

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



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

# **Comprehensive Annual Financial Report**

**of the**

## **City of Norwich, Connecticut**

Fiscal Year Ended June 30, 2016

Prepared By:

City of Norwich Finance Department

Joshua A. Pothier, CPA, CPFO  
Comptroller

Anthony G. Madeira, CPFO  
Deputy Comptroller

Sandra J. Kuchta  
Accountant

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

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

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

## Statistical Section

---

### Table

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

# **Introductory Section**



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

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

November 18, 2016

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

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

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

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

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

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

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

## **Profile of Government**

---

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

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

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

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

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

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

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

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

## Local Economy

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

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

The City's economic development activities are assisted by Norwich Community Development Corporation, ("NCDC"), a private not-for-profit corporation established in 1963 to improve the economic well-being of the City. The Mayor works closely with NCDC as an independent non-profit that is neither directly nor indirectly controlled by the City or any other governmental entity, but by Norwich City Council resolution, is the economic development arm of the City. Many activities are underway which support these objectives, and will move the community toward the City's primary economic development goals.

## Commercial/ Industrial Activity

### Ponemah Mill Adaptive Reuse Project

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

### Salem Turnpike Hotel Project

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

## Norwich Beverage Facility

---

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

## Algonquin Interstate Gas Transmission Pipeline

---

Spectra Energy is undertaking two expansion projects on its Algonquin Interstate Gas Transmission Pipeline that runs through the City of Norwich. The goal of the projects is to bring abundant, low-cost natural gas from the shale reserves in Pennsylvania into the New England market. The first project started in early 2016 and is scheduled to be completed in by the end of the year. The project includes building a new metering and regulating station and replacing several thousands of feet of high pressure six inch pipe with 16 inch diameter pipe in Norwich. The second project, scheduled to be completed by the end of 2017, will include the building of a second new metering and regulation station in Norwich to serve the NPU gas expansion project. When completed, these projects are expected to add \$10 to \$15 million to Norwich's tax base.

## These Guys Brew Pub

---

Norwich's first brew pub opened in August 2015 on Franklin Street at the location of the former Chacer's Bar & Grill. In-house brewing opened in early 2016. These Guys Brewing ("TGB") is a small seven-barrel system that was installed at a total cost, including building renovations and a new bar, of nearly \$500,000. TGB is known for making great beer with Becka Atkins as one of a few "pink boots" brewers in the northeast. Their food is a creative and original twist on popular pub fare but produced by a five-star chef which is heavily supported by an expansive customer base drawing a new crowd to downtown Norwich.

## Anchor Insulation

---

Anchor Insulation ("Anchor") closed on the purchase of 43 Wisconsin Avenue in the Norwich Business Park that was formally occupied by Collins and Jewell who outgrew the property. Anchor is an industrial and residential insulation company with over 70 employees working out of the Norwich location. The owners have been looking for a new location for the last several years and when the 18,000 square foot property became available they felt it was a very good fit for their operations. Some investment was made into updating the property to fit their needs and, starting in September 2015 the staff was able to occupy the space.

## Former Norwich Bulletin Building

---

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

## Norwich Business Guide

---

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

## Housing Market

---

The City of Norwich has a diverse and changing housing supply. There are an estimated 18,500 housing units, including single family homes, apartments, duplexes, condominiums, townhouses and mobile homes. The City of Norwich is the largest municipality in Southeastern Connecticut and is located in New London County. Norwich’s median home sales prices are equal to about 2.6 times resident income, an increase over last year. Since housing data is more readily available than income data, it is believed that this number will fall back in-line within the next year. It also suggests that the housing values are beginning to stabilize and market forces (demand) are driving these values upward. This is due, in part, to the affordability of the housing stock for both homeownership and rental opportunities. Norwich’s rental cost average remains lower than the national and state rental cost averages.

In addition, the rental vacancy rate continues to remain unchanged although monthly rental costs have slightly increased. A number of new, higher-end rental unit developments have appeared in the market over the last two years, diversifying Norwich’s housing stock and the rental market. These units are priced above U.S. Department of Housing and Urban Development (“HUD”) Fair Market Rent rates yet lease agreements are being executed prior to completion.

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

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

In 2014, the City made a series of changes to how neighborhood stabilization is handled administratively. The City Council adopted a blight ordinance which provides the administrative “teeth” necessary to encourage property owners to better maintain their property. In 2015, the City allocated HUD monies to a new program that demolishes abandoned, dilapidated and vacant residential properties. These are buildings that cannot be returned to the market and detract from the attractiveness of the neighborhood. In most cases, the remaining lots will be absorbed by surrounding

property owners, returning the parcel to the tax rolls and providing open space opportunity for tenants and owners. In 2016, Norwich added a home ownership component to the previously mentioned Property Rehabilitation Program which will use federal dollars to address municipal property foreclosures that are residential. City owned residential properties will be renovated and sold to first-time homebuyers in an effort to increase ownership while preserving the neighborhood. These are added tools to help improve the quality of life in Norwich, while working to stimulate the local economy.

## Federal Projects

---

### New England Central Rail Line Upgrades

---

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

## State of Connecticut Projects

---

### Route 12 Paving Project

---

The Connecticut Department of Transportation (“CTDOT”) resurfaced Route 12 from the Preston town line to the intersection of routes 12 & 97 in the Taftville section of Norwich during September through October 2014. Work on Route 97 from Route 12 north to Route 660 in Occum is expected to be completed by the end of 2016.

### Route 82 Redesign

---

The CTDOT proposed a two-phase reconstruction of Route 82 in August 2015. This project was approved by the Norwich City Council which cleared the way for CTDOT to begin preliminary design work. Field surveying and documentation is underway which will be followed by public hearings and final design. Construction may start by 2020. The preliminary design concept includes the replacement of several traffic signals with roundabouts and the installation of a median divider. The intent of these changes is to reduce accidents and improve the flow of traffic.

## Major City Initiatives

---

### Downtown Revitalization Initiative

---

The residents of the City of Norwich passed a bond referendum item in November 2010 for \$3.38 million for downtown revitalization. Incentives apply strictly to businesses and residential projects of five units or more, which includes programs for building code correction assistance, commercial lease rebates, and a revolving loan fund. The City’s designated development agency, the NCDC, is administering the ten-year program. The three Downtown Revitalization programs are designed to both prepare long time vacant spaces for occupancy as well as stimulate the growth of business activity in the downtown area. The programs, launched in August 2011 and to date have made an impact in the number of businesses and residences in downtown with 22 new residential units that have participated in one or more of the programs. Additionally, there have been investments made to 26 businesses and residential projects

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

### Road Improvements

The residents of the City of Norwich passed a bond referendum item in November 2013 for \$5 million of infrastructure improvements. The City spent a total of \$1.8 million of combined bond funds and capital funds during fiscal year 2016 to repave or reconstruct 6.5 miles of City roads. An additional two miles of road were paved by NPU in connection with utility upgrades. In addition, the City also took preventative maintenance measures such as crack sealing and chip sealing to extend the expected life of an additional 3.5 miles of moderately deteriorated City roads. The City also re-surfaced 180 spaces in a downtown parking lot with bond funds.

### City Hall Flooring Restoration

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

### Sherman Street, Sunnyside Street, and Pleasant Street Bridge Rehabilitations

The Public Works Department previously secured approximately \$6 million in federal and State grant money to pursue rehabilitation projects to all three of these bridges. Design is currently underway with the Sherman Street bridge project. The Sunnyside Street Bridge is in the study phase through which it has been determined to be scour critical. This deficiency will also be addressed in the rehabilitation of this historic structure. The Pleasant Street Bridge is also in the design phase and will require a deck replacement.

### Spaulding Pond Dam Assessments

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

### Connecticut Avenue Pavement Rehabilitation

The Public Works Department obtained a \$685,200 grant through the CTDOT Local Transportation Capital Improvement Program, (LOTICIP) for 100% of the construction costs for rehabilitating a 3,000 foot section of Connecticut Avenue in the City's Business Park. The project was completed in the Fall of 2015.

### Wisconsin Avenue & Winnenden Road Pavement Rehabilitation

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

## Uncas Leap

---

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

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

## Rose City Senior Center Renovations

---

The City was able to obtain a \$690,000 grant from the State of Connecticut Department of Social Services for renovations at the 20 year old Senior Center. The work included a new roof, HVAC units, flooring replacement, painting, window repair, and parking lot paving. The building renovations were completed in the fall of 2015 and the parking lot work was completed in May of 2016.

## School Initiatives

---

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

## Drinking Water Infrastructure

---

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

## Electric Infrastructure

---

Working with the Connecticut Municipal Electric Energy Cooperative (“CMEEC”), NPU identified two locations within the city as excellent locations for Community Solar Gardens that will provide its customers with more than seven megawatts of renewable energy starting in early 2017. Through these projects, NPU customers will receive renewable energy without paying a premium; this power would be available for the vast majority of customers who would not otherwise have access to renewable power for either logistical or financial reasons. When added to NPU’s existing hydro power capabilities these projects will bring the renewable portion of the NPU portfolio to nearly 20%.

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

## Wastewater Treatment Plant

---

NPU’s Sewer Authority is in the midst of a large-scale upgrade to its wastewater treatment plant. The overall cost of this project is expected to exceed \$100 million and the design of this project is 100% complete. The project will be substantially financed from State of Connecticut Clean Water Fund loans bearing interest at 2%, Clean Water Fund grants, and local funding. When completed, annual debt service is estimated to be \$4.8M, to be paid 42% from City Sewer User Fees, 30% from City budget contributions, and 28% from sewer buy-in fees from users outside of the City. A plan to pay for the new project is under discussion with the stakeholders. These infrastructure improvements will:

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

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

## Gas Line Expansion

---

NPU continues to expand its natural gas service throughout the City. This work has been funded through bond referendums totaling \$20.5 million, which were approved by voters in 2010, 2012, and 2014. Since 2010, nearly 2,000 new natural gas customers have been added to the NPU network. This activity has generated approximately \$2.8 million in new annual revenue for NPU. The City and the Board of Public Utilities Commissioners have entered into an agreement that revenues will be paid annually to the City from the operation of the natural gas utility in an amount sufficient to pay when due debt service on bonds issued to finance the City’s natural gas system extension. Natural gas revenues are not pledged to pay such bonds.

NPU has been honored by the American Public Gas Association (“APGA”) with an award that recognizes excellence in operations. NPU is one of only 21 public natural gas systems in the United States - out of more than 700 APGA members - to be given the Systems Operational Achievement Recognition (“SOAR”) award, which is presented to natural gas utilities that demonstrate excellence in the four critical operational areas: worker safety, workforce development, systems integrity, and systems improvement. NPU was recognized with the SOAR Silver Award for 2014-2017.

## **Long-Term Financial Planning**

---

### **Unrestricted Fund Balance**

---

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

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

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

### **Capital Improvements**

---

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

### **Debt Management**

---

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

### **Pension & Other Post-Employment Benefits Funding**

---

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

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

## **Relevant Financial Policies**

---

### **Unrestricted Fund Balance**

---

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

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

## **Awards and Acknowledgements**

---

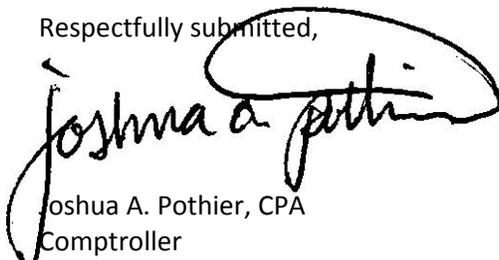
The Government Finance Officers Association of the United States and Canada ("GFOA") awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Norwich, Connecticut, for its comprehensive annual financial report for the year ended June 30, 2015. This was the 23<sup>rd</sup> 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 2016, the GFOA awarded the City a "Distinguished Budget Presentation Award" for its adopted budget. The budgets submitted had to satisfy four different criteria: the budget as a Policy Document, the budget as a Financial Plan, the budget as an Operations Guide and the budget as a Communications Device. The award earned by the City is the highest form of recognition in the area of budgeting.

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

Respectfully submitted,



Joshua A. Pothier, CPA  
Comptroller



Government Finance Officers Association

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

Presented to

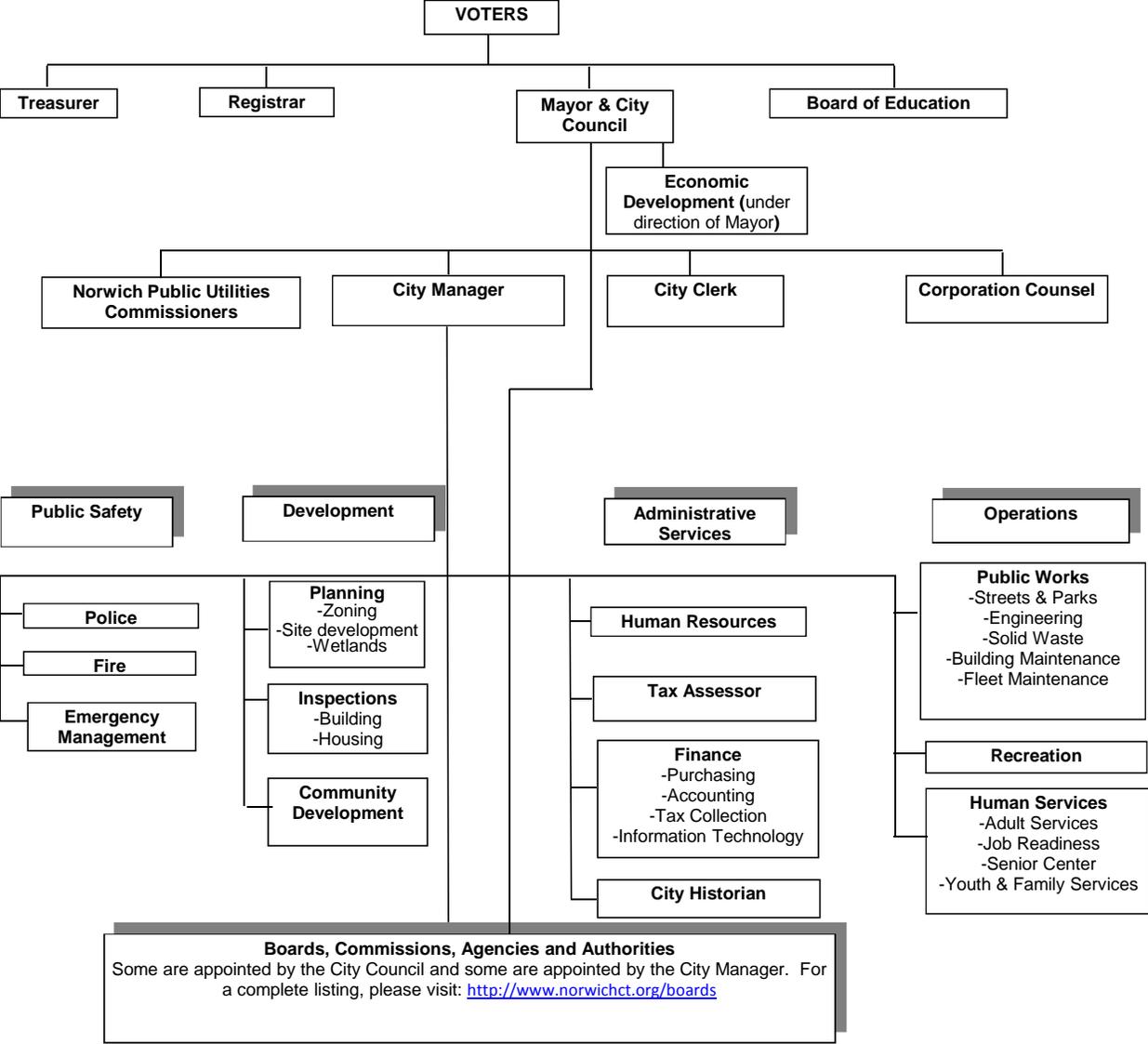
**City of Norwich  
Connecticut**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

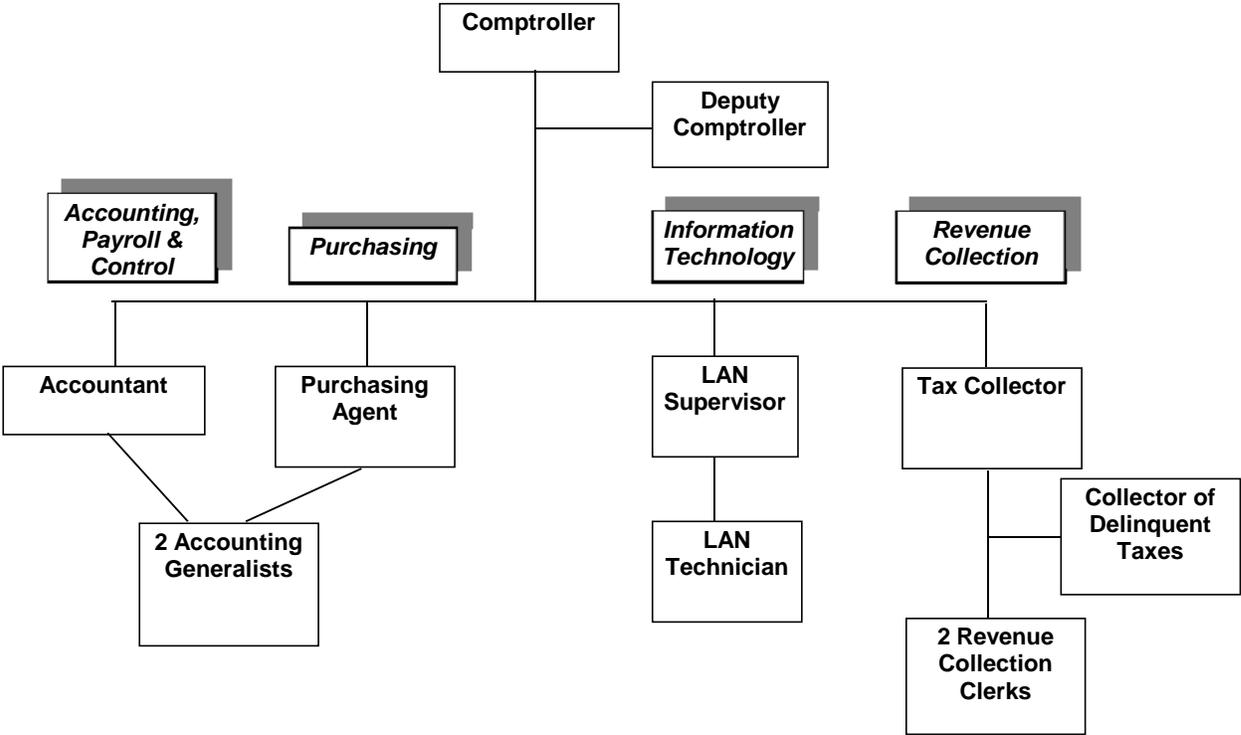
**June 30, 2015**

Executive Director/CEO

# City of Norwich Organization Chart



**City of Norwich  
Finance Department  
Organization Chart**



## City Officials

---

### Elected City Officials & NPU Commissioners

---

#### City Council

---

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

#### Board of Education

---

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

#### Treasurer

---

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

#### Registrar of Voters

---

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

#### Appointed NPU Commissioners

---

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

## Directory of City Administrative Officials

---

<b>Title</b>	<b>Name</b>	<b>Phone Number</b>
<b>City Manager</b>	John Salomone	(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>Collector of Taxes &amp; Revenues</b>	Karlene Deal	(860) 823-3760
<b>Comptroller</b>	Joshua A. Pothier	(860) 823-3720
<b>Deputy Comptroller</b>	Anthony 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>	Keith Milton	(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; Community Development Director</b>	Gary Evans	(860) 823-3766
<b>Police Chief</b>	Patrick Daley	(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>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, 2016, and the related notes to the financial statements, which collectively comprise the City of Norwich, Connecticut's basic financial statements as listed in the table of contents.

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

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

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

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

## ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Norwich, Connecticut, as of June 30, 2016 and the respective changes in financial position and, where applicable, cash flows thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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

As discussed in Note 4 to the financial statements, during the fiscal year ended June 30, 2016, the City adopted new accounting guidance, GASB Statement No. 72, *Fair Value Measurement and Application*. Our opinion is not modified with respect to this matter.

## ***Other Matters***

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 11, the budgetary comparison information on pages 72 through 75 and the pension schedules on pages 76 through 82 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

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

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

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

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

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

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

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

West Hartford, Connecticut  
November 18, 2016

## CITY OF NORWICH, CONNECTICUT

### MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2016

This discussion and analysis of the City of Norwich, Connecticut's (the City) financial performance is offered by management to provide an overview of the City's financial activities for the fiscal year ended June 30, 2016. Please read this MD&A in conjunction with the transmittal letter and the City's financial statements, Exhibits I to IX.

#### FINANCIAL HIGHLIGHTS

- On a government-wide basis, the assets of the City exceeded its liabilities, resulting in total net position at the close of the fiscal year of \$170.0 million. Total net position for governmental activities at fiscal year-end was \$59.6 million, and total net position for business-type activities was \$110.4 million. Total unrestricted net deficit at June 30, 2016 was \$35.9 million.
- On a government-wide basis, during the year, the City's net position increased by \$2.9 million from \$167.1 million to \$170.0 million. Governmental activities net position increased by \$1.1 million, and net position increased by \$1.7 million for business-type activities. Governmental activities expenses were \$163.1 million, while total revenues including transfers were \$164.3 million.
- At the close of the year, the City's governmental funds reported, on a current financial resource basis, combined ending fund balances of \$26.5 million, an increase of \$9.3 million from the prior fiscal year. Of the total fund balance as of June 30, 2016, \$19.8 million represents the combined unrestricted fund balance in the General Fund, Special Revenue Funds and Capital Projects Funds.
- At the end of the current fiscal year, the total fund balance for the General Fund was \$14.9 million, an increase of \$4.5 million from the prior fiscal year. As of June 30, 2016, \$14.9 million of the total fund balance is unrestricted representing 12.36% of total General Fund actual expenditures and operating transfers on a budgetary basis.
- The City's governmental activities total bonded debt increased by \$4.8 million during the current fiscal year.

#### OVERVIEW OF THE FINANCIAL STATEMENTS

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

#### Government-Wide Financial Statements

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

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

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

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

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

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

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

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

The City's combined net position increased from a year ago from \$167.1 million to \$170.0 million. The analysis below focuses on the net position (Table 1) and changes in net position (Table 2) of the City's governmental and business-type activities.

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

	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
Current and other assets	\$ 66,684	\$ 57,956	\$ 41,022	\$ 38,897	\$ 107,706	\$ 96,853
Capital assets	<u>126,824</u>	<u>127,257</u>	<u>143,830</u>	<u>137,955</u>	<u>270,654</u>	<u>265,212</u>
Total assets	<u>193,508</u>	<u>185,213</u>	<u>184,852</u>	<u>176,852</u>	<u>378,360</u>	<u>362,065</u>
Deferred Outflows of Resources:						
Difference between expected and actual experience	1,875	4,210	876	1,890	2,751	6,100
Changes in assumptions	5,081		2,312		7,393	-
Changes in projected and actual investment earnings	11,482		5,242		16,724	-
Deferred charge on refunding	<u>124</u>	<u>155</u>			<u>124</u>	<u>155</u>
Total deferred outflows of resources	<u>18,562</u>	<u>4,365</u>	<u>8,430</u>	<u>1,890</u>	<u>26,992</u>	<u>6,255</u>
Long-term debt outstanding	143,086	118,548	72,652	59,426	215,738	177,974
Unearned revenue	1,316	380	1,545	1,687	2,861	2,067
Other liabilities	<u>7,820</u>	<u>12,151</u>	<u>8,724</u>	<u>8,985</u>	<u>16,544</u>	<u>21,136</u>
Total liabilities	<u>152,222</u>	<u>131,079</u>	<u>82,921</u>	<u>70,098</u>	<u>235,143</u>	<u>201,177</u>
Deferred Inflows of Resources:						
Difference between expected and actual experience	<u>203</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>203</u>	<u>-</u>
Net Position:						
Net investment in capital assets	75,885	80,829	128,042	110,565	203,927	191,394
Restricted	1,620	1,630	334	338	1,954	1,968
Unrestricted	<u>(17,860)</u>	<u>(23,960)</u>	<u>(18,015)</u>	<u>(2,259)</u>	<u>(35,875)</u>	<u>(26,219)</u>
Total Net Position	<u>\$ 59,645</u>	<u>\$ 58,499</u>	<u>\$ 110,361</u>	<u>\$ 108,644</u>	<u>\$ 170,006</u>	<u>\$ 167,143</u>

Net position of the City's governmental activities increased by \$1.1 million (\$59.6 million compared to \$58.5 million). Unrestricted net position - the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements - changed from \$(24.0) million at June 30, 2015 to \$(17.9) million at the end of this year. The net position of business-type activities decreased from \$(2.3) million compared to \$(18.0) million during 2016.

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

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

(In Thousands)

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

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

**Governmental Activities**

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

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

Total program expenses were \$163.1 million as compared with \$155.3 million reported last year. The expenses of the Education, Public Safety, and General Government functions experienced increases primarily attributable to rising pension, OPEB and health insurance costs.

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

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

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

***Business-Type Activities***

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

**CITY FUNDS FINANCIAL ANALYSIS**

***Governmental Funds***

As the City completed the year, its governmental funds (as presented in the balance sheet - Exhibit III) reported a combined fund balance of \$26.5 million, which is an increase of \$9.3 million from last year's total of \$17.2 million. Included in this year's total change in fund balance is an increase of \$4.5 million in the City's General Fund. The primary reasons for the General Fund's decrease mirror the general fund activities analysis highlighted in RSI-1 and RSI-2.

The Bond Expenditure Fund reported a fund balance of \$2.2 million at June 30, 2016. The fund balance increased by \$2.6 million during the year.

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

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

## **Proprietary Funds**

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

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

## **General Fund Budgetary Highlights**

While there were some interdepartmental budget transfers during the year, the General Fund did not have any supplemental appropriations during 2016.

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

Actual expenditures on a budgetary basis and other financing uses totaled \$120.3 million, which were lower than actual revenues and other financing sources on a budgetary basis by \$4.5 million. Actual expenditures on a budgetary basis were \$0.8 million less than budgeted. Lower than budgeted expenditures were experienced in the General Government, Public Safety, Public Works, and Social Services.

## **CAPITAL ASSET AND DEBT ADMINISTRATION**

### **Capital Assets**

At June 30, 2016, the City had \$270.7 million invested in a broad range of capital assets, including land, building and system improvements, machinery and equipment, park facilities, roads, sewers and bridges - Table 4. This amount represents a net increase (including additions, deductions and depreciation) of \$5.5 million, or 2.1%, over last year.

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

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

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

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

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

**Long-Term Debt**

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

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

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

In September 2016, Standard & Poor's assigned an AA rating on Norwich's \$2.8 million 2016 refunding bond issue and affirmed this rating on the rest of Norwich's debt outstanding as of that date. On October 19, 2016, Fitch Ratings affirmed its AA rating with a stable outlook on the \$5.4 million of outstanding bonds for which Fitch had originally issued a rating.

State statutes limit the amount of general obligation debt a governmental entity may issue to up to seven times its annual receipts from taxation. The current debt limitation for the City of Norwich is \$573.7 million. The City's outstanding general obligation debt is at 6.74% of this limitation. Table 9 presents more detailed information about the debt limitation.

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

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

As of September 2016, the unemployment rate for the Norwich was 6.1%, down from 6.9% in the prior year. Connecticut's overall unemployment rate stood at 5.1%, compared with 5.5% for the same time last year. The State of Connecticut's education and non-education formula grants have not kept pace with inflation. This, coupled with increased employee benefit costs, creates a challenge for Norwich. The City, however, is poised to overcome such challenges with its commitments to economic development; cost reduction, including negotiation of reductions in OPEB benefits for future employees; and funding its long-term liabilities. The effects of these efforts are exemplified in the initiatives noted in the transmittal letter.

The fiscal year 2017 General Fund budget calls for \$123.0 million in revenues and expenditures, an approximate 1.51% increase in over fiscal year 2016. Non-education expenditures increased by 0.85% and Education expenditures increased by 1.93%. On the revenue side, the fiscal year 2017 mill rate increased 0.32 mills, or 0.78%, from 40.90 to 41.22. No unrestricted fund balance was used to balance the budget.

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

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

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

# **Basic Financial Statements**

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

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

The accompanying notes are an integral part of the financial statements

CITY OF NORWICH, CONNECTICUT  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2016  
(In Thousands)

	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net Revenue (Expense) and Changes in Net Position		Total
					Governmental Activities	Business-Type Activities	
Governmental activities:							
General government	\$ 10,543	\$ 2,115	\$ 830	\$	\$ (7,598)	\$	\$ (7,598)
Public safety	31,681	565	356		(30,760)		(30,760)
Social services	4,038	639	1,629		(1,770)		(1,770)
Public works	13,754	744	4	1,517	(11,489)		(11,489)
Education	101,748	1,495	57,748	950	(41,555)		(41,555)
Interest on long-term debt	1,348				(1,348)		(1,348)
Total governmental activities	<u>163,112</u>	<u>5,558</u>	<u>60,567</u>	<u>2,467</u>	<u>(94,520)</u>	<u>-</u>	<u>(94,520)</u>
Business-type activities:							
Department of Public Utilities:							
Gas	14,225	16,250		1,354		3,379	3,379
Electric	52,557	56,710		608		4,761	4,761
Water	8,478	9,048		645		1,215	1,215
Sewer	8,304	7,426		1,202		324	324
Nonmajor Enterprise Funds:							
Golf Course Authority	1,169	1,138				(31)	(31)
Stadium Authority	355	179				(176)	(176)
Ice Rink Authority	122	165				43	43
Total business-type activities	<u>85,210</u>	<u>90,916</u>	<u>-</u>	<u>3,809</u>	<u>-</u>	<u>9,515</u>	<u>9,515</u>
Total	<u>\$ 248,322</u>	<u>\$ 96,474</u>	<u>\$ 60,567</u>	<u>\$ 6,276</u>	<u>(94,520)</u>	<u>9,515</u>	<u>(85,005)</u>
General revenues:							
Property taxes					81,709		81,709
Grants and contributions not restricted to specific programs					4,771		4,771
Unrestricted investment earnings					146	6	152
Miscellaneous					1,236		1,236
Total general revenues					<u>87,862</u>	<u>6</u>	<u>87,868</u>
Transfers					<u>7,804</u>	<u>(7,804)</u>	<u>-</u>
Change in Net Position					1,146	1,717	2,863
Net Position at Beginning of Year					<u>58,499</u>	<u>108,644</u>	<u>167,143</u>
Net Position at End of Year					<u>\$ 59,645</u>	<u>\$ 110,361</u>	<u>\$ 170,006</u>

The accompanying notes are an integral part of the financial statements

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

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

(Continued on next page)

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

---

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

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

Fund balances - total governmental funds	\$	26,522
--	----	--------

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

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

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

Property tax receivables greater than 60 days	3,198
Interest receivable on property taxes	840
Housing rehabilitation loans	3,564
Accounts and other receivables	16,743
Deferred outflows:	
Difference between expected and actual experience	1,875
Changes in assumptions	5,081
Changes in projected and actual investment earnings	11,482

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

1,518

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

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

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

The accompanying notes are an integral part of the financial statements

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

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

(Continued on next page)

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

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

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

Net change in fund balances - total governmental funds (Exhibit IV)	\$ 9,318
---	----------

Governmental funds report capital outlays as expenditures. In the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:

Capital outlay	6,085
Depreciation expense	(6,419)

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

	(99)
--	------

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

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

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

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

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

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

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

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

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

The accompanying notes are an integral part of the financial statements

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

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

The accompanying notes are an integral part of the financial statements

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

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

The accompanying notes are an integral part of the financial statements

**CITY OF NORWICH, CONNECTICUT**  
**STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2016**  
(In Thousands)

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

The accompanying notes are an integral part of the financial statements

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

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

The accompanying notes are an integral part of the financial statements

**CITY OF NORWICH, CONNECTICUT**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION - FIDUCIARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2016**  
**(In Thousands)**

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

The accompanying notes are an integral part of the financial statements

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

---

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the City of Norwich, Connecticut (the City) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant policies of the City are described below.

**A. Reporting Entity**

The City was incorporated in May 1784. The City and Town consolidated on January 1, 1952. The City covers an area of 27.1 square miles, and is located 40 miles southeast of Hartford. The City operates under a Council/Manager form of government. The City Manager is appointed by the Council and serves as the Chief Executive Officer.

**B. Government-Wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the City. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

**C. Measurement Focus, Basis of Accounting and Financial Statement Presentation**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements (except for agency funds, which have no measurement focus). Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

---

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

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

The City reports the following major governmental funds:

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

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

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

The City reports the following major proprietary fund:

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

Additionally, the City reports the following fund types:

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

The Pension and Other Employee Benefit Trust Funds account for the activities of the City's two defined benefit pension plans, which accumulate resources for pension benefit payments to qualified retired employees and also the activities of the City's other post employment benefit plan, which accumulate resources for medical and life insurance benefits provided to qualified retired employees.

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

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

---

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

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

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

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

**D. Deposits and Investments**

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

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

Investments for the City are reported at fair value.

**E. Receivables and Payables**

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

Property taxes on all property are assessed as of October 1 prior to the beginning of the fiscal year and become legally due and payable on the following July 1 and January 1. If taxes are unpaid as of June 30 following the payable date, a lien is placed on the real property. Property assessments are made at 70% of the market value. Property taxes receivable are recorded on the due date. Taxes not paid within 30 days of the due date are subject to an interest charge of one and one-half percent per month. The City is not a part of any overlapping government which assesses separate property taxes. An amount of \$650 has been established as an allowance for uncollected taxes. At June 30, 2016, this represents 14.8% of property taxes receivable.

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

---

**F. Inventories and Prepaid Items**

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

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

**G. Capital Assets**

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

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

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

<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, 2016**  
**(In Thousands)**

---

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period or periods and so will not be recognized as an inflow of resources (revenue) until that time. The City reports deferred inflows of resources related to pensions in the government-wide statement of net position. A deferred inflow of resources related to pension results from differences between expected and actual experience, changes in assumptions or other inputs. These amounts are deferred and included in pension expense in a systematic and rational manner over a period equal to the average of the expected remaining service lives of all employees that are provided with benefits through the pension plan (active employees and inactive employees). For governmental funds, the City reports unavailable revenues from several sources: property taxes, special assessments, long-term loans and other receivables. These amounts are deferred and recognized as an inflow of resources (revenue) in the period in which the amounts become available.

**I. Compensated Absences**

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

**J. Net Pension Liability**

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

**K. OPEB Assets/Obligations**

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

**L. Long-Term Obligations**

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

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

---

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

**M. Fund Equity and Net Position**

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

**Net Investment in Capital Assets**

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

**Restricted Net Position**

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

**Unrestricted Net Position**

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

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

**Nonspendable Fund Balance**

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

**Restricted Fund Balance**

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

**Committed Fund Balance**

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

**Assigned Fund Balance**

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

**Unassigned Fund Balance**

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

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

---

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

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

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

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

## **N. Estimates**

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

## **2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

### **A. Budgetary Information**

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

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

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

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

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

---

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

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

During fiscal year 2016, there were not any additional appropriations.

**B. Deficit Fund Equity**

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

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

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

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

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

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

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

---

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

**Deposits**

**Deposit Custodial Credit Risk**

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

Based on the criteria described in GASB Statement No. 40, *Deposits and Investment Risk Disclosures*, \$49,472 of the City’s bank balance of \$52,732 was exposed to custodial credit risk as follows:

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

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

---

**Cash Equivalents**

At June 30, 2016, the City's cash equivalents amounted to \$9. The following table provides a summary of the City's cash equivalents (excluding U.S. government guaranteed obligations) as rated by nationally recognized statistical rating organizations. The pools all have maturities of less than one year.

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

**4. INVESTMENTS**

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

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

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

---

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

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

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

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

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

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

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

**Interest Rate Risk**

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

**Credit Risk - Investments**

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

**Concentration of Credit Risk**

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

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

**Custodial Credit Risk**

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

**5. RECEIVABLES**

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

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

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

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

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

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

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

A summary of interfund transfers is presented below:

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

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

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

**7. CAPITAL ASSETS**

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

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

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

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

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

**Construction Commitments**

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

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

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

**8. LONG-TERM DEBT**

**Changes in Long-Term Liabilities**

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

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

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

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

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

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

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

---

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

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

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

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

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

---

**Capital Leases**

**Governmental Activities**

The City entered into multi-year capital leases for the purchase of a fire truck and other equipment. Principal payments for the 2016 fiscal year were \$149. The net undepreciated value of assets purchased by capital lease approximates the principal balances payable of \$830 at June 30, 2016. The following is a summary of capital lease commitments as of June 30, 2016.

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

**Business-Type Activities**

The Department of Public Utilities has entered into multi-year capital leases for the purchase of various items including equipment, vehicles, financial management systems and a municipal wide-area network. Principal payments for the 2016 fiscal year were \$394. The net undepreciated value of assets purchased by capital lease approximates the principal balances payable of \$550 at June 30, 2016. The following is a summary of capital lease commitments as of June 30, 2016.

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

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

**Compensated Absences - Governmental Activity**

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

Vested:		
Sick	\$	967
Vacation		680
Other		278
Nonvested:		
Sick		1,408 *
Other		29 *
		<u>          </u>
Total	\$	<u>          3,362</u>

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

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

State and federal laws and regulations require that the City place a final cover on its closed landfill and perform certain maintenance and monitoring functions at the landfill site for 30 years after closure. The current estimated total cost of the landfill closure and postclosure care of \$238 is based on the amount estimated to be paid for all equipment, facilities and services required to close, monitor and maintain the complete landfill site as of June 30, 2016. However, the actual cost of closure and postclosure care may be higher due to inflation, changes in technology or changes in landfill laws and regulations. The City is eligible for approximately \$3,300 in state grants, of which \$2,020 has been drawn down. The Landfill Closure fund has been used to liquidate landfill closure and postclosure liabilities, but the General Fund will be used to pay for future monitoring costs.

**Bonds Authorized/Unissued**

Bonds authorized/unissued with outstanding debt at June 30, 2016 are as follows:

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

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

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

---

**Debt Limitations**

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

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

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

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

**9. FUND EQUITY**

**A. Fund Balance**

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

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

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

---

**B. Department of Public Utilities - Restricted Net Position**

Connecticut Municipal Electric Energy Cooperative (CMEEC) administers a Municipal Energy and Load Conservation Fund (the Fund) on behalf of its cooperative members, including the Norwich Department of Public Utilities (the Department). The Fund was established to comply with provisions of House Bill 7501, Public Act No. 05-1 requiring CMEEC to establish and administer the Fund. CMEEC includes a charge of 2.5 mills per kilowatt hour in the monthly purchase power costs of wholesale electricity sold to the Department for deposit into the Fund. Disbursements from the Fund are required to be made pursuant to a comprehensive electric conservation and load management plan. Funds held by CMEEC as of June 30, 2016 on behalf of the Department were \$334. Investment income that is earned on the Department's deposits along with the Fund's authorized expenses is recorded in the Department's statement of activities. The funds held by CMEEC on behalf of the Department are recorded as an asset on the Department's statement of net position and have been restricted.

**10. RISK MANAGEMENT**

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

It is the policy of the City to self-insure for employee health insurance programs. To this end, the City created an internal service fund to which the various City funds "pay premiums" and from which employee medical claims are paid. Claims are accrued as incurred. The City also purchased "stop loss" insurance to limit its losses to \$175 per person in 2016 for hospitalization with a maximum aggregate for all claims of approximately \$18,143.

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

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

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

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

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

---

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

The Department of Public Utilities accounts for the self-insured component of workers' compensation benefits for the Department's employees within the Department of Public Utilities Enterprise Fund. The Department has accrued \$1,645 for estimated unpaid accrued losses on reported claims as of June 30, 2016.

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

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

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

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

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

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

#### **Union Coalition**

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

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

Employees contribute 8% of their wages to the plan.

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

---

**Police**

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

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

Employees contribute 8% of their wages to the plan.

**Firefighters**

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

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

Employees contribute 8% of their wages to the plan.

**Public Schools Nurses and Paraeducators**

Employees are 100% vested in a pension to begin at age 60 if they terminate employment after 10 years of continuous service or after 25 years of service and attainment of age 55. Also, any employee terminating employment after age 50 with 25 years of service is eligible for a pension at a reduced percentage. City employees receive a retirement benefit of 2.1% of average final earnings during the highest three years out of the last 10 consecutive year period with a maximum of 73.5% of average earnings.

Employees contribute 7% of their wages to the plan.

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

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

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

**Basis of Accounting**

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

**Method Used to Value Investments**

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

**C. Funding Policy**

The contribution requirements of plan members and the City are established and may be amended by the City legislature. Benefits and contributions are established by the City and may be amended only by the City Charter and union negotiation. The City's funding policy provides for periodic employer contributions at actuarially determined rates. With the City's July 1, 2013 valuation, the Personnel and Pension Board voted to make some changes in the actuarial assumptions to bring them in line with other pension funds, GASB Statement No. 68, and GFOA best practices. As a result of these changes, the City's Actuarially Determined Employer Contribution (ADEC) increased substantially. Pursuant to Ordinance 1710 adopted December 15, 2014, the City is committed to increasing its employer contribution by 15% each year until the City returns to funding 100% of the ADEC. The City's current contribution percentage is 18.68% of covered payroll.

Administrative costs of the plan are financed through investment earnings.

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

---

**D. Investments**

**Investment Policy**

The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the Personnel and Pension Board by a majority vote of its members. It is the policy of the Personnel and Pension Board to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The pension plan's investment policy discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans. The following was the Board's adopted asset allocation policy as of June 30, 2016.

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

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

**Rate of Return**

For the year ended June 30, 2016, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was -1.81%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

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

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

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

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

---

**Actuarial Assumptions**

The total pension liability was determined by an actuarial valuation as of July 1, 2015, using the following actuarial assumptions, applied to all periods included in the measurement:

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

Mortality rates were based on the RP-2014 adjusted to 2006 Blue Collar Mortality Table projected to valuation date with scale MP-2015.

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

**Discount Rate**

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

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

**Changes in the Net Pension Liability**

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balances as of June 30, 2015	\$ 242,442	\$ 159,261	\$ 83,181
Changes for the year:			
Service cost	5,890		5,890
Interest on total pension liability	18,659		18,659
Differences between expected and actual experience	3,337		3,337
Changes of benefit terms	634		634
Changes in assumptions	8,811		8,811
Employer contributions		7,581	(7,581)
Member contributions		3,358	(3,358)
Net investment income		(2,851)	2,851
Benefit payments, including refund to employee contributions	(15,426)	(15,426)	-
Administrative expenses		(42)	42
Other changes			-
Net changes	21,905	(7,380)	29,285
Balances as of June 30, 2016	\$ 264,347	\$ 151,881	\$ 112,466

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

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

	1% Decrease in Discount Rate (6.75%)	Current Discount Rate (7.75%)	1% Increase in Discount Rate (8.75%)
Net pension liability as of June 30, 2016	\$ 140,080	\$ 112,466	\$ 89,759

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

**A. Plan Description and Benefits Provided**

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

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

---

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

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

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

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

At January 1, 2016, the plan members consisted of:

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

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

**Basis of Accounting**

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

**Plan Changes and Changes in Actuarial Assumptions**

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

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

---

**Method Used to Value Investments**

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

**Plan Expenses**

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

**C. Funding Policy**

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

**D. Investments**

**Investment Policy**

The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the VFFRF Committee by a majority vote of its members. It is the policy of the VFFRF Committee to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The pension plan's investment policy discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans. The following was the VFFRF Committee's adopted asset allocation policy as of June 30, 2016.

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return*</u>	<u>Weighting</u>
U.S. Large Cap	24.00%	4.75%	1.14%
U.S. Mid/Small Cap	6.00%	5.50%	0.33%
International Equities (Unhedged)	14.00%	5.25%	0.74%
Emerging International Equities	4.00%	6.00%	0.24%
Core Bonds	49.00%	2.00%	0.98%
Commodities	2.00%	5.00%	0.10%
Cash	1.00%	0.50%	0.01%
Total Portfolio	100.00%		3.54%
Long-Term Inflation Expectation			3.00%
Long-Term Expected Nominal Return			6.54%

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

**Rate of Return**

For the year ended June 30, 2016, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was (.37)%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

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

---

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

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

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

**Actuarial Assumptions**

The total pension liability was determined by an actuarial valuation as of July 1, 2015, using the following actuarial assumptions, applied to all periods included in the measurement:

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

Mortality rates were based on RP-2014 Mortality Table adjusted to 2006 Blue Collar Mortality Table projected to valuation date with Scale MP-2015.

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

**Discount Rate**

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

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

**Changes in the Net Pension Liability**

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balances as of June 30, 2015	\$ 5,224	\$ 2,182	\$ 3,042
Changes for the year:			
Service cost	59		59
Interest on total pension liability	361		361
Differences between expected and actual experience	(230)		(230)
Changes of benefit terms	706		706
Changes in assumptions	144		144
Employer contributions		351	(351)
Member contributions		16	(16)
Net investment income		(9)	9
Benefit payments, including refund to employee contributions	(301)	(301)	-
Administrative expenses		(9)	9
Other changes			-
Net changes	<u>739</u>	<u>48</u>	<u>691</u>
Balances as of June 30, 2016	<u>\$ 5,963</u>	<u>\$ 2,230</u>	<u>\$ 3,733</u>

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

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

	1% Decrease in Discount Rate (6.00%)	Current Discount Rate (7.00%)	1% Increase in Discount Rate (8.00%)
Net pension liability as of June 30, 2016	\$ 4,495	\$ 3,733	\$ 3,105

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

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

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

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

	<u>Volunteer Firefighter</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$	\$ 203
Changes of assumptions	127	
Net difference between projected and actual earning on pension plan investments	<u>211</u>	
Total	<u>\$ 338</u>	<u>\$ 203</u>

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

**Year Ended June 30,**

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

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

---

**Schedule of Plan Net Position - June 30, 2016**

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

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

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

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

**Teachers Retirement**

**A. Plan Description**

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

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

---

**B. Benefit Provisions**

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

**Normal Retirement**

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

**Early Retirement**

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

**Disability Retirement**

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

**C. Contributions**

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

*Employer (School Districts)*

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

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

*Employees*

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

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

---

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

At June 30, 2016, the City reports no amounts for its proportionate share of the net pension liability, and related deferred outflows and inflows, due to the statutory requirement that the State pay 100% of the required contribution. The amount recognized by the City as its proportionate share of the net pension liability, the related state support, and the total portion of the net pension liability that was associated with the City were as follows:

City's proportionate share of the net pension liability	\$ -
State's proportionate share of the net pension liability associated with the City	<u>57,271</u>
Total	<u>\$ 57,271</u>

The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. At June 30, 2016, the City has no proportionate share of the net pension liability.

For the year ended June 30, 2016, the City recognized pension expense and revenue of \$4,589 in Exhibit II for on-behalf amounts for the benefits provided by the State.

**E. Actuarial Assumptions**

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

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

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

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

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

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

---

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

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Real Rate of Return</b>
Large Cap U.S. equities	21.0%	5.8%
Developed non-U.S. equities	18.0%	6.6%
Emerging markets (Non-U.S.)	9.0%	8.3%
Core fixed income	7.0%	1.3%
Inflation linked bond fund	3.0%	1.0%
Emerging market bond	5.0%	3.7%
High yield bonds	5.0%	3.9%
Real estate	7.0%	5.1%
Private equity	11.0%	7.6%
Alternative investments	8.0%	4.1%
Liquidity fund	6.0%	0.4%
Total	100.0%	

**F. Discount Rate**

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

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

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

**H. Other Information**

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

**12. OTHER POST EMPLOYMENT BENEFITS**

**City of Norwich, Retiree Health Plan**

**A. Plan Description and Benefits Provided**

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

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

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

**B. Summary of Significant Accounting Policies**

**Basis of Accounting**

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

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

**Plan Expenses**

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

**Funding Policy**

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

**City Retirees**

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

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

---

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

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

**Police Retirees**

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

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

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

**Fire Retirees**

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

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

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

**Retired Board of Education Teachers and Administrators**

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

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

**Retired Board of Education Custodians and Maintainers**

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

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

**Retired Board of Education Nurses**

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

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

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

---

**Retired Board of Education Secretaries and Paraeducators**

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

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

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

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

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

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

For the year ended June 30, 2016, plan members and the Teacher Retirement Board contributed \$1,659. The City is required to contribute the balance of the current premium cost and may contribute an additional amount as determined by the City in order to prefund benefits.

Employer contributions to the plan for the year ended June 30, 2016 totaled \$5,566.

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

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

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

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

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

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

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

**Schedule of Funding Progress**

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (AAL) Entry Age (b)</u>	<u>Funded Ratio (a/b)</u>	<u>Covered Payroll (c)</u>	<u>UFAL as a % of Covered Payroll ((b-a)/c)</u>
7/1/15	\$ 13,586	\$ 57,409	23.6%	\$ 57,814	75.8%
7/1/13	9,683	55,483	17.5	52,400	87.4
7/1/11	4,405	57,618	7.6	50,093	106.2

**Schedule of Employer Contributions**

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

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

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

---

In the July 1, 2015 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions include a 7.75% investment rate of return, which is the rate of the expected long-term investment returns of plan assets calculated based on the funding policy of the plan at the valuation date. The annual healthcare cost trend rate is 8% initially, decreasing .5% per year to an ultimate rate of 5% for 2021 and later. The general inflation assumption is 3.0%. The UAAL is being amortized as a level dollar basis. The amortization period at July 1, 2015 was 25 years.

**Schedule of Plan Net Position - June 30, 2016**

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

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

---

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

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

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

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

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

CMEEC has entered into power sales contracts with each of the members including the City of Norwich Department of Public Utilities. Under the contracts, each of the member utilities have agreed to purchase essentially all of its electric power required for resale from CMEEC, with CMEEC's electric revenues to consist of billings for resale of power. The contracts obligate each member utility to pay for their share of CMEEC's fixed costs, which consist primarily of debt service and CMEEC administrative and general costs on a take or pay basis. The member utilities maintain this fixed cost obligation whether or not they take any power from CMEEC. The amount of power purchased from CMEEC for the fiscal year ended June 30, 2016 was \$29.85 million.

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

During the 2012 fiscal year, CMEEC and its members became participants in the Regional Greenhouse Gas Initiative Fund (RGGI), which is an initiative that implements the carbon dioxide cap and trading program as proposed by the RGGI in Connecticut. During the 2016 fiscal year, the share of contributions to the fund received by the Department totaled \$222, with drawdowns of \$48, and interest on the fund of \$1. The balance of the Department's funds held by CMEEC for the RGGI was \$285 for the year ended June 30, 2016.

### **14. COMMITMENTS AND CONTINGENCIES**

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

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

CMEEC supplies power to the Department under a Power Sales Contract that became effective April 25, 2013. The contract obligates the Department to pay a percentage of CMEEC's fixed costs obligations, including debt service and administrative and general costs. Under the power sales agreement, the Department is required to pay its percentage of CMEEC's fixed cost obligations whether or not they purchase power from CMEEC. The contract will remain in effect until the date when all of the indebtedness and fixed cost obligations of CMEEC have been paid in full and thereafter

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

---

until terminated by either party following not less than three years prior written notice to the other party of its intention to terminate, provided, however, CMEEC shall not incur or issue any indebtedness with a maturity date later than December 31, 2052.

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

The Department's net deferred debt fixed cost obligation to CMEEC as of June 30, 2016 is summarized as follows:

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

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

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

**Municipal Solid Waste Management Services Contract**

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

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

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

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

---

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

**15. LITIGATION**

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

**16. SUBSEQUENT EVENTS**

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

**Required Supplementary  
Information**

**CITY OF NORWICH, CONNECTICUT**  
**GENERAL FUND**  
**SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES**  
**BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
**FOR THE YEAR ENDED JUNE 30, 2016**  
**(In Thousands)**

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

(Continued on next page)

**CITY OF NORWICH, CONNECTICUT  
GENERAL FUND  
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES  
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2016  
(In Thousands)**

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

Budgetary revenues are different than GAAP revenues because:

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

4,589

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

2,038

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

(97)

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

\$ 131,337

**CITY OF NORWICH, CONNECTICUT**  
**GENERAL FUND**  
**SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES**  
**BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
**FOR THE YEAR ENDED JUNE 30, 2016**  
**(In Thousands)**

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

(Continued on next page)

**CITY OF NORWICH, CONNECTICUT  
GENERAL FUND  
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES  
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2016  
(In Thousands)**

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

Budgetary expenditures are different than GAAP expenditures because:

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

4,589

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

2,038

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

(227)

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

110

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

\$ 126,857

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

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

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

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

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

**Notes to Schedule**

Valuation date: July 1, 2015

Measurement date: June 30, 2016

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

Methods and assumptions used to determine contribution rates:

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

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

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

Retirement age - Police Officers and Firefighters 20 years of service

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

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

---

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

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

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

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

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

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

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

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

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

**Notes to Schedule**

Valuation date: January 1, 2016

Measurement date: June 30, 2016

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

Methods and assumptions used to determine contribution rates:

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

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

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

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

---

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

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

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

	<u>2016</u>	<u>2015</u>
City's proportion of the net pension liability (asset)	0.00%	0.00%
City's proportionate share of the net pension liability (asset)	\$ -	\$ -
State's proportionate share of the net pension liability (asset) associated with the City	<u>57,271</u>	<u>52,936</u>
Total	<u>\$ 57,271</u>	<u>\$ 52,936</u>
City's covered-employee payroll	\$ 24,594	\$ 28,303
City's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability (asset)	59.50%	61.51%

**Notes to Schedule**

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

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

# **Combining and Individual Fund Statements and Schedules**

**General Fund**

## **GENERAL FUND**

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

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

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

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

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

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

\*\* Operation of law

**Nonmajor  
Governmental Funds**

## NONMAJOR GOVERNMENTAL FUNDS

### Debt Service

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

### Special Revenue Funds

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

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

### **Capital Projects Funds**

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

### **Permanent Funds**

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

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

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

(Continued on next page)

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

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

(Continued on next page)

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

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

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

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

(Continued on next page)



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

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

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

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

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

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

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

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

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

**Nonmajor  
Enterprise Funds**

## NONMAJOR ENTERPRISE FUNDS

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

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

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

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

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

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

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

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

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

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

## **Internal Service Funds**

## **INTERNAL SERVICE FUNDS**

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

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

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

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

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

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

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

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

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

## **Fiduciary Funds**

## **FIDUCIARY FUNDS**

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

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

The City's Trust Funds are listed below:

- City Employee Pension

- Volunteer Fire Pension

- Other Post Employment Benefit

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

The City's Agency Funds are listed below:

- Student Activities

- Rehabilitation Deposits

- Bid Deposit

- Performance Bonds

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

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

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

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

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

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

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

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

## **Supplemental Schedules**

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

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

\* Loan is not permanently financed at this time.

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

Fiscal Year Ending June 30,	Governmental Activities		Business-Type Activities		Total Primary Government	
	General Obligation Bonds		General Obligation Bonds And Serial Notes		Principal	Interest
	Principal	Interest	Principal	Interest		
2017	\$ 4,210	\$ 1,520	\$ 1,205	\$ 308	\$ 5,415	\$ 1,828
2018	4,155	1,353	1,031	278	5,186	1,631
2019	4,030	1,227	1,050	255	5,080	1,482
2020	3,820	1,112	988	235	4,808	1,347
2021	3,285	1,008	991	212	4,276	1,220
2022	2,970	908	888	192	3,858	1,100
2023	2,720	809	811	175	3,531	984
2024	2,715	717	822	159	3,537	876
2025	2,690	625	832	142	3,522	767
2026	2,575	544	843	125	3,418	669
2027	2,255	469	855	108	3,110	577
2028	2,255	397	866	91	3,121	488
2029	2,255	324	876	74	3,131	398
2030	2,255	250	863	56	3,118	306
2031	1,655	187	855	39	2,510	226
2032	1,625	134	703	22	2,328	156
2033	1,095	91	231	13	1,326	104
2034	1,095	53	228	8	1,323	61
2035	500	15	215	4	715	19
2036	250	4	85		335	4
<b>Total</b>	<b>\$ 48,410</b>	<b>\$ 11,747</b>	<b>\$ 15,238</b>	<b>\$ 2,496</b>	<b>\$ 63,648</b>	<b>\$ 14,243</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									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Governmental activities:										
Net investment in capital assets	\$ 75,885	\$ 80,829	\$ 84,303	\$ 95,200 *	\$ 92,031	\$ 87,252 *	\$ 60,432	\$ 53,165	\$ 50,696	\$ 44,114
Restricted	1,620	1,630	1,667	1,537	1,457	1,544	1,405	1,351	1,608	1,725
Unrestricted	(17,860)	(23,960)	24,762 *	12,940	14,373	10,296	14,414	6,088	9,884	13,808
Total governmental activities net position	<u>59,645</u>	<u>58,499</u>	<u>110,732</u>	<u>109,677</u>	<u>107,861</u>	<u>99,092</u>	<u>76,251</u>	<u>60,604</u>	<u>62,188</u>	<u>59,647</u>
Business-type activities:										
Net investment in capital assets	128,042	110,565	112,277	112,113 *	107,495	97,874 *	88,174	87,763	84,439	83,363
Restricted	334	338	228	188	361	334	287	758	758	876
Unrestricted	(18,015)	(2,259)	16,073 *	15,631	22,241	20,129	23,441	22,903	21,159	24,307
Total business-type activities net position	<u>110,361</u>	<u>108,644</u>	<u>128,578</u>	<u>127,932</u>	<u>130,097</u>	<u>118,337</u>	<u>111,902</u>	<u>111,424</u>	<u>106,356</u>	<u>108,546</u>
Primary government:										
Net investment in capital assets	203,927	191,394	196,580	207,313	199,526	185,126	148,606	140,928	135,135	127,477
Restricted	1,954	1,968	1,895	1,725	1,818	1,878	1,692	2,109	2,366	2,601
Unrestricted	(35,875)	(26,219)	40,835	28,571	36,614	30,425	37,855	28,991	31,043	38,115
Total Primary Government Net Position	<u>\$ 170,006</u>	<u>\$ 167,143</u>	<u>\$ 239,310</u>	<u>\$ 237,609</u>	<u>\$ 237,958</u>	<u>\$ 217,429</u>	<u>\$ 188,153</u>	<u>\$ 172,028</u>	<u>\$ 168,544</u>	<u>\$ 168,193</u>

## Notes:

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

\* as restated

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

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

(Continued on next page)

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

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

## Notes:

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

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

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

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

## Notes:

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

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

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

\* as restated

Notes:

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

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

TABLE 5

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

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

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

TABLE 6

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

Source: City of Norwich Assessor's Office

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

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

TABLE 7

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

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

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

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

<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, 2016  
(In Thousands)**

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

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

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

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

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

TABLE 10

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

(Continued on next page)

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

TABLE 10

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

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

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

TABLE 11

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

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

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

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

(4) Labor Department, State of Connecticut.

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

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

N/A - not available

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

TABLE 12

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

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

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

TABLE 13

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

Notes on this Table:

Source: City Adopted Budget documents

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

TABLE 14

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

(Continued on next page)

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

TABLE 14

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

Source: The respective City departments.

N/A - not available

N/R - Not reported before

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

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

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

TABLE 15

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

Source: The respective City departments.

N/A - not available

N/R - these statistics are not reported any longer