

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



**FISCAL YEAR ENDED JUNE 30, 2015  
DEPARTMENT OF FINANCE  
UNION SQUARE  
NORWICH, CONNECTICUT**

# **Comprehensive Annual Financial Report**

**of the**

## **City of Norwich, Connecticut**

Fiscal Year Ended June 30, 2015

Prepared By:

City of Norwich Finance Department

Joshua A. Pothier, CPA  
Comptroller

Anthony G. Madeira  
Deputy Comptroller

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JUNE 30, 2015**

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# **Introductory Section**



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

100 Broadway Room 105  
Norwich, CT 06360-4431  
[www.norwichct.org/finance](http://www.norwichct.org/finance)  
[jpothier@cityofnorwich.org](mailto:jpothier@cityofnorwich.org)

December 4, 2015

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, 2015. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the City. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner to present fairly the financial position and results of operations of the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

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

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

The City is required to undergo an annual single audit in conformity with the provisions of the Federal Single Audit Act and U.S. Office of Management and Budget Circular A-133, "Audits of States, Local Governments and Non-Profit Organizations." 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 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

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

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

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

- Changing the minimum annual levy for the capital budget at 2% of the previous year's General Fund budget rather than the value of 1 mill.
- Setting the rules for the terms, conditions, details, and particulars of the issuance of bonds and notes equal to those prescribed by the Connecticut General Statutes rather than imposing some additional restrictions through the Charter.

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. 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

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The City aggressively pursues economic and physical stabilization and revitalization. The City has maintained the quality of services to its citizens while having the 12th lowest per capita tax burdens in the State at \$1,602 for fiscal year 2013.

In 2001, the City of Norwich voted for a Charter Revision that created the position of Mayor for the first time in 50 years and made the Mayor responsible and accountable for economic development. The overriding goal for the City is to increase its grand list through activities which "enhance community life, attract newcomers to Norwich, reduces reliance on government agencies, and attract economic development investment from the State of Connecticut". Objectives identified to achieve this goal include: "revitalized downtown, adaptive reuse of existing structures, increased availability of viable commercial and industrial properties, and maintaining the existing and attracting new educational institutions into the City."

The City's economic development activities are assisted by Norwich Community Development Corporation, (NCDC), a private not-for-profit corporation established 50 years ago to improve the economic well-being of the City. The Mayor now 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

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### Ponemah Mill Adaptive Reuse Project

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

### Marcus Plaza

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

### Philly's Cheesesteak

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

### Dominion Power

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

### Sheffield Pharmaceuticals

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

### Norwich Beverage Facility

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

### Algonquin Interstate Gas Transmission Pipeline

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

### These Guys Brew Pub

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

## [Anchor Insulation](#)

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

## [Former Norwich Bulletin Building](#)

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

## [Former Downtown YMCA](#)

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

## [Former Reid and Hughes department store building](#)

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

## [Fusion Paperboard](#)

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

## [Housing Market](#)

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The City of Norwich has a diverse and changing housing supply. There are an estimated 18,500 housing units, including single family homes, apartments, duplexes, condominiums, townhouses and mobile homes. The City of Norwich is the largest municipality in Southeastern Connecticut and is located in New London County. The county's real estate sales have been slow, overall, with spots of growth coming from the smaller municipalities. New London County is trending up slightly in terms of listing price and sales price. Norwich had the most transactions for the county over the last six months and listing prices are up in the last quarter.

Multiple sources indicate an increase of 1.4-1.7% in median home sales prices within the next year (2015-16). However, sources state that the last quarter has seen an increase of sales prices to be around 11.1% over this same time last year. The projected increase is tied to improved market conditions including national government spending on projects such as the multi-year railroad improvements, military product development, and the ensuing manufacturing associated with these investments. Foreclosures and short-sales have had a negative impact over the last five years, resulting in an increase in housing inventories. The City, however, continued to see a reduction in foreclosure actions issued for the third year in a row, with a decrease of 25% from the previous year. Despite this decrease, housing inventories continue to suppress market value and foreclosure filings are still active.

Norwich's median home sales prices are equal to about 2.8 times resident income, compared to the statewide and national averages of approximately 3.3 times resident income. This translates to a more affordable housing stock. At the same time, Norwich's rental cost average remains 22% lower than the national rental cost average. In addition, the rental vacancy rate has remained unchanged even though there has been an increase in monthly rental prices. A number of new, higher-end rental unit developments have appeared in the market over the last two years, diversifying Norwich's housing stock and the rental market. These units are priced above HUD Fair Market Rent rates yet lease agreements are being executed prior to completion.

In order to preserve the housing stock, Norwich continues to commit appropriate federal and state resources towards neighborhood preservation. The Office of Community Development uses HUD dollars to rehabilitate approximately 30 units of housing each year. These funds address health, safety and code issues impacting properties. In addition to addressing health and safety issues, the rehabilitation aids in increasing property values (approximately 16% average increase in values). Beginning in September, 2015, the City will expand HUD

funding to provide resources to remove from the market blighted and abandoned properties in which the private market will not invest. In addition, the City recently adopted a new blight ordinance which provides the administrative “teeth” necessary to encourage property owners to better maintain their property.

Municipalities have limited control over private market investment. However, the combined process of allocating financial and personnel related resources towards improving the housing stock may work to stimulate private investment. In the interim, Norwich is providing the opportunity to increase housing prices and improve both the look and feel of the neighborhood through existing ownership.

## Federal Projects

### New England Central Rail Line Upgrades

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

## State of Connecticut Projects

### Route 12 Paving Project

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

### Route 82 Redesign

The Connecticut Department of Transportation proposed a two-phase reconstruction of Route 82 in August 2015. If this project is approved, construction may start in 2020. The design includes the replacement of several traffic signals with roundabouts and the installation of a median divider. The intent of these changes is to reduce accidents and improve the flow of traffic.

## Major City Initiatives

### Downtown Revitalization Initiative

The residents of the City of Norwich passed a bond referendum item in November 2010 for \$3.38 million for downtown revitalization. Incentives comprised strictly of business and projects of five residential units or more, which includes programs for building code correction assistance, commercial lease rebates, and revolving loan fund. The City’s designated development agency, the Norwich Community Development Corporation, is administering the five-year program. The three Downtown Revitalization programs are designed to both prepare long time vacant spaces for occupancy as well as stimulate the growth of business activity in the downtown area. The programs, launched in August 2011 to date have had 100 applications with a 10% acceptance rate with a payout and encumbered value of over \$800,000. Marketing has expanded throughout the region and is heavily promoted to the brokerage community. In 2014 there were four new businesses and three business expansions completed which took advantage of the program.

### Road Improvements

The residents of the City of Norwich passed a bond referendum item in November 2013 for \$5 million of infrastructure improvements. The City spent a total of \$1,761,200 of combined bond funds (from a 2009 Road Improvement Bond) and capital funds during fiscal year 2014 to repave or reconstruct 4.8 miles of City roads. In addition, the City also took preventative maintenance measures such as crack sealing and chip sealing to extend the expected life of an additional 10.2 miles of moderately deteriorated City roads.

### City Hall Exterior Stairway Rehabilitation

The Public Works Department secured a 50% matching grant of \$190,000, from the State Historic Preservation Office for the rehabilitation of the two exterior stairways at City Hall. The project was recently completed at a cost of approximately \$380,000. This project preserves the beauty and distinct architecture of City Hall.

## City Hall Condition Assessment

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The Public Works Department secured a 50% matching grant, up to a maximum of \$10,000, from the Connecticut Trust for Historic Preservation for a Condition Assessment / Master Plan for the study of City Hall. This will enable the City to move forward with additional grants from the State Historic Preservation Office for the preservation of additional features of this landmark structure.

## Sherman Street Bridge and Sunnyside Street Bridge Rehabilitations

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The Public Works Department previously secured approximately \$5 million in federal and State grant money to pursue rehabilitation projects to both the Sherman Street bridges and the Sunnyside Street Bridge. Design is currently underway with the Sherman Street bridge project and includes assessment and recommendations for the nearby Upper Falls Dam. The Sunnyside Street bridge is in the study phase through which it has been determined to be scour critical. This deficiency will also be addressed in the rehabilitation of this historic structure.

## Spaulding Pond Dam Assessments

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The Public Works Department recently secured a \$40,000 grant for a condition assessment on the two fifty year old dams in Mohegan Park. The funds are provided through the USDA Natural Resource Conservation Service. The studies will include inspection of the dams, hydrologic analysis, and potential scoping of any recommended rehabilitation projects.

## Connecticut Avenue Pavement Rehabilitation

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The Public Works Department obtained a grant through the Department of Transportation's Local Transportation Capital Improvement Program, (LOTICIP) for 100% of the construction costs for rehabilitating a 3,000 foot section of Connecticut Avenue in the City's Business Park. The funding will cover eligible project construction costs up to \$685,200. The project is currently in design and construction is planned for Fall 2015.

## Uncas Leap

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Located along a gorge carved out by the Yantic River, Uncas Leap is a natural resource with a cultural legacy. The neighborhood surrounding the falls, built to capitalize on the power of the Yantic River is also an important part of the city's industrial heritage. City agencies, the Mohegan Tribe and numerous stakeholder groups have been working together to improve this resource; to protect it and share it with future generations.

The Connecticut Department of Economic & Community Development awarded the City a \$270,000 grant in January 2015 to prepare environmental assessments of the site, complete a structural feasibility analysis on the Granite Mill Building and a hazardous building materials survey of the building, which is located on the site and create an adaptive reuse plan for the property. The Norwich City Council approved the use of federal funding to demolish a blighted and dangerous warehouse building located on the property, adjacent to the river. The demolition of this building will reduce potential vandalism, improve safety of residents and increase property values of both residential and commercial properties in the area. In August 2015, the Norwich City Council approved the purchase of 232 Yantic Street to further the possible development of the Uncas Leap area. The culmination of these activities will help increase the chance of success for the adaptive reuse plan.

## Rose City Senior Center Renovations

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The City was able to obtain a \$690,000 grant from the State of Connecticut Department of Social Services for renovations at the 20 year old Senior Center. The work includes a new roof, HVAC units, flooring replacement, window repair, and parking lot paving.

## School Initiatives

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Norwich Public Schools is an Alliance School district creating the ability to embark on advanced academic initiatives. Stanton and Uncas Schools are Network Schools allowing additional academic initiatives. Moriarty and Wequonnoc Schools are Intradistrict Magnet Schools – bringing our students even great opportunities for Environmental Sciences and Arts and Technology. Bishop School and a new Case Street location have become the district's Early Childhood Education Centers, allowing greater opportunities for the youngest students in our population. The school district now has all full-day kindergarten classes in order to create early childhood success. All children in Norwich Public Schools receive free breakfast (universal free breakfast); all children that qualify for reduced or free meals – receive free meals. We are also participating in some innovative farm to school initiatives to help local farmers and bring fresher produce directly to the children. Every elementary and middle school location has after school programs and every elementary school has before school programs.

## Drinking Water Infrastructure

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In December 2014, NPU took an important step towards strengthening its water infrastructure with the completion of a \$1.6 million water tank project in Lebanon. The 1-million gallon tank, which is 36 feet high and 69 feet in diameter, provides NPU with operational flexibility and emergency storage of water for both residential and commercial customers.

## Electric Reliability

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In September 2014, NPU and the Connecticut Municipal Electric Energy Cooperative (CMEEC) completed a \$9 million micro-grid generation project that brings additional backup power capabilities to the Backus Hospital and will provide electricity to a number of critical facilities adjacent to the site in the event of a large-scale power outage. The micro-grid includes four 2.5 megawatt electric generators that are tied into the hospital and its campus.

## Wastewater Treatment Plant

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NPU is moving forward with a new \$100 million wastewater treatment plant. With designs 100% complete, approval from the State of Connecticut's Department of Energy and Environmental Protection is needed before the project can go out to bid. The project will be financed through a combination of state grant and loan funding, support from the City of Norwich and communities in the region who will utilize the new facility. When complete, the new wastewater treatment plant will:

- Bring the City of Norwich into compliance with state and federal mandates;
- Modernize the City's existing wastewater treatment plant and reduce odors in the immediate vicinity of the facility;
- Reduce nitrogen from sewage discharge, making our rivers, harbors and Long Island Sound cleaner and healthier for years to come;
- Reduce the City's energy costs by running on recaptured methane gas;
- Prepare the City and surrounding communities to meet future growth and assist with economic development opportunities in the region.

## Gas Line Expansion

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The successful natural gas expansion by NPU continued throughout 2015. In November, 2014, Norwich voters overwhelmingly approved a \$9.5 million bond referendum to support additional expansion in the years to come. Over the past five years, more than 1,700 customers have converted to natural gas, which represents more than \$2.5 million in new revenue for NPU.

## RP3 Designation

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In May 2015, NPU was among a select group of public power utilities in the United States to earn the Reliable Public Power Provider (RP3) recognition from the American Public Power Association. This very significant achievement recognizes public power utilities that demonstrate proficiency in four key disciplines: reliability, safety, workforce development and system improvement.

## Long-Term Financial Planning

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### Unrestricted Fund Balance

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

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

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

## Capital Improvements

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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

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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

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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., Norwich Public Utilities, Norwich Public Schools, Police, Fire, Volunteer Fire, and all other General City). If the contribution recommended by actuary is less than 85% of the previous year's contribution, then the city shall contribute an amount equal to 85% of the previous year's contribution. If the contribution recommended by actuary is greater than 115% of the previous year's contribution, then the city shall contribute an amount equal to 115% of the previous year's contribution.

## Relevant Financial Policies

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### Unrestricted Fund Balance

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Neither the 2014-15 nor the 2015-16 adopted budgets used UFB to balance the General Fund budget.

In fiscal year 2014-15, there was a revenue shortfall caused primarily by State of Connecticut Special Education Excess Cost Grant. This grant has been a recurring source of volatility and, as such, was excluded from the revenue projections used to develop the 2015-16 budget.

## Awards and Acknowledgements

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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, 2014. This was the 22<sup>nd</sup> 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 2015, the GFOA awarded the City a "Distinguished Budget Presentation Award" for its adopted budget. The budgets submitted had to satisfy four different criteria: the budget as a Policy Document, the budget as a Financial Plan, the budget as an Operations Guide and the budget as a Communications Device. The award earned by the City is the highest form of recognition in the area of budgeting.

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

Respectfully submitted,

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

Joshua A. Pothier, CPA  
Comptroller



Government Finance Officers Association

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

Presented to

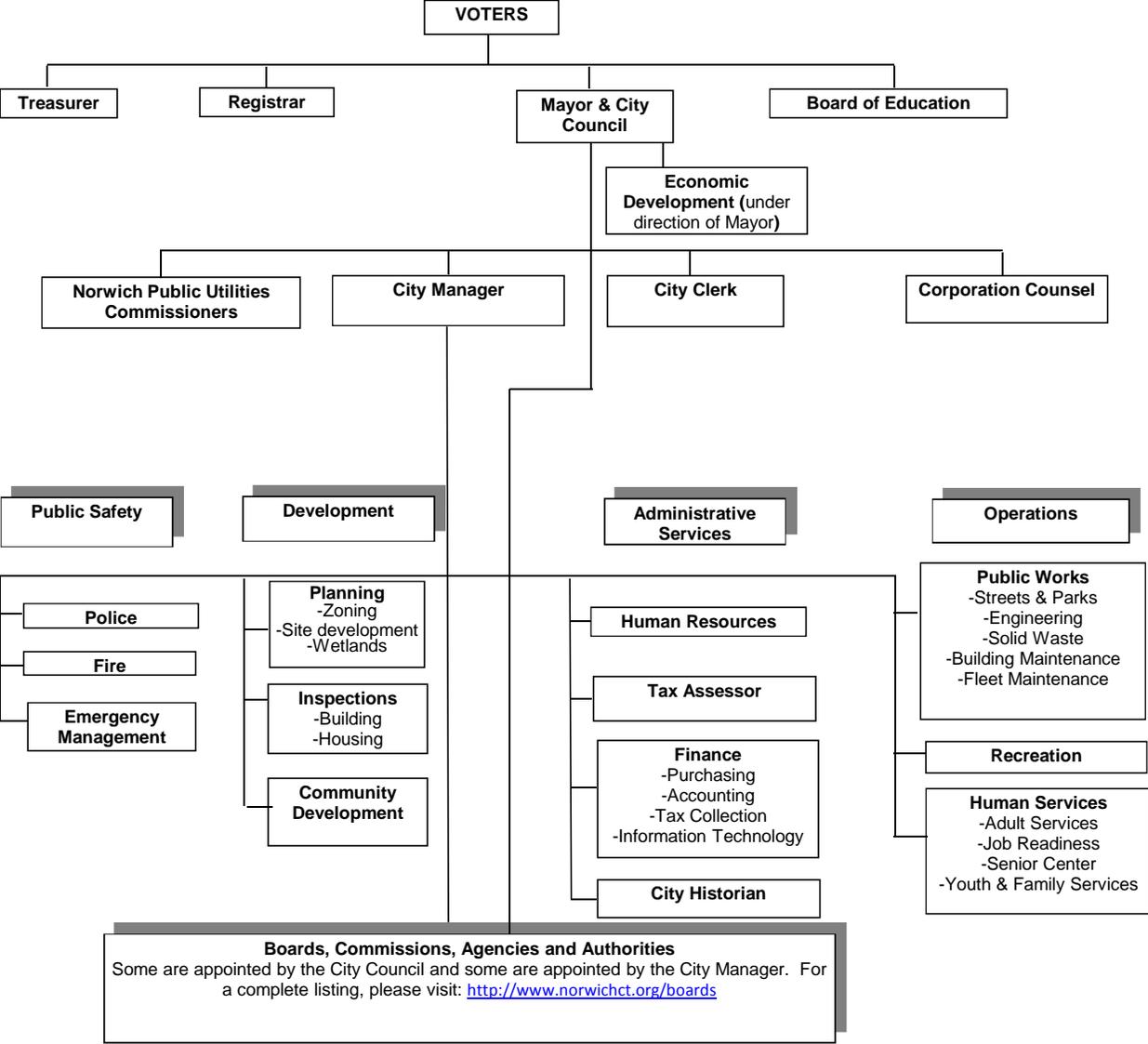
**City of Norwich  
Connecticut**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

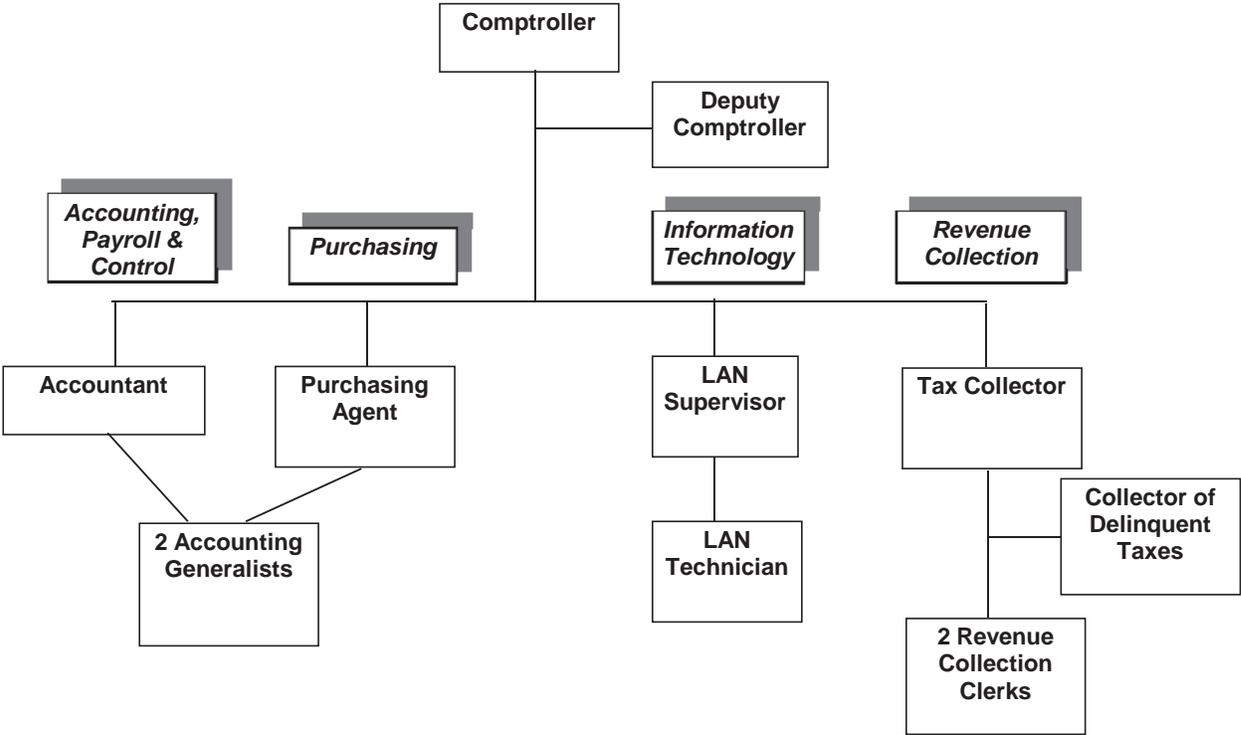
**June 30, 2014**

Executive Director/CEO

# City of Norwich Organization Chart



# City of Norwich Finance Department Organization Chart



City Officials

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Elected City Officials & NPU Commissioners

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City Council

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	<u>Term Length</u>	<u>Term Expires</u>
Deberey Hinchey, Mayor (D)	4 Years	12/4/17
Peter Desaulniers, President Pro Tempore (D)	2 Years	12/7/15
Mark M. Bettencourt (D)	2 Years	12/7/15
William Eyberse (D)	2 Years	12/7/15
William Nash (R)	2 Years	12/7/15
Sofee Noblick (R)	2 Years	12/7/15
Terell T. Wilson (D)	2 Years	12/7/15

Board of Education

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	<u>Term Length</u>	<u>Term Expires</u>
Dr. Yvette C. Jacaruso, Chairperson (D)	2 Years	11/3/15
John P. LeVangie, Vice Chairperson (D)	2 Years	11/3/15
Cora Lee Boulware, Secretary (D)	2 Years	11/3/15
Robert J. Aldi (D)	2 Years	11/3/15
Jesshua Pina (D)	2 Years	11/3/15
Aaron Daniels (R)	2 Years	11/3/15
Dennis Slopak (R)	2 Years	11/3/15
Joyce C. Werden (D)	2 Years	11/3/15
Angelo Yeitz (R)	2 Years	11/3/15

Treasurer

---

	<u>Term Length</u>	<u>Term Expires</u>
Brian Curtin (D)	2 Years	12/7/15

Registrar of Voters

---

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

Appointed NPU Commissioners

---

	<u>Term Length</u>	<u>Term Expires</u>
James M. Sullivan, Chair (D)	5 Years	3/01/19
Diana Boisclair, Vice Chair (R)	5 Years	3/01/20
Larry Goldman, Secretary (D)	5 Years	3/01/17
Robert Groner, (D)	5 Years	3/01/18
Grace Jones (D)	5 Years	2/28/16

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

## **Financial Section**



Accounting | Tax | Business Consulting

## **Independent Auditors' Report**

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

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Norwich, Connecticut, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the City of Norwich, Connecticut's basic financial statements as listed in the table of contents.

#### ***Management's Responsibility for the Financial Statements***

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

#### ***Auditors' Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 of material misstatement.

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

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

## ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Norwich, Connecticut, as of June 30, 2015 and the respective changes in financial position and, where applicable, cash flows thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## ***Change in Accounting Principle***

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

## ***Other Matters***

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 11, the budgetary comparison information on pages 63 through 66, and the pension schedules on pages 67 through 73 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

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

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

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

We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statement of the City of Norwich, Connecticut, as of and for the year ended June 30, 2014 (not presented herein), and have issued our report thereon dated December 17, 2014, 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, 2014 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 2014 financial statements. The accompanying General Fund balance sheet has been subjected to the auditing procedures applied in the audit of the 2014 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, 2014.

#### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 4, 2015 on our consideration of the City of Norwich, Connecticut's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Norwich, Connecticut's internal control over financial reporting and compliance.

*Blum, Shapiro & Company, P.C.*

West Hartford, Connecticut  
December 4, 2015

## CITY OF NORWICH, CONNECTICUT

### MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2015

This discussion and analysis of the City of Norwich, Connecticut's (the City) financial performance is offered by management to provide an overview of the City's financial activities for the fiscal year ended June 30, 2015. Please read this MD&A in conjunction with the transmittal letter and the City's financial statements, Exhibits I to IX.

#### FINANCIAL HIGHLIGHTS

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

#### OVERVIEW OF THE FINANCIAL STATEMENTS

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

#### Government-Wide Financial Statements

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

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

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

- *Governmental Activities* - Most of the City's basic services are reported here, including education, public safety, sanitation, social services, public works and general administration. Property taxes, charges for services and state and federal grants finance most of these activities.
- *Business-Type Activities* - The City charges a fee to customers to help it cover all or most of the cost of certain services it provides. The City's Department of Public Utilities, Golf Course Authority, Stadium Authority and Ice Rink Authority are reported here.

### ***Fund Financial Statements***

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

- *Governmental Funds (Exhibits III and IV)* - Most of the City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. The relationship (or differences) between governmental activities (reported in the statement of net position and the statement of activities) and governmental funds is described in a reconciliation included with the fund financial statements.
- *Proprietary Funds (Exhibits V, VI and VII)* - When the City charges customers for the services it provides, whether to outside customers or to other units of the City, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the statement of net position and the statement of activities. In fact, the City's enterprise funds (a component of proprietary funds) are the same as the business-type activities reported in the government-wide statements, but provide more detail and additional information, such as cash flows, for proprietary funds.
- *Fiduciary Funds (Exhibits VIII and IX)* - The City is the trustee, or fiduciary, for its employees' pension and other benefit plans. It is also responsible for other assets that, because of a trust arrangement, can be used only for the trust beneficiaries. All of the City's fiduciary activities are reported in separate statements of fiduciary net position and changes in fiduciary net position. These activities are excluded from the City's other financial statements because the City cannot use these assets to finance its operations. The City is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

The City's combined net position decreased from a year ago from \$239.3 million to \$167.1 million. The analysis below focuses on the net position (Table 1) and changes in net position (Table 2) of the City's governmental and business-type activities.

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

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

Net position of the City's governmental activities decreased by \$52.2 million (\$58.5 million compared to \$110.7 million). Unrestricted net position - the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements - changed from \$24.8 million at June 30, 2014 to (\$24.0) million at the end of this year. The net position of business-type activities decreased from \$16.1 million compared to (\$2.3) million during 2015.

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

**Table 2**  
**CHANGES IN NET POSITION**

(In Thousands)

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

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

**Governmental Activities**

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

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

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

Table 3 presents the cost of each of the City's five largest programs - general government, public safety, social services, public works and education - as well as each program's net cost (total cost less revenues generated by the activities). The net cost shows the financial burden that was placed on the City's taxpayers by each of these functions.

**Table 3**  
**GOVERNMENTAL ACTIVITIES**  
(In Thousands)

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

***Business-Type Activities***

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

**CITY FUNDS FINANCIAL ANALYSIS**

***Governmental Funds***

As the City completed the year, its governmental funds (as presented in the balance sheet - Exhibit III) reported a combined fund balance of \$17.2 million, which is a decrease of \$0.8 million from last year's total of \$18.0 million. Included in this year's total change in fund balance is a decrease of \$0.6 million in the City's General Fund. The primary reasons for the General Fund's decrease mirror the general fund activities analysis highlighted in RSI-1 and RSI-2.

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

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

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

## Proprietary Funds

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

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

## General Fund Budgetary Highlights

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

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

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

## CAPITAL ASSET AND DEBT ADMINISTRATION

### Capital Assets

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

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

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

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

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

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

**Long-Term Debt**

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

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

	<b>Governmental</b>		<b>Business-Type</b>		<b>Total</b>	
	<b>Activities</b>		<b>Activities</b>			
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
General obligation bond: \$	45,449	\$ 42,377	\$ 223	\$ 263	\$ 45,672	\$ 42,640
Serial notes payable	<u>          </u>	<u>          </u>	<u>14,599</u>	<u>12,773</u>	<u>14,599</u>	<u>12,773</u>
 Total	 <u>\$ 45,449</u>	 <u>\$ 42,377</u>	 <u>\$ 14,822</u>	 <u>\$ 13,036</u>	 <u>\$ 60,271</u>	 <u>\$ 55,413</u>

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

State statutes limit the amount of general obligation debt a governmental entity may issue to up to seven times its annual receipts from taxation. The current debt limitation for the City of Norwich is \$523 million. The City's outstanding general obligation debt is at 8.06% of this limitation. Table 9 presents more detailed information about the debt limitation.

Other obligations include net OPEB obligation, accrued vacation pay and sick leave, and risk management claims. More detailed information about the City's long-term liabilities is presented in Note 7 to the financial statements.

## **ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

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

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

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

## **CONTACTING THE CITY'S FINANCIAL MANAGEMENT**

This financial report is designed to provide citizens, taxpayers, customers, investors and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Office of the Comptroller, 100 Broadway, Norwich, Connecticut 06360-4431.

# **Basic Financial Statements**

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

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

The accompanying notes are an integral part of the financial statements



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

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

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

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

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

Fund balances - total governmental funds	\$ 17,204
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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	\$ 198,171	
Less accumulated depreciation	<u>(70,914)</u>	
Net capital assets		127,257

Other long-term assets are not available to pay for current-period expenditures and, therefore, are not recorded in the funds:

Property tax receivables greater than 60 days	3,486
Interest receivable on property taxes	794
Housing rehabilitation loans	3,241
Accounts and other receivables	14,551
Deferred outflows related to pension investment experience	4,210

Internal service funds are used by management to charge the costs of risk management to individual funds. The assets and liabilities of the internal service funds are reported with governmental activities in the statement of net position.

1,380

Long-term liabilities, including bonds payable and deferred outflows of resources, are not due and payable in the current period and, therefore, are not reported in the funds:

Bonds and notes payable	(43,650)
Deferred charge on refunding	155
Unamortized bond premium	(1,799)
Interest payable on bonds and notes	(289)
Compensated absences	(3,498)
Landfill closure	(250)
Capital lease	(979)
Net OPEB obligation	(4,780)
Net pension liability	<u>(58,534)</u>

Net Position of Governmental Activities (Exhibit I)	<u>\$ 58,499</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, 2015**  
**(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	\$ 69,578	\$	\$	\$ 5,087	\$ 74,665
Intergovernmental revenues	42,763		15,225	7,909	65,897
Charges for services	1,720		370	2,231	4,321
Licenses, permits and fees	439				439
Investment income	43			45	88
Other	1,671			370	2,041
Total revenues	<u>116,214</u>	<u>-</u>	<u>15,595</u>	<u>15,642</u>	<u>147,451</u>
Expenditures:					
Current:					
General government	5,278			351	5,629
Public safety	16,019			7,388	23,407
Social services	1,868			2,272	4,140
Public works	10,030			860	10,890
Education	77,145		15,712	4,898	97,755
Other	5,644				5,644
Capital outlay		6,407		3,431	9,838
Debt service	5,436	182			5,618
Total expenditures	<u>121,420</u>	<u>6,589</u>	<u>15,712</u>	<u>19,200</u>	<u>162,921</u>
Deficiency of Revenues over Expenditures	<u>(5,206)</u>	<u>(6,589)</u>	<u>(117)</u>	<u>(3,558)</u>	<u>(15,470)</u>
Other Financing Sources (Uses):					
Transfers in	6,458			3,065	9,523
Transfers out	(1,834)	(14)		(208)	(2,056)
Issuance of general obligation bonds		6,740			6,740
Bond premiums		419			419
Total other financing sources	<u>4,624</u>	<u>7,145</u>	<u>-</u>	<u>2,857</u>	<u>14,626</u>
Net Change in Fund Balances	(582)	556	(117)	(701)	(844)
Fund Balances at Beginning of Year	<u>10,981</u>	<u>(919)</u>	<u>322</u>	<u>7,664</u>	<u>18,048</u>
Fund Balances at End of Year	<u>\$ 10,399</u>	<u>\$ (363)</u>	<u>\$ 205</u>	<u>\$ 6,963</u>	<u>\$ 17,204</u>

(Continued on next page)

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

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

Amounts reported for governmental activities in the statement of activities (Exhibit II) are different because:

Net change in fund balances - total governmental funds (Exhibit IV)	\$ (844)
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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	4,926
Depreciation expense	(5,250)

In the statement of activities, only the gain on the sale of capital assets is reported. However, in the governmental funds, the proceeds from the sale increase financial resources. Thus the change in net position differs from the change in fund balance by the cost of the assets sold.

	(37)
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds, and revenues recognized in the funds are not reported in the statement of activities:

Property tax receivable - accrual basis change	526
Property tax interest and lien revenue - accrual basis change	107
Housing loan repayments	1,399
Accounts and other receivables - accrual basis change	2,757
Change in deferred outflows related to changes in projected investments earnings	4,210

The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are amortized and deferred in the statement of activities. The details of these differences in the treatment of long-term debt and related items are as follows:

Issuance of bonds	(6,740)
Premium on bonds	(419)
Bond principal payments	3,900
Amortization of deferred charge on refunding	(31)
Amortization of premiums	187
Capital lease payments	144

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds:

Compensated absences	(28)
Accrued interest	(25)
Net OPEB expense	14
Landfill postclosure care	1,312
Change in net pension liability	(5,933)

Internal service funds are used by management to charge costs to individual funds. The net revenue of certain activities of internal services funds is reported with governmental activities.

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Change in Net Position of Governmental Activities (Exhibit II)	\$ <u>544</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, 2015**  
(In Thousands)

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

The accompanying notes are an integral part of the financial statements

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

	<b>Business-Type Activities</b>			<b>Governmental</b>
	<b>Department of Public Utilities</b>	<b>Nonmajor Enterprise Funds</b>	<b>Total</b>	<b>Activities Internal Service Funds</b>
Operating Revenues:				
Charges for services	\$ 88,662	\$ 1,302	\$ 89,964	\$ 16,705
Use of property	1,344		1,344	
Other services	1,068		1,068	
Total operating revenues	<u>91,074</u>	<u>1,302</u>	<u>92,376</u>	<u>16,705</u>
Operating Expenses:				
Purchased gas and electric	37,630		37,630	
General and administrative	12,959		12,959	
Operations and maintenance	14,544	1,374	15,918	
Depreciation	6,972	419	7,391	
Customer accounts	3,315		3,315	
Gross revenue and property taxes	2,596		2,596	
Claims			-	14,571
Premiums and administrative charges			-	1,765
Pension expense	3,012		3,012	
Total operating expenses	<u>81,028</u>	<u>1,793</u>	<u>82,821</u>	<u>16,336</u>
Operating Income (Loss)	<u>10,046</u>	<u>(491)</u>	<u>9,555</u>	<u>369</u>
Nonoperating Income (Expense):				
Donated capital assets		76	76	
Interest income	5		5	
Interest expense	(667)	(5)	(672)	
Loss on disposal of capital assets	(147)	(19)	(166)	
Total nonoperating expense	<u>(809)</u>	<u>52</u>	<u>(757)</u>	<u>-</u>
Income (Loss) Before Contributions and Transfers	9,237	(439)	8,798	369
Capital contributions	3,471		3,471	
Transfers out	<u>(7,467)</u>		<u>(7,467)</u>	
Change in Net Position	5,241	(439)	4,802	369
Total Net Position at Beginning of Year, as Restated	<u>95,171</u>	<u>8,671</u>	<u>103,842</u>	<u>1,011</u>
Total Net Position at End of Year	<u>\$ 100,412</u>	<u>\$ 8,232</u>	<u>\$ 108,644</u>	<u>\$ 1,380</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, 2015**  
(In Thousands)

	Business-Type Activities			Governmental
	Department of Public Utilities	Nonmajor Enterprise Funds	Total	Internal Service Funds
<b>Cash Flows from Operating Activities:</b>				
Cash received from charges for services	\$ 90,422	\$ 1,365	\$ 91,787	\$ 2,564
Cash receipts for interfund services provided			-	14,020
Cash paid to vendors	(58,923)	(665)	(59,588)	(16,584)
Cash paid to employees for services	(15,059)	(647)	(15,706)	
Net cash provided by operating activities	<u>16,440</u>	<u>53</u>	<u>16,493</u>	<u>-</u>
<b>Cash Flows from Noncapital and Related Financing Activities:</b>				
Transfers to other funds	(7,467)		(7,467)	
Customer deposits	(7)		(7)	
Advances from (to) other funds	(18)		(18)	
Net cash used in noncapital and related financing activities	<u>(7,492)</u>	<u>-</u>	<u>(7,492)</u>	<u>-</u>
<b>Cash Flows from Capital and Related Financing Activities:</b>				
Capital contributions	3,471		3,471	
Purchase of capital assets	(17,361)	(22)	(17,383)	
Proceeds from long-term debt	2,768		2,768	
Principal payment on bonds and notes	(957)	(25)	(982)	
Principal payment on capital leases	(312)		(312)	
Interest payment on debt	(667)	(6)	(673)	
Cash advances from the City of Norwich	3,039		3,039	
Net cash used in capital and related financing activities	<u>(10,019)</u>	<u>(53)</u>	<u>(10,072)</u>	<u>-</u>
<b>Cash Flows from Investing Activities:</b>				
Income on investments	<u>5</u>		<u>5</u>	
Net Decrease in Cash and Cash Equivalents	(1,066)	-	(1,066)	-
Cash and Cash Equivalents at Beginning of Year	<u>17,893</u>	<u>-</u>	<u>17,893</u>	<u>-</u>
Cash and Cash Equivalents at End of Year	<u>\$ 16,827</u>	<u>\$ -</u>	<u>\$ 16,827</u>	<u>\$ -</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities:</b>				
Operating income (loss)	\$ 10,046	\$ (491)	\$ 9,555	\$ 369
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation expense	6,972	419	7,391	
Provision for uncollectible accounts	2,420		2,420	
Increase in receivables	(5,145)	(4)	(5,149)	
Decrease (Increase) in inventories and other assets	(456)	42	(414)	
Increase in due from other funds		59	59	395
Increase in due to other funds		111	111	
Decrease in unearned revenues		(4)	(4)	
Increase (decrease) in accounts payable and accrued liabilities	1,540	(79)	1,461	(764)
Increase in net pension liability	2,953		2,953	
Increase in deferred outflows of resources	(1,890)		(1,890)	
Total adjustments	<u>6,394</u>	<u>544</u>	<u>6,938</u>	<u>(369)</u>
Net Cash Provided by Operating Activities	<u>\$ 16,440</u>	<u>\$ 53</u>	<u>\$ 16,493</u>	<u>\$ -</u>
<b>Noncash Capital and Financing Activities:</b>				
Capital asset contribution		\$ 1,559		
Change in deferred contributions		(1,483)		
Loss on disposal		(19)		
Total Noncash Capital and Financing Activities		<u>\$ 57</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, 2015**  
**(In Thousands)**

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	<b>Trust Funds</b>	<b>Agency Funds</b>
	<u>          </u>	<u>          </u>
Assets:		
Cash and cash equivalents	\$ 1,109	\$ 475
Investments:		
Mutual funds	150,129	
Common stock	24,417	
Other receivables		<u>106</u>
Total assets	<u>175,655</u>	<u>\$ 581</u>
Liabilities:		
Accounts and other payables	400	\$
Due to other funds	553	
Due to student groups and agencies		<u>581</u>
Total liabilities	<u>953</u>	<u>\$ 581</u>
Net Position:		
Held in Trust for Pension and Other Benefits	<u>\$ 174,702</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, 2015  
(In Thousands)**

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

The accompanying notes are an integral part of the financial statements

**CITY OF NORWICH, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015**  
**(In Thousands)**

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**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, 2015**  
**(In Thousands)**

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

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

The City reports the following major governmental funds:

The General Fund is the City's primary operating fund. It accounts for all financial resources of the City, except those required to be accounted for in another fund.

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

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

The City reports the following major proprietary fund:

The Department of Public Utilities accounts for the operation of the City's water, sewer, electric and gas divisions. It is independent in terms of its relationship to other City functions. Its operations are financed from direct charges to the users of the service for operations that are financed in a manner similar to private business enterprises, where the intent is that costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

Additionally, the City reports the following fund types:

The Internal Service Fund accounts for employee health insurance provided to other departments of the City and the City's self-insured workers' compensation program.

The Pension Trust Funds account for the activities of the City's two defined benefit pension plans, which accumulate resources for pension benefit payments to qualified retired employees.

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

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

**CITY OF NORWICH, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015**  
**(In Thousands)**

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

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

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

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

**D. Deposits and Investments**

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

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

Investments for the City are reported at fair value.

**E. Receivables and Payables**

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

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

**CITY OF NORWICH, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015**  
**(In Thousands)**

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**F. Inventories and Prepaid Items**

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

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

**G. Capital Assets**

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

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

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

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

**H. Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position or fund balance that applies to a future period or periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City reports a deferred charge on refunding and deferred outflows related to pension in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. A deferred outflow of resources related to pension results from differences between expected and actual experience, changes in assumptions or other inputs. These amounts are deferred and included in pension expense in a systematic and rational manner over a period equal to the average of the expected remaining service lives of all employees that are provided with benefits through the pension plan (active employees and inactive employees).

**CITY OF NORWICH, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015**  
**(In Thousands)**

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

**I. Compensated Absences**

Employees are paid by a prescribed formula for absences due to vacation or sickness. The obligation for vacation pay vests when earned. Unused sick leave may be accumulated for future absences in accordance with employee contracts and employment policies. Upon retirement, vested sick leave is payable to employees subject to union contract payment provisions. Sick leave and vacation leave expenditures are recognized in the governmental fund financial statements in the current year to the extent they are due (matured). The liability for the remainder of the accrued vacation earned and not due is reported in the government-wide and proprietary fund financial statements.

**J. Net Pension Liability**

The net pension liability is measured as the portion of the actuarial present value of projected benefits that is attributed to past periods of employee service (total pension liability), net of the pension plans' fiduciary net position. The pension plans' fiduciary net position is determined using the same valuation methods that are used by the pension plans for purposes of preparing their statements of fiduciary net position. The net pension liability is measured as of a date (measurement date) no earlier than the end of the employer's prior fiscal year, consistently applied from period to period.

**K. OPEB Assets/Obligations**

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

**L. Long-Term Obligations**

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or proprietary fund type statement of net position. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of any significant applicable bond premium or discount. Significant bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**M. Fund Equity and Net Position**

In the government-wide financial statements and in proprietary fund types, net position is classified in the following categories:

**Net Investment in Capital Assets**

This category groups all capital assets, including infrastructure, into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce this category.

**Restricted Net Position**

This category represents the net position of the City, which is restricted by externally imposed constraints placed on net position by grantors, contributors or laws and regulations of other governments.

**Unrestricted Net Position**

This category represents the net position of the City, which is not restricted for any project or other purpose.

In the fund financial statements, fund balances of governmental funds are classified in five separate categories. The five categories, and their general meanings, are as follows:

**Nonspendable Fund Balance**

This represents amounts that cannot be spent due to form (e.g., inventories and prepaid amounts).

**Restricted Fund Balance**

This represents amounts constrained for a specific purpose by external parties, such as grantors, creditors, contributors or laws and regulations of their governments.

**Committed Fund Balance**

This represents amounts constrained for a specific purpose by a government using its highest level of decision-making authority (City Council). A fund balance commitment is established, modified and/or rescinded by ordinance.

**Assigned Fund Balance**

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

**Unassigned Fund Balance**

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

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

**CITY OF NORWICH, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015**  
**(In Thousands)**

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**2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**A. Budgetary Information**

In October, the City Manager, through the Comptroller's Office, distributes budget instructions to department heads. On or before a date set by the City Manager, the head of every department, office or agency must submit a written proposed budget for the following year to the City Manager. The City Manager and Comptroller review these proposals and may revise them as deemed advisable, except in the case of the Department of Education where the City Manager has the authority to revise only the total estimated expenditures. The City Manager and Comptroller compare proposed expenditures to expected revenues and prepare a proposed budget for presentation to the City Council.

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

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

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

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

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

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

**CITY OF NORWICH, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015**  
**(In Thousands)**

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**B. Deficit Fund Equity**

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

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

\* Deficit will be reduced by future transfers and bond issuances.

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

**3. CASH, CASH EQUIVALENTS AND INVESTMENTS**

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

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

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

**CITY OF NORWICH, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015**  
**(In Thousands)**

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**Deposits**

**Deposit Custodial Credit Risk**

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

Based on the criteria described in GASB Statement No. 40, *Deposits and Investment Risk Disclosures*, \$43,878 of the City’s bank balance of \$46,363 was exposed to custodial credit risk as follows:

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

**Cash Equivalents**

At June 30, 2015, the City’s cash equivalents amounted to \$9. The following table provides a summary of the City’s cash equivalents (excluding U.S. government guaranteed obligations) as rated by nationally recognized statistical rating organizations. The pools all have maturities of less than one year.

	<b>Standard &amp; Poor’s</b>
State Short-Term Investment Fund (STIF)	<u>AAA/m</u>

**CITY OF NORWICH, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015**  
**(In Thousands)**

**Investments**

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

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

\*Subject to coverage by Federal Depository Insurance and collateralization.

N/A Not applicable

**Interest Rate Risk**

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

**Credit Risk - Investments**

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

**Concentration of Credit Risk**

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

**CITY OF NORWICH, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015**  
**(In Thousands)**

**Custodial Credit Risk**

Custodial credit risk for an investment is the risk that, in the event of the failure of the counterparty (the institution that pledges collateral or repurchase agreement securities to the City or that sells investments to or buys them for the City), the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City has a formal investment policy. Under this policy, the Treasurer shall mitigate concentration of credit risk on deposits by spreading deposits among different financial institutions. Because the benefits of lower fees and higher rates of return often outweigh the attendant risks of carrying large balances with a few financial institutions, the Treasurer will use their judgment rather than target percentages to guide their deposit strategy. For other investments, no more than 10% of the funds covered under this policy may be invested in securities from any one federal, state or local political subdivision or agency. The City's individual investments in U.S. government obligations, equities and corporate bonds are uninsured and unregistered securities held by a counterparty, or by its trust department or agent that are not in the City's name. The City's investments are held in open-end mutual funds which, because they are pooled investments rather than separate identifiable securities, are not subject to custodial risk determination. The City will only deposit funds in institutions rated within one of the top three rating categories of any nationally recognized rating service. Financial institutions in which the City deposits funds shall be accepted by City Council resolution. For financial institutions which have not been ranked by a nationally recognized rating service, the Treasurer shall assess the financial capacity and creditworthiness of the institution before recommending it to the City Council for approval.

**4. RECEIVABLES**

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

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

**CITY OF NORWICH, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015**  
(In Thousands)

**5. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS**

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

A summary of interfund balances as of June 30, 2015 is presented below.

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

A summary of interfund transfers is presented below:

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

Transfers from the General Fund to other nonmajor governmental funds are in support of the City's capital improvement program, fire services and other special revenue programs accounted for outside of the General Fund. Transfers from nonmajor governmental funds to the General Fund are derived primarily from net income generated from parking services and landfill operations accounted for outside of the General Fund. The Department of Public Utilities annually transfers 10% of gross revenues derived from gas, electric and water sales to the General Fund and the Fire Districts Fund.

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**6. CAPITAL ASSETS**

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

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

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

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

**Construction Commitments**

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

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

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**7. LONG-TERM DEBT**

**Changes in Long-Term Liabilities**

Long-term liability activity for the year ended June 30, 2015 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	\$ 40,810	\$ 6,740	\$ 3,900	\$ 43,650	\$ 4,040
Add unamortized premiums	1,567	419	187	1,799	
Total bonds payable	<u>42,377</u>	<u>7,159</u>	<u>4,087</u>	<u>45,449</u>	<u>4,040</u>
Compensated absences	3,470	1,557	1,529	3,498	1,535
Landfill closure	1,562		1,312	250	25
Capital leases	1,123		144	979	149
Net pension liability	52,601	5,933		58,534	
Net OPEB obligation	4,794	5,432	5,446	4,780	
Risk management claims	<u>5,825</u>	<u>13,804</u>	<u>14,571</u>	<u>5,058</u>	<u>2,317</u>
Governmental Activities Long-Term Liabilities	<u>\$ 111,752</u>	<u>\$ 33,885</u>	<u>\$ 27,089</u>	<u>\$ 118,548</u>	<u>\$ 8,066</u>
Business-Type Activities:					
Bonds and notes payable:					
General obligation bonds	\$ 263	\$	\$ 40	\$ 223	\$ 40
State of Connecticut - serial note	12,773	2,788	962	14,599	3,596
Total bonds and notes payable	<u>13,036</u>	<u>2,788</u>	<u>1,002</u>	<u>14,822</u>	<u>3,636</u>
Compensated absences	2,737	676	564	2,849	526
Capital leases	1,017	240	312	945	394
Workers' compensation	1,284	603	389	1,498	489
Net pension liability	24,736	2,953		27,689	
Cash advances	<u>8,622</u>	<u>3,480</u>	<u>479</u>	<u>11,623</u>	<u>640</u>
Business-Type Activities Long-Term Liabilities	<u>\$ 51,432</u>	<u>\$ 10,740</u>	<u>\$ 2,746</u>	<u>\$ 59,426</u>	<u>\$ 5,685</u>

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

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

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

\* Loans are 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>
2016	\$ 4,040	\$ 1,466	\$ 5,506
2017	3,595	1,340	4,935
2018	3,540	1,170	4,710
2019	3,415	1,056	4,471
2020	3,205	953	4,158
2021-2025	11,320	3,485	14,805
2026-2030	9,850	1,678	11,528
2031-2035	<u>4,685</u>	<u>353</u>	<u>5,038</u>
Total	<u>\$ 43,650</u>	<u>\$ 11,501</u>	<u>\$ 55,151</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>
2016	\$ 3,636	\$ 245	\$ 3,881
2017	883	225	1,108
2018	829	206	1,035
2019	847	188	1,035
2020	784	171	955
2021-2025	3,332	623	3,955
2026-2030	3,290	295	3,585
2031-2035	<u>1,221</u>	<u>27</u>	<u>1,248</u>
Total	<u>\$ 14,822</u>	<u>\$ 1,980</u>	<u>\$ 16,802</u>

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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 2015 fiscal year were \$144. The net undepreciated value of assets purchased by capital lease approximates the principal balances payable of \$979 at June 30, 2015. The following is a summary of capital lease commitments as of June 30, 2015.

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

**Business-Type Activities**

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

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

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**Compensated Absences - Governmental Activity**

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

Vested:			
Sick	\$	1,118	
Vacation		680	
Other		271	
Nonvested:			
Sick		1,400	*
Other		29	*
		<u>          </u>	
Total	\$	<u>3,498</u>	

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

**Landfill Closure and Postclosure Care Cost - Governmental Activity**

State and federal laws and regulations require that the City place a final cover on its closed landfill and perform certain maintenance and monitoring functions at the landfill site for 30 years after closure. The current estimated total cost of the landfill closure and postclosure care of \$250 is based on the amount estimated to be paid for all equipment, facilities and services required to close, monitor and maintain the complete landfill site as of June 30, 2015. However, the actual cost of closure and postclosure care may be higher due to inflation, changes in technology or changes in landfill laws and regulations. The City is eligible for approximately \$3,300 in state grants, of which \$2,020 has been drawn down. The Landfill Closure fund has been used to liquidate landfill closure and postclosure liabilities, but the General Fund will be used to pay for future monitoring costs.

**Bonds Authorized/Unissued**

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

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

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

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**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	\$ 168,001	\$ 21,871	\$ 146,130
Schools	336,002	12,295	323,707
Sewers	280,001	4,571	275,430
Urban renewal	242,668	3,380	239,288
Pension deficit	224,001		224,001

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

**8. FUND EQUITY**

**A. Fund Balance**

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

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

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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, 2015 on behalf of the Department were \$338. Investment income that is earned on the Department's deposits along with the Fund's authorized expenses is recorded in the Department's statement of activities. The funds held by CMEEC on behalf of the Department are recorded as an asset on the Department's statement of net position and have been restricted.

**9. RISK MANAGEMENT**

The City is exposed to various risks of loss related to public official liability, police professional liability, theft or impairment of assets, errors and omissions, injury to employees, natural disasters and owners and contractors protective liability.

It is the policy of the City to self-insure for employee health insurance programs. To this end, the City created an internal service fund to which the various City funds "pay premiums" and from which employee medical claims are paid. Claims are accrued as incurred. The City also purchased "stop loss" insurance to limit its losses to \$175 per person in 2015 for hospitalization with a maximum aggregate for all claims of approximately \$19,420.

The City self-insures for workers' compensation benefits. The City purchases commercial insurance for claims in excess of coverage provided by the workers' compensation account with an individual claim maximum of \$500 and a \$10,000 aggregate maximum per year.

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

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

	<b>Beginning of Fiscal Year Liability</b>	<b>Current Year Claims and Changes in Estimates</b>	<b>Claim Payments</b>	<b>Balance at Fiscal Year End</b>
Medical:				
2014-2015	\$ 1,293	\$ 12,499	\$ 12,750	\$ 1,042
2013-2014	1,380	13,203	13,290	1,293
Workers' Compensation:				
2014-2015	4,532	1,821	2,336	4,017
2013-2014	7,825	(1,153)	2,140	4,532

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The City purchases commercial insurance for all other risks of loss, including blanket and umbrella policies. Settled claims have not exceeded coverage in any of the past three years.

The Department of Public Utilities accounts for the self-insured component of workers' compensation benefits for the Department's employees within the Department of Public Utilities Enterprise Fund. The Department has accrued \$1,499 for estimated unpaid accrued losses on reported claims as of June 30, 2015.

## **10. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS**

### **City of Norwich Retirement System**

#### **A. Plan Description and Benefits Provided**

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

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

The City provides all retirement, death and disability benefits through a single employer, contributory defined benefit plan. Under the plan, all full-time salaried City employees, noncertified employees of the Board of Education and all full-time uniformed and investigatory employees classified as Police Officers and Firefighters are eligible after a probationary period. General City employees are 100% vested in a pension to begin at age 60 if they terminate employment after 10 years of continuous service or after 25 years of service and attainment of age 55 or after 34 years of service regardless of age. Also, any employee terminating employment after age 50 with 25 years of service is eligible for a pension. City employees receive a retirement benefit of 2.2% of average final earnings during the highest 3 years out of the last 10 consecutive year period with a maximum of 74.8% of average earnings. Police who retire at normal retirement (after 20 years of service) receive 48% of average annual pay (highest 3 years out of last 10 consecutive years) for the first 20 years of service plus 2.2% of pay in excess of 20 years with a maximum benefit of 70% of average annual pay. Firefighters who retire at normal retirement after 20 years of service regardless of age will receive 48% of average earnings plus 2.2% of average earnings for each year over 20 with a maximum of 70% of pay. Average earnings for firefighters is defined as the average of the highest 3-year period out of the last consecutive 10-year period prior to retirement. If an employee leaves employment or dies before meeting the vesting requirements, accumulated contributions and interest are refunded. Effective benefits and contributions are established by the City as negotiated with the various unions. The General Fund and the Fire Districts Fund are used to liquidate net pension obligations.

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

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

**B. Summary of Significant Accounting Policies, Plan Changes and Plan Asset Matters**

**Basis of Accounting**

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

**Method Used to Value Investments**

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

**C. Funding Policy**

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

Administrative costs of the plan are financed through investment earnings.

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**D. Investments**

**Investment Policy**

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

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

**Rate of Return**

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

**E. Net Pension Liability of the City**

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

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

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**Actuarial Assumptions**

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

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

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

The long-term expected rate of return on pension plan investments was determined using a building block method in which best-estimate ranges of expected future real rates of return are developed. Best estimates of the real rates of return for each major asset class are included along with the pension plan's long-term target asset allocation. Since the term rates shown above are geometric averages, the impact of asset allocation and rebalancing is not reflected in the expected return. The results support a rate between 7.25% and 7.75%. An expected rate of return of 7.75% was used.

**Discount Rate**

The discount rate used to measure the total pension liability was 7.75%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that City contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Changes in the Net Pension Liability**

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

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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 discount rate of 7.75%, as well as what the City’s net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.75%) or 1 percentage point higher (8.75%) than the current rate:

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

**City of Norwich Volunteer Firefighters’ Relief Plan**

**A. Plan Description and Benefits Provided**

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

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

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

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

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

Retirees and beneficiaries receiving benefits	50
Active plan members	<u>137</u>
Total	<u><u>187</u></u>

**B. Summary of Significant Accounting Policies, Plan Changes and Plan Asset Matters**

**Basis of Accounting**

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

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**Plan Changes and Changes in Actuarial Assumptions**

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

**Method Used to Value Investments**

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

**Plan Expenses**

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

**C. Funding Policy**

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

**D. Investments**

**Investment Policy**

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

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

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

**Rate of Return**

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

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**E. Net Pension Liability of the City**

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

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

**Actuarial Assumptions**

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

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

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

The long-term expected rate of return on pension plan investments was determined using a building block method in which best-estimate ranges of expected future real rates of return are developed. Best estimates of the real rates of return for each major asset class are included along with the pension plan's long-term target asset allocation. Since the rates term rates shown above are geometric averages, the impact of asset allocation and rebalancing is not reflected in the expected return. The results support a rate between 6.75% and 7.25%. An expected rate of return of 7.00% was used.

**Discount Rate**

The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that City contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

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

The following presents the net pension liability of the City, calculated using the discount rate of 7.00%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.00%) or 1 percentage point higher (8.00%) than the current rate:

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

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

	<u>City Employees</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ -
Changes of assumptions	-	-
Net difference between projected and actual earning on pension plan investments	<u>5,994</u>	<u>-</u>
Total	<u>\$ 5,994</u>	<u>\$ -</u>
	<u>Volunteer Firefighter</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ -
Changes of assumptions	-	-
Net difference between projected and actual earning on pension plan investments	<u>106</u>	<u>-</u>
Total	<u>\$ 106</u>	<u>\$ -</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>	
2016	\$ (1,525)
2017	(1,525)
2018	(1,525)
2019	<u>(1,525)</u>
Total	<u>\$ (6,100)</u>

**CITY OF NORWICH, CONNECTICUT  
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**Teachers Retirement**

**A. Plan Description**

Teachers, principals, superintendents or supervisors engaged in service of public schools are provided with pensions through the Connecticut State Teachers' Retirement System, a cost sharing multiple-employer defined benefit pension plan administered by the Teachers Retirement Board. Chapter 167a of the State Statutes grants authority to establish and amend the benefit terms to the Teachers Retirement Board. The Teachers Retirement Board issues a publicly available financial report that can be obtained at [www.ct.gov](http://www.ct.gov).

**B. Benefit Provisions**

The plan provides retirement, disability and death benefits. Employees are eligible to retire at age 60 with 20 years of credited service in Connecticut, or 35 years of credited service including at least 25 years of service in Connecticut.

**Normal Retirement**

Retirement benefits for employees are calculated as 2% of the average annual salary times the years of credited service (maximum benefit is 75% of average annual salary during the 3 years of highest salary).

**Early Retirement**

Employees are eligible after 25 years of credited service including 20 years of Connecticut service, or age 55 with 20 years of credited service including 15 years of Connecticut service with reduced benefit amounts.

**Disability Retirement**

Employees are eligible for service-related disability benefits regardless of length of service. Five years of credited service is required for nonservice-related disability eligibility. Disability benefits are calculated as 2% of average annual salary times credited service to date of disability, but not less than 15% of average annual salary, nor more than 50% of average annual salary.

**C. Contributions**

Per Connecticut General Statutes Section 10-183z (which reflects Public Act 79-436 as amended), contribution requirements of active employees and the State of Connecticut are approved, amended and certified by the State Teachers Retirement Board and appropriated by the General Assembly.

*Employer (School Districts)*

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

The statutes require the State of Connecticut to contribute 100% of each school districts' required contributions, which are actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of the benefits earned by employees during the year, with any additional amount to finance any unfunded accrued liability.

*Employees*

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

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

At June 30, 2015, the City reports no amounts for its proportionate share of the net pension liability, and related deferred outflows and inflows, due to the statutory requirement that the State pay 100% of the required contribution. The amount recognized by the City as its proportionate share of the net pension liability, the related state support, and the total portion of the net pension liability that was associated with the City were as follows:

City's proportionate share of the net pension liability	\$ -
State's proportionate share of the net pension liability associated with the City	<u>52,936</u>
Total	<u>\$ 52,936</u>

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

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

**E. Actuarial Assumptions**

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

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

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

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

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

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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%	7.3%
Developed non-U.S. equities	18.0%	7.5%
Emerging markets (Non-U.S.)	9.0%	8.6%
Core fixed income	7.0%	1.7%
Inflation linked bond fund	3.0%	1.3%
Emerging market bond	5.0%	4.8%
High yield bonds	5.0%	3.7%
Real estate	7.0%	5.9%
Private equity	11.0%	10.9%
Alternative investments	8.0%	0.7%
Liquidity fund	6.0%	0.0%
Total	<u>100.0%</u>	

**F. Discount Rate**

The discount rate used to measure the total pension liability was 8.50%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that State contributions will be made at the actuarially determined contribution rates in the future years. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

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

**H. Other Information**

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

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**11. OTHER POST EMPLOYMENT BENEFITS**

**City of Norwich, Retiree Health Plan**

**A. Plan Description and Benefits Provided**

The City, in accordance with various collective bargaining agreements, is committed to provide health and other benefits to eligible retirees and their spouses. The Retiree Health Plan (RHP) is considered to be part of the City’s financial reporting entity and is included in the City’s financial report as the Other Post Employment Benefits Trust Fund. The plan does not issue a stand-alone financial report. The RHP is a single-employer defined benefit healthcare plan administered by the City. The RHP provides medical, dental and life insurance benefits to eligible retirees and their spouses. All employees of the City are eligible to participate in the plan. Benefit provisions are established through negotiations between the City and the various unions representing the employees. The General Fund and the Fire Districts Fund are used to liquidate net other post employment benefit obligations.

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

Active plan members	833
Retired plan members	<u>387</u>
Total Participants	<u><u>1,220</u></u>

**B. Summary of Significant Accounting Policies**

**Basis of Accounting**

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

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

**Plan Expenses**

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

**Funding Policy**

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

**City Retirees**

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

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

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

**Police Retirees**

For most current retirees, the City funds full cost of insurance for the retiree. The retiree must pay 50% of the cost for a participating spouse. Participation in the plan ends at age 67 for both the retiree and the retiree's spouse.

For Police who retire on or after September 2014, the City funds full cost of insurance for the retiree. The retiree must pay 50% of the cost for a participating spouse. Participation in the plan ends at age 65 for both the retiree and the retiree's spouse.

Police hired after June 2014 may elect to either waive postretirement medical coverage or contribute 0.5% of their earnings to the OPEB fund.

**Fire Retirees**

For most current retirees, the City funds full cost of insurance for the retiree. The retiree must pay 50% of the cost for a participating spouse. Participation in the plan ends at age 67 for both the retiree and the retiree's spouse.

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

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

**Retired Board of Education Teachers and Administrators**

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

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

**Retired Board of Education Custodians and Maintainers**

The City funds full cost of insurance for the retiree and spouse hired before July 1997 and 50% of the cost if retiree was hired between 1997 and 2007. Coverage ends at age 65.

Custodians and Maintainers hired after June 2007 are not eligible for postretirement medical benefits through the City.

**Retired Board of Education Nurses**

The City funds full cost of insurance for the retiree and spouse hired before July 1994 until age 70 and 50% of the cost of retiree insurance for those hired between 1994 and 2009 until age 65.

Nurses hired after June 2009 are not eligible for postretirement medical benefits through the City.

**CITY OF NORWICH, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015**  
**(In Thousands)**

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**Retired Board of Education Secretaries and Paraeducators**

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

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

**Norwich Public Utilities' (NPU) Retirees**

NPU retirees are comprised of three separate bargaining units (Water Distribution, Supervisory & Professional, and Technical & Clerical) and nonunion employees, and OPEB benefits for these groups have been bargained for individually.

For most current NPU retirees, the City funds the full cost of insurance for the retiree. The retiree must pay 100% of the cost for a participating spouse. Participation in the plan ends at age 65 for both the retiree and the retiree's spouse.

The level of the City's contribution was scaled back from 100% to 95% through negotiations with the three bargaining units from 1995 through 1997.

For the year ended June 30, 2015, plan members contributed \$1,466. The City is required to contribute the balance of the current premium cost and may contribute an additional amount as determined by the City in order to prefund benefits.

Employer contributions to the plan for the year ended June 30, 2015 totaled \$5,446.

**C. Annual OPEB Cost and Net OPEB Obligations**

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

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

**CITY OF NORWICH, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015**  
(In Thousands)

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

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

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

**Schedule of Funding Progress**

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

**Schedule of Employer Contributions**

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

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

**CITY OF NORWICH, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015**  
**(In Thousands)**

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

## **12. JOINTLY GOVERNED AND RELATED ORGANIZATIONS**

### **Connecticut Municipal Electric Energy Cooperative**

CMEEC is a public corporation organized in 1976 under Connecticut Public Act 75-634, subsequently enacted as Title 7-233, Chapter 101a of the General Statutes of Connecticut, as amended. It is empowered to undertake the planning, financing, acquisition, construction and operation of facilities for the generation and transmission of electric power and energy for its member utilities, including the City of Norwich, Department of Public Utilities and others. CMEEC may issue bonds in its own name. Under the bylaws of CMEEC, a Board of Directors comprised of representatives from the participating members was established. The bylaws were amended in 1995 to allow for participation of representation from the Town of Wallingford on the Board of Directors. CMEEC's Board is comprised of nineteen (19) representatives and officers. The governing board consists of representatives appointed by each of the participating members and assumes all the management decisions. Two representatives from the City of Norwich, Department of Public Utilities serve on the Board. The CMEEC Board acts as a regulatory body in that it reviews and approves recovery of costs in rates on an annual basis.

CMEEC has entered into power sales contracts with each of the members including the City of Norwich Department of Public Utilities. Under the contracts, each of the member utilities have agreed to purchase essentially all of its electric power required for resale from CMEEC, with CMEEC's electric revenues to consist of billings for resale of power. The contracts obligate each member utility to pay for their share of CMEEC's fixed costs, which consist primarily of debt service and CMEEC administrative and general costs on a take or pay basis. The member utilities maintain this fixed cost obligation whether or not they take any power from CMEEC. The amount of power purchased from CMEEC for the fiscal year ended June 30, 2015 was \$31.28 million.

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

During the 2015 fiscal year, CMEEC and its members became participants in the Regional Greenhouse Gas Initiative Fund (RGGI), which is an initiative that implements the carbon dioxide (CO<sub>2</sub>) cap and trading program as proposed by the RGGI in Connecticut. During the 2015 fiscal year, the Department's contributions to the fund totaled \$244 and drawdowns were \$329. The balance of the Department's funds held by CMEEC for the RGGI was \$109 for the year ended June 30, 2015.

**13. COMMITMENTS AND CONTINGENCIES**

**Connecticut Municipal Electric Energy Cooperative**

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

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

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

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

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

The rate stabilization funds held by CMEEC and the allocated percentage of CMEEC’s debt obligation are not reported on the Department’s statement of net assets. The fixed cost obligation paid by the Department to CMEEC included in the cost to purchase power for the current year was \$2,489.

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

**Municipal Solid Waste Management Services Contract**

The City has entered into the municipal solid waste management services contract, as amended (the service contract) with the Southeastern Connecticut Regional Resources Recovery Authority (the Authority) pursuant to which it participates with ten other Connecticut Municipalities (the eleven constituting the Contracting Municipalities), in the Southeastern Connecticut System (the System). The System consists of a mass-burn solid waste disposal and electric generation facility located in the Town of Preston (the Facility) and various improvements and facilities related thereto, including landfills. The Facility is complete and presently receiving waste from Contracting Municipalities.

**CITY OF NORWICH, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015**  
**(In Thousands)**

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Under the service contract, the City is required to deliver, or cause to be delivered, to the System solid waste generated within its boundaries up to its minimum commitment of 23 thousand tons per year and to pay a uniform per ton disposal service payment (the service payment). The aggregate minimum commitment of the eleven Contracting Municipalities is approximately 154 thousand tons per year.

The service payment applicable in any contract year is calculated by estimating the net cost of operation, which is the cost of operation less revenues other than service payments, as such terms are defined in the service contract. The sum of all service payments and other payments from the Contracting Municipalities are required to be sufficient to pay or provide for the net cost of operations.

Service payments shall be payable so long as the system is accepting solid waste delivered by or on behalf of the City, whether or not such solid waste is processed at the facility. The City has pledged its full faith and credit to the payment of service payments and has also agreed to enforce or levy and collect all taxes, cost sharing or other assessments or charges and take all such other action as may be necessary to provide for the payment of the service payments.

**14. LITIGATION**

There are several lawsuits pending against the City. The outcome and eventual liability of the City, if any, in these cases is not known at this time. Based upon consultation with legal counsel, the City's management estimates that potential claims against the City, not covered by insurance, resulting from such litigation would not have a material adverse effect on the financial position of the City.

**15. PRIOR PERIOD ADJUSTMENT - RESTATEMENT OF NET POSITION**

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

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

**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, 2015**  
**(In Thousands)**

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

(Continued on next page)

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

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

Budgetary revenues are different than GAAP revenues because:

State of Connecticut on-behalf contributions to the Connecticut State Teachers'

Retirement System for City teachers are not budgeted.

3,972

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

1,340

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

(31)

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

\$ 122,672

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

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance</b>
	<b>Original</b>	<b>Final</b>		
General government:				
City Manager	\$ 328	\$ 328	\$ 314	\$ 14
Finance	1,439	1,451	1,448	3
City Treasurer	228	228	217	11
Assessment	418	418	390	28
Personnel	504	504	495	9
Law	538	538	509	29
City Clerk	380	380	380	-
City Council	364	364	334	30
Election	131	131	122	9
Planning and Neighborhood Services	997	997	987	10
Emergency Management	79	79	79	-
Total general government	<u>5,406</u>	<u>5,418</u>	<u>5,275</u>	<u>143</u>
Public safety:				
Police	13,364	13,653	13,476	177
Fire:				
East Great Plain	127	127	115	12
Laurel Hill	62	62	57	5
Occum	69	69	69	-
Taftville	148	148	147	1
Yantic	160	161	160	1
Fire Central	2,038	2,038	1,980	58
Total public safety	<u>15,968</u>	<u>16,258</u>	<u>16,004</u>	<u>254</u>
Social Services:				
Recreation	559	589	586	3
Human services	537	537	500	37
Senior Citizens Center	586	586	575	11
Youth and Family Services	210	210	207	3
Total social services	<u>1,892</u>	<u>1,922</u>	<u>1,868</u>	<u>54</u>
Public works:				
Engineering and administration	597	597	569	28
Fleet maintenance	1,411	1,419	1,373	46
Solid waste	2,702	2,704	2,499	205
Maintenance and cleaning	4,074	4,109	4,243	(134)
Building maintenance	1,195	1,204	1,230	(26)
Parking maintenance	149	150	114	36
Total public works	<u>10,128</u>	<u>10,183</u>	<u>10,028</u>	<u>155</u>
Board of Education	<u>71,593</u>	<u>71,593</u>	<u>71,593</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, 2015  
(In Thousands)**

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

Budgetary expenditures are different than GAAP expenditures because:

State of Connecticut on-behalf payments to the Connecticut State Teachers' Retirement System for City teachers are not budgeted.

3,972

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

1,340

Encumbrances for purchases and commitments ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year received for financial reporting purposes.

(207)

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

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

\$ 123,254

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

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

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

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

**Notes to Schedule**

Valuation date: July 1, 2013

Measurement date: June 30, 2014

Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level dollar, closed
Remaining amortization period	25 years, closed
Asset valuation method	5-year smoothed market
Inflation	3.0%
Salary increases	Ranges from 2.5% to 10.5%, based on age
Investment rate of return	7.75%

Retirement age - City and Public Utility Employees Earlier of either (1) Age 55 with 25 years of service, (2) Age 60 with 5 years of service, or (3) 34 years of service

Retirement age - Board of Education Employees Earlier of either (1) Age 55 with 25 years of service, or (2) Age 60 with 5 years of service

Retirement age - Police Officers and Firefighters 20 years of service

Mortality - Actives

1994 Uninsured Pensioners Mortality Table with separate male and female rates, projected to the valuation date with Scale AA

Mortality - Retirees and Terminated Vested

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

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

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

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

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

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

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

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

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

**Notes to Schedule**

Valuation date: January 1, 2014

Measurement date: June 30, 2014

Actuarially determined contribution rates are calculated as of January 1, one and a half years prior to the end of the fiscal year in which contributions are reported

Methods and assumptions used to determine contribution rates:

Actuarial cost method                   Entry age normal  
Amortization method                   Level dollar, closed  
Remaining amortization period       25 years, closed  
Asset valuation method                5-year smoothed market  
Inflation                                 3.0%  
Investment rate of return               7.00%

Retirement age                         The later of (1) age 55, or (2) 20 years of service

Mortality                                 RP-2000 Mortality Table with separate male and female rates, with no collar adjustment, combined table for non-annuitants and annuitants projected to the valuation date with Scale AA

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

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

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

---

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

**Notes to Schedule**

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

# **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, 2015 AND 2014  
(In Thousands)**

	<u>2015</u>	<u>2014</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 26,085	\$ 25,638
Investments	2,008	1,992
Receivables:		
Property taxes receivable, net of an allowance for uncollectibles of \$4,344 and \$4,100, respectively	3,716	3,206
Property taxes accrued interest receivable, net of an allowance for uncollectibles of \$199 and \$172, respectively	794	687
Intergovernmental receivable:		
Other grants receivable	723	39
Assessment receivable	2,942	3,210
Accounts receivable	334	323
Due from other funds	<u>2,532</u>	<u>3,577</u>
Total Assets	<u>\$ 39,134</u>	<u>\$ 38,672</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>		
Liabilities:		
Accounts payable and accrued expenses	\$ 8,042	\$ 7,649
Due to other funds	13,503	13,149
Unearned revenue	<u>267</u>	<u>302</u>
Total liabilities	<u>21,812</u>	<u>21,100</u>
Deferred inflows of resources:		
Unavailable revenue - property taxes	3,981	3,381
Unavailable revenue - special assessments	<u>2,942</u>	<u>3,210</u>
Total deferred inflows of resources	<u>6,923</u>	<u>6,591</u>
Fund balances:		
Assigned	207	498
Unassigned	<u>10,192</u>	<u>10,483</u>
Total fund balances	<u>10,399</u>	<u>10,981</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 39,134</u>	<u>\$ 38,672</u>



**Nonmajor  
Governmental Funds**

## NONMAJOR GOVERNMENTAL FUNDS

### Special Revenue Funds

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

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

### Capital Projects Funds

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

### Permanent Funds

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

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

	Special Revenue												
	Dog License	School Lunch Program	Sidewalk	Fire Districts	Adult Education	Parking Commission	Youth Services	C.O.P.S. Grant	Lead Paint Abatement	Other Grants and Programs	Economic Development	Community Development Fund	Education Programs
<b>ASSETS</b>													
Cash and cash equivalents	\$	\$ 249	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Investments													
Receivables, net:													
Property taxes				356									
Intergovernmental		389		2			42		148	27	45	69	
Loans									1,366				
Other			131			20							
Due from other funds			31	1,577	97	20	4	36		180	2		218
Other assets		41											
<b>Total Assets</b>	<b>\$ -</b>	<b>\$ 679</b>	<b>\$ 162</b>	<b>\$ 1,935</b>	<b>\$ 97</b>	<b>\$ 40</b>	<b>\$ 46</b>	<b>\$ 36</b>	<b>\$ 1,514</b>	<b>\$ 207</b>	<b>\$ 47</b>	<b>\$ 69</b>	<b>\$ 218</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>													
<b>Liabilities:</b>													
Accounts and other payables	\$ 11	\$ 122	\$ 4	\$ 136	\$	\$ 9	\$ 6	\$	\$ 39	\$ 11	\$ 31	\$ 6	\$ 30
Due to other funds	51								100			63	
Unearned revenue								34			6		3
<b>Total liabilities</b>	<b>62</b>	<b>122</b>	<b>4</b>	<b>136</b>	<b>-</b>	<b>9</b>	<b>6</b>	<b>34</b>	<b>139</b>	<b>11</b>	<b>37</b>	<b>69</b>	<b>33</b>
<b>Deferred inflows of resources:</b>													
Unavailable revenue - special assessments			131										
Unavailable revenue - loans receivable									1,366				
Unavailable revenue - property taxes				301									
Unavailable revenue - other receivables						20							
<b>Total deferred inflows of resources</b>	<b>-</b>	<b>-</b>	<b>131</b>	<b>301</b>	<b>-</b>	<b>20</b>	<b>-</b>	<b>-</b>	<b>1,366</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund balances:</b>													
Nonspendable		41											
Restricted				1,498				2	9		10		
Committed			27		97	11	40			196			185
Unassigned	(62)	516											
<b>Total fund balances</b>	<b>(62)</b>	<b>557</b>	<b>27</b>	<b>1,498</b>	<b>97</b>	<b>11</b>	<b>40</b>	<b>2</b>	<b>9</b>	<b>196</b>	<b>10</b>	<b>-</b>	<b>185</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$ -</b>	<b>\$ 679</b>	<b>\$ 162</b>	<b>\$ 1,935</b>	<b>\$ 97</b>	<b>\$ 40</b>	<b>\$ 46</b>	<b>\$ 36</b>	<b>\$ 1,514</b>	<b>\$ 207</b>	<b>\$ 47</b>	<b>\$ 69</b>	<b>\$ 218</b>

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

	Special Revenue											
	Fire Grants and Programs	Police Asset Forfeiture	Police Grants and Programs	Recreation Grants and Programs	Social Services Grants and Programs	Senior Citizens Programs	Mohegan Park	Revolving Loan Program	Sachem Fund	Property Rehabilitation	Brown Park	Total
<b>ASSETS</b>												
Cash and cash equivalents	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$ 249
Investments												-
Receivables, net:												
Property taxes												356
Intergovernmental						2						724
Loans									1,875			3,241
Other												151
Due from other funds	4	100	55	173	101	86	112		229	23	43	3,091
Other assets												41
<b>Total Assets</b>	<b>\$ 4</b>	<b>\$ 100</b>	<b>\$ 55</b>	<b>\$ 173</b>	<b>\$ 101</b>	<b>\$ 88</b>	<b>\$ 112</b>	<b>\$ -</b>	<b>\$ 229</b>	<b>\$ 1,898</b>	<b>\$ 43</b>	<b>\$ 7,853</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>												
Liabilities:												
Accounts and other payables	\$	\$	\$ 11	\$ 13	\$	\$ 3	\$	\$ 1	\$	\$ 16	\$	\$ 449
Due to other funds												214
Unearned revenue			31									74
Total liabilities	-	-	42	13	-	3	-	1	-	16	-	737
Deferred inflows of resources:												
Unavailable revenue - special assessments												131
Unavailable revenue - loans receivable									1,875			3,241
Unavailable revenue - property taxes												301
Unavailable revenue - other receivables												20
Total deferred inflows of resources	-	-	-	-	-	-	-	-	-	1,875	-	3,693
Fund balances:												
Nonspendable												41
Restricted		100									43	1,662
Committed	4		13	160	101	85	112		229	7		1,783
Unassigned								(1)				(63)
Total fund balances	4	100	13	160	101	85	112	(1)	229	7	43	3,423
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 4</b>	<b>\$ 100</b>	<b>\$ 55</b>	<b>\$ 173</b>	<b>\$ 101</b>	<b>\$ 88</b>	<b>\$ 112</b>	<b>\$ -</b>	<b>\$ 229</b>	<b>\$ 1,898</b>	<b>\$ 43</b>	<b>\$ 7,853</b>

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

	Capital Projects					Permanent				Total Nonmajor Governmental Funds
	Capital Improvement	Intermodal Transportation Center	School Projects	Landfill Closure	Total	Public Parks & Gardens	Fred Abbot Summer Concert	Cemetery Trust	Total	
<b>ASSETS</b>										
Cash and cash equivalents	\$	\$	\$	\$	\$	\$	\$	\$ 27	\$ 27	\$ 276
Investments					-			1,515	1,515	1,515
Receivables, net:										
Property taxes					-				-	356
Intergovernmental	138		1,089	193	1,420				-	2,144
Loans					-				-	3,241
Other					-				-	151
Due from other funds	1,647			21	1,668	40	5		45	4,804
Other assets					-				-	41
<b>Total Assets</b>	<b>\$ 1,785</b>	<b>\$ -</b>	<b>\$ 1,089</b>	<b>\$ 214</b>	<b>\$ 3,088</b>	<b>\$ 40</b>	<b>\$ 5</b>	<b>\$ 1,542</b>	<b>\$ 1,587</b>	<b>\$ 12,528</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>										
Liabilities:										
Accounts and other payables	\$ 181	\$	\$	\$	181	\$	\$	\$	-	\$ 630
Due to other funds			914		914				-	1,128
Unearned revenue	40				40				-	114
<b>Total liabilities</b>	<b>221</b>	<b>-</b>	<b>914</b>	<b>-</b>	<b>1,135</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,872</b>
Deferred inflows of resources:										
Unavailable revenue - special assessments					-				-	131
Unavailable revenue - loans receivable					-				-	3,241
Unavailable revenue - property taxes					-				-	301
Unavailable revenue - other receivables					-				-	20
<b>Total deferred inflows of resources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,693</b>
Fund balances:										
Nonspendable					-	12	5	1,542	1,559	1,600
Restricted			175		175	28			28	1,865
Committed	1,564			214	1,778				-	3,561
Unassigned					-				-	(63)
<b>Total fund balances</b>	<b>1,564</b>	<b>-</b>	<b>175</b>	<b>214</b>	<b>1,953</b>	<b>40</b>	<b>5</b>	<b>1,542</b>	<b>1,587</b>	<b>6,963</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 1,785</b>	<b>\$ -</b>	<b>\$ 1,089</b>	<b>\$ 214</b>	<b>\$ 3,088</b>	<b>\$ 40</b>	<b>\$ 5</b>	<b>\$ 1,542</b>	<b>\$ 1,587</b>	<b>\$ 12,528</b>

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

	Special Revenue												
	Dog License	School Lunch Program	Sidewalk	Fire Districts	Adult Education	Parking Commission	Youth Services	C.O.P.S. Grant	Lead Paint Abatement	Other Grants and Programs	Economic Development	Community Development Fund	Education Programs
Revenues:													
Property taxes, interest and liens	\$	\$	\$	\$ 5,087	\$	\$	\$	\$	\$	\$	\$	\$	\$
Intergovernmental revenues		2,486		1,540	526		106	57	792	23	52	790	157
Charges for services	21	256	33	10	910	252							
Investment income				3	1								
Other							93			41			93
Total revenues	<u>21</u>	<u>2,742</u>	<u>33</u>	<u>6,640</u>	<u>1,437</u>	<u>252</u>	<u>199</u>	<u>57</u>	<u>792</u>	<u>64</u>	<u>52</u>	<u>790</u>	<u>250</u>
Expenditures:													
Current:													
General government						218				69	48		
Public safety	27			6,922				55					
Social services							210		792	25		546	
Public works			78	730						7			
Education		2,784			1,427								251
Capital outlay													
Total expenditures	<u>27</u>	<u>2,784</u>	<u>78</u>	<u>7,652</u>	<u>1,427</u>	<u>218</u>	<u>210</u>	<u>55</u>	<u>792</u>	<u>101</u>	<u>48</u>	<u>546</u>	<u>251</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(6)</u>	<u>(42)</u>	<u>(45)</u>	<u>(1,012)</u>	<u>10</u>	<u>34</u>	<u>(11)</u>	<u>2</u>	<u>-</u>	<u>(37)</u>	<u>4</u>	<u>244</u>	<u>(1)</u>
Other Financing Sources (Uses):													
Transfers in				1,316	10					19			
Transfer out												(244)	
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,316</u>	<u>10</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>19</u>	<u>-</u>	<u>(244)</u>	<u>-</u>
Net Change in Fund Balances	<u>(6)</u>	<u>(42)</u>	<u>(45)</u>	<u>304</u>	<u>20</u>	<u>34</u>	<u>(11)</u>	<u>2</u>	<u>-</u>	<u>(18)</u>	<u>4</u>	<u>-</u>	<u>(1)</u>
Fund Balances at Beginning of Year	<u>(56)</u>	<u>599</u>	<u>72</u>	<u>1,194</u>	<u>77</u>	<u>(23)</u>	<u>51</u>	<u>-</u>	<u>9</u>	<u>214</u>	<u>6</u>	<u>-</u>	<u>186</u>
Fund Balances at End of Year	<u>\$ (62)</u>	<u>\$ 557</u>	<u>\$ 27</u>	<u>\$ 1,498</u>	<u>\$ 97</u>	<u>\$ 11</u>	<u>\$ 40</u>	<u>\$ 2</u>	<u>\$ 9</u>	<u>\$ 196</u>	<u>\$ 10</u>	<u>\$ -</u>	<u>\$ 185</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, 2015  
 (In Thousands)

	Special Revenue											
	Fire Grants and Programs	Police Asset Forfeiture	Police Grants and Programs	Recreation Grants and Programs	Social Services Grants and Programs	Senior Citizens Programs	Mohegan Park	Revolving Loan Program	Sachem Fund	Property Rehabilitation	Brown Park	Total
Revenues:												
Property taxes, interest and liens	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$ 5,087
Intergovernmental revenues		17	9		89	12						6,656
Charges for services			469	121		88				71		2,231
Investment income												4
Other			9	37	57	40						370
Total revenues	-	17	487	158	146	140	-	-	-	71	-	14,348
Expenditures:												
Current:												
General government												335
Public safety		48	336									7,388
Social services				120	122	108	7	14	56	272		2,272
Public works												815
Education												4,462
Capital outlay												-
Total expenditures	-	48	336	120	122	108	7	14	56	272	-	15,272
Excess (Deficiency) of Revenues Over Expenditures	-	(31)	151	38	24	32	(7)	(14)	(56)	(201)	-	(924)
Other Financing Sources (Uses):												
Transfers in								14		234		1,593
Transfer out			(146)									(390)
Total other financing sources (uses)	-	-	(146)	-	-	-	-	14	-	234	-	1,203
Net Change in Fund Balances	-	(31)	5	38	24	32	(7)	-	(56)	33	-	279
Fund Balances at Beginning of Year	4	131	8	122	77	53	119	(1)	285	(26)	43	3,144
Fund Balances at End of Year	\$ 4	\$ 100	\$ 13	\$ 160	\$ 101	\$ 85	\$ 112	\$ (1)	\$ 229	\$ 7	\$ 43	\$ 3,423

(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, 2015  
 (In Thousands)

	Capital Projects				Total	Permanent			Interfund Eliminations	Total Nonmajor Governmental Funds
	Capital Improvement	Intermodal Transportation Center	School Projects	Landfill Closure		Public Parks & Gardens	Fred Abbot Summer Concert	Cemetery Trust		
Revenues:										
Property taxes, interest and liens	\$	\$	\$	\$	\$ -	\$	\$	\$	\$ -	\$ 5,087
Intergovernmental revenues	1,253				1,253				-	7,909
Charges for services					-				-	2,231
Investment income					-			41	41	45
Other					-				-	370
Total revenues	<u>1,253</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,253</u>	<u>-</u>	<u>-</u>	<u>41</u>	<u>41</u>	<u>15,642</u>
Expenditures:										
Current:										
General government					-			16	16	351
Public safety					-				-	7,388
Social services					-				-	2,272
Public works				45	45				-	860
Education			436		436				-	4,898
Capital outlay	<u>3,357</u>	<u>-</u>	<u>74</u>	<u>-</u>	<u>3,431</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,431</u>
Total expenditures	<u>3,357</u>	<u>-</u>	<u>510</u>	<u>45</u>	<u>3,912</u>	<u>-</u>	<u>-</u>	<u>16</u>	<u>16</u>	<u>19,200</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(2,104)</u>	<u>-</u>	<u>(510)</u>	<u>(45)</u>	<u>(2,659)</u>	<u>-</u>	<u>-</u>	<u>25</u>	<u>25</u>	<u>(3,558)</u>
Other Financing Sources (Uses):										
Transfers in	1,716	18			1,734				-	3,065
Transfer out	<u>(18)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(18)</u>	<u>-</u>	<u>-</u>	<u>(62)</u>	<u>(62)</u>	<u>(208)</u>
Total other financing sources (uses)	<u>1,698</u>	<u>18</u>	<u>-</u>	<u>-</u>	<u>1,716</u>	<u>-</u>	<u>-</u>	<u>(62)</u>	<u>(62)</u>	<u>2,857</u>
Net Change in Fund Balances	(406)	18	(510)	(45)	(943)	-	-	(37)	(37)	(701)
Fund Balances at Beginning of Year	<u>1,970</u>	<u>(18)</u>	<u>685</u>	<u>259</u>	<u>2,896</u>	<u>40</u>	<u>5</u>	<u>1,579</u>	<u>1,624</u>	<u>7,664</u>
Fund Balances at End of Year	\$ <u>1,564</u>	\$ <u>-</u>	\$ <u>175</u>	\$ <u>214</u>	\$ <u>1,953</u>	\$ <u>40</u>	\$ <u>5</u>	\$ <u>1,542</u>	\$ <u>1,587</u>	\$ <u>6,963</u>

**CITY OF NORWICH, CONNECTICUT  
 FIRE DISTRICTS FUND REVENUES  
 BUDGETARY BASIS - BUDGET AND ACTUAL  
 FOR THE YEAR ENDED JUNE 30, 2015  
 (In Thousands)**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance</b>
	<b>Original</b>	<b>Final</b>		
Taxes, interest and lien fees:				
Fire	\$ 4,432	\$ 4,432	\$ 4,501	\$ 69
Volunteer fire	583	583	586	3
Total taxes, interest and lien fees	<u>5,015</u>	<u>5,015</u>	<u>5,087</u>	<u>72</u>
Intergovernmental:				
City Housing	181	181	181	-
In lieu of taxes - fire	56	56	56	-
Elderly reimbursement	86	86	86	-
Mashantucket Pequot	1,217	1,217	1,217	-
Total intergovernmental	<u>1,540</u>	<u>1,540</u>	<u>1,540</u>	<u>-</u>
Charges for services:				
Conveyance fees	<u>14</u>	<u>14</u>	<u>10</u>	<u>(4)</u>
Other:				
Other fund transfers	<u>1,316</u>	<u>1,316</u>	<u>1,316</u>	<u>-</u>
Investment income	<u>3</u>	<u>3</u>	<u>3</u>	<u>-</u>
Total	<u>\$ 7,888</u>	<u>\$ 7,888</u>	<u>\$ 7,956</u>	<u>\$ 68</u>

**CITY OF NORWICH, CONNECTICUT  
 FIRE DISTRICTS FUND EXPENDITURES  
 BUDGETARY BASIS - BUDGET AND ACTUAL  
 FOR THE YEAR ENDED JUNE 30, 2015  
 (In Thousands)**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		
Fire and Refuse:				
Employees	\$ 3,026	\$ 3,026	\$ 3,018	\$ 8
Overtime	40	40	27	13
Replacement costs	1,025	1,025	797	228
Hospitalization	730	730	730	-
Fringe benefits	2,484	2,484	2,527	(43)
Workers compensation	150	150	150	-
Volunteer firefighter tax credit	100	100	70	30
Volunteer firefighter trust fund	333	333	333	-
Total	<u>\$ 7,888</u>	<u>\$ 7,888</u>	<u>\$ 7,652</u>	<u>\$ 236</u>

**CITY OF NORWICH, CONNECTICUT  
 SCHEDULE OF FIRE DISTRICT TAXES  
 FOR THE YEAR ENDED JUNE 30, 2015  
 (In Thousands)**

Grand List	Uncollected Taxes July 1, 2014	Lawful Corrections		Transfers to Suspense	Adjusted Taxes Collectible	Collections				Net Uncollected Taxes June 30, 2015
		Additions	Deductions			Taxes	Interest	Fees	Total	
2013	\$ 5,126	\$ 14	\$ 56	\$ 16	\$ 5,068	\$ 4,822	\$ 31	\$	\$ 4,853	\$ 246
2012	219	2	9		212	116	25		141	96
2011	79	1	1	29	50	27	8		35	23
2010	20		1		19	10	5		15	9
2009	15				15	9	7		16	6
2008	4				4	1	1		2	3
2007	2				2					2
2006										
2005										
2004										
2003										
2002										
2001	<u>1</u>			<u>1</u>						
	\$ <u>5,466</u>	\$ <u>17</u>	\$ <u>67</u>	\$ <u>46</u>	\$ <u>5,370</u>	4,985	77		5,062	\$ <u>385</u>
				Suspense collections		<u>9</u>	<u>7</u>		<u>16</u>	
				Total Tax Collections		\$ <u>4,994</u>	\$ <u>84</u>	\$ <u>-</u>	5,078	
				Property taxes receivable considered available:						
				June 30, 2014					(47)	
				June 30, 2015					<u>56</u>	
				Total					\$ <u>5,087</u>	

\*Represents gross receivable of \$390 net of overpayments of \$5 recorded as a liability.

**Nonmajor  
Enterprise Funds**

## NONMAJOR ENTERPRISE FUNDS

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

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

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

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

**CITY OF NORWICH, CONNECTICUT  
 COMBINING STATEMENT OF NET POSITION  
 NONMAJOR ENTERPRISE FUNDS  
 JUNE 30, 2015  
 (In Thousands)**

	<b>Business-Type Activities</b>			<b>Totals</b>
	<b>Golf Course Authority</b>	<b>Stadium Authority</b>	<b>Ice Rink Authority</b>	
<b>Assets:</b>				
Current assets:				
Receivables, net:				
User charges	\$	\$	\$	\$
Intergovernmental	1	62	17	79
Due from other funds	159	81		240
Total current assets	<u>160</u>	<u>143</u>	<u>17</u>	<u>320</u>
Capital assets, net	<u>2,226</u>	<u>6,895</u>	<u>1,519</u>	<u>10,640</u>
Total assets	<u>2,386</u>	<u>7,038</u>	<u>1,536</u>	<u>10,960</u>
<b>Liabilities:</b>				
Current liabilities:				
Accounts payable and accrued liabilities	49	17		66
Bonds payable	25			25
Due to other funds			811	811
Unearned revenue	203		1,483	1,686
Total current liabilities	<u>277</u>	<u>17</u>	<u>2,294</u>	<u>2,588</u>
Noncurrent liabilities:				
Bonds payable	<u>140</u>	<u></u>	<u></u>	<u>140</u>
Total liabilities	<u>417</u>	<u>17</u>	<u>2,294</u>	<u>2,728</u>
<b>Net Position:</b>				
Net investment in capital assets	2,061	6,895	1,519	10,475
Unrestricted	<u>(92)</u>	<u>126</u>	<u>(2,277)</u>	<u>(2,243)</u>
Total Net Position	<u>\$ 1,969</u>	<u>\$ 7,021</u>	<u>\$ (758)</u>	<u>\$ 8,232</u>

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

	<b>Business-Type Activities</b>			<b>Totals</b>
	<b>Golf Course Authority</b>	<b>Stadium Authority</b>	<b>Ice Rink Authority</b>	
Operating Revenues:				
Charges for services	\$ 1,115	\$ 187	\$	\$ 1,302
Operating Expenses:				
Operations and maintenance	1,092	155	127	1,374
Depreciation	59	209	151	419
Total operating expenses	<u>1,151</u>	<u>364</u>	<u>278</u>	<u>1,793</u>
Operating Loss	(36)	(177)	(278)	(491)
Nonoperating income (expense):				
Donated capital assets			76	76
Interest expense	(5)			(5)
Loss on disposal of capital assets			(19)	(19)
Change in Net Position	(41)	(177)	(221)	(439)
Net Position at Beginning of Year	<u>2,010</u>	<u>7,198</u>	<u>(537)</u>	<u>8,671</u>
Net Position at End of Year	<u>\$ 1,969</u>	<u>\$ 7,021</u>	<u>\$ (758)</u>	<u>\$ 8,232</u>

**CITY OF NORWICH, CONNECTICUT  
COMBINING STATEMENT OF CASH FLOWS  
NONMAJOR ENTERPRISE FUNDS  
FOR THE YEAR ENDED JUNE 30, 2015  
(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	\$ 1,182	\$ 167	\$ 16	\$ 1,365
Cash paid to vendors	(526)	(167)	28	(665)
Cash paid to employees for services	(603)		(44)	(647)
Net cash provided by operating activities	<u>53</u>	<u>-</u>	<u>-</u>	<u>53</u>
Cash Flows from Capital and Related Financing Activities:				
Principal payments on long-term debt	(25)			(25)
Interest payments on long-term debt	(6)			(6)
Purchase of capital assets	(22)			(22)
Net cash used in capital and related financing activities	<u>(53)</u>	<u>-</u>	<u>-</u>	<u>(53)</u>
Net Increase 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 Loss to Net Cash Provided by Operating Activities:				
Operating loss	\$ (36)	\$ (177)	\$ (278)	\$ (491)
Adjustments to reconcile operating loss to net cash provided by operating activities:				
Depreciation expense	59	209	151	419
Decrease (increase) in receivables		(20)	16	(4)
Decrease in inventories and other assets			42	42
Decrease (increase) in due from other funds	71	(12)		59
Increase in due to other funds			111	111
Decrease in unearned revenues	(4)			(4)
Decrease in accounts payable and accrued liabilities	(37)		(42)	(79)
Total adjustments	<u>89</u>	<u>177</u>	<u>278</u>	<u>544</u>
Net Cash Provided by (Used in) Operating Activities	<u>\$ 53</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 53</u>
Noncash Capital and Financing Activities				
Capital asset contribution			\$ 1,559	
Change in deferred contributions			(1,483)	
Loss on disposal			(19)	
Total Noncash Capital and Financing Activities			<u>\$ 57</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, 2015**  
**(In Thousands)**

	<u>Medical Benefits</u>	<u>Workers' Compensation</u>	<u>Total</u>
Assets:			
Current:			
Due from other funds	\$ <u>2,921</u>	\$ <u>3,526</u>	\$ <u>6,447</u>
Liabilities:			
Current:			
Accounts payable	5	4	9
Risk management claims	<u>1,042</u>	<u>1,275</u>	<u>2,317</u>
Total current liabilities	<u>1,047</u>	<u>1,279</u>	<u>2,326</u>
Noncurrent:			
Risk management claims	<u>          </u>	<u>2,741</u>	<u>2,741</u>
Total liabilities	<u>1,047</u>	<u>4,020</u>	<u>5,067</u>
Net Position:			
Unrestricted	\$ <u><u>1,874</u></u>	\$ <u><u>(494)</u></u>	\$ <u><u>1,380</u></u>

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

	<u>Medical Benefits</u>	<u>Workers' Compensation</u>	<u>Total</u>
Operating Revenues:			
Charges for services	\$ 13,796	\$ 2,909	\$ 16,705
Operating Expenses:			
Claims expense	12,750	1,821	14,571
Premiums and administrative expenses	<u>1,403</u>	<u>362</u>	<u>1,765</u>
Total operating expenses	<u>14,153</u>	<u>2,183</u>	<u>16,336</u>
Operating Income (Loss)	(357)	726	369
Net Position at Beginning of Year	<u>2,231</u>	<u>(1,220)</u>	<u>1,011</u>
Net Position at End of Year	<u>\$ 1,874</u>	<u>\$ (494)</u>	<u>\$ 1,380</u>

**CITY OF NORWICH, CONNECTICUT**  
**COMBINING STATEMENT OF CASH FLOWS**  
**INTERNAL SERVICE FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2015**  
**(In Thousands)**

	<u>Medical Benefits</u>	<u>Workers' Compensation</u>	<u>Total</u>
Cash Flows from Operating Activities:			
Cash received from charges for services	\$ 2,995	\$ (431)	\$ 2,564
Cash receipts for interfund services provided	11,406	2,614	14,020
Cash paid to vendors	<u>(14,401)</u>	<u>(2,183)</u>	<u>(16,584)</u>
Net cash provided by operating activities	<u>-</u>	<u>-</u>	<u>-</u>
Net Increase in Cash and Cash Equivalents	-	-	-
Cash and Cash Equivalents at Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>
Cash and Cash Equivalents at End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities:			
Operating income (loss)	\$ <u>(357)</u>	\$ <u>726</u>	\$ <u>369</u>
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
(Increase) decrease in due from other funds	605	(210)	395
Decrease in accounts payable and accrued liabilities	<u>(248)</u>	<u>(516)</u>	<u>(764)</u>
Total adjustments	<u>357</u>	<u>(726)</u>	<u>(369)</u>
Net Cash Provided by 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**  
**STATEMENT OF FIDUCIARY NET POSITION - TRUST FUNDS**  
**JUNE 30, 2015**  
**(In Thousands)**

	<b>City Employee Pension Trust Fund</b>	<b>Volunteer Fire Pension Trust Fund</b>	<b>Other Post Employment Benefit Trust Fund</b>	<b>Total Trust Funds</b>
<b>Assets:</b>				
Cash and cash equivalents	\$ 1,068	\$ 22	\$ 19	\$ 1,109
<b>Investments:</b>				
Mutual funds	134,086	2,174	13,869	150,129
Common stock	<u>24,417</u>	<u></u>	<u></u>	<u>24,417</u>
<b>Total assets</b>	<u>159,571</u>	<u>2,196</u>	<u>13,888</u>	<u>175,655</u>
<b>Liabilities:</b>				
Accounts and other payables			400	400
Due to other funds	<u>310</u>	<u>14</u>	<u>229</u>	<u>553</u>
<b>Total liabilities</b>	<u>310</u>	<u>14</u>	<u>629</u>	<u>953</u>
<b>Net Position:</b>				
Held in Trust for Pension and Other Benefits	<u>\$ 159,261</u>	<u>\$ 2,182</u>	<u>\$ 13,259</u>	<u>\$ 174,702</u>

**CITY OF NORWICH, CONNECTICUT**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION - TRUST FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2015**  
**(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 Trust Funds</u>
Additions:				
Contributions:				
Employer	\$ 6,718	\$ 333	\$ 5,446	\$ 12,497
Plan members	3,247	16	1,466	4,729
Total contributions	<u>9,965</u>	<u>349</u>	<u>6,912</u>	<u>17,226</u>
Investment income:				
Net appreciation in fair value of investments	4,283	(83)	(176)	4,024
Interest and dividends	1,229	111	420	1,760
Total investment income	<u>5,512</u>	<u>28</u>	<u>244</u>	<u>5,784</u>
Less investment expense				
Net investment income	<u>(831)</u>	<u>(12)</u>	<u>(73)</u>	<u>(916)</u>
Total additions	<u>14,646</u>	<u>365</u>	<u>7,083</u>	<u>22,094</u>
Deductions:				
Benefits	14,656	277	5,772	20,705
Administration	4	4	411	419
Lump sum distributions and withdrawals	180			180
Total deductions	<u>14,840</u>	<u>281</u>	<u>6,183</u>	<u>21,304</u>
Net Increase (Decrease)	(194)	84	900	790
Net Position Held in Trust for Pension Benefits at Beginning of Year	<u>159,455</u>	<u>2,098</u>	<u>12,359</u>	<u>173,912</u>
Net Position Held in Trust for Pension and Other Post Employment Benefits at End of Year	<u>\$ 159,261</u>	<u>\$ 2,182</u>	<u>\$ 13,259</u>	<u>\$ 174,702</u>

**CITY OF NORWICH, CONNECTICUT  
 AGENCY FUNDS  
 COMBINING BALANCE SHEET  
 JUNE 30, 2015  
 (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	\$ 75	\$	\$	\$ 400	\$ 475
Other	<u>          </u>	<u>1</u>	<u>105</u>	<u>          </u>	<u>106</u>
Total Assets	<u>\$ 75</u>	<u>\$ 1</u>	<u>\$ 105</u>	<u>\$ 400</u>	<u>\$ 581</u>
Liabilities:					
Due to student groups and agencies	<u>\$ 75</u>	<u>\$ 1</u>	<u>\$ 105</u>	<u>\$ 400</u>	<u>\$ 581</u>

**CITY OF NORWICH, CONNECTICUT**  
**AGENCY FUNDS**  
**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**  
**FOR THE YEAR ENDED JUNE 30, 2015**  
**(In Thousands)**

	<u>Balance</u> <u>July 1, 2014</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2015</u>
<b>Student Activities</b>				
Assets:				
Cash and cash equivalents	\$ 51	\$ 146	\$ 122	\$ 75
Liabilities:				
Due to student groups and agencies	\$ 51	\$ 146	\$ 122	\$ 75
<b>Rehabilitation Deposits</b>				
Assets:				
Other	\$ 1	\$ 6	\$ 6	\$ 1
Liabilities:				
Due to student groups and agencies	\$ 1	\$ 6	\$ 6	\$ 1
<b>Bid Deposit</b>				
Assets:				
Other	\$ 127	\$ 277	\$ 299	\$ 105
Liabilities:				
Due to student groups and agencies	\$ 127	\$ 277	\$ 299	\$ 105
<b>Performance Bonds</b>				
Assets:				
Cash and cash equivalents	\$ 495	\$ 50	\$ 145	\$ 400
Liabilities:				
Due to student groups and agencies	\$ 495	\$ 50	\$ 145	\$ 400
<b>Total - All Funds</b>				
Assets:				
Cash and cash equivalents	\$ 546	\$ 196	\$ 267	\$ 475
Other	128	283	305	106
Total	\$ 674	\$ 479	\$ 572	\$ 581
Liabilities:				
Due to student groups and agencies	\$ 674	\$ 479	\$ 572	\$ 581

## **Supplemental Schedules**

**CITY OF NORWICH, CONNECTICUT  
SCHEDULE OF BONDS AND SERIAL NOTES PAYABLE  
FOR THE YEAR ENDED JUNE 30, 2015  
(In Thousands)**

Description	Interest Rate (%)	Issue Date	Maturity Date	Original Amount Issued	Balance Beginning of Year	Issued During Year	Paid During Year	Balance End of Year
Governmental Activities:								
General purpose bonds payable:								
General purpose	2.00-3.55	04/15/2004	04/15/2015	\$ 3,120	\$ 230	\$	\$ 230	\$ -
Schools	-	12/30/2008	12/30/2020	2,940	1,715		245	1,470
General purpose	3.0-4.0	12/02/2009	12/01/2029	9,145	7,725		470	7,255
Schools	3.0-4.0	12/02/2009	12/01/2029	2,000	1,685		105	1,580
General purpose	2.0-4.0	12/13/2011	12/01/2022	4,680	4,445		235	4,210
Schools	2.0-4.0	12/13/2011	12/01/2022	5,000	4,735		265	4,470
Refunding - (04/15/02) bonds	2.0	02/15/2012	04/15/2022	2,725	2,130		295	1,835
General purpose	3.0-5.0	02/12/2014	09/15/2019	12,365	12,365		655	11,710
Refunding - (4/15/2004 series B and 3/15/2005) bonds	3.0-5.0	02/12/2014	09/15/2019	2,793	2,793		788	2,005
Refunding - (4/15/2004 series B and 3/15/2005) bonds - Schools	3.0-5.0	02/12/2014	09/15/2019	2,987	2,987		612	2,375
General purpose - series A	3.0-4.0	03/03/2015	08/01/2015	5,600		5,600		5,600
General purpose - series B	2.0-3.0	03/03/2015	08/01/2015	1,140		1,140		1,140
Total				<u>54,495</u>	<u>40,810</u>	<u>6,740</u>	<u>3,900</u>	<u>43,650</u>
Business-Type Activities:								
General purpose bonds payable:								
Refunding - (02/12/2014) Stony Brook Reservoir	3.0-5.0	02/12/2014	09/15/2019	73	73		15	58
Golf course	3.0-4.0	12/02/2009	12/01/2029	265	190		25	165
State of Connecticut serial notes payable:								
Clean Water Act 106-C	2.00	10/31/1997	10/31/2016	3,410	467		197	270
Clean Water Act 298-C	2.00	06/30/2000	06/30/2019	1,508	377		75	302
Clean Water Act 349-C	2.00	12/31/2002	12/31/2021	881	369		46	323
Clean Water Act 9714-C	2.77	12/31/2002	12/31/2021	1,899	827		101	726
Clean Water Act 200801-C	2.27	07/01/2009	07/01/2029	450	336		23	313
Clean Water Act 625-D	2.00	12/31/2012	12/31/2031	1,865	1,655		80	1,575
Clean Water Act 495-C	2.00	05/31/2013	06/01/2032	5,748	5,201		244	4,957
Clean Water Act 625-D1	2.00	05/31/2015	12/31/2031	2,510	2,510		135	2,375
Drinking Water State Revolving Fund 2010-8005	2.06	03/31/2010	12/31/2029	145	112		7	105
Drinking Water State Revolving Fund 2010-8006	2.06	03/31/2010	06/30/2030	326	261		16	245
Drinking Water State Revolving Fund 2010-7005	2.00	04/30/2014	10/31/2032	160	159		9	150
Drinking Water State Revolving Fund 2010-7006	2.00	04/30/2014	04/30/2032	148	147		9	138
Drinking Water State Revolving Fund 2014-7027	2.27	06/30/2015	12/31/2034	506	352	153		505
Drinking Water State Revolving Fund 2014-7036*	*	*	*	*		2,615		2,615
Total				<u>19,894</u>	<u>13,036</u>	<u>2,768</u>	<u>982</u>	<u>14,822</u>
Total				<u>\$ 74,389</u>	<u>\$ 53,846</u>	<u>\$ 9,508</u>	<u>\$ 4,882</u>	<u>\$ 58,472</u>

**CITY OF NORWICH, CONNECTICUT  
BOND AND SERIAL NOTES PAYABLE  
SCHEDULE OF ANNUAL DEBT SERVICE REQUIREMENTS  
FOR THE YEAR ENDED JUNE 30, 2015  
(In Thousands)**

Fiscal Year Ending June 30,	Governmental Activities		Business-Type Activities		Total Primary Government	
	General Obligation Bonds		General Obligation Bonds And Serial Notes		Principal	Interest
	Principal	Interest	Principal	Interest		
2016	\$ 4,040	\$ 1,466	\$ 3,636	\$ 245	\$ 7,676	\$ 1,711
2017	3,595	1,340	883	225	4,478	1,565
2018	3,540	1,170	829	206	4,369	1,376
2019	3,415	1,056	847	188	4,262	1,244
2020	3,205	953	784	171	3,989	1,124
2021	2,670	863	789	153	3,459	1,016
2022	2,355	779	686	136	3,041	915
2023	2,110	694	608	124	2,718	818
2024	2,105	614	619	111	2,724	725
2025	2,080	535	630	99	2,710	634
2026	1,970	467	641	85	2,611	552
2027	1,970	402	652	73	2,622	475
2028	1,970	336	663	59	2,633	395
2029	1,970	270	673	45	2,643	315
2030	1,970	203	661	33	2,631	236
2031	1,370	147	653	19	2,023	166
2032	1,375	102	501	6	1,876	108
2033	845	65	28	1	873	66
2034	845	35	25	1	870	36
2035	250	4	14		264	4
<b>Total</b>	<b>\$ 43,650</b>	<b>\$ 11,501</b>	<b>\$ 14,822</b>	<b>\$ 1,980</b>	<b>\$ 58,472</b>	<b>\$ 13,481</b>

# **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									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Governmental activities:										
Net investment in capital assets	\$ 80,829	\$ 84,303	\$ 95,200 *	\$ 92,031	\$ 87,252 *	\$ 60,432	\$ 53,165	\$ 50,696	\$ 44,114	\$ 38,680
Restricted	1,630	1,667	1,537	1,457	1,544	1,405	1,351	1,608	1,725	1,590
Unrestricted	(23,960) *	24,762	12,940	14,373	10,296	14,414	6,088	9,884	13,808	16,460
Total governmental activities net position	<u>58,499</u>	<u>110,732</u>	<u>109,677</u>	<u>107,861</u>	<u>99,092</u>	<u>76,251</u>	<u>60,604</u>	<u>62,188</u>	<u>59,647</u>	<u>56,730</u>
Business-type activities:										
Net investment in capital assets	110,565	112,277	112,113 *	107,495	97,874 *	88,174	87,763	84,439	83,363	83,151
Restricted	338	228	188	361	334	287	758	758	876	643
Unrestricted	(2,259) *	16,073	15,631	22,241	20,129	23,441	22,903	21,159	24,307	19,927
Total business-type activities net position	<u>108,644</u>	<u>128,578</u>	<u>127,932</u>	<u>130,097</u>	<u>118,337</u>	<u>111,902</u>	<u>111,424</u>	<u>106,356</u>	<u>108,546</u>	<u>103,721</u>
Primary government:										
Net investment in capital assets	191,394	196,580	207,313	199,526	185,126	148,606	140,928	135,135	127,477	121,831
Restricted	1,968	1,895	1,725	1,818	1,878	1,692	2,109	2,366	2,601	2,233
Unrestricted	(26,219)	40,835	28,571	36,614	30,425	37,855	28,991	31,043	38,115	36,387
Total Primary Government Net Position	<u>\$ 167,143</u>	<u>\$ 239,310</u>	<u>\$ 237,609</u>	<u>\$ 237,958</u>	<u>\$ 217,429</u>	<u>\$ 188,153</u>	<u>\$ 172,028</u>	<u>\$ 168,544</u>	<u>\$ 168,193</u>	<u>\$ 160,451</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									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Expenses:										
Governmental activities:										
General government	\$ 11,257	\$ 8,296	\$ 11,905	\$ 10,300	\$ 10,760	\$ 9,114	\$ 10,473	\$ 12,116	\$ 11,926	\$ 9,638
Public safety	25,750	23,882	22,840	20,571	20,336	18,063	20,326	18,271	16,108	15,754
Social services	2,581	4,248	4,059	4,201	4,664	5,602	4,954	4,852	3,984	4,048
Public works	14,334	15,989	11,887	13,444	9,133	9,449	15,819	11,617	11,504	11,109
Education	99,926	94,935	92,976	86,764	84,263	84,898	85,661	91,664	75,171	71,268
Interest on long-term debt	1,444	1,488	1,232	1,109	2,008	1,323	1,444	1,380	1,454	1,476
Total governmental activities expenses	155,292	148,838	144,899	136,389	131,164	128,449	138,677	139,900	120,147	113,293
Business-type activities:										
Department of Public Utilities	81,842	77,462	75,476	75,620	80,977	74,716	77,192	74,114	66,885	67,275
Other enterprise funds	1,817	2,615	2,470	2,495	2,425	2,413	2,529	2,568	2,373	2,583
Total business-type activities expenses	83,659	80,077	77,946	78,115	83,402	77,129	79,721	76,682	69,258	69,858
Total primary government expenses	238,951	228,915	222,845	214,504	214,566	205,578	218,398	216,582	189,405	183,151
Program Revenues:										
Governmental activities:										
Charges for services:										
General government	1,684	2,107	1,907	1,866	1,860	1,778	1,602	2,078	2,861	3,097
Public works	803	811	1,684	771	1,250	819	2,962	3,017	2,994	2,730
Education	1,650	1,581	1,620	1,708	1,570	2,051	2,184	1,864	1,935	1,674
Other	914	887	1,009	1,032	1,076	1,012	1,171	970	694	747
Operating grants and contributions	59,088	58,277	55,684	53,139	54,051	54,424	52,034	62,359	47,469	47,561
Capital grants and contributions	1,774	1,664	791	10,749	22,962	11,163	5,810	1,635	934	1,736
Total governmental activities program revenues	65,913	65,327	62,695	69,265	82,769	71,247	65,763	71,923	56,887	57,545
Business-type activities:										
Charges for services:										
Gas	18,576	17,609	14,893	13,370	16,282	16,508	21,596	16,961	16,612	18,999
Electric	56,920	51,627	51,396	60,151	58,283	52,303	55,152	49,265	49,607	46,158
Water	8,817	8,808	8,376	6,656	6,794	6,117	6,027	5,790	5,115	5,099
Sewer	6,761	6,994	7,252	6,876	7,185	7,580	5,536	5,641	5,340	5,384
Other nonmajor enterprise funds	1,302	1,820	1,882	2,054	2,081	2,081	2,188	2,245	2,168	2,269
Capital grants and contributions	3,547	1,798	65	6,798	6,704	200	1,315	1,216	1,037	1,696
Total business-type activities program revenues	95,923	88,656	83,864	95,905	97,329	84,789	91,814	81,118	79,879	79,605
Total primary government program revenues	161,836	153,983	146,559	165,170	180,098	156,036	157,577	153,041	136,766	137,150
Net (expense) revenue:										
Governmental activities	(89,379)	(83,511)	(82,204)	(67,124)	(48,395)	(57,202)	(72,914)	(67,977)	(63,260)	(55,748)
Business-type activities	12,264	8,579	5,918	17,790	13,927	7,660	12,093	4,436	10,621	9,747
Total Primary Government Net Expense	\$ (77,115)	\$ (74,932)	\$ (76,286)	\$ (49,334)	\$ (34,468)	\$ (49,542)	\$ (60,821)	\$ (63,541)	\$ (52,639)	\$ (46,001)

(Continued on next page)

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

	FISCAL YEAR									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
General revenues and other changes in net position:										
Governmental activities:										
Property taxes	\$ 75,298	\$ 70,539	\$ 69,598	\$ 63,198	\$ 61,307	\$ 59,956	\$ 57,897	\$ 56,456	\$ 52,327	\$ 49,726
Grants and contributions not restricted to specific programs	4,534	4,900	5,005	4,315	4,391	4,372	5,480	5,407	5,522	4,786
Unrestricted investment earnings	88	247	202	51	283	321	262	998	1,199	843
Miscellaneous	2,536	942	1,126	890	1,414	998	558	631	910	540
Transfers	7,467	7,938	8,089	7,439	8,277	7,202	7,133	7,026	6,219	5,385
Total governmental activities	<u>89,923</u>	<u>84,566</u>	<u>84,020</u>	<u>75,893</u>	<u>75,672</u>	<u>72,849</u>	<u>71,330</u>	<u>70,518</u>	<u>66,177</u>	<u>61,280</u>
Business-type activities:										
Investment earnings	5	93	6	11	14	20	108	400	423	318
Transfers	(7,467)	(7,938)	(8,089)	(7,493)	(8,277)	(7,202)	(7,133)	(7,026)	(6,219)	(5,385)
Total business-type activities	<u>(7,462)</u>	<u>(7,845)</u>	<u>(8,083)</u>	<u>(7,482)</u>	<u>(8,263)</u>	<u>(7,182)</u>	<u>(7,025)</u>	<u>(6,626)</u>	<u>(5,796)</u>	<u>(5,067)</u>
Total Primary Government	<u>\$ 82,461</u>	<u>\$ 76,721</u>	<u>\$ 75,937</u>	<u>\$ 68,411</u>	<u>\$ 67,409</u>	<u>\$ 65,667</u>	<u>\$ 64,305</u>	<u>\$ 63,892</u>	<u>\$ 60,381</u>	<u>\$ 56,213</u>
Changes in Net Position:										
Governmental activities	\$ 544	\$ 1,055	\$ 1,816	\$ 8,769	\$ 27,277	\$ 15,647	\$ (1,584)	\$ 2,541	\$ 2,917	\$ 5,532
Business-type activities	4,802	734	(2,165)	10,308	5,664	478	5,068	(2,190)	4,825	4,680
Total Primary Government	<u>\$ 5,346</u>	<u>\$ 1,789</u>	<u>\$ (349)</u>	<u>\$ 19,077</u>	<u>\$ 32,941</u>	<u>\$ 16,125</u>	<u>\$ 3,484</u>	<u>\$ 351</u>	<u>\$ 7,742</u>	<u>\$ 10,212</u>

## Notes:

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

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

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

	FISCAL YEAR									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
General Fund:										
Reserved	\$	\$	\$	\$	\$	\$ 268	\$ 283	\$ 308	\$ 425	\$ 259
Unreserved						9,834	9,616	10,676	11,651	11,030
Assigned	207	498	920	264	178					
Unassigned	<u>10,192</u>	<u>10,483</u>	<u>10,275</u>	<u>10,371</u>	<u>10,649</u>					
Total General Fund	<u>\$ 10,399</u>	<u>\$ 10,981</u>	<u>\$ 11,195</u>	<u>\$ 10,635</u>	<u>\$ 10,827</u>	<u>\$ 10,102</u>	<u>\$ 9,899</u>	<u>\$ 10,984</u>	<u>\$ 12,076</u>	<u>\$ 11,289</u>
All other governmental funds:										
Reserved	\$	\$	\$	\$	\$	\$ 1,776	\$ 1,729	\$ 2,095	\$ 3,170	\$ 3,077
Unreserved, reported in:										
Special revenue funds						2,915	2,183	2,487	2,746	2,577
Capital projects funds						3,911	(1,898)	(1,493)	(541)	2,460
Nonspendable	1,600	1,660	1,484	1,443	1,523					
Restricted	1,865	2,096	2,193	3,179	1,421					
Committed	3,766	4,354	4,107	4,271	4,344					
Unassigned	<u>(426)</u>	<u>(1,043)</u>	<u>(7,877)</u>	<u>(2,878)</u>	<u>(7,208)</u>					
Total All Other Governmental Funds	<u>\$ 6,805</u>	<u>\$ 7,067</u>	<u>\$ (93)</u>	<u>\$ 6,015</u>	<u>\$ 80</u>	<u>\$ 8,602</u>	<u>\$ 2,014</u>	<u>\$ 3,089</u>	<u>\$ 5,375</u>	<u>\$ 8,114</u>

## Notes:

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

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

	FISCAL YEAR									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Revenues:										
Property taxes, interest and liens	\$ 74,665	\$ 71,555	\$ 69,360	\$ 63,286	\$ 60,817	\$ 59,214	\$ 57,623	\$ 55,893	\$ 52,976	\$ 49,704
Intergovernmental	65,897	65,112	61,368	68,137	81,439	69,937	63,116	69,880	53,909	53,572
Charges for services, licenses, permits, fees and other	6,801	6,858	6,686	6,816	7,292	7,353	8,508	9,135	10,097	9,283
Investment income	88	248	202	50	283	321	260	991	1,171	813
Total revenues	<u>147,451</u>	<u>143,773</u>	<u>137,616</u>	<u>138,289</u>	<u>149,831</u>	<u>136,825</u>	<u>129,507</u>	<u>135,899</u>	<u>118,153</u>	<u>113,372</u>
Expenditures:										
General government	5,629	5,777	5,473	5,008	5,822	6,466	6,716	7,339	5,782	5,290
Public safety	23,407	22,958	21,672	19,685	19,447	17,832	18,606	17,348	16,163	15,634
Social services	4,140	4,013	3,616	4,125	4,029	4,261	4,640	4,313	4,272	4,273
Public works	10,890	11,115	10,121	10,187	9,633	9,421	10,359	10,944	10,412	9,964
Education	97,755	94,320	91,108	84,067	84,690	83,893	82,866	91,194	74,223	70,592
Other	5,644	5,598	4,943	4,795	3,411	3,461	3,693	4,365	4,286	3,531
Capital outlay	9,838	9,275	9,156	16,954	34,905	18,274	10,826	6,102	6,337	3,707
Debt service:										
Principal	3,900	4,330	3,906	3,915	3,475	3,530	2,835	3,356	3,616	3,975
Interest	1,718	1,283	1,258	1,075	1,297	713	1,199	1,342	1,425	1,631
Total expenditures	<u>162,921</u>	<u>158,669</u>	<u>151,253</u>	<u>149,811</u>	<u>166,709</u>	<u>147,851</u>	<u>141,740</u>	<u>146,303</u>	<u>126,516</u>	<u>118,597</u>
Excess of revenues over (under) expenditures	<u>(15,470)</u>	<u>(14,896)</u>	<u>(13,637)</u>	<u>(11,522)</u>	<u>(16,878)</u>	<u>(11,026)</u>	<u>(12,233)</u>	<u>(10,404)</u>	<u>(8,363)</u>	<u>(5,225)</u>
Other financing sources (uses):										
Transfers in	9,523	10,746	11,092	11,701	18,424	12,404	10,686	10,505	9,885	8,760
Transfers out	(2,056)	(2,808)	(3,003)	(4,262)	(10,147)	(5,202)	(3,553)	(3,479)	(3,666)	(3,375)
Issuance of capital leases		617			804				192	
Bonds issued	6,740	12,365		9,680		10,545	2,940			
Bond premium	419	1,368		181		125				
Refunding bonds issued		5,780		2,725		4,240				
Payment to refunding bond escrow agent		(6,226)		(2,760)		(4,295)				
Total other financing sources (uses)	<u>14,626</u>	<u>21,842</u>	<u>8,089</u>	<u>17,265</u>	<u>9,081</u>	<u>17,817</u>	<u>10,073</u>	<u>7,026</u>	<u>6,411</u>	<u>5,385</u>
Net change in fund balances	(844)	6,946	(5,548)	5,743	(7,797)	6,791	(2,160)	(3,378)	(1,952)	160
Fund Balances at Beginning of Year	<u>18,048</u>	<u>11,102</u>	<u>16,650</u>	<u>10,907</u>	<u>18,704</u>	<u>11,913</u>	<u>14,073</u>	<u>17,451</u>	<u>19,403</u>	<u>19,243</u>
Fund Balances at End of Year	<u>\$ 17,204</u>	<u>\$ 18,048</u>	<u>\$ 11,102</u>	<u>\$ 16,650</u>	<u>\$ 10,907</u>	<u>\$ 18,704</u>	<u>\$ 11,913</u>	<u>\$ 14,073</u>	<u>\$ 17,451</u>	<u>\$ 19,403</u>
Debt Service as a Percentage of Noncapital Expenditures	3.56%	3.63%	3.52%	3.69%	3.57%	3.32%	2.98%	3.36%	4.20%	4.91%

\* as restated

## Notes:

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

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

**TABLE 5**

Fiscal Year Ended June 30	Grand List Year October 1	Real Estate		Personal Property		Total Assessed Value	Less: Exemptions	Total Taxable Assessed Value	Total Adjusted Tax Levy (General Fund, CCD Fire Taxes and TCD Taxes)	Average Direct Rate (in Mills)	Estimated Actual Taxable Value	Taxable Assessed Value as a Percentage of Actual Taxable Value	State Equalized Net Grand List
		Industrial/ Commercial	Residential	Motor Vehicles	Other								
2015	2013	\$ 347,541	\$ 1,148,374	\$ 226,420	\$ 138,284	\$ 1,860,619	\$ 38,117	\$ 1,822,502	\$ 74,316	40.78	\$ 2,603,574	70.00%	\$ 2,574,692
2014	2012	453,582	1,669,529	194,509	140,057	2,457,677	33,750	2,423,927	70,865	29.24	3,462,753	70.00%	2,936,728
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	70.00%	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	70.00%	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	70.00%	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	70.00%	3,400,922
2009	2007	344,640	1,235,104	208,756	112,575	1,901,075	24,841	1,876,234	57,972	30.90	2,680,334	70.00%	3,615,569
2008	2006	341,360	1,225,489	183,186	92,878	1,842,913	23,384	1,819,529	55,469	30.49	2,599,327	70.00%	3,559,366
2007	2005	326,636	1,213,923	177,323	93,706	1,811,588	19,838	1,791,750	53,057	29.61	2,559,643	70.00%	3,592,741
2006	2004	326,235	1,190,123	165,690	90,463	1,772,511	27,325	1,745,186	49,389	28.30	2,493,124	70.00%	3,276,807

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% of Estimated Actual Value.

**CITY OF NORWICH, CONNECTICUT  
 PRINCIPAL PROPERTY TAXPAYERS  
 OCTOBER 1, 2013 AND OCTOBER 1, 2004  
 (In Thousands)**

**TABLE 6**

Business Name	Nature of Business	October 1, 2013			October 1, 2004		
		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	\$ 24,986	1	1.37%	\$ 13,801	2	0.79%
NorwichTown Commons	Shopping Center	15,637	2	0.86%	12,034	3	0.69%
Bob's Discount Furniture	Retail Store & Distribution Warehouse	15,354	3	0.84%	6,380	8	0.37%
EMC Corporation	Computer Products & Services	11,489	4	0.63%			0.00%
Norwich Realty Associates LP	Real Estate	9,663	5	0.53%			0.00%
Plaza Enterprises	Shopping Center	9,259	6	0.51%	10,332	4	0.59%
Algonquin Gas Transmissions LLC	Natural Gas Pipeline	8,699	7	0.48%			0.00%
Wal-Mart Stores, Inc.	Department Store	8,644	8	0.47%			0.00%
Norwich Community Development Corporation	Office Building	7,676	9	0.42%			0.00%
Mashantucket Pequot Tribe	Real Estate	7,295	10	0.40%	5,986	9	0.34%
Freeport-McMoran (fka Phelps Dodge)	Manufacturing - Copper			0.00%	15,014	1	0.86%
Kalimian Elias as Trustee	Apartments			0.00%	8,143	5	0.47%
US Foodservice	Food Distributors			0.00%	7,998	6	0.46%
Norwich Mall Realty Associates	Shopping Center			0.00%	7,099	7	0.41%
Rose Hill Estates LLC	Apartments			0.00%	5,663	10	0.32%
<b>Total</b>		<b>\$ 118,701</b>		<b>6.51%</b>	<b>\$ 92,450</b>		<b>5.30%</b>

Source: City of Norwich Assessor's Office

Note: The October 1, 2013 grand list was the base grand list utilized for the tax bills issued July 1, 2014 for the 2015 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		Collections in Subsequent Years	Total Collections to Date		Total Direct Rates		
				Amount	Percentage		Amount	Percentage	City Consolidated District	Town Consolidated District	
<b>General Fund</b>											
2015	\$ 1,822,502	38.55	\$ 69,248	\$ 66,667	96.27%	\$ -	\$ 66,667	96.27%	45.93	39.04	
2014	2,423,927	27.23	65,922	63,721	96.66%	1,243	64,963	98.55%	32.27	27.59	
2013	2,455,068	26.54	64,618	62,401	96.57%	1,987	64,388	99.64%	31.10	26.90	
2012	2,394,228	24.76	59,110	57,141	96.67%	1,863	59,004	99.82%	28.83	25.12	
2011	2,408,165	24.04	57,006	54,816	96.16%	2,125	56,942	99.89%	28.02	24.40	
2010	2,378,111	23.48	55,162	53,056	96.18%	2,069	55,125	99.93%	27.11	23.84	
2009	1,876,234	29.24	54,309	52,081	95.90%	2,201	54,282	99.95%	34.10	29.66	
2008	1,819,529	28.57	51,980	50,213	96.60%	1,756	51,969	99.98%	33.32	28.93	
2007	1,791,750	27.77	49,973	48,324	96.70%	1,639	49,962	99.98%	32.02	28.08	
2006	1,745,186	26.72	46,541	44,977	96.64%	1,551	46,528	99.97%	30.75	27.02	
<b>City Consolidated District (CCD) Fire Tax</b>											
2015	614,079	7.38	4,481	4,249	94.84%	-	4,249	94.84%			
2014	864,925	5.04	4,378	4,172	95.30%	114	4,286	97.91%			
2013	896,123	4.56	3,995	3,809	95.35%	164	3,974	99.47%			
2012	870,134	4.07	3,496	3,329	95.22%	157	3,486	99.71%			
2011	870,134	3.98	3,426	3,251	94.88%	170	3,421	99.84%			
2010	870,088	3.63	3,136	2,991	95.39%	142	3,134	99.93%			
2009	650,100	4.86	3,154	2,981	94.50%	173	3,154	99.99%			
2008	641,583	4.75	3,064	2,930	95.61%	134	3,064	100.00%			
2007	633,603	4.25	2,724	2,595	95.29%	128	2,724	100.00%			
2006	620,505	4.03	2,511	2,399	95.53%	112	2,511	100.00%			
<b>Town Consolidated District (TCD) Volunteer Fire Relief Tax</b>											
2015	1,208,423	0.49	587	572	97.34%	-	572	97.34%			
2014	1,559,002	0.36	564	552	97.80%	8	560	99.19%			
2013	1,558,946	0.36	566	554	97.78%	11	565	99.79%			
2012	1,524,094	0.36	556	544	97.90%	11	555	99.91%			
2011	1,538,031	0.36	550	537	97.57%	13	550	99.93%			
2010	1,508,024	0.36	540	525	97.21%	15	540	99.94%			
2009	1,226,134	0.42	510	491	96.39%	18	509	99.94%			
2008	1,177,946	0.36	424	411	96.81%	13	424	99.97%			
2007	1,158,147	0.31	361	351	97.30%	10	361	99.97%			
2006	1,124,682	0.30	337	326	96.59%	11	337	99.96%			

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

TABLE 8

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	Intergovern- mental Loans	Capital Leases	Total Primary Government	Debt to Total Personal Income <sup>2</sup>	Debt per Capita <sup>2</sup>	Total GO Debt	GO Debt to Estimated Actual Value of Taxable Property	GO Debt per Capita <sup>2</sup>
2015	\$ 43,592	\$ -	\$ 979	\$ 223	\$ -	\$ 12,005	\$ 945	\$ 57,744	5.63%	1,437.19	\$ 43,815	1.68%	1,090.52
2014	40,810	-	1,123	263	-	12,773	1,017	55,986	5.46%	1,393.45	41,073	1.19%	1,022.28
2013	33,090	-	1,227	355	-	4,939	1,349	40,960	3.89%	1,015.19	33,445	0.95%	828.93
2012	29,951	-	730	7,454	-	3,744	1,621	43,500	4.12%	1,074.02	37,405	1.09%	923.53
2011	26,736	-	804	4,904	-	4,269	1,717	38,430	4.00%	949.06	31,640	0.92%	781.37
2010	29,582	-	42	9,668	-	4,316	2,020	45,628	4.75%	1,126.81	39,250	1.16%	969.30
2009	21,936	-	80	5,624	-	4,027	2,688	34,355	3.58%	944.12	27,560	1.03%	757.39
2008	21,595	-	115	5,940	-	4,992	3,174	35,816	4.78%	983.10	27,535	1.06%	755.79
2007	24,952	-	146	6,578	-	5,428	1,402	38,506	5.14%	1,057.61	31,530	1.23%	866.02
2006	28,590	-	-	7,195	-	5,852	1,508	43,145	5.76%	1,175.85	35,785	1.44%	975.25

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

<sup>1</sup> See Property Tax Assessment schedule

<sup>2</sup> See Demographic Statistics schedule

**CITY OF NORWICH, CONNECTICUT**  
**STATEMENT OF DEBT LIMITATION**  
**JUNE 30, 2015**  
**(In Thousands)**

Total Tax Collections, Including Interest and Lien Fees						\$	69,578
Total Tax Collections, Norwich Fire District							5,087
Reimbursement for loss on:							
Tax relief for elderly - freeze							<u>2</u>
Base						\$	<u><u>74,667</u></u>
	<b>General Purpose</b>	<b>Schools</b>	<b>Sewers</b>	<b>Urban Renewal</b>	<b>Pension Deficit</b>		<b>Total</b>
Debt Limitation:							
2-1/4 times base	\$ 168,001	\$	\$	\$	\$	\$	
4-1/2 times base		336,002					
3-3/4 times base			280,001				
3-1/4 times base				242,668			
3 times base					224,001		
7 times base							<u>522,669</u>
Total debt limitation	<u>168,001</u>	<u>336,002</u>	<u>280,001</u>	<u>242,668</u>	<u>224,001</u>		<u>522,669</u>
Indebtedness:							
Bonds and serial notes payable	15,705	10,525	4,571	715			31,516
Capital leases	979						979
Bonds authorized and unissued	<u>5,187</u>	<u>1,770</u>		<u>2,665</u>			<u>9,622</u>
Total indebtedness	<u>21,871</u>	<u>12,295</u>	<u>4,571</u>	<u>3,380</u>	<u>-</u>		<u>42,117</u>
Debt Limitation in Excess of Outstanding and Authorized Debt	<u>\$ 146,130</u>	<u>\$ 323,707</u>	<u>\$ 275,430</u>	<u>\$ 239,288</u>	<u>\$ 224,001</u>		<u>\$ 480,552</u>

Note 1: In no event shall total debt exceed seven times annual receipts from taxation. The maximum amount permitted would be \$523 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 \$58 and State of Connecticut serial notes payable of \$4,798.

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

**TABLE 10**

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
<b>Calculation of Legal Debt Limit</b>										
Tax Collections										
General Fund tax collections	\$ 69,397	\$ 66,620	\$ 64,834	\$ 59,274	\$ 56,857	\$ 55,693	\$ 54,065	\$ 52,357	\$ 49,721	\$ 46,913
Fire District collections	5,087	4,935	4,550	4,046	3,961	3,733	3,607	3,510	3,064	2,877
Reimbursement for loss on elderly tax relief	2	4	4	8	10	4	4	21	20	24
<b>Taxable Base</b>	<b>74,485</b>	<b>71,559</b>	<b>69,388</b>	<b>63,329</b>	<b>60,828</b>	<b>59,430</b>	<b>57,676</b>	<b>55,888</b>	<b>52,805</b>	<b>49,814</b>
Times limit of 7	7	7	7	7	7	7	7	7	7	7
<b>Overall Legal Debt Limit</b>	<b>521,396</b>	<b>500,913</b>	<b>485,714</b>	<b>443,300</b>	<b>425,794</b>	<b>416,010</b>	<b>403,730</b>	<b>391,214</b>	<b>369,635</b>	<b>348,700</b>
<b>Indebtedness:</b>										
<b>Long-term debt</b>										
General Purpose Bonds Payable	15,705	14,794	13,134	15,140	15,646	17,313	10,304	12,100	14,115	16,412
School Bonds	10,525	11,122	12,449	13,497	9,558	10,492	9,371	7,026	8,154	9,281
Capital leases	979	1,123	1,268	730	804	874				
Sewers	4,571	5,315	5,509	6,158	4,567	5,181	5,202	6,023	6,646	7,247
Water	2,248	2,052	2,108	2,411	2,716	3,025	2,808	2,586	2,816	3,045
Urban renewal	715									
Gas line extensions	11,509	8,730	1,000	1,000						
<b>Bonds authorized and unissued</b>	<b>8,667</b>	<b>14,735</b>	<b>11,081</b>	<b>10,905</b>	<b>18,265</b>	<b>18,106</b>	<b>15,990</b>	<b>7,240</b>	<b>2,705</b>	<b>2,705</b>
Total indebtedness (1)	54,918	57,872	46,549	49,841	51,556	54,992	43,675	34,975	34,435	38,690
<b>Less:</b>										
Water bonds and serial notes payable	(2,248)	(2,052)	(2,108)	(2,411)	(2,716)	(3,025)	(2,808)	(4,349)	(4,729)	(3,045)
School building grants			(99)	(198)	(300)	(402)	(507)	(612)	(722)	(988)
Gas line extensions	(11,509)	(8,730)	(1,000)	(1,000)						
Net indebtedness applicable to legal debt limit (1)	41,161	47,090	43,342	46,231	48,539	51,564	40,360	30,014	28,984	34,657
<b>Debt limitation in excess of outstanding and authorized debt</b>	<b>\$ 480,235</b>	<b>\$ 453,823</b>	<b>\$ 442,373</b>	<b>\$ 397,069</b>	<b>\$ 377,255</b>	<b>\$ 364,446</b>	<b>\$ 363,370</b>	<b>\$ 361,200</b>	<b>\$ 340,651</b>	<b>\$ 314,043</b>
<b>Total net debt applicable to the limit as a percentage of debt limit</b>	<b>7.89%</b>	<b>9.40%</b>	<b>8.92%</b>	<b>10.43%</b>	<b>11.40%</b>	<b>12.39%</b>	<b>10.00%</b>	<b>7.67%</b>	<b>7.84%</b>	<b>9.94%</b>
<b>Net indebtedness as a percentage of net taxable assessed value (1)</b>	<b>2.258%</b>	<b>1.943%</b>	<b>1.765%</b>	<b>1.931%</b>	<b>2.016%</b>	<b>2.168%</b>	<b>2.151%</b>	<b>1.650%</b>	<b>1.618%</b>	<b>1.986%</b>
<b>Net indebtedness per capita</b>	<b>\$ 1,024</b>	<b>\$ 1,172</b>	<b>\$ 1,074</b>	<b>\$ 1,141</b>	<b>\$ 1,199</b>	<b>\$ 1,273</b>	<b>\$ 1,109</b>	<b>\$ 824</b>	<b>\$ 796</b>	<b>\$ 945</b>
<b>Calculation of Continuing Disclosure Agreement Ratios</b>										
<b>Reconciliation of Direct Debt and Net Direct Debt (2)</b>										
Total indebtedness per legal debt limit	\$ 54,918	\$ 57,872	\$ 46,549	\$ 49,841	\$ 51,556	\$ 54,992	\$ 43,675	\$ 34,975	\$ 34,435	\$ 38,690
Less: Authorized but unissued debt	(8,667)	(14,735)	(11,081)	(10,905)	(18,265)	(18,106)	(15,990)	(7,240)	(2,705)	(2,705)
<b>Total Direct Debt</b>	<b>46,251</b>	<b>43,138</b>	<b>35,468</b>	<b>38,936</b>	<b>33,291</b>	<b>36,886</b>	<b>27,685</b>	<b>27,735</b>	<b>31,730</b>	<b>35,985</b>
Less: Water bonds and sewer indirect self-funding debt	(6,819)	(7,368)	(7,617)	(8,569)	(7,283)	(8,206)	(8,009)	(8,609)	(9,461)	(10,292)
Less: School building grants	-	-	(99)	(198)	(300)	(402)	(507)	(612)	(722)	(988)
<b>Total Net Direct Debt</b>	<b>\$ 39,432</b>	<b>\$ 35,770</b>	<b>\$ 27,752</b>	<b>\$ 30,169</b>	<b>\$ 25,707</b>	<b>\$ 28,277</b>	<b>\$ 19,168</b>	<b>\$ 18,514</b>	<b>\$ 21,547</b>	<b>\$ 24,705</b>
<b>Equalized Net Grand List ("ENGL") (3)</b>	<b>\$ 2,574,692</b>	<b>\$ 2,936,728</b>	<b>\$ 2,432,705</b>	<b>\$ 2,942,694</b>	<b>\$ 3,147,981</b>	<b>\$ 3,400,922</b>	<b>\$ 3,615,569</b>	<b>\$ 3,559,366</b>	<b>\$ 3,592,741</b>	<b>\$ 3,276,807</b>
Valuation Date	10/1/2013	10/1/2012	10/1/2011	10/1/2010	10/1/2009	10/1/2008	10/1/2007	10/1/2006	10/1/2005	10/1/2004
Ratio of Direct Debt to ENGL	1.796%	1.469%	1.458%	1.323%	1.058%	1.085%	0.766%	0.779%	0.883%	1.098%
Total Direct Debt Per Capita	\$ 1,151.16	\$ 1,073.66	\$ 879.07	\$ 961.34	\$ 822.14	\$ 910.92	\$ 760.83	\$ 761.28	\$ 871.51	\$ 980.70
Ratio of Net Direct Debt to ENGL	1.532%	1.218%	1.141%	1.025%	0.817%	0.831%	0.530%	0.520%	0.600%	0.754%
Total Net Direct Debt Per Capita	\$ 981.44	\$ 890.29	\$ 687.83	\$ 744.88	\$ 634.86	\$ 698.33	\$ 526.77	\$ 508.18	\$ 591.81	\$ 673.28
Ratio of Net General Bonded Debt to ENGL	1.019%	0.882%	1.048%	0.966%	0.791%	0.806%	0.530%	0.520%	0.600%	0.754%
Total Net General Bonded Debt Per Capita	\$ 652.83	\$ 645.05	\$ 631.62	\$ 702.16	\$ 615.01	\$ 676.74	\$ 526.77	\$ 508.18	\$ 591.81	\$ 673.28

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)	Total Personal Income (thousands) (2)	School Enrollment (3)	Employed (4)	Unemployed (4)	Percentage Unemployed				Median Household Income (6)
						City of Norwich (4)	New London/Norwich Market (4)	State of Connecticut (4)	United States (5)	
2015	40,178	\$ 1,024,941	5,287	19,246	1,418	6.9%	5.7%	5.5%	5.2%	\$ 45,876
2014	40,178	1,024,941	5,283	20,126	1,698	7.8%	6.6%	6.5%	6.1%	45,876
2013	40,347	1,052,796	5,304	19,999	1,929	8.8%	8.2%	8.1%	7.3%	51,225
2012	40,502	1,055,463	5,330	20,719	2,110	9.2%	8.6%	8.4%	8.2%	52,186
2011	40,493	960,133	5,363	19,386	2,177	10.1%	8.7%	9.0%	9.1%	51,436
2010	40,493	960,133	5,449	19,315	2,090	9.8%	8.6%	8.9%	9.6%	47,851
2009	36,388	960,133	5,519	19,231	1,858	8.8%	7.6%	7.9%	9.5%	48,505
2008	36,432	749,139	5,285	19,706	1,448	6.8%	5.9%	5.9%	6.0%	48,064
2007	36,408	749,139	5,575	20,083	1,033	4.9%	4.2%	4.6%	4.6%	46,907
2006	36,693	749,139	5,559	20,284	1,044	4.9%	4.2%	4.4%	4.6%	43,608

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

(2) U.S. Census Bureau, 2000 Census and 2011-2013 American Community Survey

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

(4) [Labor Department, State of Connecticut.](#)

(5) [U.S. Department of Labor Bureau of Labor Statistics](#)

(6) Connecticut Economic Resource Center, Inc. and 2011-2013 American Community Survey

**CITY OF NORWICH, CONNECTICUT  
PRINCIPAL EMPLOYERS  
2015 and 2006**

**TABLE 12**

Business Name	Nature of Business	2015			2006		
		Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
William W. Backus Hospital	Medical Center	1,439	1	7.48%	1,650	1	8.13%
City of Norwich (incl. NPU & BOE)	Municipality	1,073	2	5.58%	976	2	4.81%
State of Connecticut	All State agencies	911	3	4.73%			0.00%
Bob's Discount Furniture	Distribution Center	530	4	2.75%	202	9	1.00%
US Foodservice	Food Distributors	375	5	1.95%	223	8	1.10%
Norwich Free Academy	Quasi-private high school	295	6	1.53%			0.00%
United Community & Family Services	Healthcare & community services	252	7	1.31%			0.00%
Wal-Mart	Grocery & retailer	226	8	1.17%			0.00%
Shop Rite	Grocery Store	225	9	1.17%	418	4	2.06%
The American Group	Ambulance Service and other operations	181	10	0.94%	200	10	0.99%
Computer Science Corporation	Computer Products & Services			0.00%	700	3	3.45%
Interim Healthcare of Eastern CT	Healthcare			0.00%	400	5	1.97%
Spa at Norwich Inn	Spa			0.00%	300	6	1.48%
Daticon	Legal document storage			0.00%	300	7	1.48%
<b>Total</b>		<b>5,507</b>		<b>28.61%</b>	<b>5,369</b>		<b>26.47%</b>

Source: January 2015 Survey by Norwich Finance Department. Not all companies responded.

**CITY OF NORWICH, CONNECTICUT  
 BUDGETED FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM  
 LAST TEN FISCAL YEARS**

**TABLE 13**

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
General City:										
City Manager	2.0	2.0	2.0	2.0	2.0	3.0	3.0	3.0	3.0	3.0
Finance	12.0	12.0	12.0	12.0	12.0	12.0	14.0	15.0	14.0	14.0
Treasurer	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Assessment	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	3.5
Human Resources	4.6	4.6	4.6	3.6	4.5	4.5	4.5	4.5	4.5	4.5
City Clerk	4.0	4.0	4.0	4.0	5.0	5.0	6.0	6.0	5.0	5.0
City Council	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Police	104.0	104.0	107.0	100.0	94.0	96.0	98.0	98.0	100.0	100.0
Fire	62.0	61.0	62.6	59.6	59.5	59.5	59.5	59.5	55.5	55.5
Recreation	5.0	6.0	6.0	5.5	6.0	6.0	7.0	7.0	7.0	7.0
Human Services	5.0	5.0	7.0	7.0	8.5	8.5	8.5	8.5	8.5	8.5
Senior Citizens Center	7.6	7.0	7.6	6.5	6.5	6.5	7.0	7.0	6.0	6.0
Youth Service Bureau	2.0	2.0	2.0	2.0	2.0	2.0	3.0	3.0	3.0	3.0
PW Engineering & Administration	5.0	5.0	5.0	5.0	6.0	6.0	6.0	6.0	6.0	7.0
PW Fleet Maintenance	7.0	7.0	7.0	7.0	7.0	7.0	9.0	9.0	9.0	9.0
PW Solid Waste	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	2.0	2.0
PW Street Maintenance	37.0	36.0	36.0	36.0	38.0	39.0	41.0	41.0	32.0	32.0
PW Parks & Cemeteries	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	9.0	9.0
PW Building Maintenance	9.0	9.0	9.0	8.0	8.0	9.0	9.0	9.0	7.0	6.0
PW Parking Maintenance	1.0	1.0	1.0	1.0	1.0	1.0	2.0	2.0	2.0	2.0
Election	2.0	2.0	2.0	2.0	2.0	2.0	2.5	2.5	2.5	2.5
Planning & Neighborhood Services	10.0	10.0	10.0	10.0	12.0	13.0	14.5	14.5	13.0	13.0
Emergency Management	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Tourism	0.0	0.0	0.0	0.0	0.0	0.0	0.5	0.5	0.5	0.5
Subtotal - General City	<u>292.2</u>	<u>290.6</u>	<u>297.8</u>	<u>284.2</u>	<u>287.0</u>	<u>293.0</u>	<u>308.0</u>	<u>309.0</u>	<u>299.5</u>	<u>299.0</u>
Board of Education:										
General Fund-funded positions	388.3	357.2	358.8	342.5	286.4	291.1	406.4	387.5	384.2	373.8
State & federal grant-funded positions	159.8	159.8	65.7	65.7	193.0	226.3	125.3	111.3	117.1	114.1
School Lunch (state & federal grant)	39	39	37.5	37.5	46.0	30.0	30.0	39.0	39.0	39.0
Adult Education (state & federal grant)	22.3	22.3	12.0	12.0	12.0	12.0	12.0	12.0	13.0	13.0
Family Resource Center (state grant)	24.5	24.5	28.5	24.5	24.5	24.5	24.5	25.5	22.0	24.0
Subtotal - Board of Education	<u>633.9</u>	<u>602.8</u>	<u>502.5</u>	<u>482.2</u>	<u>561.9</u>	<u>583.9</u>	<u>598.2</u>	<u>575.3</u>	<u>575.4</u>	<u>563.9</u>
Norwich Public Utilities	146.5	142	148.0	152.0	142.5	139.5	139.5	137.0	137.0	137.0
Grand totals	<u>1072.6</u>	<u>1035.4</u>	<u>948.3</u>	<u>918.4</u>	<u>991.4</u>	<u>1016.4</u>	<u>1045.7</u>	<u>1021.3</u>	<u>1011.9</u>	<u>999.9</u>

Notes on this Table:

Source: City Adopted Budget documents

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

**TABLE 14**

Function	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
<b>General Government</b>										
<b>Finance</b>										
Number of tax and refuse bills mailed +	49,336	49,587	49,767	50,175	49,950	50,000	68,000	68,000	68,144	68,182
Number of internal control reviews performed	2	2	2	2	2	3	3	3	7	2
<b>Assessor</b>										
Number of deeds processed	1,496	1,401	1,301	982	1,132	1,500	2,550	1,500	1,275	2,100
Personal property declarations	1,719	1,792	1,754	1,795	1,856	1,650	1,130	1,200	1,234	1,400
Board of assessment appeals adjustments	10	110	33	37	77	147	100	230	240	150
<b>Human Resources</b>										
Number of applications processed	1,349	1,372	1,521	1,475	476	960	1,067	2,339	1,149	1,518
Vacancies filled through promotion	19	6	12	14	4	6	11	35	15	24
Vacancies filled through new hires	29	15	34	19	2	8	21	39	28	23
Employee turnover rate (includes retirees)	1.5%	2.0%	9.5%	7.0%	6.0%	5.6%	2.0%	4.6%	6.0%	4.2%
<b>City Clerk</b>										
Land records recorded	6,146	6,823	7,018	6,154	5,753	6,364	6,486	7,891	9,532	11,124
Marriage licenses issued	274	285	312	301	270	323	326	305	331	357
Death certificates recorded	517	433	484	509	520	472	508	458	550	561
Birth certificates recorded	860	894	842	940	884	978	960	1,070	1,037	998
<b>Management Information Systems</b>										
Help desk calls	2,163	2,615	2,124	1,995	2,360	1,900	1,600	1,380	1,800	1,700
Website visits	274,847	219,706	246,421	200,043	170,527	165,923	149,317	130,000	256,817	94,797
<b>Election</b>										
Voters added	856	465	2,255	667	1,060	438	3,289	1,202	580	567
Voters removed	895	1,043	2,786	683	1,235	1,001	813	964	651	87
Voter changes	2,124	6,258	6,873	2,021	3,049	2,376	2,303	1,139	1,425	1,648
Total voters	21,129	21,343	21,005	20,474	20,951	21,126	21,689	18,129	17,891	18,346
<b>Planning &amp; Neighborhood Services</b>										
Site development plans	5	6	7	4	15	7	16	31	27	19
Zoning permit applications	172	266	303	672	398	327	370	446	482	503
Zoning complaints	68	80	84	351	185	167	240	248	170	130
Code violations	273	349	368	572	1,975	1,285	1,361	1,633	250	1,170
Citations issued	76	61	88	375	225	287	240	180	229	165
<b>Education</b>										
Average Class Size - Kindergarten	20.6	19.7	20.5	18.5	18.4	18.3	18.3	17.5	17.7	18.0
Average Class Size - Grade 2	19.6	19.6	20.2	19.4	18.1	17.9	18.8	18.9	20.0	18.6
Average Class Size - Grade 5	21.1	20.2	21.9	20.3	21.2	21.0	19.1	18.9	19.1	20.0
Average Class Size - Grade 7	24.5	21.3	18.7	19.8	17.1	20.1	21.1	19.0	23.7	22.0
<b>Public Safety</b>										
<b>Police</b>										
911 calls *	20,506	22,215	23,663	23,064	21,825	20,548	20,291	21,330	19,212	19,160
Non-emergency calls *	36,646	34,302	33,672	32,499	36,078	35,815	38,846	30,329	33,740	35,664
DWI arrests *	182	223	192	207	241	212	252	158	155	150
<b>Fire</b>										
<b>Central Fire Department</b>										
Service Calls	2,784	2,418	2,460	2,422	2,330	2,659	2,442	2,627	2,629	2,942
<b>East Great Plain VFD</b>										
Service Calls	786	798	904	936	961	855	912	1,015	864	866
<b>Laurel Hill VFD</b>										
Service Calls	76	101	113	106	121	85	117	102	75	105
<b>Occum VFD</b>										
Service Calls	255	228	184	169	191	182	199	192	202	232
<b>Taftville VFD</b>										
Service Calls	666	661	698	754	706	717	614	698	631	539
<b>Yantic VFD</b>										
Service Calls	631	622	607	621	643	658	544	604	593	580
<b>Emergency Management</b>										
Hours of emergency training	1,450	1,171	1,030	1,145	1,075	775	725	875	715	870
Shelters maintained	16	16	16	16	19	19	19	19	19	19
Flood assistance calls	373	541	1,016	642	217	176	184	74	122	73
<b>Social Services</b>										
<b>Recreation</b>										
Number of youth registrations	2,122	2,035	2,343	3,671	4,500	4,600	4,618	3,870	4,510	4,750
Number of youth program hours	1,575	1,500	3,526	3,530	1,900	1,900	1,980	2,045	2,205	2,000
Adults & Seniors registrations	226	239	115	86	N/R	N/R	N/R	N/R	N/R	N/R
Adults & Seniors program hours	335	350	384	401	N/R	N/R	N/R	N/R	N/R	N/R
<b>Human Services</b>										
<b>General Human Services</b>										
Job placements	225	243	259	251	185	206	190	190	243	153
Individuals relocated due to condemnation	72	88	56	50	78	49	77	72	36	30
Rent & housing assistance cases	130	123	112	107	92	117	139	94	83	79
<b>Senior Center</b>										
Preventative health programs & services	9,836	9,836	10,000	10,059	8,560	2,500	2,550	2,500	3,450	3,206
Outreach services	997	997	851	627	890	970	978	753	976	836
<b>Youth &amp; Family Services</b>										
Counseling cases	83	83	87	95	97	126	130	142	143	117
Young parent cases	-	-	-	37	18	40	35	78	98	92
Youth employment	168	169	174	121	152	148	94	N/A	N/A	N/A
Juvenile justice/ diversion	67	67	86	33	37	31	44	N/A	N/A	N/A
<b>Public Works</b>										
<b>Engineering &amp; Administration</b>										
Road miles paved	6.2	4.83	6.8	4.8	6.4	4.8	6.4	4.7	5.3	4.2
Road miles chip sealed or crack sealed	5.3	10.65	6.0	3.0	N/R	N/R	N/R	N/R	N/R	N/R
<b>Utilities</b>										
Gas service calls	3,290	4,057	5,230	3,989	4,131	4,229	5,004	4,967	6,136	5,552
Electric service calls	1,313	1,228	1,106	3,570	1,771	1,640	1,830	1,508	3,125	2,406
Water service calls	2,277	2,635	982	1,910	3,053	2,988	3,653	3,440	3,434	4,717
Sewer service calls	142	162	116	120	80	78	164	402	423	341

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 2015 column, these are the statistics for calendar year 2014.

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

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

**TABLE 15**

Fiscal Year		2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
<b>Function</b>											
<i>Education</i>											
	School buildings	13	13	13	13	13	13	15	15	15	15
	Administrative buildings	1	1	1	1	1	1	1	1	1	1
<i>Public Safety</i>											
	<i>Police</i>										
	Stations	1	1	1	1	1	1	1	1	1	1
	Vehicles	39	39	39	39	39	39	39	39	39	39
	<i>Fire</i>										
	Firefighting/ rescue vehicles	27	27	27	27	27	27	27	26	26	26
	Other vehicles	11	11	11	11	11	11	11	11	11	11
	Fire stations	7	7	7	7	7	7	7	7	7	7
<i>Social Services</i>											
	<i>Recreation</i>										
	Number of basketball courts	16	16	16	16	16	16	16	16	16	16
	Number of football fields	1	1	1	1	1	1	1	1	1	1
	Number of multi-use fields	15	15	15	15	15	15	15	15	15	15
	Number of playgrounds	14	14	14	14	14	14	14	14	14	14
	Number of soccer fields	4	4	4	4	4	4	4	4	4	4
	Number of softball fields	5	5	5	5	5	5	5	5	5	5
	Number of tennis courts	10	10	10	10	10	10	10	10	10	10
	Mowers	5	5	5	5	5	5	5	5	5	5
	Other vehicles	5	5	5	5	5	5	5	4	4	4
<i>Public Works</i>											
	<i>Streets &amp; Parks Maintenance</i>										
	Dump trucks	25	24	24	23	23	23	23	23	25	25
	Sweepers	2	3	3	3	4	4	4	4	4	4
	Parks	10	10	10	7	7	7	7	7	7	7
	Cemeteries	8	8	8	8	8	8	8	8	8	8
	Mowers	16	16	12	11	10	10	10	10	8	8
	<i>Building Maintenance</i>										
	Parking lots	13	13	13	12	12	12	12	12	9	9
	Parking garages	4	4	4	4	3	3	3	3	3	3
<i>Utilities</i>											
	<i>Gas</i>										
	Gas distribution main (miles)	151	149	142	141	133	133	131	130	129	127
	<i>Electric</i>										
	Distribution lines	235	235	233	229	231	230	229	228	228	228
	Street lights	4,292	4,292	4,292	4,290	4,290	4,103	4,109	4,109	4,099	4,291
	<i>Water</i>										
	Water distribution system (miles)	196	195	195	190	194	188	188	187	187	164
	<i>Sewer</i>										
	Sewer distribution system (miles)	129	129	127	121	124	117	119	118	118	118
	<i>Fiber Optic</i>										
	Fiber optic cable (miles)	74	72	72	65	65	68	67	-	-	-

Source: The respective City departments.  
N/A - not available  
N/R - these statistics are not reported any longer