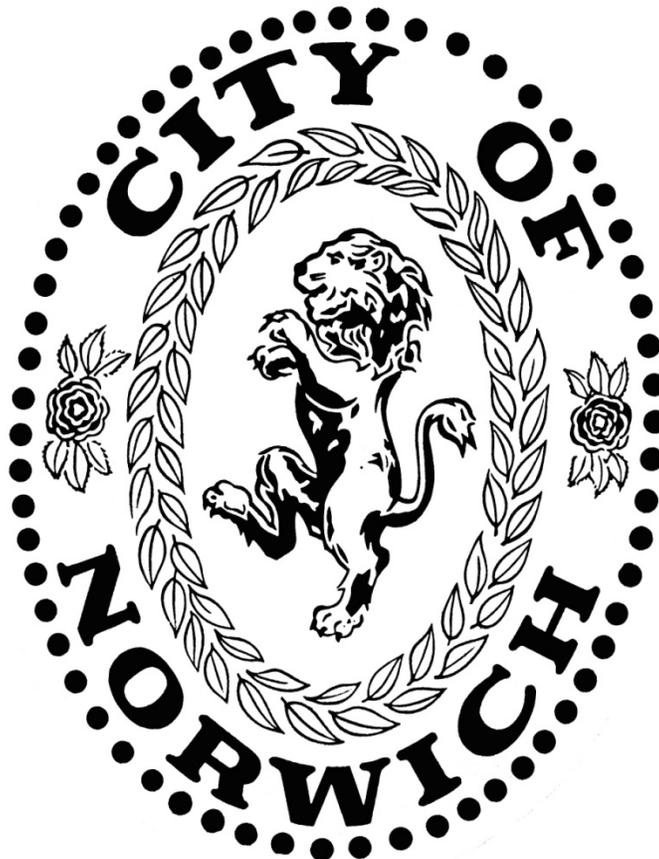


**CITY OF NORWICH, CONNECTICUT
COMPREHENSIVE ANNUAL FINANCIAL REPORT**



**FISCAL YEAR ENDED JUNE 30, 2019
DEPARTMENT OF FINANCE
UNION SQUARE
NORWICH, CONNECTICUT**

Comprehensive Annual Financial Report

of the

City of Norwich, Connecticut

Fiscal Year Ended June 30, 2019

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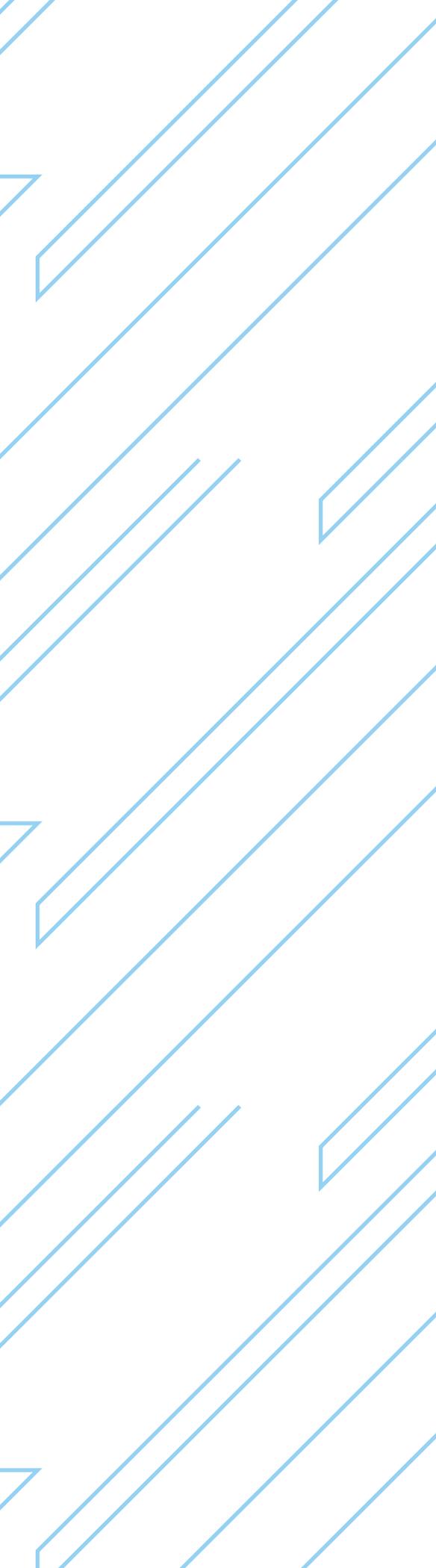
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Introductory Section



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December 9, 2019

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, 2019. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the City. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner to present fairly the financial position and results of operations of the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

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

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

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

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

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

Profile of Government

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

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

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

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

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

Local Economy

The City aggressively pursues economic and physical stabilization and revitalization. The City has maintained the quality of services to its citizens while having the 15th lowest per capita tax burdens in the State at \$1,884 for fiscal year 2017.

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 in 1964 to improve the economic well-being of the City. The Mayor works closely with NCDC as an independent non-profit that is neither directly nor indirectly controlled by the City or any other governmental entity, but by Norwich City Council resolution, is the economic development arm of the City. Many activities are underway which support these objectives, and will move the community toward the City's primary economic development goals.

Commercial/ Industrial Activity

Ponemah Mill Adaptive Reuse Project

This \$85 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 million 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 was completed in the spring of 2018. In July 2018 the developer closed on another \$32 million for the second phase funding for the next 121 units. Phase II was completed in September 2019 and the developer is sourcing another \$30 million in funding for Phase III.

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 has secured his first tenant for 7-years and 6,000 square feet of the 32,000-square-foot building. The owner is investigating creative new uses for a 7,200-square-foot courtyard and a large portion of the middle floor of the building. Concepts are for joint nightclubs, brew-pub, brewery, distillery, cidery, or other unique offerings.

Epicure Brewing

The 100-seat microbrewery and taproom opened its doors in June 2017 after spending a year renovating its leased space in the former Norwich Bulletin production room. Epicure Brewing is a state-of-the-art 15-barrel system that specializes in unique craft beers. Will serve no food but encourages patrons to bring in local fare from other entities downtown. Epicure has begun distribution to regional outlets through Levine Distributing in Norwich and in July of 2019, began canning three of their most popular beers for regional distribution.

Foundry66

This co-work center opened with its first 7,500 foot phase in October 2016. The operation has a mix of open spaces, teleconference and meeting rooms, a lounge area, workrooms available for members to grow their businesses. Foundry66 doubled its space in September 2018 with a newly completed second-floor addition. Foundry66 has hosted several business development seminars and workshops each quarter, out of which has emerged no less than three new businesses in the City. Foundry66 is running at about 65% occupancy demand rising by 20% year-over-year.

Global City Norwich

The Chelsea Groton Foundation has granted a multi-year grant to the Norwich Community Development Corporation to break the “Catch 22” syndrome of a lack of downtown retailers due to a lack of foot traffic market as well as the lack of foot traffic market due to a lack of retailers. The program has been creating festivals celebrating the many cultures which call Norwich home. The program has three key features-

- Create reasons to bring thousands of people to the downtown 10-15 weekends per season;
- Assist property owners in preparing retail spaces for occupancy;
- Assist prospective entrepreneurs and businesses in opening retail shops and boutiques in downtown.

77-91 Main Street

Bedford, NY developer, Mirash Dedvukaj offered the winning bid of \$500,000 for the 38,434 square-foot building at a May 19, 2018 tax foreclosure auction. The developer is preparing to renovate the building for up to 40 units of housing and approximately 7,000 square foot of commercial development. Construction is planned to start by early 2020.

Stackstone Group

A Bronx, NY developer, Stackstone Group, purchase three properties (24-28 Broadway, 51-53 Broadway, and 59-61 Broadway) in June 2017 with plans to invest \$2.4 million to generate 26 residential units in the upper floors of these three properties and ground-floor commercial space for new restaurants, bistros and shops. After being stalled for lack of capital, Stackstone recently obtained new funding to complete all three buildings and is organizing contractors for a restart in the coming months.

88 Main Street

The property was purchased by a native Norwich businessperson who returned to town after a 25-year career in the Army. Selling her assets in Hawaii and Kansas in order to reestablish residency and a new commercial enterprise, the plan is for 3-4 residential apartments and 1-2 commercial storefronts. The facility has been gutted and weatherproofed with new roof, windows, decks, and exterior waterproofing. Construction of the final plan is slated for the winter of 2019.

Amazing Furniture Opens Downtown

In early 2019 the owner of Amazing Furniture, which had been located in rental space in Taftville, purchased a vacant 11,600 square foot building at 364 Main Street and created a new, high-visibility retail center at the crossroads of Viaduct Rd., Main Street, and North Main Street.

Craftsman Cliff Roasters

Craftsman Cliff Roasters opened a boutique coffee roasting and 20-seat retail shop in the downtown at 34 Broadway in May 2018. The business manufactures and packages coffee, cacao, and related products that are distributed regionally.

Café Otis

In June of 2019 a new, high-end café opened on Broadway. It converted a former City office building into an exciting new, cafeteria-style rotisserie and bar. They frequently host talks about local history and society.

Royal Punjabi

A small, café and take out restaurant opened in September of 2018 that was created by and in the spirit of the Sikhs of the region. They offer a full menu as well as small cafeteria-style offerings.

Frontier Communications Consolidation

In late 2018, Frontier Communications made a long-term commitment to Downtown Norwich by returning 50+ jobs and vehicles to their Central Station complex at 1 Chestnut Street. The workforce had been located at a remote service center outside of Norwich.

New Antique Center

A 1,600 square foot building at 40 Main Street has been returned to the tax rolls when it was purchased from a not-for-profit organization and is being rehabilitated for use as a high-end antique center. It is planned for opening in late 2019.

2 Courthouse Square Update

A 44,000 square foot office building at the intersection of Broadway and Main Street has undergone a \$2 million upgrade to secure a high-value renewal state contract for office space retaining 200+ jobs in downtown.

Mental Health Counseling Center

A 3,600 square foot building at 60 Main Street has been purchased and is under redevelopment for a private mental health practice. The owners will have their practice there as well as offer space and hosting services for other professionals.

Downtown Boutique Hotel

A hotel conversion that has been profoundly stuck for over a decade has been purchased by Ganesha Hospitality, LLC, a Cromwell, CT based hospitality company. The plan is being developed to create 25 unique historic hotel suites, a fine dining experience, a creative bar, and a combination spa and conference center. The project is expected to break ground first quarter of 2020.

Nalas Engineering

Nalas Engineering of Essex, CT purchased 1 Winneden Avenue in December 2018 for a chemical process and manufacturing facility. Among other things, Nalas does the engineering, chemistry, and modeling for continuous processing of the precursors to the main energetics that power torpedoes, as well as other military needs. Nalas is positioned to onshore the research, development, design, and production of the US military requirements for the future.

Their first phase of operation is to complete a multi-million dollar facility housing these opportunities here in Norwich.

[Consumer's Interstate](#)

W.B. Mason entered into a long-term lease with Consumer's Interstate in May 2018 with plans to expand the 2 Consumer's Ave. facility by bringing a Contract Furniture Showroom, a Whatta Bargain Super Store, and a Chef's Supply store to the site.

[Bubbles to Butterfly Swim School](#)

Construction on the \$1.8 million, 6,000 square-foot swim school facility on a formerly vacant 1.2-acre lot at 61 Taftville-Occum Road in the Occum section of Norwich was completed in June 2019. The swim school employs over 20 instructors.

[Steals & Deals](#)

A locally-owned discount store, Steals & Deals, opened July 2019 in a 7,700 square-foot location in the Norwich Landing plaza on West Main Street. They offer bargains on overstock appliances, household goods, and other consumer products.

[Former Hale Mill Property](#)

In June 2018, a New York development firm purchased the 10-acre Hale Mill property in the Yantic section of Norwich for \$826,000. The new owner is pursuing the development of a \$30 million destination-themed hotel operation in the 1864 former textile mill. The project has received approval for historic tax funding status and is expected to be through design and financing hurdles in the winter of 2019.

[Yantic River Plaza](#)

This plaza on Sturtevant Street, which was completely vacant three years ago, is now the home to a nail salon, an occupational therapy business, a gym, a cable construction business, a security shop, a specialty gift shop, and additional four stores.

[Former Reid & Hughes Property](#)

The City entered into a contract with the Women's Institute Realty of Connecticut, Inc. in August 2017 following a request for proposals process to stabilize and rehabilitate the former Reid & Hughes property located at 193-201 Main Street. The City acquired this four-story, 24,000 square foot building in October 1993 and has sought opportunities to have it developed by the private sector several times. The Women's Institute intends to develop this property into a mix of residential and commercial space. In April 2018, the City amended the development agreement to contribute up to \$150,000 towards the stabilization of the building in the form of a non-recourse loan. The City transferred ownership in the property to the Women's Institute in July 2018.

Regional Activity

Electric Boat

General Dynamics Electric Boat (EB), the region's largest employer. EB is the nation's largest manufacturing of submarines, servicing the U.S. Navy. EB has sourced contracts that will maintain their production facilities and personnel needs through 2040. A component of this work involves a new class of submarine, the Columbia class, for which a new production facility is needed. In September of 2019, EB broke ground on a \$850 million expansion to their campus to accommodate this new facility. General Dynamics Electric Boat has a workforce of more than 17,000 employees at its three primary locations in Groton and New London, Connecticut, and Quonset Point, Rhode Island.

The Columbia class program includes 12 ballistic missile submarines to replace the Navy's 14 aging Ohio-class submarines. The Navy, which has identified it as its top priority program, wants to take the first Columbia-class boat in 2021.

The Navy's proposed 2020 budget requests about \$1.7 billion in advance funding and \$533.1 million for research and development, according to the Congressional Research Service. The Navy estimates the total cost of the 12-ship class at \$109 billion.

Military Presence

The U.S. Navy Submarine base will be adding 500 sailors as part of the Navy's strategic plans for the future. Those plans include increasing the submarine fleet with an additional 32 attack submarines.

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. According to the City Assessor's records, during fiscal year 2019, 416 Single Family, 127 Multi-family/Apartment complex, 48 Mobile Homes and 108 condos sold in Norwich. The median sales price for a single family home during this period was \$140,000.

As part of the City's investment to stabilize the housing stock, Norwich has committed federal and state resources towards neighborhood preservation. The Office of Community Development uses 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). The City was awarded another three-year Lead Based Paint Hazard Control/Healthy Homes grant for \$2.9 million in fall of 2019. These funds will further improve owner occupied and investor housing units.

Westledge Apartments

A developer intends on building four market-rate apartment buildings on the property where the former Peachtree Apartments stood. The 120-unit complex is expected to cost \$10 million and be built out over four years. The City Council approved an assessment deferral for this development at its May 20, 2019 meeting.

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. for freight car shipments. This project started in late 2018 and will be completed in late 2019. 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 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 2022. 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

Road Improvements

The residents of the City passed \$5 million bond referendum items in November 2013, 2017 and 2019 for infrastructure improvements. The City spent a total of \$1.3 million of combined bond funds and capital funds during fiscal year 2019 to repave or reconstruct four miles of City roads. The City secured a \$2.1 million Local Transportation and Capital Improvement Program, (LoTCIP), grant for the reconstruction of Dunham Street, a 0.75 mile urban collector road connecting West Main Street to West Thames Street. Construction is anticipated for spring of 2020.

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 with construction anticipated for 2021. The design phase for the Sunnyside Street Bridge is completed and construction will begin in April 2020. The rehabilitation will preserve the historic features of the bridge. The Pleasant Street Bridge rehabilitation was completed in November 2018.

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 for consultant services 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 for adaptive reuse of the property. The City utilized a portion of a Federal EPA grant for City-wide Brownfields Assessment to remove of an underground fuel tank and assessed environmental concerns related to the tank. The fuel tank was removed in December of 2018. Additionally, the Norwich City Council approved the use of federal CDBG funding to demolish a blighted and dangerous brick mill building located on the property, adjacent to the river. Community Development obtained approval from the Connecticut Trust for Historic Preservation for the building's demolition in order to attempt to save an older abutting granite mill. The removal of the brick structure reduced safety concerns, potential for vandalism, and created more usable space for the future site development.

Lastly, the Norwich City Council approved the purchase of 232 Yantic Street to further the development of the Uncas Leap area. An eight space off-site parking lot has been designed for the property and construction is planned for fall of 2019. The City is currently under contract with a consultant to prepare specifications for the deconstruction of the granite mill building to create a ruin concept for the structure that was approved by the State Historic Preservation office. The culmination of these activities increases the overall chance of success for the implementation of the adaptive reuse plan. The final concept master plan for the heritage park, was prepared by the City's consultant Milone & MacBroom and completed in May 2018. Several months ago, the State Department of Economic Development approved an extension of the grant to June 2021. In 2018, the Uncas Leap Heritage Area was recognized by the American Planning Association as one of 5 finalists for the People's Choice designation for Great Places in America.

Public Safety Equipment Bond Ordinance

The Norwich voters approved a \$3.2 million bond item at the November 2017 election. Most of this \$3.2 million bond would be used to replace six aging existing pieces of fire apparatus with five pieces of apparatus.

Public Safety Radio System Bond Ordinance

The Norwich voters approved a \$2.7 million bond referendum at the November 2018 election. This funding will be used to replace the current Norwich Police Department Low Band Radio System with a 700/800 MHz radio system. The current system was designed in the 1940's and this project will replace it with the construction of two modern antenna sites and related system upgrades that will benefit all Norwich Public Safety Departments. The new system will be connected to the State of Connecticut statewide radio system as part of this project.

School Initiatives

Norwich Public Schools is an Alliance School district creating the ability to embark on advanced academic initiatives. Veterans School is a SIG (School Improvement Grant) School – allowing additional academic initiatives. Moriarty and Wequonnoc Schools are Intradistrict Magnet Elementary Schools – providing greater opportunities for Environmental Sciences and Arts and Technology. Kelly and Teachers are Intradistrict Magnet Middle Schools – providing similar opportunities. Bishop School and Case Street locations are the district’s Early Childhood Education Centers, allowing greater opportunities for the youngest students in our population. Norwich Transition Academy is a customized transition program for 18-21 year olds. The school district has full-day kindergarten classes in order to create early childhood success. All children in Norwich Public Schools receive free breakfast and lunch. 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 has an afterschool program and every elementary school has before school programs. The afterschool programs all serve free supper to those students in attendance.

Drinking Water Infrastructure

In May, NPU marked the start of construction for an emergency interconnection water line that will serve the Town of Sprague. The unique partnership provides NPU with additional state resources while allowing Sprague to avoid the cost of installing the water line on its own.

The project has a budget of \$3.2 million and is funded through the Department of Health’s Clean Water State Revolving Fund (50% grant, 50% low-interest loan). When complete, the interconnection will have the ability to provide Sprague with up to 60,000 gallons of water a day in an emergency.

Under the agreement, NPU is installing a 9,700 foot water main from the Norwich into Sprague to serve as an emergency interconnection to the town’s water system. In consideration for this investment, NPU receives a significantly higher reimbursement from the State of Connecticut’s Department of Public Health for a number of other water projects already underway.

By supporting the Sprague project, NPU is eligible for 30% grant funding to support a number of projects instead of the typical 8%. These projects include:

- \$7 million upgrade at the Stony Brook Water Treatment Plant
- \$2 million to upgrade the water filtration system at the Deep River Water Treatment Plant
- \$5.4 million to upgrade the transmission main from the Stony Brook Water Treatment Plant
- \$850,000 for a new mixing and aeration system at the Occum Water Tank.

Electric Infrastructure

This year, NPU upgraded its distribution system in the Taftville section of Norwich, improving reliability for 900 customers and allowing for the decommissioning of Taftville Substation, which was over 50 years old. NPU also replaced over 150 utility poles throughout the city and is currently working on upgrading a 4.8KV distribution circuit to 13.8KV. Completing this project will allow for the replacement of the Shetucket River crossing which feeds approximately 1,000 customers in the Laurel Hill area of Norwich. The project is expected to be complete by the end of 2019.

In 2018, NPU received the RP3 Platinum Award from the American Public Power Association that 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 and 2015.

In 2019, NPU was recognized by the American Public Power Association's (APPA) as a Smart Energy Provider (SEP). The program recognizes utilities that demonstrate a commitment to and proficiency in energy efficiency, renewable energy, distributed generation, and other environmental and sustainable initiatives both within the organization and to all customers. This designation lasts for two years.

Wastewater

The City of Norwich 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 existing unapproved plant design and long-term control plan for this project is 100% complete. The project will be financed with State of Connecticut Clean Water Fund loans bearing interest at an anticipated 2% rate, Clean Water Fund grants, and local funding. When completed, annual debt service is estimated to be \$4.8M, to be paid from City sewer user fees, City budget contributions, and from sewer buy-in fees from users outside of Norwich. A formal plan to pay for the new project is under discussion with numerous stakeholders.

NPU continues its multi-year Combined Sewer Overflow (CSO) program that has removed dozens of sewer system overflows over the past several years from the utility's wastewater infrastructure. NPU remains on track for reduction of all CSO's in the coming years that will improve the water quality in the Shetucket and Thames rivers. Construction on the East Side of Norwich is expected to begin in the mid-2020.

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 2,100 new natural gas customers have been added to the NPU system. This activity has generated nearly \$3.2 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 the debt service on bonds issued to finance the City's natural gas system extension.

In 2017, NPU was 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.

Long-Term Financial Planning & Relevant Financial Policies

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

In May 2018, the City Council voted to suspend portions of the UFB policy and lower the floor of UFB from 12% to 10% until 2022, which enables the City to appropriate some UFB to balance budgets during that time period.

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.

In June 2018, the Norwich City Council temporarily suspended the funding requirement described above for the OPEB fund until 2022. The 2019-20 fiscal year budget includes funding of \$5.3 million of the \$5.5 million actuarially determined employer contribution (ADEC) for the OPEB plan – which is approximately 96.7% of the ADEC.

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, 2018. This was the 26th 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 2019, the GFOA awarded the City a “Distinguished Budget Presentation Award” for its budget document. The budgets submitted had to satisfy four different criteria: the budget as a Policy Document, the budget as a Financial Plan, the budget as an Operations Guide and the budget as a Communications Device. The award earned by the City is the highest form of recognition in the area of budgeting.

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

Respectfully submitted,

A handwritten signature in black ink that reads "Joshua A. Pothier". The signature is written in a cursive style with a large, sweeping loop over the name.

Joshua A. Pothier, CPA, CPFO
Comptroller



Government Finance Officers Association

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

Presented to

**City of Norwich
Connecticut**

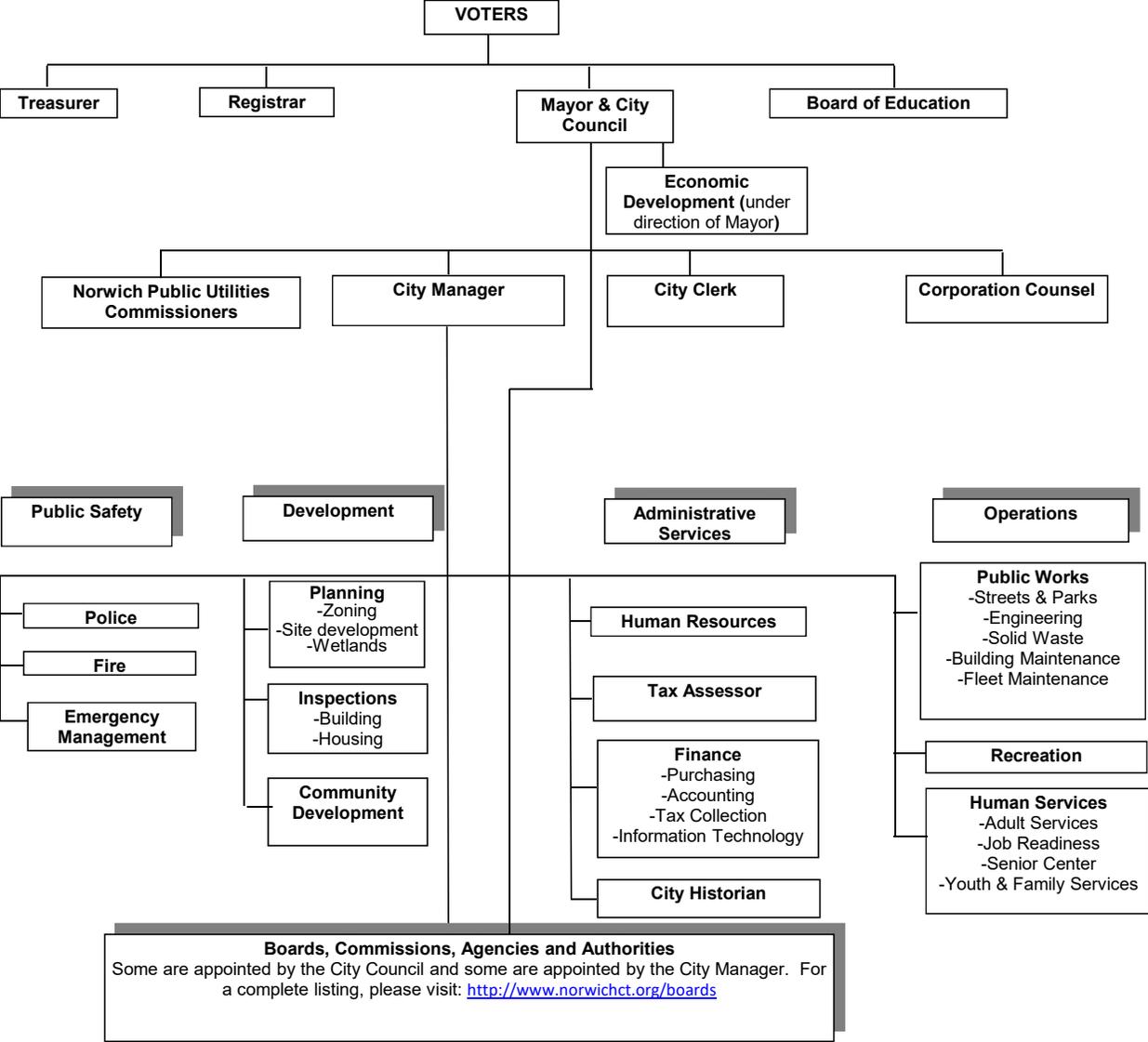
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2018

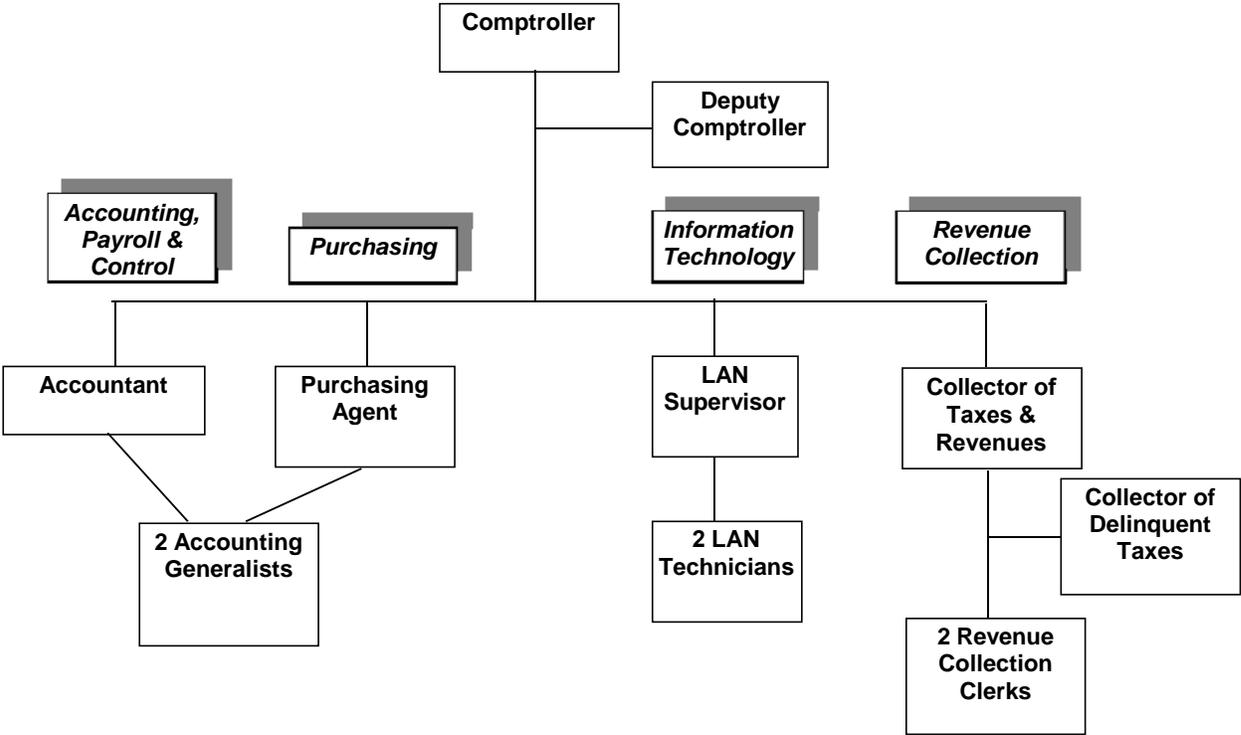
Christopher P. Morrill

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>
Peter A. Nystrom, Mayor (R)	4 Years	12/7/21
William L. Nash, President Pro Tempore (R)	2 Years	12/3/19
Samuel P. Browning IV (D)	2 Years	12/3/19
Stephanie L. Burnham (D)	2 Years	12/3/19
Joseph A. DeLucia (D)	2 Years	12/3/19
Stacy L. Gould (R)	2 Years	12/3/19
Joanne M. Philbrick (R)	2 Years	12/3/19

Board of Education

	<u>Term Length</u>	<u>Term Expires</u>
Dr. Yvette Jacaruso, Chairperson (D)	2 Years	12/3/19
Joyce C. Werden, Vice Chairperson (D)	2 Years	12/3/19
Heather Romanski, Secretary (D)	2 Years	12/3/19
Robert J. Aldi (D)	2 Years	12/3/19
Aaron Daniels (R)	2 Years	12/3/19
Mark Kulos (D)	2 Years	12/3/19
James Maloney (D)	2 Years	12/3/19
Dennis Slopak (R)	2 Years	12/3/19
Patricia F. Staley (R)	2 Years	12/3/19

Treasurer

	<u>Term Length</u>	<u>Term Expires</u>
Michael Gualtieri (R)	2 Years	12/3/19

Registrar of Voters

	<u>Term Length</u>	<u>Term Expires</u>
Dianne Daniels (D)	4 Years	1/6/21
Dianne Slopak (R)	4 Years	1/6/21

Appointed NPU Commissioners

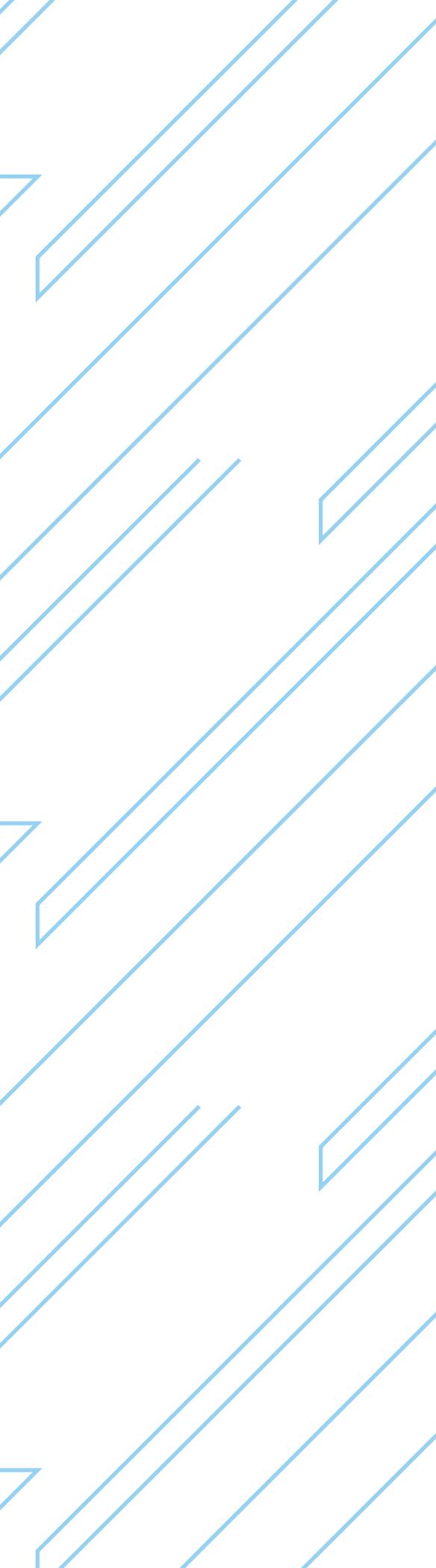
	<u>Term Length</u>	<u>Term Expires</u>
Robert A. Staley, Chairperson (R)	5 Years	3/01/23
Stewart Peil, Vice Chairperson (R)	5 Years	3/01/22
Stephen Becker, Secretary (R)	5 Years	3/01/24
Michael A. Goldblatt, (R)	5 Years	3/01/20
Dr. Grace Jones (D) *	5 Years	2/28/21

* Dr. Grace Jones resigned in June 2019

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
City Planner	Deanna Rhodes	(860) 823-3767
Collector of Taxes & Revenues	Karlene Deal	(860) 823-3760
Comptroller	Joshua A. Pothier	(860) 823-3720
Deputy Comptroller	Anthony Madeira	(860) 823-3717
Corporation Counsel	Michael E. Driscoll	(860) 889-3321
Emergency Management Director	Tracy Montoya	(860) 892-6080
Engineer	Patrick McLaughlin	(860) 823-3798
Fire Chief, Norwich (CCD)	Tracy Montoya	(860) 892-6080
Fire Chief, East Great Plain VFD	Keith Milton	(860) 886-0392
Fire Chief, Laurel Hill VFD	Aaron Westervelt	(860) 892-1973
Fire Chief, Occum VFD	Carroll J. Spaulding, III	(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	Jeffrey Arn	(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
Police Chief	Patrick Daley	(860) 886-5561
Public Utilities Manager	Chris LaRose	(860) 887-2555
Public Works Director	Patrick McLaughlin	(860) 823-3789
Purchasing Agent	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	Richard Shuck	(860) 823-3752

+ Abby Dolliver retired in June 2019 and was replaced by Kristen Stringfellow.



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, 2019, 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, 2019 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison information and the pension and OPEB schedules, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with 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 statements of the City of Norwich, Connecticut, as of and for the year ended June 30, 2018 (not presented herein), and have issued our report thereon dated December 12, 2018, 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, 2018 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 2018 financial statements. The accompanying General Fund balance sheet has been subjected to the auditing procedures applied in the audit of the 2018 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, 2018.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 9, 2019 on our consideration of the City of Norwich, Connecticut's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Norwich, Connecticut's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Norwich, Connecticut's internal control over financial reporting and compliance.

Blum, Shapiro & Company, P.C.

West Hartford, Connecticut
December 9, 2019

CITY OF NORWICH, CONNECTICUT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2019

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, 2019. Please read this MD&A in conjunction with the transmittal letter and the City's financial statements, Exhibits I to IX.

FINANCIAL HIGHLIGHTS

- On a government-wide basis, the assets and deferred outflows of resources (\$420.1 million) of the City exceeded its liabilities and deferred inflows of resources (\$277.5 million), resulting in total net position at the close of the fiscal year of \$142.6 million. Total net position for governmental activities at fiscal year-end was \$13.3 million, and total net position for business-type activities was \$129.4 million. Total unrestricted net deficit at June 30, 2019 was \$76.0 million.
- On a government-wide basis, during the year, the City's net position increased by \$8.1 million from \$134.5 million to \$142.6 million. Governmental activities net position decreased by \$6.7 million, and net position increased by \$14.8 million for business-type activities. Governmental activities expenses were \$170.7 million, while total revenues including transfers were \$164.0 million.
- At the close of the year, the City's governmental funds reported, on a current financial resource basis, combined ending fund balances of \$32.6 million, an increase of \$2.8 million from the prior fiscal year. Of the total fund balance as of June 30, 2019, \$20.2 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 \$13.7 million, a decrease of \$1.8 million from the prior fiscal year. As of June 30, 2019, all of the \$13.7 million fund balance is unrestricted, representing 10.8% of total General Fund actual expenditures and operating transfers on a budgetary basis.
- The City's governmental activities total bonded debt increased by \$3.7 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 \$134.5 million to \$142.6 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	
	2019	2018	2019	2018	2019	2018
Current and other assets	\$ 70,348	\$ 70,108	\$ 60,210	\$ 52,866	\$ 130,558	\$ 122,974
Capital assets	121,770	120,959	158,634	150,737	280,404	271,696
Total assets	<u>192,118</u>	<u>191,067</u>	<u>218,844</u>	<u>203,603</u>	<u>410,962</u>	<u>394,670</u>
Deferred outflows of resources	<u>5,393</u>	<u>10,050</u>	<u>3,745</u>	<u>3,858</u>	<u>9,138</u>	<u>13,908</u>
Long-term debt outstanding	169,588	167,293	82,366	80,756	251,954	248,049
Unearned revenue	659	627	1,021	1,165	1,680	1,792
Other liabilities	10,491	10,880	9,630	10,338	20,121	21,218
Total liabilities	<u>180,738</u>	<u>178,800</u>	<u>93,017</u>	<u>92,259</u>	<u>273,755</u>	<u>271,059</u>
Deferred inflows of resources	<u>3,520</u>	<u>2,365</u>	<u>179</u>	<u>626</u>	<u>3,699</u>	<u>2,991</u>
Net Position:						
Net investment in capital assets	79,887	77,058	136,712	131,273	216,599	208,331
Restricted	1,789	1,697	249	120	2,038	1,817
Unrestricted	<u>(68,423)</u>	<u>(58,803)</u>	<u>(7,568)</u>	<u>(16,817)</u>	<u>(75,991)</u>	<u>(75,620)</u>
Total Net Position	<u>\$ 13,253</u>	<u>\$ 19,952</u>	<u>\$ 129,393</u>	<u>\$ 114,576</u>	<u>\$ 142,646</u>	<u>\$ 134,528</u>

Net position of the City's governmental activities decreased by \$6.7 million (\$13.3 million compared to \$20.0 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 \$(58.8) million at June 30, 2018 to (\$68.4) million at the end of this year. The unrestricted net position of business-type activities increased from \$(16.8) million compared to (\$7.6) million during 2019.

It is important to note that the recognition of the net pension and OPEB liabilities on the financial statements through the implementation of GASB Statements 68 and 75 caused significant decreases in unrestricted net position for both governmental and business-type activities in 2015 and 2017, respectively. The decrease in unrestricted net position did not result from a change in benefits offered to employees, only the presentation of these liabilities on the balance sheet. Pension and OPEB liabilities are long-term ones which the City fund through the annual budget process.

Table 2
CHANGES IN NET POSITION
(In Thousands)

	Governmental		Business-Type		Total	
	Activities		Activities			
	2019	2018	2019	2018	2019	2018
Revenues:						
Program revenues:						
Charges for services	\$ 5,374	\$ 4,953	\$ 98,813	\$ 96,510	\$ 104,187	\$ 101,463
Operating grants and contributions	61,448	64,515			61,448	64,515
Capital grants and contributions	1,775	2,288	4,577	2,421	6,352	4,709
General revenues:						
Property taxes	81,997	79,996			81,997	79,996
Grants and contributions not restricted to specific purposes	3,992	4,404			3,992	4,404
Unrestricted investment earnings	1,050	609	420	56	1,470	665
Other general revenues	662	1,297			662	1,297
Total revenues	<u>156,298</u>	<u>158,062</u>	<u>103,810</u>	<u>98,987</u>	<u>260,108</u>	<u>257,049</u>
Program expenses:						
General government	9,953	9,680			9,953	9,680
Public safety	32,947	29,139			32,947	29,139
Social services	4,013	4,885			4,013	4,885
Public works	15,048	10,374			15,048	10,374
Education	107,553	110,987			107,553	110,987
Interest on long-term debt	1,198	1,145			1,198	1,145
Department of Public Utilities			79,734	84,253	79,734	84,253
Other enterprise funds			1,544	1,540	1,544	1,540
Total program expenses	<u>170,712</u>	<u>166,210</u>	<u>81,278</u>	<u>85,793</u>	<u>251,990</u>	<u>252,003</u>
Excess (deficiency) before transfers	(14,414)	(8,148)	22,532	13,194	8,118	5,046
Transfers	<u>7,715</u>	<u>8,465</u>	<u>(7,715)</u>	<u>(8,465)</u>		
Increase (Decrease) in Net Position	(6,699)	317	14,817	4,729	8,118	5,046
Net Position at Beginning of Year	<u>19,952</u>	<u>19,635</u>	<u>114,576</u>	<u>109,847</u>	<u>134,528</u>	<u>129,482</u>
Net Position at End of Year	<u>\$ 13,253</u>	<u>\$ 19,952</u>	<u>\$ 129,393</u>	<u>\$ 114,576</u>	<u>\$ 142,646</u>	<u>\$ 134,528</u>

The City's total revenues were \$260.1 million. The total cost of all programs and services was \$252.0 million. Our analysis below separately considers the operations of governmental and business-type activities.

Governmental Activities

Governmental activities decreased the City's assets by \$6.7 million during the year. Total revenues of \$156.3 million and \$7.7 million in transfers from the City's business-type activities provided funding for the City's \$170.7 million of governmental program expenses incurred during the year.

The City's revenues decreased \$1.8 million (\$156.3 million compared to \$158.1 million) which was primarily caused by decreases in grants.

Total program expenses were \$170.7 million as compared with \$166.2 million reported last year. The increase is largely attributable to salary and benefits 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>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
General government	\$ 9,953	\$ 9,680	\$ 7,051	\$ 7,578
Public safety	32,947	29,139	31,091	27,732
Social services	4,013	4,885	1,580	1,823
Public works	15,048	10,374	11,708	7,422
Education	107,553	110,987	49,487	48,754
All others	1,198	1,145	1,198	1,145
Totals	<u>\$ 170,712</u>	<u>\$ 166,210</u>	<u>\$ 102,115</u>	<u>\$ 94,454</u>

Business-Type Activities

Revenues of the City's business-type activities (see Table 2) increased by \$4.8 million during the year (\$103.8 million in 2019 compared to \$99.0 million in 2018) and expenses decreased by \$4.5 million. Overall net position increased \$14.8 million in 2019.

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 \$32.6 million, which is an increase of \$2.8 million from last year's total of \$29.8 million. Included in this year's total change in fund balance is a decrease of \$1.8 million in the City's General Fund. The primary reasons for the General Fund's decrease are the lower than anticipated state grant revenues and increases in education expenditures. Please see the general fund activities analysis in RSI-1 and RSI-2 for further detail.

The Bond Expenditure Fund reported a fund balance of \$9.2 million at June 30, 2019. The fund balance increased by \$5.6 million during the year due to the issuance of new debt.

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

The other governmental funds have a total fund balance of \$9.5 million - a \$0.8 million decrease from last year.

Proprietary Funds

Net position of the Department of Public Utilities was \$121.3 million, as compared to \$106.8 million in the prior year, and City's other nonmajor enterprise funds net position increased \$0.3 million to \$8.1 million from \$7.8 million.

Unrestricted net deficit of the Department of Public Utilities was \$5.5 million, and a deficit of \$2.0 million for the other nonmajor enterprise funds. The Department of Public Utilities had operating revenues of \$97.5 million from user fees, and other enterprise funds had \$1.3 million. The total increase in net position for the fiscal year ended June 30, 2019 was \$14.8 million. The change in the Department of Public Utilities net position is largely attributable to investments in capital assets, including \$5.2 million of contributed capital.

General Fund Budgetary Highlights

The General Fund had a supplemental appropriation of \$828 due to increased special education costs.

During the year, actual revenues and other financing sources on a budgetary basis were \$125.2 million, which was \$0.7 million lower than budgetary estimates. The variance was caused primarily by decreased state grant revenues (See RSI-1 for additional detail).

Actual expenditures on a budgetary basis and other financing uses totaled \$126.9 million, which were higher than actual revenues and other financing sources on a budgetary basis by \$1.7 million. Actual expenditures on a budgetary basis were essentially equal to the adjusted budget. 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, 2019, the City had \$280.4 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 \$8.7 million, or 3.2%, compared to last year.

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

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Land	\$ 27,125	\$ 26,093	\$ 3,280	\$ 3,268	\$ 30,405	\$ 29,361
Buildings and improvements	64,034	65,337	34,067	29,670	98,101	95,007
Vehicles, machinery, equipment, pumping and distributions systems	6,795	6,644	102,212	101,298	109,007	107,942
Technology upgrade and road infrastructure	22,180	21,391			22,180	21,391
Construction in progress	1,636	1,494	19,075	16,501	20,711	17,995
Totals	\$ 121,770	\$ 120,959	\$ 158,634	\$ 150,737	\$ 280,404	\$ 271,696

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

Salem Turnpike measuring & regulating station	\$ 3,162
LED Lighting Conversion	1,604
Road paving	1,270
NPU control room and data center	<u>1,382</u>
 Total	 \$ <u><u>7,418</u></u>

The City's fiscal-year 2020 capital budget calls for spending \$2.9 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, 2019, the City had total bonds and notes outstanding of \$73.0 million. All of this debt is backed by the full faith and credit of the City. The City's outstanding net debt increased by \$3.1 million during fiscal 2019.

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

	<u>Governmental</u> <u>Activities</u>		<u>Business-Type</u> <u>Activities</u>		<u>Total</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
General obligation bonds	\$ 51,075	\$ 47,407	\$ 71	\$ 112	\$ 51,146	\$ 47,519
Notes payable			1,527	1,896	1,527	1,896
Serial notes payable			<u>20,324</u>	<u>17,456</u>	<u>20,324</u>	<u>17,456</u>
 Total	 <u>\$ 51,075</u>	 <u>\$ 47,407</u>	 <u>\$ 21,922</u>	 <u>\$ 19,464</u>	 <u>\$ 72,997</u>	 <u>\$ 66,871</u>

In November 2019, Standard & Poor's assigned an AA rating on Norwich's \$3.6 million capital bond issue and affirmed this rating on the rest of Norwich's debt outstanding as of that date. On October 16, 2018, Fitch Ratings affirmed its AA rating with a stable outlook on the \$1.2 million of outstanding bonds for which Fitch had originally issued a rating. In January 2018, Moody's downgraded Norwich's rating from Aa2 to Aa3.

State statutes limit the amount of general obligation debt a governmental entity may issue to up to seven times its annual receipts from taxation. The current debt limitation for the City of Norwich is \$556 million. The City's outstanding general obligation debt is at 7.00% of this limitation. Table 9 presents more detailed information about the debt limitation.

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

As of October 2019, the unemployment rate for the Norwich was 3.9%, down from 4.2% in the prior year. Connecticut's overall unemployment rate stood at 3.5%, compared with 3.8% for the same time last year. The State of Connecticut's education and noneducation 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 2020 General Fund budget calls for \$129.9 million in revenues and expenditures, an approximate 3.06% increase in over fiscal year 2019. Noneducation expenditures increased by 2.74% and education expenditures increased by 3.06%. On the revenue side, the fiscal year 2020 General Fund mill rate decreased 0.73 mills, or 1.78%, from 41.01 to 40.28. No unrestricted fund balance was used to balance the budget.

In the City's business-type activities, the Norwich Public Utilities projects a 2.5% increase in revenues from fiscal year 2019 from \$98.7 million to \$101.2 million. This increase is largely due to load growth. Norwich Public Utilities budgeted \$20.1 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, 2019
(In Thousands)

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Assets:			
Cash and cash equivalents	\$ 8,641	\$ 42,062	\$ 50,703
Investments	32,473		32,473
Receivables, net	28,418	15,262	43,680
Internal balances	756	(756)	-
Inventories		1,813	1,813
Other assets	60	1,829	1,889
Capital assets:			
Assets not being depreciated	28,761	22,355	51,116
Assets being depreciated, net	93,009	136,279	229,288
Total assets	<u>192,118</u>	<u>218,844</u>	<u>410,962</u>
Deferred Outflows of Resources:			
Deferred outflow of resources related to pensions	4,962	2,402	7,364
Deferred outflow of resources related to OPEB	99	1,343	1,442
Deferred charge on refunding	332		332
Total deferred outflows of resources	<u>5,393</u>	<u>3,745</u>	<u>9,138</u>
Liabilities:			
Accounts and other payables	9,029	9,630	18,659
Due to fiduciary funds	1,462		1,462
Unearned revenue	659	1,021	1,680
Noncurrent liabilities:			
Due within one year	8,565	4,598	13,163
Due in more than one year	161,023	77,768	238,791
Total liabilities	<u>180,738</u>	<u>93,017</u>	<u>273,755</u>
Deferred Inflows of Resources:			
Deferred inflow of resources related to pensions	307	62	369
Deferred inflow of resources related to OPEB	3,213	117	3,330
Total deferred inflows of resources	<u>3,520</u>	<u>179</u>	<u>3,699</u>
Net Position:			
Net investment in capital assets	79,887	136,712	216,599
Restricted for trust purposes:			
Permanent	1,789		1,789
Restricted for energy conservation		249	249
Unrestricted	(68,423)	(7,568)	(75,991)
Total Net Position	<u>\$ 13,253</u>	<u>\$ 129,393</u>	<u>\$ 142,646</u>

The accompanying notes are an integral part of the financial statements

**CITY OF NORWICH, CONNECTICUT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019
(In Thousands)**

	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net Revenue (Expense) and Changes in Net Position		Total
					Governmental Activities	Business-Type Activities	
Governmental activities:							
General government	\$ 9,953	\$ 1,466	\$ 1,436	\$	\$ (7,051)		\$ (7,051)
Public safety	32,947	710	1,115	31	(31,091)		(31,091)
Social services	4,013	523	1,910		(1,580)		(1,580)
Public works	15,048	1,252	344	1,744	(11,708)		(11,708)
Education	107,553	1,423	56,643		(49,487)		(49,487)
Interest on long-term debt	1,198				(1,198)		(1,198)
Total governmental activities	<u>170,712</u>	<u>5,374</u>	<u>61,448</u>	<u>1,775</u>	<u>(102,115)</u>	<u>-</u>	<u>(102,115)</u>
Business-type activities:							
Department of Public Utilities:							
Gas	18,162	21,462		2,657		5,957	5,957
Electric	45,395	56,000		242		10,847	10,847
Water	7,949	11,293		1,450		4,794	4,794
Sewer	8,228	8,712		228		712	712
Nonmajor Enterprise Funds:							
Golf Course Authority	1,068	978				(90)	(90)
Stadium Authority	350	167				(183)	(183)
Ice Rink Authority	126	201				75	75
Total business-type activities	<u>81,278</u>	<u>98,813</u>	<u>-</u>	<u>4,577</u>	<u>-</u>	<u>22,112</u>	<u>22,112</u>
Total	<u>\$ 251,990</u>	<u>\$ 104,187</u>	<u>\$ 61,448</u>	<u>\$ 6,352</u>	<u>(102,115)</u>	<u>22,112</u>	<u>(80,003)</u>
General revenues:							
Property taxes					81,997		81,997
Grants and contributions not restricted to specific programs					3,992		3,992
Unrestricted investment earnings					1,050	420	1,470
Miscellaneous					662		662
Total general revenues					<u>87,701</u>	<u>420</u>	<u>88,121</u>
Transfers					<u>7,715</u>	<u>(7,715)</u>	<u>-</u>
Change in Net Position					(6,699)	14,817	8,118
Net Position at Beginning of Year					<u>19,952</u>	<u>114,576</u>	<u>134,528</u>
Net Position at End of Year					<u>\$ 13,253</u>	<u>\$ 129,393</u>	<u>\$ 142,646</u>

The accompanying notes are an integral part of the financial statements

CITY OF NORWICH, CONNECTICUT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2019
(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	\$ 7,589	\$	\$	\$ 1,052	\$ 8,641
Investments	30,735			1,738	32,473
Receivables, net	5,976		733	8,286	14,995
Due from other funds	2,646	9,353	827	5,605	18,431
Other assets				60	60
Total Assets	<u>\$ 46,946</u>	<u>\$ 9,353</u>	<u>\$ 1,560</u>	<u>\$ 16,741</u>	<u>\$ 74,600</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities:					
Accounts and other payables	\$ 6,768	\$ 39	\$ 1,341	\$ 712	\$ 8,860
Due to other funds	21,201	104		1,768	23,073
Unearned revenue	77		29	553	659
Total liabilities	<u>28,046</u>	<u>143</u>	<u>1,370</u>	<u>3,033</u>	<u>32,592</u>
Deferred Inflows of Resources:					
Unavailable revenue - property taxes	3,453			257	3,710
Unavailable revenue - special assessments	1,725			84	1,809
Unavailable revenue - loans receivable				3,898	3,898
Total deferred inflows of resources	<u>5,178</u>	<u>-</u>	<u>-</u>	<u>4,239</u>	<u>9,417</u>
Fund Balances:					
Nonspendable				1,836	1,836
Restricted		9,210		1,377	10,587
Committed			190	6,611	6,801
Assigned	69				69
Unassigned	13,653			(355)	13,298
Total fund balances	<u>13,722</u>	<u>9,210</u>	<u>190</u>	<u>9,469</u>	<u>32,591</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 46,946</u>	<u>\$ 9,353</u>	<u>\$ 1,560</u>	<u>\$ 16,741</u>	<u>\$ 74,600</u>

(Continued on next page)

CITY OF NORWICH, CONNECTICUT
BALANCE SHEET - GOVERNMENTAL FUNDS (CONTINUED)
JUNE 30, 2019
(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	\$ 32,591
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Capital assets used in governmental activities are not financial
 resources and, therefore, are not reported in the funds:

Governmental capital assets	\$ 207,987	
Less accumulated depreciation	<u>(86,217)</u>	
Net capital assets		121,770

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	2,574
Interest receivable on property taxes	1,136
Housing rehabilitation loans	3,879
Accounts and other receivables	15,145
Deferred outflows:	
Deferred outflow of resources related to pensions	4,962
Deferred outflow of resources related to OPEB	99

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. (1,659)

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	(48,665)
Deferred charge on refunding	332
Unamortized bond premium	(2,410)
Interest payable on bonds and notes	(163)
Compensated absences	(3,365)
Landfill closure	(158)
Capital lease	(350)
Net pension liability	(74,979)
Net OPEB liability	(33,966)
Deferred inflow of resources related to pensions	(307)
Deferred inflow of resources related to OPEB	<u>(3,213)</u>

Net Position of Governmental Activities (Exhibit I)	\$ <u><u>13,253</u></u>
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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, 2019
(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	\$ 77,469	\$	\$	\$ 4,840	\$ 82,309
Intergovernmental revenues	42,251	15	15,258	8,267	65,791
Charges for services	2,356		315	2,453	5,124
Licenses, permits and fees	485				485
Investment income	835			214	1,049
Other	68			1,841	1,909
Total revenues	<u>123,464</u>	<u>15</u>	<u>15,573</u>	<u>17,615</u>	<u>156,667</u>
Expenditures:					
Current:					
General government	5,898			456	6,354
Public safety	19,470			9,595	29,065
Social services	2,027			2,248	4,275
Public works	10,698			333	11,031
Education	84,605		15,755	4,704	105,064
Other	2,303				2,303
Capital outlay		3,116		3,884	7,000
Debt service				5,872	5,872
Total expenditures	<u>125,001</u>	<u>3,116</u>	<u>15,755</u>	<u>27,092</u>	<u>170,964</u>
Deficiency of Revenues over Expenditures	<u>(1,537)</u>	<u>(3,101)</u>	<u>(182)</u>	<u>(9,477)</u>	<u>(14,297)</u>
Other Financing Sources (Uses):					
Transfers in	6,455	437		9,495	16,387
Transfers out	(6,760)			(811)	(7,571)
Issuance of general obligation bonds		7,970			7,970
Bond premiums		291			291
Total other financing sources (uses)	<u>(305)</u>	<u>8,698</u>	<u>-</u>	<u>8,684</u>	<u>17,077</u>
Net Change in Fund Balances	(1,842)	5,597	(182)	(793)	2,780
Fund Balances at Beginning of Year	<u>15,564</u>	<u>3,613</u>	<u>372</u>	<u>10,262</u>	<u>29,811</u>
Fund Balances at End of Year	<u>\$ 13,722</u>	<u>\$ 9,210</u>	<u>\$ 190</u>	<u>\$ 9,469</u>	<u>\$ 32,591</u>

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CITY OF NORWICH, CONNECTICUT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - GOVERNMENTAL FUNDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2019
(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)	\$ 2,780
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Governmental funds report capital outlays as expenditures. In the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:

Capital outlay	7,853
Depreciation expense	(6,864)

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. (178)

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	(415)
Property tax interest and lien revenue - accrual basis change	103
Housing loan repayments	504
Accounts and other receivables - accrual basis change	(675)
Change in deferred outflows:	
Deferred outflow of resources related to pensions	(4,519)
Deferred outflow of resources related to OPEB	(63)

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	(7,970)
Premium on bonds	(291)
Bond principal payments	4,305
Amortization of deferred charge on refunding	(75)
Amortization of premiums	288
Capital lease payments	164

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	(89)
Accrued interest	(7)
Landfill postclosure care	53
Change in net pension liability	929
Change in net OPEB liability	641
Change in deferred inflows:	
Deferred inflow of resources related to pensions	100
Deferred inflow of resources related to OPEB	(1,255)

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. (2,018)

Change in Net Position of Governmental Activities (Exhibit II)	<u>\$ (6,699)</u>
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The accompanying notes are an integral part of the financial statements

CITY OF NORWICH, CONNECTICUT
STATEMENT OF NET POSITION - PROPRIETARY FUNDS
JUNE 30, 2019
(In Thousands)

	Business-Type Activities			Governmental
	Department of Public Utilities	Nonmajor Enterprise Funds	Total	Internal Service Funds
Assets:				
Current assets:				
Cash and cash equivalents	\$ 42,062	\$	\$ 42,062	\$
Receivables, net	15,177	85	15,262	106
Due from other funds	104	18	122	3,936
Inventories	1,813		1,813	
Other assets	1,829		1,829	
Total current assets	60,985	103	61,088	4,042
Capital assets, net	148,449	10,185	158,634	
Total assets	209,434	10,288	219,722	4,042
Deferred Outflows of Resources:				
Deferred outflow of resources related to pensions	2,402		2,402	
Deferred outflow of resources related to OPEB	1,343		1,343	
Total deferred outflows of resources	3,745	-	3,745	-
Liabilities:				
Current liabilities:				
Accounts payable and accrued liabilities	6,557	294	6,851	6
Notes payable	1,501		1,501	
Bonds payable	11	30	41	
Compensated absences	1,823		1,823	
Risk management claims	216		216	2,472
Cash advances from other funds	1,017		1,017	
Due to other funds	44	834	878	
Due to other governments		2	2	
Unearned revenue		1,021	1,021	
Total current liabilities	11,169	2,181	13,350	2,478
Noncurrent liabilities:				
Customer deposits	2,777		2,777	
Notes payable	20,350		20,350	
Bonds payable		30	30	
Compensated absences	2,829		2,829	
Risk management claims	515		515	3,223
Cash advances from other funds	12,300		12,300	
Net pension liability	35,663		35,663	
Net OPEB liability	6,081		6,081	
Total noncurrent liabilities	80,515	30	80,545	3,223
Total liabilities	91,684	2,211	93,895	5,701
Deferred Inflows of Resources:				
Deferred inflow of resources related to pensions	62		62	
Deferred inflow of resources related to OPEB	117		117	
Total deferred outflows of resources	179	-	179	-
Net Position:				
Net investment in capital assets	126,587	10,125	136,712	
Restricted for energy conservation	249		249	
Unrestricted	(5,520)	(2,048)	(7,568)	(1,659)
Total Net Position	\$ 121,316	\$ 8,077	\$ 129,393	\$ (1,659)

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, 2019
(In Thousands)

	Business-Type Activities			Governmental
	Department of Public Utilities	Nonmajor Enterprise Funds	Total	Internal Service Funds
Operating Revenues:				
Charges for services	\$ 92,916	\$ 1,145	\$ 94,061	\$ 15,773
Use of property	2,171		2,171	
Other services	2,380		2,380	
Rent		201	201	
Total operating revenues	<u>97,467</u>	<u>1,346</u>	<u>98,813</u>	<u>15,773</u>
Operating Expenses:				
Purchased gas and electric	32,385		32,385	
Operations and maintenance	14,516	1,196	15,712	
General and administrative	10,512		10,512	
Depreciation	8,243	346	8,589	
Pension expense	5,165		5,165	
Customer accounts	3,340		3,340	
Gross revenue and property taxes	3,191		3,191	
OPEB expense	981		981	
Claims			-	16,215
Premiums and administrative charges			-	1,576
Total operating expenses	<u>78,333</u>	<u>1,542</u>	<u>79,875</u>	<u>17,791</u>
Operating Income (Loss)	<u>19,134</u>	<u>(196)</u>	<u>18,938</u>	<u>(2,018)</u>
Nonoperating Income (Expense):				
Interest income	420		420	
Interest expense	(951)	(2)	(953)	
Loss on disposal of capital assets	(450)		(450)	
Total nonoperating expense	<u>(981)</u>	<u>(2)</u>	<u>(983)</u>	<u>-</u>
Income (Loss) Before Contributions and Transfers	18,153	(198)	17,955	(2,018)
Capital contributions	5,156	522	5,678	
Transfers out	<u>(8,811)</u>	<u>(5)</u>	<u>(8,816)</u>	
Change in Net Position	14,498	319	14,817	(2,018)
Total Net Position at Beginning of Year	<u>106,818</u>	<u>7,758</u>	<u>114,576</u>	<u>359</u>
Total Net Position at End of Year	<u>\$ 121,316</u>	<u>\$ 8,077</u>	<u>\$ 129,393</u>	<u>\$ (1,659)</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, 2019
(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	\$ 97,549	\$ 1,212	\$ 98,761	\$ 2,574
Cash receipts for interfund services provided			-	14,901
Cash paid to vendors	(51,313)	(1,051)	(52,364)	(17,475)
Cash paid to employees for services	(22,633)		(22,633)	
Net cash provided by (used in) operating activities	<u>23,603</u>	<u>161</u>	<u>23,764</u>	<u>-</u>
Cash Flows from Noncapital and Related Financing Activities:				
Transfers to other funds	(8,811)		(8,811)	
Customer deposits	595		595	
Advances from (to) other funds	(5)	(5)	(10)	
Net cash provided by (used in) noncapital and related financing activities	<u>(8,221)</u>	<u>(5)</u>	<u>(8,226)</u>	<u>-</u>
Cash Flows from Capital and Related Financing Activities:				
Capital contributions	5,156		5,156	
Purchases of capital assets	(15,478)	(124)	(15,602)	
Proceeds from sale of capital assets	34		34	
Proceeds from long-term debt	4,089		4,089	
Principal payment on bonds and notes	(1,600)	(30)	(1,630)	
Interest payment on debt	(951)	(2)	(953)	
Cash advances from the City of Norwich	(485)		(485)	
Net cash provided by (used in) capital and related financing activities	<u>(9,235)</u>	<u>(156)</u>	<u>(9,391)</u>	<u>-</u>
Cash Flows from Investing Activities:				
Income on investments	<u>420</u>		<u>420</u>	
Net Increase (Decrease) in Cash and Cash Equivalents	6,567	-	6,567	-
Cash and Cash Equivalents at Beginning of Year	<u>35,495</u>	<u>-</u>	<u>35,495</u>	<u>-</u>
Cash and Cash Equivalents at End of Year	<u>\$ 42,062</u>	<u>\$ -</u>	<u>\$ 42,062</u>	<u>\$ -</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:				
Operating income (loss)	\$ 19,134	\$ (196)	\$ 18,938	\$ (2,018)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation expense	8,243	346	8,589	
Change in net pension liability and related deferred outflows/inflows	1,234		1,234	
Change in net OPEB liability and related deferred outflows/inflows	(1,809)		(1,809)	
(Increase) decrease in receivables	83	8	91	(70)
(Increase) decrease in inventories and other assets	(869)		(869)	
(Increase) decrease in due from other funds		34	34	1,772
Increase (decrease) in due to other funds		(28)	(28)	
Increase (decrease) in unearned revenues		(144)	(144)	
Increase (decrease) in accounts payable and accrued liabilities	(2,413)	141	(2,272)	316
Total adjustments	<u>4,469</u>	<u>357</u>	<u>4,826</u>	<u>2,018</u>
Net Cash Provided by (Used in) Operating Activities	<u>\$ 23,603</u>	<u>\$ 161</u>	<u>\$ 23,764</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, 2019
(In Thousands)

	Pension and Other Employee Benefit Trust Funds	Agency Funds
Assets:		
Cash and cash equivalents	\$ 862	\$ 322
Investments:		
U.S. government securities	23,565	
U.S. government agencies	8,850	
Corporate bonds	24,733	
Mutual funds	86,145	
Common stock	61,099	
Real estate	1,173	
Other receivables	189	190
Due from other funds	<u>1,462</u>	
 Total assets	 <u>208,078</u>	 <u>\$ 512</u>
Liabilities:		
Accounts and other payables	13	\$
Due to student groups and agencies		<u>512</u>
 Total liabilities	 <u>13</u>	 <u>\$ 512</u>
Net Position:		
Restricted for OPEB benefits	21,953	
Restricted for pensions	<u>186,112</u>	
	<u>\$ 208,065</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, 2019
(In Thousands)

	Pension and Other Employee Benefit Trust Funds
Additions:	
Contributions:	
Employer	\$ 17,037
Plan members	3,922
Total contributions	<u>20,959</u>
Investment income:	
Net change in fair value of investments	8,876
Interest and dividends	6,217
Total investment income	<u>15,093</u>
Less investment expense	<u>(856)</u>
Net investment income	<u>14,237</u>
Total additions	<u>35,196</u>
Deductions:	
Benefits	21,457
Administration	18
Lump sum distributions and withdrawals	383
Total deductions	<u>21,858</u>
Change in Net Position	13,338
Net Position Held in Trust for Pension and Other Post Employment Benefits at Beginning of Year	<u>194,727</u>
Net Position Held in Trust for Pension and Other Post Employment Benefits at End of Year	<u>\$ 208,065</u>

The accompanying notes are an integral part of the financial statements

CITY OF NORWICH, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019
(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, 2019
(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, 2019
(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 \$377 has been established as an allowance for uncollected taxes. At June 30, 2019, this represents 9.8% of property taxes receivable.

CITY OF NORWICH, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019
(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, donated works of art and similar items, and capital assets received in a service concession arrangement are recorded at acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Property, plant and equipment of the primary government is depreciated using the straight-line method over the following estimated useful lives:

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 and OPEB in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. A deferred outflow of resources related to pension and OPEB results from differences between expected and actual experience, changes in assumptions or other inputs. These amounts are deferred and included in pension and OPEB expense in a systematic and rational manner over a period equal to the average of the expected remaining service lives of all employees that are provided with benefits through the pension and OPEB plan (active employees and inactive employees).

CITY OF NORWICH, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019
(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 and OPEB in the government-wide statement of net position. A deferred inflow of resources related to pension and OPEB results from differences between expected and actual experience, changes in assumptions or other inputs. These amounts are deferred and included in pension and OPEB expense in a systematic and rational manner over a period equal to the average of the expected remaining service lives of all employees that are provided with benefits through the pension and OPEB plan (active employees and inactive employees). For governmental funds, the City reports unavailable revenues from several sources: property taxes, special assessments, long-term loans and 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. Net OPEB Liability

The net OPEB liability is measured as the portion of the present value of projected benefit payments to be provided to current active and inactive employees that is attributed to those employees' past periods of service (total OPEB liability), less the amount of the OPEB plan's fiduciary net position. The OPEB plan's fiduciary net position is determined using the same valuation methods that are used by the OPEB plan for purposes of preparing its statement of fiduciary net position. The net OPEB liability is measured as of a date (measurement date) no earlier than the end of the employer's prior fiscal year, consistently applied from period to period.

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.

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.

**CITY OF NORWICH, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019
(In Thousands)**

Assigned Fund Balance

This balance represents the resources to be used to liquidate encumbered purchase orders and amounts appropriated for subsequent budget years. Encumbrances are authorized by an approval process, which includes the department head, the purchasing agent and the Comptroller. Appropriations for subsequent budget years are approved by ordinance by the City Council.

Unassigned Fund Balance

This represents fund balance in the General Fund in excess of nonspendable, restricted, committed and assigned fund balance. If another governmental fund has a fund balance deficit, it is reported as a negative amount in unassigned fund balance.

The City Council adopted by ordinance a formal General Fund 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.

In May 2018, the City Council voted to suspend portions of the UFB policy and lower the floor of UFB from 12% to 10% until 2022, which enables the City to appropriate some UFB to balance budgets during that time period. The City used \$200 of UFB to balance the 2018-19 General Fund budget but did not use any to balance the 2019-20 General Fund budget.

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.

CITY OF NORWICH, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019
(In Thousands)

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

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

The General Fund and the Fire Districts nonmajor governmental fund have legally adopted budgets.

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

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

During fiscal year 2019, additional appropriations totaling \$828 and \$420 were made to the General Fund and Fire Districts Fund, respectively.

B. Deficit Fund Equity

Certain individual funds had fund balance/net position deficits at June 30, 2019 as follows:

Nonmajor Governmental Funds:	
Dog License	\$ 105*
Fire Districts	172*
Property Rehabilitation	78*
Nonmajor Enterprise Funds:	
Ice Rink Authority	373*
Internal Service Funds:	
Workers' Compensation	1,803*

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

3. CASH, CASH EQUIVALENTS AND INVESTMENTS

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

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

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

Deposits

Deposit Custodial Credit Risk

Custodial credit risk is the risk that, in the event of a bank failure, the City’s deposit will not be returned. The City has a formal investment policy. Under this policy, the Treasurer shall mitigate concentration of credit risk on deposits by spreading deposits among different financial institutions. Because the benefits of lower fees and higher rates of return often outweigh the attendant risks of carrying large balances with a few financial institutions, the Treasurer will use their judgment rather than target percentages to guide their deposit strategy. For other investments, no more than 10% of the funds covered under this policy may be invested in securities from any one federal, state or local political subdivision or agency. Deposits may be placed with any qualified public depository that has its main place of business in the State of Connecticut. Connecticut General Statutes require that each depository maintain segregated collateral (not required to be based on a security agreement between the depository and the municipality and, therefore, not perfected in accordance with federal law) in an amount equal to a defined percentage of its public deposits based upon the depository’s risk-based capital ratio.

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Based on the criteria described in GASB Statement No. 40, *Deposits and Investment Risk Disclosures*, \$82,480 of the City's bank balance of \$86,206 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 74,007
Uninsured and collateral held by the pledging bank's trust department, not in the City's name	<u>8,473</u>
Total Amount Subject to Custodial Credit Risk	<u>\$ 82,480</u>

Cash Equivalents

At June 30, 2019, the City's cash equivalents amounted to \$9. The following table provides a summary of the City's cash equivalents (excluding U.S. government guaranteed obligations) as rated by nationally recognized statistical rating organizations. The pools all have maturities of less than one year.

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

4. INVESTMENTS

As of June 30, 2019, 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	\$ 30,735	\$ 11,142	\$ 19,593	\$
U.S. Government Securities	23,565	2,133	16,417	5,015
U.S. Government Agencies	8,850		51	8,799
Municipal Bonds	271	10	172	89
Corporate Bonds	<u>24,994</u>	<u>731</u>	<u>20,741</u>	<u>3,522</u>
Total	88,415	<u>\$ 14,016</u>	<u>\$ 56,974</u>	<u>\$ 17,425</u>
Other investments:				
Mutual Funds	86,287			
Common Stock	62,163			
Real Estate	<u>1,173</u>			
Total Investments	<u>\$ 238,038</u>			

CITY OF NORWICH, CONNECTICUT
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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>U.S. Government Agencies</u>	<u>Municipal Bonds</u>	<u>Certificate of Deposit</u>
Aaa	\$ 2,029	\$ 23,565	\$ 1,095	\$	\$
Aa1	35				
Aa2	229				
Aa3	265				
A1	174				
A2	820				
A3	5,139				
Baa1	3,082				
Baa2	365				
Baa3	7,013				
Ba1	836				
Ba2	791				
Ba3	357				
B1	58				
B2	277				
B3	172				
Unrated	3,352		7,755	271	30,735
	<u>\$ 24,994</u>	<u>\$ 23,565</u>	<u>\$ 8,850</u>	<u>\$ 271</u>	<u>\$ 30,735</u>

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements); followed by quoted prices in inactive markets or for similar assets or with observable inputs (Level 2 measurements); and the lowest priority to unobservable inputs (Level 3 measurements). The City has the following recurring fair value measurements as of June 30, 2019:

	<u>June 30, 2019</u>	<u>Fair Value Measurements Using</u>		
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Investments by fair value level:				
Debt Securities:				
U.S. Government Securities	\$ 23,565	\$ 23,565	\$	\$
U.S. Government Agencies	8,850	8,850		
Municipal Bonds	271	271		
Corporate Bonds	24,994	24,994		
Equity Securities:				
Common Stock	62,163	62,163		
Mutual Funds	86,287	86,287		
Real Estate	1,173	1,173		
Total investments by fair value level	207,303	<u>\$ 207,303</u>	<u>\$ -</u>	<u>\$ -</u>
Investments not recorded at fair value:				
Certificate of Deposit	30,735			
Total Investments	<u>\$ 238,038</u>			

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Interest Rate Risk

The Employees' Pension Plan formal investment policy states that for fixed income investments, no issues may be purchased with a maturity that exceeds the maximum maturity in the applicable benchmark index. Maturity duration is managed to remain within plus or minus 25% of the applicable benchmark index. The City does not further limit its other investment maturities as a means of managing its exposure to fair value losses arising from increasing rates.

Credit Risk - Investments

As indicated above, State Statutes limit the investment options of cities and towns. The Employees' Pension Plan formal investment policy does not allow for investment in any company that has filed for bankruptcy without prior Personnel and Pension Board approval. For domestic equities, investments must be with companies that meet a specified minimum capitalization threshold at the date of purchase. For fixed income instruments, the average quality of the portfolio must exceed minimum rating levels at all times as defined in the investment policy and must meet or exceed a credit rating of BBB-/Baa3. The City's investment policy governing other investments limits holdings to highly rated fixed income instruments, mutual funds and government investment pools.

Concentration of Credit Risk

The Employees' Pension Plan formal investment policy includes provisions for domestic equities stating that the cost of an individual security in a portfolio at the date of purchase may not exceed 5% of the total market value of that portfolio. Fixed income instruments with a single issuer (excluding U.S. government and government agencies) may not exceed 5% of the market value of that portfolio. The City's investment policy governing other investments does not permit direct equity or fixed income investments in private-sector companies.

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.

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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	\$ 3,521	\$	\$	\$ 322	\$ 3,843
Accrued interest on taxes	1,098				1,098
Intergovernmental	20	733		3,637	4,390
User charges			17,966	85	18,051
Assessments	1,725				1,725
Housing and rehabilitation loans				4,189	4,189
Accounts and other	193		911	1,082	2,186
Gross receivables	<u>6,557</u>	<u>733</u>	<u>18,877</u>	<u>9,315</u>	<u>35,482</u>
Less allowance for uncollectibles:					
Taxes	(361)			(21)	(382)
Accrued interest on taxes	(220)				(220)
User charges			(3,700)		(3,700)
Accounts and other				(438)	(438)
Total allowance	<u>(581)</u>	<u>-</u>	<u>(3,700)</u>	<u>(459)</u>	<u>(4,740)</u>
Net Total Receivables	<u>\$ 5,976</u>	<u>\$ 733</u>	<u>\$ 15,177</u>	<u>\$ 8,856</u>	<u>\$ 30,742</u>

CITY OF NORWICH, CONNECTICUT
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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, 2019 is presented below.

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Nonmajor Governmental	\$ 1,768
	Nonmajor Enterprise	834
	Department of Public Utilities	44
Bond Expenditure	General Fund	9,353
Department of Public Utilities	Bond Expenditure	104
Education Grants	General Fund	827
Nonmajor Governmental	General Fund	5,605
Internal Service Funds	General Fund	3,936
Nonmajor Enterprise	General Fund	18
Other Post Employment Benefit Trust	General Fund	1,454
Pension	General Fund	8
		<u>8</u>
Total		<u>\$ 23,951</u>

A summary of interfund transfers is presented below:

	<u>Transfers In</u>			<u>Total</u>
	<u>General</u>	<u>Bond Expenditure</u>	<u>Nonmajor Governmental</u>	
Transfers out:				
General Fund	\$	\$	\$ 6,760	\$ 6,760
Department of Public Utilities	6,076		2,735	8,811
Nonmajor Governmental	374	437		811
Nonmajor Enterprise	<u>5</u>			<u>5</u>
Total	<u>\$ 6,455</u>	<u>\$ 437</u>	<u>\$ 9,495</u>	<u>\$ 16,387</u>

Capital asset contributions totaling \$1,100 were made from governmental funds to business-type funds during the year ended June 30, 2019. This activity is included in transfers in the government-wide activity in Exhibit II of the accompanying financial statements.

Transfers from the General Fund to other nonmajor governmental funds are in support of the City's capital improvement program, debt service and other special revenue programs accounted for outside of the General Fund. Transfers from nonmajor governmental funds to the General Fund are derived primarily from net income generated from private duty police services accounted for outside of the General Fund. Transfers from nonmajor governmental funds to the bond expenditure fund are for debt service payments. The Department of Public Utilities annually transfers 10% of gross revenues derived from gas, electric and water sales to the General Fund and the Fire Districts Fund.

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7. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2019 was as follows:

	<u>Beginning Balance</u>	<u>Transfers</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:					
Capital assets not being depreciated:					
Land	\$ 26,093	\$	\$ 1,184	\$ (152)	\$ 27,125
Construction in progress	1,494	(2,651)	2,793		1,636
Total capital assets not being depreciated	<u>27,587</u>	<u>(2,651)</u>	<u>3,977</u>	<u>(152)</u>	<u>28,761</u>
Capital assets being depreciated:					
Buildings and improvements	104,547	916	1,076	(52)	106,487
Vehicles, machinery and equipment	24,817	351	1,479	(315)	26,332
Technology upgrade and infrastructure	43,728	1,384	1,321	(26)	46,407
Total capital assets being depreciated	<u>173,092</u>	<u>2,651</u>	<u>3,876</u>	<u>(393)</u>	<u>179,226</u>
Less accumulated depreciation for:					
Buildings and improvements	(39,210)		(3,288)	45	(42,453)
Vehicles, machinery and equipment	(18,173)		(1,675)	311	(19,537)
Technology upgrade and infrastructure	(22,337)		(1,901)	11	(24,227)
Total accumulated depreciation	<u>(79,720)</u>	<u>-</u>	<u>(6,864)</u>	<u>367</u>	<u>(86,217)</u>
Total capital assets being depreciated, net	<u>93,372</u>	<u>2,651</u>	<u>(2,988)</u>	<u>(26)</u>	<u>93,009</u>
Governmental Activities Capital Assets, Net	<u>\$ 120,959</u>	<u>\$ -</u>	<u>\$ 989</u>	<u>\$ (178)</u>	<u>\$ 121,770</u>
Business-type activities:					
Capital assets not being depreciated:					
Land	\$ 3,268	\$ 12	\$	\$	\$ 3,280
Construction in progress	16,501	(13,916)	16,502	(12)	19,075
Total capital assets not being depreciated	<u>19,769</u>	<u>(13,904)</u>	<u>16,502</u>	<u>(12)</u>	<u>22,355</u>
Capital assets being depreciated:					
Structures and improvements	60,048	6,189		(1,093)	65,144
Machinery, equipment, pumping and distribution systems	239,544	7,715	471	(2,402)	245,328
Total capital assets being depreciated	<u>299,592</u>	<u>13,904</u>	<u>471</u>	<u>(3,495)</u>	<u>310,472</u>
Less accumulated depreciation for:					
Structures and improvements	(30,378)		(1,480)	781	(31,077)
Machinery, equipment, pumping and distribution systems	(138,246)		(7,109)	2,239	(143,116)
Total accumulated depreciation	<u>(168,624)</u>	<u>-</u>	<u>(8,589)</u>	<u>3,020</u>	<u>(174,193)</u>
Total capital assets being depreciated, net	<u>130,968</u>	<u>13,904</u>	<u>(8,118)</u>	<u>(475)</u>	<u>136,279</u>
Business-Type Activities Capital Assets, Net	<u>\$ 150,737</u>	<u>\$ -</u>	<u>\$ 8,384</u>	<u>\$ (487)</u>	<u>\$ 158,634</u>

CITY OF NORWICH, CONNECTICUT
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Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:	
General government	\$ 234
Public safety	1,233
Social services	94
Public works	3,553
Education	<u>1,750</u>
 Total Depreciation Expense - Governmental Activities	 \$ <u><u>6,864</u></u>
 Business-type activities:	
Department of Public Utilities	\$ 8,243
Golf Course Authority	57
Stadium Authority	172
Ice Rink Authority	<u>117</u>
 Total Depreciation Expense - Business-Type Activities	 \$ <u><u>8,589</u></u>

Construction Commitments

The City has active construction projects as of June 30, 2019. 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, 2019</u>
AMI Metering Installations	\$ 2,451	\$ 160	\$ 160	\$ 2,291
LCTP Phase 2 CWF 607 PG	4,662	805	4,188	474
WWTP Design & Construction	28,700		6,995	21,705
DWSRF - AMI Metering	2,900	1,573	1,579	1,321
Occum Water Tank - Equipment Upgrade	920	349	775	145
Deep River - Sand Filtration Upgrade	2,160	1,011	1,064	1,096
Sprague Interconnect Main Extension	3,450	1,076	1,205	2,245
Stony Brook - North & South Sections Transmission Main	5,820	55	326	5,494
Stony Brook Buoyant Media	7,550	913	1,759	5,791
Primary Distribution Circuit Upgrades	869	46	153	716
Dudley St Substation Upgrades	<u>300</u>	<u>135</u>	<u>135</u>	<u>165</u>
 Total	 \$ <u><u>59,782</u></u>	 \$ <u><u>6,123</u></u>	 \$ <u><u>18,339</u></u>	 \$ <u><u>41,443</u></u>

CITY OF NORWICH, CONNECTICUT
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8. LONG-TERM DEBT

Changes in Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2019 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	\$ 45,000	\$ 7,970	\$ 4,305	\$ 48,665	\$ 4,095
Add unamortized premiums	<u>2,407</u>	<u>291</u>	<u>288</u>	<u>2,410</u>	<u>210</u>
Total bonds payable	47,407	8,261	4,593	51,075	4,305
Compensated absences	3,276	1,880	1,791	3,365	1,594
Landfill closure	211		53	158	17
Capital leases	514		164	350	177
Net pension liability	75,908		929	74,979	
Net OPEB liability	34,607		641	33,966	
Risk management claims	<u>5,370</u>	<u>16,540</u>	<u>16,215</u>	<u>5,695</u>	<u>2,472</u>
Governmental Activities Long-Term Liabilities	<u>\$ 167,293</u>	<u>\$ 26,681</u>	<u>\$ 24,386</u>	<u>\$ 169,588</u>	<u>\$ 8,565</u>
Business-Type Activities:					
Bonds and notes payable:					
General obligation bonds	\$ 112	\$	\$ 41	\$ 71	\$ 41
Notes payable	1,896	41	410	1,527	307
State of Connecticut - serial note	<u>17,456</u>	<u>4,048</u>	<u>1,180</u>	<u>20,324</u>	<u>1,194</u>
Total bonds and notes payable	19,464	4,089	1,631	21,922	1,542
Compensated absences	4,424	2,019	1,791	4,652	1,823
Workers' compensation	1,080		349	731	216
Net pension liability	35,848		185	35,663	
Net OPEB liability	6,138		57	6,081	
Cash advances	<u>13,802</u>	<u>580</u>	<u>1,065</u>	<u>13,317</u>	<u>1,017</u>
Business-Type Activities Long-Term Liabilities	<u>\$ 80,756</u>	<u>\$ 6,688</u>	<u>\$ 5,078</u>	<u>\$ 82,366</u>	<u>\$ 4,598</u>

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

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A schedule of bonds outstanding at June 30, 2019 is presented below:

Description	Date of Issue	Date of Maturity	Interest Rate (%)	Amount of Original Issue	Balance Outstanding June 30, 2019
Governmental Activities:					
General purpose bonds payable:					
Schools	12/30/2008	12/30/2020	0.0	\$ 2,940	\$ 490
General purpose	12/02/2009	12/01/2029	3.0-4.0	9,145	470
Schools	12/02/2009	12/01/2029	3.0-4.0	2,000	100
General purpose	12/13/2011	12/01/2022	2.0-4.0	4,680	3,260
Schools	12/13/2011	12/01/2022	2.0-4.0	5,000	3,420
Refunding - (04/15/2002) bonds	2/15/2012	4/15/2022	2.0	2,725	740
General purpose	2/12/2014	2/1/2034	3.0-5.0	12,365	9,105
Refunding - (4/15/2004 series B and 3/15/2005) bonds	2/12/2014	9/15/2019	3.0-5.0	2,793	186
Refunding - (4/15/2004 series B and 3/15/2005) bonds - Schools	2/12/2014	9/15/2019	3.0-5.0	2,987	339
General purpose - series A	3/3/2015	8/1/2034	3.0-4.0	5,600	4,300
General purpose - series B	3/3/2015	8/1/2024	2.0-3.0	1,140	680
General purpose - series A	3/1/2016	8/1/2035	2.0-2.6	6,300	5,205
General purpose - series B	3/1/2016	8/1/2025	2.0-3.0	2,500	1,750
Refunding - (partial 12/02/2009 series A) bonds - series C	10/12/2016	8/1/2024	1.8-4.0	2,925	2,925
General purpose - series A	3/1/2017	8/1/2036	3.0-4.0	4,450	4,000
Refunding - (partial 12/02/2009 series A) bonds - series A	3/1/2017	8/1/2036	3.0-4.0	2,825	2,825
General purpose - series B	3/1/2017	8/1/2036	1.0-3.9	1,000	900
General purpose - series A	12/6/2018	8/1/2038	3.0-5.0	7,970	7,970
Total					<u>\$ 48,665</u>
Business-Type Activities:					
General purpose bonds payable:					
Golf course	12/02/2009	12/01/2029	3.0-4.0	\$ 265	\$ 60
Refunding - (02/12/2014) Stony Brook Reservoir	2/12/2014	9/15/2019	3.0-5.0	73	11
Notes payable:					
Equipment financing loan	12/28/2017	1/1/2025	4.25	1,896	1,527
State of Connecticut serial notes payable:					
Clean Water Act 349-C	12/31/2002	12/31/2021	2.00	881	125
Clean Water Act 9714-C	12/31/2002	12/31/2021	2.77	1,899	285
Clean Water Act 200801-C	7/1/2009	7/1/2029	2.27	450	221
Clean Water Act 625-D	12/31/2012	12/31/2031	2.00	1,865	1,232
Clean Water Act 495-C	5/31/2013	6/1/2032	2.00	5,748	3,910
Clean Water Act 625-D1	5/31/2015	12/31/2031	2.00	2,510	1,858
Clean Water Act 707-PD	*	*	*	*	1,563
Drinking Water State Revolving Fund 2010-8005	3/31/2010	12/31/2029	2.06	145	75
Drinking Water State Revolving Fund 2010-8006	3/31/2010	6/30/2030	2.06	326	178
Drinking Water State Revolving Fund 2010-7005	4/30/2014	10/31/2032	2.00	160	115
Drinking Water State Revolving Fund 2010-7006	4/30/2014	4/30/2032	2.00	148	105
Drinking Water State Revolving Fund 2014-7027	6/30/2015	12/31/2034	2.27	506	390
Drinking Water State Revolving Fund 2014-7036	5/31/2016	11/30/2036	2.00	4,052	3,309
Drinking Water State Revolving Fund 2015-7037	10/12/2016	9/30/2034	2.00	1,528	1,287
Drinking Water State Revolving Fund 2017-7056	2/28/2019	6/30/2028	2.00	2,695	2,695
Drinking Water State Revolving Fund 2019-7069	*	*	*	*	1,181
Drinking Water State Revolving Fund 2019-7072	*	*	*	*	1,501
Drinking Water State Revolving Fund 2017-7077	*	*	*	*	294
Total					<u>\$ 21,922</u>

* Loan is not permanently financed at this time.

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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>
2020	\$ 4,095	\$ 1,637	\$ 5,732
2021	3,985	1,467	5,452
2022	3,650	1,339	4,989
2023	3,400	1,216	4,616
2024	3,395	1,099	4,494
2025-2029	15,345	3,835	19,180
2030-2034	11,135	1,600	12,735
2035-2039	<u>3,660</u>	<u>268</u>	<u>3,928</u>
Total	<u>\$ 48,665</u>	<u>\$ 12,461</u>	<u>\$ 61,126</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>
2020	\$ 1,542	\$ 386	\$ 1,928
2021	1,532	329	1,861
2022	1,442	291	1,733
2023	1,380	255	1,635
2024	1,257	220	1,477
2025-2029	5,370	765	6,135
2030-2034	3,979	252	4,231
2035-2039	<u>881</u>	<u>29</u>	<u>910</u>
Subtotal	<u>17,383</u>	<u>2,527</u>	<u>19,910</u>
State of Connecticut - serial notes not permanently financed as of June 30, 2019	<u>4,539</u>	<u>-</u>	<u>4,539</u>
	<u>\$ 21,922</u>	<u>\$ 2,527</u>	<u>\$ 24,449</u>

CITY OF NORWICH, CONNECTICUT
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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 2019 fiscal year were \$164. The net undepreciated value of assets purchased by capital lease approximates the principal balances payable of \$350 at June 30, 2019. The following is a summary of capital lease commitments as of June 30, 2019.

<u>Year Ending June 30</u>	<u>Governmental Funds</u>
2020	\$ 177
2021	65
2022	65
2033	<u>65</u>
Total payments	372
Less interest	<u>(22)</u>
Principal Balance	<u>\$ 350</u>

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	\$ 900
Vacation	738
Other	261
Nonvested:	
Sick	1,448 *
Other	<u>18 *</u>
Total	<u>\$ 3,365</u>

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

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Compensated Absences - Business-Type Activity

Department of Public Utilities employees can accumulate additional amounts of unused vacation and sick leave (as determined by individual union contracts) payable upon termination of their employment. Compensated absences' liabilities are generally liquidated by the Department of Public Utilities Fund. The following vested estimated liabilities are summarized as follows:

Sick	\$	3,441
Vacation		<u>1,211</u>
Total	\$	<u><u>4,652</u></u>

Landfill Closure and Postclosure Care Cost - Governmental Activity

State and federal laws and regulations require that the City place a final cover on its closed landfill and perform certain maintenance and monitoring functions at the landfill site for 30 years after closure. The current estimated total cost of the landfill closure and postclosure care of \$158 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, 2019. However, the actual cost of closure and postclosure care may be higher due to inflation, changes in technology or changes in landfill laws and regulations. The Landfill Closure fund has been used to liquidate landfill closure and postclosure liabilities, but the General Fund will be used to pay for future monitoring costs.

Notes Payable - Business-Type Activity

Effective November 20, 2017, the Department of Public Utilities entered into a master financing agreement for notes payable with GE Government Finance, Inc., to finance the upgrading of streetlights. Principal balances outstanding on the notes totaled \$1,896 as of June 30, 2018. Accrued interest totaling \$41 was incurred during the construction period and added to the principal balance during the year ended June 30, 2019 to arrive at a notes payable balance of \$1,937. Principal payments of \$410 were made on the notes during the year then ended to arrive at a balance outstanding of \$1,527 as of June 30, 2019. The notes are payable in monthly installments beginning January 2019 at an interest rate of 4.25% and collateralized by the equipment purchased. The notes do not contain any financial covenants. Events of default include payment default or default of other terms within the agreement including default of other loans or bonds, failure to maintain the appropriate liability and property insurance, and any other false statements made within the agreement. Such a default could result in the acceleration of the total outstanding principal and accrued interest or action being taken against the collateralized assets.

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Bonds Authorized/Unissued

Bonds authorized/unissued with outstanding debt at June 30, 2019 are as follows:

<u>Description</u>	<u>Authorized</u>	<u>Bonded</u>	<u>Grants</u>	<u>Authorized Unissued</u>
Gas Line Extensions (2014)	\$ 9,500	\$ 8,438	\$	\$ 1,062
Wawecus Street Bridge	800	500		300
Public Safety Radio System	2,700	2,400		300
Code Correction Assistance	1,840	1,113		727
Infrastructure Improvement Program	5,000	2,290		2,710
Public Safety Equipment (2017)	3,200	2,600		600
Dodd Stadium Capital Improvements (2018)	800			800
Integration of NPS and City Admin Function	675	400		275
Total	<u>\$ 24,515</u>	<u>\$ 17,741</u>	<u>\$ -</u>	<u>\$ 6,774</u>

Debt Limitations

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

<u>Category</u>	<u>Debt Limit</u>	<u>Net Indebtedness</u>	<u>Balance</u>
General purpose	\$ 178,819	\$ 27,393	\$ 151,426
Schools	357,638	6,135	351,503
Sewers	298,031	2,717	295,314
Urban renewal	258,294	2,582	255,712
Pension deficit	238,425		238,425

The total of the City's net statutory indebtedness of \$39.6 million does not exceed the legal debt limitation of \$556 million (seven times the base for debt limitation computation).

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9. FUND EQUITY

A. Fund Balance

The components of fund balance at June 30, 2019 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	\$	\$	\$	\$ 60	\$ 60
Trust:					
Cemetery Trust				1,743	1,743
Other				33	33
Restricted for:					
Trust				13	13
Grants:					
Kelly Middle School Project				1,364	1,364
Capital Projects		9,210			9,210
Committed to:					
Public safety:					
Fire Grants & Programs				4	4
Police Grants & Programs				168	168
Public works:					
Sherman Street Bridge				424	424
Public Parking				124	124
Other				3,159	3,159
Social services:					
Recreation				329	329
Human Services				97	97
Senior Center				108	108
Youth & Family Services				42	42
General government:					
Downtown Revitalization Revolving Loan				97	97
Other				282	282
Education:					
School Lunch				1,542	1,542
Adult Education				98	98
Other			190	137	327
Assigned to:					
General government - encumbrances	4				4
Public works - encumbrances	42				42
Public safety - encumbrances	23				23
Unassigned	13,653			(355)	13,298
Total Fund Balances	\$ 13,722	\$ 9,210	\$ 190	\$ 9,469	\$ 32,591

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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, 2019 on behalf of the Department were \$249. Investment income that is earned on the Department’s deposits along with the Fund’s authorized expenses is recorded in the Department’s statement of activities. The funds held by CMEEC on behalf of the Department are recorded as an asset on the Department’s statement of net position and have been restricted.

C. Encumbrances

As discussed in Note 2.A., budgetary information, under the budgetary basis of accounting, encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end, the amount of encumbrances expected to be honored upon performance by the vendor in the next year were as follows:

General Fund	\$	69
Bond Expenditure Fund		7,425
Nonmajor Governmental Funds		1,741
Nonmajor Enterprise Funds		1
Internal Service Funds		<u>1</u>
Total	\$	<u><u>9,237</u></u>

10. TAX ABATEMENTS

As of June 30, 2019, the City provides tax abatements through multiple programs:

- Connecticut Enterprise Zone Program
- Uniform Tax Deferral Process
- Wauregan Hotel Development Tax Abatement Agreement
- Housing Development Zone Program

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The Connecticut Enterprise Zone (EZ) Program provides real property tax abatements to encourage economic development in designated areas within a Targeted Investment Community of which the City has been designated, under Connecticut General Statutes Section 32-71 and City of Norwich Ordinance 7-91 and 7-94. Eligible businesses include manufacturers, warehouse distributors and certain designated service-related business. An EZ business applicant must complete a preliminary application to determine if all eligibility criteria will be met. After the request of the preliminary application has been met, the business applicant is required to submit a formal application to the Department of Economic and Community Development. A seven-year abatement ranging from 100% to 0% (phased in over the abatement) of local property taxes on qualifying real and personal property, is subject to the property being new to the grand list of the municipality as a direct result of a business expansion or renovation project or, in the case of an existing building, having met the vacancy requirement. The property tax abatement is for a full seven-year period and takes effect with the start of the first full assessment year following the issuance of a "Certificate of Eligibility." For the fiscal year ended June 30, 2019, taxes abated through this program total \$114. There are no provisions to recapture abated taxes under this program. No other commitments have been made by the City to the abatement recipients under this program.

The Uniform Tax Deferral Process provides real property tax abatements on certain commercial property development in the City under Connecticut General Statutes Section 12-65c through 12-65e and the City of Norwich Ordinance 7-22. Abatements are obtained pursuant to a contract between the City and the owner of any such property. The contract shall provide the terms of such abatement, the moneys equal to the amount of such abatement and the criteria by which the property is required to be used for to receive the abatement. For the fiscal year ended June 30, 2019, taxes abated through this program total \$286. The contract includes provisions for cease and potential recapture of abatements if property is used for a purpose other than the one specified in the agreement. No other commitments have been made by the City to the abatement recipients under this program.

The Wauregan Hotel Development (WHD) tax abatement agreement was created to provide real property tax abatements for the rehabilitation of certain deteriorated property within the City pursuant of Connecticut General Statutes Section 8-215 and City of Norwich Ordinance 7-21. Under the terms of the agreement the rehabilitated property is to be used for low-income housing and abatement obtained pursuant to a contract between the City and the owner of the property. The property owner will receive an abatement of all taxes but is responsible for paying the City a payment in lieu of taxes equal to 20% of net operating income on the property. Continuation of the agreement is conditioned upon continued compliance with the provisions of the agreement and is terminated upon sale or transfer of the property for any other purpose unless the City has consented thereto. For the fiscal year ended June 30, 2019, taxes abated through this program total \$115. There are no provisions to recapture abated taxes under this program. No other commitments have been made by the City to the abatement recipients under this program.

The Housing Development Zone tax abatement agreements provide real property tax abatements for improvements to commercial and residential real estate in Housing Development Zones pursuant of Connecticut General Statutes Section 8-380. Under the terms of the agreements, qualifying developments in Housing Development zones provide an abatement over an eleven-year period where the assessment is increased incrementally from 0% to 100%. For the fiscal year ended June 30, 2019, taxes abated through this program total \$106. There are no provisions to recapture abated taxes under this program. No other commitments have been made by the City to the abatement recipients under this program.

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11. 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 2019 for hospitalization with a maximum aggregate for all claims of approximately \$24,877.

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

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

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

	<u>Beginning of Fiscal Year Liability</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>Claim Payments</u>	<u>Balance at Fiscal Year End</u>
Medical:				
2018-2019	\$ 1,232	\$ 14,067	\$ 14,203	\$ 1,096
2017-2018	1,381	14,102	14,251	1,232
Workers’ Compensation:				
2018-2019	4,138	2,148	1,687	4,599
2017-2018	4,424	1,882	2,168	4,138

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 \$731 for estimated unpaid accrued losses on reported claims as of June 30, 2019.

12. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS

A. City of Norwich Retirement System

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

2018 Agreement

The members of the City Hall Employees, City Hall Supervisors, Public Works Employees, Public Works Supervisors, 911 Dispatchers, City nonunion and elected employees, Public Utilities Supervisory and Professional Employees, Public Utilities Technical and Clerical Employees, Public Utilities Water Distribution Employees, Public Schools Para-educators, Public Schools Custodians/ Maintainers, Public Schools Administrative Assistants, and Public Schools Nurses joined the 2018 coalition agreement for pension benefits.

Under this agreement, employees are 100% vested in a pension to begin at age 60 if they terminate employment after 10 years of continuous service or after 25 years of service and attainment of age 55 or after 34 years of service regardless of age. Also, any employee terminating employment after age 50 with 25 years of service is eligible for a pension at a reduced percentage. Employees hired prior to January 1, 2018 receive a retirement benefit of 2.2% of average final earnings during the highest three years out of the last 10 consecutive year period with a maximum of 74.8% of average earnings. Employees hired on or after January 1, 2018 receive a retirement benefit of 1.95% of average final earnings during the highest three years out of the last 10 consecutive year period with a maximum of 66.3% of average earnings.

Employees contribute 8.5% of their wages to the plan.

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Police

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

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

Employees contribute 8.5% of their wages to the plan.

Firefighters

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

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

Employees contribute 8% of their wages to the plan.

Plan Membership

At July 1, 2017, the date of the most recent actuarial valuation, the plan members consisted of (table not in thousands):

Retirees and beneficiaries currently receiving benefits	597
Terminated employees not yet receiving benefits	42
Active plan members	<u>601</u>
Total	<u><u>1,240</u></u>

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.

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Method Used to Value Investments

Investments are reported at fair value. Securities traded on a national exchange are valued at the last reported sales price. Investment income is recognized as earned.

Funding Policy

The contribution requirements of plan members and the City are established and may be amended by the City legislature. Benefits and contributions are established by the City and may be amended only by the City Charter and union negotiation. The City's funding policy provides for periodic employer contributions at actuarially determined rates. 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 26.53% of covered payroll.

Administrative costs of the plan are financed through investment earnings.

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, 2019.

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return*
U.S. Government Bonds	12.00%	1.60%
U.S. Credit Bonds	15.00%	3.03%
U.S. High Yield Bonds	3.00%	3.76%
U.S. Large Caps	35.00%	3.13%
U.S. Mid Caps	6.00%	3.62%
U.S. Small Caps	8.00%	3.27%
Foreign Developed Equity	13.60%	3.91%
Emerging Markets Equity	3.40%	4.59%
Private Real Estate Property	4.00%	3.13%
Total	100.00%	

* Long-Term Returns are geometric means.

Rate of Return

For the year ended June 30, 2019, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 7.29%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

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Net Pension Liability of the City

The components of the net pension liability of the City at June 30, 2019 were as follows:

Total pension liability	\$ 290,309
Plan fiduciary net position	<u>(183,106)</u>
Net Pension Liability	<u>\$ 107,203</u>
 Plan fiduciary net position as a percentage of the total pension liability	 63.07%

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of July 1, 2017, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75%
Salary increases	Ranges from 0.0% to 7.0%, based on age
Investment rate of return	7.50%, net of investment-related expenses

Mortality rates were based on the RP-2014 adjusted to 2006 Blue Collar Mortality Table projected to valuation date with scale MP-2017 for Police and Firefighters and the RP-2014 adjusted to 2006 total data set projected to valuation date with a scale of MP-2017 for all other employees.

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 7.00% and 7.50%. An expected rate of return of 7.50% was used.

Discount Rate

The discount rate used to measure the total pension liability was 7.50%. 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 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.

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Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balances as of July 1, 2018	\$ 281,849	\$ 173,583	\$ 108,266
Changes for the year:			
Service cost	5,881		5,881
Interest on total pension liability	20,905		20,905
Employer contributions		11,432	(11,432)
Member contributions		3,896	(3,896)
Net investment income		12,528	(12,528)
Benefit payments, including refund to employee contributions	(18,326)	(18,326)	-
Administrative expenses		(7)	7
Net changes	8,460	9,523	(1,063)
Balances as of June 30, 2019	\$ 290,309	\$ 183,106	\$ 107,203

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

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

	1% Decrease in Discount Rate (6.50%)	Current Discount Rate (7.50%)	1% Increase in Discount Rate (8.50%)
Net Pension Liability as of June 30, 2019	\$ 139,574	\$ 107,203	\$ 79,846

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

For the year ended June 30, 2019, the City recognized pension expense of \$16,196. At June 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	Governmental Activities	Business-Type Activities Department of Public Utilities	Total
Deferred Outflows of Resources:			
Differences between expected and actual experience	\$ 664	\$ 331	\$ 995
Changes of assumptions	3,481	1,739	5,220
Net difference between projected and actual earnings on pension plan investments	<u>665</u>	<u>332</u>	<u>997</u>
	<u>\$ 4,810</u>	<u>\$ 2,402</u>	<u>\$ 7,212</u>
Deferred Inflows of Resources:			
Differences Between Expected and Actual Experience	<u>\$ 124</u>	<u>\$ 62</u>	<u>\$ 186</u>

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

<u>Year Ended June 30</u>	Governmental Activities	Business-Type Activities Department of Public Utilities	Total
2020	\$ 3,139	\$ 1,568	\$ 4,707
2021	710	354	1,064
2022	598	299	897
2023	<u>239</u>	<u>119</u>	<u>358</u>
Total	<u>\$ 4,686</u>	<u>\$ 2,340</u>	<u>\$ 7,026</u>

B. City of Norwich Volunteer Firefighters' Relief Plan

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.

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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 (not in thousands) multiplied by the years of credited service to a maximum of 40 years and a maximum monthly benefit of \$880 (not in thousands).

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 (not in thousands) multiplied by the years of credited service to a maximum of 30 years and a maximum monthly benefit of \$660 (not in thousands).

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 (not in thousands) for each calendar year of credited service.

At January 1, 2018, the plan members consisted of (table not in thousands):

Inactive plan members or beneficiaries currently receiving benefits	52
Inactive plan members entitled to but not yet received benefits	1
Active plan members	<u>127</u>
Total	<u><u>180</u></u>

Summary of Significant Accounting Policies, Plan Changes and Plan Asset Matters

Basis of Accounting

Financial statements are prepared using the accrual basis of accounting for the defined benefit pension plan. Plan member contributions are recognized in the period in which they are due. Employer contributions are recognized when due and a formal commitment to provide the contributions has been made. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

Method Used to Value Investments

The plan reports investments at fair value. Investment income is recognized as earned.

Plan Expenses

Expenses of administering the plan are paid for by the City’s annual contribution to the plan.

CITY OF NORWICH, CONNECTICUT
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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 (not in thousands) for each calendar year of credited service.

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, 2019.

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return*</u>
U.S. Government Bonds	12.00%	1.60%
U.S. Credit Bonds	15.00%	3.03%
U.S. High Yield Bonds	3.00%	3.76%
U.S. Large Caps	35.00%	3.13%
U.S. Mid Caps	6.00%	3.62%
U.S. Small Caps	8.00%	3.27%
Foreign Developed Equity	13.60%	3.91%
Emerging Markets Equity	3.40%	4.59%
Private Real Estate Property	4.00%	3.13%
Total Portfolio	<u>100.00%</u>	

* Long-Term Returns are geometric means.

Rate of Return

For the year ended June 30, 2019, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 6.06%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Net Pension Liability of the City

The components of the net pension liability of the City at June 30, 2019 were as follows:

Total pension liability	\$ 6,445
Plan fiduciary net position	<u>(3,006)</u>
Net Pension Liability	<u>\$ 3,439</u>
Plan fiduciary net position as a percentage of the total pension liability	46.64%

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Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of January 1, 2018, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75% (Prior: 3.00%)
Salary increases	N/A - members are volunteers
Investment rate of return	7.0%, net of investment-related expenses

Mortality rates were based on RP-2014 Mortality Table adjusted to 2006 Blue Collar Mortality Table projected to valuation date with Scale MP-2017.

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 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.

Changes in the Net Pension Liability

	<u>Increase (Decrease)</u>		
	<u>Total Pension Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Net Pension Liability</u>
	<u>(a)</u>	<u>(b)</u>	<u>(a)-(b)</u>
Balances as of July 1, 2018	\$ 6,285	\$ 2,795	\$ 3,490
Changes for the year:			
Service cost	65		65
Interest on total pension liability	434		434
Employer contributions		365	(365)
Member contributions		11	(11)
Net investment income		175	(175)
Benefit payments, including refund to employee contributions	(339)	(339)	-
Administrative expenses		(1)	1
Net changes	<u>160</u>	<u>211</u>	<u>(51)</u>
Balances as of June 30, 2019	<u>\$ 6,445</u>	<u>\$ 3,006</u>	<u>\$ 3,439</u>

**CITY OF NORWICH, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
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Sensitivity of the Net Pension Liability to Changes in the Discount Rate

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

	<u>1% Decrease in Discount Rate (6.00%)</u>	<u>Current Discount Rate (7.00%)</u>	<u>1% Increase in Discount Rate (8.00%)</u>
Net Pension Liability as of June 30, 2019	\$ 4,212	\$ 3,439	\$ 2,796

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

For the year ended June 30, 2019, the City recognized pension expense of \$324. At June 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	<u>Governmental Activities</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 75	\$ 123
Changes of assumptions	<u>77</u>	<u>60</u>
Total	<u>\$ 152</u>	<u>\$ 183</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>	<u>Governmental Activities</u>
2020	\$ 6
2021	(27)
2022	(6)
2023	(3)
2024	(4)
Thereafter	<u>3</u>
Total	<u>\$ (31)</u>

CITY OF NORWICH, CONNECTICUT
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Schedule of Plan Net Position - June 30, 2019

	City Employee Pension Trust Fund	Volunteer Fire Pension Trust Fund	Total
	<u> </u>	<u> </u>	<u> </u>
Assets:			
Cash and cash equivalents	\$ 779	\$ 31	\$ 810
Investments:			
U.S. government securities	21,220		21,220
U.S. government agencies	7,879		7,879
Corporate bonds	22,200		22,200
Mutual funds	74,479	2,973	77,452
Common stock	55,505		55,505
Real estate	1,048		1,048
Due from other funds	<u>6</u>	<u>2</u>	<u>8</u>
Total assets	183,116	3,006	186,122
Liabilities:			
Accounts and other payables	<u>10</u>	<u> </u>	<u>10</u>
Net Position:			
Restricted for Pensions	<u>\$ 183,106</u>	<u>\$ 3,006</u>	<u>\$ 186,112</u>

CITY OF NORWICH, CONNECTICUT
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Schedule of Changes in Plan Net Position for the Year Ended June 30, 2019

	City Employee Pension Trust Fund	Volunteer Fire Pension Trust Fund	Total
Additions:			
Contributions:			
Employer	\$ 11,432	\$ 365	\$ 11,797
Plan members	3,896	11	3,907
Total contributions	<u>15,328</u>	<u>376</u>	<u>15,704</u>
Investment income:			
Net appreciation in fair value of investments	7,961	33	7,994
Interest and dividends	<u>5,290</u>	<u>155</u>	<u>5,445</u>
Total investment income	13,251	188	13,439
Less investment expense	<u>(723)</u>	<u>(13)</u>	<u>(736)</u>
Net investment income	<u>12,528</u>	<u>175</u>	<u>12,703</u>
Total additions	<u>27,856</u>	<u>551</u>	<u>28,407</u>
Deductions:			
Benefits	17,947	335	18,282
Administration	7	1	8
Lump sum distributions and withdrawals	<u>379</u>	<u>4</u>	<u>383</u>
Total deductions	<u>18,333</u>	<u>340</u>	<u>18,673</u>
Net Increase	9,523	211	9,734
Net Position Restricted for Pensions at Beginning of Year	<u>173,583</u>	<u>2,795</u>	<u>176,378</u>
Net Position Restricted for Pensions at End of Year	<u>\$ 183,106</u>	<u>\$ 3,006</u>	<u>\$ 186,112</u>

C. Connecticut Teachers Retirement System - Pension

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
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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.

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.

Effective January 1, 2018, the required contribution increased to 7% of pensionable salary.

CITY OF NORWICH, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
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Pension Liabilities, Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2019, 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>63,248</u>
Total	\$ <u><u>63,248</u></u>

The net pension liability was measured as of June 30, 2018, 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, 2019, the City has no proportionate share of the net pension liability.

For the year ended June 30, 2019, the City recognized pension expense and revenue of \$7,098 in Exhibit II.

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of June 30, 2018, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75%
Salary increase	3.25-6.50%, including inflation
Investment rate of return	8.00%, net of pension plan investment expense, including inflation

Mortality rates were based on the RPH-2014 White Collar table with employee and annuitant rates blended from ages 50 to 80, projected to the year 2020 using the BB improvement scale, and further adjusted to grade in increased rates (5% for females and 8% for males) over age 80 for the period after service retirement and for dependent beneficiaries as well as for active members. The RPH-2014 Disabled Mortality Table projected to 2017 with Scale BB is used for the period after disability retirement.

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2010 - June 30, 2015.

For teachers who retired prior to September 1, 1992, pension benefit adjustments are made in accordance with increases in the Consumer Price Index, with a minimum of 3% and a maximum of 5% per annum.

For teachers who were members of the Teachers' Retirement System before July 1, 2007 and retire on or after September 1, 1992, pension benefit adjustments are made that are consistent with those provided for Social Security benefits on January 1 of the year granted, with a maximum of 6% per annum. If the return on assets in the previous year was less than 8.5%, the maximum increase is 1.5%.

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

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:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
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	<u>100.0%</u>	

Discount Rate

The discount rate used to measure the total pension liability was 8.00%. 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 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.

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.

Other Information

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

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

D. Aggregated Pension Information

The City recognized the following amounts related to pension plans as of and for the year ended June 30, 2019:

	<u>Deferred Outflow of Resources Related to Pensions</u>	<u>Net Pension Liability</u>	<u>Deferred Inflow of Resources Related to Pensions</u>	<u>Pension Expense</u>
City of Norwich Retirement System:				
Governmental Activities	\$ 4,810	\$ 71,540	\$ 124	\$ 11,031
Business-Type Activities	2,402	35,663	62	5,165
Volunteer Firefighters' Relief Plan:				
Governmental Activities	152	3,439	183	324
Connecticut Teachers Retirement System:				
Governmental Activities				(7,098)
	<u>\$ 7,364</u>	<u>\$ 110,642</u>	<u>\$ 369</u>	<u>\$ 9,422</u>
Governmental Activities	\$ 4,962	\$ 74,979	\$ 307	\$ 4,257
Business-Type Activities	2,402	35,663	62	5,165
	<u>\$ 7,364</u>	<u>\$ 110,642</u>	<u>\$ 369</u>	<u>\$ 9,422</u>

13. OTHER POST EMPLOYMENT BENEFITS

A. City of Norwich, Retiree Health Plan

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. Management of the RHP is vested with the Human Resources Director and Comptroller with policy oversight provided by the Personnel and Pension Board. The RHP provides medical, dental and life insurance benefits to eligible retirees and their spouses. All employees of the City are eligible to participate in the plan. Benefit provisions are established through negotiations between the City and the various unions representing the employees. The General Fund, the Fire Districts Fund and Department of Public Utilities are used to liquidate net other post employment benefit obligations.

**CITY OF NORWICH, CONNECTICUT
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At July 1, 2017, plan membership consisted of the following:

Active plan members	896
Retired plan members	<u>351</u>
Total Participants	<u><u>1,247</u></u>

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 adopted the same funding policy for OPEB as it had for the Retirement System in 2014. In June 2018, the Norwich City Council temporarily suspended the funding requirement described above for the OPEB fund until 2022.

The City pays the full cost of life insurance premiums. The percentage contribution of plan members and the City for medical benefits are negotiated with the various unions representing the employees. Retired plan members and beneficiaries currently receiving benefits are required to contribute specified percentages towards the cost of receiving benefits under the City’s self-insured medical benefits program as follows:

City Retirees

City Retirees are comprised of five separate bargaining units (City Hall Employees, City Hall Supervisors, Dispatchers, Public Works Employees and Public Works Supervisors) and nonunion employees, and OPEB benefits for these groups have been bargained for individually.

For most current City Retirees, the City funds the full cost of insurance for the retiree. The retiree must pay 50% of the cost for a participating spouse. Participation in the plan ends at age 65 for both the retiree and the retiree’s spouse.

Generally, City employees hired after 2013 are not eligible for postretirement medical benefits through the City.

Police Retirees

For most current retirees, the City funds full cost of insurance for the retiree. The retiree must pay 50% of the cost for a participating spouse. Participation in the plan ends at age 65 for both the retiree and the retiree’s spouse.

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Police hired after June 2014 may elect to either waive postretirement medical coverage or contribute 1% of their earnings to the OPEB fund.

Police who are hired on or after January 1, 2018 are not eligible for postretirement medical benefits through the City.

Fire Retirees

For firefighters who retire on or after October 2013, the City funds full cost of insurance for the retiree. The retiree must pay 50% of the cost for a participating spouse. Participation in the plan ends at age 65 for both the retiree and the retiree's spouse.

Firefighters hired after June 2013 contribute 1% of their earnings to the OPEB fund for the first five years of employment.

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.

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.

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For the year ended June 30, 2019, plan members and the Teacher Retirement Board contributed \$200. 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, 2019 totaled \$5,240.

Investments

Investment Policy

OPEB Benefits Plan's policy in regard to the allocation of invested assets is established and may be amended by the Personnel and Pension Board. It is the policy of the City to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The City's investment policy discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans.

Rate of Return

For the year ended June 30, 2019, the annual money-weighted rate of return on investments, net of investment expense, was 7.82%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested

Net OPEB Liability of the City

The City's net OPEB liability was measured as of June 30, 2019. The components of the net OPEB liability of the City at June 30, 2019 were as follows:

Total OPEB liability	\$	62,000
Plan fiduciary net position		<u>21,953</u>
Net OPEB Liability	\$	<u><u>40,047</u></u>
Plan fiduciary net position as a percentage of the total OPEB liability		35.41%

CITY OF NORWICH, CONNECTICUT
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Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of July 1, 2017, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.75%
Salary increases	Varies by age, service and employee group
Investment rate of return	7.50%
Healthcare cost trend rates	2.0% for 2017, 7.25% for 2018, decreasing .5% per year, to an ultimate rate of 4.75% for 2023 and later

Mortality rates were based on the RP-2014 adjusted to 2006 total data set projected to valuation date with scale MP-2016 for City, Public Utilities and BOE employees. For Police Officers and Firefighters, mortality rates were based on the RP-2014 adjusted to 2006 blue collar mortality table, projected to the valuation date with scale MP-2016. Disabled mortality rates were based on the RP-2014 adjusted to 2006 disabled mortality table, projected to the valuation date with scale MP-2016.

The actuarial assumptions used in the valuation were based on standard tables modified for certain plan features such as eligibility for full and early retirement where applicable and input from the plan sponsor. A full actuarial experience study has not been completed.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of real rates of return for each major asset as of June 30, 2019 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return*</u>
U.S. Government Bonds	12.00%	1.60%
U.S. Credit Bonds	15.00%	3.03%
U.S. High Yield Bonds	3.00%	3.76%
U.S. Large Cap Equities	35.00%	3.13%
U.S. Mid Cap Equities	6.00%	3.62%
U.S. Small Cap Equities	8.00%	3.27%
Foreign Developed Equity	16.80%	3.91%
Emerging Markets Equity	4.20%	4.59%
Total	<u>100.00%</u>	

* Long-Term Returns are geometric means.

CITY OF NORWICH, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019
(In Thousands)

Discount Rate

The discount rate used to measure the total OPEB liability was 7.50%. The projection of cash flows used to determine the discount rate assumed that City contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Changes in the Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a)-(b)
Balances as of July 1, 2018	\$ 59,094	\$ 18,349	\$ 40,745
Changes for the year:			
Service cost	1,644		1,644
Interest	4,437		4,437
Contributions - employer		5,240	(5,240)
Contributions - member		15	(15)
Net investment income		1,534	(1,534)
Benefit payments	(3,175)	(3,175)	-
Administrative expenses		(10)	10
Net changes	<u>2,906</u>	<u>3,604</u>	<u>(698)</u>
Balances as of June 30, 2019	<u>\$ 62,000</u>	<u>\$ 21,953</u>	<u>\$ 40,047</u>

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

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

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Net OPEB Liability	\$ 45,356	\$ 40,047	\$ 35,346

CITY OF NORWICH, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019
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Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates

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

	1% Decrease (6.25% Decreasing to 3.75%)	Current Trend Rate (7.25% Decreasing to 4.75%)	1% Increase (8.25% Decreasing to 5.75%)
Net OPEB Liability	\$ 33,704	\$ 40,047	\$ 47,432

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

For the year ended June 30, 2019, the City recognized OPEB expense of \$4,108. At June 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Governmental Activities	Business-Type Activities Department of Public Utilities	Total
Deferred Outflows of Resources:			
Differences between expected and actual experience	\$	\$ 1,343	\$ 1,343
Net difference between projected and actual earnings on pension plan investments	<u>99</u>	<u></u>	<u>99</u>
	<u>\$ 99</u>	<u>\$ 1,343</u>	<u>\$ 1,442</u>
Deferred Inflows of Resources:			
Differences between expected and actual experience	\$ 1,955	\$	\$ 1,955
Changes of assumptions	1,258	111	1,369
Net difference between projected and actual earnings on pension plan investments	<u></u>	<u>6</u>	<u>6</u>
	<u>\$ 3,213</u>	<u>\$ 117</u>	<u>\$ 3,330</u>

CITY OF NORWICH, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019
(In Thousands)

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

<u>Year Ended June 30</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	
		<u>Department of Public Utilities</u>	<u>Total</u>
2020	\$ (855)	\$ 341	\$ (514)
2021	(855)	341	(514)
2022	(855)	341	(514)
2023	(549)	203	(346)
Total	\$ <u>(3,114)</u>	\$ <u>1,226</u>	\$ <u>(1,888)</u>

Schedule of Plan Net Position - June 30, 2019

	<u>Other Post Employment Benefit Trust Fund</u>
Assets:	
Cash and cash equivalents	\$ 52
Investments:	
U.S. government securities	2,345
U.S. government agencies	971
Corporate bonds	2,533
Mutual funds	8,693
Common stock	5,594
Real estate	125
Accounts receivable	189
Due from other funds	1,454
Total assets	21,956
Liabilities:	
Accounts and other payables	3
Net Position:	
Restricted for OPEB Benefits	\$ <u>21,953</u>

CITY OF NORWICH, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019
(In Thousands)

Schedule of Changes in Plan Net Position for the Year Ended June 30, 2019

	Other Post Employment Benefit Trust Fund
	<u> </u>
Additions:	
Contributions:	
Employer	\$ 5,240
Plan members	15
Total contributions	<u>5,255</u>
Investment income:	
Net appreciation in fair value of investments	882
Interest and dividends	<u>772</u>
Total investment income	1,654
Less investment expense	<u>(120)</u>
Net investment income	<u>1,534</u>
Total additions	<u>6,789</u>
Deductions:	
Benefits	3,175
Administration	<u>10</u>
Total deductions	<u>3,185</u>
Net Increase	3,604
Net Position Restricted for OPEB Benefits at Beginning of Year	<u>18,349</u>
Net Position Restricted for OPEB Benefits at End of Year	<u>\$ 21,953</u>

B. Other Post Employment Benefit - Connecticut State Teachers Retirement Plan

Plan Description

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

Chapter 167a of the State Statutes grants authority to establish and amend the benefit terms to the TRB. TRS-RHIP issues a publicly available financial report that can be obtained at www.ct.gov/trb.

Benefit Provisions (Amounts Not Rounded)

There are two types of the health care benefits offered through the system. Subsidized Local School District Coverage provides a subsidy paid to members still receiving coverage through their former employer and the CTRB Sponsored Medicare Supplement Plans provide coverage for those participating in Medicare but not receiving Subsidized Local School District Coverage.

Any member who is not currently participating in Medicare Parts A & B is eligible to continue health care coverage with their former employer. A subsidy of up to \$110 per month for a retired member plus an additional \$110 per month for a spouse enrolled in a local school district plan is provided to the school district to first offset the retiree's share of the cost of coverage, and any remaining portion is used to offset the district's cost. The subsidy amount is set by statute and has not increased since July 1996. A subsidy amount of \$220 per month may be paid for a retired member, spouse or the surviving spouse of a member who has attained the normal retirement age to participate in Medicare, is not eligible for Part A of Medicare without cost, and contributes at least \$220 per month towards coverage under a local school district plan.

Any member who is currently participating in Medicare Parts A & B is eligible to either continue health care coverage with their former employer, if offered, or enroll in the plan sponsored by the System. If they elect to remain in the plan with their former employer, the same subsidies as above will be paid to offset the cost of coverage.

If a member participating in Medicare Parts A & B so elects, they may enroll in one of the CTRB Sponsored Medicare Supplement Plans. Effective July 1, 2018, the System added a Medicare Advantage Plan option. Active members, retirees and the State pay equally toward the cost of the basic coverage (medical and prescription drug benefits) under the Medicare Advantage Plan. Retired members who choose to enroll in the Medicare Supplement Plan are responsible for the full difference in the premium cost between the two plans. Additionally, effective July 1, 2018, retired members who cancel their health care coverage or elect to not enroll in a CTRB sponsored health care coverage option must wait two years to re-enroll.

**CITY OF NORWICH, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019
(In Thousands)**

Survivor Health Care Coverage (Amounts Not Rounded)

Survivors of former employees or retirees remain eligible to participate in the plan and continue to be eligible to receive either the \$110 monthly subsidy or participate in the TRB-Sponsored Medicare Supplement Plans, as long as they do not remarry.

Eligibility

Any member who is currently receiving a retirement or disability benefit is eligible to participate in the plan.

Credited Service

One month for each month of service as a teacher in Connecticut public schools, maximum 10 months for each school year. Ten months of credited service constitutes one year of Credited Service. Certain other types of teaching services, State employment, or wartime military service may be purchased prior to retirement if the member pays one-half the cost.

Normal Retirement

Age 60 with 20 years of Credited Service in Connecticut, or 35 years of Credited Service including at least 25 years of service in Connecticut.

Early Retirement

Age 55 with 20 years of Credited Service including 15 years of Connecticut service, or 25 years of Credited Service including 20 years of Connecticut service.

Proratable Retirement

Age 60 with 10 years of Credited Service.

Disability Retirement

No service requirement if incurred in the performance of duty, and 5 years of Credited Service in Connecticut if not incurred in the performance of duty.

Termination of Employment

Ten or more years of Credited Service.

Contributions (Amounts Not Rounded)

State of Connecticut

Per Connecticut General Statutes Section 10-183z, contribution requirements of active employees and the State of Connecticut are approved, amended and certified by the State Teachers' Retirement Board and appropriated by the General Assembly. The State contributions are not currently actuarially funded. The State appropriates from the General Fund one third of the annual costs of the Plan. Administrative costs of the Plan are financed by the State. Based upon Chapter 167a, Subsection D of Section 10-183t of the Connecticut statutes, it is assumed the State will pay for any long-term shortfall arising from insufficient active member contributions.

**CITY OF NORWICH, CONNECTICUT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2019
 (In Thousands)**

Employer (School Districts)

School District employers are not required to make contributions to the plan.

Employees

Each member is required to contribute 1.25% of their annual salary up to \$500,000. Contributions in excess of \$500,000 will be credited to the Retiree Health Insurance Plan.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At June 30, 2019, the City reports no amounts for its proportionate share of the net OPEB liability, and related deferred outflows and inflows, due to the statutory requirement that the State pay 100% of the required contribution. The amount recognized by the City as its proportionate share of the net OPEB liability, the related State support and the total portion of the net OPEB liability that was associated with the City was as follows:

City's proportionate share of the net OPEB liability	\$ -
State's proportionate share of the net OPEB liability associated with the City	<u>12,644</u>
Total	<u>\$ 12,644</u>

The net OPEB liability was measured as of June 30, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as June 30, 2018. At June 30, 2019, the City has no proportionate share of the net OPEB liability.

For the year ended June 30, 2019, the City recognized OPEB expense and revenue of (\$4,200) in Exhibit II.

Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of June 30, 2018, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75%
Health care costs trend rate	
Pre-Medicare	5.95% decreasing to 4.75% by 2025
Medicare	5.00% decreasing to 4.75% by 2028
Salary increases	3.25-6.50%, including inflation
Investment rate of return	3.00%, net of OPEB plan investment expense, including inflation
Year fund net position will be depleted	2019

**CITY OF NORWICH, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019
(In Thousands)**

Mortality rates were based on the RPH-2014 White Collar table with employee and annuitant rates blended from ages 50 to 80, projected to the year 2020 using the BB improvement scale, and further adjusted to grade in increases (5% for females and 8% for males) over age 80. For disabled retirees, mortality rates were based on the RPH-2014 Disabled Mortality Table projected to 2020 using the BB improvement scale.

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2010 - June 30, 2015.

The long-term expected rate of return on plan assets is reviewed as part of the GASB 75 valuation process. Several factors are considered in evaluating the long-term rate of return assumption, including the plan's current asset allocations and a log-normal distribution analysis using the best-estimate ranges of expected future real rates of return (expected return, net investment expense and inflation) for each major asset class. The long-term expected rate of return was determined by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The assumption is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years. The plan is 100% invested in U.S. Treasuries (Cash Equivalents) for which the expected 10-Year Geometric Real Rate of Return is (0.27%).

Discount Rate

The discount rate used to measure the total OPEB liability was 3.87%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current member contribution rate and that contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members. No future State contributions were assumed to be made. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be depleted in 2019 and, as a result, the Municipal Bond Index Rate was used in the determination.

Sensitivity of the Net OPEB Liability to Changes in the Health Care Cost Trend Rate and the Discount Rate

The City's proportionate share of the net OPEB liability is \$-0- and, therefore, the change in the health care cost trend rate or the discount rate would only impact the amount recorded by the State of Connecticut.

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. Detailed information about the Connecticut State Teachers OPEB Plan fiduciary net position is available in the separately issued State of Connecticut Comprehensive Annual Financial Report at www.ct.gov.

14. JOINTLY GOVERNED AND RELATED ORGANIZATIONS

Connecticut Municipal Electric Energy Cooperative

CMEEC is a public corporation organized in 1976 under Connecticut Public Act 75-634, subsequently enacted as Title 7-233, Chapter 101a of the General Statutes of Connecticut, as amended. It is empowered to undertake the planning, financing, acquisition, construction and operation of facilities for the generation and transmission of electric power and energy for its member utilities, including the City of Norwich, Department of Public Utilities (the Department), and others. CMEEC may issue bonds in its own name. Under the bylaws of CMEEC, a Board of Directors comprised of representatives from the participating members was established. CMEEC's Board is comprised of twenty representatives and officers. The governing board consists of representatives appointed by each of the participating members and assumes all the management decisions. Two representatives from the City of Norwich, Department of Public Utilities serve on the Board. The CMEEC Board acts as a regulatory body in that it reviews and approves recovery of costs in rates on an annual basis.

CMEEC has entered into power sales contracts with each of the members including the City of Norwich Department of Public Utilities. Under the contracts, each of the member utilities have agreed to purchase essentially all of its electric power required for resale from CMEEC, with CMEEC's electric revenues to consist of billings for resale of power. The contracts obligate each member utility to pay for their share of CMEEC's fixed costs, which consist primarily of debt service and CMEEC administrative and general costs on a take or pay basis. The member utilities maintain this fixed cost obligation whether or not they take any power from CMEEC. The amount of power purchased from CMEEC for the fiscal year ended June 30, 2019 was \$25,920.

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 2019 fiscal year, the share of contributions to the fund received by the Department totaled \$72, with drawdowns of \$106, and interest on the fund of \$2. The balance of the Department funds held by CMEEC for the RGGI was \$189 for the year ended June 30, 2019.

CITY OF NORWICH, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019
(In Thousands)

15. COMMITMENTS AND CONTINGENCIES

Purchased Gas Contracts

The Department of Public Utilities participates in forward contracts for the purchase of gas capacity for storage and transmission. Under the terms of the contracts, the Department is obligated to make payments for set capacities that will be charged at variable and fixed rates until the end of the respective terms. As of June 30, 2019, the Department has obligations in place through 2031. Expense under the contracts totaled \$3,197 during the year ended June 30, 2019.

Power Sales Contract - Norwich Department of Public Utilities (Department)

CMEEC supplies power to the Department under a Power Sales Contract that became effective April 25, 2013. The contract obligates the Department to pay a percentage of CMEEC's fixed costs obligations, including debt service and administrative and general costs. Under the power sales agreement, the Department is required to pay its percentage of CMEEC's fixed cost obligations whether or not they purchase power from CMEEC. The contract will remain in effect until the date when all of the indebtedness and fixed cost obligations of CMEEC have been paid in full and thereafter until terminated by either party following not less than three years prior written notice to the other party of its intention to terminate, provided, however, CMEEC shall not incur or issue any indebtedness with a maturity date later than December 31, 2052.

The Department has rate stabilization funds held by CMEEC that were previously collected in conjunction with the purchase of energy to stabilize the price of energy. The Department's current rate structure to purchase power from CMEEC includes a rate stabilization component. Under the rate stabilization premise, the principal repayment of debt service is deferred and amortized over the life of the related debt and recoverable from future billings. Under this premise, the shortfall between the current rate stabilization funds held by CMEEC and the percentage of unfunded CMEEC debt allocated to the Department represents an unfunded debt obligation recoverable by future billings.

The Department's net deferred debt fixed cost obligation to CMEEC as of June 30, 2019 is summarized as follows:

CMEEC - debt service fixed cost obligation	\$ 17,964
Department - rate stabilization funds on deposit with CMEEC	<u>(10,920)</u>
Net Deferred Fixed Cost Obligation	<u>\$ 7,044</u>

The rate stabilization funds held by CMEEC and the allocated percentage of CMEEC's debt obligation are not reported on the Department's statement of net position. The fixed cost obligation paid by the Department to CMEEC included in the cost to purchase power for the current year was \$3,038.

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

CITY OF NORWICH, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019
(In Thousands)

Combined Sewer Overflows

Under various consent decrees issued by the State of Connecticut Department of Environmental Protection (consent decrees), the Department is required to eliminate certain combined storm and sanitary sewers. The estimated cost of these improvements is \$53,000. As of June 30, 2019, \$4,188 relating to these projects, including capitalized interest, has been incurred and included in property, plant and equipment. Based on current engineering estimates, completion of these projects will be within the next 15 years. Funding for these improvements is being provided by the State of Connecticut's Clean Water Fund in the form of loans and grants. As of June 30, 2019, the State is committed to providing the Department funding in the form of loans and grants of \$1,655 and \$345, respectively, with loans and grants yet to be expended of \$55 and \$7, respectively.

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.

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.

16. 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.

**CITY OF NORWICH, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019
(In Thousands)**

17. NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES

As of June 30, 2019, the Department of Public Utilities has purchased \$847 in capital assets on account, which are included in accounts payable and accrued liabilities in the accompanying statement of net position.

Capital contributions from Governmental Funds totaling \$579 and \$522 were made to the Department of Public Utilities and Nonmajor Enterprise Funds, respectively, during the year ended June 30, 2019.

18. SUBSEQUENT EVENTS

The Professional Baseball Agreement currently in place between Major League Baseball (MLB) and minor league teams, which includes the Connecticut Tigers who play at Dodd Stadium in the City, expires at the end of the 2020 baseball season. Subsequent to the year ended June 30, 2019, a MLB proposal was released which would eliminate the Connecticut Tigers affiliation with MLB at the cessation of the current contract. The proposal if ratified in its current form could have an adverse effect on the carrying value of capital assets recorded by the Stadium Authority, a nonmajor enterprise fund of the City. Due to the uncertainty of the proposal and status of negotiations being ongoing, no impairment has currently been recognized by the City on the related capital assets, with a remaining net book value of \$6,651 as of the year ended June 30, 2019.

On November 5, 2019, one bond authorization was made through referenda. Bonds authorized totaled \$5.0 million and were authorized for infrastructure projects.



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, 2019
(In Thousands)

	Budgeted Amounts		Actual	Variance
	Original	Final		
General property taxes:				
Current tax levy	\$ 66,679	\$ 66,679	\$ 66,690	\$ 11
Motor vehicle supplement	8,104	8,104	7,765	(339)
Prior years levy	1,800	1,800	1,900	100
Interest and liens	900	935	1,114	179
Total	<u>77,483</u>	<u>77,518</u>	<u>77,469</u>	<u>(49)</u>
Intergovernmental revenues:				
Payment in lieu of taxes	1,453	1,453	1,453	-
Building maintenance	298	345	343	(2)
City housing	137	137	166	29
Mashantucket-Pequot Mohegan	1,860	1,860	1,860	-
Youth service bureau	67	67	72	5
School construction	1,000	1,000		(1,000)
Telecommunications tax	130	130	105	(25)
Town aid road	496	496	494	(2)
Municipal revenue sharing	418	418	408	(10)
EMPG	20	20	5	(15)
Education cost sharing	32,317	32,317	32,614	297
Total	<u>38,196</u>	<u>38,243</u>	<u>37,520</u>	<u>(723)</u>
Charges for services:				
Senior Citizens Center	9	9	10	1
Financial services	132	80	78	(2)
Human resources services		38	38	-
Publics works services		35	35	-
Landfill	68	68	65	(3)
Direct hauler fees	782	782	654	(128)
Backyard rollout fee	9	9	8	(1)
Recording fees	345	151	136	(15)
Planning and zoning fees		20	25	5
Printing and duplication fees		49	52	3
Notary public fees		3	4	1
Vital statistics		145	138	(7)
Fingerprinting		5	4	(1)
Conveyance tax	508	508	460	(48)
Land recording capital improvement fee	14	14	12	(2)
Probate court	24	24		(24)
Tuition	126	126	46	(80)
Health services	104	104	119	15
Total	<u>2,121</u>	<u>2,170</u>	<u>1,884</u>	<u>(286)</u>
Licenses and permits:				
Public safety permits		15	16	1
Building permits	514	471	462	(9)
Road opening permits		2	2	-
Marriage licenses		4	4	-
Animal licenses		2	1	(1)
Total	<u>514</u>	<u>494</u>	<u>485</u>	<u>(9)</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, 2019
(In Thousands)

	Budgeted Amounts		Actual	Variance
	Original	Final		
Fines and assessments:				
Traffic violations	\$ 6	\$ 6	\$ 4	\$ (2)
Blight citations	26	26	17	(9)
Sewer assessments	320	320	264	(56)
Total	<u>352</u>	<u>352</u>	<u>285</u>	<u>(67)</u>
Rents and royalties:				
Property rent	257	69	89	20
Cell tower rent		57	64	7
Facilities rent		22	34	12
Total	<u>257</u>	<u>148</u>	<u>187</u>	<u>39</u>
Investment income:				
Interest on investments	<u>500</u>	<u>500</u>	<u>835</u>	<u>335</u>
Other revenues:				
Sale of City assets	113	74	12	(62)
Miscellaneous revenue		37	65	28
Total	<u>113</u>	<u>111</u>	<u>77</u>	<u>(34)</u>
Total revenues	<u>119,536</u>	<u>119,536</u>	<u>118,742</u>	<u>(794)</u>
Other financing sources:				
Transfers in:				
Cemetery Trust	68	68	65	(3)
Department of Public Utilities	6,076	6,076	6,076	-
Police	165	165	279	114
Parking Commission	30	30	30	-
Golf Course Authority			5	5
Total	<u>6,339</u>	<u>6,339</u>	<u>6,455</u>	<u>116</u>
Total	<u>\$ 125,875</u>	<u>\$ 125,875</u>	125,197	<u>\$ (678)</u>

Budgetary revenues are different than GAAP revenues because:

State of Connecticut State Teachers' Retirement System pension expense (revenue) for City teachers is not budgeted.	7,098
State of Connecticut State Teachers' Retirement System OPEB expense (revenue) for City teachers is not budgeted.	(4,200)
The Board of Education does not budget for intergovernmental grants, which are credited against education expenditures for budgetary reporting. These amounts are recorded as revenues and expenditures for GAAP financial reporting purposes.	1,833
Cancellation of prior year encumbrances are recorded as miscellaneous revenue for budgetary reporting. This amount is excluded for financial reporting purposes.	(9)

Total Revenues and Other Financing Sources as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds - Exhibit IV \$ 129,919

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, 2019
(In Thousands)

	Budgeted Amounts		Actual	Variance
	Original	Final		
General government:				
City Council	\$ 426	\$ 382	\$ 382	\$ -
City Manager	375	372	371	1
Finance	1,589	1,586	1,585	1
City Treasurer	253	251	251	-
Assessor	506	476	475	1
Human Resources	516	509	509	-
Law	446	486	481	5
City Clerk	491	495	493	2
Election	153	145	144	1
Planning and Neighborhood Services	1,030	1,020	1,018	2
Total general government	<u>5,785</u>	<u>5,722</u>	<u>5,709</u>	<u>13</u>
Public safety:				
Police	16,161	16,759	16,742	17
Fire:				
East Great Plain	144	144	143	1
Laurel Hill	71	66	63	3
Occum	72	72	71	1
Taftville	161	154	153	1
Yantic	168	168	168	-
Fire Central	2,140	2,082	2,082	-
Emergency management	82	69	68	1
Total public safety	<u>18,999</u>	<u>19,514</u>	<u>19,490</u>	<u>24</u>
Social Services:				
Recreation	687	683	681	2
Human services	421	415	415	-
Senior Citizens Center	640	643	643	-
Youth and Family Services	276	273	273	-
Total social services	<u>2,024</u>	<u>2,014</u>	<u>2,012</u>	<u>2</u>
Public works:				
Engineering and administration	823	784	784	-
Fleet maintenance	1,411	1,355	1,354	1
Solid waste	2,615	2,639	2,639	-
Maintenance and cleaning	4,142	4,025	4,025	-
Building maintenance	1,344	1,294	1,292	2
Street lighting	515	479	478	1
Parking maintenance	164	147	147	-
Total public works	<u>11,014</u>	<u>10,723</u>	<u>10,719</u>	<u>4</u>
Board of Education	<u>78,470</u>	<u>79,870</u>	<u>79,870</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, 2019
(In Thousands)

	Budgeted Amounts		Actual	Variance
	Original	Final		
Other	\$ 3,030	\$ 2,307	\$ 2,303	\$ 4
Transfers out	6,753	6,753	6,753	-
Total	\$ 126,075	\$ 126,903	126,856	\$ 47

Budgetary expenditures are different than GAAP expenditures because:

State of Connecticut State Teachers' Retirement System pension expense (revenue) for City teachers is not budgeted.	7,098
State of Connecticut State Teachers' Retirement System OPEB expense (revenue) for City teachers is not budgeted.	(4,200)
The Board of Education does not budget for intergovernmental grants, which are credited against education expenditures for budgetary reporting. These amounts are recorded as revenues and expenditures for GAAP financial reporting purposes.	1,833
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.	(66)
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.	240

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

\$ 131,761

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

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total pension liability:						
Service cost	\$ 5,881	\$ 5,769	\$ 5,656	\$ 5,890	\$ 5,498	\$ 2,679
Interest	20,905	20,965	20,281	18,659	17,981	17,334
Differences between expected and actual experience		(295)		3,337		
Changes of benefit terms		(4,568)		634		
Changes of assumptions		4,117		8,811		
Benefit payments, including refunds of member contributions	<u>(18,326)</u>	<u>(17,496)</u>	<u>(16,927)</u>	<u>(15,426)</u>	<u>(14,836)</u>	<u>(14,146)</u>
Net change in total pension liability	8,460	8,492	9,010	21,905	8,643	5,867
Total pension liability - beginning	<u>281,849</u>	<u>273,357</u>	<u>264,347</u>	<u>242,442</u>	<u>233,799</u>	<u>227,932</u>
Total pension liability - ending	<u>290,309</u>	<u>281,849</u>	<u>273,357</u>	<u>264,347</u>	<u>242,442</u>	<u>233,799</u>
Plan fiduciary net position:						
Contributions - employer	11,432	10,103	8,711	7,581	6,718	5,849
Contributions - member	3,896	3,664	3,386	3,358	3,247	3,057
Net investment income (loss)	12,528	12,097	18,213	(2,851)	4,681	20,194
Benefit payments, including refunds of member contributions	(18,326)	(17,496)	(16,927)	(15,426)	(14,836)	(14,146)
Administrative expense	<u>(7)</u>	<u>(44)</u>	<u>(5)</u>	<u>(42)</u>	<u>(4)</u>	<u>(32)</u>
Net change in plan fiduciary net position	9,523	8,324	13,378	(7,380)	(194)	14,922
Plan fiduciary net position - beginning	<u>173,583</u>	<u>165,259</u>	<u>151,881</u>	<u>159,261</u>	<u>159,455</u>	<u>144,533</u>
Plan fiduciary net position - ending	<u>183,106</u>	<u>173,583</u>	<u>165,259</u>	<u>151,881</u>	<u>159,261</u>	<u>159,455</u>
Net Pension Liability - Ending	<u>\$ 107,203</u>	<u>\$ 108,266</u>	<u>\$ 108,098</u>	<u>\$ 112,466</u>	<u>\$ 83,181</u>	<u>\$ 74,344</u>
Plan fiduciary net position as a percentage of the total pension liability	63.07%	61.59%	60.46%	57.46%	65.69%	68.20%
Covered payroll	\$ 43,095	\$ 41,638	\$ 42,011	\$ 40,590	\$ 39,262	\$ 37,752
Net pension liability as a percentage of covered payroll	248.76%	260.02%	257.31%	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)

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Actuarially determined contribution	\$ 12,010	\$ 10,820	\$ 10,732	\$ 9,740	\$ 9,651	\$ 5,790	\$ 5,728	\$ 4,713	\$ 3,644	\$ 2,397
Contributions in relation to the actuarially determined contribution	11,432	10,103	8,711	7,581	6,718	5,849	5,730	4,407	3,752	2,771
Contribution Deficiency (Excess)	\$ 578	\$ 717	\$ 2,021	\$ 2,159	\$ 2,933	\$ (59)	\$ (2)	\$ 306	\$ (108)	\$ (374)
Covered payroll	\$ 43,095	\$ 41,638	\$ 42,011	\$ 40,590	\$ 39,262	\$ 37,752	\$ 36,302	\$ N/A	\$ N/A	\$ N/A
Contributions as a percentage of covered-employee payroll	26.53%	24.26%	20.74%	18.68%	17.11%	15.49%	N/A	N/A	N/A	N/A

Notes to Schedule

Valuation date: July 1, 2017

Measurement date: June 30, 2019

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
Remaining amortization period	Closed 21 years for 2013 base; open 20 years for subsequent years' changes in the Unfunded Accrued Liability
Asset valuation method	5-year smoothed market
Inflation	2.75%
Salary increases	Ranges from 0.0% to 7.0%, based on age
Investment rate of return	7.50%
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	Either (1) 20 years of service if hired prior to 7/1/2013 or (2) 25 years of service if hired on or after 7/1/2013
Mortality - City, Public Utilities, Board of Education Employees	
Actives, Retirees and Terminated Vested	RP-2014 adjusted to 2006 total data set projected to valuation date with scale MP-2017.
Mortality - Police Officers and Firefighters	
Actives, Retirees and Terminated Vested	RP-2014 adjusted to 2006 blue collar mortality table projected to valuation date with scale MP-2017.
Change in assumptions:	In 2017, the rate of return was changed from 7.75% to 7.50%, the rate of inflation from 3.00% to 2.75% and the mortality improvement table was changed from MP-16 to MP-17 to more closely reflect actual and anticipated experience.

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

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Annual money-weighted rate of return, net of investment expense	7.29%	7.40%	12.17%	-1.81%	2.98%	14.19%

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

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

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total pension liability:						
Service cost	\$ 65	\$ 63	\$ 63	\$ 59	\$ 59	\$ 49
Interest	434	421	411	361	351	367
Differences between expected and actual experience		97		(230)		
Changes of benefit terms				706		
Changes of assumptions		(78)		144		
Benefit payments, including refunds of member contributions	(339)	(333)	(322)	(301)	(277)	(268)
Net change in total pension liability	160	170	152	739	133	148
Total pension liability - beginning	6,285	6,115	5,963	5,224	5,091	4,943
Total pension liability - ending	<u>6,445</u>	<u>6,285</u>	<u>6,115</u>	<u>5,963</u>	<u>5,224</u>	<u>5,091</u>
Plan fiduciary net position:						
Contributions - employer	365	373	373	351	333	309
Contributions - member	11	14	14	16	16	12
Net investment income (loss)	175	192	265	(9)	16	253
Benefit payments, including refunds of member contributions	(339)	(333)	(322)	(301)	(277)	(268)
Administrative expense	(1)	(9)	(2)	(9)	(4)	(11)
Net change in plan fiduciary net position	211	237	328	48	84	295
Plan fiduciary net position - beginning	2,795	2,558	2,230	2,182	2,098	1,803
Plan fiduciary net position - ending	<u>3,006</u>	<u>2,795</u>	<u>2,558</u>	<u>2,230</u>	<u>2,182</u>	<u>2,098</u>
Net Pension Liability - Ending	<u>\$ 3,439</u>	<u>\$ 3,490</u>	<u>\$ 3,557</u>	<u>\$ 3,733</u>	<u>\$ 3,042</u>	<u>\$ 2,993</u>
Plan fiduciary net position as a percentage of the total pension liability	46.64%	44.47%	41.83%	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	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**

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Actuarially determined contribution	\$ 365	\$ 373	\$ 373	\$ 374	\$ 304	\$ 309	\$ 309	\$ 255	\$ 255	\$ 255
Contributions in relation to the actuarially determined contribution	365	373	373	351	333	309	310	281	250	250
Contribution Deficiency (Excess)	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>23</u>	\$ <u>(29)</u>	\$ <u>-</u>	\$ <u>(1)</u>	\$ <u>(26)</u>	\$ <u>5</u>	\$ <u>5</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-employee payroll is not included in the above schedule as the persons covered are volunteers.

Notes to Schedule

Valuation date: January 1, 2018

Measurement date: June 30, 2019

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
Remaining amortization period	Closed 21 years for initial base; open 20 years for subsequent bases
Asset valuation method	Market value of assets
Inflation	2.75%
Investment rate of return	7.00%
Retirement age	Hired before January 1, 2015: Age 55 with 20 years of Credited Service. Hired on or after January 1, 2015: Age 55 with 25 years of Credited Service.
Mortality	RP-2014 Mortality Table adjusted to 2006 Blue Collar Mortality Table projected to valuation date with Scale MP-2017.
Change in assumptions:	In 2018, rates of mortality were adjusted to use the latest published pension mortality projection scale released by the Society of Actuaries.

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

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Annual money-weighted rate of return, net of investment expense	6.06%	7.25%	10.91%	-0.37%	0.70%	15.89%

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

CITY OF NORWICH, CONNECTICUT
SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
LAST FIVE FISCAL YEARS - TEACHERS RETIREMENT PLAN*
(In Thousands)

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
City's proportion of the net pension liability (asset)	0.00%	0.00%	0.00%	0.00%	0.00%
City's proportionate share of the net pension liability (asset)	\$ -	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the net pension liability (asset) associated with the City	<u>63,248</u>	<u>76,431</u>	<u>80,635</u>	<u>57,271</u>	<u>52,936</u>
Total	<u>\$ 63,248</u>	<u>\$ 76,431</u>	<u>\$ 80,635</u>	<u>\$ 57,271</u>	<u>\$ 52,936</u>
City's covered payroll	\$ 24,148	\$ 22,652	\$ 24,204	\$ 24,594	\$ 28,303
City's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	0.00%	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability (asset)	57.69%	55.93%	52.26%	59.50%	61.51%

Notes to Schedule

Changes in benefit terms	Beginning January 1, 2018, member contributions increased from 6% to 7% of salary.
Changes of assumptions	During 2016, rates of withdrawal, disability, retirement, mortality and assumed rates of salary increase were adjusted to more closely 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, 2015.
Actuarial cost method	Entry age
Amortization method	Level percent of salary, closed
Single equivalent amortization period	17.6 years
Asset valuation method	4-year smoothed market
Investment rate of return	8.00%, net of investment related expense

*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 OPEB LIABILITY AND RELATED RATIOS
LAST FOUR FISCAL YEARS - OPEB*
(In Thousands)

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Total OPEB liability:				
Service cost	\$ 1,644	\$ 1,699	\$ 1,658	\$ 1,610
Interest	4,437	4,687	4,552	4,416
Change of benefit terms		(645)		
Differences between expected and actual experience		(951)	138	1,010
Changes of assumptions		(2,129)		
Benefit payments	<u>(3,175)</u>	<u>(4,572)</u>	<u>(4,624)</u>	<u>(5,164)</u>
Net change in total OPEB liability	2,906	(1,911)	1,724	1,872
Total OPEB liability - beginning	<u>59,094</u>	<u>61,005</u>	<u>59,281</u>	<u>57,409</u>
Total OPEB liability - ending	<u>62,000</u>	<u>59,094</u>	<u>61,005</u>	<u>59,281</u>
Plan fiduciary net position:				
Contributions - employer	5,240	5,548	5,492	5,566
Contributions - member	15	200	177	291
Net investment income (loss)	1,534	1,035	1,420	(562)
Benefit payments, including refunds of member contributions	(3,175)	(4,572)	(4,624)	(5,164)
Administrative expense	<u>(10)</u>	<u>(22)</u>	<u>(2)</u>	<u>(20)</u>
Net change in plan fiduciary net position	3,604	2,189	2,463	111
Plan fiduciary net position - beginning	<u>18,349</u>	<u>16,160</u>	<u>13,697</u>	<u>13,586</u>
Plan fiduciary net position - ending	<u>21,953</u>	<u>18,349</u>	<u>16,160</u>	<u>13,697</u>
Net OPEB Liability - Ending	<u>\$ 40,047</u>	<u>\$ 40,745</u>	<u>\$ 44,845</u>	<u>\$ 45,584</u>
Plan fiduciary net position as a percentage of the total OPEB liability	35.41%	31.05%	26.49%	23.11%
Covered-employee payroll	\$ 65,850	\$ 63,623	\$ 59,548	\$ 57,814
Net OPEB liability as a percentage of covered-employee payroll	60.82%	64.04%	75.31%	78.85%

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

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

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Actuarially determined contribution (1)	\$ 5,485	\$ 5,542	\$ 5,492	\$ 5,566	\$ 5,431	\$ 6,030	\$ 5,907	\$ 6,184	\$ 6,065	\$ 5,352
Contributions in relation to the actuarially determined contribution	5,240	5,548	5,492	5,566	5,446	6,040	5,592	6,114	5,251	3,690
Contribution Deficiency (Excess)	\$ 245	\$ (6)	\$ -	\$ -	\$ (15)	\$ (10)	\$ 315	\$ 70	\$ 814	\$ 1,662
Covered-employee payroll	\$ 65,850	\$ 63,623	\$ 59,548	\$ 57,814	\$ 56,130	\$ N/A				
Contributions as a percentage of covered-employee payroll	7.96%	8.72%	9.22%	9.63%	9.70%	N/A	N/A	N/A	N/A	N/A

(1) Actuarial Determined Contributions prior to fiscal year ended June 30, 2017 is based on the Annual Required Contribution (ARC) calculated in accordance with GASB No. 45.

Notes to Schedule

Valuation date: July 1, 2017
Measurement date: June 30, 2019
Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level percent of level dollar
Amortization period	Closed 25 years for initial 2013 base; open 20 years for subsequent years' changes in the Unfunded Accrued Liability
Asset valuation method	Market value
Inflation	2.75%
Healthcare cost trend rates	2.0% for 2017, 7.25% for 2018, decreasing .5% per year, to an ultimate rate of 4.75% for 2023 and later
Salary increases	Varies by age, service and employee group
Investment rate of return	7.50%
Retirement age - City and Public Utilities Employees	Age 55 with 25 years of service or age 60 with 5 years of service
Retirement age - Board of Education Employees	Hired prior to 7/1/2004 and age 55 with 25 years of service or age 60 with 5 years of service. 20 years of service required for medical coverage subsidy.
Retirement age - Police Officers and Firefighters	Hired prior to 7/1/2013 and 20 years of service and eligible for unreduced pension or hired on or after 7/1/2013 and 25 years of service and eligible for unreduced pension
Mortality - City, Public Utilities and BOE	RP-2014 adjusted to 2006 Total Dataset Mortality table, projected to valuation date with scale MP-2016.
Mortality - Police Officers and Firefighters	RP-2014 adjusted to 2006 Blue Collar Mortality table, projected to valuation date with scale MP-2016.
Changes in assumptions:	In 2017, rates of mortality, interest, withdrawal, retirement, disability, inflation, assumed rates of salary increases, medical trend, morbidity, and percentage of active employees eligible at retirement who continue with medical coverage were adjusted to more closely reflect actual and anticipated experience.

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

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Annual money-weighted rate of return, net of investment expense	7.82%	6.19%	9.18%

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

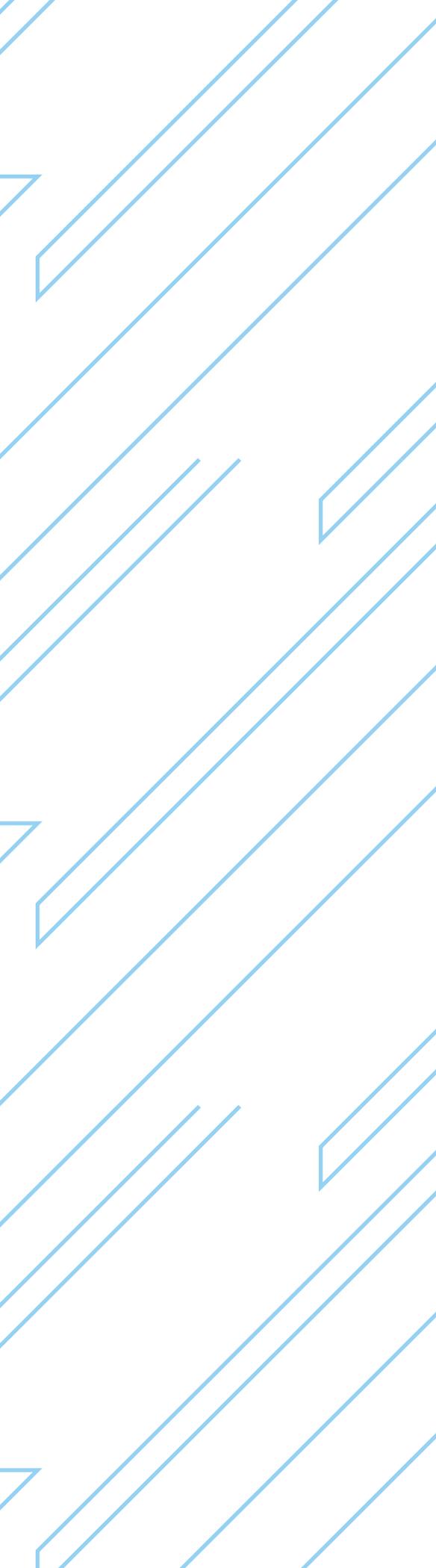
CITY OF NORWICH, CONNECTICUT
SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
LAST TWO FISCAL YEARS - TEACHERS RETIREMENT PLAN*
(In Thousands)

	<u>2019</u>	<u>2018</u>
City's proportion of the net OPEB liability (asset)	0.00%	0.00%
City's proportionate share of the net OPEB liability (asset)	\$ -	\$ -
State's proportionate share of the net OPEB liability (asset) associated with the City	<u>12,644</u>	<u>19,672</u>
Total	<u>\$ 12,644</u>	<u>\$ 19,672</u>
City's covered payroll	\$ 24,148	\$ 22,652
City's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	0.00%	0.00%
Plan fiduciary net position as a percentage of the total OPEB liability (asset)	1.49%	1.79%

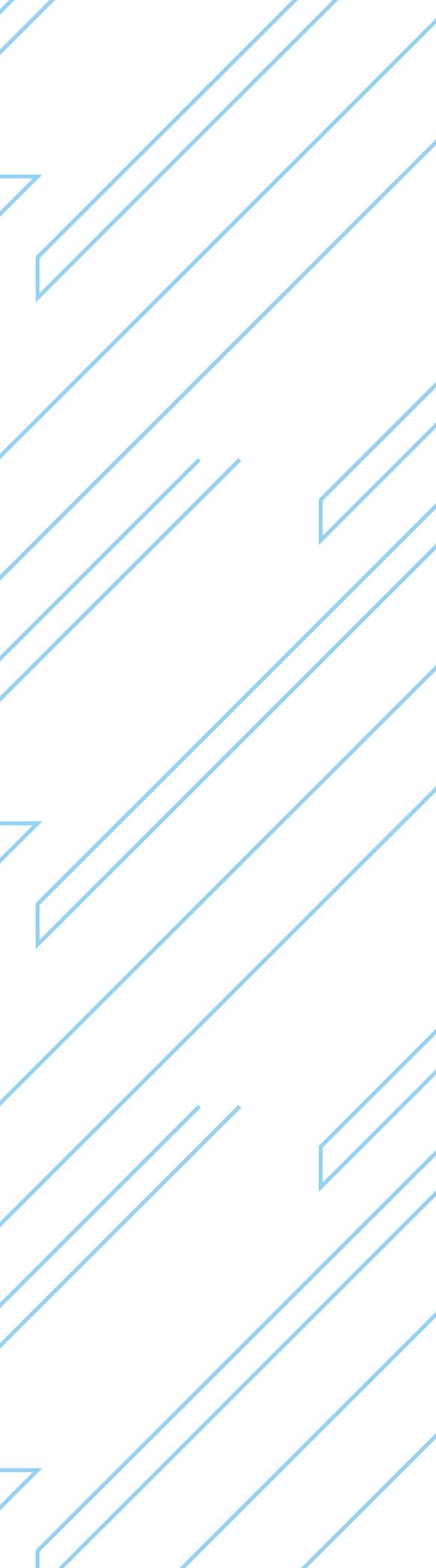
Notes to Schedule

Changes in benefit terms	Effective July 1, 2018, Medicare Advantage Plan was added to available options, changed the base plan to the Medicare Advantage Plan for the purposes of determining retiree subsidies and/or cost sharing amounts, and introduced a two-year waiting period for re-enrollment in a System-sponsored Plan for those who cancel their coverage or choose not to enroll after the effective date.
Changes of assumptions	<p>The expected rate of return on assets was changed from 2.75% to 3.00% to better reflect the anticipated returns on cash and other high quality short-term fixed income investments.</p> <p>Based on the procedure described in GASB 75, the discount rate used to measure Plan obligations for financial accounting purposes as of June 30, 2018 was updated to equal the Municipal Bond Index Rate as of June 30, 2018. The System selected the 3.87% discount rate used to measure the Total OPEB Liability as of the June 30, 2018 measurement date</p> <p>Expected annual per capita claims costs were updated to better reflect anticipated medical and prescription drug claim experience both before and after the plan change that became effective on July 1, 2018.</p> <p>The assumed age-related annual percentage increases in expected annual per capita health care claim costs were updated to better reflect the expected differences between the Medicare Supplement and Medicare Advantage Plan amounts as part of the plan change that became effective on July 1, 2018.</p> <p>Long-term health care cost trend rates were updated to better reflect the anticipated impact of changes in medical inflation, utilization, leverage in the plan design, improvements in technology, and fees and charges on expected claims and retiree contributions in future periods.</p> <p>The percentage of retired members who are not currently participating in the Plan, but are expected to elect coverage for themselves and their spouses under a System-sponsored health care plan option in the future, was updated to better reflect anticipated plan experience.</p> <p>The percentages of participating retirees who are expected to enroll in the Medicare Supplement Plan and the Medicare Advantage Plan options, as well as the portion who are expected to migrate to the Medicare Advantage Plan over the next several years, were updated to better reflect anticipated plan experience after the plan change that became effective on July 1, 2018.</p> <p>The post-disability mortality table was updated to extend the period of projected mortality improvements from 2017 to 2020. This change was made to better reflect anticipated post-disablement plan experience.</p> <p>The percentages of deferred, vested members who will become ineligible for future health care benefits because they are expected to withdraw their contributions from the System was updated to better reflect anticipated plan experience.</p>
Actuarial cost method	Entry age
Amortization method	Level percent of salary, closed
Remaining amortization period	30 years, open
Asset valuation method	Market value of assets
Investment rate of return	4.25%, net of investment related expense including price inflation

*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.

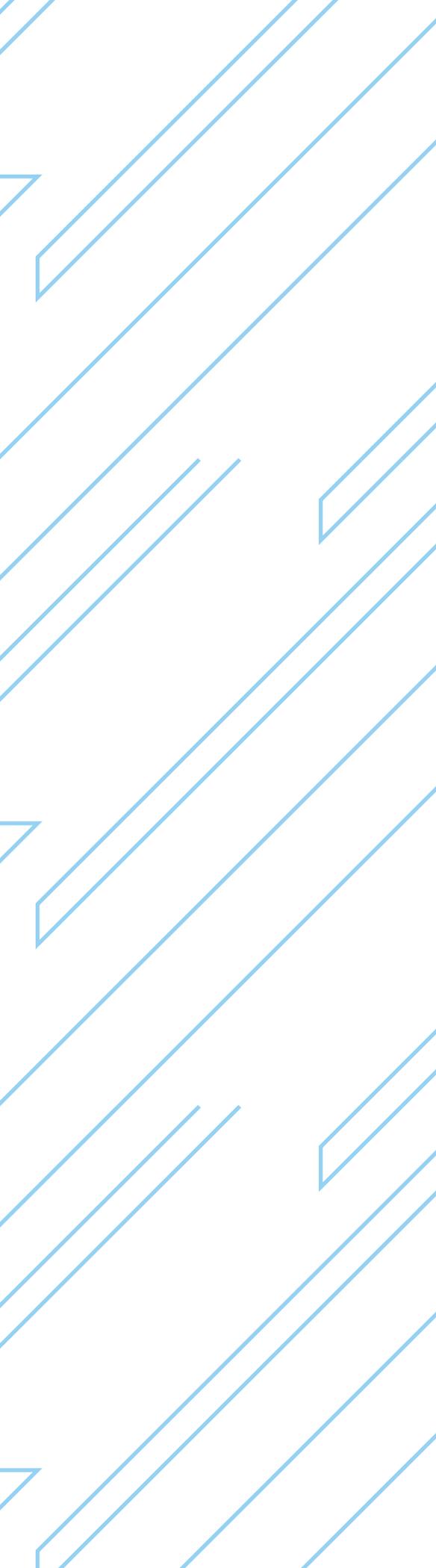
**CITY OF NORWICH, CONNECTICUT
GENERAL FUND
COMPARATIVE BALANCE SHEET
JUNE 30, 2019 AND 2018
(In Thousands)**

	<u>2019</u>	<u>2018</u>
ASSETS		
Cash and cash equivalents	\$ 7,589	\$ 5,404
Investments	30,735	32,119
Receivables:		
Property taxes receivable, net of an allowance for uncollectibles of \$361 and \$757, respectively	3,160	3,411
Property taxes accrued interest receivable, net of an allowance for uncollectibles of \$220 and \$258, respectively	878	1,032
Intergovernmental receivable	20	15
Assessment receivable	1,725	1,942
Accounts receivable	193	92
Due from other funds	<u>2,646</u>	<u>2,275</u>
Total Assets	<u>\$ 46,946</u>	<u>\$ 46,290</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES		
Liabilities:		
Accounts payable and accrued expenses	\$ 6,768	\$ 7,143
Due to other funds	21,201	17,803
Unearned revenue	<u>77</u>	<u>44</u>
Total liabilities	<u>28,046</u>	<u>24,990</u>
Deferred Inflows of Resources:		
Unavailable revenue - property taxes	3,453	3,794
Unavailable revenue - special assessments	<u>1,725</u>	<u>1,942</u>
Total deferred inflows of resources	<u>5,178</u>	<u>5,736</u>
Fund Balances:		
Assigned	69	261
Unassigned	<u>13,653</u>	<u>15,303</u>
Total fund balances	<u>13,722</u>	<u>15,564</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 46,946</u>	<u>\$ 46,290</u>

CITY OF NORWICH, CONNECTICUT
 GENERAL FUND
 REPORT OF TAX COLLECTOR
 FOR THE YEAR ENDED JUNE 30, 2019
 (In Thousands)

Grand List	Uncollected Taxes July 1, 2018	Lawful Corrections		Transfers To Suspend	Adjusted Taxes Collectible	Collections				Net Uncollected Taxes June 30, 2019	Overpayment Credit Balances	Gross Uncollected Taxes June 30, 2019
		Additions	Deductions			Taxes	Interest	Fees	Total			
2017	\$ 77,642 *	\$ 83	\$ 916	\$ 95	\$ 76,714	\$ 74,646	\$ 389	\$ 21	\$ 75,056	\$ 2,068	\$ 206	\$ 2,274
2016	2,224	6	99	654	1,477	1,050	222	19	1,291	427	52	479
2015	999	2	34	422	545	278	105	9	392	267	13	280
2014	266	13	38	4	237	86	39	3	128	151		151
2013	155	14	35		134	38	27	9	74	96		96
2012	140	12	35		117	22	14	7	43	95		95
2011	83		23		60	3	4		7	57		57
2010	48		7		41	3	3	2	8	38		38
2009	34		7		27	1	1		2	26		26
2008	25		5	1	19	1	1		2	18		18
2007	13			10	3	1	1	1	3	2		2
2006	11			10	1				-	1		1
2005	11			10	1		1		1	1		1
2004	12			9	3				-	3		3
2003	2		2 **						-	-		-
	<u>\$ 81,665</u>	<u>\$ 130</u>	<u>\$ 1,201</u>	<u>\$ 1,215</u>	<u>\$ 79,379</u>	<u>76,129</u>	<u>807</u>	<u>71</u>	<u>77,007</u>	<u>\$ 3,250</u>	<u>\$ 271</u>	<u>\$ 3,521</u>
						Suspense collections	365	232	4	601		
						Volunteer Fire Fighter Credits expended	(74)			(74)		
						Total Tax Collections	<u>\$ 76,420</u>	<u>\$ 1,039</u>	<u>\$ 75</u>	77,534		
						Property taxes receivable considered available:						
						June 30, 2018				(649)		
						June 30, 2019				584		
						Total			<u>\$ 77,469</u>			

* Includes motor vehicle supplemental levy of \$1,297.
 ** 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
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
Planning and Neighborhood Assistance	Federal grants	Social services and economic development
Emergency Management Grants and Programs	Federal and State grants	Public safety services and programs

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, 2019
 (In Thousands)

	Debt Service		Special Revenue									
	Debt Service	Dog License	School Lunch Program	Sidewalk	Fire Districts	Adult Education	Parking Commission	Youth Services	Lead Paint Abatement	Other Grants and Programs	Economic Development	Community Development Fund
ASSETS												
Cash and cash equivalents	\$	\$	\$ 1,047	\$	\$	\$	\$	\$	\$	\$	\$	\$
Investments												
Receivables, net:												
Property taxes					301							
Intergovernmental			527					13	209		170	247
Loans									1,601			
Other				84		16	36					
Due from other funds				32	3	82	118	100		296		
Other assets			60									
Total Assets	\$ -	\$ -	\$ 1,634	\$ 116	\$ 304	\$ 98	\$ 154	\$ 113	\$ 1,810	\$ 296	\$ 170	\$ 247
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES												
Liabilities:												
Accounts and other payables	\$	\$ 7	\$ 32	\$	\$ 125	\$	\$ 11	\$ 10	\$ 35	\$ 12	\$ 58	\$ 46
Due to other funds		98			94				149		101	201
Unearned revenue								61		79		
Total liabilities	-	105	32	-	219	-	11	71	184	91	159	247
Deferred Inflows of Resources:												
Unavailable revenue - special assessments				84								
Unavailable revenue - loans receivable							19		1,601			
Unavailable revenue - property taxes					257							
Total deferred inflows of resources	-	-	-	84	257	-	19	-	1,601	-	-	-
Fund Balances:												
Nonspendable			60									
Restricted												
Committed			1,542	32		98	124	42	25	205	11	
Unassigned		(105)			(172)							
Total fund balances	-	(105)	1,602	32	(172)	98	124	42	25	205	11	-
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ -	\$ -	\$ 1,634	\$ 116	\$ 304	\$ 98	\$ 154	\$ 113	\$ 1,810	\$ 296	\$ 170	\$ 247

(Continued on next page)

CITY OF NORWICH, CONNECTICUT
 COMBINING BALANCE SHEET (CONTINUED)
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2019
 (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 Fund	Sachem Fund	Property Rehabilitation	Planning and Neighborhood Assistance
ASSETS												
Cash and cash equivalents	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Investments												
Receivables, net:												
Property taxes												
Intergovernmental				1			2					
Loans								310		2,278		
Other	23											
Due from other funds	135	4	130	85	337	168	108	113	97	41		
Other assets												
Total Assets	\$ 158	\$ 4	\$ 130	\$ 86	\$ 337	\$ 168	\$ 110	\$ 113	\$ 407	\$ 41	\$ 2,278	\$ -
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES												
Liabilities:												
Accounts and other payables	\$ 20	\$	\$ 17	\$ 8	\$	\$ 2	\$	\$	\$	\$ 16	\$	\$
Due to other funds										62		
Unearned revenue	1			31		71		310				
Total liabilities	21	-	-	48	8	71	2	310	-	78	-	-
Deferred Inflows of Resources:												
Unavailable revenue - special assessments												
Unavailable revenue - loans receivable										2,278		
Unavailable revenue - property taxes												
Total deferred inflows of resources	-	-	-	-	-	-	-	-	-	2,278	-	-
Fund Balances:												
Nonspendable												
Restricted												
Committed	137	4	130	38	329	97	108	113	97	41		
Unassigned											(78)	
Total fund balances	137	4	130	38	329	97	108	113	97	41	(78)	-
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 158	\$ 4	\$ 130	\$ 86	\$ 337	\$ 168	\$ 110	\$ 113	\$ 407	\$ 41	\$ 2,278	\$ -

(Continued on next page)

CITY OF NORWICH, CONNECTICUT
 COMBINING BALANCE SHEET (CONTINUED)
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2019
 (In Thousands)

	Special Revenue		Capital Projects				Permanent				Total Nonmajor Governmental Funds
	Emergency Management Grants and Programs	Total	Capital Improvement	School Projects	Brown Park	Total	Public Parks & Gardens	Fred Abbot Summer Concert	Cemetery Trust	Total	
ASSETS											
Cash and cash equivalents	\$	\$ 1,047	\$	\$	\$	\$ -	\$	\$	\$ 5	\$ 5	\$ 1,052
Investments		-				-		1,738	1,738		1,738
Receivables, net:											
Property taxes		301				-					301
Intergovernmental	25	1,194	41	2,402		2,443					3,637
Loans		4,189				-					4,189
Other		159				-					159
Due from other funds		1,849	3,666		44	3,710	41	5		46	5,605
Other assets		60				-					60
Total Assets	\$ 25	\$ 8,799	\$ 3,707	\$ 2,402	\$ 44	\$ 6,153	\$ 41	\$ 5	\$ 1,743	\$ 1,789	\$ 16,741
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES											
Liabilities:											
Accounts and other payables	\$	\$ 399	\$ 313	\$	\$	\$ 313	\$	\$	\$	\$ -	\$ 712
Due to other funds	25	730		1,038		1,038					1,768
Unearned revenue		553				-					553
Total liabilities	25	1,682	313	1,038	-	1,351	-	-	-	-	3,033
Deferred Inflows of Resources:											
Unavailable revenue - special assessments		84				-					84
Unavailable revenue - loans receivable		3,898				-					3,898
Unavailable revenue - property taxes		257				-					257
Total deferred inflows of resources	-	4,239	-	-	-	-	-	-	-	-	4,239
Fund Balances:											
Nonspendable		60				-	28	5	1,743	1,776	1,836
Restricted		-		1,364		1,364	13			13	1,377
Committed		3,173	3,394		44	3,438					6,611
Unassigned		(355)				-					(355)
Total fund balances	-	2,878	3,394	1,364	44	4,802	41	5	1,743	1,789	9,469
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 25	\$ 8,799	\$ 3,707	\$ 2,402	\$ 44	\$ 6,153	\$ 41	\$ 5	\$ 1,743	\$ 1,789	\$ 16,741

CITY OF NORWICH, CONNECTICUT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2019
 (In Thousands)

	Debt Service				Special Revenue							
	Debt Service	Dog License	School Lunch Program	Sidewalk	Fire Districts	Adult Education	Parking Commission	Youth Services	Lead Paint Abatement	Other Grants and Programs	Economic Development	Community Development Fund
Revenues:												
Property taxes, interest and liens	\$	\$	\$	\$	4,840	\$	\$	\$	\$	\$	\$	\$
Intergovernmental revenues			3,363		624	602		298	682	253	214	661
Charges for services		24	53	39		602	236	26	5	19	25	
Investment income					21	7	2					
Other	1,609					30		21		22		
Total revenues	<u>1,609</u>	<u>24</u>	<u>3,416</u>	<u>39</u>	<u>5,485</u>	<u>1,241</u>	<u>238</u>	<u>345</u>	<u>687</u>	<u>294</u>	<u>239</u>	<u>661</u>
Expenditures:												
Current:												
General government										86	232	
Public safety		30			8,526					355		
Social services								336	682			474
Public works				128			205					
Education			2,873			1,244		1				
Capital outlay												
Debt Service	5,872											
Total expenditures	<u>5,872</u>	<u>30</u>	<u>2,873</u>	<u>128</u>	<u>8,526</u>	<u>1,244</u>	<u>205</u>	<u>337</u>	<u>682</u>	<u>441</u>	<u>232</u>	<u>474</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(4,263)</u>	<u>(6)</u>	<u>543</u>	<u>(89)</u>	<u>(3,041)</u>	<u>(3)</u>	<u>33</u>	<u>8</u>	<u>5</u>	<u>(147)</u>	<u>7</u>	<u>187</u>
Other Financing Sources (Uses):												
Transfers in	4,263			100	2,400			2		124		13
Transfer out							(28)	(3)				(200)
Total other financing sources (uses)	<u>4,263</u>	<u>-</u>	<u>-</u>	<u>100</u>	<u>2,400</u>	<u>-</u>	<u>(28)</u>	<u>(1)</u>	<u>-</u>	<u>124</u>	<u>-</u>	<u>(187)</u>
Net Change in Fund Balances	-	(6)	543	11	(641)	(3)	5	7	5	(23)	7	-
Fund Balances at Beginning of Year	-	(99)	1,059	21	469	101	119	35	20	228	4	-
Fund Balances at End of Year	<u>\$ -</u>	<u>\$ (105)</u>	<u>\$ 1,602</u>	<u>\$ 32</u>	<u>\$ (172)</u>	<u>\$ 98</u>	<u>\$ 124</u>	<u>\$ 42</u>	<u>\$ 25</u>	<u>\$ 205</u>	<u>\$ 11</u>	<u>\$ -</u>

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CITY OF NORWICH, CONNECTICUT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (CONTINUED)
 NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2019
 (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 Fund	Sachem Fund	Property Rehabilitation	Planning and Neighborhood Assistance
Revenues:												
Property taxes, interest and liens	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Intergovernmental revenues	3	184	46	1		64	12					
Charges for services	289			652	144		99		87		153	
Investment income	4		2							1		
Other	41			18	14	74	11	1				
Total revenues	<u>337</u>	<u>184</u>	<u>48</u>	<u>671</u>	<u>158</u>	<u>138</u>	<u>122</u>	<u>3</u>	<u>87</u>	<u>1</u>	<u>153</u>	<u>-</u>
Expenditures:												
Current:												
General government									88	30		3
Public safety		246	38	375								
Social services					74	96	137				449	
Public works												
Education	586											
Capital outlay												
Debt Service												
Total expenditures	<u>586</u>	<u>246</u>	<u>38</u>	<u>375</u>	<u>74</u>	<u>96</u>	<u>137</u>	<u>-</u>	<u>88</u>	<u>30</u>	<u>449</u>	<u>3</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(249)</u>	<u>(62)</u>	<u>10</u>	<u>296</u>	<u>84</u>	<u>42</u>	<u>(15)</u>	<u>3</u>	<u>(1)</u>	<u>(29)</u>	<u>(296)</u>	<u>(3)</u>
Other Financing Sources (Uses):												
Transfers in		7			1						200	
Transfer out				(280)							(13)	
Total other financing sources (uses)	<u>-</u>	<u>7</u>	<u>-</u>	<u>(280)</u>	<u>1</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>187</u>	<u>-</u>
Net Change in Fund Balances	(249)	(55)	10	16	85	42	(15)	3	(1)	(29)	(109)	(3)
Fund Balances at Beginning of Year	386	59	120	22	244	55	123	110	98	70	31	3
Fund Balances at End of Year	<u>\$ 137</u>	<u>\$ 4</u>	<u>\$ 130</u>	<u>\$ 38</u>	<u>\$ 329</u>	<u>\$ 97</u>	<u>\$ 108</u>	<u>\$ 113</u>	<u>\$ 97</u>	<u>\$ 41</u>	<u>\$ (78)</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, 2019
 (In Thousands)

	Special Revenue		Capital Projects				Permanent				Interfund Eliminations	Total Nonmajor Governmental Funds
	Emergency Management Grants and Programs	Total	Capital Improvement	School Projects	Brown Park	Total	Public Parks & Gardens	Fred Abbot Summer Concert	Cemetery Trust	Total		
Revenues:												
Property taxes, interest and liens	\$	\$ 4,840	\$	\$	\$	\$ -	\$	\$	\$	\$ -	\$	\$ 4,840
Intergovernmental revenues	25	7,032	1,232	3		1,235				-		8,267
Charges for services		2,453				-				-		2,453
Investment income		39			1	1	1		173	174		214
Other		232				-				-		1,841
Total revenues	25	14,596	1,232	3	1	1,236	1	-	173	174	-	17,615
Expenditures:												
Current:												
General government		439				-			17	17		456
Public safety	25	9,595				-				-		9,595
Social services		2,248				-				-		2,248
Public works		333				-				-		333
Education		4,704				-				-		4,704
Capital outlay		-	3,859	25		3,884				-		3,884
Debt Service		-				-				-		5,872
Total expenditures	25	17,319	3,859	25	-	3,884	-	-	17	17	-	27,092
Excess (Deficiency) of Revenues Over Expenditures	-	(2,723)	(2,627)	(22)	1	(2,648)	1	-	156	157	-	(9,477)
Other Financing Sources (Uses):												
Transfers in		2,847	2,811			2,811				-	(426)	9,495
Transfer out		(524)	(211)	(437)		(648)			(65)	(65)	426	(811)
Total other financing sources (uses)	-	2,323	2,600	(437)	-	2,163	-	-	(65)	(65)	-	8,684
Net Change in Fund Balances	-	(400)	(27)	(459)	1	(485)	1	-	91	92	-	(793)
Fund Balances at Beginning of Year	-	3,278	3,421	1,823	43	5,287	40	5	1,652	1,697	-	10,262
Fund Balances at End of Year	\$ -	\$ 2,878	\$ 3,394	\$ 1,364	\$ 44	\$ 4,802	\$ 41	\$ 5	\$ 1,743	\$ 1,789	\$ -	\$ 9,469

**CITY OF NORWICH, CONNECTICUT
 FIRE DISTRICTS FUND REVENUES
 BUDGETARY BASIS - BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2019
 (In Thousands)**

	Budgeted Amounts		Actual	Variance
	Original	Final		
Taxes, interest and lien fees:				
Fire	\$ 4,255	\$ 4,255	\$ 4,273	\$ 18
Volunteer fire	553	553	567	14
Total taxes, interest and lien fees	<u>4,808</u>	<u>4,808</u>	<u>4,840</u>	<u>32</u>
Intergovernmental:				
Shared revenues	<u>624</u>	<u>624</u>	<u>624</u>	<u>-</u>
Other:				
Other fund transfers	<u>2,400</u>	<u>2,400</u>	<u>2,400</u>	<u>-</u>
Investment income	<u>14</u>	<u>14</u>	<u>21</u>	<u>7</u>
Total	<u>\$ 7,846</u>	<u>\$ 7,846</u>	<u>\$ 7,885</u>	<u>\$ 39</u>

**CITY OF NORWICH, CONNECTICUT
 FIRE DISTRICTS FUND EXPENDITURES
 BUDGETARY BASIS - BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2019
 (In Thousands)**

	Budgeted Amounts		Actual	Variance
	Original	Final		
Fire:				
Employees	\$ 3,234	\$ 3,132	\$ 3,131	\$ 1
Overtime	29	104	103	1
Replacement costs	473	893	893	-
Fringe benefits	3,838	3,865	3,863	2
Workers compensation	97	97	96	1
Volunteer firefighter tax credit	90	90	75	15
Volunteer firefighter trust fund	365	365	365	-
Total	\$ <u>8,126</u>	\$ <u>8,546</u>	\$ <u>8,526</u>	\$ <u>20</u>

CITY OF NORWICH, CONNECTICUT
 SCHEDULE OF FIRE DISTRICT TAXES
 FOR THE YEAR ENDED JUNE 30, 2019
 (In Thousands)

Grand List	Uncollected Taxes July 1, 2018	Lawful Corrections		Transfers to Suspense	Adjusted Taxes Collectible	Collections				Net Uncollected Taxes June 30, 2019	Overpayment Credit Balances	Gross Uncollected Taxes June 30, 2019
		Additions	Deductions			Taxes	Interest	Fees	Total			
2017	\$ 4,896	\$ 4	\$ 52	\$ 17	\$ 4,831	\$ 4,667	\$ 25	\$ -	\$ 4,692	\$ 164	\$ 2	166
2016	133		5	7	121	61	13		74	60		60
2015	58		4	6	48	11	7		18	37		37
2014	28	2	6		24	7	3		10	17		17
2013	19	3	6		16	2	2		4	14		14
2012	15	2	5		12				-	12		12
2011	11		2		9				-	9		9
2010	4				4				-	4		4
2009	3		1		2				-	2		2
2008	1				1				-	1		1
	<u>\$ 5,168</u>	<u>\$ 11</u>	<u>\$ 81</u>	<u>\$ 30</u>	<u>\$ 5,068</u>	4,748	50		4,798	<u>\$ 320</u>	<u>\$ 2</u>	<u>\$ 322</u>
						Suspense collections	21	17		38		
						Total Tax Collections	<u>\$ 4,769</u>	<u>\$ 67</u>	<u>\$ -</u>	4,836		
						Property taxes receivable considered available:						
						June 30, 2018				(41)		
						June 30, 2019				45		
						Total			<u>\$ 4,840</u>			



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, 2019
(In Thousands)

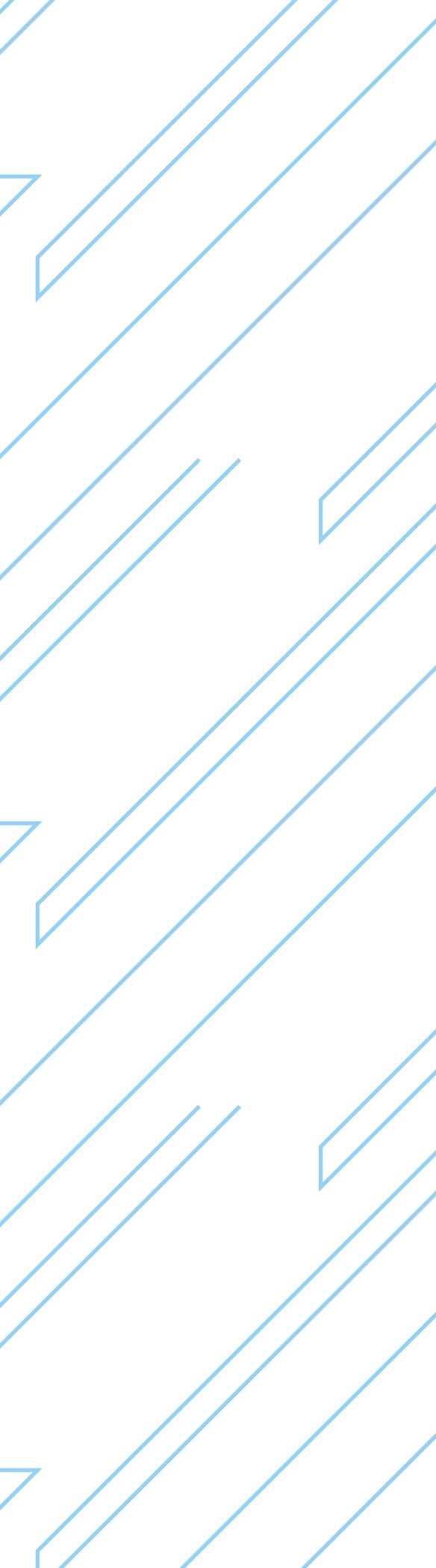
	Business-Type Activities			Totals
	Golf Course Authority	Stadium Authority	Ice Rink Authority	
Assets:				
Current assets:				
Receivables, net:				
User charges	\$	\$ 85	\$	\$ 85
Due from other funds		18		18
Total current assets	-	103	-	103
Capital assets, net	2,285	6,651	1,249	10,185
Total assets	2,285	6,754	1,249	10,288
Liabilities:				
Current liabilities:				
Accounts payable and accrued liabilities	275	19		294
Bonds payable	30			30
Due to other funds	37		797	834
Due to other governments	2			2
Unearned revenue	196		825	1,021
Total current liabilities	540	19	1,622	2,181
Noncurrent liabilities:				
Bonds payable	30			30
Total liabilities	570	19	1,622	2,211
Net Position:				
Net investment in capital assets	2,225	6,651	1,249	10,125
Unrestricted	(510)	84	(1,622)	(2,048)
Total Net Position	\$ 1,715	\$ 6,735	\$ (373)	\$ 8,077

CITY OF NORWICH, CONNECTICUT
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN FUND NET POSITION - NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED JUNE 30, 2019
(In Thousands)

	Business-Type Activities			Totals
	Golf Course Authority	Stadium Authority	Ice Rink Authority	
Operating Revenues:				
Charges for services	\$ 978	\$ 167	\$	\$ 1,145
Rent			201	201
Total operating revenues	<u>978</u>	<u>167</u>	<u>201</u>	<u>1,346</u>
Operating Expenses:				
Operations and maintenance	1,009	178	9	1,196
Depreciation	<u>57</u>	<u>172</u>	<u>117</u>	<u>346</u>
Total operating expenses	<u>1,066</u>	<u>350</u>	<u>126</u>	<u>1,542</u>
Operating Income (Loss)	(88)	(183)	75	(196)
Nonoperating Expense:				
Interest expense	<u>(2)</u>			<u>(2)</u>
Net Income (Loss) Before Contributions and Transfers	(90)	(183)	75	(198)
Capital Contributions	77	445		522
Transfers out	<u>(5)</u>			<u>(5)</u>
Change in Net Position	(18)	262	75	319
Net Position at Beginning of Year	<u>1,733</u>	<u>6,473</u>	<u>(448)</u>	<u>7,758</u>
Net Position at End of Year	<u>\$ 1,715</u>	<u>\$ 6,735</u>	<u>\$ (373)</u>	<u>\$ 8,077</u>

CITY OF NORWICH, CONNECTICUT
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED JUNE 30, 2019
(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	\$ 1,004	\$ 171	\$ 37	\$ 1,212
Cash paid to vendors	(869)	(145)	(37)	(1,051)
Net cash provided by (used in) operating activities	<u>135</u>	<u>26</u>	<u>-</u>	<u>161</u>
Cash Flows from Noncapital Financing Activities:				
Advances from other funds	(5)			(5)
Net cash provided by (used in) noncapital financing activities	<u>(5)</u>	<u>-</u>	<u>-</u>	<u>(5)</u>
Cash Flows from Capital and Related Financing Activities:				
Purchase of capital assets	(98)	(26)		(124)
Principal payments on long-term debt	(30)			(30)
Interest payments on long-term debt	(2)			(2)
Net cash provided by (used in) capital and related financing activities	<u>(130)</u>	<u>(26)</u>	<u>-</u>	<u>(156)</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)	\$ (88)	\$ (183)	\$ 75	\$ (196)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation expense	57	172	117	346
(Increase) decrease in receivables	4	4		8
(Increase) decrease in due from other funds	2	32		34
Increase (decrease) in due to other funds			(28)	(28)
Increase (decrease) in unearned revenues	20		(164)	(144)
Increase (decrease) in accounts payable and accrued liabilities	140	1		141
Total adjustments	<u>223</u>	<u>209</u>	<u>(75)</u>	<u>357</u>
Net Cash Provided by (Used in) Operating Activities	<u>\$ 135</u>	<u>\$ 26</u>	<u>\$ -</u>	<u>\$ 161</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, 2019
 (In Thousands)**

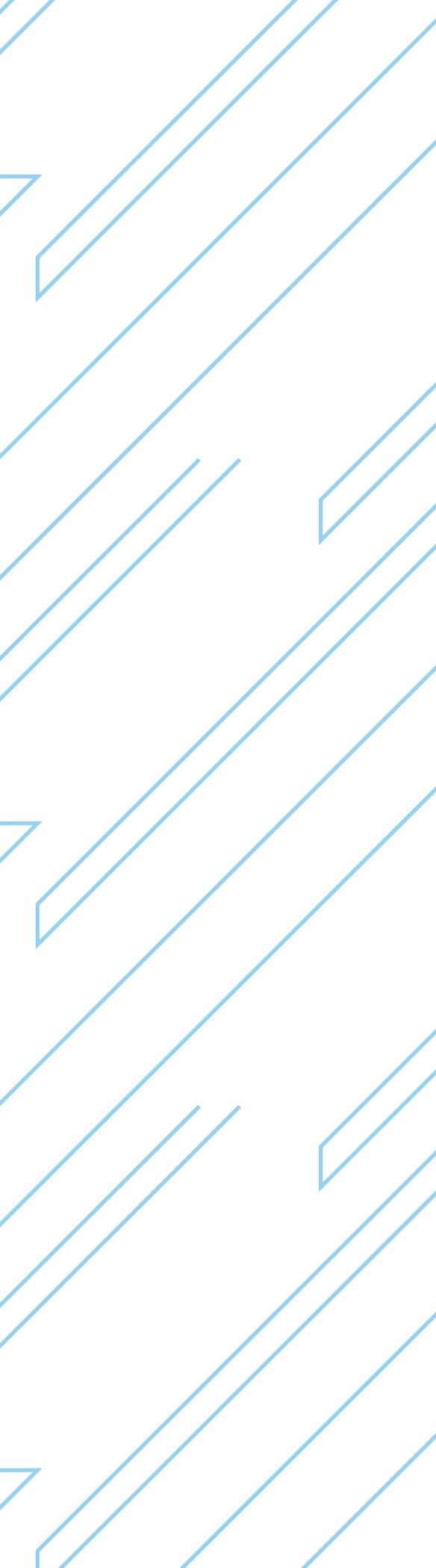
	<u>Medical Benefits</u>	<u>Workers' Compensation</u>	<u>Total</u>
Assets:			
Current:			
Accounts receivable	\$	\$ 106	\$ 106
Due from other funds	1,246	2,690	3,936
Total assets	<u>1,246</u>	<u>2,796</u>	<u>4,042</u>
Liabilities:			
Current:			
Accounts payable	6		6
Risk management claims	1,096	1,376	2,472
Total current liabilities	<u>1,102</u>	<u>1,376</u>	<u>2,478</u>
Noncurrent:			
Risk management claims		3,223	3,223
Total liabilities	<u>1,102</u>	<u>4,599</u>	<u>5,701</u>
Net Position:			
Unrestricted	\$ <u>144</u>	\$ <u>(1,803)</u>	\$ <u>(1,659)</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, 2019
 (In Thousands)**

	<u>Medical Benefits</u>	<u>Workers' Compensation</u>	<u>Total</u>
Operating Revenues:			
Charges for services	\$ 14,109	\$ 1,664	\$ 15,773
Operating Expenses:			
Claims expense	14,067	2,148	16,215
Premiums and administrative expenses	<u>1,262</u>	<u>314</u>	<u>1,576</u>
Total operating expenses	<u>15,329</u>	<u>2,462</u>	<u>17,791</u>
Operating Loss	(1,220)	(798)	(2,018)
Net Position at Beginning of Year	<u>1,364</u>	<u>(1,005)</u>	<u>359</u>
Net Position at End of Year	<u>\$ 144</u>	<u>\$ (1,803)</u>	<u>\$ (1,659)</u>

CITY OF NORWICH, CONNECTICUT
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2019
(In Thousands)

	<u>Medical Benefits</u>	<u>Workers' Compensation</u>	<u>Total</u>
Cash Flows from Operating Activities:			
Cash received from charges for services	\$ 2,571	\$ 3	\$ 2,574
Cash receipts for interfund services provided	12,894	2,007	14,901
Cash paid to vendors	<u>(15,465)</u>	<u>(2,010)</u>	<u>(17,475)</u>
Net cash provided by (used in) operating activities	<u>-</u>	<u>-</u>	<u>-</u>
Net Increase (Decrease) 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>(1,220)</u>	\$ <u>(798)</u>	\$ <u>(2,018)</u>
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
(Increase) decrease in receivables	36	(106)	(70)
(Increase) decrease in due from other funds	1,320	452	1,772
Increase (decrease) in accounts payable and accrued liabilities	<u>(136)</u>	<u>452</u>	<u>316</u>
Total adjustments	<u>1,220</u>	<u>798</u>	<u>2,018</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, 2019
(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>
Assets:				
Cash and cash equivalents	\$ 779	\$ 31	\$ 52	\$ 862
Investments:				
U.S. government securities	21,220		2,345	23,565
U.S. government agencies	7,879		971	8,850
Corporate bonds	22,200		2,533	24,733
Mutual funds	74,479	2,973	8,693	86,145
Common stock	55,505		5,594	61,099
Real estate	1,048		125	1,173
Accounts receivable			189	189
Due from other funds	6	2	1,454	1,462
	<u>183,116</u>	<u>3,006</u>	<u>21,956</u>	<u>208,078</u>
Total assets				
Liabilities:				
Accounts and other payables	10		3	13
Net Position:				
Net Position Restricted for OPEB Benefits			21,953	21,953
Net Position Restricted for Pensions	183,106	3,006		186,112
	<u>183,106</u>	<u>3,006</u>	<u>21,953</u>	<u>208,065</u>
Total Net Position	<u>\$ 183,106</u>	<u>\$ 3,006</u>	<u>\$ 21,953</u>	<u>\$ 208,065</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, 2019
(In Thousands)

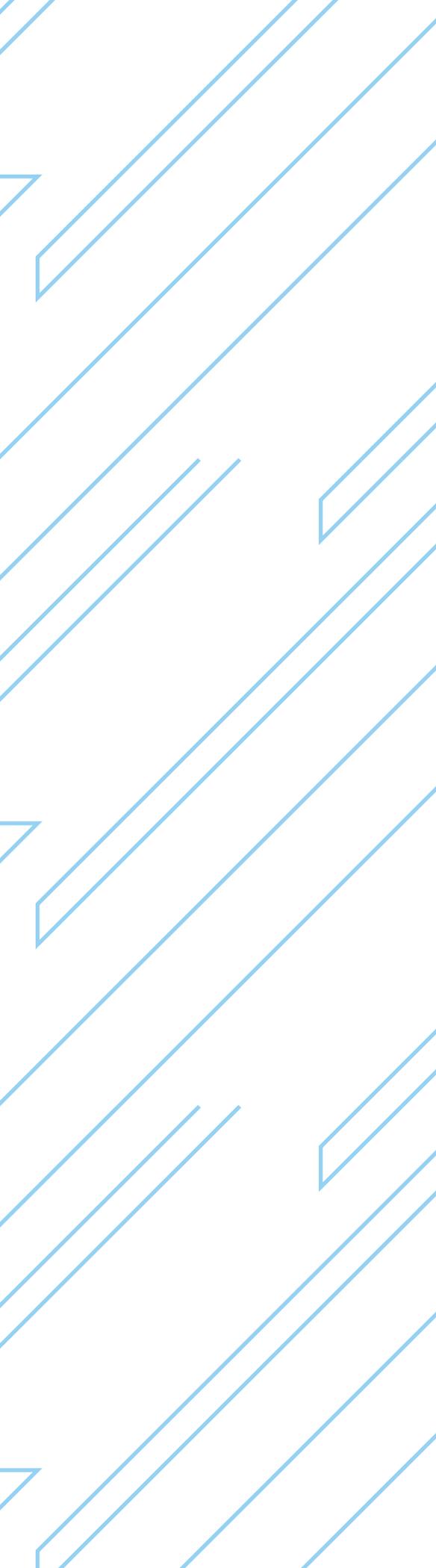
	<u>City Employee Pension Trust Fund</u>	<u>Volunteer Fire Pension Trust Fund</u>	<u>Other Post Employment Benefit Trust Fund</u>	<u>Total</u>
Additions:				
Contributions:				
Employer	\$ 11,432	\$ 365	\$ 5,240	\$ 17,037
Plan members	3,896	11	15	3,922
Total contributions	<u>15,328</u>	<u>376</u>	<u>5,255</u>	<u>20,959</u>
Investment income:				
Net appreciation in fair value of investments	7,961	33	882	8,876
Interest and dividends	5,290	155	772	6,217
Total investment income	<u>13,251</u>	<u>188</u>	<u>1,654</u>	<u>15,093</u>
Less investment expense	<u>(723)</u>	<u>(13)</u>	<u>(120)</u>	<u>(856)</u>
Net investment income	<u>12,528</u>	<u>175</u>	<u>1,534</u>	<u>14,237</u>
Total additions	<u>27,856</u>	<u>551</u>	<u>6,789</u>	<u>35,196</u>
Deductions:				
Benefits	17,947	335	3,175	21,457
Administration	7	1	10	18
Lump-sum distributions and withdrawals	379	4		383
Total deductions	<u>18,333</u>	<u>340</u>	<u>3,185</u>	<u>21,858</u>
Net Increase	9,523	211	3,604	13,338
Net Position Held in Trust for Pension and Other Post Employment Benefits at Beginning of Year	<u>173,583</u>	<u>2,795</u>	<u>18,349</u>	<u>194,727</u>
Net Position Held in Trust for Pension and Other Post Employment Benefits at End of Year	<u>\$ 183,106</u>	<u>\$ 3,006</u>	<u>\$ 21,953</u>	<u>\$ 208,065</u>

**CITY OF NORWICH, CONNECTICUT
 AGENCY FUNDS
 COMBINING BALANCE SHEET
 JUNE 30, 2019
 (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	\$ 57	\$	\$	\$ 265	\$ 322
Other	<u> </u>	<u>1</u>	<u>47</u>	<u>142</u>	<u>190</u>
Total Assets	<u>\$ 57</u>	<u>\$ 1</u>	<u>\$ 47</u>	<u>\$ 407</u>	<u>\$ 512</u>
Liabilities:					
Due to student groups and agencies	<u>\$ 57</u>	<u>\$ 1</u>	<u>\$ 47</u>	<u>\$ 407</u>	<u>\$ 512</u>

CITY OF NORWICH, CONNECTICUT
AGENCY FUNDS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE YEAR ENDED JUNE 30, 2019
(In Thousands)

	<u>Balance</u> <u>July 1, 2018</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2019</u>
Student Activities				
Assets:				
Cash and cash equivalents	\$ <u>73</u>	\$ <u>73</u>	\$ <u>89</u>	\$ <u>57</u>
Liabilities:				
Due to student groups and agencies	\$ <u>73</u>	\$ <u>73</u>	\$ <u>89</u>	\$ <u>57</u>
Rehabilitation Deposits				
Assets:				
Other	\$ <u>2</u>	\$ <u>-</u>	\$ <u>1</u>	\$ <u>1</u>
Liabilities:				
Due to student groups and agencies	\$ <u>2</u>	\$ <u>-</u>	\$ <u>1</u>	\$ <u>1</u>
Bid Deposit				
Assets:				
Other	\$ <u>17</u>	\$ <u>153</u>	\$ <u>123</u>	\$ <u>47</u>
Liabilities:				
Due to student groups and agencies	\$ <u>17</u>	\$ <u>153</u>	\$ <u>123</u>	\$ <u>47</u>
Performance Bonds				
Assets:				
Cash and cash equivalents	\$ <u>385</u>	\$ <u>58</u>	\$ <u>120</u>	\$ <u>265</u>
Other	<u>84</u>	<u>58</u>	<u>124</u>	<u>142</u>
Total	\$ <u>469</u>	\$ <u>58</u>	\$ <u>120</u>	\$ <u>407</u>
Liabilities:				
Due to student groups and agencies	\$ <u>469</u>	\$ <u>58</u>	\$ <u>120</u>	\$ <u>407</u>
Total - All Funds				
Assets:				
Cash and cash equivalents	\$ <u>458</u>	\$ <u>73</u>	\$ <u>209</u>	\$ <u>322</u>
Other	<u>103</u>	<u>211</u>	<u>124</u>	<u>190</u>
Total	\$ <u>561</u>	\$ <u>284</u>	\$ <u>333</u>	\$ <u>512</u>
Liabilities:				
Due to student groups and agencies	\$ <u>561</u>	\$ <u>284</u>	\$ <u>333</u>	\$ <u>512</u>



Supplemental Schedules

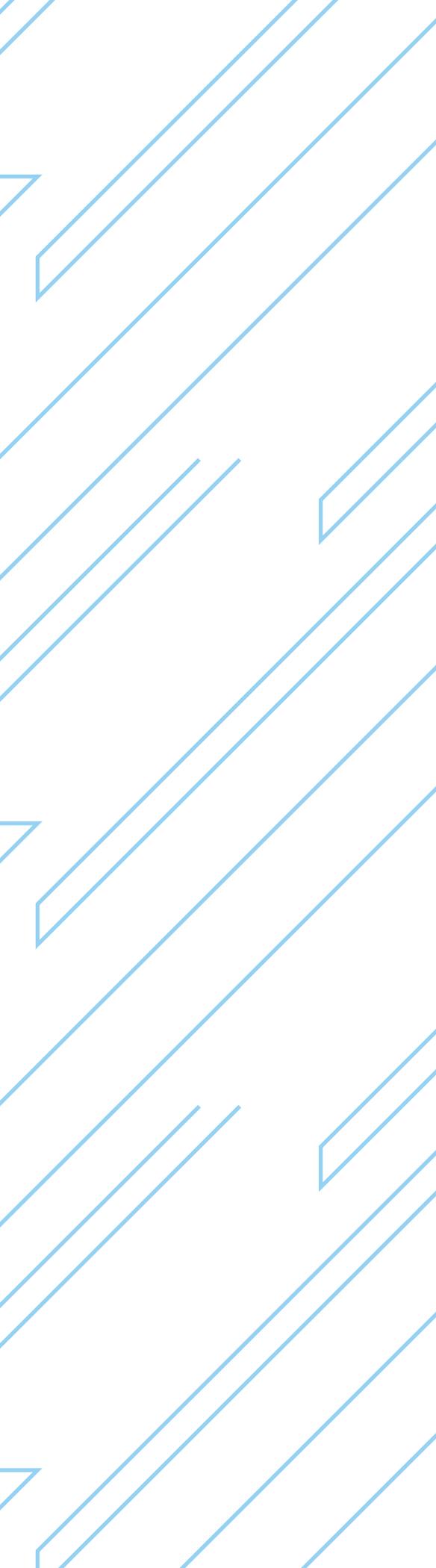
CITY OF NORWICH, CONNECTICUT
SCHEDULE OF BONDS AND SERIAL NOTES PAYABLE
FOR THE YEAR ENDED JUNE 30, 2019
(In Thousands)

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	\$ 735	\$	\$ 245	\$ 490
General purpose	3.0-4.0	12/02/2009	12/01/2029	9,145	940		470	470
Schools	3.0-4.0	12/02/2009	12/01/2029	2,000	200		100	100
General purpose	2.0-4.0	12/13/2011	12/01/2022	4,680	3,500		240	3,260
Schools	2.0-4.0	12/13/2011	12/01/2022	5,000	3,680		260	3,420
Refunding - (04/15/2002) bonds	2.0	2/15/2012	4/15/2022	2,725	1,000		260	740
General purpose	3.0-5.0	2/12/2014	2/1/2034	12,365	9,755		650	9,105
Refunding - (4/15/2004 series B and 3/15/2005) bonds	3.0-5.0	2/12/2014	9/15/2019	2,793	486		300	186
Refunding - (4/15/2004 series B and 3/15/2005) bonds - Schools	3.0-5.0	2/12/2014	9/15/2019	2,987	764		425	339
General purpose - series A	3.0-4.0	3/3/2015	8/1/2034	5,600	4,650		350	4,300
General purpose - series B	2.0-3.0	3/3/2015	8/1/2024	1,140	795		115	680
General purpose - series A	2.0-2.6	3/1/2016	8/1/2035	6,300	5,570		365	5,205
General purpose - series B	2.0-3.0	3/1/2016	8/1/2025	2,500	2,000		250	1,750
Refunding - (partial 12/02/2009 series A) bonds - series C	1.8-4.0	10/12/2016	8/1/2024	2,925	2,925			2,925
General purpose - series A	3.0-4.0	3/1/2017	8/1/2036	4,450	4,225		225	4,000
Refunding - (partial 12/02/2009 series A) bonds - series A	3.0-4.0	3/1/2017	8/1/2036	2,825	2,825			2,825
General purpose - series B	1.0-3.9	3/1/2017	8/1/2036	1,000	950		50	900
General purpose - series A	3.0-5.0	12/6/2018	8/1/2038	7,970		7,970		7,970
Total				79,345	45,000	7,970	4,305	48,665
Business-Type Activities:								
General purpose bonds payable:								
Golf course	3.0-4.0	12/02/2009	12/01/2029	265	90		30	60
Refunding - (02/12/2014) Stony Brook Reservoir	3.0-5.0	2/12/2014	9/15/2019	73	22		11	11
Notes payable:								
Equipment financing loan	4.25	12/28/2017	1/1/2025	1,937	1,896	41	410	1,527
State of Connecticut serial notes payable:								
Clean Water Act 298-C	2.00	6/30/2000	6/30/2019	1,508	74		74	-
Clean Water Act 349-C	2.00	12/31/2002	12/31/2021	881	179		54	125
Clean Water Act 9714-C	2.77	12/31/2002	12/31/2021	1,899	407		122	285
Clean Water Act 200801-C	2.27	7/1/2009	7/1/2029	450	246		25	221
Clean Water Act 625-D	2.00	12/31/2012	12/31/2031	1,865	1,326		94	1,232
Clean Water Act 495-C	2.00	5/31/2013	6/1/2032	5,748	4,196		286	3,910
Clean Water Act 625-D1	2.00	5/31/2015	12/31/2031	2,510	1,999		141	1,858
Clean Water Act 707-PD	*	*	*	*		1,563		1,563
Drinking Water State Revolving Fund 2010-8005	2.06	3/31/2010	12/31/2029	145	83		8	75
Drinking Water State Revolving Fund 2010-8006	2.06	3/31/2010	6/30/2030	326	196		18	178
Drinking Water State Revolving Fund 2010-7005	2.00	4/30/2014	10/31/2032	160	124		9	115
Drinking Water State Revolving Fund 2010-7006	2.00	4/30/2014	4/30/2032	148	114		9	105
Drinking Water State Revolving Fund 2014-7027	2.27	6/30/2015	12/31/2034	506	417		27	390
Drinking Water State Revolving Fund 2014-7036	2.00	5/31/2016	11/30/2036	4,052	3,528		219	3,309
Drinking Water State Revolving Fund 2015-7037	2.00	10/12/2016	9/30/2034	1,528	1,381		94	1,287
Drinking Water State Revolving Fund 2017-7056	2.00	2/28/2019	6/30/2028	2,695		2,695		2,695
Drinking Water State Revolving Fund 2019-7069	*	*	*	*		1,181		1,181
Drinking Water State Revolving Fund 2019-7072	*	*	*	*		1,501		1,501
Drinking Water State Revolving Fund 2017-7077	*	*	*	*		294		294
Total				26,696	16,278	7,275	1,631	21,922
Total				\$ 106,041	\$ 61,278	\$ 15,245	\$ 5,936	\$ 70,587

* 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, 2019
(In Thousands)

Fiscal Year Ending June 30	Governmental Activities		Business-Type Activities		Total Primary Government	
	General Obligation Bonds		General Obligation Bonds, Notes Payable and Serial Notes		Principal	Interest
	Principal	Interest	Principal	Interest		
2020	\$ 4,095	\$ 1,637	\$ 1,542	\$ 386	\$ 5,637	\$ 2,023
2021	3,985	1,467	1,532	329	5,517	1,796
2022	3,650	1,339	1,442	291	5,092	1,630
2023	3,400	1,216	1,380	255	4,780	1,471
2024	3,395	1,099	1,257	220	4,652	1,319
2025	3,370	977	1,052	196	4,422	1,173
2026	3,240	865	1,063	175	4,303	1,040
2027	2,915	762	1,074	153	3,989	915
2028	2,910	664	1,086	131	3,996	795
2029	2,910	567	1,095	110	4,005	677
2030	2,905	475	1,083	88	3,988	563
2031	2,345	391	1,075	66	3,420	457
2032	2,315	313	923	45	3,238	358
2033	1,785	242	450	31	2,235	273
2034	1,785	179	448	22	2,233	201
2035	1,190	115	371	14	1,561	129
2036	940	76	219	8	1,159	84
2037	690	45	135	5	825	50
2038	420	24	135	2	555	26
2039	420	8	21		441	8
Subtotal	\$ <u>48,665</u>	\$ <u>12,461</u>	17,383	2,527	\$ <u>66,048</u>	\$ <u>14,988</u>
State of Connecticut - serial notes not permanently financed as of June 30, 2019			<u>4,539</u>			
Total			\$ <u>21,922</u>	\$ <u>2,527</u>		



Statistical Section

Statistical Section Information

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

Statistical section information is presented in the following categories:

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

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

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

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

	FISCAL YEAR									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Governmental activities:										
Net investment in capital assets	\$ 79,887	\$ 77,058	\$ 78,005	\$ 75,885	\$ 80,829	\$ 84,303 *	\$ 95,200	\$ 92,031 *	\$ 87,252	\$ 60,432
Restricted	1,789	1,697	1,656	1,620	1,630	1,667	1,537	1,457	1,544	1,405
Unrestricted	(68,423)	(58,803)	(24,278)	(17,860)	(23,960) *	24,762	12,940	14,373	10,296	14,414
Total governmental activities net position	<u>13,253</u>	<u>19,952</u>	<u>55,383</u>	<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>
Business-type activities:										
Net investment in capital assets	136,712	131,273	133,414	128,042	110,565	112,277 *	112,113	107,495 *	97,874	88,174
Restricted	249	120	273	334	338	228	188	361	334	287
Unrestricted	(7,568)	(16,817)	(19,524)	(19,180) *	(2,259) *	16,073	15,631	22,241	20,129	23,441
Total business-type activities net position	<u>129,393</u>	<u>114,576</u>	<u>114,163</u>	<u>109,196</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>
Primary government:										
Net investment in capital assets	216,599	208,331	211,419	203,927	191,394	196,580	207,313	199,526	185,126	148,606
Restricted	2,038	1,817	1,929	1,954	1,968	1,895	1,725	1,818	1,878	1,692
Unrestricted	(75,991)	(75,620)	(43,802)	(35,875)	(26,219)	40,835	28,571	36,614	30,425	37,855
Total Primary Government Net Position	<u>\$ 142,646</u>	<u>\$ 134,528</u>	<u>\$ 169,546</u>	<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>

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									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Expenses:										
Governmental activities:										
General government	\$ 9,953	\$ 9,680	\$ 10,522	\$ 10,543	\$ 11,257	\$ 8,296	\$ 11,905	\$ 10,300	\$ 10,760	\$ 9,114
Public safety	32,947	29,139	72,870	31,681	25,750	23,882	22,840	20,571	20,336	18,063
Social services	4,013	4,885	4,614	4,038	2,581	4,248	4,059	4,201	4,664	5,602
Public works	15,048	10,374	14,539	13,754	14,334	15,989	11,887	13,444	9,133	9,449
Education	107,553	110,987	101,609	101,748	99,926	94,935	92,976	86,764	84,263	84,898
Interest on long-term debt	1,198	1,145	1,351	1,348	1,444	1,488	1,232	1,109	2,008	1,323
Total governmental activities expenses	<u>170,712</u>	<u>166,210</u>	<u>205,505</u>	<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>
Business-type activities:										
Department of Public Utilities	79,734	84,253	83,797	84,729	81,842	77,462	75,476	75,620	80,977	74,716
Other enterprise funds	1,544	1,540	1,629	1,646	1,817	2,615	2,470	2,495	2,425	2,413
Total business-type activities expenses	<u>81,278</u>	<u>85,793</u>	<u>85,426</u>	<u>86,375</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>
Total primary government expenses	<u>251,990</u>	<u>252,003</u>	<u>290,931</u>	<u>249,487</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>
Program Revenues:										
Governmental activities:										
Charges for services:										
General government	1,466	1,893	2,041	2,115	1,684	2,107	1,907	1,866	1,860	1,778
Public works	1,252	667	721	744	803	811	1,684	771	1,250	819
Education	1,423	1,239	1,415	1,495	1,650	1,581	1,620	1,708	1,570	2,051
Other	1,233	1,154	1,156	1,204	914	887	1,009	1,032	1,076	1,012
Operating grants and contributions	61,448	64,515	64,394	60,567	59,088	58,277	55,684	53,139	54,051	54,424
Capital grants and contributions	1,775	2,288	634	2,467	1,774	1,664	791	10,749	22,962	11,163
Total governmental activities program revenues	<u>68,597</u>	<u>71,756</u>	<u>70,361</u>	<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>
Business-type activities:										
Charges for services:										
Gas	21,462	19,869	16,636	16,250	18,576	17,609	14,893	13,370	16,282	16,508
Electric	56,000	55,672	52,849	56,710	56,920	51,627	51,396	60,151	58,283	52,303
Water	11,293	11,036	10,493	9,048	8,817	8,808	8,376	6,656	6,794	6,117
Sewer	8,712	8,641	8,629	7,426	6,761	6,994	7,252	6,876	7,185	7,580
Other nonmajor enterprise funds	1,346	1,292	1,388	1,482	1,302	1,820	1,882	2,054	2,081	2,081
Capital grants and contributions	4,577	2,421	4,585	3,809	3,547	1,798	65	6,798	6,704	200
Total business-type activities program revenues	<u>103,390</u>	<u>98,931</u>	<u>94,580</u>	<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>
Total primary government program revenues	<u>171,987</u>	<u>170,687</u>	<u>164,941</u>	<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>
Net (expense) revenue:										
Governmental activities	(102,115)	(94,454)	(135,144)	(94,520)	(89,379)	(83,511)	(82,204)	(67,124)	(48,395)	(57,202)
Business-type activities	<u>22,112</u>	<u>13,138</u>	<u>9,154</u>	<u>8,350</u>	<u>12,264</u>	<u>8,579</u>	<u>5,918</u>	<u>17,790</u>	<u>13,927</u>	<u>7,660</u>
Total Primary Government Net Expense	<u>\$ (80,003)</u>	<u>\$ (81,316)</u>	<u>\$ (125,990)</u>	<u>\$ (86,170)</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>

(Continued on next page)

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

TABLE 2

	FISCAL YEAR									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
General revenues and other changes in net position:										
Governmental activities:										
Property taxes	\$ 81,997	\$ 79,996	\$ 79,343	\$ 81,709	\$ 75,298	\$ 70,539	\$ 69,598	\$ 63,198	\$ 61,307	\$ 59,956
Grants and contributions not restricted to specific programs	3,992	4,404	5,580	4,771	4,534	4,900	5,005	4,315	4,391	4,372
Unrestricted investment earnings	1,050	609	394	146	88	247	202	51	283	321
Miscellaneous	662	1,297	1,301	1,236	2,536	942	1,126	890	1,414	998
Transfers	7,715	8,465	8,516	7,804	7,467	7,938	8,089	7,439	8,277	7,202
Total governmental activities	<u>95,416</u>	<u>94,771</u>	<u>95,134</u>	<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>
Business-type activities:										
Investment earnings	420	56	13	6	5	152	6	11	14	20
Transfers	(7,715)	(8,465)	(8,516)	(7,804)	(7,467)	(7,938)	(8,089)	(7,493)	(8,277)	(7,202)
Total business-type activities	<u>(7,295)</u>	<u>(8,409)</u>	<u>(8,503)</u>	<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>
Total Primary Government	<u>\$ 88,121</u>	<u>\$ 86,362</u>	<u>\$ 86,631</u>	<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>
Changes in Net Position:										
Governmental activities	\$ (6,699)	\$ 317	\$ (40,010)	\$ 1,146	\$ 544	\$ 1,055	\$ 1,816	\$ 8,769	\$ 27,277	\$ 15,647
Business-type activities	14,817	4,729	651	552	4,802	793	(2,165)	10,308	5,664	478
Total Primary Government	<u>\$ 8,118</u>	<u>\$ 5,046</u>	<u>\$ (39,359)</u>	<u>\$ 1,698</u>	<u>\$ 5,346</u>	<u>\$ 1,848</u>	<u>\$ (349)</u>	<u>\$ 19,077</u>	<u>\$ 32,941</u>	<u>\$ 16,125</u>

Notes:

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

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

	FISCAL YEAR									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
General Fund:										
Reserved	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$ 268
Unreserved										9,834
Assigned	69	261	664	227	207	498	920	264	178	
Unassigned	13,653	15,303	17,017	14,652	10,192	10,483	10,275	10,371	10,649	
Total General Fund	\$ 13,722	\$ 15,564	\$ 17,681	\$ 14,879	\$ 10,399	\$ 10,981	\$ 11,195	\$ 10,635	\$ 10,827	\$ 10,102
All other governmental funds:										
Reserved	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$ 1,776
Unreserved, reported in:										
Special revenue funds										2,915
Capital projects funds										3,911
Nonspendable	1,836	1,733	1,723	1,584	1,600	1,660	1,484	1,443	1,523	
Restricted	10,587	6,104	7,888	5,102	1,865	2,096	2,193	3,179	1,421	
Committed	6,801	6,509	5,189	5,030	3,766	4,354	4,107	4,271	4,344	
Unassigned	(355)	(99)	(87)	(73)	(426)	(1,043)	(7,877)	(2,878)	(7,208)	
Total All Other Governmental Funds	\$ 18,869	\$ 14,247	\$ 14,713	\$ 11,643	\$ 6,805	\$ 7,067	\$ (93)	\$ 6,015	\$ 80	\$ 8,602

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									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Revenues:										
Property taxes, interest and liens	\$ 82,309	\$ 79,475	\$ 79,880	\$ 81,951	\$ 74,665	\$ 71,555	\$ 69,360	\$ 63,286	\$ 60,817	\$ 59,214
Intergovernmental	65,791	71,004	70,232	67,903	65,897	65,112	61,368	68,137	81,439	69,937
Charges for services, licenses, permits, fees and other	7,518	7,703	8,292	7,672	6,801	6,858	6,686	6,816	7,292	7,353
Investment income	1,049	608	392	146	88	248	202	50	283	321
Total revenues	<u>156,667</u>	<u>158,790</u>	<u>158,796</u>	<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>
Expenditures:										
General government	6,354	6,040	5,631	6,174	5,629	5,777	5,473	5,008	5,822	6,466
Public safety	29,065	28,013	26,868	25,998	23,407	22,958	21,672	19,685	19,447	17,832
Social services	4,275	4,933	3,716	4,289	4,140	4,013	3,616	4,125	4,029	4,261
Public works	11,031	10,652	11,397	11,094	10,890	11,115	10,121	10,187	9,633	9,421
Education	105,064	107,541	105,574	99,284	97,755	94,320	91,108	84,067	84,690	83,893
Other	2,303	3,135	3,276	4,036	5,644	5,598	4,943	4,795	3,411	3,461
Capital outlay	7,000	3,426	4,987	8,587	9,838	9,275	9,156	16,954	34,905	18,274
Debt service:										
Principal	4,305	4,430	4,180	4,040	3,900	4,330	3,906	3,915	3,475	3,530
Interest	1,567	1,669	1,690	1,703	1,718	1,283	1,258	1,075	1,297	713
Total expenditures	<u>170,964</u>	<u>169,839</u>	<u>167,319</u>	<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>
Excess of revenues under expenditures	<u>(14,297)</u>	<u>(11,049)</u>	<u>(8,523)</u>	<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>
Other financing sources (uses):										
Transfers in	16,387	15,713	15,824	14,773	9,523	10,746	11,092	11,701	18,424	12,404
Transfers out	(7,571)	(7,248)	(7,308)	(6,969)	(2,056)	(2,808)	(3,003)	(4,262)	(10,147)	(5,202)
Issuance of capital leases						617			804	
Bonds issued	7,970		5,450	8,800	6,740	12,365		9,680		10,545
Bond premium	291		1,093	247	419	1,368		181		125
Refunding bonds issued			5,750			5,780		2,725		4,240
Payment to refunding bond escrow agent			(6,413)			(6,226)		(2,760)		(4,295)
Total other financing sources	<u>17,077</u>	<u>8,465</u>	<u>14,396</u>	<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>
Net change in fund balances	2,780	(2,584)	5,873	9,318	(844)	6,946	(5,548)	5,743	(7,797)	6,791
Fund Balances at Beginning of Year	<u>29,811</u>	<u>32,395</u>	<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>
Fund Balances at End of Year	<u>\$ 32,591</u>	<u>\$ 29,811</u>	<u>\$ 32,395</u>	<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>
Debt Service as a Percentage of Noncapital Expenditures	3.60%	3.77%	3.64%	3.61%	3.56%	3.63%	3.52%	3.69%	3.57%	3.32%

Notes:

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

CITY OF NORWICH, CONNECTICUT
PROPERTY TAX ASSESSMENT
LAST TEN FISCAL YEARS

TABLE 5

(In Thousands)

Fiscal Year Ended June 30	Grand List Year October 1	Real Estate		Personal Property		Total Assessed Value	Less: Exemptions	Total Taxable Assessed Value	Total Adjusted Tax Levy (General Fund, CCD Fire Taxes and TCD Taxes)	Average Direct Rate (in Mills)	Estimated Actual Taxable Value	Taxable Assessed Value as a Percentage of Actual Taxable Value	State Equalized Net Grand List
		Industrial/Commercial	Residential	Motor Vehicles	Other								
2019	2017	\$ 380,568	\$ 1,168,912	\$ 229,468	\$ 208,401	\$ 1,987,349	\$ 83,785	\$ 1,903,564	81,545	42.84	\$ 2,719,377	70%	\$ 2,801,852
2018	2016	354,974	1,156,298	227,777	159,304	1,898,352	37,976	1,860,376	78,849	42.38	2,657,679	70	2,711,520
2017	2015	352,574	1,153,311	226,975	147,557	1,880,418	34,215	1,846,203	78,980	42.78	2,637,432	70	2,707,001
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

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

Notes:

Revaluations were done for Grand Lists October 1, 2008 and October 1, 2013. The next revaluation will be on the October 1, 2018. Property is assessed at approximately 70% of its market value. Assessed Value is 70% Estimated Actual Value.

**CITY OF NORWICH, CONNECTICUT
PRINCIPAL PROPERTY TAXPAYERS
OCTOBER 1, 2017 AND OCTOBER 1, 2008
(In Thousands)**

TABLE 6

Business Name	Nature of Business	October 1, 2017			October 1, 2008		
		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	\$ 38,024	1	2.00%	\$ 17,973	2	0.76%
NorwichTown Commons	Shopping Center	16,815	2	0.88%			0.00%
Domino Solar Ltd.	Solar Installations	15,685	3	0.82%			0.00%
Bob's Discount Furniture	Retail Store & Distribution Warehouse	15,126	4	0.79%	21,148	1	0.89%
Norwich Realty Associates LP	Real Estate	10,189	5	0.54%	6,545	9	0.28%
Algonquin Gas Transmissions LLC	Natural Gas Pipeline	9,285	6	0.49%			0.00%
Plaza Enterprises	Shopping Center	9,263	7	0.49%	10,577	6	0.44%
US Foodservice	Food Distributors	8,668	8	0.46%	10,529	7	0.44%
Mashantucket Pequot Tribe	Real Estate	8,656	9	0.45%	15,974	3	0.67%
Wal-Mart Stores, Inc.	Department Store	8,158	10	0.43%			0.00%
Freeport-McMoran (fka Phelps Dodge)	Manufacturing - Copper			0.00%	14,331	4	0.60%
SEA Norwich LLC	Shopping Center			0.00%	11,717	5	0.49%
Kalimian Elias as Trustee	Apartments			0.00%	8,138	8	0.34%
Norwich Community Development Corp.	Office building			0.00%	6,257	10	0.26%
Total		\$ 139,868		7.35%	\$ 123,189		5.18%

Source: City of Norwich Assessor's Office

Note: The October 1, 2017 grand list was the base grand list utilized for the tax bills issued July 1, 2018 for the 2019 fiscal year.

CITY OF NORWICH, CONNECTICUT
PROPERTY TAX LEVIES AND 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	Total Collections to Date		Total Direct Rates	
				Amount	Percentage		Amount	Percentage	City Consolidated District	Town Consolidated District
General Fund										
2019	\$ 1,903,564	41.01	\$ 76,713	\$ 74,440	97.04%	\$	\$ 74,440	97.04%	\$ 48.39	\$ 41.46
2018	1,860,376	40.52	74,351	72,124	97.01%	1,745	73,869	99.35%	48.74	40.67
2017	1,846,203	41.22	74,366	72,150	97.02%	1,936	74,086	99.62%	49.06	41.69
2016	1,826,051	40.90	74,375	72,017	96.83%	2,205	74,222	99.79%	48.06	41.39
2015	1,822,502	38.55	69,248	66,667	96.27%	2,483	69,150	99.86%	45.93	39.04
2014	2,423,927	27.23	65,922	63,721	96.66%	2,105	65,826	99.85%	32.27	27.59
2013	2,455,068	26.54	64,618	62,401	96.57%	2,160	64,561	99.91%	31.10	26.90
2012	2,394,228	24.76	59,110	57,141	96.67%	1,930	59,071	99.94%	28.83	25.12
2011	2,408,165	24.04	57,006	54,816	96.16%	2,163	56,979	99.95%	28.02	24.40
2010	2,378,111	23.48	55,162	53,056	96.18%	2,090	55,146	99.97%	27.11	23.84
City Consolidated District (CCD) Fire Tax										
2019	\$ 624,670	7.38	\$ 4,263	\$ 4,107	96.33%	\$	\$ 4,107	96.33%		
2018	612,003	8.22	4,331	4,200	96.96%	74	4,274	98.68%		
2017	616,753	7.84	4,099	3,986	97.23%	81	4,067	99.21%		
2016	613,919	7.16	4,347	4,144	95.34%	187	4,331	99.64%		
2015	614,079	7.38	4,481	4,249	94.84%	218	4,468	99.71%		
2014	864,925	5.04	4,378	4,172	95.30%	194	4,366	99.73%		
2013	896,123	4.56	3,995	3,809	95.35%	178	3,988	99.81%		
2012	864,402	4.07	3,496	3,329	95.22%	163	3,492	99.89%		
2011	870,134	3.98	3,426	3,251	94.88%	173	3,424	99.93%		
2010	870,088	3.63	3,136	2,991	95.39%	143	3,135	99.95%		
Town Consolidated District (TCD) Volunteer Fire Relief Tax										
2019	\$ 1,278,893	0.45	\$ 568	\$ 558	98.12%	\$	\$ 558	98.12%		
2018	1,248,373	0.15	166	165	98.96%	1	166	99.68%		
2017	1,229,450	0.47	515	508	98.67%	6	514	99.82%		
2016	1,212,132	0.49	598	586	98.09%	11	597	99.90%		
2015	1,208,423	0.49	587	572	97.34%	15	587	99.94%		
2014	1,559,002	0.36	564	552	97.80%	12	564	99.94%		
2013	1,558,946	0.36	566	554	97.78%	12	566	99.97%		
2012	1,529,826	0.36	556	544	97.90%	12	556	99.97%		
2011	1,538,031	0.36	550	537	97.57%	13	550	99.97%		
2010	1,508,024	0.36	540	525	97.21%	15	540	99.98%		

Notes:

For fiscal year 2016-17 and 2017-18, the Mill Rates listed above only apply to real estate and personal property. The mill rate for motor vehicles was capped at 37 mills and 39 mills for 2016-17 and 2017-18, respectively.

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 / Notes Payable	Total Primary Government	Debt to Total Personal Income ²	Debt per Capita ²	Total GO Debt	GO Debt to Estimated Actual Value of Taxable Property	GO Debt per Capita ²
2019	\$ 51,075	\$	\$ 350	\$ 71	\$	\$ 20,324	\$ 1,527	\$ 73,347	6.54%	\$ 1,858	\$ 51,146	1.88%	\$ 1,296
2018	47,407		514	112		17,456	1,896	67,385	6.35%	1,704	47,519	1.75%	1,201
2017	52,014		675	143		15,372	196	68,400	6.32%	1,714	52,157	1.96%	1,307
2016	50,233		830	183		15,055	551	66,852	6.52%	1,664	50,416	1.91%	1,255
2015	43,592		979	223		12,005	945	57,744	5.63%	1,437	43,815	1.68%	1,091
2014	40,810		1,123	263		12,773	1,017	55,986	5.32%	1,388	41,073	1.58%	1,018
2013	33,090		1,227	355		4,939	1,349	40,960	3.88%	1,011	33,445	0.97%	826
2012	29,951		730	7,454		3,744	1,621	43,500	4.53%	1,074	37,405	1.07%	924
2011	26,736		804	4,904		4,269	1,717	38,430	4.00%	949	31,640	0.93%	781
2010	29,582		42	9,668		4,316	2,020	45,628	4.75%	1,254	39,250	1.14%	1,079

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, 2019
(In Thousands)**

Total Tax Collections, Including Interest and Lien Fees						\$	74,954
Total Tax Collections, Norwich Fire District							<u>4,521</u>
Base						\$	<u><u>79,475</u></u>
	General Purpose	Schools	Sewers	Urban Renewal	Pension Deficit		Total
Debt Limitation:							
2-1/4 times base	\$ 178,819	\$	\$	\$	\$	\$	
4-1/2 times base		357,638					
3-3/4 times base			298,031				
3-1/4 times base				258,294			
3 times base					238,425		
7 times base							<u>556,325</u>
Total debt limitation	<u>178,819</u>	<u>357,638</u>	<u>298,031</u>	<u>258,294</u>	<u>238,425</u>		<u>556,325</u>
Indebtedness:							
Bonds and serial notes payable	22,858	6,135	2,717	1,855			33,565
Capital leases	350						350
Bonds authorized and unissued	<u>4,185</u>			<u>727</u>			<u>4,912</u>
Total indebtedness	<u>27,393</u>	<u>6,135</u>	<u>2,717</u>	<u>2,582</u>	<u>-</u>		<u>38,827</u>
Debt Limitation in Excess of Outstanding and Authorized Debt	<u>\$ 151,426</u>	<u>\$ 351,503</u>	<u>\$ 295,314</u>	<u>\$ 255,712</u>	<u>\$ 238,425</u>		<u>\$ 517,498</u>

Note 1: In no event shall total debt exceed seven times annual receipts from taxation. The maximum amount permitted would be \$556 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 \$11 and State of Connecticut Serial Notes of \$15,928 as they are self supporting debt.

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

TABLE 10

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Calculation of Legal Debt Limit										
Tax Collections										
General Fund tax collections	\$ 74,954	\$ 75,168	\$ 76,946	\$ 69,575	\$ 66,620	\$ 64,834	\$ 59,274	\$ 56,857	\$ 55,693	\$ 54,065
Fire District collections	4,521	4,712	5,005	5,087	4,935	4,550	4,046	3,961	3,733	3,607
Reimbursement for loss on elderly tax relief			2	2	4	4	8	10	4	4
Taxable Base	79,475	79,880	81,953	74,664	71,559	69,388	63,329	60,828	59,430	57,676
Times limit of 7	7	7	7	7	7	7	7	7	7	7
Overall Legal Debt Limit	<u>556,326</u>	<u>559,160</u>	<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>
Indebtedness:										
Long-term debt										
General Purpose Bonds Payable	22,858	16,861	18,289	17,347	15,705	14,794	13,134	15,140	15,646	17,313
School Bonds	6,135	7,300	8,528	9,832	10,525	11,122	12,449	13,497	9,558	10,492
Sewers	2,717	3,107	3,551	4,036	4,571	5,315	5,509	6,158	4,567	5,181
Urban renewal	1,855	1,505	1,700	1,885	715					
Water	15,929	6,356	6,869	5,951	2,248	2,052	2,108	2,411	2,716	3,025
Capital leases	350	514	675	830	979	1,123	1,268	730	804	874
Gas line extensions	14,998	16,019	17,041	14,907	11,509	8,730	1,000	1,000		
Bonds authorized and unissued	4,912	11,872	3,935	4,709	9,622	14,735	11,081	10,905	18,265	18,106
Total indebtedness (1)	<u>69,753</u>	<u>63,534</u>	<u>60,588</u>	<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>
Less:										
Water bonds and serial notes payable	(15,929)	(6,356)	(6,869)	(5,951)	(2,248)	(2,052)	(2,108)	(2,411)	(2,716)	(3,025)
School building grants							(99)	(198)	(300)	(402)
Gas line extensions	(14,998)	(16,019)	(17,041)	(14,907)	(11,509)	(8,730)	(1,000)	(1,000)		
Net indebtedness applicable to legal debt limit (1)	<u>38,827</u>	<u>41,159</u>	<u>36,679</u>	<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>
Debt Limitation in Excess of Outstanding and Authorized Debt	<u>\$ 517,500</u>	<u>\$ 518,001</u>	<u>\$ 536,992</u>	<u>\$ 484,012</u>	<u>\$ 458,797</u>	<u>\$ 438,624</u>	<u>\$ 399,959</u>	<u>\$ 379,562</u>	<u>\$ 367,471</u>	<u>\$ 352,166</u>
Total net debt applicable to the limit as a percentage of debt limit	6.98%	7.36%	6.39%	7.39%	8.41%	9.70%	9.78%	10.86%	11.67%	12.77%
Net indebtedness as a percentage of net taxable assessed value (1)	2.040%	2.212%	1.987%	2.116%	2.311%	1.943%	1.765%	1.931%	2.016%	2.168%
Net indebtedness per capita	984	1,043	927	962	1,048	1,172	1,074	1,141	1,199	1,273

(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

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Calculation of Continuing Disclosure Agreement Ratios										
Reconciliation of Direct Debt and Net Direct Debt (2)										
Total indebtedness per legal debt limit	\$ 69,753	\$ 63,534	\$ 60,588	\$ 59,497	\$ 55,873	\$ 57,872	\$ 46,549	\$ 49,841	\$ 51,556	\$ 54,992
Less: Authorized but unissued debt	(4,912)	(11,872)	(3,935)	(4,709)	(9,622)	(14,735)	(11,081)	(10,905)	(18,265)	(18,106)
Total Direct Debt	<u>64,841</u>	<u>51,662</u>	<u>56,653</u>	<u>54,788</u>	<u>46,251</u>	<u>43,138</u>	<u>35,468</u>	<u>38,936</u>	<u>33,291</u>	<u>36,886</u>
Less: Water bonds and sewer indirect self-funding debt	(18,646)	(9,463)	(10,420)	(9,987)	(6,819)	(7,368)	(7,617)	(8,569)	(7,283)	(8,206)
Less: School building grants							(99)	(198)	(300)	(402)
Total Net Direct Debt	<u>46,196</u>	<u>42,199</u>	<u>46,233</u>	<u>44,800</u>	<u>39,432</u>	<u>35,770</u>	<u>27,752</u>	<u>30,169</u>	<u>25,707</u>	<u>28,277</u>
Equalized Net Grand List ("ENGL") (3)	2,801,852	2,711,520	2,707,001	2,670,158	2,574,692	2,936,728	2,432,705	2,942,694	3,147,981	3,400,922
Valuation Date	10/1/2017	10/1/2016	10/1/2015	10/1/2014	10/1/2013	10/1/2012	10/1/2011	10/1/2010	10/1/2009	10/1/2008
Ratio of Direct Debt to ENGL	2.314%	1.905%	2.093%	2.052%	1.796%	1.469%	1.458%	1.323%	1.058%	1.085%
Total Direct Debt Per Capita	\$1,642.80	1,308.89	1,432.22	1,363.62	1,151.16	1,073.66	879.07	961.34	822.14	910.92
Ratio of Net Direct Debt to ENGL	1.649%	1.556%	1.708%	1.678%	1.532%	1.218%	1.141%	1.025%	0.817%	0.831%
Total Net Direct Debt Per Capita	\$1,170.40	1,069.14	1,168.80	1,115.05	981.44	890.29	687.83	744.88	634.86	698.33
Ratio of Net General Bonded Debt to ENGL	1.035%	0.891%	0.893%	1.004%	1.056%	0.893%	1.061%	0.863%	0.900%	0.729%
Total Net General Bonded Debt Per Capita	734.55	612.13	677.97	676.45	652.83	645.05	631.62	702.16	615.01	676.74

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

**CITY OF NORWICH, CONNECTICUT
 DEMOGRAPHIC AND ECONOMIC STATISTICS
 LAST TEN FISCAL YEARS**

TABLE 11

Fiscal Year	Population (1)	Per Capita Personal Income (2)	Total Personal Income (thousands) (2)	School Enrollment (3)	Employed (4)	Unemployed (4)	Percentage Unemployed			
							City of Norwich (4)	New London/ Norwich Market (4)	State of Connecticut (4)	United States (5)
2019	39,470	\$ 28,429	\$ 1,122,093	5,009	19,964	802	3.9%	3.5%	3.6%	4.0%
2018	39,470	27,825	1,098,253	4,996	20,083	1,032	4.9%	4.2%	4.5%	4.1%
2017	39,556	26,823	1,061,011	5,054	20,217	1,163	5.4%	4.8%	5.0%	4.6%
2016	39,899	27,111	1,081,702	5,123	19,387	1,374	6.6%	5.5%	5.6%	5.0%
2015	40,178	25,510	1,024,941	5,255	19,246	1,418	6.9%	5.7%	5.5%	5.2%
2014	40,178	25,510	1,024,941	5,287	20,126	1,698	7.8%	6.6%	6.5%	6.1%
2013	40,347	26,094	1,052,796	5,283	19,999	1,929	8.8%	8.2%	8.1%	7.3%
2012	40,502	26,060	1,055,463	5,330	20,719	2,110	9.2%	8.6%	8.4%	8.2%
2011	40,493	23,711	960,133	5,349	19,386	2,177	10.1%	8.7%	9.0%	9.1%
2010	40,493	23,711	960,133	5,449	19,315	2,090	9.8%	8.6%	8.9%	9.6%

- (1) State of Connecticut Department of Public Health, US Census Bureau
- (2) U.S. Census Bureau, 2000 Census and 2012-2016 American Community Survey (CP03 and DP03)
- (3) School enrollment includes Norwich students attending the quasi-private high school, Norwich Free Academy.
- (4) Labor Department, State of Connecticut.
- (5) U.S. Department of Labor Bureau of Labor Statistics

**CITY OF NORWICH, CONNECTICUT
PRINCIPAL EMPLOYERS
2019 AND 2010**

TABLE 12

Business Name	Nature of Business	2019			2010		
		Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
William W. Backus Hospital	Medical Center	1,439	1	7.21%	1,687	1	8.73%
City of Norwich (incl. NPU & BOE)	Municipality	1,116	2	5.59%	1,016	2	5.26%
State of Connecticut	All State agencies	788	3	3.95%	966	3	5.00%
Bob's Discount Furniture	Distribution Center	553	4	2.77%	530	4	2.74%
U.S. Food Service	Food Distribution	325	5	1.63%			0.00%
Norwich Free Academy	Quasi-private high school	303	6	1.52%	264	8	1.37%
United Community & Family Services	Healthcare & community services	245	7	1.23%			0.00%
Shop Rite	Grocery	225	8	1.13%			0.00%
The American Group	Ambulance Service and other operations	221	9	1.11%	303	7	1.57%
Plas-Pak Industries	Plastics Products Manufacturing	175	10	0.88%			0.00%
Electric Boat	Engineering for submarines			0.00%	485	5	2.51%
Interim Healthcare of Eastern CT	Healthcare			0.00%	400	6	2.07%
Computer Science Corporation	Computer Products & Services			0.00%	250	9	1.29%
Spa at Norwich Inn	Spa			0.00%	250	9	1.29%
Stop & Shop	Grocery			0.00%	250	9	1.29%
Total		5,390		27.00%	6,401		33.14%

Source: June 2018 survey by Norwich Community Development Corporation. Not all companies responded.

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

TABLE 13

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
General City										
City Council	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
City Manager	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	3.0
Finance	11.5	11.5	12.0	12.0	12.0	12.0	12.0	12.0	12.0	12.0
Assessment	3.6	3.0	3.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0
Treasurer	2.8	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Human Resources	3.6	4.0	4.0	4.6	4.6	4.6	4.6	3.6	4.5	4.5
City Clerk	4.5	4.5	4.0	5.0	4.0	4.0	4.0	4.0	5.0	5.0
Planning & Neighborhood Services	9.0	9.0	9.5	11.0	10.0	10.0	10.0	10.0	12.0	13.0
Election	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Police	104.5	104.8	106.8	110.5	110.8	110.8	107.0	100.0	94.0	96.0
Fire	58.8	58.7	59.0	61.0	62.0	61.0	62.6	59.6	59.5	59.5
Emergency Management	0.3	0.3	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
PW Street Maintenance	32.0	34.0	35.0	37.0	37.0	36.0	36.0	36.0	38.0	39.0
PW Engineering & Administration	6.0	6.0	6.0	5.0	5.0	5.0	5.0	5.0	6.0	6.0
PW Fleet Maintenance	7.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0
PW Solid Waste	0.0	0.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
PW Building Maintenance	9.0	9.0	9.0	9.0	9.0	9.0	9.0	8.0	8.0	9.0
PW Parking Maintenance	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Senior Citizens Center	7.0	7.0	7.0	7.6	7.6	7.0	7.6	6.5	6.5	6.5
Youth Service Bureau	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Human Services	3.4	3.0	3.0	5.0	5.0	5.0	7.0	7.0	8.5	8.5
Recreation	5.0	5.6	5.0	5.0	5.0	6.0	6.0	5.5	6.0	6.0
Economic Development	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Tourism	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Subtotal - General City	<u>277.0</u>	<u>279.4</u>	<u>286.3</u>	<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>
Board of Education										
General Fund-funded positions	447.7	410.5	375.85	409.65	388.3	357.2	358.8	342.5	286.4	291.1
State & federal grant-funded positions	28	31	42.25	42.25	39	39.0	37.5	37.5	46.0	30.0
School Lunch (state & federal grant)	21.3	21	22.3	22.3	22.3	22.3	12.0	12.0	12.0	12.0
Adult Education (state & federal grant)	<u>266.1</u>	<u>226.4</u>	<u>220.87</u>	<u>214.62</u>	<u>184.3</u>	<u>184.3</u>	<u>94.2</u>	<u>90.2</u>	<u>217.5</u>	<u>250.8</u>
Subtotal - Board of Education	<u>763.1</u>	<u>688.9</u>	<u>661.3</u>	<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>
Norwich Public Utilities	<u>147.5</u>	<u>148.5</u>	<u>149.5</u>	<u>149.5</u>	<u>146.5</u>	<u>142.0</u>	<u>148.0</u>	<u>152.0</u>	<u>142.5</u>	<u>139.5</u>
Grand totals	<u>1187.6</u>	<u>1116.8</u>	<u>1097.0</u>	<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>

Notes on this Table:
Source: City Adopted Budget documents

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

TABLE 14

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Function										
<i>General Government</i>										
Finance										
Number of tax and refuse bills mailed +	50,511	49,698	50,157	49,697	49,336	49,587	49,767	50,175	49,950	50,000
Number of internal control reviews performed	3	14	2	2	2	2	2	2	2	3
Assessor										
Number of deeds processed	1,526	1,497	1,426	1,489	1,496	1,401	1,301	982	1,132	1,500
Personal property declarations	1,784	1,780	1,763	1,833	1,719	1,792	1,754	1,795	1,856	1,650
Income & expense reports	1,086	1,600	N/R							
Board of assessment appeals adjustments	27	434	96	43	10	110	33	37	77	147
Human Resources										
Number of applications processed	2,412	3,510	2,327	1,597	1,349	1,372	1,521	1,475	476	960
Vacancies filled through promotion	27	25	26	19	19	6	12	14	4	6
Vacancies filled through new hires	29	19	21	21	29	15	34	19	2	8
Employee turnover rate (includes retirees)	7.0%	7.9%	6.3%	5.0%	1.5%	2.0%	9.5%	7.0%	6.0%	5.6%
City Clerk										
Land records recorded	5,985	6,517	6,597	5,822	6,146	6,823	7,018	6,154	5,753	6,364
Marriage licenses issued	230	432	302	300	274	285	312	301	270	323
Death certificates recorded	555	563	479	476	517	433	484	509	520	472
Birth certificates recorded	854	949	936	941	860	894	842	940	884	978
Management Information Systems										
Website visits	284,917	263,343	280,797	303,488	274,847	219,706	246,421	200,043	170,527	165,923
Election										
Voters added	2,316	1,717	3,490	1,908	856	465	2,255	667	1,060	438
Voters removed	3,324	4,830	2,507	1,827	895	1,043	2,786	683	1,235	1,001
Voter changes	3,754	3,591	5,100	2,541	2,124	6,258	6,873	2,021	3,049	2,376
Total voters	20,999	20,085	25,013	24,167	21,129	21,343	21,005	20,474	20,951	21,126
Planning & Neighborhood Services										
Site development plans	13	13	3	5	5	6	7	4	15	7
Zoning permit applications	260	259	251	263	172	266	303	672	398	327
Zoning complaints	54	70	47	47	68	80	84	351	185	167
Code violations	986	505	329	38	273	349	368	572	1,975	1,285
Citations issued	214	20	77	2	76	61	88	375	225	287
<i>Education</i>										
Average Class Size - Kindergarten	20.8	20.4	21.3	20.3	20.6	19.7	20.5	18.5	18.4	18.3
Average Class Size - Grade 2	19.1	19.9	21.9	19.5	19.6	19.6	20.2	19.4	18.1	17.9
Average Class Size - Grade 5	20.9	22.4	23.0	20.1	21.1	20.2	21.9	20.3	21.2	21.0
Average Class Size - Grade 7	20.6	22.9	22.9	21.5	24.5	21.3	18.7	19.8	17.1	20.1
<i>Public Safety</i>										
Police										
911 calls *	20,791	22,648	22,290	22,189	20,506	22,215	23,663	23,064	21,825	20,548
Non-emergency calls *	453	39,045	35,141	35,020	36,646	34,302	33,672	32,499	36,078	35,815
DWI arrests *	161	212	171	196	182	223	192	207	241	212
Fire										
Central Fire Department										
Service Calls	2,409	2,874	2,430	2,381	2,784	2,418	2,460	2,422	2,330	2,659
East Great Plain VFD										
Service Calls	975	961	784	823	786	798	904	936	961	855
Laurel Hill VFD										
Service Calls	N/A	N/A	62	72	103	101	113	106	121	85
Occum VFD										
Service Calls	N/A	N/A	207	161	255	228	184	169	191	182
Taftville VFD										
Service Calls	783	N/A	670	646	666	661	698	754	706	717
Yantic VFD										
Service Calls	617	617	570	683	631	622	607	621	643	658
Emergency Management										
Hours of emergency training	N/A	1,100	357	1,530	1,450	1,171	1,030	1,145	1,075	775
Shelters maintained	N/A	4	16	16	16	16	16	16	19	19

(Continued on next page)

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

TABLE 14

	2018	2018	2017	2016	2015	2014	2013	2012	2011	2010
Function										
<i>Social Services</i>										
<i>Recreation</i>										
Number of youth registrations	3,099	3,476	2,613	2,177	2,122	2,035	2,343	3,671	4,500	4,600
Number of youth program hours	9,892	2,295	2,283	1,725	1,575	1,500	3,526	3,530	1,900	1,900
Adults & Seniors registrations	884	607	158	160	226	239	115	86	N/R	N/R
Adults & Seniors program hours	2,473	165	87	278	335	350	384	401	N/R	N/R
<i>Human Services</i>										
<i>General Human Services</i>										
Job placements	218	111	134	225	225	243	259	251	185	206
Individuals relocated due to condemnation	150	18	55	80	72	88	56	50	78	49
Rent & housing assistance cases	72	195	215	202	130	123	112	107	92	117
<i>Senior Center</i>										
Preventative health programs & services	9,060	9,013	10,039	9,975	9,836	9,836	10,000	10,059	8,560	2,500
Outreach services	3,182	2,979	2,639	1,050	997	997	851	627	890	970
<i>Youth & Family Services</i>										
Counseling cases	71	79	60	55	83	83	87	95	97	126
Young parent cases	-	-	-	-	-	-	-	37	18	40
Youth employment	106	42	129	170	168	169	174	121	152	148
Juvenile justice/ diversion	92	89	63	81	67	67	86	33	37	31
<i>Public Works</i>										
<i>Engineering & Administration</i>										
Road miles paved	N/A	6.00	3.44	9.1	6.2	4.8	6.8	4.8	6.4	4.8
Road miles chip sealed or crack sealed	N/A	3.5	4.63	5	5.3	10.7	6.0	3.0	N/R	N/R
<i>Utilities</i>										
Gas service calls	2,666	2,666	3,042	2,933	3,290	4,057	5,230	3,989	4,131	4,229
Electric service calls	1,934	1,934	1,347	1,526	1,313	1,228	1,106	3,570	1,771	1,640
Water service calls	2,277	2,277	2,437	2,797	2,277	2,635	982	1,910	3,053	2,988
Sewer service calls	152	152	195	345	142	162	116	120	80	78

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.

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

TABLE 15

Fiscal Year	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Function										
<i>Education</i>										
School buildings	13	13	13	13	13	13	13	13	13	13
Administrative buildings	1	1	1	1	1	1	1	1	1	1
<i>Public Safety</i>										
<i>Police</i>										
Stations	1	1	1	1	1	1	1	1	1	1
Vehicles	50	50	50	50	39	39	39	39	39	39
<i>Fire</i>										
Firefighting/rescue vehicles	27	27	27	27	27	27	27	27	27	27
Other vehicles	31	31	31	31	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	5	5
<i>Public Works</i>										
<i>Streets & Parks Maintenance</i>										
Dump trucks	36	36	36	36	25	24	24	23	23	23
Sweepers	3	3	3	3	2	3	3	3	4	4
Parks	10	10	10	10	10	10	10	7	7	7
Cemeteries	8	8	8	8	8	8	8	8	8	8
Mowers	16	16	16	16	16	16	12	11	10	10
<i>Building Maintenance</i>										
Parking lots	14	14	14	14	13	13	13	12	12	12
Parking garages	4	4	4	4	4	4	4	4	3	3
<i>Utilities</i>										
<i>Gas</i>										
Gas distribution main (miles)	158	156	156	156	151	149	142	141	133	133
<i>Electric</i>										
Distribution lines	233	232	232	234	235	235	233	229	231	230
Street lights	4,150	4,181	4,172	4,180	4,292	4,292	4,292	4,290	4,290	4,103
<i>Water</i>										
Water distribution system (miles)	196	196	196	195	196	195	195	190	194	188
<i>Sewer</i>										
Sewer distribution system (miles)	137	136	136	130	129	129	127	121	124	117
<i>Fiber Optic</i>										
Fiber optic cable (miles)	82	80	77	75	74	72	72	65	65	68

Source: The respective City departments.