrease) in accounts payable and accrued liabilities	(85)	8	(77)	379
Increase (decrease) in net pension liability	10,291		10,291	
Total adjustments	<u>11,273</u>	<u>212</u>	<u>11,485</u>	<u>(138)</u>
Net Cash Provided by (Used in) Operating Activities	<u>\$ 18,005</u>	<u>\$ 53</u>	<u>\$ 18,058</u>	<u>\$ -</u>

The accompanying notes are an integral part of the financial statements

CITY OF NORWICH, CONNECTICUT
STATEMENT OF FIDUCIARY NET POSITION - FIDUCIARY FUNDS
JUNE 30, 2016
(In Thousands)

	Pension and Other Employee Benefit Trust Funds	Agency Funds
Assets:		
Cash and cash equivalents	\$ 766	\$ 445
Investments:		
Mutual funds	146,406	
Common stock	21,007	
Preferred stock	288	
Other receivables	10	53
	<u>168,477</u>	<u>498</u>
Total assets		\$ 498
Liabilities:		
Accounts and other payables	470	\$
Due to other funds	199	
Due to student groups and agencies		498
	<u>669</u>	<u>498</u>
Total liabilities		\$ 498
Net Position:		
Held in Trust for Pension and Other Benefits	<u>\$ 167,808</u>	

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, 2016
(In Thousands)

	Pension and Other Employee Benefit Trust Funds
Additions:	
Contributions:	
Employer	\$ 13,498
Plan members	5,033
Total contributions	<u>18,531</u>
Investment income (loss):	
Net change in fair value of investments	(4,270)
Interest and dividends	2,180
Total investment income (loss)	<u>(2,090)</u>
Less investment expense	<u>(884)</u>
Net investment income (loss)	<u>(2,974)</u>
Total additions	<u>15,557</u>
Deductions:	
Benefits	21,793
Administration	509
Lump sum distributions and withdrawals	149
Total deductions	<u>22,451</u>
Change in Net Position	(6,894)
Net Position Held in Trust for Pension and Other Post Employment Benefits at Beginning of Year	<u>174,702</u>
Net Position Held in Trust for Pension and Other Post Employment Benefits at End of Year	<u>\$ 167,808</u>

The accompanying notes are an integral part of the financial statements

CITY OF NORWICH, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016
(In Thousands)

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.

CITY OF NORWICH, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016
(In Thousands)

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 and Other Employee Benefit Trust Funds account for the activities of the City's two defined benefit pension plans, which accumulate resources for pension benefit payments to qualified retired employees and also the activities of the City's other 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.

CITY OF NORWICH, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016
(In Thousands)

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 \$650 has been established as an allowance for uncollected taxes. At June 30, 2016, this represents 14.8% of property taxes receivable.

CITY OF NORWICH, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016
(In Thousands)

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).

CITY OF NORWICH, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016
(In Thousands)

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period or periods and so will not be recognized as an inflow of resources (revenue) until that time. The City reports deferred inflows of resources related to pensions in the government-wide statement of net position. A deferred inflow 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). For governmental funds, the City reports 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.

**CITY OF NORWICH, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016
(In Thousands)**

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.

**CITY OF NORWICH, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016
(In Thousands)**

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.

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

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

The City is assumed to use restricted resources first if both restricted and unrestricted resources are to be used for the same purpose. In addition, when committed, assigned and unassigned resources are available, it is assumed that committed resources are used first, then assigned, and lastly, unassigned.

N. Estimates

The preparation of the financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities including disclosures of contingent assets and liabilities and reported revenues expenditures during the fiscal year.

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.

CITY OF NORWICH, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016
(In Thousands)

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 2016, there were not any additional appropriations.

B. Deficit Fund Equity

Certain individual funds had fund balance/net position deficits at June 30, 2016 as follows:

Nonmajor Governmental Funds:	
Dog License	\$ 73*
Nonmajor Enterprise Funds:	
Ice Rink Authority	715*
Internal Service Funds:	
Workers' Compensation	547*

* 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.

CITY OF NORWICH, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016
(In Thousands)

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*, \$49,472 of the City’s bank balance of \$52,732 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 44,199
Uninsured and collateral held by the pledging bank’s trust department, not in the City’s name	<u>5,273</u>
Total Amount Subject to Custodial Credit Risk	<u>\$ 49,472</u>

CITY OF NORWICH, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016
(In Thousands)

Cash Equivalents

At June 30, 2016, 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.

	<u>Standard & Poor's</u>
State Short-Term Investment Fund (STIF)	AAA/m

4. INVESTMENTS

As of June 30, 2016, the City had the following investments:

	<u>Fair Value</u>	<u>Investment Maturities (Years)</u>		
		<u>Less Than 1</u>	<u>1 - 10</u>	<u>More Than 10</u>
Interest-bearing investments:				
Certificate of Deposit	\$ 7,037	\$ 5,867	\$ 1,170	\$ -
U.S. Government Securities	907	152	744	11
Corporate Bonds	<u>1,509</u>	<u>80</u>	<u>1,314</u>	<u>115</u>
Total	9,453	<u>\$ 6,099</u>	<u>\$ 3,228</u>	<u>\$ 126</u>
Other investments:				
Mutual Funds	139,950			
Common Stock	26,035			
Preferred Stock	288			
Asset Backed	409			
Exchange-Traded Funds	16			
Real Estate	<u>112</u>			
Total Investments	<u>\$ 176,263</u>			

CITY OF NORWICH, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016
(In Thousands)

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

<u>Average Rating</u>	<u>Corporate Bonds</u>	<u>U.S. Government Securities</u>	<u>Certificate of Deposit</u>
Aaa	\$ 72	\$ 551	\$
Aa1		40	
Aa2	56		
Aa3	163	34	
A1	226		
A2	211	36	
A3	329		
Baa1	173	16	
Baa3	20		
Ba1*	21		
Ba2*	43		
Ba3*	43		
B2*	13		
B3*	50		
Caa1*	10		
Unrated	<u>79</u>	<u>230</u>	<u>7,037</u>
	<u>\$ 1,509</u>	<u>\$ 907</u>	<u>\$ 7,037</u>

* Bonds with ratings of Ba1 and lower are held by the Cemetery Trust Fund only and not the Pension or OPEB Trust Funds

CITY OF NORWICH, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016
(In Thousands)

The City adopted new accounting guidance, GASB Statement No. 72, *Fair Value Measurement and Application*. The new disclosure is presented below:

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements); followed by quoted prices in inactive markets or for similar assets or with observable inputs (Level 2 measurements); and the lowest priority to unobservable inputs (Level 3 measurements). The City has the following recurring fair value measurements as of June 30, 2016:

	June 30, 2016	Fair Value Measurements Using		
		Level 1	Level 2	Level 3
Investments by fair value level:				
Debt Securities				
U.S. Government Securities	\$ 907	\$ 907	\$	\$
Corporate Bonds	1,509	1,509		
Asset Backed	409	409		
Real Estate	112	112		
Equity Securities				
Common Stock	26,035	26,035		
Preferred Stock	288	288		
Mutual Funds	139,950	139,950		
Exchange-Traded Funds	16	16		
Total investments by fair value level	169,226	\$ 169,226	\$ -	\$ -
Investments not recorded at fair value:				
Certificate of Deposit	7,037			
Total Investments	\$ 176,263			

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.

CITY OF NORWICH, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016
(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.

5. RECEIVABLES

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

	<u>General</u>	<u>Education Grants</u>	<u>Department of Public Utilities</u>	<u>Nonmajor and Other Funds</u>	<u>Total</u>
Receivables:					
Taxes	\$ 4,008	\$	\$	\$ 375	\$ 4,383
Accrued interest on taxes	1,050				1,050
Intergovernmental	82	233		3,020	3,335
User charges			19,863	54	19,917
Assessments	2,580				2,580
Housing and rehabilitation loans				3,775	3,775
Accounts and other	145		1,682	612	2,439
Gross receivables	<u>7,865</u>	<u>233</u>	<u>21,545</u>	<u>7,836</u>	<u>37,479</u>
Less allowance for uncollectibles:					
Taxes	(609)			(41)	(650)
Accrued interest on taxes	(210)				(210)
User charges			(2,950)		(2,950)
Accounts and other				(387)	
Total allowance	<u>(819)</u>	<u>-</u>	<u>(2,950)</u>	<u>(428)</u>	<u>(4,197)</u>
Net Total Receivables	<u>\$ 7,046</u>	<u>\$ 233</u>	<u>\$ 18,595</u>	<u>\$ 7,408</u>	<u>\$ 33,282</u>

CITY OF NORWICH, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016
(In Thousands)

6. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

During the course of operations, transactions are processed through a fund on behalf of another fund. Additionally, revenues received in one fund are transferred to another fund. The City also operates a cash pool in the General Fund, and there are bonded projects in one fund that benefit another fund.

A summary of interfund balances as of June 30, 2016 is presented below.

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Department of Public Utilities	\$ 15
	Nonmajor Enterprise	806
	Nonmajor Governmental	970
	Other Post Employment Benefit Trust	134
	Pension Trust	65
Bond Expenditure	General Fund	3,214
Education Grants	General Fund	2,778
Internal Service Funds	General Fund	6,913
	Department of Public Utilities	51
Nonmajor Enterprise	General Fund	278
Nonmajor Governmental	General Fund	<u>5,145</u>
Total		<u>\$ 20,369</u>

A summary of interfund transfers is presented below:

	<u>Transfers In</u>		
	<u>General</u>	<u>Nonmajor Governmental</u>	<u>Total</u>
Transfers out:			
General Fund	\$	\$ 6,282	\$ 6,282
Bond Expenditure		437	437
Department of Public Utilities	4,897	2,907	7,804
Nonmajor Governmental	<u>250</u>		<u>250</u>
Total Transfers Out	<u>\$ 5,147</u>	<u>\$ 9,626</u>	<u>\$ 14,773</u>

Transfers from the General Fund to other nonmajor governmental funds are in support of the City's capital improvement program, debt service and other special revenue programs accounted for outside of the General Fund. Transfers from nonmajor governmental funds to the General Fund are derived primarily from net income generated from private duty police services accounted for outside of the General Fund. 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.

CITY OF NORWICH, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016
(In Thousands)

7. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2016 was as follows:

	<u>Beginning Balance</u>	<u>Reclassifications</u>	<u>Transfers</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:						
Capital assets not being depreciated:						
Land	\$ 24,912	\$	\$	\$ 710	\$ (24)	\$ 25,598
Construction in progress	41,032		(41,220)	1,327		1,139
Total capital assets not being depreciated	<u>65,944</u>	<u>-</u>	<u>(41,220)</u>	<u>2,037</u>	<u>(24)</u>	<u>26,737</u>
Capital assets being depreciated:						
Buildings and improvements	66,641		41,220	4	(5)	107,860
Vehicles, machinery and equipment	22,203			1,475	(276)	23,402
Technology upgrade and infrastructure	43,383			2,569	(187)	45,765
Total capital assets being depreciated	<u>132,227</u>	<u>-</u>	<u>41,220</u>	<u>4,048</u>	<u>(468)</u>	<u>177,027</u>
Less accumulated depreciation for:						
Buildings and improvements	(32,829)			(3,379)	5	(36,203)
Vehicles, machinery and equipment	(15,350)			(1,344)	201	(16,493)
Technology upgrade and infrastructure	(22,735)			(1,696)	187	(24,244)
Total accumulated depreciation	<u>(70,914)</u>	<u>-</u>	<u>-</u>	<u>(6,419)</u>	<u>393</u>	<u>(76,940)</u>
Total capital assets being depreciated, net	<u>61,313</u>	<u>-</u>	<u>41,220</u>	<u>(2,371)</u>	<u>(75)</u>	<u>100,087</u>
Governmental Activities Capital Assets, Net	<u>\$ 127,257</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (334)</u>	<u>\$ (99)</u>	<u>\$ 126,824</u>
Business-type activities:						
Capital assets not being depreciated:						
Land	\$ 3,204	\$	\$	\$	\$	\$ 3,204
Construction in progress	19,454		(15,291)	15,198	(1,733)	17,628
Total capital assets not being depreciated	<u>22,658</u>	<u>-</u>	<u>(15,291)</u>	<u>15,198</u>	<u>(1,733)</u>	<u>20,832</u>
Capital assets being depreciated:						
Structures and improvements	53,396	1,674	49	-	(6)	55,113
Machinery, equipment, pumping and distribution systems	211,656	(1,674)	15,242	23	(3,156)	222,091
Total capital assets being depreciated	<u>265,052</u>	<u>-</u>	<u>15,291</u>	<u>23</u>	<u>(3,162)</u>	<u>277,204</u>
Less accumulated depreciation for:						
Structures and improvements	(27,090)			(1,355)	6	(28,439)
Machinery, equipment, pumping and distribution systems	(122,665)			(6,116)	3,014	(125,767)
Total accumulated depreciation	<u>(149,755)</u>	<u>-</u>	<u>-</u>	<u>(7,471)</u>	<u>3,020</u>	<u>(154,206)</u>
Total capital assets being depreciated, net	<u>115,297</u>	<u>-</u>	<u>15,291</u>	<u>(7,448)</u>	<u>(142)</u>	<u>122,998</u>
Business-Type Activities Capital Assets, Net	<u>\$ 137,955</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,750</u>	<u>\$ (1,875)</u>	<u>\$ 143,830</u>

CITY OF NORWICH, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016
(In Thousands)

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

Governmental activities:	
General government	\$ 221
Public safety	966
Social services	82
Public works	3,185
Education	<u>1,965</u>
 Total Depreciation Expense - Governmental Activities	 \$ <u><u>6,419</u></u>
 Business-type activities:	
Department of Public Utilities	\$ 7,109
Golf Course Authority	55
Stadium Authority	197
Ice Rink Authority	<u>110</u>
 Total Depreciation Expense - Business-Type Activities	 \$ <u><u>7,471</u></u>

Construction Commitments

The City has active construction projects as of June 30, 2016. At year end, the City's commitments with contractors on active authorizations are as follows:

<u>Project</u>	<u>Cumulative Authorization</u>	<u>Current Expenditures</u>	<u>Cumulative Expenditures</u>	<u>Balance June 30, 2016</u>
City Network & VOIP Implementation	\$ 800	\$ 593	\$ 593	\$ 207
Control Room & Data Center	9,500		1,341	8,159
CNG Station - Otrobando Ave	2,546	1,994	2,165	381
ARCFM	584	137	294	290
Stonybrook Buoyant Media	2,000	42	377	1,623
Royal Oaks Main Replacement	2,600	289	1,976	624
Mohegan Park Tank Replacement	2,800	59	156	2,644
Stony Brook - North & South Sections Transmission Main	6,100	51	216	5,884
Deep River - Disinfectant Alternative	700	72	109	591
LCTP Phase 2 CWF 607 PG	2,105	18	2,168	(63)
WWTP Design & Construction CWF 625D/625D-1/625C	<u>28,700</u>	<u>27</u>	<u>6,995</u>	<u>21,704</u>
 Total	 \$ <u><u>58,435</u></u>	 \$ <u><u>3,281</u></u>	 \$ <u><u>16,390</u></u>	 \$ <u><u>42,045</u></u>

CITY OF NORWICH, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016
(In Thousands)

8. LONG-TERM DEBT

Changes in Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2016 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities:					
Bonds payable:					
General obligation bonds	\$ 43,650	\$ 8,800	\$ 4,040	\$ 48,410	\$ 4,210
Add unamortized premiums	<u>1,799</u>	<u>247</u>	<u>223</u>	<u>1,823</u>	<u>4,210</u>
Total bonds payable	45,449	9,047	4,263	50,233	4,210
Compensated absences	3,498	1,399	1,535	3,362	1,508
Landfill closure	250		12	238	22
Capital leases	979		149	830	155
Net pension liability	58,534	19,685		78,219	
Net OPEB obligation	4,780	5,551	5,566	4,765	
Risk management claims	<u>5,058</u>	<u>17,734</u>	<u>17,353</u>	<u>5,439</u>	<u>2,636</u>
Governmental Activities Long-Term Liabilities	<u>\$ 118,548</u>	<u>\$ 53,416</u>	<u>\$ 28,878</u>	<u>\$ 143,086</u>	<u>\$ 8,531</u>
Business-Type Activities:					
Bonds and notes payable:					
General obligation bonds	\$ 223	\$	\$ 40	\$ 183	\$ 36
State of Connecticut - serial note	<u>14,599</u>	<u>1,437</u>	<u>981</u>	<u>15,055</u>	<u>1,169</u>
Total bonds and notes payable	14,822	1,437	1,021	15,238	1,205
Compensated absences	2,849	774	526	3,097	564
Capital leases	945		395	550	331
Workers' compensation	1,498	636	489	1,645	533
Net pension liability	27,689	10,291		37,980	
Cash advances	<u>11,623</u>	<u>3,121</u>	<u>602</u>	<u>14,142</u>	<u>907</u>
Business-Type Activities Long-Term Liabilities	<u>\$ 59,426</u>	<u>\$ 16,259</u>	<u>\$ 3,033</u>	<u>\$ 72,652</u>	<u>\$ 3,540</u>

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

CITY OF NORWICH, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016
(In Thousands)

A schedule of bonds outstanding at June 30, 2016 is presented below:

Description	Date of Issue	Date of Maturity	Interest Rate (%)	Amount of Original Issue	Balance Outstanding June 30, 2016
Governmental Activities:					
General purpose bonds payable:					
Schools	12/30/2008	12/30/2020		\$ 2,940	\$ 1,225
General purpose	12/02/2009	12/01/2029	3.0-4.0	9,145	6,785
Schools	12/02/2009	12/01/2029	3.0-4.0	2,000	1,475
General purpose	12/13/2011	12/01/2022	2.0-4.0	4,680	3,975
Schools	12/13/2011	12/01/2022	2.0-4.0	5,000	4,205
Refunding - (04/15/02) bonds	02/15/2012	04/15/2022	2.0	2,725	1,545
General purpose	02/12/2014	02/01/2024	3.0-5.0	12,365	11,055
Refunding - (4/15/2004 and 3/15/2005) bonds	02/12/2014	09/15/2019	3.0-5.0	2,793	1,213
Refunding - (4/15/2004 and 3/15/2005) bonds - Schools	02/12/2014	09/15/2019	3.0-5.0	2,987	1,757
General purpose - Series A	03/03/2015	08/01/2024	3.0-4.0	5,600	5,350
General Purpose - Series B	03/03/2015	08/01/2024	2.0-3.0	1,140	1,025
General purpose - Series A	03/01/2016	08/01/2035	2.0-2.6	5,600	6,300
General Purpose - Series B	03/01/2016	08/01/2025	2.0-3.0	5,600	2,500
Total					\$ <u>48,410</u>
Business-Type Activities:					
Golf course	12/02/2009	12/01/2029	3.0-4.0	\$ 265	\$ 140
Refunding - (02/12/2014) Stony Brook Reservoir	02/12/2014	09/15/2019	3.0-5.0	73	43
State of Connecticut serial notes payable:					
Clean Water Act 106-C	10/31/1997	10/31/2016	2.00	3,410	68
Clean Water Act 298-C	06/30/2000	06/30/2019	2.00	1,508	226
Clean Water Act 349-C	12/31/2002	12/31/2021	2.00	881	276
Clean Water Act 9714-C	12/31/2002	12/31/2021	2.77	1,899	623
Clean Water Act 200801-C	07/01/2009	07/01/2029	2.27	450	291
Clean Water Act 625-D	12/31/2012	12/31/2031	2.00	1,865	1,493
Clean Water Act 495-C	05/31/2013	06/01/2032	2.00	5,748	4,709
Clean Water Act 625-D1	05/31/2015	12/31/2031	2.00	2,510	2,252
Drinking Water State Revolving Fund 2010-8005	03/31/2010	12/31/2029	2.06	145	98
Drinking Water State Revolving Fund 2010-8006	03/31/2010	06/30/2030	2.06	326	228
Drinking Water State Revolving Fund 2011-7005	04/30/2014	10/31/2032	2.00	160	141
Drinking Water State Revolving Fund 2011-7006	04/30/2014	04/30/2032	2.00	148	130
Drinking Water State Revolving Fund 2014-7027	06/30/2015	12/31/2034	2.27	506	468
Drinking Water State Revolving Fund 2014-7036	05/31/2013	11/30/2036	2.00	4,052	4,052
Total					\$ <u>15,238</u>

CITY OF NORWICH, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016
(In Thousands)

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

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 4,210	\$ 1,520	\$ 5,730
2018	4,155	1,353	5,508
2019	4,030	1,227	5,257
2020	3,820	1,112	4,932
2021	3,285	1,008	4,293
2022-2026	13,670	3,603	17,273
2027-2031	10,675	1,627	12,302
2032-2036	<u>4,565</u>	<u>297</u>	<u>4,862</u>
Total	<u>\$ 48,410</u>	<u>\$ 11,747</u>	<u>\$ 60,157</u>

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

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 1,205	\$ 308	\$ 1,513
2018	1,031	278	1,309
2019	1,050	255	1,305
2020	988	235	1,223
2021	991	212	1,203
2022-2026	4,196	793	4,989
2027-2031	4,315	368	4,683
2032-2036	<u>1,462</u>	<u>47</u>	<u>1,509</u>
Total	<u>\$ 15,238</u>	<u>\$ 2,496</u>	<u>\$ 17,734</u>

CITY OF NORWICH, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016
(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 2016 fiscal year were \$149. The net undepreciated value of assets purchased by capital lease approximates the principal balances payable of \$830 at June 30, 2016. The following is a summary of capital lease commitments as of June 30, 2016.

<u>Year Ending June 30,</u>	<u>Governmental Funds</u>
2017	\$ 184
2018	184
2019	182
2020	177
2021	65
2022-2023	<u>130</u>
Total payments	922
Less interest	<u>(92)</u>
Principal Balance	<u>\$ 830</u>

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 2016 fiscal year were \$394. The net undepreciated value of assets purchased by capital lease approximates the principal balances payable of \$550 at June 30, 2016. The following is a summary of capital lease commitments as of June 30, 2016.

<u>Year Ending June 30,</u>	<u>Enterprise Funds</u>
2017	\$ 343
2018	<u>222</u>
Total payments	565
Less interest	<u>(15)</u>
Principal Balance	<u>\$ 550</u>

CITY OF NORWICH, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016
(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	\$	967	
Vacation		680	
Other		278	
Nonvested:			
Sick		1,408	*
Other		29	*
		<u> </u>	
Total	\$	<u>3,362</u>	

*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 \$238 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, 2016. 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, 2016 are as follows:

Description	Authorized	Bonded	Grants	Authorized Unissued
Kelly Middle School Renovation*	\$ 41,250	\$ 10,750	\$ 30,000	\$ 500
New London Turnpike & Pleasant Street Bridges	530	90	215	225
Infrastructure Improvement Program	5,000	3,541		1,459
Gas Line Extensions	9,500	5,291		4,209
Wawecus Street Bridge	800	500		300
Code Correction Assistance	1,840	415		1,425
SCBA Equipment	<u>800</u>			<u>800</u>
Total	<u>\$ 59,720</u>	<u>\$ 20,587</u>	<u>\$ 30,215</u>	<u>\$ 8,918</u>

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

CITY OF NORWICH, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016
(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:

<u>Category</u>	<u>Debt Limit</u>	<u>Net Indebtedness</u>	<u>Balance</u>
General purpose	\$ 184,394	\$ 20,961	\$ 163,433
Schools	368,789	10,332	358,457
Sewers	307,324	4,036	303,288
Urban renewal	266,347	3,310	263,037
Pension deficit	245,859		245,859

The total of the City's net statutory indebtedness of \$38.6 million does not exceed the legal debt limitation of \$574 million (seven times the base for debt limitation computation).

CITY OF NORWICH, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016
(In Thousands)

9. FUND EQUITY

A. Fund Balance

The components of fund balance at June 30, 2016 are as follows:

	<u>General Fund</u>	<u>Bond Expenditure Fund</u>	<u>Education Grants</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Fund balances:					
Nonspendable:					
Inventory - School Lunch	\$	\$	\$	\$ 35	\$ 35
Trust:					
Cemetery Trust				1,532	1,532
Other				17	17
Restricted for:					
Trust				71	71
Grants:					
Kelly Middle School Project				1,118	1,118
Other				73	73
Fire districts				1,617	1,617
Capital Projects		2,223			2,223
Committed to:					
Public safety:					
Police Dispatch Console				198	198
Fire Grants & Programs				4	4
Police Grants & Programs				20	20
Public works:					
Sherman Street Bridge				486	486
Landfill Closure				214	214
Other				914	914
Social services:					
Recreation				164	164
Human Services				96	96
Senior Center				106	106
Youth & Family Services				46	46
Other				502	502
General government:					
Downtown Revitalization Revolving Loan				214	214
Other				63	63
Education:					
School Lunch				862	862
Adult Education				99	99
Other			464	578	1,042
Assigned to:					
General government - encumbrances	10				10
Public works - encumbrances	99				99
Public safety - encumbrances	88				88
Education - encumbrances	30				30
Unassigned	14,652			(73)	14,579
Total Fund Balances	\$ 14,879	\$ 2,223	\$ 464	\$ 8,956	\$ 26,522

CITY OF NORWICH, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016
(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, 2016 on behalf of the Department were \$334. 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.

10. 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 2016 for hospitalization with a maximum aggregate for all claims of approximately \$18,143.

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:				
2015-2016	\$ 1,042	\$ 15,260	\$ 15,125	\$ 1,177
2014-2015	1,293	12,499	12,750	1,042
Workers’ Compensation:				
2015-2016	4,017	2,473	2,228	4,262
2014-2015	4,532	1,821	2,336	4,017

CITY OF NORWICH, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016
(In Thousands)

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 \$1,645 for estimated unpaid accrued losses on reported claims as of June 30, 2016.

11. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS

City of Norwich Retirement System

A. Plan Description and Benefits Provided

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

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

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

Union Coalition

The members of the 911 Dispatchers, City Hall Employees, City Hall Supervisors, Public Works Employees, Public Works Supervisors, Public Utilities Supervisory and Professional Employees, Public Utilities Technical and Clerical Employees, and Public Utilities Water Distribution Employees bargaining units bargained as a coalition for pension benefits in 2008. The City non-union employees and supervisors were given the same benefits after the coalition agreement was ratified in 2008. The Public Schools Custodians and Administrative Assistants bargained with the Board of Education to receive the same benefits as the coalition in January 2015 and September 2015, respectively.

Under this agreement, employees are 100% vested in a pension to begin at age 60 if they terminate employment after 10 years of continuous service or after 25 years of service and attainment of age 55 or after 34 years of service regardless of age. Also, any employee terminating employment after age 50 with 25 years of service is eligible for a pension at a reduced percentage. City employees receive a retirement benefit of 2.2% of average final earnings during the highest three years out of the last 10 consecutive year period with a maximum of 74.8% of average earnings.

Employees contribute 8% of their wages to the plan.

CITY OF NORWICH, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016
(In Thousands)

Police

Employees hired on or before July 1, 2014 may retire after 20 years of service, regardless of age. Employees shall be paid 50% of the average compensation received of the highest three years of their last 10 years of service. Employees shall receive an additional 2.20% for each year after 20 years for a maximum of 30 years or 72% of their average compensation received of the highest three years of their last 10 years of service, which additional years of service over 20 years shall be at the employee's option.

Employees hired after July 1, 2014 may retire after 25 years of service, regardless of age. Employees shall be paid 50% of the average compensation received of the highest three years of their last 10 years of service. Employees shall receive an additional 2.50% for each year after 25 years for a maximum of 30 years or 62.5%.

Employees contribute 8% of their wages to the plan.

Firefighters

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

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

Employees contribute 8% of their wages to the plan.

Public Schools Nurses and Paraeducators

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. Also, any employee terminating employment after age 50 with 25 years of service is eligible for a pension at a reduced percentage. City employees receive a retirement benefit of 2.1% of average final earnings during the highest three years out of the last 10 consecutive year period with a maximum of 73.5% of average earnings.

Employees contribute 7% of their wages to the plan.

At July 1, 2015, the plan members consisted of:

Retirees and beneficiaries currently receiving benefits	565
Terminated employees not yet receiving benefits	65
Active plan members	<u>593</u>
Total	<u><u>1,223</u></u>

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. 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 18.68% of covered payroll.

Administrative costs of the plan are financed through investment earnings.

CITY OF NORWICH, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016
(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, 2016.

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return*</u>	<u>Weighting</u>
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%

* 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, 2016, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was -1.81%. 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, 2016 were as follows:

Total pension liability	\$ 264,347
Plan fiduciary net position	<u>(151,881)</u>
Net Pension Liability	<u>\$ 112,466</u>
Plan fiduciary net position as a percentage of the total pension liability	57.46%

**CITY OF NORWICH, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016
(In Thousands)**

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of July 1, 2015, 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-2014 adjusted to 2006 Blue Collar Mortality Table projected to valuation date with scale MP-2015.

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.

CITY OF NORWICH, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016
(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, 2015	\$ 242,442	\$ 159,261	\$ 83,181
Changes for the year:			
Service cost	5,890		5,890
Interest on total pension liability	18,659		18,659
Differences between expected and actual experience	3,337		3,337
Changes of benefit terms	634		634
Changes in assumptions	8,811		8,811
Employer contributions		7,581	(7,581)
Member contributions		3,358	(3,358)
Net investment income		(2,851)	2,851
Benefit payments, including refund to employee contributions	(15,426)	(15,426)	-
Administrative expenses		(42)	42
Other changes			-
Net changes	<u>21,905</u>	<u>(7,380)</u>	<u>29,285</u>
Balances as of June 30, 2016	\$ <u>264,347</u>	\$ <u>151,881</u>	\$ <u>112,466</u>

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, 2016	\$ 140,080	\$ 112,466	\$ 89,759

City of Norwich Volunteer Firefighters' Relief Plan

A. Plan Description and Benefits Provided

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

**CITY OF NORWICH, CONNECTICUT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2016
 (In Thousands)**

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

Volunteers who joined the Plan prior to January 1, 2015 will begin receiving benefits when they are at least 55 years old and have at least 20 years of credited service. A plan member may purchase a year of credited service if he/she has responded to at least the lesser of 20% of all emergency calls or 150 calls as well as attending the lesser of 20% of his/her department’s training sessions and drills or 20 hours of training or drills during the plan year. “Retirees” from the plan receive a monthly benefit of \$22 multiplied by the years of credited service to a maximum of 40 years and a maximum monthly benefit of \$880.

Volunteers who joined the Plan on or after January 1, 2015 will begin receiving benefits when they are at least 55 years old and have at least 25 years of credited service. A plan member may purchase a year of credited service if he/she has responded to at least the lesser of 20% of all emergency calls or 150 calls as well as attending the lesser of 20% of his/her department’s training sessions and drills or 20 hours of training or drills during the plan year. “Retirees” from the plan receive a monthly benefit of \$22 multiplied by the years of credited service to a maximum of 30 years and a maximum monthly benefit of \$660.

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, 2016, the plan members consisted of:

Active volunteers	47
Volunteers with a deferred benefit	-
Volunteers with an assumed return of contributions	81
Retired pensioners	47
Vested volunteers with a future benefit	<u>1</u>
Total	<u><u>176</u></u>

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.

Plan Changes and Changes in Actuarial Assumptions

There were no plan changes reflected in the last actuarial valuation.

CITY OF NORWICH, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016
(In Thousands)

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 VFFRF Committee's adopted asset allocation policy as of June 30, 2016.

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return*</u>	<u>Weighting</u>
U.S. Large Cap	24.00%	4.75%	1.14%
U.S. Mid/Small Cap	6.00%	5.50%	0.33%
International Equities (Unhedged)	14.00%	5.25%	0.74%
Emerging International Equities	4.00%	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, 2016, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was (.37)%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

CITY OF NORWICH, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016
(In Thousands)

E. Net Pension Liability of the City

The components of the net pension liability of the City at June 30, 2016 were as follows:

Total pension liability	\$ 5,963
Plan fiduciary net position	<u>(2,230)</u>
Net Pension Liability	<u>\$ 3,733</u>
Plan fiduciary net position as a percentage of the total pension liability	37.40%

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of July 1, 2015, 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 RP-2014 Mortality Table adjusted to 2006 Blue Collar Mortality Table projected to valuation date with Scale MP-2015.

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.

CITY OF NORWICH, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016
(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, 2015	\$ 5,224	\$ 2,182	\$ 3,042
Changes for the year:			
Service cost	59		59
Interest on total pension liability	361		361
Differences between expected and actual experience	(230)		(230)
Changes of benefit terms	706		706
Changes in assumptions	144		144
Employer contributions		351	(351)
Member contributions		16	(16)
Net investment income		(9)	9
Benefit payments, including refund to employee contributions	(301)	(301)	-
Administrative expenses		(9)	9
Other changes			-
Net changes	<u>739</u>	<u>48</u>	<u>691</u>
Balances as of June 30, 2016	<u>\$ 5,963</u>	<u>\$ 2,230</u>	<u>\$ 3,733</u>

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, 2016	\$ 4,495	\$ 3,733	\$ 3,105

CITY OF NORWICH, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016
(In Thousands)

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

For the year ended June 30, 2016, the City recognized pension expense of \$15,100. At June 30, 2016, the City reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	<u>City Employees</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 2,751	\$
Changes of assumptions	7,266	
Net difference between projected and actual earnings on pension plan investments	<u>16,513</u>	<u> </u>
Total	<u>\$ 26,530</u>	<u>\$ -</u>
	<u>Volunteer Firefighter</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$	\$ 203
Changes of assumptions	127	
Net difference between projected and actual earning on pension plan investments	<u>211</u>	<u> </u>
Total	<u>\$ 338</u>	<u>\$ 203</u>

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

<u>Year Ended June 30,</u>	
2017	\$ (6,684)
2018	(6,683)
2019	(6,683)
2020	(5,159)
2021	(1,481)
Thereafter	<u>25</u>
Total	<u>\$ (26,665)</u>

CITY OF NORWICH, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016
(In Thousands)

Schedule of Plan Net Position - June 30, 2016

	City Employee Pension Trust Fund	Volunteer Fire Pension Trust Fund	Total
	<u> </u>	<u> </u>	<u> </u>
Assets:			
Cash and cash equivalents	\$ 712	\$ 24	\$ 736
Investments:			
Mutual funds	129,916	2,219	132,135
Common stock	21,007		21,007
Preferred stock	288		288
Accounts receivable	<u>10</u>		<u>10</u>
Total assets	<u>151,933</u>	<u>2,243</u>	<u>154,176</u>
Liabilities:			
Due to other funds	<u>52</u>	<u>13</u>	<u>65</u>
Net Position:			
Held in Trust for Pension	<u>\$ 151,881</u>	<u>\$ 2,230</u>	<u>\$ 154,111</u>

CITY OF NORWICH, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016
(In Thousands)

Schedule of Changes in Plan Net Position for the Year Ended June 30, 2016

	City Employee Pension Trust Fund	Volunteer Fire Pension Trust Fund	Total
Additions:			
Contributions:			
Employer	\$ 7,581	\$ 351	\$ 7,932
Plan members	3,358	16	3,374
Total contributions	<u>10,939</u>	<u>367</u>	<u>11,306</u>
Investment income (loss):			
Net depreciation in fair value of investments	(3,743)	(126)	(3,869)
Interest and dividends	1,700	126	1,826
Total investment income (loss)	<u>(2,043)</u>	<u>-</u>	<u>(2,043)</u>
Less investment expense	<u>(808)</u>	<u>(9)</u>	<u>(817)</u>
Net investment income (loss)	<u>(2,851)</u>	<u>(9)</u>	<u>(2,860)</u>
Total additions	<u>8,088</u>	<u>358</u>	<u>8,446</u>
Deductions:			
Benefits	15,277	301	15,578
Administration	42	9	51
Lump sum distributions and withdrawals	149		149
Total deductions	<u>15,468</u>	<u>310</u>	<u>15,778</u>
Net Increase (Decrease)	(7,380)	48	(7,332)
Net Position Held in Trust for Pension Benefits at Beginning of Year	<u>159,261</u>	<u>2,182</u>	<u>161,443</u>
Net Position Held in Trust for Pension Benefits at End of Year	<u>\$ 151,881</u>	<u>\$ 2,230</u>	<u>\$ 154,111</u>

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.

CITY OF NORWICH, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016
(In Thousands)

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.

CITY OF NORWICH, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016
(In Thousands)

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

At June 30, 2016, 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	<u>57,271</u>
Total	<u>\$ 57,271</u>

The net pension liability was measured as of June 30, 2015, 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, 2016, the City has no proportionate share of the net pension liability.

For the year ended June 30, 2016, the City recognized pension expense and revenue of \$4,589 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%.

CITY OF NORWICH, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016
(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%	5.8%
Developed non-U.S. equities	18.0%	6.6%
Emerging markets (Non-U.S.)	9.0%	8.3%
Core fixed income	7.0%	1.3%
Inflation linked bond fund	3.0%	1.0%
Emerging market bond	5.0%	3.7%
High yield bonds	5.0%	3.9%
Real estate	7.0%	5.1%
Private equity	11.0%	7.6%
Alternative investments	8.0%	4.1%
Liquidity fund	6.0%	0.4%
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.

12. 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, the Fire Districts Fund and Department of Public Utilities are used to liquidate net other post employment benefit obligations.

At July 1, 2015, plan membership consisted of the following:

Active plan members	887
Retired plan members	<u>412</u>
Total Participants	<u><u>1,299</u></u>

B. Summary of Significant Accounting Policies

Basis of Accounting

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

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

Plan Expenses

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

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.

CITY OF NORWICH, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016
(In Thousands)

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.

CITY OF NORWICH, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016
(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, 2016, plan members and the Teacher Retirement Board contributed \$1,659. 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, 2016 totaled \$5,566.

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):

	<u>Retiree Health Plan</u>
Annual required contribution (ARC)	\$ 5,566
Interest on net OPEB obligation	370
Adjustment to annual required contribution	<u>(385)</u>
Annual OPEB cost	5,551
Contributions made	<u>(5,566)</u>
Decrease in net OPEB obligation	(15)
Net OPEB obligation, beginning of year	<u>4,780</u>
Net OPEB Obligation, End of Year	<u>\$ 4,765</u>

**CITY OF NORWICH, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016
(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.

<u>Year Ended</u>	<u>Annual OPEB Cost (AOC)</u>	<u>Actual Contribution</u>	<u>Percentage of AOC Contributed</u>	<u>OPEB Obligation</u>
6/30/16	\$ 5,551	\$ 5,566	100.0%	\$ 4,765
6/30/15	5,431	5,446	100.0	4,780
6/30/14	6,029	6,040	100.0	4,794

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

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (AAL) Entry Age (b)</u>	<u>Funded Ratio (a/b)</u>	<u>Covered Payroll (c)</u>	<u>UFAL as a % of Covered Payroll ((b-a)/c)</u>
7/1/15	\$ 13,586	\$ 57,409	23.6%	\$ 57,814	75.8%
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

Schedule of Employer Contributions

<u>Year Ended</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>
6/30/2016	\$ 5,566	100%
6/30/2015	5,446	100
6/30/2014	6,040	100

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.

CITY OF NORWICH, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016
(In Thousands)

In the July 1, 2015 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 8% initially, decreasing .5% per year to an ultimate rate of 5% for 2021 and later. The general inflation assumption is 3.0%. The UAAL is being amortized as a level dollar basis. The amortization period at July 1, 2015 was 25 years.

Schedule of Plan Net Position - June 30, 2016

	Other Post Employment Benefit Trust Fund
	<u> </u>
Assets:	
Cash and cash equivalents	\$ 30
Investments:	
Mutual funds	<u> 14,271</u>
Total assets	<u> 14,301</u>
Liabilities:	
Accounts and other payables	470
Due to other funds	<u> 134</u>
Total liabilities	<u> 604</u>
Net Position:	
Held in Trust for Pension	<u><u> \$ 13,697</u></u>

CITY OF NORWICH, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016
(In Thousands)

Schedule of Changes in Plan Net Position for the Year Ended June 30, 2016

	Other Post Employment Benefit Trust Fund
	<u> </u>
Additions:	
Contributions:	
Employer	5,566
Plan members	1,659
Total contributions	<u>\$ 7,225</u>
Investment income (loss):	
Net depreciation in fair value of investments	(401)
Interest and dividends	354
Total investment income (loss)	<u>(47)</u>
Less investment expense	<u>(67)</u>
Net investment income (loss)	<u>(114)</u>
Total additions	<u>7,111</u>
Deductions:	
Benefits	6,215
Administration	458
Total deductions	<u>6,673</u>
Net Increase (Decrease)	438
Net Position Held in Trust for Other Benefits at Beginning of Year	<u>13,259</u>
Net Position Held in Trust for Other Benefits at End of Year	<u>\$ 13,697</u>

13. 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. CMEEC's Board is comprised of twenty representatives and officers. The governing board consists of representatives appointed by each of the participating members and assumes all the management decisions. Two representatives from the City of Norwich, Department of Public Utilities serve on the Board. The CMEEC Board acts as a regulatory body in that it reviews and approves recovery of costs in rates on an annual basis.

CMEEC has entered into power sales contracts with each of the members including the City of Norwich Department of Public Utilities. Under the contracts, each of the member utilities have agreed to purchase essentially all of its electric power required for resale from CMEEC, with CMEEC's electric revenues to consist of billings for resale of power. The contracts obligate each member utility to pay for their share of CMEEC's fixed costs, which consist primarily of debt service and CMEEC administrative and general costs on a take or pay basis. The member utilities maintain this fixed cost obligation whether or not they take any power from CMEEC. The amount of power purchased from CMEEC for the fiscal year ended June 30, 2016 was \$29.85 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 2012 fiscal year, CMEEC and its members became participants in the Regional Greenhouse Gas Initiative Fund (RGGI), which is an initiative that implements the carbon dioxide cap and trading program as proposed by the RGGI in Connecticut. During the 2016 fiscal year, the share of contributions to the fund received by the Department totaled \$222, with drawdowns of \$48, and interest on the fund of \$1. The balance of the Department's funds held by CMEEC for the RGGI was \$285 for the year ended June 30, 2016.

14. 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

CITY OF NORWICH, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016
(In Thousands)

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, 2016 is summarized as follows:

CMEEC - debt service fixed cost obligation	\$ 19,693
Department - rate stabilization funds on deposit with CMEEC	<u>(10,574)</u>
Net Deferred Fixed Cost Obligation	<u>\$ 9,119</u>

The rate stabilization funds held by CMEEC and the allocated percentage of CMEEC's debt obligation are not reported on the Department's statement of net assets. The fixed cost obligation paid by the Department to CMEEC included in the cost to purchase power for the current year was \$2,857.

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.

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.

**CITY OF NORWICH, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016
(In Thousands)**

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.

15. 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.

16. SUBSEQUENT EVENTS

On October 12, 2016, the City issued \$2,925 in General Obligation Refunding Bonds, which refunded outstanding bonds originally issued in 2009. The bonds mature on August 1, 2024 with interest rates ranging from 1.75% to 4.0%. The City achieved a net savings of \$165 as a result of this transaction.

**Required Supplementary
Information**

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, 2016
(In Thousands)

	Budgeted Amounts		Actual	Variance
	Original	Final		
General property taxes:				
Current tax levy	\$ 70,553	\$ 70,553	\$ 71,179	\$ 626
Motor vehicle supplement	752	752	844	92
Prior years levy	1,521	1,521	3,771	2,250
Interest and liens	813	813	1,152	339
Total	<u>73,639</u>	<u>73,639</u>	<u>76,946</u>	<u>3,307</u>
Licenses, permits and fees:				
Miscellaneous permits and fees	<u>569</u>	<u>569</u>	<u>661</u>	<u>92</u>
Intergovernmental revenues:				
Building maintenance	304	304	315	11
City housing	140	140	151	11
Municipal revenue sharing	202	202	206	4
Pequot funds	2,020	2,020	2,024	4
Payment in lieu of taxes	2,165	2,165	2,026	(139)
Elderly taxes	214	214	204	(10)
Youth Services	68	68	81	13
Federal DCPA match funds	20	20	4	(16)
Health services	139	139	122	(17)
Transportation	677	677	578	(99)
Education cost sharing	32,317	32,317	32,347	30
Town aid road	501	501	499	(2)
COPS grant	250	250	330	80
Telecommunications fund	30	30	23	(7)
Total	<u>39,047</u>	<u>39,047</u>	<u>38,910</u>	<u>(137)</u>
Charges for services:				
Town Clerk - recording fees	330	330	338	8
Town Clerk - conveyance tax	368	368	506	138
Land recording capital improvement fee	13	13	14	1
Probate court	23	23	23	-
Landfill	999	999	974	(25)
City property - relocation	58	58	77	19
Senior Citizens Center	5	5	6	1
Tuition	100	100	39	(61)
Total	<u>1,896</u>	<u>1,896</u>	<u>1,977</u>	<u>81</u>
Use of money:				
Interest from investments	<u>60</u>	<u>60</u>	<u>75</u>	<u>15</u>

(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, 2016
(In Thousands)

	Budgeted Amounts		Actual	Variance
	Original	Final		
Other revenue:				
Sewer assessments	\$ 380	\$ 380	\$ 443	\$ 63
In lieu of taxes/telephone	115	115	132	17
DPU - City service	95	95	95	-
Traffic violations	9	9	4	(5)
Miscellaneous	247	247	417	170
Total	<u>846</u>	<u>846</u>	<u>1,091</u>	<u>245</u>
Total revenues	<u>116,057</u>	<u>116,057</u>	<u>119,660</u>	<u>3,603</u>
Other financing sources:				
Transfers in:				
Cemetery Trust	63	63	61	(2)
Department of Public Utilities	4,897	4,897	4,897	-
Police	110	110	189	79
Total	<u>5,070</u>	<u>5,070</u>	<u>5,147</u>	<u>77</u>
Total	<u>\$ 121,127</u>	<u>\$ 121,127</u>	124,807	<u>\$ 3,680</u>

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.

4,589

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

2,038

Under liquidation of prior year encumbrances is recorded as miscellaneous revenue for budgetary reporting. This amount is excluded for financial reporting purposes.

(97)

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

\$ 131,337

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, 2016
(In Thousands)

	Budgeted Amounts		Actual	Variance
	Original	Final		
General government:				
City Manager	\$ 335	\$ 335	\$ 290	\$ 45
Finance	1,573	1,586	1,586	-
City Treasurer	239	241	241	-
Assessment	430	452	452	-
Personnel	552	552	547	5
Law	538	538	470	68
City Clerk	466	469	442	27
City Council	362	362	361	1
Election	142	142	139	3
Planning and Neighborhood Services	1,173	1,182	1,134	48
Emergency Management	85	85	85	-
Total general government	<u>5,895</u>	<u>5,944</u>	<u>5,747</u>	<u>197</u>
Public safety:				
Police	15,447	15,474	15,206	268
Fire:				
East Great Plain	142	142	125	17
Laurel Hill	68	68	67	1
Occum	71	71	68	3
Taftville	164	164	163	1
Yantic	176	176	164	12
Fire Central	2,019	2,021	2,017	4
Total public safety	<u>18,087</u>	<u>18,116</u>	<u>17,810</u>	<u>306</u>
Social Services:				
Recreation	581	616	615	1
Human services	545	549	537	12
Senior Citizens Center	623	629	627	2
Youth and Family Services	253	255	267	(12)
Total social services	<u>2,002</u>	<u>2,049</u>	<u>2,046</u>	<u>3</u>
Public works:				
Engineering and administration	634	638	624	14
Fleet maintenance	1,445	1,445	1,393	52
Solid waste	2,833	2,834	2,816	18
Maintenance and cleaning	4,229	4,229	4,135	94
Building maintenance	1,277	1,277	1,312	(35)
Parking maintenance	159	159	146	13
Total public works	<u>10,577</u>	<u>10,582</u>	<u>10,426</u>	<u>156</u>
Board of Education	<u>74,000</u>	<u>74,000</u>	<u>74,000</u>	<u>-</u>

(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, 2016
(In Thousands)**

	Budgeted Amounts		Actual	Variance
	Original	Final		
Other	\$ 4,282	\$ 4,153	\$ 4,036	\$ 117
Transfers out	6,283	6,283	6,282	1
Total	\$ 121,126	\$ 121,127	120,347	\$ 780

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.

4,589

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

2,038

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.

(227)

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.

110

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

\$ 126,857

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

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total pension liability:			
Service cost	\$ 5,890	\$ 5,498	2,679
Interest	18,659	17,981	17,334
Differences between expected and actual experience	3,337		
Changes of benefit terms	634		
Changes of assumptions	8,811		
Benefit payments, including refunds of member contributions	<u>(15,426)</u>	<u>(14,836)</u>	<u>(14,146)</u>
Net change in total pension liability	21,905	8,643	5,867
Total pension liability - beginning	<u>242,442</u>	<u>233,799</u>	<u>227,932</u>
Total pension liability - ending	<u>264,347</u>	<u>242,442</u>	<u>233,799</u>
Plan fiduciary net position:			
Contributions - employer	7,581	6,718	5,849
Contributions - member	3,358	3,247	3,057
Net investment income	(2,851)	4,681	20,194
Benefit payments, including refunds of member contributions	(15,426)	(14,836)	(14,146)
Administrative expense	<u>(42)</u>	<u>(4)</u>	<u>(32)</u>
Net change in plan fiduciary net position	(7,380)	(194)	14,922
Plan fiduciary net position - beginning	<u>159,261</u>	<u>159,455</u>	<u>144,533</u>
Plan fiduciary net position - ending	<u>151,881</u>	<u>159,261</u>	<u>159,455</u>
Net Pension Liability - Ending	<u>\$ 112,466</u>	<u>\$ 83,181</u>	<u>74,344</u>
Plan fiduciary net position as a percentage of the total pension liability	57.46%	65.69%	68.20%
Covered-employee payroll	\$ 40,590	\$ 39,262	37,752
Net pension liability as a percentage of covered-employee payroll	277.08%	211.86%	196.93%

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

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

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Actuarially determined contribution	\$ 9,740	\$ 9,651	\$ 5,790	\$ 5,728	\$ 4,713	\$ 3,644	\$ 2,397	\$ 3,037	\$ 2,921	\$ 2,662
Contributions in relation to the actuarially determined contribution	7,581	6,718	5,849	5,730	4,407	3,752	2,771	3,216	3,098	2,830
Contribution Deficiency (Excess)	\$ <u>2,159</u>	\$ <u>2,933</u>	\$ <u>(59)</u>	\$ <u>(2)</u>	\$ <u>306</u>	\$ <u>(108)</u>	\$ <u>(374)</u>	\$ <u>(179)</u>	\$ <u>(177)</u>	\$ <u>(168)</u>
Covered-employee payroll	\$ 40,590	\$ 39,262	\$ 37,752	\$ 36,302	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A
Contributions as a percentage of covered-employee payroll	18.68%	17.11%	15.49%	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Notes to Schedule

Valuation date: July 1, 2015

Measurement date: June 30, 2016

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, Retirees and Terminated Vested RP-2014 adjusted to 2006 Blue Collar Mortality Table projected to valuation date with scale MP-2015.

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

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Annual money-weighted rate of return, net of investment expense	-1.81%	2.98%	14.19%

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

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

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total pension liability:			
Service cost	\$ 59	\$ 59	\$ 49
Interest	361	351	367
Differences between expected and actual experience	(230)		
Changes of benefit terms	706		
Changes of assumptions	144		
Benefit payments, including refunds of member contributions	<u>(301)</u>	<u>(277)</u>	<u>(268)</u>
Net change in total pension liability	739	133	148
Total pension liability - beginning	<u>5,224</u>	<u>5,091</u>	<u>4,943</u>
Total pension liability - ending	<u>5,963</u>	<u>5,224</u>	<u>5,091</u>
Plan fiduciary net position:			
Contributions - employer	351	333	309
Contributions - member	16	16	12
Net investment income	(9)	16	253
Benefit payments, including refunds of member contributions	(301)	(277)	(268)
Administrative expense	<u>(9)</u>	<u>(4)</u>	<u>(11)</u>
Net change in plan fiduciary net position	48	84	295
Plan fiduciary net position - beginning	<u>2,182</u>	<u>2,098</u>	<u>1,803</u>
Plan fiduciary net position - ending	<u>2,230</u>	<u>2,182</u>	<u>2,098</u>
Net Pension Liability - Ending	<u>\$ 3,733</u>	<u>\$ 3,042</u>	<u>\$ 2,993</u>
Plan fiduciary net position as a percentage of the total pension liability	37.40%	41.77%	41.21%
Covered-employee payroll*	\$ -	\$ -	\$ -
Net pension liability as a percentage of covered-employee payroll	N/A	N/A	N/A

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

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

**CITY OF NORWICH, CONNECTICUT
SCHEDULE OF EMPLOYER CONTRIBUTIONS - VOLUNTEER FIRE
LAST TEN FISCAL YEARS**

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Actuarially determined contribution	\$ 374	\$ 304	\$ 309	\$ 309	\$ 255	\$ 255	\$ 255	\$ 247	\$ 213	\$ 213
Contributions in relation to the actuarially determined contribution	351	333	309	310	281	250	250	250	213	160
Contribution Deficiency (Excess)	\$ <u>23</u>	\$ <u>(29)</u>	\$ <u>-</u>	\$ <u>(1)</u>	\$ <u>(26)</u>	\$ <u>5</u>	\$ <u>5</u>	\$ <u>(3)</u>	\$ <u>-</u>	\$ <u>53</u>
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, 2016

Measurement date: June 30, 2016

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-2014 Mortality Table adjusted to 2006 Blue Collar Mortality Table projected to valuation date with Scale MP-2015.

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

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Annual money-weighted rate of return, net of investment expense	-0.37%	0.70%	15.89%

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

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

	<u>2016</u>	<u>2015</u>
City's proportion of the net pension liability (asset)	0.00%	0.00%
City's proportionate share of the net pension liability (asset)	\$ -	\$ -
State's proportionate share of the net pension liability (asset) associated with the City	<u>57,271</u>	<u>52,936</u>
Total	<u>\$ 57,271</u>	<u>\$ 52,936</u>
City's covered-employee payroll	\$ 24,594	\$ 28,303
City's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability (asset)	59.50%	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

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

Combining and Individual Fund Statements and Schedules

General Fund

GENERAL FUND

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

**CITY OF NORWICH, CONNECTICUT
GENERAL FUND
COMPARATIVE BALANCE SHEET
JUNE 30, 2016 AND 2015
(In Thousands)**

	<u>2016</u>	<u>2015</u>
ASSETS		
Cash and cash equivalents	\$ 28,199	\$ 26,085
Investments	7,037	2,008
Receivables:		
Property taxes receivable, net of an allowance for uncollectibles of \$609 and \$462, respectively	3,399	3,716
Property taxes accrued interest receivable, net of an allowance for uncollectibles of \$210 and \$199, respectively	840	794
Intergovernmental receivable:		
Other grants receivable	82	723
Assessment receivable	2,580	2,942
Accounts receivable	145	334
Due from other funds	<u>1,990</u>	<u>2,532</u>
Total Assets	<u>\$ 44,272</u>	<u>\$ 39,134</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES		
Liabilities:		
Accounts payable and accrued expenses	\$ 4,658	\$ 8,042
Due to other funds	18,328	13,503
Unearned revenue	<u>81</u>	<u>267</u>
Total liabilities	<u>23,067</u>	<u>21,812</u>
Deferred inflows of resources:		
Unavailable revenue - property taxes	3,746	3,981
Unavailable revenue - special assessments	<u>2,580</u>	<u>2,942</u>
Total deferred inflows of resources	<u>6,326</u>	<u>6,923</u>
Fund balances:		
Assigned	227	207
Unassigned	<u>14,652</u>	<u>10,192</u>
Total fund balances	<u>14,879</u>	<u>10,399</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 44,272</u>	<u>\$ 39,134</u>

CITY OF NORWICH, CONNECTICUT
 GENERAL FUND
 REPORT OF TAX COLLECTOR
 FOR THE YEAR ENDED JUNE 30, 2016
 (In Thousands)

Grand List	Uncollected Taxes July 1, 2015	Lawful Corrections		Transfers To Suspende	Adjusted Taxes Collectible	Collections				Net Uncollected Taxes June 30, 2016	Overpayment Credit Balances	Gross Uncollected Taxes June 30, 2016
		Additions	Deductions			Taxes	Interest	Fees	Total			
2014	\$ 74,323 *	\$ 585	\$ 443	\$ 90	\$ 74,375	\$ 72,017	\$ 426	\$ 20	\$ 72,463	\$ 2,358	\$ 36	\$ 2,394
2013	2,581	560	102		3,039	1,979	356	29	2,364	1,060	1	1,061
2012	954	459	61	340	1,012	752	114	28	894	260	2	262
2011	229	386	43	1	571	459	38	12	509	112		112
2010	105	309	30		384	326	18	2	346	58		58
2009	57	8	17		48	8	4	6	18	40		40
2008	37		7		30	118	2	2	122	(88)	115	27
2007	27		11		16				-	16		16
2006	11				11				-	11		11
2005	11				11				-	11		11
2004	10				10				-	10		10
2003	2				2				-	2		2
2002	1				1				-	1		1
2001	3				3				-	3		3
2000	2		2 **						-			-
	<u>\$ 78,353</u>	<u>\$ 2,307</u>	<u>\$ 716</u>	<u>\$ 431</u>	<u>\$ 79,513</u>	<u>75,659</u>	<u>958</u>	<u>99</u>	<u>76,716</u>	<u>\$ 3,854</u>	<u>\$ 154</u>	<u>\$ 4,008</u>
						Suspense collections	100	87	2	189		
						Volunteer Fire Fighter Credits expended	78			78		
						Total Tax Collections	<u>\$ 75,837</u>	<u>\$ 1,045</u>	<u>\$ 101</u>	76,983		
						Property taxes receivable considered available:						
						June 30, 2015				(531)		
						June 30, 2016				494		
						Total				<u>\$ 76,946</u>		

* Includes motor vehicle supplemental levy of \$1,166.

** Operation of law

**Nonmajor
Governmental Funds**

NONMAJOR GOVERNMENTAL FUNDS

Debt Service

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

Special Revenue Funds

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

Fund	Funding Source	Function
Dog License	License fees	Operation of dog pound
School Lunch Program	State and Federal grants, program income	Operations of the school lunch program
Sidewalk	Charges for service and City appropriation	Sidewalk replacement
Fire Districts	Taxes, charges for service and State grants	Fire and refuse services
Adult Education	Federal and State grants	Adult Education programs
Parking Commission	Charges for service and fees	City parking authority
Youth Services	Federal and State grants, contributions and charges for service	Youth Service Bureau
C.O.P.S. Grant	Federal grant	Public safety
Lead Paint Abatement	Federal grant and program income	Removal and disposal of lead paint
Other Grants and Programs	Various	Miscellaneous activities
Economic Development	Contributions	Economic development
Community Development Fund	Federal grant and program income	Social services
Education Programs	State grants and contributions	Miscellaneous education activities
Fire Grants and Programs	Federal grants	Fire equipment and supplies
Police Asset Forfeiture	Federal and State grants	Drug enforcement and education
Police Grants and Programs	Federal and State grants and contributions	Police equipment and enforcement
Recreation Grants and Programs	Charges for service	Recreational programs and activities
Social Services Grants and Programs	Federal and State grants and contributions	Health and welfare assistance
Senior Citizens Programs	Charges for service and contributions	Senior Citizens functions and activities
Mohegan Park	Charges for service, state grant and investment income	Mohegan Park improvements and programs
Revolving Loan Fund	Downtown Revitalization Bond funds and payments of loans	Economic development
Sachem Fund	Transfers in from other funds and donations	Economic and cultural improvement
Property Rehabilitation	Transfers in from other funds and program income	Housing assistance
Brown Park	Trust and investment income	Maintenance and improvement of Brown Park

Capital Projects Funds

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

Permanent Funds

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

CITY OF NORWICH, CONNECTICUT
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2016
 (In Thousands)

	Debt Service		Special Revenue										
	Debt Service	Dog License	School Lunch Program	Sidewalk	Fire Districts	Adult Education	Parking Commission	Youth Services	C.O.P.S. Grant	Lead Paint Abatement	Other Grants and Programs	Economic Development	Community Development Fund
ASSETS													
Cash and cash equivalents	\$	\$	\$ 501	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Investments													
Receivables, net:													
Property taxes					334								
Intergovernmental			397					23				31	23
Loans									1,461				
Other				130		4	25						
Due from other funds				15	1,647	95	47	27	34	9	293		
Other assets			35										
Total Assets	\$ -	\$ -	\$ 933	\$ 145	\$ 1,981	\$ 99	\$ 72	\$ 50	\$ 34	\$ 1,470	\$ 293	\$ 31	\$ 23
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES													
Liabilities:													
Accounts and other payables	\$	\$ 10	\$ 36	\$ 2	\$ 73	\$	\$ 7	\$ 4	\$	\$	\$ 4	\$ 11	\$ 6
Due to other funds		63										8	17
Unearned revenue								34			61	2	
Total liabilities	-	73	36	2	73	-	7	4	34	-	65	21	23
Deferred inflows of resources:													
Unavailable revenue - special assessments				130									
Unavailable revenue - loans receivable									1,461				
Unavailable revenue - property taxes					291								
Unavailable revenue - other receivables							16						
Total deferred inflows of resources	-	-	-	130	291	-	16	-	-	1,461	-	-	-
Fund balances:													
Nonspendable			35										
Restricted					1,617				9			10	
Committed			862	13		99	49	46			228		
Unassigned		(73)											
Total fund balances	-	(73)	897	13	1,617	99	49	46	-	9	228	10	-
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ -	\$ -	\$ 933	\$ 145	\$ 1,981	\$ 99	\$ 72	\$ 50	\$ 34	\$ 1,470	\$ 293	\$ 31	\$ 23

(Continued on next page)

CITY OF NORWICH, CONNECTICUT
 COMBINING BALANCE SHEET (CONTINUED)
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2016
 (In Thousands)

	Special Revenue												
	Education Programs	Fire Grants and Programs	Police Asset Forfeiture	Police Grants and Programs	Recreation Grants and Programs	Social Services Grants and Programs	Senior Citizens Programs	Mohegan Park	Revolving Loan Program	Sachem Fund	Property Rehabilitation	Brown Park	Total
ASSETS													
Cash and cash equivalents	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$ 501
Investments													-
Receivables, net:													
Property taxes													334
Intergovernmental							2						476
Loans									211		2,103		3,775
Other	3												162
Due from other funds	603	4	69	40	179	96	107	111	214	174	25	43	3,832
Other assets													35
Total Assets	\$ 606	\$ 4	\$ 69	\$ 40	\$ 179	\$ 96	\$ 109	\$ 111	\$ 425	\$ 174	\$ 2,128	\$ 43	\$ 9,115
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES													
Liabilities:													
Accounts and other payables	\$ 24	\$ 15	\$ 6	\$ 15	\$ 3	\$ 3	\$	\$	\$	\$ 22	\$	\$	238
Due to other funds													88
Unearned revenue	4		14					211					326
Total liabilities	28	-	15	20	15	-	3	-	211	-	22	-	652
Deferred inflows of resources:													
Unavailable revenue - special assessments													130
Unavailable revenue - loans receivable										2,103			3,564
Unavailable revenue - property taxes													291
Unavailable revenue - other receivables													16
Total deferred inflows of resources	-	-	-	-	-	-	-	-	-	-	2,103	-	4,001
Fund balances:													
Nonspendable													35
Restricted			54									43	1,733
Committed	578	4		20	164	96	106	111	214	174	3		2,767
Unassigned													(73)
Total fund balances	578	4	54	20	164	96	106	111	214	174	3	43	4,462
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 606	\$ 4	\$ 69	\$ 40	\$ 179	\$ 96	\$ 109	\$ 111	\$ 425	\$ 174	\$ 2,128	\$ 43	\$ 9,115

(Continued on next page)

CITY OF NORWICH, CONNECTICUT
 COMBINING BALANCE SHEET (CONTINUED)
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2016
 (In Thousands)

	Capital Projects				Permanent				Total Nonmajor Governmental Funds
	Capital Improvement	School Projects	Landfill Closure	Total	Public Parks & Gardens	Fred Abbot Summer Concert	Cemetery Trust	Total	
ASSETS									
Cash and cash equivalents	\$	\$	\$	\$ -	\$	\$	7	\$ 7	\$ 508
Investments				-			1,525	1,525	1,525
Receivables, net:									
Property taxes				-				-	334
Intergovernmental	351	2,000	193	2,544				-	3,020
Loans				-				-	3,775
Other				-				-	162
Due from other funds	1,247		21	1,268	40	5		45	5,145
Other assets				-				-	35
Total Assets	\$ 1,598	\$ 2,000	\$ 214	\$ 3,812	\$ 40	\$ 5	\$ 1,532	\$ 1,577	\$ 14,504
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES									
Liabilities:									
Accounts and other payables	\$ 13	\$	\$	13	\$	\$	\$	\$ -	\$ 251
Due to other funds		882		882				-	970
Unearned revenue	-			-				-	326
Total liabilities	13	882	-	895	-	-	-	-	1,547
Deferred inflows of resources:									
Unavailable revenue - special assessments				-				-	130
Unavailable revenue - loans receivable				-				-	3,564
Unavailable revenue - property taxes				-				-	291
Unavailable revenue - other receivables				-				-	16
Total deferred inflows of resources	-	-	-	-	-	-	-	-	4,001
Fund balances:									
Nonspendable				-	12	5	1,532	1,549	1,584
Restricted		1,118		1,118	28			28	2,879
Committed	1,585		214	1,799				-	4,566
Unassigned				-				-	(73)
Total fund balances	1,585	1,118	214	2,917	40	5	1,532	1,577	8,956
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 1,598	\$ 2,000	\$ 214	\$ 3,812	\$ 40	\$ 5	\$ 1,532	\$ 1,577	\$ 14,504

CITY OF NORWICH, CONNECTICUT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2016
 (In Thousands)

	Debt Service				Special Revenue								
	Debt Service	Dog License	School Lunch Program	Sidewalk	Fire Districts	Adult Education	Parking Commission	Youth Services	C.O.P.S. Grant	Lead Paint Abatement	Other Grants and Programs	Economic Development	Community Development Fund
Revenues:													
Property taxes, interest and liens	\$	\$	\$	\$	\$ 5,005	\$	\$	\$	\$	\$	\$	\$	\$
Intergovernmental revenues			2,687			529		113		326	655	174	913
Charges for services		20	258	38		821	238						
Investment income					4	1							
Other	1,069					11		125			30		
Total revenues	<u>1,069</u>	<u>20</u>	<u>2,945</u>	<u>38</u>	<u>5,009</u>	<u>1,362</u>	<u>238</u>	<u>238</u>	<u>-</u>	<u>326</u>	<u>685</u>	<u>174</u>	<u>913</u>
Expenditures:													
Current:													
General government							200				46	174	
Public safety		31			7,797				2				
Social services								232		326	16		695
Public works				86							612		
Education			2,605			1,365							
Capital outlay													
Debt Service	5,611												
Total expenditures	<u>5,611</u>	<u>31</u>	<u>2,605</u>	<u>86</u>	<u>7,797</u>	<u>1,365</u>	<u>200</u>	<u>232</u>	<u>2</u>	<u>326</u>	<u>674</u>	<u>174</u>	<u>695</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(4,542)</u>	<u>(11)</u>	<u>340</u>	<u>(48)</u>	<u>(2,788)</u>	<u>(3)</u>	<u>38</u>	<u>6</u>	<u>(2)</u>	<u>-</u>	<u>11</u>	<u>-</u>	<u>218</u>
Other Financing Sources (Uses):													
Transfers in	4,542			34	2,907	5					21		
Transfer out													(218)
Total other financing sources (uses)	<u>4,542</u>	<u>-</u>	<u>-</u>	<u>34</u>	<u>2,907</u>	<u>5</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>21</u>	<u>-</u>	<u>(218)</u>
Net Change in Fund Balances	-	(11)	340	(14)	119	2	38	6	(2)	-	32	-	-
Fund Balances at Beginning of Year	-	(62)	557	27	1,498	97	11	40	2	9	196	10	-
Fund Balances at End of Year	<u>\$ -</u>	<u>\$ (73)</u>	<u>\$ 897</u>	<u>\$ 13</u>	<u>\$ 1,617</u>	<u>\$ 99</u>	<u>\$ 49</u>	<u>\$ 46</u>	<u>\$ -</u>	<u>\$ 9</u>	<u>\$ 228</u>	<u>\$ 10</u>	<u>\$ -</u>

(Continued on next page)

CITY OF NORWICH, CONNECTICUT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (CONTINUED)
 NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2016
 (In Thousands)

	Special Revenue											Total
	Education Programs	Fire Grants and Programs	Police Asset Forfeiture	Police Grants and Programs	Recreation Grants and Programs	Social Services Grants and Programs	Senior Citizens Programs	Mohegan Park	Revolving Loan Program	Sachem Fund	Property Rehabilitation	
Revenues:												
Property taxes, interest and liens	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Intergovernmental revenues	322		30			54	12					
Charges for services				541	112		132				103	
Investment income												5
Other	74			10	3	47			42			
Total revenues	<u>396</u>	<u>-</u>	<u>30</u>	<u>551</u>	<u>115</u>	<u>101</u>	<u>144</u>	<u>-</u>	<u>42</u>	<u>-</u>	<u>103</u>	<u>-</u>
Expenditures:												
Current:												
General government												420
Public safety			76	355								8,261
Social services					111	106	123	1	258	55	320	2,243
Public works												698
Education	3											3,973
Capital outlay												-
Debt Service												-
Total expenditures	<u>3</u>	<u>-</u>	<u>76</u>	<u>355</u>	<u>111</u>	<u>106</u>	<u>123</u>	<u>1</u>	<u>258</u>	<u>55</u>	<u>320</u>	<u>-</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>393</u>	<u>-</u>	<u>(46)</u>	<u>196</u>	<u>4</u>	<u>(5)</u>	<u>21</u>	<u>(1)</u>	<u>(216)</u>	<u>(55)</u>	<u>(217)</u>	<u>-</u>
Other Financing Sources (Uses):												
Transfers in									431		213	
Transfer out				(189)								(407)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(189)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>431</u>	<u>-</u>	<u>213</u>	<u>-</u>
Net Change in Fund Balances	393	-	(46)	7	4	(5)	21	(1)	215	(55)	(4)	-
Fund Balances at Beginning of Year	<u>185</u>	<u>4</u>	<u>100</u>	<u>13</u>	<u>160</u>	<u>101</u>	<u>85</u>	<u>112</u>	<u>(1)</u>	<u>229</u>	<u>7</u>	<u>43</u>
Fund Balances at End of Year	<u>\$ 578</u>	<u>\$ 4</u>	<u>\$ 54</u>	<u>\$ 20</u>	<u>\$ 164</u>	<u>\$ 96</u>	<u>\$ 106</u>	<u>\$ 111</u>	<u>\$ 214</u>	<u>\$ 174</u>	<u>\$ 3</u>	<u>\$ 43</u>

(Continued on next page)

CITY OF NORWICH, CONNECTICUT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (CONTINUED)
 NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2016
 (In Thousands)

	Capital Projects				Permanent				Interfund Eliminations	Total Nonmajor Governmental Funds
	Capital Improvement	School Projects	Landfill Closure	Total	Public Parks & Gardens	Fred Abbot Summer Concert	Cemetery Trust	Total		
Revenues:										
Property taxes, interest and liens	\$	\$	\$	\$ -	\$	\$	\$	\$ -	\$	\$ 5,005
Intergovernmental revenues	1,018	950		1,968						7,783
Charges for services				-						2,263
Investment income				-			66	66		71
Other				-						1,411
Total revenues	<u>1,018</u>	<u>950</u>	<u>-</u>	<u>1,968</u>	<u>-</u>	<u>-</u>	<u>66</u>	<u>66</u>	<u>-</u>	<u>16,533</u>
Expenditures:										
Current:										
General government				-			15	15		435
Public safety				-						8,261
Social services				-						2,243
Public works				-						698
Education				-						3,973
Capital outlay	2,688	7		2,695						2,695
Debt Service				-						5,611
Total expenditures	<u>2,688</u>	<u>7</u>	<u>-</u>	<u>2,695</u>	<u>-</u>	<u>-</u>	<u>15</u>	<u>15</u>	<u>-</u>	<u>23,916</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(1,670)</u>	<u>943</u>	<u>-</u>	<u>(727)</u>	<u>-</u>	<u>-</u>	<u>51</u>	<u>51</u>	<u>-</u>	<u>(7,383)</u>
Other Financing Sources (Uses):										
Transfers in	1,725			1,725					(252)	9,626
Transfer out	(34)			(34)			(61)	(61)	252	(250)
Total other financing sources (uses)	<u>1,691</u>	<u>-</u>	<u>-</u>	<u>1,691</u>	<u>-</u>	<u>-</u>	<u>(61)</u>	<u>(61)</u>	<u>-</u>	<u>9,376</u>
Net Change in Fund Balances	21	943	-	964	-	-	(10)	(10)	-	1,993
Fund Balances at Beginning of Year	<u>1,564</u>	<u>175</u>	<u>214</u>	<u>1,953</u>	<u>40</u>	<u>5</u>	<u>1,542</u>	<u>1,587</u>	<u>-</u>	<u>6,963</u>
Fund Balances at End of Year	<u>\$ 1,585</u>	<u>\$ 1,118</u>	<u>\$ 214</u>	<u>\$ 2,917</u>	<u>\$ 40</u>	<u>\$ 5</u>	<u>\$ 1,532</u>	<u>\$ 1,577</u>	<u>\$ -</u>	<u>\$ 8,956</u>

**CITY OF NORWICH, CONNECTICUT
 FIRE DISTRICTS FUND REVENUES
 BUDGETARY BASIS - BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2016
 (In Thousands)**

	Budgeted Amounts		Actual	Variance
	Original	Final		
Taxes, interest and lien fees:				
Fire	\$ 4,342	\$ 4,342	\$ 4,377	\$ 35
Volunteer fire	580	580	628	48
Total taxes, interest and lien fees	<u>4,922</u>	<u>4,922</u>	<u>5,005</u>	<u>83</u>
Other:				
Other fund transfers	<u>2,907</u>	<u>2,907</u>	<u>2,907</u>	<u>-</u>
Investment income	<u>5</u>	<u>5</u>	<u>4</u>	<u>(1)</u>
Total	<u>\$ 7,834</u>	<u>\$ 7,834</u>	<u>\$ 7,916</u>	<u>\$ 82</u>

**CITY OF NORWICH, CONNECTICUT
 FIRE DISTRICTS FUND EXPENDITURES
 BUDGETARY BASIS - BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2016
 (In Thousands)**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		
Fire:				
Employees	\$ 3,191	\$ 3,191	\$ 3,151	\$ 40
Overtime	28	28	24	4
Replacement costs	750	750	753	(3)
Hospitalization				-
Fringe benefits	3,285	3,285	3,295	(10)
Workers compensation	144	144	144	-
Volunteer firefighter tax credit	85	85	79	6
Volunteer firefighter trust fund	351	351	351	-
Total	<u>\$ 7,834</u>	<u>\$ 7,834</u>	<u>\$ 7,797</u>	<u>\$ 37</u>

**CITY OF NORWICH, CONNECTICUT
 SCHEDULE OF FIRE DISTRICT TAXES
 FOR THE YEAR ENDED JUNE 30, 2016
 (In Thousands)**

Grand List	Uncollected Taxes July 1, 2015	Lawful Corrections		Transfers to Suspense	Adjusted Taxes Collectible	Collections				Net Uncollected Taxes June 30, 2016
		Additions	Deductions			Taxes	Interest	Fees	Total	
2014	\$ 4,988	\$ 15	\$ 43	\$ 15	\$ 4,945	\$ 4,730	\$ 32	\$ -	\$ 4,762	\$ 215
2013	246	13	13		246	140	30		170	106
2012	96	9	8	37	60	33	11		44	27
2011	23	5	5		23	11	3		14	12
2010	9	6	4		11	7	1		8	4
2009	6		2		4					4
2008	3		1		2					2
2007	1				1					1
	<u>\$ 5,372</u>	<u>\$ 48</u>	<u>\$ 76</u>	<u>\$ 52</u>	<u>\$ 5,292</u>	4,921	77		4,998	<u>\$ 371</u>
				Suspense collections		<u>10</u>	<u>9</u>		<u>19</u>	
				Total Tax Collections		<u>\$ 4,931</u>	<u>\$ 86</u>	<u>\$ -</u>	5,017	
				Property taxes receivable considered available:						
				June 30, 2015					(56)	
				June 30, 2016					<u>44</u>	
				Total					<u>\$ 5,005</u>	

*Represents gross receivable of \$375 net of overpayments of \$4 recorded as a liability.

**Nonmajor
Enterprise Funds**

NONMAJOR ENTERPRISE FUNDS

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

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

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

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

CITY OF NORWICH, CONNECTICUT
COMBINING STATEMENT OF NET POSITION
NONMAJOR ENTERPRISE FUNDS
JUNE 30, 2016
(In Thousands)

	Business-Type Activities			Totals
	Golf Course Authority	Stadium Authority	Ice Rink Authority	
Assets:				
Current assets:				
Receivables, net:				
User charges	\$	\$ 54	\$	\$ 54
Intergovernmental				
Due from other funds	162	116		278
Total current assets	<u>162</u>	<u>170</u>	-	<u>332</u>
Capital assets, net	<u>2,194</u>	<u>6,698</u>	<u>1,409</u>	<u>10,301</u>
Total assets	<u>2,356</u>	<u>6,868</u>	<u>1,409</u>	<u>10,633</u>
Liabilities:				
Current liabilities:				
Accounts payable and accrued liabilities	51	23		74
Bonds payable	25			25
Due to other funds			806	806
Unearned revenue	227		1,318	1,545
Total current liabilities	<u>303</u>	<u>23</u>	<u>2,124</u>	<u>2,450</u>
Noncurrent liabilities:				
Bonds payable	<u>115</u>			<u>115</u>
Total liabilities	<u>418</u>	<u>23</u>	<u>2,124</u>	<u>2,565</u>
Net Position:				
Net investment in capital assets	2,054	6,698	1,409	10,161
Unrestricted	<u>(116)</u>	<u>147</u>	<u>(2,124)</u>	<u>(2,093)</u>
Total Net Position	<u>\$ 1,938</u>	<u>\$ 6,845</u>	<u>\$ (715)</u>	<u>\$ 8,068</u>

CITY OF NORWICH, CONNECTICUT
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN FUND NET POSITION - NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED JUNE 30, 2016
(In Thousands)

	Business-Type Activities			Totals
	Golf Course Authority	Stadium Authority	Ice Rink Authority	
Operating Revenues:				
Charges for services	\$ 1,138	\$ 179	\$	\$ 1,317
Rent			165	165
Total operating revenues	<u>1,138</u>	<u>179</u>	<u>165</u>	<u>1,482</u>
Operating Expenses:				
Operations and maintenance	1,109	158	12	1,279
Depreciation	<u>55</u>	<u>197</u>	<u>110</u>	<u>362</u>
Total operating expenses	<u>1,164</u>	<u>355</u>	<u>122</u>	<u>1,641</u>
Operating Income (Loss)	(26)	(176)	43	(159)
Nonoperating Income (Expense):				
Interest expense	<u>(5)</u>			<u>(5)</u>
Change in Net Position	(31)	(176)	43	(164)
Net Position at Beginning of Year	<u>1,969</u>	<u>7,021</u>	<u>(758)</u>	<u>8,232</u>
Net Position at End of Year	<u>\$ 1,938</u>	<u>\$ 6,845</u>	<u>\$ (715)</u>	<u>\$ 8,068</u>

CITY OF NORWICH, CONNECTICUT
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED JUNE 30, 2016
(In Thousands)

	Business-Type Activities			Totals
	Golf Course Authority	Stadium Authority	Ice Rink Authority	
Cash Flows from Operating Activities:				
Cash received from charges for services	\$ 1,160	\$ 187	\$ 17	\$ 1,364
Cash paid to vendors	(547)	(187)	(17)	(751)
Cash paid to employees for services	(560)			(560)
Net cash provided by (used in) operating activities	<u>53</u>	<u>-</u>	<u>-</u>	<u>53</u>
Cash Flows from Capital and Related Financing Activities:				
Principal payments on long-term debt	(25)			(25)
Interest payments on long-term debt	(5)			(5)
Purchase of capital assets	(23)			(23)
Net cash provided by (used in) capital and related financing activities	<u>(53)</u>	<u>-</u>	<u>-</u>	<u>(53)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	-	-	-	-
Cash and Cash Equivalents at Beginning of Year	-	-	-	-
Cash and Cash Equivalents at End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:				
Operating income (loss)	\$ (26)	\$ (176)	\$ 43	\$ (159)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation expense	55	197	110	362
Decrease (increase) in receivables		8	17	25
Decrease (increase) in due from other funds	(2)	(35)		(37)
Increase (decrease) in due to other funds			(5)	(5)
Increase (decrease) in unearned revenues	24		(165)	(141)
Increase (decrease) in accounts payable and accrued liabilities	2	6		8
Total adjustments	<u>79</u>	<u>176</u>	<u>(43)</u>	<u>212</u>
Net Cash Provided by (Used in) Operating Activities	<u>\$ 53</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 53</u>

Internal Service Funds

INTERNAL SERVICE FUNDS

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

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

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

**CITY OF NORWICH, CONNECTICUT
 COMBINING STATEMENT OF NET POSITION
 INTERNAL SERVICE FUNDS
 JUNE 30, 2016
 (In Thousands)**

	<u>Medical Benefits</u>	<u>Workers' Compensation</u>	<u>Total</u>
Assets:			
Current:			
Due from other funds	\$ <u>3,247</u>	\$ <u>3,717</u>	\$ <u>6,964</u>
Liabilities:			
Current:			
Accounts payable	5	2	7
Risk management claims	<u>1,177</u>	<u>1,459</u>	<u>2,636</u>
Total current liabilities	<u>1,182</u>	<u>1,461</u>	<u>2,643</u>
Noncurrent:			
Risk management claims	<u> </u>	<u>2,803</u>	<u>2,803</u>
Total liabilities	<u>1,182</u>	<u>4,264</u>	<u>5,446</u>
Net Position:			
Unrestricted	\$ <u><u>2,065</u></u>	\$ <u><u>(547)</u></u>	\$ <u><u>1,518</u></u>

**CITY OF NORWICH, CONNECTICUT
 COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES
 IN FUND NET POSITION
 INTERNAL SERVICE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2016
 (In Thousands)**

	<u>Medical Benefits</u>	<u>Workers' Compensation</u>	<u>Total</u>
Operating Revenues:			
Charges for services	\$ 16,719	\$ 2,559	\$ 19,278
Operating Expenses:			
Claims expense	15,125	2,228	17,353
Premiums and administrative expenses	<u>1,403</u>	<u>384</u>	<u>1,787</u>
Total operating expenses	<u>16,528</u>	<u>2,612</u>	<u>19,140</u>
Operating Income (Loss)	191	(53)	138
Net Position at Beginning of Year	<u>1,874</u>	<u>(494)</u>	<u>1,380</u>
Net Position at End of Year	<u>\$ 2,065</u>	<u>\$ (547)</u>	<u>\$ 1,518</u>

CITY OF NORWICH, CONNECTICUT
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2016
(In Thousands)

	<u>Medical Benefits</u>	<u>Workers' Compensation</u>	<u>Total</u>
Cash Flows from Operating Activities:			
Cash received from charges for services	\$ 2,880	\$ 294	\$ 3,174
Cash receipts for interfund services provided	13,513	2,318	15,831
Cash paid to vendors	<u>(16,393)</u>	<u>(2,612)</u>	<u>(19,005)</u>
Net cash provided by (used in) operating activities	<u>-</u>	<u>-</u>	<u>-</u>
Net Increase in Cash and Cash Equivalents	-	-	-
Cash and Cash Equivalents at Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>
Cash and Cash Equivalents at End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:			
Operating income (loss)	\$ <u>191</u>	\$ <u>(53)</u>	\$ <u>138</u>
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
(Increase) decrease in due from other funds	(326)	(191)	(517)
Increase (decrease) in accounts payable and accrued liabilities	<u>135</u>	<u>244</u>	<u>379</u>
Total adjustments	<u>(191)</u>	<u>53</u>	<u>(138)</u>
Net Cash Provided by (Used in) Operating Activities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Fiduciary Funds

FIDUCIARY FUNDS

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

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

The City's Trust Funds are listed below:

- City Employee Pension

- Volunteer Fire Pension

- Other Post Employment Benefit

Agency Funds utilize the accrual basis of accounting. Agency Funds are custodial in nature (assets equal liabilities) and are used to account for student activities and performance/bid bonds.

The City's Agency Funds are listed below:

- Student Activities

- Rehabilitation Deposits

- Bid Deposit

- Performance Bonds

CITY OF NORWICH, CONNECTICUT
COMBINING STATEMENT OF FIDUCIARY NET POSITION
PENSION AND OTHER EMPLOYEE BENEFIT TRUST FUNDS
JUNE 30, 2016
(In Thousands)

	City Employee Pension Trust Fund	Volunteer Fire Pension Trust Fund	Other Post Employment Benefit Trust Fund	Total
Assets:				
Cash and cash equivalents	\$ 712	\$ 24	\$ 30	\$ 766
Investments:				
Mutual funds	129,916	2,219	14,271	146,406
Common stock	21,007			21,007
Preferred stock	288			288
Accounts receivable	10			10
Total assets	151,933	2,243	14,301	168,477
Liabilities:				
Accounts and other payables			470	470
Due to other funds	52	13	134	199
Total liabilities	52	13	604	669
Net Position:				
Held in Trust for Pension and Other Benefits	\$ <u>151,881</u>	\$ <u>2,230</u>	\$ <u>13,697</u>	\$ <u>167,808</u>

CITY OF NORWICH, CONNECTICUT
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
PENSION AND OTHER EMPLOYEE BENEFIT TRUST FUNDS
FOR THE YEAR ENDED JUNE 30, 2016
(In Thousands)

	<u>City Employee Pension Trust Fund</u>	<u>Volunteer Fire Pension Trust Fund</u>	<u>Other Post Employment Benefit Trust Fund</u>	<u>Total</u>
Additions:				
Contributions:				
Employer	\$ 7,581	\$ 351	\$ 5,566	\$ 13,498
Plan members	3,358	16	1,659	5,033
Total contributions	<u>10,939</u>	<u>367</u>	<u>7,225</u>	<u>18,531</u>
Investment income (loss):				
Net depreciation in fair value of investments	(3,743)	(126)	(401)	(4,270)
Interest and dividends	1,700	126	354	2,180
Total investment income (loss)	<u>(2,043)</u>	<u>-</u>	<u>(47)</u>	<u>(2,090)</u>
Less investment expense	(808)	(9)	(67)	(884)
Net investment income (loss)	<u>(2,851)</u>	<u>(9)</u>	<u>(114)</u>	<u>(2,974)</u>
Total additions	<u>8,088</u>	<u>358</u>	<u>7,111</u>	<u>15,557</u>
Deductions:				
Benefits	15,277	301	6,215	21,793
Administration	42	9	458	509
Lump sum distributions and withdrawals	149			149
Total deductions	<u>15,468</u>	<u>310</u>	<u>6,673</u>	<u>22,451</u>
Net Increase (Decrease)	(7,380)	48	438	(6,894)
Net Position Held in Trust for Pension and Other Post Employment Benefits at Beginning of Year	<u>159,261</u>	<u>2,182</u>	<u>13,259</u>	<u>174,702</u>
Net Position Held in Trust for Pension and Other Post Employment Benefits at End of Year	<u>\$ 151,881</u>	<u>\$ 2,230</u>	<u>\$ 13,697</u>	<u>\$ 167,808</u>

CITY OF NORWICH, CONNECTICUT
AGENCY FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2016
(In Thousands)

	<u>Student Activities</u>	<u>Rehabilitation Deposits</u>	<u>Bid Deposit</u>	<u>Performance Bonds</u>	<u>Totals</u>
Assets:					
Cash and cash equivalents	\$ 85	\$	\$	\$ 360	\$ 445
Other		<u>1</u>	<u>52</u>		<u>53</u>
Total Assets	<u>\$ 85</u>	<u>\$ 1</u>	<u>\$ 52</u>	<u>\$ 360</u>	<u>\$ 498</u>
Liabilities:					
Due to student groups and agencies	<u>\$ 85</u>	<u>\$ 1</u>	<u>\$ 52</u>	<u>\$ 360</u>	<u>\$ 498</u>

CITY OF NORWICH, CONNECTICUT
AGENCY FUNDS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE YEAR ENDED JUNE 30, 2016
(In Thousands)

	<u>Balance</u> <u>July 1, 2015</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2016</u>
Student Activities				
Assets:				
Cash and cash equivalents	\$ 75	\$ 132	\$ 122	\$ 85
Liabilities:				
Due to student groups and agencies	\$ 75	\$ 132	\$ 122	\$ 85
Rehabilitation Deposits				
Assets:				
Other	\$ 1	\$ 8	\$ 8	\$ 1
Liabilities:				
Due to student groups and agencies	\$ 1	\$ 8	\$ 8	\$ 1
Bid Deposit				
Assets:				
Other	\$ 105	\$ 66	\$ 119	\$ 52
Liabilities:				
Due to student groups and agencies	\$ 105	\$ 66	\$ 119	\$ 52
Performance Bonds				
Assets:				
Cash and cash equivalents	\$ 400	\$ 1	\$ 41	\$ 360
Liabilities:				
Due to student groups and agencies	\$ 400	\$ 1	\$ 41	\$ 360
Total - All Funds				
Assets:				
Cash and cash equivalents	\$ 475	\$ 133	\$ 163	\$ 445
Other	106	74	127	53
Total	\$ 581	\$ 207	\$ 290	\$ 498
Liabilities:				
Due to student groups and agencies	\$ 581	\$ 207	\$ 290	\$ 498

Supplemental Schedules

**CITY OF NORWICH, CONNECTICUT
SCHEDULE OF BONDS AND SERIAL NOTES PAYABLE
FOR THE YEAR ENDED JUNE 30, 2016
(In Thousands)**

Description	Interest Rate (%)	Issue Date	Maturity Date	Original Amount Issued	Balance Beginning of Year	Issued During Year	Paid During Year	Balance End of Year
Governmental Activities:								
General purpose bonds payable:								
Schools	-	12/30/2008	12/30/2020	\$ 2,940	\$ 1,470	\$	\$ 245	\$ 1,225
General purpose	3.0-4.0	12/02/2009	12/01/2029	9,145	7,255		470	6,785
Schools	3.0-4.0	12/02/2009	12/01/2029	2,000	1,580		105	1,475
General purpose	2.0-4.0	12/13/2011	12/01/2022	4,680	4,210		235	3,975
Schools	2.0-4.0	12/13/2011	12/01/2022	5,000	4,470		265	4,205
Refunding - (04/15/02) bonds	2.0	02/15/2012	04/15/2022	2,725	1,835		290	1,545
General purpose	3.0-5.0	02/12/2014	09/15/2019	12,365	11,710		655	11,055
Refunding - (4/15/2004 series B and 3/15/2005) bonds	3.0-5.0	02/12/2014	09/15/2019	2,793	2,005		792	1,213
Refunding - (4/15/2004 series B and 3/15/2005) bonds - Schools	3.0-5.0	02/12/2014	09/15/2019	2,987	2,375		618	1,757
General purpose - series A	3.0-4.0	03/03/2015	08/01/2015	5,600	5,600		250	5,350
General purpose - series B	2.0-3.0	03/03/2015	08/01/2015	1,140	1,140		115	1,025
General purpose - series A	2.0-2.6	3/1/2016	8/1/2035	6,300		6,300		6,300
General purpose - series B	2.0-3.0	3/1/2016	8/1/2025	2,500		2,500		2,500
Total				<u>60,175</u>	<u>43,650</u>	<u>8,800</u>	<u>4,040</u>	<u>48,410</u>
Business-Type Activities:								
General purpose bonds payable:								
Golf course	3.0-4.0	12/02/2009	12/01/2029	265	165		25	140
Refunding - (02/12/2014) Stony Brook Reservoir	3.0-5.0	02/12/2014	09/15/2019	73	58		15	43
State of Connecticut serial notes payable:								
Clean Water Act 106-C	2.00	10/31/1997	10/31/2016	3,410	270		202	68
Clean Water Act 298-C	2.00	06/30/2000	06/30/2019	1,508	302		76	226
Clean Water Act 349-C	2.00	12/31/2002	12/31/2021	881	323		47	276
Clean Water Act 9714-C	2.77	12/31/2002	12/31/2021	1,899	726		103	623
Clean Water Act 200801-C	2.27	07/01/2009	07/01/2029	450	313		22	291
Clean Water Act 625-D	2.00	12/31/2012	12/31/2031	1,865	1,575		82	1,493
Clean Water Act 495-C	2.00	05/31/2013	06/01/2032	5,748	4,957		248	4,709
Clean Water Act 625-D1	2.00	05/31/2015	12/31/2031	2,510	2,375		123	2,252
Drinking Water State Revolving Fund 2010-8005	2.06	03/31/2010	12/31/2029	145	105		7	98
Drinking Water State Revolving Fund 2010-8006	2.06	03/31/2010	06/30/2030	326	245		17	228
Drinking Water State Revolving Fund 2010-7005	2.00	04/30/2014	10/31/2032	160	150		9	141
Drinking Water State Revolving Fund 2010-7006	2.00	04/30/2014	04/30/2032	148	138		8	130
Drinking Water State Revolving Fund 2014-7027	2.27	06/30/2015	12/31/2034	506	505		37	468
Drinking Water State Revolving Fund 2014-7036*	*	*	*	*	2,615	1,437		4,052
Total				<u>19,894</u>	<u>14,822</u>	<u>1,437</u>	<u>1,021</u>	<u>15,238</u>
Total				<u>\$ 80,069</u>	<u>\$ 58,472</u>	<u>\$ 10,237</u>	<u>\$ 5,061</u>	<u>\$ 63,648</u>

* Loan is not permanently financed at this time.

CITY OF NORWICH, CONNECTICUT
BOND AND SERIAL NOTES PAYABLE
SCHEDULE OF ANNUAL DEBT SERVICE REQUIREMENTS
FOR THE YEAR ENDED JUNE 30, 2016
(In Thousands)

Fiscal Year Ending June 30,	Governmental Activities		Business-Type Activities		Total Primary Government	
	General Obligation Bonds		General Obligation Bonds And Serial Notes		Principal	Interest
	Principal	Interest	Principal	Interest		
2017	\$ 4,210	\$ 1,520	\$ 1,205	\$ 308	\$ 5,415	\$ 1,828
2018	4,155	1,353	1,031	278	5,186	1,631
2019	4,030	1,227	1,050	255	5,080	1,482
2020	3,820	1,112	988	235	4,808	1,347
2021	3,285	1,008	991	212	4,276	1,220
2022	2,970	908	888	192	3,858	1,100
2023	2,720	809	811	175	3,531	984
2024	2,715	717	822	159	3,537	876
2025	2,690	625	832	142	3,522	767
2026	2,575	544	843	125	3,418	669
2027	2,255	469	855	108	3,110	577
2028	2,255	397	866	91	3,121	488
2029	2,255	324	876	74	3,131	398
2030	2,255	250	863	56	3,118	306
2031	1,655	187	855	39	2,510	226
2032	1,625	134	703	22	2,328	156
2033	1,095	91	231	13	1,326	104
2034	1,095	53	228	8	1,323	61
2035	500	15	215	4	715	19
2036	250	4	85		335	4
Total	\$ 48,410	\$ 11,747	\$ 15,238	\$ 2,496	\$ 63,648	\$ 14,243

Statistical Section

Statistical Section Information

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

Statistical section information is presented in the following categories:

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

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

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

CITY OF NORWICH, CONNECTICUT
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(In Thousands)

	FISCAL YEAR									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Governmental activities:										
Net investment in capital assets	\$ 75,885	\$ 80,829	\$ 84,303	\$ 95,200 *	\$ 92,031	\$ 87,252 *	\$ 60,432	\$ 53,165	\$ 50,696	\$ 44,114
Restricted	1,620	1,630	1,667	1,537	1,457	1,544	1,405	1,351	1,608	1,725
Unrestricted	(17,860)	(23,960)	24,762 *	12,940	14,373	10,296	14,414	6,088	9,884	13,808
Total governmental activities net position	<u>59,645</u>	<u>58,499</u>	<u>110,732</u>	<u>109,677</u>	<u>107,861</u>	<u>99,092</u>	<u>76,251</u>	<u>60,604</u>	<u>62,188</u>	<u>59,647</u>
Business-type activities:										
Net investment in capital assets	128,042	110,565	112,277	112,113 *	107,495	97,874 *	88,174	87,763	84,439	83,363
Restricted	334	338	228	188	361	334	287	758	758	876
Unrestricted	(18,015)	(2,259)	16,073 *	15,631	22,241	20,129	23,441	22,903	21,159	24,307
Total business-type activities net position	<u>110,361</u>	<u>108,644</u>	<u>128,578</u>	<u>127,932</u>	<u>130,097</u>	<u>118,337</u>	<u>111,902</u>	<u>111,424</u>	<u>106,356</u>	<u>108,546</u>
Primary government:										
Net investment in capital assets	203,927	191,394	196,580	207,313	199,526	185,126	148,606	140,928	135,135	127,477
Restricted	1,954	1,968	1,895	1,725	1,818	1,878	1,692	2,109	2,366	2,601
Unrestricted	(35,875)	(26,219)	40,835	28,571	36,614	30,425	37,855	28,991	31,043	38,115
Total Primary Government Net Position	<u>\$ 170,006</u>	<u>\$ 167,143</u>	<u>\$ 239,310</u>	<u>\$ 237,609</u>	<u>\$ 237,958</u>	<u>\$ 217,429</u>	<u>\$ 188,153</u>	<u>\$ 172,028</u>	<u>\$ 168,544</u>	<u>\$ 168,193</u>

Notes:

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

* as restated

CITY OF NORWICH, CONNECTICUT
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(In Thousands)

	FISCAL YEAR									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Expenses:										
Governmental activities:										
General government	\$ 10,543	\$ 11,257	\$ 8,296	\$ 11,905	\$ 10,300	\$ 10,760	\$ 9,114	\$ 10,473	\$ 12,116	\$ 11,926
Public safety	31,681	25,750	23,882	22,840	20,571	20,336	18,063	20,326	18,271	16,108
Social services	4,038	2,581	4,248	4,059	4,201	4,664	5,602	4,954	4,852	3,984
Public works	13,754	14,334	15,989	11,887	13,444	9,133	9,449	15,819	11,617	11,504
Education	101,748	99,926	94,935	92,976	86,764	84,263	84,898	85,661	91,664	75,171
Interest on long-term debt	1,348	1,444	1,488	1,232	1,109	2,008	1,323	1,444	1,380	1,454
Total governmental activities expenses	<u>163,112</u>	<u>155,292</u>	<u>148,838</u>	<u>144,899</u>	<u>136,389</u>	<u>131,164</u>	<u>128,449</u>	<u>138,677</u>	<u>139,900</u>	<u>120,147</u>
Business-type activities:										
Department of Public Utilities	83,564	81,842	77,462	75,476	75,620	80,977	74,716	77,192	74,114	66,885
Other enterprise funds	1,646	1,817	2,615	2,470	2,495	2,425	2,413	2,529	2,568	2,373
Total business-type activities expenses	<u>85,210</u>	<u>83,659</u>	<u>80,077</u>	<u>77,946</u>	<u>78,115</u>	<u>83,402</u>	<u>77,129</u>	<u>79,721</u>	<u>76,682</u>	<u>69,258</u>
Total primary government expenses	<u>248,322</u>	<u>238,951</u>	<u>228,915</u>	<u>222,845</u>	<u>214,504</u>	<u>214,566</u>	<u>205,578</u>	<u>218,398</u>	<u>216,582</u>	<u>189,405</u>
Program Revenues:										
Governmental activities:										
Charges for services:										
General government	2,115	1,684	2,107	1,907	1,866	1,860	1,778	1,602	2,078	2,861
Public works	744	803	811	1,684	771	1,250	819	2,962	3,017	2,994
Education	1,495	1,650	1,581	1,620	1,708	1,570	2,051	2,184	1,864	1,935
Other	1,204	914	887	1,009	1,032	1,076	1,012	1,171	970	694
Operating grants and contributions	60,567	59,088	58,277	55,684	53,139	54,051	54,424	52,034	62,359	47,469
Capital grants and contributions	2,467	1,774	1,664	791	10,749	22,962	11,163	5,810	1,635	934
Total governmental activities program revenues	<u>68,592</u>	<u>65,913</u>	<u>65,327</u>	<u>62,695</u>	<u>69,265</u>	<u>82,769</u>	<u>71,247</u>	<u>65,763</u>	<u>71,923</u>	<u>56,887</u>
Business-type activities:										
Charges for services:										
Gas	16,250	18,576	17,609	14,893	13,370	16,282	16,508	21,596	16,961	16,612
Electric	56,710	56,920	51,627	51,396	60,151	58,283	52,303	55,152	49,265	49,607
Water	9,048	8,817	8,808	8,376	6,656	6,794	6,117	6,027	5,790	5,115
Sewer	7,426	6,761	6,994	7,252	6,876	7,185	7,580	5,536	5,641	5,340
Other nonmajor enterprise funds	1,482	1,302	1,820	1,882	2,054	2,081	2,081	2,188	2,245	2,168
Capital grants and contributions	3,809	3,547	1,798	65	6,798	6,704	200	1,315	1,216	1,037
Total business-type activities program revenues	<u>94,725</u>	<u>95,923</u>	<u>88,656</u>	<u>83,864</u>	<u>95,905</u>	<u>97,329</u>	<u>84,789</u>	<u>91,814</u>	<u>81,118</u>	<u>79,879</u>
Total primary government program revenues	<u>163,317</u>	<u>161,836</u>	<u>153,983</u>	<u>146,559</u>	<u>165,170</u>	<u>180,098</u>	<u>156,036</u>	<u>157,577</u>	<u>153,041</u>	<u>136,766</u>
Net (expense) revenue:										
Governmental activities	(94,520)	(89,379)	(83,511)	(82,204)	(67,124)	(48,395)	(57,202)	(72,914)	(67,977)	(63,260)
Business-type activities	9,515	12,264	8,579	5,918	17,790	13,927	7,660	12,093	4,436	10,621
Total Primary Government Net Expense	<u>\$ (85,005)</u>	<u>\$ (77,115)</u>	<u>\$ (74,932)</u>	<u>\$ (76,286)</u>	<u>\$ (49,334)</u>	<u>\$ (34,468)</u>	<u>\$ (49,542)</u>	<u>\$ (60,821)</u>	<u>\$ (63,541)</u>	<u>\$ (52,639)</u>

(Continued on next page)

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

	FISCAL YEAR									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
General revenues and other changes in net position:										
Governmental activities:										
Property taxes	\$ 81,709	\$ 75,298	\$ 70,539	\$ 69,598	\$ 63,198	\$ 61,307	\$ 59,956	\$ 57,897	\$ 56,456	\$ 52,327
Grants and contributions not restricted to specific programs	4,771	4,534	4,900	5,005	4,315	4,391	4,372	5,480	5,407	5,522
Unrestricted investment earnings	146	88	247	202	51	283	321	262	998	1,199
Miscellaneous	1,236	2,536	942	1,126	890	1,414	998	558	631	910
Transfers	7,804	7,467	7,938	8,089	7,439	8,277	7,202	7,133	7,026	6,219
Total governmental activities	<u>95,666</u>	<u>89,923</u>	<u>84,566</u>	<u>84,020</u>	<u>75,893</u>	<u>75,672</u>	<u>72,849</u>	<u>71,330</u>	<u>70,518</u>	<u>66,177</u>
Business-type activities:										
Investment earnings	6	5	152	6	11	14	20	108	400	423
Transfers	(7,804)	(7,467)	(7,938)	(8,089)	(7,493)	(8,277)	(7,202)	(7,133)	(7,026)	(6,219)
Total business-type activities	<u>(7,798)</u>	<u>(7,462)</u>	<u>(7,786)</u>	<u>(8,083)</u>	<u>(7,482)</u>	<u>(8,263)</u>	<u>(7,182)</u>	<u>(7,025)</u>	<u>(6,626)</u>	<u>(5,796)</u>
Total Primary Government	<u>\$ 87,868</u>	<u>\$ 82,461</u>	<u>\$ 76,780</u>	<u>\$ 75,937</u>	<u>\$ 68,411</u>	<u>\$ 67,409</u>	<u>\$ 65,667</u>	<u>\$ 64,305</u>	<u>\$ 63,892</u>	<u>\$ 60,381</u>
Changes in Net Position:										
Governmental activities	\$ 1,146	\$ 544	\$ 1,055	\$ 1,816	\$ 8,769	\$ 27,277	\$ 15,647	\$ (1,584)	\$ 2,541	\$ 2,917
Business-type activities	<u>1,717</u>	<u>4,802</u>	<u>793</u>	<u>(2,165)</u>	<u>10,308</u>	<u>5,664</u>	<u>478</u>	<u>5,068</u>	<u>(2,190)</u>	<u>4,825</u>
Total Primary Government	<u>\$ 2,863</u>	<u>\$ 5,346</u>	<u>\$ 1,848</u>	<u>\$ (349)</u>	<u>\$ 19,077</u>	<u>\$ 32,941</u>	<u>\$ 16,125</u>	<u>\$ 3,484</u>	<u>\$ 351</u>	<u>\$ 7,742</u>

Notes:

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

(2) 10% of sales contribution from the Department of Public Utilities to the General Fund is classified as a transfer starting in fiscal year 2005. Before that, it was included in charges for services.

**CITY OF NORWICH, CONNECTICUT
FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(In Thousands)**

	FISCAL YEAR									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
General Fund:										
Reserved	\$	\$	\$	\$	\$	\$	\$ 268	\$ 283	\$ 308	\$ 425
Unreserved							9,834	9,616	10,676	11,651
Assigned	227	207	498	920	264	178				
Unassigned	<u>14,652</u>	<u>10,192</u>	<u>10,483</u>	<u>10,275</u>	<u>10,371</u>	<u>10,649</u>				
Total General Fund	<u>\$ 14,879</u>	<u>\$ 10,399</u>	<u>\$ 10,981</u>	<u>\$ 11,195</u>	<u>\$ 10,635</u>	<u>\$ 10,827</u>	<u>\$ 10,102</u>	<u>\$ 9,899</u>	<u>\$ 10,984</u>	<u>\$ 12,076</u>
All other governmental funds:										
Reserved	\$	\$	\$	\$	\$	\$	\$ 1,776	\$ 1,729	\$ 2,095	\$ 3,170
Unreserved, reported in:										
Special revenue funds							2,915	2,183	2,487	2,746
Capital projects funds							3,911	(1,898)	(1,493)	(541)
Nonspendable	1,584	1,600	1,660	1,484	1,443	1,523				
Restricted	5,102	1,865	2,096	2,193	3,179	1,421				
Committed	5,030	3,766	4,354	4,107	4,271	4,344				
Unassigned	<u>(73)</u>	<u>(426)</u>	<u>(1,043)</u>	<u>(7,877)</u>	<u>(2,878)</u>	<u>(7,208)</u>				
Total All Other Governmental Funds	<u>\$ 11,643</u>	<u>\$ 6,805</u>	<u>\$ 7,067</u>	<u>\$ (93)</u>	<u>\$ 6,015</u>	<u>\$ 80</u>	<u>\$ 8,602</u>	<u>\$ 2,014</u>	<u>\$ 3,089</u>	<u>\$ 5,375</u>

Notes:

- (1) Schedule prepared on the modified accrual basis of accounting.
(2) Fund balance classifications were modified beginning in year 2011 with the adoption of GASB Statement 54.

CITY OF NORWICH, CONNECTICUT
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(In Thousands)

	FISCAL YEAR									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Revenues:										
Property taxes, interest and liens	\$ 81,951	74,665	\$ 71,555	\$ 69,360	\$ 63,286	\$ 60,817	\$ 59,214	\$ 57,623	\$ 55,893	\$ 52,976
Intergovernmental	67,903	65,897	65,112	61,368	68,137	81,439	69,937	63,116	69,880	53,909
Charges for services, licenses, permits, fees and other	7,672	6,801	6,858	6,686	6,816	7,292	7,353	8,508	9,135	10,097
Investment income	146	88	248	202	50	283	321	260	991	1,171
Total revenues	<u>157,672</u>	<u>147,451</u>	<u>143,773</u>	<u>137,616</u>	<u>138,289</u>	<u>149,831</u>	<u>136,825</u>	<u>129,507</u>	<u>135,899</u>	<u>118,153</u>
Expenditures:										
General government	6,174	5,629	5,777	5,473	5,008	5,822	6,466	6,716	7,339	5,782
Public safety	25,998	23,407	22,958	21,672	19,685	19,447	17,832	18,606	17,348	16,163
Social services	4,289	4,140	4,013	3,616	4,125	4,029	4,261	4,640	4,313	4,272
Public works	11,094	10,890	11,115	10,121	10,187	9,633	9,421	10,359	10,944	10,412
Education	99,284	97,755	94,320	91,108	84,067	84,690	83,893	82,866	91,194	74,223
Other	4,036	5,644	5,598	4,943	4,795	3,411	3,461	3,693	4,365	4,286
Capital outlay	8,587	9,838	9,275	9,156	16,954	34,905	18,274	10,826	6,102	6,337
Debt service:										
Principal	4,040	3,900	4,330	3,906	3,915	3,475	3,530	2,835	3,356	3,616
Interest	1,703	1,718	1,283	1,258	1,075	1,297	713	1,199	1,342	1,425
Total expenditures	<u>165,205</u>	<u>162,921</u>	<u>158,669</u>	<u>151,253</u>	<u>149,811</u>	<u>166,709</u>	<u>147,851</u>	<u>141,740</u>	<u>146,303</u>	<u>126,516</u>
Excess of revenues over (under) expenditures	<u>(7,533)</u>	<u>(15,470)</u>	<u>(14,896)</u>	<u>(13,637)</u>	<u>(11,522)</u>	<u>(16,878)</u>	<u>(11,026)</u>	<u>(12,233)</u>	<u>(10,404)</u>	<u>(8,363)</u>
Other financing sources (uses):										
Transfers in	14,773	9,523	10,746	11,092	11,701	18,424	12,404	10,686	10,505	9,885
Transfers out	(6,969)	(2,056)	(2,808)	(3,003)	(4,262)	(10,147)	(5,202)	(3,553)	(3,479)	(3,666)
Issuance of capital leases			617			804				192
Bonds issued	8,800	6,740	12,365		9,680		10,545	2,940		
Bond premium	247	419	1,368		181		125			
Refunding bonds issued			5,780		2,725		4,240			
Payment to refunding bond escrow agent			(6,226)		(2,760)		(4,295)			
Total other financing sources (uses)	<u>16,851</u>	<u>14,626</u>	<u>21,842</u>	<u>8,089</u>	<u>17,265</u>	<u>9,081</u>	<u>17,817</u>	<u>10,073</u>	<u>7,026</u>	<u>6,411</u>
Net change in fund balances	9,318	(844)	6,946	(5,548)	5,743	(7,797)	6,791	(2,160)	(3,378)	(1,952)
Fund Balances at Beginning of Year	<u>17,204</u>	<u>18,048</u>	<u>11,102</u>	<u>16,650</u>	<u>10,907</u>	<u>18,704</u>	<u>11,913</u>	<u>14,073</u>	<u>17,451</u>	<u>19,403</u>
Fund Balances at End of Year	<u>\$ 26,522</u>	<u>17,204</u>	<u>\$ 18,048</u>	<u>\$ 11,102</u>	<u>\$ 16,650</u>	<u>\$ 10,907</u>	<u>\$ 18,704</u>	<u>\$ 11,913</u>	<u>\$ 14,073</u>	<u>\$ 17,451</u>
Debt Service as a Percentage of Noncapital Expenditures	3.61%	3.56%	3.63%	3.52%	3.69%	3.57%	3.32%	2.98%	3.36%	4.20%

* as restated

Notes:

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

CITY OF NORWICH, CONNECTICUT
PROPERTY TAX ASSESSMENT
LAST TEN FISCAL YEARS
(In Thousands)

TABLE 5

Fiscal Year Ended June 30	Grand List Year October 1	Real Estate		Personal Property		Total Assessed Value	Less: Exemptions	Total Taxable Assessed Value	Total Adjusted Tax Levy (General Fund, CCD Fire Taxes and TCD Taxes)	Average Direct Rate (in Mills)	Estimated Actual Taxable Value	Taxable Assessed Value as a Percentage of Actual Taxable Value	State Equalized Net Grand List
		Industrial/Commercial	Residential	Motor Vehicles	Other								
2016	2014	\$ 351,104	\$ 1,149,342	\$ 223,067	\$ 141,106	\$ 1,864,620	\$ 38,569	\$ 1,826,051	\$ 79,320	43.44	\$ 2,608,644	70%	\$ 2,670,158
2015	2013	347,541	1,148,374	226,420	138,284	1,860,619	38,117	1,822,502	74,316	40.78	2,603,574	70	2,574,692
2014	2012	453,582	1,669,529	194,509	140,057	2,457,677	33,750	2,423,927	70,865	29.24	3,462,753	70	2,936,728
2013	2011	454,877	1,675,445	218,925	144,144	2,493,392	38,323	2,455,068	69,179	28.18	3,507,241	70	2,432,705
2012	2010	453,611	1,663,064	186,880	132,490	2,436,044	41,816	2,394,228	63,162	26.38	3,420,326	70	2,942,694
2011	2009	467,731	1,656,685	202,209	118,062	2,444,687	36,522	2,408,165	60,982	25.32	3,440,236	70	3,147,981
2010	2008	433,291	1,666,402	194,403	114,906	2,409,003	30,891	2,378,111	58,839	24.74	3,397,302	70	3,400,922
2009	2007	344,640	1,235,104	208,756	112,575	1,901,075	24,841	1,876,234	57,972	30.90	2,680,334	70	3,615,569
2008	2006	341,360	1,225,489	183,186	92,878	1,842,913	23,384	1,819,529	55,469	30.49	2,599,327	70	3,559,366
2007	2005	326,636	1,213,923	177,323	93,706	1,811,588	19,838	1,791,750	53,057	29.61	2,559,643	70	3,592,741

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

**CITY OF NORWICH, CONNECTICUT
PRINCIPAL PROPERTY TAXPAYERS
OCTOBER 1, 2014 AND OCTOBER 1, 2005
(In Thousands)**

TABLE 6

Business Name	Nature of Business	October 1, 2014			October 1, 2005		
		Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Computer Science Corporation	Computer Products & Services	\$ 26,940	1	1.48%	\$ 18,355	1	1.02%
NorwichTown Commons	Shopping Center	15,637	2	0.86%			0.00%
Bob's Discount Furniture	Retail Store & Distribution Warehouse	15,129	3	0.83%	7,442	8	0.42%
EMC Corporation	Computer Products & Services	11,627	4	0.64%			0.00%
Norwich Realty Associates LP	Real Estate	9,668	5	0.53%	11,717	3	0.65%
Plaza Enterprises	Shopping Center	9,259	6	0.51%	10,577	5	0.59%
Wal-Mart Stores, Inc.	Department Store	8,445	7	0.46%			0.00%
Norwich Community Development Corporation	Office Building	7,943	8	0.43%			0.00%
Algonquin Gas Transmissions LLC	Natural Gas Pipeline	7,575	9	0.41%			0.00%
Mashantucket Pequot Tribe	Real Estate	7,299	10	0.40%	10,720	4	0.60%
Freeport-McMoran (fka Phelps Dodge)	Manufacturing - Copper			0.00%	14,264	2	0.80%
US Foodservice	Food Distributors			0.00%	8,580	6	0.48%
Kalimian Elias as Trustee	Apartments			0.00%	7,889	7	0.44%
Norwich Mall Realty Associates	Shopping Center			0.00%	6,545	9	0.37%
Rose Hill Estates LLC	Apartments			0.00%	5,633	10	0.31%
Total		\$ 119,522		6.55%	\$ 101,721		5.68%

Source: City of Norwich Assessor's Office

Note: The October 1, 2014 grand list was the base grand list utilized for the tax bills issued July 1, 2015 for the 2016 fiscal year.

**CITY OF NORWICH, CONNECTICUT
PROPERTY TAX LEVIES & COLLECTIONS
LAST TEN FISCAL YEARS
(In Thousands)**

TABLE 7

Fiscal Year Ended June 30	Net Taxable Grand List	Mill Rate	Adjusted Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date		Total Direct Rates	
				Amount	Percentage		Amount	Percentage	City Consolidated District	Town Consolidated District
General Fund										
2016	\$ 1,826,051	40.90	\$ 74,375	\$ 72,017	96.83%	\$	\$ 72,017	96.83%	\$ 48.06	\$ 41.39
2015	1,822,502	38.55	69,248	66,667	96.27%	1,519	68,186	98.47%	45.93	39.04
2014	2,423,927	27.23	65,922	63,721	96.66%	1,940	65,660	99.60%	32.27	27.59
2013	2,455,068	26.54	64,618	62,401	96.57%	2,105	64,506	99.83%	31.10	26.90
2012	2,394,228	24.76	59,110	57,141	96.67%	1,911	59,052	99.90%	28.83	25.12
2011	2,408,165	24.04	57,006	54,816	96.16%	2,151	56,967	99.93%	28.02	24.40
2010	2,378,111	23.48	55,162	53,056	96.18%	2,079	55,135	99.95%	27.11	23.84
2009	1,876,234	29.24	54,309	52,081	95.90%	2,212	54,293	99.97%	34.10	29.66
2008	1,819,529	28.57	51,980	50,213	96.60%	1,756	51,969	99.98%	33.32	28.93
2007	1,791,750	27.77	49,973	48,324	96.70%	1,639	49,962	99.98%	32.02	28.08
City Consolidated District (CCD) Fire Tax										
2016	\$ 613,919	7.16	\$ 4,347	\$ 4,144	95.34%	\$	\$ 4,144	95.34%		
2015	614,079	7.38	4,481	4,249	94.84%	129	4,379	97.73%		
2014	864,925	5.04	4,378	4,172	95.30%	181	4,352	99.42%		
2013	896,123	4.56	3,995	3,809	95.35%	174	3,983	99.70%		
2012	870,134	4.07	3,496	3,329	95.22%	162	3,491	99.85%		
2011	870,134	3.98	3,426	3,251	94.88%	172	3,423	99.91%		
2010	870,088	3.63	3,136	2,991	95.39%	143	3,134	99.95%		
2009	650,100	4.86	3,154	2,981	94.50%	173	3,154	100.00%		
2008	641,583	4.75	3,064	2,930	95.61%	134	3,064	100.00%		
2007	633,603	4.25	2,724	2,595	95.29%	128	2,724	100.00%		
Town Consolidated District (TCD) Volunteer Fire Relief Tax										
2016	\$ 1,212,132	0.49	\$ 598	\$ 586	98.09%	\$	\$ 586	98.09%		
2015	1,208,423	0.49	587	572	97.34%	10	582	99.07%		
2014	1,559,002	0.36	564	552	97.80%	11	563	99.80%		
2013	1,558,946	0.36	566	554	97.78%	12	566	99.90%		
2012	1,524,094	0.36	556	544	97.90%	11	556	99.95%		
2011	1,538,031	0.36	550	537	97.57%	13	550	99.95%		
2010	1,508,024	0.36	540	525	97.21%	15	540	99.95%		
2009	1,226,134	0.42	510	491	96.39%	18	509	99.96%		
2008	1,177,946	0.36	424	411	96.81%	13	424	99.97%		
2007	1,158,147	0.31	361	351	97.30%	10	361	99.97%		

CITY OF NORWICH, CONNECTICUT
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS
(In Thousands)

Fiscal Year	Governmental Activities			Business-type Activities				Total Debt			General Obligation Bonds		
	General Obligation Bonds	Special Assessment Bonds	Capital Leases	General Obligation Bonds	Revenue Bonds	Intergovernmental Loans	Capital Leases	Total Primary Government	Debt to Total Personal Income ²	Debt per Capita ²	Total GO Debt	GO Debt to Estimated Actual Value of Taxable Property	GO Debt per Capita ²
2016	\$ 48,410	\$	\$ 830	\$ 183	\$	\$ 15,055	\$ 550	\$ 65,028	5.97%	\$ 1,618	\$ 48,593	1.86%	\$ 1,209
2015	43,650		979	223		14,599	945	60,396	5.89%	1,503	43,873	1.69%	1,092
2014	40,810		1,123	263		12,773	1,017	55,986	5.46%	1,393	41,073	1.19%	1,022
2013	33,090		1,227	355		4,939	1,349	40,960	3.89%	1,015	33,445	0.95%	829
2012	29,951		730	7,454		3,744	1,621	43,500	4.12%	1,074	37,405	1.09%	924
2011	26,736		804	4,904		4,269	1,717	38,430	4.00%	949	31,640	0.92%	781
2010	29,582		42	9,668		4,316	2,020	45,628	4.75%	1,127	39,250	1.16%	969
2009	21,936		80	5,624		4,027	2,688	34,355	3.58%	944	27,560	1.03%	757
2008	21,595		115	5,940		4,992	3,174	35,816	4.78%	983	27,535	1.06%	756
2007	24,952		146	6,578		5,428	1,402	38,506	5.14%	1,058	31,530	1.23%	866

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

¹ See Property Tax Assessment schedule

² See Demographic Statistics schedule

CITY OF NORWICH, CONNECTICUT
STATEMENT OF DEBT LIMITATION
JUNE 30, 2016
(In Thousands)

Total Tax Collections, Including Interest and Lien Fees						\$	76,946
Total Tax Collections, Norwich Fire District							5,005
Reimbursement for loss on:							
Tax relief for elderly - freeze							<u>2</u>
Base						\$	<u>81,953</u>
	General Purpose	Schools	Sewers	Urban Renewal	Pension Deficit		Total
Debt Limitation:							
2-1/4 times base	\$ 184,394	\$	\$	\$	\$	\$	
4-1/2 times base		368,789					
3-3/4 times base			307,324				
3-1/4 times base				266,347			
3 times base					245,859		
7 times base							<u>573,671</u>
Total debt limitation	<u>184,394</u>	<u>368,789</u>	<u>307,324</u>	<u>266,347</u>	<u>245,859</u>		<u>573,671</u>
Indebtedness:							
Bonds and serial notes payable	17,347	9,832	4,036	1,885			33,100
Capital leases	830						830
Bonds authorized and unissued	<u>2,784</u>	<u>500</u>		<u>1,425</u>			<u>4,709</u>
Total indebtedness	<u>20,961</u>	<u>10,332</u>	<u>4,036</u>	<u>3,310</u>	<u>-</u>		<u>38,639</u>
Debt Limitation in Excess of Outstanding and Authorized Debt	<u>\$ 163,433</u>	<u>\$ 358,457</u>	<u>\$ 303,288</u>	<u>\$ 263,037</u>	<u>\$ 245,859</u>		<u>\$ 535,032</u>

Note 1: In no event shall total debt exceed seven times annual receipts from taxation. The maximum amount permitted would be \$574 million.

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

Note 3: Bonds and serial notes payable do not include Water bonds of \$43 and State of Connecticut serial notes payable of \$5,908.

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

TABLE 10

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Calculation of Legal Debt Limit										
Tax Collections										
General Fund tax collections	\$ 76,946	\$ 69,575	\$ 66,620	\$ 64,834	\$ 59,274	\$ 56,857	\$ 55,693	\$ 54,065	\$ 52,357	\$ 49,721
Fire District collections	5,005	5,087	4,935	4,550	4,046	3,961	3,733	3,607	3,510	3,064
Reimbursement for loss on elderly tax relief	2	2	4	4	8	10	4	4	21	20
Taxable Base	81,953	74,664	71,559	69,388	63,329	60,828	59,430	57,676	55,888	52,805
Times limit of 7	7	7	7	7	7	7	7	7	7	7
Overall Legal Debt Limit	<u>573,671</u>	<u>522,650</u>	<u>500,913</u>	<u>485,714</u>	<u>443,300</u>	<u>425,794</u>	<u>416,010</u>	<u>403,730</u>	<u>391,214</u>	<u>369,635</u>
Indebtedness:										
Long-term debt										
General Purpose Bonds Payable	17,347	15,705	14,794	13,134	15,140	15,646	17,313	10,304	12,100	14,115
School Bonds	9,832	10,525	11,122	12,449	13,497	9,558	10,492	9,371	7,026	8,154
Sewers	4,036	4,571	5,315	5,509	6,158	4,567	5,181	5,202	6,023	6,646
Urban renewal	1,885	715								
Water	5,951	2,248	2,052	2,108	2,411	2,716	3,025	2,808	2,586	2,816
Capital leases	830	979	1,123	1,268	730	804	874			
Gas line extensions	14,907	11,509	8,730	1,000	1,000					
Short-term debt										
Clean Water Fund Notes								8,045		
Bond Anticipation Notes								15,990	7,240	2,705
Bonds authorized and unissued	4,709	9,622	14,735	11,081	10,905	18,265	18,106	15,990	7,240	2,705
Total indebtedness (1)	<u>59,497</u>	<u>55,873</u>	<u>57,872</u>	<u>46,549</u>	<u>49,841</u>	<u>51,556</u>	<u>54,992</u>	<u>51,720</u>	<u>34,975</u>	<u>34,435</u>
Less:										
Water bonds and serial notes payable	(5,951)	(2,248)	(2,052)	(2,108)	(2,411)	(2,716)	(3,025)	(2,808)	(4,349)	(4,729)
School building grants				(99)	(198)	(300)	(402)	(507)	(612)	(722)
Gas line extensions	(14,907)	(11,509)	(8,730)	(1,000)	(1,000)					
Net indebtedness applicable to legal debt limit (1)	<u>38,639</u>	<u>42,116</u>	<u>47,090</u>	<u>43,342</u>	<u>46,231</u>	<u>48,539</u>	<u>51,564</u>	<u>48,405</u>	<u>30,014</u>	<u>28,984</u>
Debt limitation in excess of outstanding and authorized debt	<u>\$ 535,032</u>	<u>\$ 480,535</u>	<u>\$ 453,823</u>	<u>\$ 442,373</u>	<u>\$ 397,069</u>	<u>\$ 377,255</u>	<u>\$ 364,446</u>	<u>\$ 355,325</u>	<u>\$ 361,200</u>	<u>\$ 340,651</u>
Total net debt applicable to the limit as a percentage of debt limit	6.74%	8.06%	9.40%	8.92%	10.43%	11.40%	12.39%	11.99%	7.67%	7.84%
Net indebtedness as a percentage of net taxable assessed value (1)	2.116%	2.311%	1.943%	1.765%	1.931%	2.016%	2.168%	2.580%	1.650%	1.618%
Net indebtedness per capita	962	1,048	1,172	1,074	1,141	1,199	1,273	1,330	824	796

(Continued on next page)

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

TABLE 10

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Calculation of Continuing Disclosure Agreement Ratios										
Reconciliation of Direct Debt and Net Direct Debt (2)										
Total indebtedness per legal debt limit	59,497	55,873	57,872	46,549	49,841	51,556	54,992	51,720	34,975	34,435
Less: Authorized but unissued debt	(4,709)	(9,622)	(14,735)	(11,081)	(10,905)	(18,265)	(18,106)	(15,990)	(7,240)	(2,705)
Total Direct Debt	54,788	46,251	43,138	35,468	38,936	33,291	36,886	35,730	27,735	31,730
Less: Water bonds and sewer indirect self-funding debt	(9,987)	(6,819)	(7,368)	(7,617)	(8,569)	(7,283)	(8,206)	(8,009)	(8,609)	(9,461)
Less: School building grants				(99)	(198)	(300)	(402)	(507)	(612)	(722)
Total Net Direct Debt	44,800	39,432	35,770	27,752	30,169	25,707	28,277	27,213	18,514	21,547
Equalized Net Grand List ("ENGL") (3)	2,670,158	2,574,692	2,936,728	2,432,705	2,942,694	3,147,981	3,400,922	3,615,569	3,559,366	3,592,741
Valuation Date	10/1/2014	10/1/2013	10/1/2012	10/1/2011	10/1/2010	10/1/2009	10/1/2008	10/1/2007	10/1/2006	10/1/2005
Ratio of Direct Debt to ENGL	2.052%	1.796%	1.469%	1.458%	1.323%	1.058%	1.085%	0.988%	0.779%	0.883%
Total Direct Debt Per Capita	1,363.62	1,151.16	1,073.66	879.07	961.34	822.14	910.92	981.92	761.28	871.51
Ratio of Net Direct Debt to ENGL	1.678%	1.532%	1.218%	1.141%	1.025%	0.817%	0.831%	0.753%	0.520%	0.600%
Total Net Direct Debt Per Capita	1,115.05	981.44	890.29	687.83	744.88	634.86	698.33	747.86	508.18	591.81
Ratio of Net General Bonded Debt to ENGL	1.018%	1.019%	0.882%	1.048%	0.966%	0.791%	0.806%	0.530%	0.520%	0.600%
Total Net General Bonded Debt Per Capita	676.45	652.83	645.05	631.62	702.16	615.01	676.74	526.77	508.18	591.81

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

**CITY OF NORWICH, CONNECTICUT
DEMOGRAPHIC & EMPLOYMENT STATISTICS
LAST TEN FISCAL YEARS**

TABLE 11

Fiscal Year	Population (1)	Total Personal Income (thousands) (2)	School Enrollment (3)	Employed (4)	Unemployed (4)	Percentage Unemployed				Median Household Income (6)
						City of Norwich (4)	New London/Norwich Market (4)	State of Connecticut (4)	United States (5)	
2016	40,178	\$ 1,089,266	5,255	19,387	1,374	6.6%	5.5%	5.6%	5.0%	\$ 49,695
2015	40,178	1,024,941	5,287	19,246	1,418	6.9%	5.7%	5.5%	5.2%	45,876
2014	40,178	1,024,941	5,283	20,126	1,698	7.8%	6.6%	6.5%	6.1%	45,876
2013	40,347	1,052,796	5,304	19,999	1,929	8.8%	8.2%	8.1%	7.3%	51,225
2012	40,502	1,055,463	5,330	20,719	2,110	9.2%	8.6%	8.4%	8.2%	52,186
2011	40,493	960,133	5,363	19,386	2,177	10.1%	8.7%	9.0%	9.1%	51,436
2010	40,493	960,133	5,449	19,315	2,090	9.8%	8.6%	8.9%	9.6%	47,851
2009	36,388	960,133	5,519	19,231	1,858	8.8%	7.6%	7.9%	9.5%	48,505
2008	36,432	749,139	5,285	19,706	1,448	6.8%	5.9%	5.9%	6.0%	48,064
2007	36,408	749,139	5,575	20,083	1,033	4.9%	4.2%	4.6%	4.6%	46,907

(1) State of Connecticut Department of Public Health, US Census Bureau

(2) U.S. Census Bureau, 2000 Census and 2010-2014 American Community Survey

(3) School enrollment includes Norwich students attending the quasi-private high school, Norwich Free Academy.

(4) Labor Department, State of Connecticut.

(5) U.S. Department of Labor Bureau of Labor Statistics

(6) Connecticut Economic Resource Center, Inc. and 2010-2014 American Community Survey

N/A - not available

**CITY OF NORWICH, CONNECTICUT
PRINCIPAL EMPLOYERS
2016 and 2007**

TABLE 12

Business Name	Nature of Business	2016			2007		
		Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
William W. Backus Hospital	Medical Center	1,439	1	7.42%	1,850	1	9.21%
City of Norwich (incl. NPU & BOE)	Municipality	1,097	2	5.66%	1,020	2	5.08%
State of Connecticut	All State agencies	881	3	4.54%	307	7	1.53%
Bob's Discount Furniture	Distribution Center	553	4	2.85%	433	4	2.16%
U.S. Food Service	Food Distribution	335	5	1.73%	278	8	1.38%
Norwich Free Academy	Quasi-private high school	303	6	1.56%			0.00%
United Community & Family Services	Healthcare & community services	245	7	1.26%			0.00%
Shop Rite	Grocery	225	8	1.16%	418	5	2.08%
The American Group	Ambulance Service and other operations	192	9	0.99%	175	10	0.87%
AC Linen	Uniform laundry service	169	10	0.87%			0.00%
Computer Science Corporation	Computer Products & Services			0.00%	500	3	2.49%
Interim Healthcare of Eastern CT	Healthcare			0.00%	400	6	1.99%
Daticon	Legal document storage			0.00%	212	9	1.06%
Total		5,439		28.05%	5,593		27.85%

Source: August 2016 Survey by Norwich Finance Department. Not all companies responded.

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

TABLE 13

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
General City										
City Manager	2.0	2.0	2.0	2.0	2.0	2.0	3.0	3.0	3.0	3.0
Finance	12.0	12.0	12.0	12.0	12.0	12.0	12.0	14.0	15.0	14.0
Treasurer	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Assessment	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0
Human Resources	4.6	4.6	4.6	4.6	3.6	4.5	4.5	4.5	4.5	4.5
City Clerk	5.0	4.0	4.0	4.0	4.0	5.0	5.0	6.0	6.0	5.0
City Council	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Police	110.5	110.8	110.8	107.0	100.0	94.0	96.0	98.0	98.0	100.0
Fire	61.0	62.0	61.0	62.6	59.6	59.5	59.5	59.5	59.5	55.5
Recreation	5.0	5.0	6.0	6.0	5.5	6.0	6.0	7.0	7.0	7.0
Human Services	5.0	5.0	5.0	7.0	7.0	8.5	8.5	8.5	8.5	8.5
Senior Citizens Center	7.6	7.6	7.0	7.6	6.5	6.5	6.5	7.0	7.0	6.0
Youth Service Bureau	2.0	2.0	2.0	2.0	2.0	2.0	2.0	3.0	3.0	3.0
PW Engineering & Administration	5.0	5.0	5.0	5.0	5.0	6.0	6.0	6.0	6.0	6.0
PW Fleet Maintenance	7.0	7.0	7.0	7.0	7.0	7.0	7.0	9.0	9.0	9.0
PW Solid Waste	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	2.0
PW Street Maintenance	37.0	37.0	36.0	36.0	36.0	38.0	39.0	41.0	41.0	41.0
PW Building Maintenance	9.0	9.0	9.0	9.0	8.0	8.0	9.0	9.0	9.0	7.0
PW Parking Maintenance	1.0	1.0	1.0	1.0	1.0	1.0	1.0	2.0	2.0	2.0
Election	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.5	2.5	2.5
Planning & Neighborhood Services	11.0	10.0	10.0	10.0	10.0	12.0	13.0	14.5	14.5	13.0
Emergency Management	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Tourism	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.5	0.5	0.5
Subtotal - General City	<u>299.7</u>	<u>299.0</u>	<u>297.4</u>	<u>297.8</u>	<u>284.2</u>	<u>287.0</u>	<u>293.0</u>	<u>308.0</u>	<u>309.0</u>	<u>299.5</u>
Board of Education										
General Fund-funded positions	409.65	388.3	357.2	358.8	342.5	286.4	291.1	406.4	387.5	384.2
State & federal grant-funded positions	190.12	159.8	159.8	65.7	65.7	193.0	226.3	125.3	111.3	117.1
School Lunch (state & federal grant)	42.25	39	39	37.5	37.5	46.0	30.0	30.0	39.0	39.0
Adult Education (state & federal grant)	22.3	22.3	22.3	12.0	12.0	12.0	12.0	12.0	12.0	13.0
Family Resource Center (state grant)	24.5	24.5	24.5	28.5	24.5	24.5	24.5	24.5	25.5	22.0
Subtotal - Board of Education	<u>688.8</u>	<u>633.9</u>	<u>602.8</u>	<u>502.5</u>	<u>482.2</u>	<u>561.9</u>	<u>583.9</u>	<u>598.2</u>	<u>575.3</u>	<u>575.4</u>
Norwich Public Utilities	<u>149.5</u>	<u>146.5</u>	<u>142</u>	<u>148.0</u>	<u>152.0</u>	<u>142.5</u>	<u>139.5</u>	<u>139.5</u>	<u>137.0</u>	<u>137.0</u>
Grand totals	<u>1138.0</u>	<u>1079.4</u>	<u>1042.2</u>	<u>948.3</u>	<u>918.4</u>	<u>991.4</u>	<u>1016.4</u>	<u>1045.7</u>	<u>1021.3</u>	<u>1011.9</u>

Notes on this Table:

Source: City Adopted Budget documents

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

TABLE 14

Function	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
<i>General Government</i>										
<i>Finance</i>										
Number of tax and refuse bills mailed +	49,697	49,336	49,587	49,767	50,175	49,950	50,000	68,000	68,000	68,144
Number of internal control reviews performed	2	2	2	2	2	2	3	3	3	7
<i>Assessor</i>										
Number of deeds processed	1,489	1,496	1,401	1,301	982	1,132	1,500	2,550	1,500	1,275
Personal property declarations	1,833	1,719	1,792	1,754	1,795	1,856	1,650	1,130	1,200	1,234
Board of assessment appeals adjustments	43	10	110	33	37	77	147	100	230	240
<i>Human Resources</i>										
Number of applications processed	1,597	1,349	1,372	1,521	1,475	476	960	1,067	2,339	1,149
Vacancies filled through promotion	19	19	6	12	14	4	6	11	35	15
Vacancies filled through new hires	21	29	15	34	19	2	8	21	39	28
Employee turnover rate (includes retirees)	5.0%	1.5%	2.0%	9.5%	7.0%	6.0%	5.6%	2.0%	4.6%	6.0%
<i>City Clerk</i>										
Land records recorded	5,822	6,146	6,823	7,018	6,154	5,753	6,364	6,486	7,891	9,532
Marriage licenses issued	300	274	285	312	301	270	323	326	305	331
Death certificates recorded	476	517	433	484	509	520	472	508	458	550
Birth certificates recorded	941	860	894	842	940	884	978	960	1,070	1,037
<i>Management Information Systems</i>										
Help desk calls	2,326	2,163	2,615	2,124	1,995	2,360	1,900	1,600	1,380	1,800
Website visits	303,488	274,847	219,706	246,421	200,043	170,527	165,923	149,317	130,000	256,817
<i>Election</i>										
Voters added	1,908	856	465	2,255	667	1,060	438	3,289	1,202	580
Voters removed	1,827	895	1,043	2,786	683	1,235	1,001	813	964	651
Voter changes	2,541	2,124	6,258	6,873	2,021	3,049	2,376	2,303	1,139	1,425
Total voters	24,167	21,129	21,343	21,005	20,474	20,951	21,126	21,689	18,129	17,891
<i>Planning & Neighborhood Services</i>										
Site development plans	5	5	6	7	4	15	7	16	31	27
Zoning permit applications	263	172	266	303	672	398	327	370	446	482
Zoning complaints	47	68	80	84	351	185	167	240	248	170
Code violations	38	273	349	368	572	1,975	1,285	1,361	1,633	250
Citations issued	2	76	61	88	375	225	287	240	180	229
<i>Education</i>										
Average Class Size - Kindergarten	20.3	20.6	19.7	20.5	18.5	18.4	18.3	18.3	17.5	17.7
Average Class Size - Grade 2	19.5	19.6	19.6	20.2	19.4	18.1	17.9	18.8	18.9	20.0
Average Class Size - Grade 5	20.1	21.1	20.2	21.9	20.3	21.2	21.0	19.1	18.9	19.1
Average Class Size - Grade 7	21.5	24.5	21.3	18.7	19.8	17.1	20.1	21.1	19.0	23.7
<i>Public Safety</i>										
<i>Police</i>										
911 calls *	22,189	20,506	22,215	23,663	23,064	21,825	20,548	20,291	21,330	19,212
Non-emergency calls *	35,020	36,646	34,302	33,672	32,499	36,078	35,815	38,846	30,329	33,740
DWI arrests *	196	182	223	192	207	241	212	252	158	155
<i>Fire</i>										
<i>Central Fire Department</i>										
Service Calls	2,381	2,784	2,418	2,460	2,422	2,330	2,659	2,442	2,627	2,629
<i>East Great Plain VFD</i>										
Service Calls	823	786	798	904	936	961	855	912	1,015	864
<i>Laurel Hill VFD</i>										
Service Calls	72	103	101	113	106	121	85	117	102	75
<i>Occum VFD</i>										
Service Calls	161	255	228	184	169	191	182	199	192	202
<i>Taftville VFD</i>										
Service Calls	646	666	661	698	754	706	717	614	698	631
<i>Yantic VFD</i>										
Service Calls	683	631	622	607	621	643	658	544	604	593
<i>Emergency Management</i>										
Hours of emergency training	1,530	1,450	1,171	1,030	1,145	1,075	775	725	875	715
Shelters maintained	16	16	16	16	16	19	19	19	19	19
Flood assistance calls	288	373	541	1,016	642	217	176	184	74	122

(Continued on next page)

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

TABLE 14

Function	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
<i>Social Services</i>										
<i>Recreation</i>										
Number of youth registrations	2,177	2,122	2,035	2,343	3,671	4,500	4,600	4,618	3,870	4,510
Number of youth program hours	1,725	1,575	1,500	3,526	3,530	1,900	1,900	1,980	2,045	2,205
Adults & Seniors registrations	160	226	239	115	86	N/R	N/R	N/R	N/R	N/R
Adults & Seniors program hours	278	335	350	384	401	N/R	N/R	N/R	N/R	N/R
<i>Human Services</i>										
<i>General Human Services</i>										
Job placements	225	225	243	259	251	185	206	190	190	243
Individuals relocated due to condemnation	80	72	88	56	50	78	49	77	72	36
Rent & housing assistance cases	202	130	123	112	107	92	117	139	94	83
<i>Senior Center</i>										
Preventative health programs & services	9,975	9,836	9,836	10,000	10,059	8,560	2,500	2,550	2,500	3,450
Outreach services	1,050	997	997	851	627	890	970	978	753	976
<i>Youth & Family Services</i>										
Counseling cases	55	83	83	87	95	97	126	130	142	143
Young parent cases	-	-	-	-	37	18	40	35	78	98
Youth employment	170	168	169	174	121	152	148	94	N/A	N/A
Juvenile justice/ diversion	81	67	67	86	33	37	31	44	N/A	N/A
<i>Public Works</i>										
<i>Engineering & Administration</i>										
Road miles paved	9.1	6.2	4.83	6.8	4.8	6.4	4.8	6.4	4.7	5.3
Road miles chip sealed or crack sealed	5	5.3	10.65	6.0	3.0	N/R	N/R	N/R	N/R	N/R
<i>Utilities</i>										
Gas service calls	2,933	3,290	4,057	5,230	3,989	4,131	4,229	5,004	4,967	6,136
Electric service calls	1,526	1,313	1,228	1,106	3,570	1,771	1,640	1,830	1,508	3,125
Water service calls	2,797	2,277	2,635	982	1,910	3,053	2,988	3,653	3,440	3,434
Sewer service calls	345	142	162	116	120	80	78	164	402	423

Source: The respective City departments.

N/A - not available

N/R - Not reported before

* - Statistics are reported on a calendar year basis. For example, in the fiscal year 2016 column, these are the statistics for calendar year 2015.

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

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

TABLE 15

Function	Fiscal Year	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
<i>Education</i>											
School buildings		13	13	13	13	13	13	13	15	15	15
Administrative buildings		1	1	1	1	1	1	1	1	1	1
<i>Public Safety</i>											
<i>Police</i>											
Stations		1	1	1	1	1	1	1	1	1	1
Vehicles		50	39	39	39	39	39	39	39	39	39
<i>Fire</i>											
Firefighting/ rescue vehicles		27	27	27	27	27	27	27	27	26	26
Other vehicles		31	11	11	11	11	11	11	11	11	11
Fire stations		7	7	7	7	7	7	7	7	7	7
<i>Social Services</i>											
<i>Recreation</i>											
Number of basketball courts		16	16	16	16	16	16	16	16	16	16
Number of football fields		1	1	1	1	1	1	1	1	1	1
Number of multi-use fields		15	15	15	15	15	15	15	15	15	15
Number of playgrounds		14	14	14	14	14	14	14	14	14	14
Number of soccer fields		4	4	4	4	4	4	4	4	4	4
Number of softball fields		5	5	5	5	5	5	5	5	5	5
Number of tennis courts		10	10	10	10	10	10	10	10	10	10
Mowers		5	5	5	5	5	5	5	5	5	5
Other vehicles		5	5	5	5	5	5	5	5	4	4
<i>Public Works</i>											
<i>Streets & Parks Maintenance</i>											
Dump trucks		36	25	24	24	23	23	23	23	23	25
Sweepers		3	2	3	3	3	4	4	4	4	4
Parks		10	10	10	10	7	7	7	7	7	7
Cemeteries		8	8	8	8	8	8	8	8	8	8
Mowers		16	16	16	12	11	10	10	10	10	8
<i>Building Maintenance</i>											
Parking lots		14	13	13	13	12	12	12	12	12	9
Parking garages		4	4	4	4	4	3	3	3	3	3
<i>Utilities</i>											
<i>Gas</i>											
Gas distribution main (miles)		156	151	149	142	141	133	133	131	130	129
<i>Electric</i>											
Distribution lines		234	235	235	233	229	231	230	229	228	228
Street lights		4,180	4,292	4,292	4,292	4,290	4,290	4,103	4,109	4,109	4,099
<i>Water</i>											
Water distribution system (miles)		195	196	195	195	190	194	188	188	187	187
<i>Sewer</i>											
Sewer distribution system (miles)		130	129	129	127	121	124	117	119	118	118
<i>Fiber Optic</i>											
Fiber optic cable (miles)		75	74	72	72	65	65	68	67	-	-

Source: The respective City departments.

N/A - not available

N/R - these statistics are not reported any longer

[THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK.]

[THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK.]

FORM OF BOND COUNSEL OPINION

March 10, 2017

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 \$7,275,000 General Obligation Bonds, Series A (Bank Qualified), dated March 10, 2017 (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 10, 2017 (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 March 10, 2017 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

[THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK.]

FORM OF BOND COUNSEL OPINION

March 10, 2017

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 \$1,000,000 General Obligation Bonds (Federally Taxable), Series B, dated March 10, 2017 (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 March 10, 2017 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

[THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK.]

**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
\$7,275,000 General Obligation Bonds, Series A (Bank Qualified)**

Dated March 10, 2017

WHEREAS, the City of Norwich, Connecticut (the “Issuer”) has heretofore authorized the issuance of \$7,275,000 in aggregate principal amount of its General Obligation Bonds, Series A (Bank Qualified) (the “Bonds”) to be dated March 10, 2017 and to mature in the principal amounts and on the dates set forth in the Issuer’s Official Statement describing the Bonds (the “Official Statement”); and

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

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

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

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

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

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

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

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

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

Section 2. Annual Reports.

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

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

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

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

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

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

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

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

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

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

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

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

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

(c) Subject to the requirements of Section 8 hereof, the Issuer reserves the right to modify from time to time the specific types of information or data provided or the format of the

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

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

Section 4. Event Notices.

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

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

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

By: _____
Joshua A. Pothier, Comptroller

[THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK.]

[THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK.]

**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
\$1,000,000 General Obligation Bonds (Federally Taxable), Series B**

Dated March 10, 2017

WHEREAS, the City of Norwich, Connecticut (the “Issuer”) has heretofore authorized the issuance of \$1,000,000 in aggregate principal amount of its General Obligation Bonds (Federally Taxable), Series B (the “Bonds”) to be dated March 10, 2017 and to mature in the principal amounts and on the dates set forth in the Issuer’s Official Statement describing the Bonds (the “Official Statement”); and

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

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

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

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

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

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

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

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

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

Section 2. Annual Reports.

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

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

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

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

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

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

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

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

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

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

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

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

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

(c) Subject to the requirements of Section 8 hereof, the Issuer reserves the right to modify from time to time the specific types of information or data provided or the format of the

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

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

Section 4. Event Notices.

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

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

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

By: _____
Joshua A. Pothier, Comptroller

[THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK.]

