

## Preliminary Official Statement Dated February 17, 2023

### NEW ISSUE - Book Entry Only

**RATINGS:** (See "Ratings" herein)

*In the opinion of Bond Counsel to the City, under existing statutes and court decisions and assuming continuing compliance with certain tax covenants described herein, (i) interest on the Bonds and the Notes is excluded from gross income for Federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and (ii) interest on the Bonds and the Notes is not treated as a preference item in calculating the Federal alternative minimum tax imposed under the Code; however, such interest is taken into account in determining the annual adjusted financial statement income of certain corporations for the purpose of computing the alternative minimum tax imposed on corporations for tax years beginning after December 31, 2022. See Appendices B-1 and B-2 "Form of Legal Opinion of Bond Counsel – The Bonds" and "Form of Legal Opinion of Bond Counsel – The Notes", respectively and "Section I – Tax Matters" herein.*

*Bond Counsel is also of the opinion that, under existing statutes, interest on the Bonds and the Notes is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates, and interest on the Bonds and the Notes is excluded from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay the Federal alternative minimum tax. (See "Section I – Tax Matters" herein).*

## **CITY OF NEW LONDON, CONNECTICUT**

### ***\$8,550,000 GENERAL OBLIGATION BONDS, ISSUE OF 2023 (the "Bonds")***

**Dated: Date of Delivery**

**Due: March 15, as shown herein**

Interest on the Bonds will be payable September 15, 2023 and semiannually thereafter on March 15 and September 15 in each year until maturity at the rates set forth on the inside cover page hereof.

**The Bonds are subject to optional redemption prior to maturity as described herein. (See "Optional Redemption" herein).**

The Bonds are being offered for sale in accordance with their official Notice of Sale dated February 17, 2023. Electronic bids via **PARITY**<sup>®</sup> for the Bonds will be received until 11:00 A.M., (E.T.) on Thursday, March 2, 2023, at the Office of Munistat Services, Inc. 129 Samson Rock Drive, Suite A, Madison, Connecticut, as described in the respective Notice of Sale. (See "Appendix D-1" herein.)

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### ***\$30,460,000 GENERAL OBLIGATION BOND ANTICIPATION NOTES (the "Notes")***

**Dated: Date of Delivery**

**Due: March 15, 2024**

Interest on the Notes will be payable at maturity.

**The Notes are NOT subject to redemption prior to maturity.**

The Notes are being offered for sale in accordance with their official Notice of Sale dated February 17, 2023. Electronic bids via **PARITY**<sup>®</sup> for the Notes will be received until 11:30 A.M., (E.T.) on Thursday, March 2, 2023, at the Office of Munistat Services, Inc. 129 Samson Rock Drive, Suite A, Madison, Connecticut, as described in the respective Notice of Sale. (See "Appendix D-2" herein.)

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

The Bonds and Notes are issuable only as fully registered bonds and notes, without coupons and when issued, will be registered in the name of Cede & Co., as nominee for The Depository Trust Company ("DTC"), New York, New York, which will act as securities depository for the Bonds and Notes. Purchases of the Bonds and Notes will be made in book-entry form, in the denomination of \$5,000 or any integral multiple thereof. Purchasers will not receive certificates representing their ownership interest in the Bonds and Notes. So long as Cede & Co. is the registered owner of the Bonds and Notes, as nominee of DTC, references herein to the registered owners shall mean Cede & Co. as aforesaid, and shall not mean the Beneficial Owners (as described herein) of the Bonds and Notes. (See "Book-Entry Transfer System" herein).

The Certifying, Registrar, Transfer and Paying Agent for the Bonds and Notes will be U.S. Bank Trust Company, National Association, in Hartford, Connecticut.

*The Bonds and Notes are offered for delivery when, as and if issued, subject to the final approving opinions of Tobin, Carberry, O'Malley, Riley & Selinger, P.C., of New London, Connecticut, Bond Counsel to the City. It is expected that delivery of the Bonds and Notes in book-entry form will be made to the Depository Trust Company, New York, New York on or about March 16, 2023.*

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

# ***CITY OF NEW LONDON, CONNECTICUT***

## ***\$8,550,000 GENERAL OBLIGATION BONDS, ISSUE OF 2023***

**Dated: Date of Delivery**

**MATURITY SCHEDULE**

**Due: March 15, 2026-2043**

<b>Maturity</b>	<b>Amount</b>	<b>Coupon</b>	<b>Yield</b>	<b>CUSIP (1)</b>	<b>Maturity</b>	<b>Amount</b>	<b>Coupon</b>	<b>Yield</b>	<b>CUSIP (1)</b>
2026	\$ 640,000	%	%	646513***	2035	\$ 430,000	%	%	646513***
2027	805,000			646513***	2036	430,000			646513***
2028	880,000			646513***	2037	430,000			646513***
2029	375,000			646513***	2038	430,000			646513***
2030	375,000			646513***	2039	430,000			646513***
2031	375,000			646513***	2040	430,000			646513***
2032	375,000			646513***	2041	430,000			646513***
2033	425,000			646513***	2042	430,000			646513***
2034	430,000			646513***	2043	430,000			646513***

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## ***\$30,460,000 GENERAL OBLIGATION BOND ANTICIPATION NOTES***

**Dated: Date of Delivery**

**Due: March 15, 2024**

<b>Amount</b>	<b>Coupon</b>	<b>Yield</b>	<b>CUSIP (1)</b>
\$ 30,460,000	%	%	646513***

- (1) Copyright, American Bankers Association. CUSIP® is a registered trademark of the American Bankers Association. CUSIP data herein provided by CUSIP Global Services, managed on behalf of the American Bankers Association by FactSet Research Systems, Inc. which is not affiliated with the City and are included solely for the convenience of the holders of the Bonds and the Notes. The City is not responsible for the selection or use of these CUSIP numbers, does not undertake any responsibility for their accuracy, and makes no representation as to their correctness on the Bonds and the Notes or as indicated above. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Bonds and the Notes as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of such maturity or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Bonds and the Notes.

No dealer, broker, salesman or other person has been authorized by the City of New London, Connecticut (the "City"), to give any information or to make representations not contained in this Official Statement, and if given or made, such other information or representations must not be relied upon as having been authorized.

This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds and Notes by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information set forth herein has been obtained by the City from sources which are believed to be reliable but it is not guaranteed as to accuracy or completeness.

This Official Statement has been prepared only in connection with the initial offering and sale of the Bonds and Notes and may not be reproduced or used in whole or in part for any other purpose.

The information, estimates and expressions of opinion herein are subject to change without notice. Neither the delivery of this Official Statement nor any sale hereunder shall, under any circumstances, create any implication that there has been no material change in the affairs of the City since the date of this Official Statement.

Other than matters expressly set forth in "Appendix A – Audited Financial Statements" herein, the independent auditors for the City are not passing upon and do not assume responsibility for the accuracy or completeness of the financial information presented in this Official Statement and make no representation that they have independently verified the same.

Other than matters expressly set forth herein in "Tax Matters", Appendix B-1 "Form of Legal Opinion of Bond Counsel – The Bonds", Appendix B-2 "Form of Legal Opinion of Bond Counsel – The Notes", Bond Counsel are not passing on and do not assume any responsibility for the accuracy or adequacy of the statements made in this Official Statement and make no representation that they have independently verified the same.

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

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

This Official Statement may include "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Without limiting the foregoing, the words "may," "believe," "could," "might," "possible," "potential," "project," "will," "should," "expect," "intend," "plan," "predict," "anticipate," "estimate," "approximate," "contemplate," "continue," "target," "goal" and similar expressions are intended to identify forward-looking statements, although not all forward-looking statements contain these words. All forward-looking statements included in this Official Statement are based on information available to the City up to the date as of which such statements are to be made, or otherwise up to, and including, the date of this document, and the City assumes no obligation to update any such forward-looking statements to reflect events or circumstances that arise after the date hereof or after the date of any report containing such forward-looking statement, as applicable. Actual results could differ materially from those anticipated in these forward-looking statements as a result of certain important factors, including, but not limited to (i) the effect of and from, future municipal, state and federal budgetary matters, including state and federal grants and other forms of financial aid to the City; (ii) federal tax policy, including the deductibility of state and local taxes for federal tax purposes; (iii) macroeconomic economic and business developments, both for the country as a whole and particularly affecting the City; (iv) financial services industry developments; (v) litigation or arbitration; (vi) climate and weather related developments, natural disasters and other acts of God; (vii) factors used in estimating future obligations of the City; (viii) the effects of epidemics and pandemics, including economic effects; (ix) foreign hostilities or wars; (x) foreign or domestic terrorism; and (xi) other factors contained in this Official Statement.

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## BOND ISSUE SUMMARY

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*The information in this Bond Issue Summary and the front cover page and inside cover page is qualified in its entirety by the detailed information and financial statements appearing elsewhere in this Official Statement. This Official Statement speaks only as of its date and the information herein is subject to change.*

<b>Issuer:</b>	City of New London, Connecticut (the "City").
<b>Issue:</b>	\$8,550,000 General Obligation Bonds, Issue of 2023 (the "Bonds")
<b>Dated Date:</b>	Date of Delivery, March 16, 2023.
<b>Interest Due:</b>	September 15, 2023 and semiannually thereafter on March 15 and September 15 in each year until maturity.
<b>Principal Due:</b>	Serially, March 15, 2026 through 2043, as detailed in this Official Statement.
<b>Purpose and Authority:</b>	The Bonds are being issued to finance and to pay and retire outstanding notes issued to finance capital projects undertaken by the City and approved by the City Council and by the City Board of Finance.
<b>Redemption:</b>	The Bonds are subject to redemption prior to maturity. See "Optional Redemption" herein.
<b>Security:</b>	The Bonds will be general obligations of the City and the City will pledge its full faith and credit to the payment of principal of and interest on the Bonds when due.
<b>Credit Rating:</b>	The Bonds have been rated "AA-" with a positive outlook by Fitch Ratings ("Fitch") and "___" by S&P Global Ratings ("S&P"). The underlying bond ratings on the City's outstanding bonds is currently "AA-" and "AA-" by Fitch and S&P, respectively. (See "Ratings" herein).
<b>Tax Exemption:</b>	See Appendix B-1 herein – "Form of Legal Opinion of Bond Counsel – The Bonds" herein.
<b>Bank Qualification:</b>	The Bonds shall <b>not</b> be designated as qualified tax-exempt obligations under the provisions of Section 265(b) of the Internal Revenue Code of 1986, as amended, for purposes of the deduction by financial institutions for interest expense incurred to carry the Bonds.
<b>Continuing Disclosure:</b>	In accordance with the requirements of Rule 15c2-12(b)(5) promulgated by the Securities and Exchange Commission, the City will agree to provide, or cause to be provided, (i) annual financial information and operating data, (ii) notices of certain events not in excess of ten (10) business days of occurrence of such events and (iii) timely notice of a failure to provide the required financial information by the date specified pursuant to a Continuing Disclosure Agreement to be executed by the City in substantially the form attached as Appendix C-1 to this Official Statement.
<b>Registrar, Transfer Agent, Certifying Agent, and Paying Agent:</b>	U.S. Bank Trust Company, National Association, CityPlace I, 185 Asylum Street, 27 <sup>th</sup> Floor, Hartford, Connecticut.
<b>Legal Opinion:</b>	Tobin, Carberry, O'Malley, Riley & Selinger P.C., of New London, Connecticut will act as Bond Counsel.
<b>Delivery and Payment:</b>	It is expected that delivery of the Bonds in book-entry-only form will be made to The Depository Trust Company on or about March 16, 2023 against payment in <b>Federal Funds</b> .
<b>Issuer Official:</b>	Questions regarding the City and this Official Statement should be directed to David F. McBride Jr., Director of Finance, 13 Masonic Street, New London, Telephone: (860) 447-5218.
<b>Municipal Advisor:</b>	Munistat Services, Inc., 129 Samson Rock Drive, Suite A, Madison, Connecticut 06443, attention: Mr. Mark N. Chapman, Managing Director, Telephone: (203) 421-2087.

## NOTE ISSUE SUMMARY

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*The information in this Note Issue Summary and the front cover page and inside cover page is qualified in its entirety by the detailed information and financial statements appearing elsewhere in this Official Statement. This Official Statement speaks only as of its date and the information herein is subject to change.*

<b>Issuer:</b>	City of New London, Connecticut (the "City").
<b>Issue:</b>	\$30,460,000 General Obligation Bond Anticipation Notes (the "Notes")
<b>Dated Date:</b>	Date of Delivery, March 16, 2023.
<b>Interest Due:</b>	At maturity, March 15, 2024.
<b>Principal Due:</b>	At maturity, March 15, 2024.
<b>Purpose and Authority:</b>	The Notes are being issued to finance and to pay and retire outstanding notes issued to finance capital projects undertaken by the City and approved by the City Council and by the City Board of Finance.
<b>Redemption:</b>	The Notes are <b>NOT</b> subject to redemption prior to maturity.
<b>Security:</b>	The Notes will be general obligations of the City and the City will pledge its full faith and credit to the payment of principal of and interest on the Notes when due.
<b>Credit Rating:</b>	The Notes have been rated "F1+" by Fitch Ratings ("Fitch") and "___" and S&P Global Ratings ("S&P"). The City's underlying bond rating is currently "AA-" and "AA-" Fitch and S&P, respectively. (See "Ratings" herein).
<b>Tax Exemption:</b>	See Appendix B-2 herein – "Form of Legal Opinion of Bond Counsel – The Notes" herein.
<b>Bank Qualification:</b>	The Notes shall <b>not</b> be designated as qualified tax-exempt obligations under the provisions of Section 265(b) of the Internal Revenue Code of 1986, as amended, for purposes of the deduction by financial institutions for interest expense incurred to carry the Bonds.
<b>Continuing Disclosure:</b>	In accordance with the requirements of Rule 15c2-12(b)(5) promulgated by the Securities and Exchange Commission, the City will agree to provide, or cause to be provided, notices of certain events not in excess of ten (10) business days of occurrence of such events pursuant to a Continuing Disclosure Agreement to be executed by the City in substantially the form attached as Appendix C-2 to this Official Statement.
<b>Registrar, Transfer Agent, Certifying Agent, and Paying Agent:</b>	U.S. Bank Trust Company, National Association, CityPlace I, 185 Asylum Street, 27 <sup>th</sup> Floor, Hartford, Connecticut.
<b>Legal Opinion:</b>	Tobin, Carberry, O'Malley, Riley & Selinger P.C., of New London, Connecticut will act as Bond Counsel.
<b>Delivery and Payment:</b>	It is expected that delivery of the Notes in book-entry-only form will be made to The Depository Trust Company on or about March 16, 2023 against payment in <b>Federal Funds</b> .
<b>Issuer Official:</b>	Questions regarding the City and this Official Statement should be directed to David F. McBride Jr., Director of Finance, 13 Masonic Street, New London, Telephone: (860) 447-5218.
<b>Municipal Advisor:</b>	Munistat Services, Inc., 129 Samson Rock Drive, Suite A, Madison, Connecticut 06443, attention: Mr. Mark N. Chapman, Managing Director, Telephone: (203) 421-2087.

## I. SECURITIES OFFERED

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### INTRODUCTION

This Official Statement, including the cover page, inside cover pages and appendices, has been prepared by the City of New London (the "City"), in connection with the issuance and sale by the City of \$8,550,000 General Obligation Bonds, Issue of 2023 (the "Bonds") and \$30,460,000 General Obligation Bond Anticipation Notes (the "Notes").

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

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

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

### DESCRIPTION OF THE BONDS

The Bonds will be dated the date of delivery and will mature on March 15 in each of the years and in the principal amounts set forth on the inside cover page hereof. Interest on the Bonds will be payable September 15, 2023 and semiannually thereafter on March 15 and September 15 in each year until maturity. Interest on the Bonds will be calculated on the basis of a 360-day year consisting of twelve 30-day months and will be payable to the registered owners of the Bonds as of the last business day of February and August in each year.

The Bonds will be issued in fully registered form in denominations of \$5,000 or any integral multiple thereof for any single maturity. A book-entry system will be employed evidencing ownership of the Bonds with transfers of ownership effected on the records of The Depository Trust Company, New York, New York ("DTC"), and its participants pursuant to rules and procedures established by DTC and its participants. (See "Book-Entry Transfer System" herein). The Certifying, Registrar, Transfer and Paying Agent for the Bonds will be U.S. Bank Trust Company, National Association, in Hartford, Connecticut. The Bonds shall NOT be designated by the City as qualified tax-exempt obligations under the provisions of Section 265(b) of the Internal Revenue Code of 1986, as amended for purposes of the deduction by financial institutions for interest expense allocable to the Bonds. The legal opinion on the Bonds will be rendered by Tobin, Carberry, O'Malley, Riley & Selinger, P.C., of New London, Connecticut, in substantially the form set forth in Appendix B-1 to this Official Statement. **The Bonds are subject to optional redemption prior to maturity. (See "Optional Redemption" herein).**

### OPTIONAL REDEMPTION

The Bonds maturing on or before March 15, 2030 are not subject to redemption prior to maturity. The Bonds maturing on March 15, 2031, and thereafter are subject to redemption prior to maturity, at the election of the City, on or after March 15, 2030, at any time, in whole or in part, and by lot within a maturity, in such amounts and in such order of maturity as the City may determine, at the redemption price or prices (expressed as a percentage of the principal amount of Bonds to be redeemed) set forth in the following table, plus interest accrued and unpaid to the redemption date:

<u>Redemption Dates</u>	<u>Redemption Price</u>
March 15, 2030 and thereafter	100%

### NOTICE OF REDEMPTION

Notice of redemption shall be given by the City or its agent by mailing a copy of the redemption notice not less than thirty (30) days nor more than sixty (60) days prior to the date fixed for redemption to the registered owner of such Bonds at such registered owners address as it appears on the registration books for the Bonds, kept for such purpose. So long as a book-entry transfer system is used for the Bonds, the City will send any notice of redemption only to DTC (or successor securities depository) or its nominee.

## DESCRIPTION OF THE NOTES

The Notes will be dated the date of delivery and principal and interest will be due at maturity on March 15, 2024. The Notes will be issued in fully registered form in denominations of \$5,000 or any integral multiples. Interest will be calculated on the basis of twelve 30-day months and a 360 day year, at the rate or rates per annum specified by the Underwriter. A book-entry system will be employed evidencing ownership of the Notes with transfers of ownership effected on the records of The Depository Trust Company, New York, New York ("DTC"), and its participants pursuant to rules and procedures established by DTC and its participants. (See "Book-Entry Transfer System" herein). The Certifying, Registrar, Transfer and Paying Agent for the Notes will be U.S. Bank Trust Company, National Association, in Hartford, Connecticut. The Notes shall NOT be designated by the City as qualified tax-exempt obligations under the provisions of Section 265(b) of the Internal Revenue Code of 1986, as amended for purposes of the deduction by financial institutions for interest expense allocable to the Notes. The legal opinion on the Notes will be rendered by Tobin, Carberry, O'Malley, Riley & Selinger, P. C., of New London, Connecticut, in substantially the form set forth in Appendix B-2, to this Official Statement. **The Notes are NOT subject to redemption prior to maturity.**

## AUTHORIZATION AND PURPOSE

Authorization: The Bonds and Notes are being issued pursuant to Title 7 of the General Statutes of Connecticut, as amended, the Charter of the City of New London, and ordinances adopted by the City Council.

Purpose: A portion of the proceeds of the Bonds and Notes will be used to finance, and to pay and retire outstanding notes issued to finance, the following projects:

Project	Amount Authorized	Previously Bonded	Notes Payable 3/16/2023	Additions / (Reductions)	The Notes (This Issue)	The Bonds (This Issue)
Bennie Dover Middle School Roof.....	\$ 6,200,000	\$ 600,000	\$ 280,000	\$ (20,000)	\$ 260,000	\$ -
High School Magnet School Project.....	110,000,000	30,003,000	14,000,000	-	14,000,000	-
Bennie Dover Magnet School Project.....	55,000,000	4,200,000	11,500,000	-	7,000,000	4,500,000
Community Center Project.....	30,000,000	1,500,000	6,000,000	-	6,000,000	-
The City Equipment Improvements - 2022....	1,380,000	-	1,380,000	-	-	1,380,000
The City Infrastructure Improvements Projects - 2022.....	2,670,000	-	2,670,000	-	-	2,670,000
The City Infrastructure Improvements Projects - 2023.....	2,100,000	-	-	2,100,000	2,100,000	-
The City Equipment Improvements - 2023....	1,100,000	-	-	1,100,000	1,100,000	-
Total.....	<u>\$ 208,450,000</u>	<u>\$ 36,303,000</u>	<u>\$ 35,830,000</u>	<u>\$ 3,180,000</u>	<u>\$ 30,460,000</u>	<u>\$ 8,550,000</u>

## RATINGS

The Bonds have been rated "AA-" with a positive outlook by Fitch Ratings ("Fitch") and "\_\_\_" and by S&P Global Ratings ("S&P"). Certain outstanding bonds of the City are also rated "AA-" and "\_\_\_" by Fitch and S&P, respectively. The Notes have been rated "F1+" by Fitch and "\_\_\_" by S&P. Such ratings reflect only the views of such organizations and any explanation of the significance of such ratings should be obtained from the rating agency furnishing the same, at the following addresses: S&P Global Ratings, 55 Water Street, New York, New York 10041; and Fitch Ratings, One State Street Plaza, New York, New York 10004. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. There is no assurance such ratings will continue for any given period of time or that such ratings will not be revised downward or withdrawn entirely by the rating agencies, if in the judgment of such rating agencies, circumstances so warrant. Any such downward revision or withdrawal of such ratings may have an adverse effect on the market price of the City's Bonds and Notes.



## **TAX MATTERS**

### **Federal Income Tax**

The Internal Revenue Code of 1986, as amended (the "Code"), establishes certain requirements which must be met at and subsequent to issuance of the Bonds and Notes in order that interest on the Bonds and Notes be and remain excluded from gross income of the owners thereof for federal income tax purposes. Failure to comply with such requirements could cause interest on the Bonds and Notes to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds and Notes. The Arbitrage and Use of Proceeds Certificate, which will be executed and delivered by the City concurrently with the issuance of the Bonds and Notes, contains representations, covenants and procedures relating to the use, expenditures and investment of proceeds of the Bonds and Notes to ensure compliance with such requirements of the Code. Pursuant to the Arbitrage and Use of Proceeds Certificates, the City also covenants and agrees that it shall at all times perform all acts and things necessary or appropriate under any valid provision of law in order to ensure that interest on the Bonds and Notes shall be excluded from gross income of the owners thereof for Federal income tax purposes under the Code.

In the opinions of Bond Counsel, based on existing statutes and court decisions and assuming the accuracy of and continuing compliance by the City with its representations, covenants and the procedures contained in the Arbitrage and Use of Proceeds Certificate, interest on the Bonds and Notes is excluded from gross income for Federal tax purposes and is not treated as an item of tax preference for purposes of computing the Federal alternative minimum tax; however, such interest is taken into account in determining the annual adjusted financial statement income of certain corporations for the purpose of computing the alternative minimum tax imposed on corporations for tax years beginning after December 31, 2022.

Ownership of the Bonds and Notes may also result in certain collateral federal income tax consequences to certain taxpayers, including, without limitation, financial institutions, property and casualty insurance companies, certain foreign corporations doing business in the United States, certain S corporations with excess passive income, individual recipients of Social Security and Railroad Retirement benefits, taxpayers utilizing the earned income credit and taxpayers who have or are deemed to have incurred indebtedness to purchase or carry tax exempt obligations, such as the Bonds and Notes. Prospective purchasers of the Bonds and Notes, particularly those who may be subject to special rules, are advised to consult their own tax advisors regarding the federal tax consequences of ownership and disposition of, or receipt of interest on, the Bonds and Notes.

### ***Original Issue Premium***

The initial public offering price of certain of the Bonds and Notes may be greater than the amount payable on the Bonds and Notes at maturity. The discussion in this paragraph relates to those the Bonds and Notes having original issue premium. The excess, if any, of the price paid by the first owner of a Bond and a Note over the principal amount payable at the maturity or the earlier call date, if any, of such Bonds and Note (an "OIP Bonds and OIP Notes") constitutes original issue premium. An owner who purchases an OIP Bond or OIP Note must amortize original issue premium as provided in applicable Treasury Regulations. The portion of such premium amortizing over the period the OIP Bonds and OIP Notes is held by the owner does not reduce taxable income for purposes of either the federal income tax or the Connecticut income tax on individuals, trusts and estates, and does not reduce amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay the federal alternative tax, but it does reduce the owner's adjusted basis in the OIP Bonds and OIP Notes for purposes of determining gain or loss on its disposition. As a result, the owner of an OIP Bonds and OIP Notes may realize a taxable gain upon its disposition even though the OIP Bonds and OIP Notes is sold or redeemed for an amount equal to or less than the owner's original acquisition cost.

Prospective purchasers of OIP Bonds and OIP Notes should consult with their own tax advisors with respect to the federal income tax consequences of owning and disposing of OIP Bonds and OIP Notes as well as any tax consequences that may arise under the laws of any state, local or foreign tax jurisdiction.

### **Connecticut State Income Tax**

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

## **Other Tax Considerations**

Prospective purchasers of the Bonds and Notes are advised to consult their own tax advisors regarding other applicable state and local tax consequences of ownership and disposition of, or receipt of interest on, the Bonds and Notes. Bond Counsel has not undertaken to advise in the future whether any events after the date of issuance of the Bonds and Notes may affect the tax status of interest on the Bonds and Notes. No assurance can be given that future legislation, or amendments to federal and/or state law, if enacted into law, will not contain provisions which could, directly or indirectly, reduce the benefit of the exclusion of the interest on the Bonds and Notes or any gain made on the sale or exchange thereof from either federal and/or Connecticut taxable income for purposes of both the federal and state income tax.

The opinions of Bond Counsel are rendered as of their date and Bond Counsel assumes no obligation to update or supplement its opinions to reflect any facts or circumstances that may come to its attention or any changes in law or the interpretation thereof that may occur after the date of its opinions. The discussion above does not purport to address all aspects of federal, state or local taxation that may be relevant to a particular owner, of a Bond or Note.

## **SECURITY AND REMEDIES**

The Bonds and Notes will be general obligations of the City of New London, Connecticut (the "City") and the City will pledge its full faith and credit to pay the principal of and interest on the Bonds and Notes when due. Unless paid from other sources, the Bonds and Notes are payable from general property tax revenues. The City has the power under Connecticut General Statutes to levy ad valorem taxes on all taxable property in the City without limit as to rate or amount, except as to certain classified property, such as certified forest land taxable at a limited rate and dwelling houses of qualified elderly persons of low income taxable at limited amounts. Under existing statutes, the State of Connecticut is obligated to pay the City the amount of tax revenue which the City would have received except for the limitation on its power to tax such dwelling houses.

Payment of the Bonds and Notes is not limited to property tax revenues or any other revenue source, but certain revenues of the City may be restricted as to use and therefore may not be available to pay debt service on the Bonds and Notes.

There are no statutory provisions for priorities in the payment of general obligations of the City. There are no statutory provisions for a lien on any portion of the tax levy or other revenues to secure the Bonds and Notes, or judgments thereon, in priority to other claims.

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

Enforcement of a claim for payment of principal of or interest on such Bonds and Notes would also be subject to the applicable provisions of federal bankruptcy laws as well as other bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted and to the exercise of judicial discretion. Section 7-566 of the Connecticut General Statutes provides that no Connecticut municipality shall file a petition in bankruptcy without the express prior written consent of the Governor. This prohibition applies to any town, city, borough, metropolitan district and any other political subdivision of the state having the power to levy taxes and issue bonds, notes or other obligations.

## **BOOK-ENTRY-ONLY TRANSFER SYSTEM**

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

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

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

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

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

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

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

Redemption proceeds, distributions, and interest payments on the Bonds and Notes will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the City or the Paying Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Paying Agent, or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City or Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

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

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

The information in this section concerning DTC and DTC's book-entry system has been provided by DTC. The City takes no responsibility for the accuracy thereof.

## **REPLACEMENT BONDS AND NOTES**

The determination of the City authorizing the Bonds and Notes provides for issuance of fully registered Bond certificates and Note certificates directly to Beneficial Owners of the Bonds and Notes or their nominees in the event that: (a) DTC determines not to continue to act as securities depository for the Bonds and Notes, and the City fails to identify another qualified securities depository for the Bonds and Notes to replace DTC; or (b) the City determines to discontinue the book-entry system of evidence and transfer of ownership of the Bonds and Notes. A Beneficial Owner of the Bonds and Notes, upon registration of certificates held in such Beneficial Owner's name, will become the registered owner of the Bonds and Notes.

## **DTC PRACTICES**

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

## **GLOBAL HEALTH EMERGENCY RISK**

In making an investment decision with respect to the Bonds and Notes, investors should consider carefully the information in this Official Statement and, in addition to those investment characteristics of fixed-rate municipal debt obligations, consider the following information.

### ***The COVID-19 Outbreak***

The outbreak of COVID-19 was declared a Public Health Emergency of International Concern by the World Health Organization. On March 13, 2020, the President of the United States declared a national emergency as a result of the COVID-19 outbreak. The outbreak of the virus has affected travel, commerce and financial markets globally. There can be no assurances that the continuing prevalence of COVID-19 will not materially affect local, state, national, and global activity; increase public health emergency response costs; and materially adversely impact the financial condition of the City.

### ***Federal Response to COVID-19's Impact on the Economy***

On March 11, 2021, President Biden signed into law the \$1.9 trillion American Rescue Plan Act of 2021 (the "Rescue Plan"). The Rescue Plan relief package includes, among other provisions, \$350 billion in state and local government aid. Of the \$350 billion, the State of Connecticut and its local governments are expected to receive approximately \$4.2 billion as a result of this legislation, with \$2.6 billion in State relief and another \$1.6 billion in relief for local governments.

The Rescue Plan relief package also includes approximately \$123 billion to allow for a return to full-time, in-person teaching at elementary and high schools, which funds may be used for numerous purposes, including but not limited to expanding testing, modifying classrooms, improving ventilation, and hiring more custodial staff. The State's K-12 schools are expected to receive approximately \$1.1 billion.

The Rescue Plan relief package includes another \$160 billion dedicated to COVID-19 vaccination development and distribution.

## ***State and Local Efforts to Mitigate the Ongoing Impact of COVID-19***

Governor Lamont also declared a state of emergency throughout the State of Connecticut and took steps to mitigate the spread and impact of COVID-19. Public schools operated remotely and many businesses, with the exception of those deemed to be essential, were required to operate in a limited capacity, if not required to temporarily close altogether. Connecticut's COVID-19 vaccination plan commenced on December 14, 2020, and today the vaccine is widely available to all individuals who are six (6) months of age and older. As of February 28, 2022, the State had lifted nearly all restrictions put in place during the height of the pandemic. The State will continue to evaluate the need for additional restrictions on an on-going basis. For up-to-date information concerning the State's actions in response to COVID-19, see <https://portal.ct.gov/coronavirus>. Neither the City, nor the parties involved with the issuance of the Bonds, has reviewed the information provided by the State on its website and such parties take no responsibility for the accuracy thereof.

The extent to which COVID-19 impacts the State's operations and its financial condition will depend on future developments, which are uncertain and cannot be fully predicted with confidence at this time, including the duration of and extent of any new outbreak, new information which may emerge concerning the severity of COVID-19 and the actions taken to contain COVID-19 or treat its impact, among others. There can be no assurances that new outbreaks will not further materially adversely affect the financial condition of the State or the City.

The City has received \$26.2 million in federal funding as a result of the Rescue Plan. The City has developed a plan for the use of such funds that it believes complies with the program eligibility criteria.

For Fiscal Year 2022, the City did not experience a material negative financial impact as a result of the COVID-19 pandemic. As of June 30, 2022, the City had collected approximately 97.9% of Fiscal Year 2021 budgeted taxes, with 97.3% having been collected at the same time last year for Fiscal Year 2021 and 97.6% having been collected at the same time in Fiscal Year 2020.

The potential long-term impact of the COVID-19 pandemic on the City cannot be predicted at this time. The continued efforts to mitigate the spread of the outbreak and any prolonged effects on the national, State and local economy could have a materially adverse effect on the City's finances.

## **CYBERSECURITY**

The City like many other public and private entities, relies on technology to conduct its operations. The City and its departments face cyber threats from time to time, including but not limited to hacking, viruses, malware, phishing, and other attacks on computers and other sensitive digital networks and systems. To mitigate the risk of business operations impact and/or damage from cyber incidents or cyber-attacks, the City invests in various forms of cybersecurity and operational controls, including a comprehensive policy relating to the security of the City's government networks. No assurances can be given, however, that such security and operational control measures will be completely successful to guard against cyber threats and attacks. The results of any such attack could impact business operations and/or damage the City's digital networks and systems and the costs of remedying any such damage could be substantial.

## **CLIMATE CHANGE**

Numerous scientific studies have detailed changing global weather patterns and the potential for increasing extreme weather events across the world. Like much of Connecticut, the City is vulnerable to coastal, inland wetland, small river and stream flooding. Furthermore, the City faces other threats due to climate change, including damaging wind that could become more severe and frequent. The City has a very active program of tree inspections and removals, in coordination with the City's electrical utility provider. The City cannot predict the timing, extent or severity of climate change and its impact on its operations and finances.

## **QUALIFICATION FOR FINANCIAL INSTITUTIONS**

The Bonds and Notes shall NOT be designated as qualified tax exempt obligations under the provisions of Section 265(b) of the Internal Revenue Code of 1986, as amended, for purposes of the deduction by financial institutions for interest expense allocable to the Bonds and Notes.

## **AVAILABILITY OF CONTINUING DISCLOSURE INFORMATION**

The City will enter into Continuing Disclosure Agreements with respect to the Bonds and the Notes, substantially in the forms attached as Appendices C-1 and C-2 to this Official Statement (the "Continuing Disclosure Agreements"), to provide or cause to be provided, in accordance with the requirements of SEC Rule 15c2-12, (i) annual financial information and operating data, (ii) notice of the occurrence of certain events with respect to the Bonds and the Notes, within 10 business days and (iii) timely notice of a failure by the City to provide the required annual financial information pursuant to Continuing Disclosure Agreements.

The City has previously undertaken in Continuing Disclosure Agreements entered into for the benefit of holders of certain of its general obligation bonds and notes to provide certain annual financial information and event notices pursuant to Rule 15c2-12(b)(5). In accordance with the Securities and Exchange Commission's interpretive letter dated June 23, 1995 to the National Association of Bond Lawyers regarding Rule 15c2-12 and the City's previous continuing disclosure agreements, the City has not failed to meet any of its continuing disclosure obligations over the past five years with the following exception: on March 2, 2019 the City filed a Failure to File Notice related to its fiscal year ended June 30, 2018 audited financial statements and certain operating data. The June 30, 2018 audited financial statements were filed on April 15, 2019 and other annual financial information and operating data were filed on April 18, 2019. The City has also filed a Failure to File Notice related to its fiscal year June 30, 2020 audited financial statements and certain operating data on February 21, 2021. The June 30, 2020 audited financial statements were filed on May 24, 2021 and other annual financial information and operating data were filed on May 25, 2021. The City has also filed a Failure to File Notice related to its fiscal year June 30, 2022 audited financial statements and certain operating data on February 16, 2023. The audited financial statements and the requisite annual financial information and operating data will be filed by the City with the MSRB through its EMMA system promptly upon their availability. The City has procedures and protocols in place to ensure its full compliance with its continuing disclosure obligations going forward.

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## II. THE ISSUER



### DESCRIPTION OF THE CITY

The City of New London, founded in 1659, is Connecticut's sixteenth largest city by population. The City was incorporated in May 1784. New London is located 50 miles southeast of Hartford and covers an area of 5.5 square miles and is surrounded by the Town of Waterford on the north and west, the Thames River on the east, and Long Island Sound on the south. The City is centrally located approximately 120 miles northeast of New York City and approximately 100 miles southwest of Boston, Massachusetts.

The City is about two and one-half 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 95 to Boston and New York. Routes 82, 32 and 2 link the City with Hartford. Rail transportation and freight service are available to major points including New York, Boston, Providence and Montreal. Air service is available at T.F. Green Airport (Providence) to the east and Bradley International Airport (Hartford) to the north. The City has one of the finest natural harbors on the eastern seaboard and the State Pier in New London is a noted cargo port. The port has two ferry terminals that provide services to Fishers Island, New York, Orient Point, Long Island, New York and Block Island, Rhode Island.

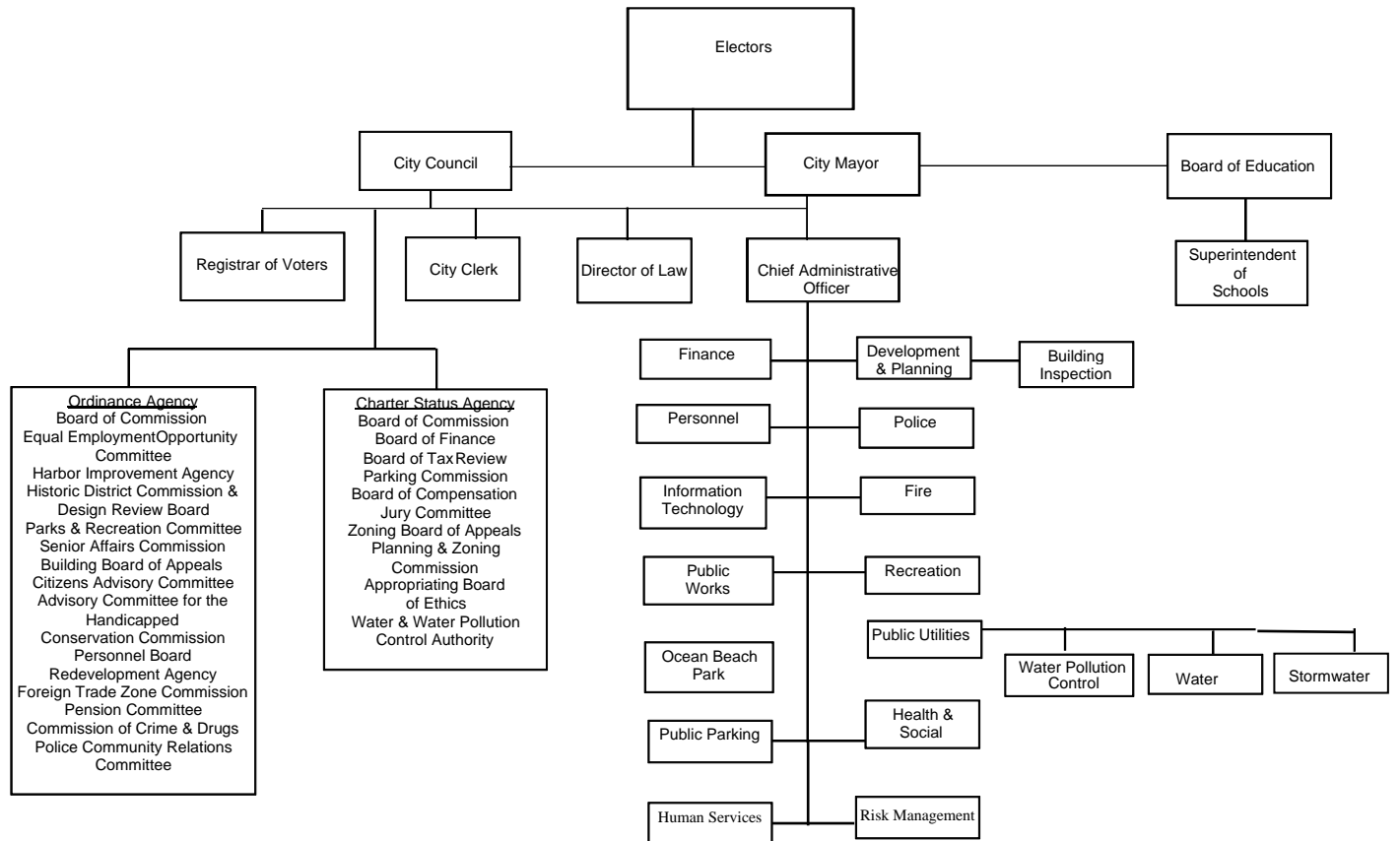
The City is rich in historical significance. Throughout the City there are hundreds of historical and architecturally significant structures, including a central business district which is a registered historic district containing some of the oldest structures in Connecticut.

The City school system includes eight public schools, a regional magnet school, an interdistrict school for arts and communications and a special needs preschool at Connecticut College. The City is also home of the United States Coast Guard Academy, Connecticut College and Mitchell College.

**FORM OF GOVERNMENT**

The City of New London (the "City") has a Mayor-Council form of government and operates under a Charter adopted in 1927, which was most recently revised in 2010. The amendment to the City Charter approved in 2010 instituted a strong mayor form of government that took effect with the local election held in November 2011. Elections are held on the first Tuesday following the first Monday in November of each odd calendar year as provided by state statute.

**TABLE OF ORGANIZATION**



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## MUNICIPAL OFFICIALS

<u>Office</u>	<u>Name</u>	<u>Manner of Selection</u>	<u>Term</u>
Mayor.....	Michael E. Passero.....	Elected	12/2/19 - 12/4/23
Chief Administrative Officer.....	Steven Fields.....	Appointed	Indefinite
City Councilor.....	Efrain Dominguez, Jr.....	Elected	12/6/21 - 12/4/23
City Councilor.....	Reona M. Dyess.....	Elected	12/6/21 - 12/4/23
City Councilor .....	James Burke.....	Elected	12/6/21 - 12/4/23
City Councilor .....	Alma Nartatez.....	Elected	12/6/21 - 12/4/23
City Councilor .....	Akil Peck.....	Elected	12/6/21 - 12/4/23
City Councilor .....	Jocelyn Rosario.....	Elected	12/6/21 - 12/4/23
City Councilor .....	John D. Satti.....	Elected	12/6/21 - 12/4/23
Director of Finance.....	David F. McBride Jr.....	Appointed	Indefinite
Deputy Director of Finance/Treasurer..	Donna J. Rinehart.....	Appointed	Indefinite
Tax Collector.....	Samantha Krakowiak.....	Appointed	Indefinite
City Clerk.....	Jonathan Ayala.....	Appointed	Indefinite
Superintendent of Schools.....	Dr. Cynthia Ritchie.....	Appointed	Indefinite

### SUMMARY OF MUNICIPAL SERVICES

**Police:** The New London Police Department (“NLPD”), the City's most visible provider of public services, provides public safety service to the estimated 75,000 individuals who live in, work in or visit the City each day. The department has an authorized staff consisting of sixty-four (64) sworn but is actively engaged in efforts to fill its designated staffing of eighty (80) sworn. The Civilian staffing consists of seventeen (17) employees. The NLPD is working to reintegrate community-oriented policing and programs in the City along with replacing an aging radio system and equipment. Also, the NLPD is seeking to replace antiquated information technology including the dispatch computer-aided design (“CAD”) system and report management system to a paperless system. All sworn members of the NLPD currently utilize AXON Body Worn Cameras and all patrol vehicles are outfitted with AXON Fleet 2 dash cameras. The NLPD is committed to strengthening community relationships with its residents and stakeholders along with enhancing transparency.

**Fire:** The New London Fire Department operates three fire stations, strategically located within the City. The department is authorized for 70 people consisting of a Fire Chief, a Deputy Chief, 2 Fire Marshals, 4 Battalion Chiefs, 12 Fire Lieutenants, 32 Fire Fighters, 1 Fire Inspector, 16 EMTs, and 1 Administrative Assistant. Services provided by the Fire Department are categorized in three general groups: Fire Inspection, Prevention and Code Enforcement; Fire Suppression and Hazardous Materials Response/Abatement; and Emergency Medical Services.

**Water:** The City uses Veolia Water, N.A. as a contract operator to operate the water system. The system consists of 5 reservoirs and provides drinking water to New London, Waterford, and East Lyme. The average daily demand is 5.4 million gallons per day with a capacity of 6.4 million gallons per day. Maintenance and capital plans are ongoing for replacement and enhancement of equipment and infrastructure.

**Water Pollution Control:** The City uses Veolia Water, N.A. as a contract operator to operate the wastewater treatment facility and the sewer collection system. The wastewater treatment facility treats waste from New London, Waterford, East Lyme, and soon parts of Old Lyme. The average daily flow is approximately 8 million gallons per day with a capacity of 10 million gallons per day. Maintenance and capital plans are ongoing for replacement and enhancement of equipment and infrastructure.

**Stormwater:** The City uses Veolia Water, N.A. as a contract operator to operate the stormwater pump stations and the stormwater collection system. The system has been maintained and upgraded as required to ensure proper design operation. The Bank Street Stormwater Pump Station was recently upgraded with new pumps, motors and controls. The investment into the system since October 2018 is in excess of \$2 million dollars.

**Recreation:** The New London Department of Recreation is the only Nationally Accredited Parks and Recreation Agency in Connecticut, 1 of 2 in New England, and 1 of 191 in the country and administers a multitude of quality recreation programs for our City's residents. These programs include sports leagues, arts and leisure activities, before and after-school programs, and summer playground for children. The New London Department of Recreation made a shift in 2020-21 to offer more essential programs to residents during the pandemic such as the Hybrid School Support Program to provide care for children working remotely with their teachers on non-school days. The Department served 1732 participants during this time and took in \$98,986 in revenue to offset taxpayer expenses. In addition, a multitude of grants were used to offset costs for the Hybrid Program, Nutrition Hub and Summer Playground Program. The Department oversaw and funded a free beach which was open and staffed with lifeguards for 87 days. 200 children took advantage of our free swim lessons at Ocean Beach pool.

**Youth Affairs:** New London Youth Affairs is a Youth Service Bureau which promotes positive outcomes for children, youth, and families by supporting a wide range of comprehensive services and collaborations. Programs are free to the public, and described as follows. Early childhood and family options are provided at the Family Center for children 3 years of age and younger, and their parents. School readiness is addressed by linking families to wrap-around family/child basic need services and distributions, identifying/supporting children with developmental delays, and connecting children to preschool slots. The Family Center integrates weekly skill building series, learning excursions, workshops (parent mental health, parent creative play groups, parent education), and community-based resources through Birth to 8 Hub. Parent leadership training is facilitated through a curriculum-based program (PLTI, PSEE, PEP, Circle of Security). Participants gain civic engagement skills to advocate for children in schools and the community. Whale's Tales children's book bank procures thousands of books, which it then disseminates to children through literacy events, schools, and agencies. Youth Affairs joins together with other Youth Service Bureaus and New London agencies to organize community and family events. Teen Links serves middle/high school young people through school year employment, workforce certifications, and educational/cultural field trips. The Teen Employment Program develops workforce skills and employs 14–24-year-old young people at dozens of local sites in wide ranging fields, including career pipelines. COOL (Careers of our Lives) serves high school seniors, to improve individualized academic and employment competencies for placement in post-secondary education/training, and/or employment/apprenticeships. NLCCC (New London Community and Campus Coalition) functions as a consortium of New London area organizations, dedicated to prevention of youth substance abuse and other risky behaviors. Efforts include community education, prevention initiatives, and media campaigns. The JRB (Juvenile Review Board) is a community-based program that diverts youth from the Juvenile Justice System and connects them to local services. Attendance promotion/FWSN (Families With Service Needs) are addressed through analogous procedures and individualized support.

**Human Services:** The Department of Human Services oversees and coordinates the non-profit human services delivery system to safe guard and improve the general wellbeing of City residents in New London. The Department, in partnership with first responders, Ledge Light Health District and Alliance for Living has developed and implemented a comprehensive initiative to prevent opioid overdose deaths and increase coordinated access to treatment and recovery support services. The Department oversees a system to reduce frequent transports to the emergency room for individuals who have overdosed. The Department operates the New London Senior Center and provides support for neighborhood groups and directs residents who are looking for rental assistance, utility assistance, food, homeless resources, mental health resources, domestic violence assistance, transportation assistance, etc. to resources available in the New London area.

The Senior Citizen Center is also administered by the Department of Human Services. It is responsible for serving in excess of two hundred lunches per day, distribution of surplus food commodities, providing escort services for visits to doctors, bus trips for shopping, the Rental Rebate Program, Medicare counseling, dissemination of information on available state and federal programs, and a variety of recreational programs and events.

**Public Parking:** The Parking Authority oversees the City's off-street public parking facilities, which consist of a total of 1,725 parking spaces, and metered on-street public parking, which consist of a total of 175 parking spaces. The Parking Authority is composed of seven members; five are appointed by the City Council to five-year terms, a City Council Liaison appointed by the City Council, and the seventh is the Mayor. The City parking facilities include a downtown multi-level parking garage at Water Street, which has a capacity of 931 parking spaces. The garage is operated by a private parking company through a parking management agreement with the City. In addition, a series of surface lots, that consist of 250 parking spaces marketed under contract by the Parking Authority on behalf of the City, augment the parking garage. The two downtown surface lots located between Tilley and Golden Streets along Eugene O'Neill Drive provide a combined capacity of 201 spaces, the Fort Trumbull Parking Zone, which consist of 355 spaces, the Fort Trumbull Surface Lot and Green Harbor Surface Lot provide a combined capacity of 138 spaces. Construction to expand Marina Surface Lot (formerly known as the Pequot Avenue lot), which serves a series of marinas and restaurants, contains 150 metered spaces for daily use and monthly passes will be available, electric charging station that will accept payment for charging electric vehicles shall be installed. NL Smart Ride, the Uber-like, MicroTransit system, launched December 2021, ridership continues to increase resulting from numerous public information campaigns that shall continue for the remaining year to ensure millennials, seniors and underserved become aware of the affordable alternative transportation capability.

**Public Works:** The Public Works Department is responsible for the administration, care, and management of all public highways, beaches, parks, athletic fields, playgrounds, sidewalks, trees and brooks as well as litter control throughout the City. The Department is responsible for the Solid Waste Collection and Disposal Division, Recycling Program (see below), and collection of Hazardous Waste. It also maintains all of the City's public buildings. It is responsible for the maintenance of all street signs, streetlights, traffic lights, and the mechanical maintenance of all City-owned vehicles and equipment.

**Inspection:** The Building Inspection Division of the Office of Development and Planning is the City's regulatory authority for the Connecticut Building Code, the City's Demolition Ordinance, the City's Housing Code and the City's Flood Plain Management Ordinance. It provides all required inspection services for new construction, repairs, alterations and additions, issues demolition permits, inspects existing structures, and issues abatement orders for Housing Code compliance.

**Solid Waste:** The City operates under a Municipal Solid Waste Management Services Contract, as amended, (the "Services Contract") with the Southeastern Connecticut Regional Resources Recovery Authority (the "Authority") where it participates with twelve other municipalities in the Southeastern Connecticut System (the "System"). One additional area municipality, Fishers Island, New York, has contracted with the System for solid waste disposal services. The System consists of a mass-burn solid waste disposal and electric generation facility which is located in Preston, Connecticut.

Under the Services Contract, the City is required to deliver all solid waste generated within its boundaries, and to pay a uniform per ton disposal service payment (the "Service Payment") at the current rate of \$59.25 per ton.

Service Payments are payable so long as the System is accepting solid waste delivered by or on behalf of the City, whether or not such solid waste is processed at the Facility. The City's obligation to pay the Service Payment, so long as the System is so accepting the City's solid waste, is absolute and unconditional, is not subject to any setoff, counterclaim, recoupment, defense (other than payment itself) or other right which the City may have against the System or any person for any reason whatsoever, and is not to be affected by any defect in title, design, fitness for use, loss or destruction of the System. The City has pledged its full faith and credit to the payment of Service Payments and has also agreed to enforce or levy and collect all taxes, cost sharing or other assessments or charges and take all such other action as may be necessary to provide for the payment of the Service Payments.

**Recycling Program:** The City operates three refuse compactors and two recycling vehicles full-time with supplemental assistance for leaves, and yard waste. The City's goal of recycling 25% of its waste is close to being achieved; office paper, regional composting, and the recycling of food waste from public schools and restaurants offer potential for even more expansion.

## **EDUCATIONAL SYSTEM**

New London Public Schools ("NLPS") is designated as an All Magnet District per Legislation (CT P.A 14-90, Sec. 37, (a)) and is currently transitioning to become Connecticut's first and only all-magnet school district. NLPS serves more than 3,500 resident and non-resident students annually, in preschool– 12thgrade. NLPS consists of four elementary schools (of the four elementary schools, three successfully completed new construction) and one Multi-Magnet Secondary School that operates across two 6-12 campuses (set to begin new construction). The district offers the choice of three comprehensive magnet pathways, including International Education (IB Candidacy), Science, Technology, Engineering, Mathematics (STEM) and Visual & Performing Arts. The fully transitioned all-magnet district project will offer completed K-12 pathways as a viable, high-quality school choice option for all Connecticut residents.

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**EDUCATIONAL FACILITIES**

<u>Schools</u>	<u>Grades</u>	<u>Date of Construction</u>	<u>Classrooms</u>	<u>Enrollment 10/01/22</u>	<u>Rated Capacity (1)</u>
Winthrop Elementary.....	K-5 (2)	1967/2011	27	425	600
Jennings Elementary.....	K-5 (2)	2008	30	364	600
Harbor Elementary.....	K-5 (2)	1884	22	239	466
Nathan Hale Arts Magnet School.....	K-5 (2)	1970/2013	39	392	600
Bennie Dover Jackson Middle School.....	6-8	1951/1993	79	571	850
Science and Technology Magnet High School..	9-12	2005	12	194	N/A
New London High School.....	9-12	1970	56	663	1,200
<b>Total .....</b>			<b>291</b>	<b>2,848</b>	<b>4,316</b>

(1) Connecticut State Department of Education School Facilities Survey (ED050).

(2) Includes Special Education Program students.

Source: City of New London, Board of Education.

**EDUCATIONAL ENROLLMENT (1, 2)**

<u>As of October 1</u>	<u>Actual</u>				<u>Clinical Day School</u>	<u>Total</u>
	<u>K-5</u>	<u>6 - 8</u>	<u>9 - 12</u>			
2013	1,523	592	933	18	3,066	
2014	1,649	559	882	-	3,090	
2015	1,689	624	886	-	3,199	
2016	1,757	602	963	-	3,322	
2017	1,840	699	966	-	3,505	
2018	2,095	844	968	-	3,907	
2019	1,798	622	963	-	3,383	
2020	1,669	640	939	-	3,248	
2021	1,543	586	891	-	3,020	
2022	1,420	571	857	-	2,848	

(1) As of October 1.

(2) Excludes out-of-City District placements.

Source: City of New London Department of Education.

**MUNICIPAL EMPLOYMENT (1, 2)**

<u>Fiscal Year</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Board of Education.....	741	768	650	643	633
General Government.....	253	246	248	250	248
<b>Total.....</b>	<b>994</b>	<b>1,014</b>	<b>898</b>	<b>893</b>	<b>881</b>

(1) Beginning in fiscal year 2018-19, the Board of Education accounts for a 10 month employee the same as the 12 month employee full-time equivalent.

(2) Beginning in fiscal year 2021-22, the Board of Education accounts for ESSER funded employees.

Source: City of New London, Board of Education.

**MUNICIPAL EMPLOYEES BARGAINING ORGANIZATIONS**

<u>Employees</u>	<u>Organization</u>	<u>Number of Employees</u>	<u>Current Contract Expiration</u>
<b><u>General Government</u></b>			
Police.....	Local 724, Council 4, AFSCME, AFL-CIO.....	70	6/30/24
Fire.....	Local 1522, IAFF, AFL-CIO.....	67	6/30/25
Public Works.....	Local 1378, Council 4, AFSCME, AFL-CIO.....	74	6/30/26
Municipal Employees.....	Local 1303, 125, Council 4, AFSCME-CIO.....	26	6/30/26
	Organized.....	<u>237</u>	
	Non-Union.....	<u>16</u>	
	General Government sub-total.....	<u>253</u>	
<b><u>Board of Education</u></b>			
Teachers.....	New London Education Association.....	355	6/30/25
Administrators.....	New London Administration Association.....	29	6/30/23
Custodians.....	Local 1378A, Council 4, AFSCME, AFL-CIO.....	33	6/30/25
Secretaries.....	Professional Secretaries Association of New London Public Schools.....	34	6/30/25
Non-Certified Staff.....	Paraprofessionals and Tutors (1).....	<u>148</u>	6/30/24
	Organized.....	<u>599</u>	
	Non-Union.....	<u>142</u>	
	Board of Education sub-total.....	<u>741</u>	
	Total General Government and Board of Education.....	<u>994</u>	

(1) Tentative agreement in place.

(2) In negotiations.

Source: City of New London, Personnel and Board of Education Departments.

Connecticut General Statutes Sections 7-473c, 7-474, and 10-153a to 10-153n provide a procedure for binding arbitration of collective bargaining agreements between municipal employers and organizations representing municipal employees, including certified teachers and certain other employees. The legislative body of a municipality may reject an arbitration panel's decision by a two-thirds majority vote. The State of Connecticut and the employee organization must be advised in writing of the reasons for rejection. The State then appoints a new panel of either one or three arbitrators to review the decisions on each of the rejected issues. The panel must accept the last best offer of either of the parties. In reaching its determination, the arbitration panel gives priority to the public interest and the financial capability of the municipal employer, including consideration of other demands on the financial capability of the municipal employer. For binding arbitration contracts, in assessing the financial capability of a municipal entity, there is an irrefutable presumption that a budget reserve of (i) 5% or less with respect to teachers' contracts, and (ii) 15% or less with respect to municipal employees, is not available for payment of the cost of any item subject to arbitration. In light of the employer's financial capability, the panel considers prior negotiations between the parties, the interests and welfare of the employee group, changes in the cost of living, existing employment conditions, and the wages, salaries, fringe benefits and other conditions of employment prevailing in the labor market, including developments in private sector wages and benefits.

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## ECONOMIC DEVELOPMENT

Defense and healthcare industries continue to play a major and vital role in the economy of the region, and particularly in New London. Leading the way is the Electric Boat ("EB") division of General Dynamics, which by 2022 was awarded over \$40 billion in contracts for the construction and support services of submarines for the U.S. Navy. In 2017, an additional \$5.1 billion was awarded to complete the design of the Columbia Class Submarine. Since 2018, a maintenance contract awarded to EB for work on the Virginia Class Submarine 'Indiana' has added additional near-future work for this critical aspect of the national maritime defense. The vast majority of this work will extend 15-25 years or more; guaranteeing continued employment for over 4,400 engineering and technical service employees, most of whom work at EB's 762,000 square foot research, engineering and development office complex in New London.

The City's second single largest employer is Lawrence + Memorial Hospital ("L+M"). With over 2,500 employees, L+M continues to expand rapidly in the last couple of years. L+M is now a part of the Yale New Haven Health System. Currently, L+M Yale is constructing an \$81 million renovation of its emergency room that includes improvements to parking, infrastructure and interior amenities for its patients and visitors. L+M continues to play a critical role in community out-reach and support of local programs that promote health, home ownership and vibrant neighborhoods New London.

The National Coast Guard Museum Association officially announced it will open an 80,000 square foot state-of-the-art museum on the historic waterfront adjacent to New London's downtown multi-modal transportation center. The museum is projected to bring 300,000 annual visitors to the city. The Capital Campaign has exceeded the halfway point to its goal with \$75 million committed from individual and corporate donors along with Federal and State of Connecticut support. The project has completed state approvals, received site approval for the State Funded Pedestrian Bridge in 2020, and has begun the 1<sup>st</sup> phase of construction in the summer of 2022.

The first-ever National Coast Guard Museum would complement the U.S. Coast Guard Academy which is in New London on the Thames River near the campus of Connecticut College. The two colleges each have close to 900 employees working on their campuses. In addition, the U.S. Coast Guard's Research and Development Center and the International Ice Patrol Unit are in the Fort Trumbull district of the City. In recognition of New London's support of the Coast Guard from the beginning of its very history, New London was formally recognized as a "Coast Guard City" in 2020.

The City designated the Renaissance City Development Association ("RCDA"), a not-for-profit community development corporation, to administer a municipal development plan ("MDP") for the redevelopment of the Fort Trumbull peninsula, which encompasses approximately 90 acres of land of which there is the potential for 300,000 square feet of new development. AR Builders completed a 137-unit multi-family apartment complex in downtown the spring of 2021. On the same day, they broke ground on an additional 80 units that are expected to be completed in 2023. In addition to AR Builders, RJ Development has completed the first half of a 200-unit apartment complex that is within walking distance of Electric Boat. The Fort Trumbull Peninsula has three dynamic developments in the pipeline for construction. P&Z has approved 104 multi-family housing complex, 100 unit extended stay hotel and state of the art community & recreation center that is scheduled to break ground in Q1 of 2023. These developments total over \$100 Million in construction activity. RCDA plays a critical role in helping developers build a pipeline of projects to construct the necessary housing to satisfy the needs of EB, local colleges and other growing regional employers and industries.

The City's downtown Waterfront Park continues to be a popular venue for summer events which draw thousands of visitors each summer to New London's downtown from surrounding areas. The park features a 2,500-foot bicycle and pedestrian walkway, as well as a large plaza with a stage for concerts and special events. The park includes the 300-foot-long City Pier, which was completely improved in 2012 at a cost of \$5.5 million. City Pier is the home to the 295-foot U.S. Coast Guard Barque Eagle when it is berthed in New London. City Pier will complement the future National Coast Guard Museum. City Pier is also a principal landing for the Thames River Heritage Park's water taxi service, which provides transportation access to rich maritime-related heritage and cultural attractions in New London, Groton, and on the Thames River. Our Custom House Pier now features a seasonal restaurant (City Dock Restaurant) that attracts boaters through the region and encourages additional water dependent uses along our waterfront.

Downtown New London is also highlighted by the 'Parade Plaza,' which provides a public space for music events and festivals and is conveniently located near the multi-modal transportation hub. The recent expansion of Shoreline East Commuter Rail to New London has augmented New London's transportation hub, which includes a Greyhound bus terminal, micro transit system and ferry terminals that provide ferry service to Block Island, Rhode Island, and to Orient Point and Fishers Island, New York. The historic Union Station is the area's main terminal for both Amtrak and Shoreline East trains. The City also made over \$800,000 in improvements to its nearby public parking garage which services this area. Ongoing improvements through 2022-23 are scheduled for Union Station to address ADA access, exterior re-pointing and interior infrastructure.

### III. ECONOMIC AND DEMOGRAPHIC INFORMATION

#### POPULATION TRENDS

<u>Year</u>	<u>City of New London</u>	<u>New London County</u>	<u>State of Connecticut</u>
1980	28,842	238,409	3,107,576
1990	28,540	254,957	3,287,116
2000	25,671	259,088	3,405,565
2010	27,620	274,055	3,574,097
2021	27,585	269,131	3,605,330

Source: U.S. Census Bureau and 2017-2021 American Community Survey.

#### AGE CHARACTERISTICS OF POPULATION

<u>Age</u>	<u>City of New London</u>		<u>New London County</u>		<u>State of Connecticut</u>	
	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>
Under 5.....	1,272	4.6	13,084	4.9	182,122	5.1
5 - 9.....	1,296	4.7	12,672	4.7	196,540	5.5
10 - 14.....	1,529	5.5	17,005	6.3	224,371	6.2
15 - 19.....	2,552	9.3	16,922	6.3	245,790	6.8
20 - 24.....	3,831	13.9	19,483	7.2	241,370	6.7
25 - 34.....	3,855	14.0	35,009	13.0	445,861	12.4
35 - 44.....	3,517	12.7	30,677	11.4	439,098	12.2
45 - 54.....	2,576	9.3	34,718	12.9	488,283	13.5
55 - 59.....	1,905	6.9	21,261	7.9	269,688	7.5
60 - 64.....	1,579	5.7	18,942	7.0	252,028	7.0
65 - 74.....	2,280	8.3	29,038	10.8	357,409	9.9
75 - 84.....	897	3.3	14,005	5.2	173,149	4.8
85 and over.....	496	1.8	6,315	2.3	89,621	2.5
Total .....	<u>27,585</u>	<u>100.0</u>	<u>269,131</u>	<u>100.0</u>	<u>3,605,330</u>	<u>100.0</u>

Source: U.S. Census Bureau, 2017-2021 American Community Survey.

#### INCOME DISTRIBUTION

	<u>City of New London</u>		<u>New London County</u>		<u>State of Connecticut</u>	
	<u>Families</u>	<u>Percent</u>	<u>Families</u>	<u>Percent</u>	<u>Families</u>	<u>Percent</u>
Less than \$10,000 .....	226	4.0	1,582	2.2	23,811	2.6
\$ 10,000 to 14,999 .....	439	7.7	1,175	1.7	14,243	1.6
\$ 15,000 to 24,999 .....	554	9.7	2,473	3.5	36,091	4.0
\$ 25,000 to 34,999 .....	639	11.2	4,172	5.9	44,586	4.9
\$ 35,000 to 49,999 .....	685	12.0	6,267	8.8	71,397	7.8
\$ 50,000 to 74,999 .....	865	15.1	10,856	15.3	123,873	13.6
\$ 75,000 to 99,999 .....	730	12.8	9,243	13.0	113,529	12.5
\$100,000 to 149,999 .....	868	15.2	16,119	22.7	188,052	20.7
\$150,000 to 199,999 .....	356	6.2	9,346	13.1	117,255	12.9
\$200,000 or more .....	356	6.2	9,840	13.8	177,169	19.5
Total .....	<u>5,718</u>	<u>100.0</u>	<u>71,073</u>	<u>100.0</u>	<u>910,006</u>	<u>100.0</u>

Source: U.S. Census Bureau, 2017-2021 American Community Survey.

## SELECTED WEALTH AND INCOME INDICATORS

	<u>Median Family Income</u>		<u>Per Capita Income</u>	
	<u>(2000)</u>	<u>(2021)</u>	<u>(2000)</u>	<u>(2021)</u>
City of New London.....	\$ 38,972	\$ 58,177	\$ 18,437	\$ 28,777
New London County.....	59,857	99,305	24,678	42,312
Connecticut.....	65,521	106,441	28,766	47,869
United States.....	49,600	85,028	21,690	37,638

Source: U.S. Census Bureau, Census 2000 and 2017-2021 American Community Survey.

## EDUCATIONAL ATTAINMENT

Years of School Completed, Age 25 & Older

<u>Educational Attainment Group</u>	<u>City of New London</u>		<u>New London County</u>		<u>State of Connecticut</u>	
	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>
Less than 9th grade.....	1074	6.3	4,736	2.5	101,461	4.0
9th to 12th grade.....	1,237	7.2	8,487	4.5	123,560	4.9
High School graduate.....	5,250	30.7	54,331	28.6	656,949	26.1
Some college - no degree.....	3,686	21.5	39,861	21.0	418,214	16.6
Associates degree.....	1,372	8.0	16,907	8.9	194,987	7.8
Bachelor's degree.....	2,578	15.1	35,980	18.9	561,567	22.3
Graduate or professional degree.....	1,908	11.2	29,663	15.6	458,399	18.2
Total.....	<u>17,105</u>	<u>100.0</u>	<u>189,965</u>	<u>100.0</u>	<u>2,515,137</u>	<u>100.0</u>
Percent High School Graduate or Higher.....		86.5%		93.0%		91.1%
Percent Bachelor's Degree or Higher.....		26.2%		34.6%		40.6%

Source: U.S. Census Bureau, 2017-2021 American Community Survey.

## MAJOR EMPLOYERS

<u>Name of Employer</u>	<u>Nature of Business</u>	<u>Estimated Number of Employees (1)</u>
Electric Boat Corporation.....	Submarine Manufacturing/R&D.....	3,500
Lawrence + Memorial Hospital.....	Medical Center.....	2,500
City of New London.....	Government and Education.....	994
Connecticut College.....	Higher Education.....	909
U. S. Coast Guard .....	Military and Civilian.....	900
Day Publishing Company.....	Newspaper.....	280
Kindred Crossing.....	Healthcare.....	217
Cross Sound Ferry.....	Ferry Service.....	200
Sheffield Industries.....	Manufacturing.....	190
Mitchell College.....	Higher Education.....	124
Beachwood Rehab & Nursing Center....	Nursing & Convalescent Homes.....	105

Source: State of Connecticut, Department of Labor

(1) Estimated prior to the COVID-19 pandemic; therefore, numbers may be affected as a result of the ongoing pandemic.



## EMPLOYMENT BY INDUSTRY

	City of New London		New London County		State of Connecticut	
	Number	Percent	Number	Percent	Number	Percent
Agriculture, forestry, fisheries.....	91	0.7	846	0.6	7,314	0.4
Construction.....	542	4.3	8,017	6.1	113,665	6.2
Manufacturing.....	1,990	15.8	18,738	14.2	192,688	10.6
Wholesale trade.....	52	0.4	2,032	1.5	41,165	2.3
Retail trade.....	2,052	16.3	13,719	10.4	194,081	10.6
Transportation & warehousing & utilities.....	288	2.3	5,060	3.8	80,481	4.4
Information.....	170	1.3	1,682	1.3	36,259	2.0
Finance, insurance, real estate.....	345	2.7	5,995	4.5	164,657	9.0
Professional, scientific & management.....	906	7.2	12,414	9.4	212,866	11.7
Educational, health & social services.....	3,414	27.1	33,173	25.2	482,274	26.5
Arts, entertainment & recreation.....	1,772	14.1	18,069	13.7	148,835	8.2
Other professional services.....	470	3.7	5,432	4.1	82,217	4.5
Public administration.....	510	4.0	6,626	5.0	66,493	3.6
<b>Total.....</b>	<b>12,602</b>	<b>100.0</b>	<b>131,803</b>	<b>100.0</b>	<b>1,822,995</b>	<b>100.0</b>

Source: U.S. Census Bureau, 2017-2021 American Community Survey.

## UNEMPLOYMENT RATE STATISTICS

Yearly Average	City of New London	Norwich- New London Labor Market (1)	State of Connecticut	United States
	%	%	%	%
2012	11.5	8.6	8.3	8.1
2013	10.8	8.2	7.8	7.4
2014	8.7	6.9	6.6	6.2
2015	8.3	6.0	5.6	5.3
2016	7.2	5.1	5.1	4.7
2017	6.5	4.6	4.7	4.4
2018	5.6	4.1	4.2	3.9
2019	4.9	3.6	3.7	3.7
2020	12.1	9.2	7.3	8.1
2021	10.1	6.9	6.3	5.4
<b>2022 Monthly</b>				
January	7.0	5.5	5.0	4.4
February	7.3	5.6	5.0	4.1
March	6.7	4.7	4.3	3.8
April	5.4	4.0	3.7	3.3
May	5.8	4.2	4.0	3.4
June	6.6	4.4	4.1	3.8
July	6.6	4.5	4.4	3.8
August	6.0	4.4	4.3	3.8
September	5.8	4.1	3.9	3.3
October	6.2	4.2	4.0	3.4
November	5.5	3.8	3.5	3.4
December	4.6	3.3	3.1	3.3

Source: State of Connecticut, Department of Labor; United States Department of Labor, Bureau of Labor Statistics.

**NUMBER OF DWELLING UNITS**

<u>2021</u>	<u>2010</u>	<u>2000</u>	<u>1990</u>	<u>% Increase 2010-2021</u>	<u>% Increase 2000-2021</u>	<u>% Increase 1990-2021</u>
12,274	11,840	11,560	11,424	3.67%	6.18%	7.44%

Source: U.S. Census Bureau and 2017-2021 American Community Survey.

**CHARACTERISTICS OF HOUSING UNITS**

<u>Sales Price Category</u>	<u>City of New London</u>		<u>New London County</u>		<u>State of Connecticut</u>	
	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>
Less than \$50,000 .....	30	0.7	2,969	4.0	19,747	2.1
\$ 50,000 to \$ 99,999 .....	234	5.5	1,907	2.6	25,603	2.8
\$ 100,000 to \$149,999 .....	871	20.4	6,311	8.6	68,932	7.4
\$ 150,000 to \$199,999 .....	1,174	27.5	11,243	15.3	130,158	14.1
\$ 200,000 to \$299,999 .....	1,073	25.1	23,682	32.2	250,981	27.1
\$ 300,000 to \$499,999 .....	749	17.5	20,540	27.9	268,183	29.0
\$ 500,000 to \$999,999 .....	106	2.5	5,945	8.1	117,839	12.7
\$1,000,000 and over .....	35	0.8	1,048	1.4	44,060	4.8
Total .....	<u>4,272</u>	<u>100.0</u>	<u>73,645</u>	<u>100.0</u>	<u>925,503</u>	<u>100.0</u>
Median Value.....	\$189,200		\$257,600		\$286,700	

Source: U.S. Census Bureau, 2017-2021 American Community Survey.

**AGE DISTRIBUTION OF HOUSING**

<u>Year Built</u>	<u>City of New London</u>		<u>New London County</u>		<u>State of Connecticut</u>	
	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>
1939 or earlier.....	6,078	49.5	28,979	23.6	323,631	21.2
1940 - 1949.....	533	4.3	5,225	4.3	100,445	6.6
1950 - 1959.....	1,339	10.9	14,860	12.1	224,412	14.7
1960 - 1969.....	1,459	11.9	15,919	13.0	203,726	13.3
1970 - 1979.....	1,093	8.9	16,251	13.2	206,448	13.5
1980 - 1989.....	576	4.7	15,320	12.5	191,539	12.5
1990 - 1999.....	541	4.4	10,774	8.8	118,124	7.7
2000 - 2009.....	531	4.3	11,136	9.1	104,519	6.8
2010 - 2019.....	124	1.0	4,146	3.4	53,427	3.5
2020 or later.....	0	0.0	54	0.0	768	0.1
Total.....	<u>12,274</u>	<u>100.0</u>	<u>122,664</u>	<u>100.0</u>	<u>1,527,039</u>	<u>100.0</u>

Source: U.S. Census Bureau, 2017-2021 American Community Survey.

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**NUMBER AND VALUE OF BUILDING PERMITS**

<b>Fiscal Year</b>	<b>Residential</b>		<b>Industrial/Commercial</b>		<b>Total</b>	
	<b>Number of Permits</b>	<b>Value</b>	<b>Number of Permits</b>	<b>Value</b>	<b>Number of Permits</b>	<b>Value</b>
2022	837	\$ 13,696,355	271	\$ 66,347,580	1,108	\$ 80,043,935
2021	768	12,646,799	279	87,160,381	1,047	99,807,180
2020	730	8,022,018	322	55,691,459	1,052	63,713,477
2019	982	8,113,731	295	25,585,256	1,277	33,698,987
2018	894	4,996,814	432	20,155,009	1,326	25,151,823
2017	956	5,781,878	394	31,323,911	1,350	37,105,789
2016	861	6,079,743	311	8,576,076	1,172	14,655,819
2015	720	4,410,940	370	14,337,367	1,090	18,748,307
2014	607	3,728,827	450	31,841,560	1,057	35,570,387
2013	731	3,968,358	410	19,999,269	1,141	23,967,627

Source: City Officials; Building Inspector's Office.

**BREAKDOWN OF LAND USE**

<b>Land Use by Category</b>	<b>Total Area</b>	
	<b>Acres</b>	<b>Percent</b>
Residential.....	879	24.2
Commercial/Industrial/Utilities/Parking.....	405	11.2
Institutional.....	571	15.7
Vacant Land/Open Space.....	950	26.2
Roads/Water.....	826	22.7
<b>Total.....</b>	<b>3,631</b>	<b>100.0</b>

Source: City of New London.

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## **IV. TAX BASE DATA**

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### **ASSESSMENT PRACTICES**

The Assessment Division of Finance is the local government office responsible for the valuation of all Real and Personal Property within the City limits as of October 1<sup>st</sup> each year.

Real Property includes land and improvements that are permanently attached to the land. Under certain circumstances, easements in air space are also separately assessed as real property, pursuant to §12-64. A revaluation or Mass Appraisal must be performed every 5 years in accordance with §12-62. It is the method by which an equitable tax base is maintained. The last revaluation performed in the City was effective October 1, 2018 and the next one is effective October 1<sup>st</sup>, 2023. Values may be reviewed and recalculated between revaluations if there is new construction and/or modifications to existing structures, subdivisions and/or changes of use. Interaction between the Building and Planning Departments is crucial.

Personal Property includes motor vehicles, a list of which is furnished by the State of Connecticut Motor Vehicle Department every October 1<sup>st</sup>, as well as a "supplemental list" for any vehicles registered after October 1<sup>st</sup>. The values are established yearly, based on a recommended schedule prepared by the Office of Policy and Management and the Assessor, at Clean Retail Value. The assessment is 70% of that value. Sale, total loss or registration of a vehicle in another State are reasons for a potential credit to the assessment if occurring within the assessment year.

Business Personal Property is assessed annually. Forms prescribed by the Office of Policy & Management are used for the collection of that information. All forms received must be reviewed and calculated into a value and assessment yearly.

Many exemptions are maintained by the Assessor including Veterans; Active-Duty Servicemen, in and out-of-State; Elderly; Totally Disabled and Blind.

All categories of taxable property are combined each October 1 to create the Grand List of taxable property which is filed on the following January 31<sup>st</sup>.

All assessments may be appealed to the Board of Assessment Appeals yearly.

### **PROPERTY TAX COLLECTION PROCEDURE**

Taxes for the fiscal year are paid on the Grand List of the prior October 1, and all property taxes and motor vehicle taxes generally are payable in two installments (July 1 and January 1). Payments not received by August 1 and February 1 become delinquent, with interest charged at the rate of one and one-half percent per month from the due date on the tax. Motor vehicle supplemental bills are payable on January 1. A modest estimate for outstanding interest and lien fees anticipated to be collected during the fiscal year is normally included as a revenue item in the budget.

In accordance with state statute, the oldest outstanding tax on a specific property is collected first. Outstanding real estate tax accounts are liened each year prior to June 30 with legal demands and alias tax warrants issued. The Department of Motor Vehicles is notified of all motor vehicle delinquencies resulting in payment prior to registration. Ledge Light Health District assists in withholding of health licenses/permits for businesses seeking renewal who are more than one year in arrears. Delinquent motor vehicle and personal property accounts are transferred to a suspense account after three years at which time they cease to be carried as receivables. Section 12-165 of the Connecticut General Statutes, as amended, requires each municipality to write off, on an annual basis, the property taxes which are deemed to be uncollectible. Taxes become uncollectible fifteen years after the due date under state statutes.

Property taxes revenue is recognized when they become available. "Available" is defined as due or past due and receivable within the current period or expected to be collected soon enough thereafter (within 60 days) to be used to pay liabilities of the current period. Property taxes receivable not expected to be collected during the available period are reflected as deferred revenue.

**MOTOR VEHICLE PROPERTY TAX RATE**

Section 12-71e(a) of the Connecticut General Statutes has been amended whereby the mill rate for motor vehicles shall not exceed 45 mills for the assessment years commencing October 1, 2017 to October 1, 2020, inclusive, and for the assessment year commencing October 1, 2021, and each assessment year thereafter, the mill rate for motor vehicles shall not exceed 32.46 mills. Section 12-71e(b) of the Connecticut General Statutes has been amended to state that no district or borough may set a motor vehicle mill rate that if combined with the motor vehicle mill rate of the city, City, consolidated city and City or consolidated city and borough in which such district or borough is located would result in a combined motor vehicle mill rate (1) above 39 mills for the assessment year commencing October 1, 2016, or (2) above 45 mills for the assessment years commencing October 1, 2017, to October 1, 2020, inclusive, or (3) above 32.46 mills for the assessment year commencing October 1, 2021, and each assessment year thereafter. Section 4-66l of the General Statutes, as amended (“Section 4-66l”), diverts a portion of the state collected sales tax revenue to provide funding to municipalities to mitigate the revenue loss attributed to motor vehicle property tax cap. The City’s motor vehicle tax rate for current 2021 assessment year (Fiscal Year ending June 30, 2023) is 32.46 mills.

**REAL PROPERTY TAX LEVIES AND COLLECTIONS**

Grand List of Oct. 1	Fiscal Year Ending '6/30	Net Taxable Grand List (1)	Tax Rate (In Mills)	Adjusted Tax Levy	% Annual Levy Collected	Uncollected Taxes	
						End of Each Fiscal Year	As of 6/30/2022
2021 (1)	2023 (1)	\$ 1,583,790,301	37.31	\$ 59,321,586	In Process	In Process	In Process
2020	2022	1,512,763,748	37.95	58,105,751	97.9	\$ 1,197,957	\$ 1,197,957
2019	2021	1,492,043,048	38.19	57,300,148	97.3	1,564,428	608,875
2018 (2)	2020 (2)	1,450,658,923	39.90	58,821,838	97.6	1,393,750	24,009
2017	2019	1,325,382,323	43.62	58,584,430	98.1	1,138,093	15,816
2016	2018	1,308,497,452	43.17	56,138,026	98.1	1,053,321	7,609
2015	2017	1,296,673,954	40.57	52,309,151	98.2	938,803	3,786
2014	2016	1,253,973,537	39.49	49,446,015	97.7	1,125,526	3,695
2013 (2)	2015 (2)	1,256,420,086	38.00	47,694,829	97.2	1,316,108	63,508
2012	2014	1,569,776,194	27.37	43,339,999	97.8	959,511	5,119

- (1) Adopted Budget.
- (2) Years of revaluations. The City's last revaluation is effective as of 10/01/2018. (See "Assessments Practices" herein).

Source: City of New London, Tax Collector's Office.

**TAXABLE GRAND LIST**

Grand List Dated	Real Property	Personal Property	Motor Vehicle Property	Gross Taxable Grand List	Less Exemptions	Net Taxable Grand List
10/01/21	\$ 1,287,622,435	\$ 215,758,620	\$ 155,050,650	\$ 1,658,431,705	\$ 74,641,404	\$ 1,583,790,301
10/01/20	1,251,743,336	208,969,420	123,053,730	1,583,766,486	71,002,738	1,512,763,748
10/01/19	1,236,272,413	208,257,266	115,010,180	1,559,539,859	67,496,811	1,492,043,048
10/01/18 (1)	1,225,407,073	185,498,120	108,719,671	1,519,624,864	68,965,941	1,450,658,923
10/01/17	1,108,276,707	184,095,740	107,340,346	1,399,712,793	74,330,470	1,325,382,323
10/01/16	1,094,842,768	123,203,130	104,884,730	1,322,930,628	14,433,176	1,308,497,452
10/01/15	1,094,105,938	114,312,773	101,932,470	1,310,351,181	13,677,227	1,296,673,954
10/01/14	1,097,407,053	111,413,908	100,833,563	1,309,654,524	55,680,987	1,253,973,537
10/01/13 (1)	1,103,323,188	108,201,792	101,325,888	1,312,850,868	56,430,782	1,256,420,086
10/01/12	1,560,971,849	104,938,850	99,729,555	1,765,640,254	195,864,060	1,569,776,194

- (1) Years of revaluation.

Source: City of New London, Assessor's Office.

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**REAL PROPERTY BREAKDOWN BY CATEGORY**

<b>Grand List Dated</b>	<b>Residential Real Property</b>	<b>Industrial &amp; Commercial Real Property</b>	<b>All Land</b>	<b>Total Real Property</b>
10/1/2021	\$ 670,814,849	\$ 605,369,826	\$ 11,437,760	\$ 1,287,622,435
10/1/2020	667,463,209	573,167,927	11,112,200	1,251,743,336
10/1/2019	664,941,669	560,243,394	11,087,650	1,236,272,713
10/1/2018	661,909,199	549,938,684	13,560,190	1,225,408,073
10/1/2017	624,143,194	473,485,143	10,648,370	1,108,276,707
10/1/2016	617,747,344	466,280,804	10,814,620	1,094,842,768
10/1/2015	615,651,672	466,785,464	11,668,802	1,094,105,938
10/1/2014	619,834,170	465,093,113	12,479,770	1,097,407,053
10/1/2013	616,367,763	474,568,475	12,386,950	1,103,323,188
10/1/2012	846,614,063	702,118,716	12,239,070	1,560,971,849

Source: City of New London, Assessor's Office.

**LARGEST TAXPAYERS**

<b>Name of Taxpayer</b>	<b>Nature of Business</b>	<b>Valuation as of 10/01/2021</b>	<b>Rank</b>	<b>Percent of Total</b>
Electric Boat Corporation.....	Submarine Manufacturing/R&D...	\$ 94,172,290	1	5.95
Yankee Gas.....	Public Utility.....	43,583,230	2	2.75
Eversource.....	Public Utility.....	37,392,650	3	2.36
Cedar PCP.....	Shopping Mall.....	23,869,790	4	1.51
Vesta Winthrop LLC (Apts Huntington St).....	Apartments.....	18,292,490	5	1.15
Ocean Beach Apartments.....	Apartments.....	16,927,090	6	1.07
Ansonia Acquisition.....	Apartments.....	16,341,640	7	1.03
Renaissance City Development Inc. (1 Chelsea St)...	Business Offices.....	16,173,829	8	1.02
New London Shopping Center.....	Shopping Mall.....	12,657,890	9	0.80
Mohican Historic Preservation LP.....	Apartments.....	8,514,160	10	0.54
Total.....		<u>\$ 287,925,059</u>		<u>18.18</u>

Source: City of New London, Assessor's Office.

**EQUALIZED NET GRAND LIST**

<b>Grand List of 10/1</b>	<b>Equalized Net Grand List</b>	<b>% Growth</b>
2020	\$ 2,725,879,071	19.44%
2019	2,282,298,423	10.06%
2018 (1)	2,073,700,923	1.39%
2017	2,045,197,010	12.62%
2016	1,816,064,648	-1.86%
2015	1,850,395,191	-0.46%
2014	1,858,962,622	1.77%
2013 (1)	1,826,592,880	-0.61%
2012	1,837,874,032	-1.94%
2011	1,874,244,934	-6.02%

(1) Years of revaluation.

Source: State of Connecticut, Office of Policy and Management.

## V. FINANCIAL INFORMATION

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### FISCAL YEAR

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

### ACCOUNTING POLICIES

The City's accounting policies are summarized in Note 1 "Summary of Significant Accounting Policies" in the Notes to Financial Statements ("Appendix A").

### BASIS OF ACCOUNTING

See Note 1 "Measurement Focus, Basis of Accounting and Financial Statement Presentation" in the Notes to Financial Statements ("Appendix A").

### ANNUAL AUDIT

Pursuant to the provisions of the Municipal Auditing Act (Chapter 111 of the Connecticut General Statutes) and the City of New London Charter, the City is obligated to undergo an annual examination by an independent certified public accountant. The auditors, PFK O'Connor Davies, LLP, were appointed by the City Council, and are required to conduct their examination under the guidelines issued by the State of Connecticut, Office of Policy & Management, who receives a copy of said Audit Report when completed. The June 30, 2021 Annual Financial Report was completed January 31, 2021.

### BUDGETARY PROCEDURES

The City adopts a budget for the General Fund, four Special Revenue Funds, three Enterprise Funds and the Pension Fund. The City Council follows these procedures in establishing the budgetary data reflected in the financial statements:

<u>Deadline</u>	
April 1	(1) The Mayor submits to the City Council a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them.
During April	(2) The City Council holds public deliberations during the month and submits the proposed budget and appropriation ordinance to the Board of Finance on or before May 1.
May 15	(3) The Board of Finance holds public deliberations for the budget and appropriation ordinance and submits its recommendations to the City Council on or before May 15.
May 15	(4) A public hearing by the City Council and Board of Finance is conducted to obtain taxpayer comments while the appropriation ordinance is under Board of Finance review.
On or before June 1	(5) The budget is legally enacted through passage of the appropriation ordinance.
July 1	(6) The fiscal year begins.
	(7) During the fiscal year additional appropriation requests are submitted by the Mayor to the City Council for approval.

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**EMPLOYEE PENSION SYSTEMS**

The City’s Pension Plans cover all employees of the City with the exception of teachers and school administrators, covered by the State Teachers’ Retirement Fund. Police Officers and Fire Fighters are covered by the State Municipal Employees’ Retirement Fund ("MERS"). The City’s Public Works employees were transferred into the MERS on January 1, 2016. In addition to administering several Defined Contribution Pension Plans, which are 401(a) plans, the City is the administrator of two single-employer Defined Benefit Public Employee Retirement Systems ("PERS"). These two PERS are the City of New London Non-Contributory Pension Program and the City of New London Contributory Pension Program and are established and administered by the City to provide pension benefits for its non-teacher employees. Participation in either a Defined Contribution Pension Plan or a PERS is determined by union contract or, for non-union employees, by election.

The PERS contributory plan is considered to be part of the City’s financial reporting entity and is included in the City’s financial statements as a pension trust fund. The PERS non-contributory plan has been closed to new employees for many years and is funded on a pay-as-you-go basis from the General Fund of the City. This plan does not issue a stand-alone financial report, nor is it included in the report of a public employee’s retirement system. See Appendix A, Notes to the General Financial Statements, Exhibit L, Section IV, Employee Retirement Systems and Pension Plans, for additional information.

The City has implemented Government Accounting Standards Board's ("GASB") Statement No. 67 effective Fiscal Year 2015. Net position is based on fair market value as of June 30 and the Total Pension Liability is based on the actuarial assumptions as of the prior valuation date for the Non-Contributory and Contributory Plans updated to July 1, 2021.

In accordance with GASB Statement No. 67, the components of the net pension liability of the City's pension plans as of June 30 were as follows:

	<b>Non-Contributory</b>				
	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
Total pension liability.....	\$ 4,602,622	\$ 5,285,783	\$ 6,596,913	\$ 5,826,201	\$ 5,915,574
Plan fiduciary net postion.....	-	-	-	-	-
Net pension liability.....	<u>\$ 4,602,622</u>	<u>\$ 5,285,783</u>	<u>\$ 6,596,913</u>	<u>\$ 5,826,201</u>	<u>\$ 5,915,574</u>
Plan fiduciary net position as a % of total pension liability.....	0.0%	0.0%	0.0%	0.0%	0.0%
	<b>Contributory</b>				
	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
Total pension liability.....	\$ 42,878,191	\$ 43,645,164	\$ 42,959,948	\$ 46,798,093	\$ 53,079,346
Plan fiduciary net postion.....	<u>32,000,026</u>	<u>37,074,322</u>	<u>30,969,997</u>	<u>29,755,190</u>	<u>30,204,187</u>
Net pension liability.....	<u>\$ 10,878,165</u>	<u>\$ 6,570,842</u>	<u>\$ 11,989,951</u>	<u>\$ 17,042,903</u>	<u>\$ 22,875,159</u>
Plan fiduciary net position as a % of total pension liability.....	74.6%	84.9%	72.1%	63.6%	56.9%

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

	<b>1% Decrease</b> <b>2.54%</b>	<b>Current</b> <b>Discount Rate</b> <b>3.54%</b>	<b>1% Increase</b> <b>4.54%</b>
Net Pension Liability			
Non-Contributory Plan.....	\$ 4,904,043	\$ 4,602,622	\$ 4,333,403

	<b>1% Decrease</b> <b>5.75%</b>	<b>Current</b> <b>Discount Rate</b> <b>6.75%</b>	<b>1% Increase</b> <b>7.75%</b>
Net Pension Liability			
Contributory Plan.....	\$ 10,331,602	\$ 6,570,842	\$ 3,322,962

Based upon the most recent valuations, the combined accumulated plan benefits and assets are as follows:

<b>Actuarial</b> <b>Valuation</b> <b>Date</b>	<b>Actuarial</b> <b>Value</b> <b>of Assets</b> <b>(a)</b>	<b>Accrued</b> <b>Liability</b> <b>(AL)</b> <b>(b)</b>	<b>Unfunded</b> <b>AL</b> <b>(UAL)</b> <b>(b) - (a)</b>	<b>Funded</b> <b>Ratio</b> <b>(a) / (b)</b>	<b>Covered</b> <b>Payroll</b> <b>(c)</b>	<b>UAL as a</b> <b>Percentage of</b> <b>Covered Payroll</b> <b>[(b) - (a) / (c)]</b>
<b><u>Non-Contributory Plan</u></b>						
7/1/2022	\$ -	\$ 4,666,644	\$ 4,666,644	0.0%	\$ -	N/A
7/1/2021	-	5,693,018	5,693,018	0.0%	-	N/A
7/1/2020	-	5,931,524	5,931,524	0.0%	-	N/A
7/1/2019	-	6,120,851	6,120,851	0.0%	-	N/A
7/1/2018	-	7,195,901	7,195,901	0.0%	-	N/A
<b><u>Contributory Plan</u></b>						
7/1/2021	\$ 32,125,162	\$ 43,090,319	\$ 10,965,157	74.6%	\$ 3,740,378	293.2%
7/1/2020	30,516,294	43,928,046	13,411,752	69.5%	3,576,783	375.0%
7/1/2019	30,612,791	43,382,440	12,769,649	70.6%	3,289,035	388.2%
7/1/2018	30,987,179	43,548,636	12,561,457	71.2%	3,533,420	355.5%
7/1/2017	31,620,931	43,375,916	11,754,985	72.9%	3,564,537	329.8%

The following table represents a brief history of the City's funding of the pension plans:

<b>Fiscal Year Ended</b> <b>June 30</b>	<b>Actuarially</b> <b>Determined Employer</b> <b>Contribution</b>	<b>Actual</b> <b>Contribution</b>	<b>Percentage</b> <b>Contributed</b>
<b><u>Non-Contributory Plan</u></b>			
2023 (1)	\$ 1,213,000	\$ 565,224	46.6%
2022	1,073,000	555,215	51.7%
2021	968,000	615,825	63.6%
2020	1,008,000	634,965	63.0%
2019	909,000	670,050	73.7%
<b><u>Contributory Plan</u></b>			
2023 (1)	\$ 1,277,000	\$ 1,426,000	111.7%
2022	1,426,000	2,209,831	155.0%
2021	1,318,000	1,847,717	140.2%
2020	1,322,000	1,386,493	104.9%
2019	1,217,000	1,371,074	112.7%

(1) Adopted Budget.

**OTHER POST-EMPLOYMENT BENEFITS**

The City’s Other Post-Employment Benefits Program (the "Program") is a single-employer defined benefit healthcare plan administered by the City of New London. The Program provides medical and dental benefits to eligible retirees and their spouses as established through negotiations between the City and the various unions representing the employees. Eligible full-time and part-time employees of the City may elect to participate in the program. The City has established a trust for these benefits. The benefits are paid directly out of the General Fund on a pay-as-you-go basis.

The contribution requirements of Program members and the City/Board of Education are also negotiated with the various unions representing the employees. Retired Program members and beneficiaries currently receiving benefits are required to contribute specified amounts monthly towards the cost of health insurance premiums as stated below. These are average costs with the actual costs to the retirees based on the employee group they were in when they retired.

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.

For fiscal year 2016-17, the City implemented Government Accounting Standards Board’s ("GASB") Statement No. 74 and No. 75. In accordance with GASB Statement No. 74 and No. 75, the net pension is based on the fair market value as of the end of the fiscal year and the total other post-employment benefit ("OPEB") liability is based on the actuarial assumptions as of the prior valuation date updated to the end of the fiscal year. The components of the net OPEB liability of the City as of June 30 were as follows:

	<b>City Plan</b>				
	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
Total OPEB liability.....	\$ 23,219,789	\$ 27,036,096	\$ 31,978,592	\$ 26,852,915	\$ 28,124,815
Plan fiduciary net position.....	\$ 1,709,964	\$ 1,324,153	847,208	930,370	799,574
Net OPEB liability.....	<u>\$ 21,509,825</u>	<u>\$ 25,711,943</u>	<u>\$ 31,131,384</u>	<u>\$ 25,922,545</u>	<u>\$ 27,325,241</u>
Plan fiduciary net position as a % of total OPEB liability.....	7.36%	4.90%	2.65%	3.46%	2.84%

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

	<b>1% Decrease</b>	<b>Current Rate</b>	<b>1% Increase</b>
	<b>2.54%</b>	<b>3.54%</b>	<b>4.54%</b>
Net City OPEB Liability.....	\$ 24,903,741	\$ 21,509,825	\$ 18,742,617

The City’s annual OPEB cost is calculated based on the annual determined employer contribution (“ADEC”), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ADEC 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 thirty years.

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Based upon a July 1, 2020 valuation, the combined accumulated plan benefits and assets are as follows:

<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets (a)</b>	<b>Accrued Liability (AL) (b)</b>	<b>Unfunded AL (UAL) (b) - (a)</b>	<b>Funded Ratio (a) / (b)</b>	<b>Covered Payroll (c)</b>	<b>UAL as a Percentage of Covered Payroll [(b) - (a) / (c)]</b>
7/1/2020	\$ 847,208	\$ 25,780,008	\$ 24,932,800	3.29%	\$ 45,343,942	55.0%
7/1/2018	799,574	24,576,528	23,776,954	3.25%	43,484,835	54.7%
7/1/2016	457,270	27,530,217	27,072,947	1.66%	35,659,895	75.9%
7/1/2014	268,312	25,888,384	25,620,072	1.04%	33,302,000	76.9%
7/1/2012	103,726	29,792,794	29,689,068	0.35%	42,451,000	69.9%

The following table represents a brief history of the City's funding of the OPEB liability:

<b>Year Ended June 30</b>	<b>Actuarial Determined Employer Contribution</b>	<b>Actual Contribution</b>	<b>Percentage Contributed</b>
2023 (1)	\$ 3,003,663	\$ 200,000	6.7%
2022	2,787,457	1,674,472	60.1%
2021	2,700,093	1,056,579	39.1%
2020	2,520,055	1,061,520	42.1%
2019	2,420,049	1,335,531	55.2%

(1) Adopted Budget.

## INVESTMENT POLICIES AND PROCEDURES

The City Charter under Connecticut General Statutes Sections 7-400, as amended by Public Act 94-190, 7-401 and 7-402 govern the investments the City is permitted to acquire. Generally, the City may invest in certificates of deposit, repurchase agreements, municipal notes and bonds, obligations of the United States of America, including joint and several obligations of the Federal Home Loan Mortgage Association, the Federal Savings and Loan Insurance Corporation, obligations of the United States Postal Service, all the Federal Home Loan Banks, all Federal Land Banks, the Tennessee Valley Authority, or any other agency of the United States government, certain mutual funds and money market mutual funds.

The City's investment practices have been to invest only in certificates of deposit, repurchase agreements, the State of Connecticut Tax-Exempt Proceeds Fund, and United States Treasury Bills. The City has followed these investment practices and the City's operating funds and capital funds are currently invested in the following short-term investments: (1) various certificates of deposit with Connecticut banks; (2) the State of Connecticut Tax-Exempt Proceeds fund; and (3) United States Treasury Bills.

## RISK MANAGEMENT

The City of New London and Public Schools have initiated a formal Risk Management improvement process to identify and mitigate potential sources of risk resulting from all City operations. The process involved conducting detailed risk assessments of all departments, analysis of historical claim data to identify loss trends and establishment of specific department risk improvement strategy to address sources of risk.

The formal Risk Management improvement process and strategy will proactively target reducing employee injuries and associated Workers' Compensation claims, address liability, auto and property risks through effective safety management initiatives. Aggressive claim management practices will mitigate open Workers' Compensation claims and liability cases. The entire process is over seen by a Risk Management Steering Committee which is comprised of City leadership and all department heads.

The City's objectives are to reduce the frequency and severity of workplace injuries, liability, auto and property risks that will result in a safe environment for New London employees and the public it serves.

## PROPERTY TAX REVENUES

<u>Fiscal Year</u>	<u>General Fund Revenues (000's)</u>	<u>Property Tax Revenues (000's)</u>	<u>Property Tax As a % of General Fund Revenues</u>
2023 (1)	\$ 98,024	\$ 59,425	60.6
2022 (2)	99,443	58,997	59.3
2021	100,018	57,626	57.6
2020	102,380	58,123	56.8
2019	101,304	58,073	57.3
2018	101,800	55,633	54.6
2017	98,850	52,114	52.7
2016	91,139	49,248	54.0
2015	88,987	47,440	53.3
2014	86,668	43,203	49.8

(1) Budgetary figures for fiscal year 2022-23 do not include one-time pass-through state funding for the teachers' retirement system pension liability. The figure was \$6,923,065 in fiscal year 2020-21.

(2) Draft audited financial figures.

Source: Annual audited financial statements, Fiscal years 2021-22 draft audited financial statements and 2022-23 adopted budget.

## INTERGOVERNMENTAL REVENUES

<u>Fiscal Year</u>	<u>General Fund Revenues (000's)</u>	<u>Intergovernmental Revenues (000's)</u>	<u>Aid As % of General Fund Revenue</u>
2023 (1)	\$ 98,024	\$ 32,722	33.4
2022 (2)	99,443	33,130	33.3
2021	100,018	37,594	37.6
2020	102,380	38,033	37.1
2019	101,304	38,141	37.7
2018	101,800	40,031	39.3
2017	98,850	40,325	40.8
2016	91,139	36,544	40.1
2015	88,987	36,528	41.0
2014	86,668	37,912	43.7

(1) Budgetary figures for fiscal year 2022-23 do not include one-time pass-through state funding for the teachers' retirement system pension liability. The figure was \$6,923,065 in fiscal year 2020-21.

(2) Draft audited financial figures.

Source: Annual audited financial statements, Fiscal years 2021-22 draft audited financial statements and 2022-23 adopted budget.

## MUNICIPAL BUDGET EXPENDITURES CAP

Connecticut General Statutes Section 4-661 creates a cap on adopted general budget expenditures for municipalities in Connecticut in order for municipalities to be eligible to receive the full amount of the State's municipal revenue sharing grant. Beginning in fiscal year ending June 30, 2018, and in each fiscal year thereafter, the Office of Policy and Management ("OPM") must reduce the municipal revenue sharing grant amount for those municipalities whose adopted general budget expenditures (with certain exceptions including but not limited to debt service, special education, implementation of court orders or arbitration awards, budgeting for an audited deficit, nonrecurring grants, capital expenditures of \$100,000 or more, or payments on unfunded pension liabilities, and certain major disaster or emergency expenditures) exceeds the spending limits specified in the statute. For each applicable fiscal year, OPM must determine the municipality's percentage growth in general budget expenditures over the prior fiscal year and reduce the grant if the growth rate is equal to or greater than 2.5% or the inflation rate, whichever is greater, each of those amounts adjusted by an amount proportionate to any increase in the municipality's population from the previous fiscal year. The reduction is generally equal to 50 cents for every dollar the municipality spends over this cap. Each municipality must annually certify to the Secretary of the OPM whether such municipality has exceeded the cap set forth in the statute and if so the amount by which the cap was exceeded. The 2022-2023 biennium budget legislation provides funding for municipal revenue sharing grant in fiscal years ending June 30, 2022 and June 30, 2023.

**COMPARATIVE GENERAL FUND OPERATING STATEMENT**  
**(Budget and Actual – Budgetary Basis)**

	<b>Fiscal Year 2021-22 (1)</b>			<b>FY 2022-23 Adopted Budget</b>
	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Favorable (Unfavorable)</b>	
<b>REVENUES</b>				
Property taxes.....	\$ 58,626,006	\$ 58,997,155	\$ 371,149	\$ 59,424,935
Intergovernmental revenue.....	32,919,352	33,130,147	210,795	32,721,984
Charges for services.....	5,572,298	6,581,276	1,008,978	5,521,550
Interest income.....	320,000	734,249	414,249	355,732
<b>TOTAL REVENUES.....</b>	<b>97,437,656</b>	<b>99,442,827</b>	<b>2,005,171</b>	<b>98,024,201</b>
<b>EXPENDITURES</b>				
City council.....	308,837	297,957	10,880	316,158
Probate court.....	30,000	31,218	(1,218)	30,000
Office of the Mayor.....	959,397	1,009,944	(50,547)	987,333
Elections.....	118,734	94,171	24,563	116,318
Finance.....	3,233,609	3,037,605	196,004	3,298,774
City clerk.....	297,011	278,749	18,262	304,831
Contingency.....	299,949	-	299,949	400,000
Law.....	355,000	394,725	(39,725)	375,000
Police.....	12,638,608	12,082,706	555,902	12,425,733
Fire.....	9,882,952	10,526,702	(643,750)	10,008,901
Civil preparedness.....	25,750	25,451	299	26,000
Public works.....	8,395,566	8,383,448	12,118	8,252,953
Health and welfare.....	203,852	203,852	-	207,784
Recreation.....	805,437	917,732	(112,295)	974,307
Library.....	998,200	998,200	-	1,048,110
Human services / senior center.....	747,688	460,083	287,605	515,928
Development and planning.....	1,464,424	1,445,754	18,670	1,438,474
Employee benefit payments.....	4,916,607	4,916,607	-	1,564,380
Education.....	44,506,409	43,800,424	705,985	45,215,500
<b>TOTAL EXPENDITURES.....</b>	<b>90,188,030</b>	<b>88,905,328</b>	<b>1,282,702</b>	<b>87,506,484</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES:.....</b>	<b>7,249,626</b>	<b>10,537,499</b>	<b>3,287,873</b>	<b>10,517,717</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Appropriation of Fund Balance.....	-	-	-	-
Transfers in.....	1,472,255	650,000	(822,255)	650,000
Transfers out.....	(8,721,881)	(8,233,906)	487,975	(11,167,717)
<b>TOTAL OTHER FINANCING SOURCES (USES):.....</b>	<b>(7,249,626)</b>	<b>(7,583,906)</b>	<b>(334,280)</b>	<b>(10,517,717)</b>
<b>Net change in budgetary fund balance.....</b>	<b>\$ -</b>	<b>2,953,593</b>	<b>\$ 2,953,593</b>	<b>\$ -</b>
Budgetary Fund Balance, beginning.....		16,193,449		
Budgetary Fund Balance, ending.....		<u>\$ 19,147,042</u>		

(1) Fiscal year 2021-22 draft audited financials.

Source: Fiscal year 2021-22 draft audited financials and fiscal year 2022-23 adopted budget.

**COMPARATIVE GENERAL FUND BALANCE SHEETS**  
Summary of Assets and Liabilities  
(GAAP Basis)

Fiscal Year Ended:	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
<b>ASSETS</b>					
Cash and cash equivalents.....	\$ 735,354	\$ 1,856,431	\$ 6,418,263	\$ 677,124	\$ 680,210
Investments.....	12,262,278	13,194,743	17,403,915	17,810,119	21,645,866
Receivables, net of allowance for uncollectible amounts.....	2,441,297	3,280,614	1,853,445	3,121,134	2,966,509
Due from other funds.....	2,415,844	5,113,155	1,843,048	6,638,324	3,410,957
Prepays.....	-	-	-	-	638,169
<b>Total Assets.....</b>	<b><u>\$ 17,854,773</u></b>	<b><u>\$ 23,444,943</u></b>	<b><u>\$ 27,518,671</u></b>	<b><u>\$ 28,246,701</u></b>	<b><u>\$ 29,341,711</u></b>
<b>LIABILITIES</b>					
Accounts payable.....	\$ 4,659,194	\$ 4,878,768	\$ 6,693,377	\$ 6,775,845	\$ 6,123,252
Accrued wages and related liabilities.....	2,603,204	2,220,832	2,280,407	1,744,772	2,815,565
Due to other funds.....	389,881	413,952	807,368	430,585	484,550
Deferred and unearned revenue.....	6,381	12,595	12,595	12,595	-
Net overpayments.....	-	194,404	312,420	406,247	387,171
Performance bonds.....	-	620,200	690,075	583,817	590,697
<b>Total Liabilities.....</b>	<b><u>7,658,660</u></b>	<b><u>8,340,751</u></b>	<b><u>10,796,242</u></b>	<b><u>9,953,861</u></b>	<b><u>10,401,235</u></b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenue - property taxes.....	1,549,898	1,986,158	1,282,332	2,125,005	2,469,550
Advanced property tax collections.....	429,728	296,306	360,400	391,968	269,137
<b>Total Deferred Inflows of Resources.....</b>	<b><u>1,979,626</u></b>	<b><u>2,282,464</u></b>	<b><u>1,642,732</u></b>	<b><u>2,516,973</u></b>	<b><u>2,738,687</u></b>
<b>FUND BALANCES</b>					
Nonspendable.....	-	-	-	-	638,169
Unassigned.....	8,216,487	12,821,728	15,079,697	15,775,867	15,563,620
<b>Total Fund Balances.....</b>	<b><u>8,216,487</u></b>	<b><u>12,821,728</u></b>	<b><u>15,079,697</u></b>	<b><u>15,775,867</u></b>	<b><u>16,201,789</u></b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances.....</b>	<b><u>\$ 17,854,773</u></b>	<b><u>\$ 23,444,943</u></b>	<b><u>\$ 27,518,671</u></b>	<b><u>\$ 28,246,701</u></b>	<b><u>\$ 29,341,711</u></b>

Source: Annual audited financial statements.

**ANALYSIS OF GENERAL FUND EQUITY**  
(GAAP BASIS)

	Actual <u>2016-17</u>	Actual <u>2017-18</u>	Actual <u>2018-19</u>	Actual <u>2019-20</u>	Actual <u>2020-21</u>
Nonspendable.....	\$ -	\$ -	\$ -	\$ -	\$ 638,169
Unassigned.....	8,216,487	12,821,728	15,079,697	15,775,867	15,563,620
<b>Total Fund Balance.....</b>	<b><u>\$ 8,216,487</u></b>	<b><u>\$ 12,821,728</u></b>	<b><u>\$ 15,079,697</u></b>	<b><u>\$ 15,775,867</u></b>	<b><u>\$ 16,201,789</u></b>
Unassigned Fund Balance as % of Total Expenditures & Transfers.....	<u>8.61%</u>	<u>13.19%</u>	<u>15.18%</u>	<u>15.41%</u>	<u>15.61%</u>

**COMPARATIVE GENERAL FUND REVENUES AND EXPENDITURES**  
**Summary of Audited Revenues and Expenditures**  
**(GAAP Basis)**

<b>Fiscal Year Ended:</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022 (1)</b>
<b>REVENUES</b>					
Property taxes.....	\$ 55,632,876	\$ 58,072,702	\$ 58,123,246	\$ 57,625,978	\$ 58,997,155
Intergovernmental.....	40,031,084	38,140,977	38,032,723	37,594,120	33,130,147
Charges for services.....	5,942,591	4,482,617	6,096,775	4,712,049	6,581,276
Interest income.....	138,525	90,466	126,993	85,623	734,249
Other.....	54,780	517,009	-	-	-
<b>Total Revenues.....</b>	<b>101,799,856</b>	<b>101,303,771</b>	<b>102,379,737</b>	<b>100,017,770</b>	<b>99,442,827</b>
<b>EXPENDITURES</b>					
Current:					
General government.....	5,208,832	5,875,165	5,735,541	5,897,825	6,590,123
Public safety.....	19,855,737	19,951,326	21,005,868	21,788,528	22,634,859
Public works.....	8,124,745	8,272,500	7,816,593	7,771,682	8,383,448
Health and welfare.....	200,309	198,872	199,348	204,489	203,852
Culture and recreation.....	1,799,464	1,852,281	1,865,421	1,931,757	2,376,015
Employee benefits.....	4,180,355	4,221,987	4,193,939	4,642,550	4,880,073
Education.....	51,008,223	50,333,981	50,927,901	49,960,330	43,800,424
<b>Total Expenditures.....</b>	<b>90,377,665</b>	<b>90,706,112</b>	<b>91,744,611</b>	<b>92,197,161</b>	<b>88,868,794</b>
Revenues over expenditures.....	11,422,191	10,597,659	10,635,126	7,820,609	10,574,033
<b>Other Financing Sources (Uses)</b>					
Operating transfers in.....	-	268,300	658,404	101,345	650,000
Operating transfers out.....	(6,816,950)	(8,607,990)	(10,597,360)	(7,496,032)	(8,233,906)
<b>Total Other Financing Sources</b>					
<b>(Uses).....</b>	<b>(6,816,950)</b>	<b>(8,339,690)</b>	<b>(9,938,956)</b>	<b>(7,394,687)</b>	<b>(7,583,906)</b>
Net change in fund balances.....	4,605,241	2,257,969	696,170	425,922	2,990,127
Fund Balance - July 1.....	8,216,487	12,821,728	15,079,697	15,775,867	16,201,789
Fund Balance - June 30.....	<u>\$ 12,821,728</u>	<u>\$ 15,079,697</u>	<u>\$ 15,775,867</u>	<u>\$ 16,201,789</u>	<u>\$ 19,191,916</u>

(1) Fiscal year 2021-22 draft audited financials.

Source: Annual audited financial statements.

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**COMPARATIVE BALANCE SHEETS – ENTERPRISE FUND**

<b>Fiscal Year Ended:</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>
<b>OPERATING REVENUES</b>					
Charges for services.....	\$ 15,629,373	\$ 16,588,433	\$ 16,744,541	\$ 16,791,487	\$ 16,041,519
<b>OPERATING EXPENSES</b>					
Personnel services.....	393,176	401,014	455,196	539,277	540,466
Contractual services.....	10,642,091	12,082,026	12,466,026	12,231,194	10,959,264
Supplies and materials.....	70,627	60,205	219,515	257,965	152,527
Insurance and property taxes.....	370,232	410,239	308,854	769,973	598,502
Depreciation.....	3,999,564	3,896,215	3,624,804	3,269,435	3,390,548
Repairs and maintenance.....	557,655	507,079	468,440	1,884,190	1,595,024
Electricity.....	-	-	-	1,097,011	1,240,146
Other.....	226,008	237,988	284,523	-	32,845
Capital outlay.....	-	97,791	76,576	-	-
<b>TOTAL OPERATING EXPENSES</b>	<b>16,259,353</b>	<b>17,692,557</b>	<b>17,903,934</b>	<b>20,049,045</b>	<b>18,509,322</b>
<b>OPERATING INCOME (LOSS)</b>	<b>(629,980)</b>	<b>(1,104,124)</b>	<b>(1,159,393)</b>	<b>(3,257,558)</b>	<b>(2,467,803)</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>					
Investment income.....	595,835	493,210	753,985	683,607	339,891
Net change in fair value of investments...	-	-	-	-	871,949
Contributions.....	111,485	100,000	100,000	458,596	100,000
Interest expense.....	(273,875)	(352,322)	(293,132)	(252,241)	(355,292)
<b>TOTAL NONOPERATING REVENUES (EXPENSES)</b>	<b>433,445</b>	<b>240,888</b>	<b>560,853</b>	<b>889,962</b>	<b>956,548</b>
<b>INCOME (LOSS) BEFORE TRANSFERS</b>					
<b>TRANSFERS</b> .....	<b>(196,535)</b>	<b>(863,236)</b>	<b>(598,540)</b>	<b>(2,367,596)</b>	<b>(1,511,255)</b>
<b>TRANSFER OUT</b> .....	<b>-</b>	<b>-</b>	<b>(100,000)</b>	<b>(300,000)</b>	<b>(100,000)</b>
<b>TRANSFER IN</b> .....	<b>-</b>	<b>18,010</b>	<b>60,000</b>	<b>60,000</b>	<b>100,000</b>
<b>CHANGE IN NET ASSETS</b> .....	<b>(196,535)</b>	<b>(845,226)</b>	<b>(638,540)</b>	<b>(2,607,596)</b>	<b>(1,511,255)</b>
<b>TOTAL NET POSITION - JULY 1</b> .....	<b>125,533,016</b>	<b>125,336,481</b>	<b>124,491,255</b>	<b>123,852,715</b>	<b>121,245,119</b>
<b>TOTAL NET POSITION - JUNE 30</b> .....	<b>\$ 125,336,481</b>	<b>\$ 124,491,255</b>	<b>\$ 123,852,715</b>	<b>\$ 121,245,119</b>	<b>\$ 119,733,864</b>

Source: Annual audited financial statements.

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**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN RETAINED EARNINGS  
ENTERPRISE FUND**

<b>Fiscal Year Ended:</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>
<b>Assets</b>					
Current assets:					
Cash and investments .....	\$ 9,510,514	\$ 8,687,972	\$ 11,597,860	\$ 13,061,692	\$ 8,938,668
Receivables, net of allowances for collection losses .....	3,345,540	2,273,249	2,252,209	2,252,375	2,187,690
Prepaid expenses .....	549,076	581,614	618,101	19,599	-
Due from other funds .....	934,848	1,044,656	1,119,544	145,470	-
<b>Total current assets .....</b>	<b>14,339,978</b>	<b>12,587,491</b>	<b>15,587,714</b>	<b>15,479,136</b>	<b>11,126,358</b>
Noncurrent assets:					
Restricted assets:					
Cash and investments .....	9,838,055	10,982,433	10,911,507	12,384,474	13,797,865
Capital assets (net) .....	117,075,776	114,375,376	111,343,293	111,158,019	109,970,849
<b>Total assets .....</b>	<b>141,253,809</b>	<b>137,945,300</b>	<b>137,842,514</b>	<b>139,021,629</b>	<b>134,895,072</b>
<b>Deferred Outflows of Resources</b>					
Deferred charge on refunding .....	135,280	121,751	108,223	-	3,750
<b>Liabilities</b>					
Current liabilities:					
Cash overdraft .....	808,945	-	-	-	-
Accounts payable and accrued liabilities .....	630,090	830,825	564,170	881,891	766,411
Retainage payable .....	-	-	17,245	144,672	85,746
Accrued payroll .....	-	-	15,302	-	21,848
Accrued interest .....	64,330	76,379	64,136	54,991	89,117
Due to other funds .....	1,318,181	1,518,022	1,798,171	4,507,237	3,056,787
Overpayments .....	118,191	152,836	115,603	100,572	166,574
Unearned revenue .....	593,412	300,572	200,572	124,851	48,029
Bonds and notes payable .....	970,470	943,264	978,576	1,025,913	907,450
<b>Total current liabilities .....</b>	<b>4,503,619</b>	<b>3,821,898</b>	<b>3,753,775</b>	<b>6,840,127</b>	<b>5,141,962</b>
Noncurrent liabilities:					
Bonds, notes and related liabilities .....	11,548,989	10,753,146	10,344,247	10,851,619	9,909,462
<b>Total liabilities .....</b>	<b>16,052,608</b>	<b>14,575,044</b>	<b>14,098,022</b>	<b>17,691,746</b>	<b>15,051,424</b>
<b>Net Position</b>					
Net investment in capital assets .....	104,691,597	102,800,717	100,128,693	100,825,375	100,732,731
Restricted for specific purposes .....	10,346,307	10,982,433	12,126,610	12,374,474	13,797,865
Unrestricted .....	10,298,577	10,708,105	11,597,412	8,035,270	5,203,268
<b>Total net position .....</b>	<b>\$ 125,336,481</b>	<b>\$ 124,491,255</b>	<b>\$ 123,852,715</b>	<b>\$ 121,235,119</b>	<b>\$ 119,733,864</b>

Source: Annual audited financial statements.

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**VI. DEBT SUMMARY**

**PRINCIPAL AMOUNT OF INDEBTEDNESS**

As of March 16, 2023 (Pro Forma)

**Long-Term Debt: Bonds**

<u>Date of Issue</u>	<u>Purpose</u>	<u>Rate %</u>	<u>Original Issue Amount</u>	<u>Principal Outstanding as of 3/16/23</u>	<u>Date of Fiscal Year Maturity</u>
<b><u>General Purpose</u></b>					
3/26/2015	General Purpose .....	2.25 - 4.00	\$ 5,350,000	\$ 2,800,000	2030
12/16/2016	Refunding - General Purpose .....	3.00 - 5.00	5,271,000	3,112,000	2030
3/15/2017	General Purpose .....	3.00 - 5.00	7,165,000	5,315,000	2037
3/8/2018	General Purpose .....	3.00 - 5.00	4,195,000	3,150,000	2038
3/21/2019	General Purpose .....	2.50 - 5.00	4,300,000	3,440,000	2039
3/21/2019	Ocean Beach Park.....	2.80 - 3.20	600,000	120,000	2024
3/21/2019	Refunding - General Purpose .....	2.50 - 5.00	3,285,000	2,385,000	2031
3/19/2020	General Purpose .....	2.00 - 4.00	2,200,000	2,100,000	2040
5/4/2020	General Purpose .....	3.125 - 5.00	3,200,000	3,050,000	2040
5/4/2020	Refunding - General Purpose .....	3.00 - 5.00	3,553,000	2,566,000	2034
10/14/2020	General Purpose .....	0.95 - 3.00	3,100,000	3,100,000	2041
10/14/2020	Refunding - Ocean Beach Park.....	0.75 - 2.35	55,000	30,000	2024
10/14/2020	Refunding - General Purpose .....	0.75 - 2.35	3,950,000	3,721,000	2034
3/17/2022	General Purpose .....	3.00 - 5.00	3,800,000	3,800,000	2042
3/16/2023	General Purpose .....	TBD	4,050,000	4,050,000	2043
			<b>\$ 54,074,000</b>	<b>\$ 42,739,000</b>	
<b><u>Schools</u></b>					
12/16/2016	Refunding - Schools .....	3.00 - 5.00	4,349,000	2,568,000	2030
3/15/2017	Schools .....	3.00 - 5.00	505,000	350,000	2037
3/8/2018	Schools .....	3.00 - 5.00	600,000	450,000	2038
3/21/2019	Schools .....	2.50 - 5.00	7,000,000	5,600,000	2039
3/19/2020	Schools .....	2.00 - 4.00	7,000,000	6,725,000	2040
5/4/2020	Refunding - Schools .....	3.00 - 5.00	1,882,000	1,282,000	2034
10/14/2020	Refunding - Schools .....	0.75 - 2.35	4,455,000	4,139,000	2034
3/18/2021	Schools .....	1.25 - 4.25	13,300,000	13,300,000	2041
3/17/2022	Schools .....	3.00 - 5.00	10,000,000	10,000,000	2042
3/16/2023	Schools .....	TBD	4,500,000	4,500,000	2043
			<b>\$ 53,591,000</b>	<b>\$ 48,914,000</b>	
<b><u>Pensions</u></b>					
12/17/2015	Pension Deficit .....	1.25 - 4.60	4,000,000	2,975,000	2036
			<b>\$ 4,000,000</b>	<b>\$ 2,975,000</b>	
<b><u>Sewers</u></b>					
3/15/2017	Sewers.....	3.00 - 5.00	3,100,000	2,170,000	2037
			<b>\$ 3,100,000</b>	<b>\$ 2,170,000</b>	
<b><u>Water</u></b>					
1/31/2017	Drinking Water Fund Loan #2013-7025.....	2.00	5,534,628	3,786,221	2036
5/4/2020	Water.....	3.125 - 5.00	1,650,000	1,580,000	2040
5/4/2020	Refunding - Water .....	3.00 - 5.00	1,525,000	1,007,000	2027
			<b>\$ 8,709,628</b>	<b>\$ 6,373,221</b>	
	<b>Total .....</b>		<b>\$ 123,474,628</b>	<b>\$ 103,171,221</b>	

**Short-Term Debt: Notes**

<u>Date of Issue</u>	<u>Purpose</u>	<u>Rate %</u>	<u>Original Issue Amount</u>	<u>Principal Outstanding as of 3/16/23</u>	<u>Date of Fiscal Year Maturity</u>
<b><i>General Purpose</i></b>					
3/16/2023	General Purpose .....	TBD	8,600,000	9,200,000	2024
			<u>\$ 8,600,000</u>	<u>\$ 9,200,000</u>	
<b><i>Schools</i></b>					
3/16/2023	Schools .....	TBD	\$ 21,260,000	\$ 21,260,000	2024
			<u>21,260,000</u>	<u>21,260,000</u>	
	<b>Total .....</b>		<u><u>\$ 29,860,000</u></u>	<u><u>\$ 30,460,000</u></u>	

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**COMBINED SCHEDULE OF LONG-TERM DEBT THROUGH MATURITY  
GENERAL FUND AND ENTERPRISE FUND**

As of March 16, 2023

(Pro Forma)

Fiscal Year	Existing Indebtedness			The Bonds	ALL ISSUES
	Principal Payments (1)	Interest Payments	Total Debt Service (1)	Principal Payments	Total Principal (1)
2022-23	\$ 5,311,072	\$ 3,256,821	\$ 8,567,893	\$ -	\$ 5,311,072
2023-24	6,096,240	3,046,017	9,142,257	-	6,096,240
2024-25	6,786,513	2,805,756	9,592,269	-	6,786,513
2025-26	6,896,893	2,528,042	9,424,935	640,000	7,536,893
2026-27	7,017,381	2,251,252	9,268,633	805,000	7,822,381
2027-28	6,667,979	1,986,166	8,654,145	880,000	7,547,979
2028-29	6,718,691	1,700,553	8,419,244	375,000	7,093,691
2029-30	6,819,518	1,499,983	8,319,501	375,000	7,194,518
2030-31	5,680,463	1,291,108	6,971,571	375,000	6,055,463
2031-32	5,391,528	1,130,400	6,521,928	375,000	5,766,528
2032-33	5,417,715	970,058	6,387,773	425,000	5,842,715
2033-34	5,509,027	822,973	6,332,000	430,000	5,939,027
2034-35	4,580,466	683,245	5,263,711	430,000	5,010,466
2035-36	4,472,880	553,398	5,026,278	430,000	4,902,880
2036-37	4,060,000	431,512	4,491,512	430,000	4,490,000
2037-38	3,580,000	314,313	3,894,313	430,000	4,010,000
2038-39	3,340,000	215,747	3,555,747	430,000	3,770,000
2038-40	2,775,000	135,266	2,910,266	430,000	3,205,000
2040-41	1,900,000	69,750	1,969,750	430,000	2,330,000
2041-42	825,000	24,750	849,750	430,000	1,255,000
2042-43	-	-	-	430,000	430,000
Total	<u>\$ 99,846,366</u>	<u>\$ 25,717,110</u>	<u>\$ 125,563,476</u>	<u>\$ 8,550,000</u>	<u>\$ 108,396,366</u>

(1) Includes water debt in the amount of \$6,373,221 paid from user charges. Does not reflect principal payments of \$5,225,145 to be made as of March 16, 2023.

Source: City of New London.

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**COMBINED SCHEDULE OF LONG-TERM DEBT THROUGH MATURITY**  
**GENERAL FUND**  
As of March 16, 2023  
(Pro Forma)

<b>Fiscal Year</b>	<b>Existing Indebtedness</b>			<b>The Bonds</b>	<b>ALL ISSUES</b>
	<b>Principal Payments (1)</b>	<b>Interest Payments</b>	<b>Total Debt Service (1)</b>	<b>Principal Payments</b>	<b>Total Principal (1)</b>
2022-23	\$ 4,441,000	\$ 2,967,734	\$ 7,408,734	\$ -	\$ 4,441,000
2023-24	5,219,000	2,789,710	8,008,710	-	5,219,000
2024-25	6,038,000	2,580,484	8,618,484	-	6,038,000
2025-26	6,141,000	2,332,300	8,473,300	640,000	6,781,000
2026-27	6,265,000	2,084,973	8,349,973	805,000	7,070,000
2027-28	6,150,000	1,841,285	7,991,285	880,000	7,030,000
2028-29	6,175,000	1,569,634	7,744,634	375,000	6,550,000
2029-30	6,270,000	1,383,541	7,653,541	375,000	6,645,000
2030-31	5,125,000	1,189,454	6,314,454	375,000	5,500,000
2031-32	4,830,000	1,043,849	5,873,849	375,000	5,205,000
2032-33	4,850,000	898,731	5,748,731	425,000	5,275,000
2033-34	4,935,000	766,689	5,701,689	430,000	5,365,000
2034-35	4,000,000	641,826	4,641,826	430,000	4,430,000
2035-36	4,025,000	526,510	4,551,510	430,000	4,455,000
2036-37	3,800,000	414,606	4,214,606	430,000	4,230,000
2037-38	3,475,000	306,175	3,781,175	430,000	3,905,000
2038-39	3,235,000	210,825	3,445,825	430,000	3,665,000
2039-40	2,670,000	133,625	2,803,625	430,000	3,100,000
2040-41	1,900,000	69,750	1,969,750	430,000	2,330,000
2041-42	825,000	24,750	849,750	430,000	1,255,000
2042-43	-	-	-	430,000	430,000
<b>Total</b>	<b>\$ 90,369,000</b>	<b>\$ 23,776,451</b>	<b>\$ 114,145,451</b>	<b>\$ 8,550,000</b>	<b>\$ 98,919,000</b>

(1) Does not reflect principal payments of \$4,441,000 to be made as of March 16, 2023.

Source: City of New London.

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**COMBINED SCHEDULE OF LONG-TERM DEBT THROUGH MATURITY  
ENTERPRISE FUND**

As of March 16, 2023  
(Pro Forma)

<b>Fiscal Year</b>	<b>Existing Indebtedness</b>		
	<b>Principal Payments (1)</b>	<b>Interest Payments</b>	<b>Total Debt Service (1)</b>
2022-23	\$ 870,072	\$ 289,087	\$ 1,159,159
2023-24	877,240	256,307	1,133,547
2024-25	748,513	225,272	973,785
2025-26	755,893	195,742	951,635
2026-27	752,381	166,279	918,660
2027-28	517,979	144,881	662,860
2028-29	543,691	130,919	674,610
2029-30	549,518	116,442	665,960
2030-31	555,463	101,654	657,117
2031-32	561,528	86,551	648,079
2032-33	567,715	71,327	639,042
2033-34	574,027	56,284	630,311
2034-35	580,466	41,419	621,885
2035-36	447,880	26,888	474,768
2036-37	260,000	16,906	276,906
2037-38	105,000	8,138	113,138
2038-39	105,000	4,922	109,922
2039-40	105,000	1,641	106,641
<b>Total</b>	<b>\$ 9,477,366</b>	<b>\$ 1,940,659</b>	<b>\$ 11,418,025</b>

(1) Includes water debt in the amount of \$6,373,221 paid from user charges. Does not reflect principal payments of \$784,145 to be made as of March 16, 2023.

Source: City of New London.

**THE CITY OF NEW LONDON, CONNECTICUT HAS NEVER DEFAULTED IN THE PAYMENT OF  
PRINCIPAL OR INTEREST ON ITS BONDS OR NOTES.**

**OVERLAPPING AND UNDERLYING INDEBTEDNESS**

The City has no overlapping or underlying indebtedness.

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**DEBT STATEMENT**

As of March 16, 2023

(Pro Forma)

<b>Long-Term Indebtedness (1)</b>	
The Bonds (This Issue).....	\$ 8,550,000
General Purpose.....	38,689,000
Schools.....	44,414,000
Sewers.....	2,170,000
Pensions.....	2,975,000
Water (2).....	6,373,221
<b>Total Long-Term Indebtedness.....</b>	<b>103,171,221</b>
<b>Short-Term Indebtedness</b>	
The Notes (This Issue).....	30,460,000
<b>Total Direct Indebtedness.....</b>	<b>133,631,221</b>
<b>Exclusions:</b>	
Self-Supporting Water Debt.....	(6,373,221)
<b>Total Net Direct Indebtedness.....</b>	<b><u>\$ 127,258,000</u></b>

(1) Does not include authorized but unissued debt of \$61,602,434.

(2) Includes \$6,373,221 of self-supporting water debt which will be paid from user charges but guaranteed by the full faith and credit of the City.

**CURRENT DEBT RATIOS**

As of March 16, 2023

(Pro Forma)

Total Direct Indebtedness.....	\$ 133,631,221
Total Net Direct Indebtedness.....	\$ 133,631,221
Total Net Direct Indebtedness.....	\$ 127,258,000
Population (1).....	27,585
Net Taxable Grand List (10/1/21).....	\$ 1,583,790,301
Estimated Full Value.....	\$ 2,262,557,573
Equalized Net Taxable Grand List (2020) (2).....	\$ 2,725,879,071
Per Capita Income (2021) (1).....	\$28,777
<b>Total Direct Indebtedness:</b>	
Per Capita.....	\$4,844.34
To Net Taxable Grand List .....	8.44%
To Estimated Full Value .....	5.91%
To Equalized Net Taxable Grand List.....	4.90%
Per Capita to Per Capita Income.....	16.83%
<b>Total Net Direct Indebtedness:</b>	
Per Capita.....	\$4,613.30
To Net Taxable Grand List.....	8.04%
To Estimated Full Value.....	5.62%
To Equalized Net Taxable Grand List.....	4.67%
Per Capita to Per Capita Income.....	16.03%

(1) U.S. Census Bureau, 2017-2021 American Community Survey.

(2) Office of Policy and Management, State of Connecticut

**LEGAL REQUIREMENTS FOR APPROVAL OF BORROWING**

The City has the power to incur indebtedness by issuing its bonds or notes as authorized by the General Statutes of the State of Connecticut (CGS) subject to statutory debt limitations and the requirements of the City Charter for the authorization of indebtedness.

**TEMPORARY FINANCING**

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

Temporary notes must be permanently funded no later than ten years from their initial borrowing date, except sewer notes issued in anticipation of State and/or Federal grants. If written commitment exists, the municipality may renew the sewer notes from time to time in terms not to exceed six months until such time that the final grant payments are received (CGS Sec. 7-378b).

Temporary notes may also be issued for up to 15 years for certain capital projects associated with the operation of a waterworks system (CGS Sec. 7-244a) or a sewage system (CGS Sec. 7-264a). In the first year following the completion of the project(s), or in the sixth year following the original date of issue (whichever is sooner), and in each year thereafter, the notes must be reduced by 1/15<sup>th</sup> of the total amount of the notes issued by funds derived from sources of payment specified by statute. Temporary notes may be issued in one-year maturities for up to 15 years in anticipation of sewer assessments receivable, such notes to be reduced annually by the amount of assessments received during the preceding year (CGS Sec. 7-269a).

**SCHOOL BUILDING GRANT REIMBURSEMENTS**

Pursuant to Section 10-287i of the Connecticut General Statutes, the State of Connecticut will make proportional progress payments for eligible construction costs during certain phases of construction. The following projects will be reimbursed under this method:

<u>Project</u>	<u>Amount of Total Authorization</u>	<u>Estimated Non-reimbursable Costs</u>	<u>Estimated Eligible Costs for Reimbursement (1)</u>	<u>Estimated Reimbursement Rate (%)</u>	<u>Estimated Grant (1)</u>
21st Century School Buildings Program...	\$ 61,000,000	\$ 475,000	\$ 60,525,000	95.00	\$ 57,498,750
High School Magnet School Project.....	110,000,000	14,008,129	95,991,871	82.83	79,510,067
Bennie Dover Magnet School Project.....	55,000,000	7,004,065	47,995,935	82.83	39,755,033
Total.....	<u>\$ 226,000,000</u>	<u>\$ 21,487,194</u>	<u>\$ 204,512,806</u>		<u>\$ 176,763,850</u>

(1) Estimated grants for total project. Eligible costs to be determined upon completion of the project audit and are likely to change.

**DRINKING WATER STATE REVOLVING FUND PROGRAM**

The City is a participant in the State of Connecticut's Drinking Water State Revolving Fund Program (General Statutes Sections 22a-475 et seq., as amended), which provides financial assistance to the City through loans bearing interest at a rate not exceeding one-half the rate of the average net interest cost as determined by the last previous similar bond issue by the State of Connecticut as determined by the State Bond Commission as well as subsidies pursuant to the terms of Project Loan and Subsidy Agreements.

Pursuant to the Project Loan and Subsidy Agreement, the City is obligated to repay only that amount that it draws down for the Loan for the repayment of project costs ("Interim Fund Obligation"). The City delivered to the State obligations secured by the full faith and credit of the City and/or a dedicated source of revenue of such municipality.

The amortization requirements, payment schedule and prepayment provisions are the same as under the Clean Water Fund Program.



The City has one Permanent Loan Obligation ("PLO") bearing interest of 2% which was issued to the State of Connecticut under the Drinking Water State Revolving Fund Program. This obligation was financed on July 31, 2016 for \$5,534,628.

The City has the following Drinking Water State Revolving Fund loan outstanding:

<u>Project</u>	<u>Original 2% Loan Amount</u>	<u>Amount Outstanding As of March 16, 2023</u>
DWSRF 2013-7025.....	\$ 5,534,628	\$ 3,786,221

**LIMITATION OF INDEBTEDNESS**

Municipalities shall not incur indebtedness through the issuance of bonds or notes which will cause aggregate indebtedness by class to exceed the following:

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

In no case however, shall total indebtedness exceed seven times the base. "Annual receipts from taxation," (the "base") are defined as total tax collections including interest, penalties and late payment of taxes and state payments for revenue loss under CGS Sections 12-129d and 7-528.

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

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**STATEMENT OF STATUTORY DEBT LIMITATION**  
As of March 16, 2023  
(Pro Forma)

Total Receipts for fiscal year ended June 30, 2021 (including interest and lien fees)	\$ 57,871,662
State Reimbursement for Revenue Loss on:	
Tax Relief for Elderly	-
Base for Establishing Debt Limit	\$ 57,871,662

Debt Limitation	General Purpose	Schools	Sewers	Urban Renewal	Past Pension	Total Debt
(2.25 times base).....	\$ 130,211,240					
(4.50 times base).....		\$ 260,422,479				
(3.75 times base).....			\$ 217,018,733			
(3.25 times base).....				\$ 188,082,902		
(3.00 times base).....					\$ 173,614,986	
(7.00 times base).....						\$ 405,101,634
<b>Indebtedness (Including the Bonds and Notes)</b>						
Bonds Payable (1).....	\$ 38,689,000	\$ 44,414,000	\$ 2,170,000	\$ -	\$ 2,975,000	\$ 88,248,000
The Bonds (This Issue).....	4,050,000	4,500,000	-	-	-	8,550,000
The Notes (This Issue).....	9,200,000	21,260,000	-	-	-	30,460,000
Authorized but Unissued Debt (2).....	22,500,100	38,136,962	-	-	-	60,637,062
Total Indebtedness.....	74,439,100	108,310,962	2,170,000	-	-	184,920,062
Less:						
School grants receivable (3)..	-	(58,553,681)	-	-	-	(58,553,681)
Total Net Indebtedness.....	74,439,100	49,757,281	2,170,000	-	-	126,366,381
Excess of Limit Over Outstanding and Authorized Debt.....	\$ 55,772,140	\$ 210,665,198	\$ 214,848,733	\$ 188,082,902	\$ 173,614,986	\$ 278,735,253

- (1) Does not include self-supporting water debt outstanding as of March 16, 2023 in the amount of \$6,373,221 excluded from the debt limit by Connecticut General Statute. Outstanding water bonds excluded are as follows: \$1,007,000 refunding issue of May 4, 2020 and \$1,580,000 bond issue of May 4, 2020. The City also has a State of Connecticut Drinking Water Revolving Fund Program Project Loan Obligation outstanding in the amount of \$3,786,221. (See "Drinking Water State Revolving Fund Program" herein).
- (2) Excludes \$965,372 of authorized but unissued water debt, per Connecticut General Statutes. (See "Authorized but Unissued Debt" herein).
- (3) It is estimated that the City will receive State of Connecticut School Construction grant progress payments in the amount of \$176,763,850 during the construction of the project. As of March 16, 2023, the City has received progress payments in the amount of \$118,210,169. (See "School Building Grant Reimbursements" and "Authorized but Unissued Debt" herein).

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**AUTHORIZED BUT UNISSUED DEBT**

<b>Project</b>	<b>Amount Authorized</b>	<b>Previously Bonded</b>	<b>Grants and Paydowns</b>	<b>The Notes (This Issue)</b>	<b>The Bonds (This Issue)</b>	<b>Authorized But Unissued</b>
21st Century School Buildings						
Program (1).....	\$ 61,000,000	\$ 5,497,000	\$ 54,080,698	\$ -	\$ -	\$ 1,422,302
Bennie Dover Middle School Roof.....	6,200,000	600,000	4,189,879	260,000	-	1,150,121
Intake Pump - Lake Konomoc.....	6,500,000	5,534,628	-	-	-	965,372
Various City Infrastructure including:						
Various School Improvements,						
Veteran's Field Remediation						
and Parade Construction.....	3,300,100	3,300,000	-	-	-	100
High School Magnet School Project (1).....	110,000,000	30,003,000	62,766,370	14,000,000	-	3,230,630
Bennie Dover Magnet School Project (1).....	55,000,000	4,200,000	6,966,091	7,000,000	4,500,000	32,333,909
Community Center Project.....	30,000,000	1,500,000	-	6,000,000	-	22,500,000
The City Equipment Improvements - 2022....	1,380,000	-	-	-	1,380,000	-
The City Infrastructure Improvements						
Projects - 2022.....	2,670,000	-	-	-	2,670,000	-
The City Infrastructure Improvements						
Projects - 2023.....	2,100,000	-	-	2,100,000	-	-
The City Equipment Improvements - 2023....	1,100,000	-	-	1,100,000	-	-
<b>Total.....</b>	<b>\$ 279,250,100</b>	<b>\$ 50,634,628</b>	<b>\$ 128,003,038</b>	<b>\$ 30,460,000</b>	<b>\$ 8,550,000</b>	<b>\$ 61,602,434</b>

(1) The City expects to receive grants from the State of Connecticut in the amount of \$58,553,681 which will reduce the authorized but unissued debt by a similar amount. (See "School Building Grant Reimbursements" herein).

**HISTORICAL DEBT STATEMENT**

	<b>2021-22</b>	<b>2020-21</b>	<b>2019-20</b>	<b>2018-19</b>	<b>2017-18</b>
Population (1).....	27,585	27,585	27,585	27,585	27,585
Net taxable grand list.....	\$ 1,512,763,748	\$ 1,492,043,048	\$ 1,450,658,923	\$ 1,325,382,323	\$ 1,308,497,452
Estimated full value.....	\$ 2,161,091,069	\$ 2,131,490,069	\$ 2,072,369,890	\$ 1,893,403,319	\$ 1,869,282,074
Equalized net taxable grand list (2)	\$ 2,725,879,071	\$ 2,282,298,423	\$ 2,073,700,923	\$ 2,045,197,010	\$ 1,816,064,648
Per capita income (1).....	\$28,777	\$28,777	\$28,777	\$28,777	\$28,777
Short-term debt.....	\$ 35,830,000	\$ 22,600,000	\$ 22,520,000	\$ 14,695,000	\$ 13,812,000
Long-term debt.....	99,846,366	90,939,155	79,835,044	71,442,784	64,335,786
Total Direct debt.....	\$ 135,676,366	\$ 113,539,155	\$ 102,355,044	\$ 86,137,784	\$ 78,147,786
Net Direct debt.....	\$ 128,809,000	\$ 106,156,784	\$ 94,421,633	\$ 79,218,202	\$ 70,727,804

(1) U.S. Census Bureau, 2017-2021 American Community Survey.

(2) Office of Policy and Management, State of Connecticut

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**HISTORICAL DEBT RATIOS**

	<u>2021-22</u>	<u>2020-21</u>	<u>2019-20</u>	<u>2018-19</u>	<u>2017-18</u>
<b>Total Direct Indebtedness:</b>					
Per capita.....	\$4,918.48	\$4,115.97	\$3,710.53	\$3,122.63	\$2,832.98
To net taxable grand list.....	8.97%	7.61%	7.06%	6.50%	5.97%
To estimated full value.....	6.28%	5.33%	4.94%	4.55%	4.18%
To equalized net taxable grand list.....	4.98%	4.97%	4.94%	4.21%	4.30%
Debt per capita to per capita income.....	17.09%	14.30%	12.89%	10.85%	9.84%
<b>Net direct Indebtedness:</b>					
Per capita.....	\$4,669.53	\$3,848.35	\$3,422.93	\$2,871.79	\$2,564.00
To net taxable grand list.....	8.51%	7.11%	6.51%	5.98%	5.41%
To estimated full value.....	5.96%	4.98%	4.56%	4.18%	3.78%
To equalized net taxable grand list.....	4.73%	4.65%	4.55%	3.87%	3.89%
Debt per capita to per capita income.....	16.23%	13.37%	11.89%	9.98%	8.91%

**RATIO OF ANNUAL DEBT SERVICE EXPENDITURES TO TOTAL GENERAL FUND  
EXPENDITURES AND TRANSFERS OUT**

<u>Fiscal Year Ended 6/30</u>	<u>Annual Debt Service</u>	<u>Total General Fund Expenditures and Transfers out</u>	<u>Ratio of General Fund Debt Service to Total General Fund Expenditures and Transfers Out %</u>
2023 (1)	\$ 8,980,653	\$ 98,674,201	9.10%
2022 (2)	7,325,748	97,102,700	7.54%
2021	7,135,193	99,693,193	7.16%
2020	7,807,023	102,341,971	7.63%
2019	6,719,997	99,314,102	6.77%
2018	6,476,811	97,194,615	6.66%
2017	7,107,921	96,408,560	7.37%
2016	5,018,476	90,633,637	5.54%
2015	5,865,033	88,211,033	6.65%
2014	5,847,696	85,869,546	6.81%

(1) Adopted budget for fiscal year 2022-23.

(2) Draft audited financial statement for fiscal year 2021-22.

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## **VII. LEGAL AND OTHER LITIGATION**

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### **LITIGATION**

As of the date of this Official Statement, there are no claims or litigation pending or to the knowledge of the City threatened, which would individually or in the aggregate result in final judgments against the City which would have a materially adverse effect on the finances of the City or which would impact the validity of the Bonds and Notes or the power of the City to levy and collect taxes to pay the principal and interest on the Bonds and Notes when due.

### **LEGAL MATTERS**

Tobin, Carberry, O'Malley, Riley & Selinger, P. C., of New London, Connecticut is serving as Bond Counsel with respect to the authorization and issuance of the Bonds and Notes and will render its opinions with respect to the Bonds and Notes in substantially the forms attached to the Official Statement as Appendices B-1 and B-2, respectively.

### **MUNICIPAL ADVISOR**

Munistat Services, Inc. (the "Municipal Advisor"), is a Municipal Advisor, registered with the Securities and Exchange Commission and the Municipal Securities Rulemaking Board. The Municipal Advisor serves as independent municipal advisor to the City on matters relating to debt management. The Municipal Advisor is a municipal advisory and consulting organization and is not engaged in the business of underwriting, marketing, or trading municipal securities or any other negotiated instruments. The Municipal Advisor has assisted the City as to the plan of finance and the structuring of the Bonds and Notes and has reviewed and commented on certain legal documents, including this Official Statement. The advice on the plan of financing and the structuring of the Bonds and Notes was based on materials provided by the City and other sources of information believed to be reliable. The Municipal Advisor has not audited, authenticated, or otherwise verified the information provided by the City or the information set forth in this Official Statement or any other information available to the City with respect to the appropriateness, accuracy, or completeness of disclosure of such information and no guarantee, warranty, or other representation is made by the Municipal Advisor respecting the accuracy and completeness of or any other matter related to such information and this Official Statement.

### **DOCUMENTS ACCOMPANYING DELIVERY OF THE BONDS AND THE NOTES**

A Upon the delivery of the Bonds and the Notes, the original purchaser(s) will be furnished with the following:

1. A Signature and No Litigation Certificate stating that at the time of delivery no litigation is pending or threatened affecting the validity of the Bonds and Notes or the levy or collection of taxes to pay the principal of and interest on the Bonds and Notes;
2. A certificate on behalf of the City, signed by the Mayor and Director of Finance, which will be dated the date of delivery and attached to a signed copy of the Official Statement, and which will certify to the best of said officials' knowledge and belief, as of the date of the Official Statement and the date of the closing, that the descriptions and statements in the Official Statement relating to the City and its finances were true and correct in all material respects and did not contain any untrue statements of a material fact or omit to state a material fact necessary to make the statement therein, in light of the circumstances under which they were made, not misleading, and that there has been no material adverse change in the financial condition of the City from that set forth in or contemplated by the Official Statement.
3. Receipt for the purchase price of the Bonds and Notes;
4. The approving opinions of Tobin, Carberry, O'Malley, Riley & Selinger, P.C. of New London, Connecticut for the Bonds and Notes substantially in the forms attached to the Official Statement as Appendices B-1 and B-2, respectively;
5. Executed Continuing Disclosure Agreements for the Bonds and Notes in substantially the form attached to the Official Statement as Appendices C-1 and C-2, respectively; and

6. The City will provide the winning bidder(s) of the Bonds 15 copies and the Notes 10 copies of the final Official Statement, as prepared for this issue at the City's expense and delivered not later than seven business days after the bid opening. Additional copies may be obtained by the winning bidder(s) at its own expense by arrangement with the printer. If the City's financial advisor is provided with the necessary information from the winning bidder(s) by 12:00 p.m. (Noon) on the day after the bid opening, the copies of the final Official Statement will include an additional cover page and other pages, if necessary, indicating the interest rates, rating, yields or reoffering prices, the name(s) of the winning bidder(s) for the Bonds and Notes.

A transcript of the proceedings taken by the City in authorizing the Bonds and Notes will be kept on file at the principal office of U.S. Bank Trust Company, National Association of Hartford, Connecticut and will be available for examination upon reasonable request.

#### **CONCLUDING STATEMENT**

Additional information may be obtained upon request from David McBride., Director of Finance, City of New London, 13 Masonic Street, New London, Connecticut 06320 at (860) 447-5218 or from the Municipal Advisor at (203) 421-2087.

Any statements in this Official Statement involving matters of opinion or estimates, whether or not expressly so stated, are intended as such and not as representations of fact. No representation is made that any such statements will be realized. This Official Statement is not to be construed as a contract or agreement between the City and the purchasers or holders of any of the Bonds and Notes.

This Official Statement is submitted in connection with the sale of the Bonds and Notes and may not be reproduced or used in whole or in part for any other purpose. This Official Statement has been duly authorized and approved by the City and duly executed and delivered on its behalf by the City.

### **CITY OF NEW LONDON, CONNECTICUT**

By: \_\_\_\_\_  
Michael E. Passero  
*Mayor*

By: \_\_\_\_\_  
David F. McBride, Jr.  
*Director of Finance*

**Dated: February 17, 2023**

**APPENDIX A - FINANCIAL STATEMENTS**

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Appendix A – Audited Financial Statements - is taken from the Annual Report of the City of New London for the Fiscal Year ending June 30, 2021 as presented by the auditors as of the date of their report to the City. This appendix does not include all of the schedules. A copy of the complete report is available upon request to the Director of Finance, City of New London, Connecticut. The auditors have not performed a subsequent review for this Official Statement.



## **Independent Auditors' Report**

**City Council  
City of New London, 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 New London, Connecticut ("City") as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the City'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 auditor considers 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.



**City Council  
City of New London, Connecticut**

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***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 New London, Connecticut, as of June 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Other Matters***

***Required Supplementary Information***

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

***Supplementary and Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, supplemental schedules and trend information section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplemental 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 supplemental schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and trend information 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.

**City Council  
City of New London, Connecticut**

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

In accordance with *Government Auditing Standards*, we have also issued our report dated January 31, 2022, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

*PKF O'Connor Davies, LLP*

Wethersfield, Connecticut  
January 31, 2022



Department of Finance  
 13 Masonic Street  
 New London, CT 06320

Phone (860) 447-5218  
 Fax (860) 447-5297

## CITY OF NEW LONDON

### Management's Discussion and Analysis For the Year Ended June 30, 2021

As management of the City of New London, Connecticut ("City") we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2021. Please read it in conjunction with the City's financial statements immediately following this section.

#### Financial highlights

- On a government-wide basis, the assets and deferred outflows of resources of the City exceed its liabilities and deferred inflows of resources at the close of the most recent fiscal year as follows:

	Governmental Activities	Business-Type Activities	Total
Change in net position	\$ 37,443,016	\$ (1,511,255)	\$ 35,931,761
Total net position	149,411,453	119,733,864	269,145,317
Unrestricted net position	(89,754,817)	5,203,268	(84,551,549)

- The City's total net position increased by \$35,931,761. The increase is due to the following:

#### Governmental and enterprise fund activity:

➤ positive operations of the general fund of	\$ 425,922
➤ positive operations of the capital nonrecurring fund of	9,918,908
➤ positive operations of the education grants fund of	406,924
➤ positive operations of the internal service funds of	1,406,231

The positive operations were offset by:

➤ negative operations of the school projects fund of	(16,031,151)
➤ negative operations of the water pollution control authority fund of	(927,105)
➤ negative operations of the water street parking garage fund of	(487,112)

#### Conversion to accrual basis on Exhibit E:

➤ capital outlay net of depreciation expense of	38,795,487
➤ change in net pension liability of	7,877,680
➤ change in OPEB liability of	5,419,441
➤ change in deferred outflows of resources related to pension and OPEB	(2,445,665)
➤ change in deferred inflows of resources related to pension and OPEB	(8,456,100)

## Management's Discussion and Analysis (continued)

---

- At the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$42,560,946, a decrease of \$5,190,986 in comparison with the prior year. The change is based on the operating results of each major fund noted above and described in further detail in the Financial Analysis of the City's Funds section.
- At the end of the current fiscal year, the unassigned fund balance in the general fund was \$15,563,620 or 16.77% of total general fund budgetary expenditures and transfers out.
- Net capital assets increased in the current year by \$37,563,830. The increase is primarily attributable to capital asset additions for construction in progress for school renovations.
- The City's total debt decreased by \$1,327,117 as a result of scheduled principal payments of \$6,172,117 and the refunding of \$7,760,000 bonds, offset by the issuance of \$8,405,000 of refunding bonds and \$4,200,000 of general obligation bonds.

### **Overview of the basic financial statements**

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to financial statements. This report also contains other supplementary information as well as the basic financial statements.

**Government-wide financial statements.** The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the City's assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference being reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of the City's financial health. Other non-financial events such as the impact of changes in the City's tax base or infrastructure should also be considered when evaluating the City's financial health.

The *statement of activities* presents information showing how the City's net position changed during the year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of when the cash is actually received or paid. Therefore, revenues and expenses are reported in this statement for some items whose cash flow may occur in a future fiscal period. Taxes uncollected but levied or vacation leave unused but earned are examples of this.

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenue (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include general government, public safety, public works, health and welfare, recreation and culture, and education. The business-type activities of the City include the Water Pollution Control Authority, Water Department, Storm Water Management, Ocean Beach Park and Water Street Parking Garage.

The government-wide financial statements can be found on Exhibits A and B of this report.

**Fund financial statements.** A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The funds of the City can be divided into the following three categories: governmental funds, proprietary funds and fiduciary funds.

**Governmental funds** - Governmental funds are used to account for the same functions reported as governmental activities in the government-wide financial statements. Unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. This information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds to similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate a comparison between governmental funds and governmental activities.

For governmental funds, the City presents separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the general fund, capital nonrecurring fund, school projects fund and education grants fund, all of which are considered to be major funds. The remaining governmental funds are combined into a single, aggregated presentation. Individual fund data for each of the other governmental funds is provided in the form of combining statements elsewhere in this report.

**Proprietary funds** - The City uses two different types of proprietary funds. Enterprise funds are used to report the functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to report the activities of the Water Pollution Control Authority, Water Department, Storm Water Management, Ocean Beach Park and Water Street Parking Garage.

Internal service funds are an accounting device used to accumulate and allocate costs internally among benefiting activities.

The City uses internal service funds to account for self-insured liability/auto/property, workers' compensation and heart and hypertension benefits as well as other liability insurances. Because these services predominately benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Water Pollution Control Authority, Water Department, Storm Water Management, Ocean Beach Park, Water Street Parking Garage and the internal service fund. The Water Pollution Control Authority and Water Department are considered major funds, while Storm Water Management, Ocean Beach Park, and Water Street Parking Garage are not.

The basic proprietary fund financial statements can be found on Exhibits F, G, and H.

**Fiduciary funds** - Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs.

The basic fiduciary fund financial statements can be found on Exhibits I and J.

**Notes to financial statements.** The notes to financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to financial statements can be found on Exhibit K of this report.

**Required supplementary information.** In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information as follows:

- A budgetary comparison schedule for the General Fund to demonstrate compliance with this budget.
- Schedules to demonstrate the City's progress in funding its obligation to provide pension benefits.
- Schedules to demonstrate the City's progress in funding its obligation to provide other post-employment benefits.

**Other information.** Other required schedules and the combining schedules and supplemental schedules referred to earlier in connection with other governmental funds are presented immediately following the required supplementary information section.

### **Government-wide financial analysis**

As noted earlier, net position may, over time, serve as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$269,145,317 at the close of the current fiscal year.

By far, the largest portion of the City's net position is its investment in capital assets. Net investment in capital assets include land, construction in progress, land improvements, buildings and improvements, machinery and equipment, vehicles, and infrastructure, less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Management's Discussion and Analysis (continued)

An additional portion of the City's net position, \$102,297,324, represents resources that are subject to restrictions on how they may be used. Restrictions include grantor restrictions, restrictions by State Statutes (enabling legislation) and restrictions for construction contracts. The remaining balance of unrestricted net position is \$(84,551,549).

**Summary Statement of Net Position**  
**June 30,**

	Governmental Activities		Business-Type Activities		Totals	
	2021	2020 (as restated)	2021	2020	2021	2020 (as restated)
Current and other assets	\$ 102,210,617	\$ 76,926,079	\$ 21,867,436	\$ 23,356,373	\$ 124,078,053	\$100,282,452
Capital assets (net)	272,551,221	233,800,221	109,970,849	111,158,019	382,522,070	344,958,240
Total assets	<u>374,761,838</u>	<u>310,726,300</u>	<u>131,838,285</u>	<u>134,514,392</u>	<u>506,600,123</u>	<u>445,240,692</u>
Deferred outflows of resources	21,472,894	23,918,559	3,750	-	21,476,644	23,918,559
Other liabilities outstanding	61,041,501	31,618,595	2,085,175	2,332,890	63,126,676	33,951,485
Long-term liabilities outstanding	161,586,574	174,521,963	9,909,462	10,851,619	171,496,036	185,373,582
Total liabilities	<u>222,628,075</u>	<u>206,140,558</u>	<u>11,994,637</u>	<u>13,184,509</u>	<u>234,622,712</u>	<u>219,325,067</u>
Deferred inflows of resources	24,195,204	16,535,864	113,534	84,764	24,308,738	16,620,628
Net position:						
Net investment in capital assets	150,666,811	153,286,585	100,732,731	100,825,375	251,399,542	254,111,960
Restricted	88,499,459	1,895,828	13,797,865	12,384,474	102,297,324	14,280,302
Unrestricted	<u>(89,754,817)</u>	<u>(43,213,976)</u>	<u>5,203,268</u>	<u>8,035,270</u>	<u>(84,551,549)</u>	<u>(35,178,706)</u>
Total net position	<u>\$ 149,411,453</u>	<u>\$ 111,968,437</u>	<u>\$ 119,733,864</u>	<u>\$ 121,245,119</u>	<u>\$ 269,145,317</u>	<u>\$233,213,556</u>

Management's Discussion and Analysis (continued)

As detailed below, the City's total net position increased by \$35,931,761 during the current fiscal year:

**Statement of Changes in Net Position  
For the Years Ended June 30,**

	Governmental Activities		Business-Type Activities		Totals	
	2021	2020	2021	2020	2021	2020
<b>Revenues:</b>						
<b>Program revenues:</b>						
Charges for services	\$ 10,741,780	\$ 11,227,425	\$ 16,041,519	\$ 16,791,487	\$ 26,783,299	\$ 28,018,912
Operating grants and contributions	60,166,505	58,971,155	-	588	60,166,505	58,971,743
Capital grants and contributions	36,385,268	4,502,498	100,000	458,008	36,485,268	4,960,506
<b>General revenues:</b>						
Property taxes	57,917,326	59,178,725	-	-	57,917,326	59,178,725
Grants and contributions not restricted to specific programs	7,913,362	7,914,139	-	-	7,913,362	7,914,139
Income from investments	85,910	127,985	339,891	683,607	425,801	811,592
Net change in fair value of investments	-	-	871,949	-	871,949	-
<b>Total revenues</b>	<b>173,210,151</b>	<b>141,921,927</b>	<b>17,353,359</b>	<b>17,933,690</b>	<b>190,563,510</b>	<b>159,855,617</b>
<b>Expenses:</b>						
General government	5,680,279	7,352,159	-	-	5,680,279	7,352,159
Public safety	29,152,207	22,880,808	-	-	29,152,207	22,880,808
Public works	9,437,940	14,908,953	-	-	9,437,940	14,908,953
Health and welfare	1,496,613	1,989,518	-	-	1,496,613	1,989,518
Recreation and culture	3,224,598	3,293,286	-	-	3,224,598	3,293,286
Education	83,773,471	82,290,286	-	-	83,773,471	82,290,286
Interest	3,002,027	2,430,376	-	-	3,002,027	2,430,376
Water Pollution Control Authority	-	-	7,351,217	7,508,122	7,351,217	7,508,122
Water Department	-	-	7,484,016	7,992,892	7,484,016	7,992,892
Storm Water Management	-	-	1,260,519	1,317,911	1,858,268	1,317,911
Ocean Beach Park	-	-	1,858,268	2,440,417	1,260,519	2,440,417
Water Street Parking Garage	-	-	910,594	1,041,944	910,594	1,041,944
<b>Total expenses</b>	<b>135,767,135</b>	<b>135,145,386</b>	<b>18,864,614</b>	<b>20,301,286</b>	<b>154,631,749</b>	<b>155,446,672</b>
Increase (decrease) in net position before transfers	37,443,016	6,776,541	(1,511,255)	(2,367,596)	35,931,761	4,408,945
Transfers	-	240,000	-	(240,000)	-	-
<b>Change in net position</b>	<b>37,443,016</b>	<b>7,016,541</b>	<b>(1,511,255)</b>	<b>(2,607,596)</b>	<b>35,931,761</b>	<b>4,408,945</b>
Net position - July 1	111,968,437	103,219,867	121,245,119	123,852,715	233,213,556	227,072,582
Restatements (Note VI)	-	1,732,029	-	-	-	1,732,029
<b>Net position - June 30</b>	<b>\$ 149,411,453</b>	<b>\$ 111,968,437</b>	<b>\$ 119,733,864</b>	<b>\$ 121,245,119</b>	<b>\$ 269,145,317</b>	<b>\$ 233,213,556</b>



## Management's Discussion and Analysis (continued)

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The increase in net position was primarily due to the following:

### **Governmental activities**

Governmental activities resulted in an increase of the City's net position of \$37,443,016.

### **Revenues**

Governmental activities revenues totaled \$173,210,151. This represents an increase of \$31,288,224 from the prior year. Operating grants and contributions are the largest revenue source for the City and represent 34.74% of revenues. Details for the other categories are as follows:

Charges for services	6.20%
Operating grants and contributions	34.74%
Capital grants and contributions	21.01%
Property taxes	33.44%
Grants and contributions not restricted to specific programs	4.57%
Income from investments	0.05%
Total	<u>100.00%</u>

The most significant fluctuations from the prior year were as follows:

- Capital grants and contributions increased by \$31,882,770 due to an increase in the school construction progress grant of \$21,652,305 and revenue recognized for the American Rescue Plan Act ("ARPA") grant of \$10,000,000.
- Operating grants and contributions increased by \$1,195,350 due to the Coronavirus Relief Fund grant of \$928,464 and the ESSER grant of \$222,970.
- Property taxes decreased by \$1,261,399 as a result of a decrease in the budgeted amount for transfers out to capital nonrecurring.

### **Expenses**

Governmental activity expenses totaled \$135,767,135 for the fiscal year, an increase of \$621,749. Of the total expenses, \$83,773,471 or 61.70% is related to education. Details for the other categories are as follows:

General government	4.18%
Public safety	21.47%
Public works	6.95%
Health and welfare	1.10%
Recreation and culture	2.38%
Education	61.70%
Interest	2.21%
Total	<u>100.00%</u>

## Management's Discussion and Analysis (continued)

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The most significant fluctuations from the prior year were as follows:

- General government expenses decreased by \$1,671,880 due to a decrease in pension expense of \$2,281,058.
- Public safety expenses increased by \$6,271,399 mostly due to change in the MERS contribution payable of \$4,449,867 as compared to the prior year, an increase in pension expense of \$465,306, and an increase in general fund expenses as a result of the increase in the budget of \$992,819.
- Public works expenses decreased by \$5,471,013 due to a decrease in pension expense of \$5,954,581.
- Education expenses increased by \$1,483,185 due to:
  - an increase in education grant expenses of \$2,501,471 for various COVID-19 grants received
  - offset by a decrease in general fund expenses of \$967,571 due to salaries underspent by approximately \$1,100,000
  - and a decrease in pension expense of \$615,751

### **Business-type activities**

Business-type activities resulted in a decrease in the City's net position of \$1,511,255.

### **Revenues**

- Charges for services decreased by \$749,968 from the prior year. This was due to an increase in the sewer usage revenues of \$349,114, offset by a decrease in the Ocean Beach Park revenues by \$546,375 and Water Street parking garage fee revenues of \$448,745 due to the impact of the pandemic.
- Capital grants and contributions decreased by \$358,008 during the year due to a contribution in the prior year of \$356,340 for capital assets from the governmental activities.

### **Expenses**

- Water Department expenses decreased by \$508,876 due to a decrease of \$630,359 in repairs and maintenance, offset by an increase in interest expense of \$85,255.
- Ocean Beach Park expenses decreased by \$582,149 due to a decrease of \$601,104 in contractual services as a result of the park closure due to the pandemic.

### **Financial analysis of the City's funds**

As stated earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental funds** - The focus on the City's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At year end, the City's governmental funds reported combined ending fund balances of \$42,560,946, a decrease of \$5,190,986 in comparison with the prior year.

Management's Discussion and Analysis (continued)

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The components of fund balance were as follows:

Nonspendable	\$ 638,169
Restricted	88,499,459
Committed	16,597,108
Assigned	8,797,982
Unassigned	<u>(71,971,772)</u>
Total	<u>\$ 42,560,946</u>

The total fund balance decreased by \$5,190,986 as a result of the following activity:

**General Fund** - The general fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance was \$15,563,620. As a measure of the general fund's liquidity, it may be useful to compare unassigned fund balance to total general fund expenditures. Unassigned fund balance represents 16.77% of total general fund budgetary expenditures and transfers out. The City Council's current policy requires 12.30% in unassigned fund balance of the following year's budget. This amount will be increased 1% per year until it reaches 16.67%.

The City's total fund balance in the general fund increased by \$425,922 during the current fiscal year. This was primarily due to revenues under expectations by \$868,256 and expenditures under expectations by \$1,590,566, offset by transfers in from other funds under expectations by \$474,115. A more detailed discussion is included under budgetary highlights.

**Capital Nonrecurring Fund** - This fund accounts for financial resources to be used for capital projects of the City not accounted for in other capital project funds. The capital nonrecurring fund's revenues and other financing sources exceeded expenditures and other financing uses by \$9,918,908 for the fiscal year mostly due to revenue recognized for the ARPA grants of \$10,000,000 and the issuance of debt of \$4,200,000 and the timing of the funding and spending for projects.

**School Projects Fund** - This fund accounts for specially financed school capital projects under grants received from the State. The school projects fund's expenditures exceeded revenues and other financing sources by \$16,031,151 for the fiscal year due to the timing of grant funding, project financing and the spending for the projects.

**Education Grants Fund** - This fund accounts for financial resources received from the Federal Government and the State of Connecticut to be used as in accordance with each grant award. The education grant fund's revenues exceeded expenditures and other financing uses by \$406,924 for the fiscal year due to charges for services revenues in excess of expenditures for non-grant funded activities.

**Proprietary Funds** - The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. The City has six proprietary funds: Water Pollution Control Authority, Water Department, Storm Water Management, Ocean Beach Park, Water Street Parking Garage and Internal Service Funds.

**Water Pollution Control Authority** - There was a decrease in net position of \$927,105 in the Water Pollution Control Authority due to operating expenses exceeding revenues, mostly due to depreciation expense. Unrestricted net position of the Water Pollution Control Authority was \$6,363,126 at year end.

**Water Department** - There was an increase in net position of \$80 due to an increase in income from investments. The Water Department fund had an unrestricted net position deficit of \$1,670,456 at year end.

**Storm Water Management** - There was a decrease in net position of \$8,061 due to the transfer out of \$50,000. The Storm Water Management fund had an unrestricted net position deficit of \$595,112 at year end.

**Ocean Beach Park** - Ocean Beach Park net position decreased \$89,057 due to an increase in depreciation and interest expense. Unrestricted net position for Ocean Beach Park was \$351,935 at year end.

**Water Street Parking Garage** - The Water Street Parking Garage net position decreased \$487,112 due to a decrease in parking fee revenues due to the pandemic. Unrestricted net position of the Water Street Parking Garage was \$753,775 at year end.

**Internal Service Funds** - The internal service funds are used to account for liability/auto/property, workers' compensation, and heart and hypertension claims. The internal service funds had an increase in net position of \$1,406,231. This was due to charges for services exceeding claims to fund outstanding liabilities. The internal service funds had an unrestricted net position deficit of \$3,348,213 at year end. This deficit is due to the long-term nature of liability/auto/property, workers' compensation liability and heart and hypertension claims which will be funded in future years.

### **General Fund budgetary highlights**

Revenues and other financing sources exceeded expenditures and other financing uses by \$318,079 resulting in an increase in fund balance to \$16,193,449. Overall, revenues were \$868,256 less than anticipated and transfers in were \$474,115 less than budgeted. In addition, expenditures were \$1,590,566 less than anticipated.

The most significant budget variances were as follows:

- Property taxes were less than budgeted by \$280,539 due to lower than expected current year tax collections.
- Intergovernmental revenue was less than budgeted by \$478,348 substantially due to receiving \$126,500 of the \$750,000 budgeted for the Port Authority state pier.
- Education expenditures were underspent by \$984,494 due to salaries underspent by approximately \$1,100,000.
- General government was underspent by \$671,092 primarily due to unused contingency of \$244,282 and the office of development and planning department underspent by \$149,966 as a result of reduced professional services and advertising costs.

The most significant budget transfers were as follows:

- The budget for transfers out to capital nonrecurring was increased by \$200,000 for future capital projects from the contingency budget.

### **Capital asset and debt administration**

**Capital Assets** - The City's investment in capital assets (net of accumulated depreciation) for its governmental and business-type activities amounted to \$272,551,221 and \$109,970,849, respectively. This investment in capital assets includes land, construction in progress, land improvements, buildings and improvements, machinery and equipment, vehicles, and infrastructure.

Management's Discussion and Analysis (continued)

The total increase in the City's investment in capital assets for the current fiscal year was \$37,563,830. This is mainly attributable to capital replacement in excess of depreciation expense.

**Capital Assets (Net)**  
**June 30,**

	Governmental Activities		Business-Type Activities		Totals	
	2021	2020	2021	2020	2021	2020
Land	\$ 8,278,991	\$ 8,278,991	\$ 2,214,827	\$ 2,214,827	\$ 10,493,818	\$ 10,493,818
Construction in progress	59,493,798	20,329,899	3,988,991	2,729,255	63,482,789	23,059,154
Land improvements	32,786,029	28,136,057	402,139	475,757	33,188,168	28,611,814
Buildings and improvements	83,218,301	85,955,026	14,411,100	15,150,069	97,629,401	101,105,095
Machinery and equipment	9,707,860	8,826,509	3,352,467	2,801,711	13,060,327	11,628,220
Vehicles	6,581,406	7,047,590	61,346	65,754	6,642,752	7,113,344
Infrastructure	72,484,836	75,226,149	85,539,979	87,720,646	158,024,815	162,946,795
<b>Total</b>	<b>\$ 272,551,221</b>	<b>\$ 233,800,221</b>	<b>\$ 109,970,849</b>	<b>\$ 111,158,019</b>	<b>\$ 382,522,070</b>	<b>\$ 344,958,240</b>

Major capital asset events during the current fiscal year included the following:

**Governmental activities:**

Construction in progress additions of:

- High School Magnet School project \$ 39,571,654
- Bennie Dover Magnet School project 990,347
- City hall renovations project 1,216,195
- William Street sidewalk 800,183
- Various road and sidewalk improvements 1,529,177

Land improvement additions from construction in progress:

- Green Harbor Beach drainage 5,709,136

Buildings and improvements additions of:

- Elementary school ceiling repairs 285,130

Machinery and equipment additions of:

- Various technology equipment 306,235
- Various education technology equipment 247,217
- Education computers 233,318
- Playground equipment and upgrades 160,169
- Publishing equipment 99,881

Vehicles additions of:

- 5 Ford Explorers 238,696
- Backhoe loader 101,374

Management's Discussion and Analysis (continued)

**Business-type activities:**

Construction in progress additions of:

➤ Bogue Brook Dam improvements	\$ 853,897
➤ Watermain replacement	405,839

Machinery and equipment additions of:

➤ 3 water pumps	922,450
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Additional information on the City's capital assets can be found in Note III.D.

**Long-term debt** - At the end of the year, the City had total long-term debt outstanding of \$93,632,182 backed by the full faith and credit of the City.

**Long-term Debt  
June 30,**

	Governmental Activities		Business-Type Activities		Totals	
	2021	2020	2021	2020	2021	2020
General obligation bonds	\$ 80,630,000	\$ 68,270,000	\$ 6,085,000	\$ 6,695,000	\$ 86,715,000	\$ 74,965,000
Bond anticipation notes (permanently financed)	-	12,200,000	-	-	-	12,200,000
Clean water notes	-	-	16,783	117,492	16,783	117,492
Drinking water notes	-	-	4,207,372	4,453,411	4,207,372	4,453,411
Notes payable	2,468,052	2,924,255	224,975	299,141	2,693,027	3,223,396
<b>Total</b>	<b>\$ 83,098,052</b>	<b>\$ 83,394,255</b>	<b>\$ 10,534,130</b>	<b>\$ 11,565,044</b>	<b>\$ 93,632,182</b>	<b>\$ 94,959,299</b>

The City's total debt decreased by \$1,327,117 during the current fiscal year. The decrease is the result of scheduled principal payments of \$6,172,117 and the refunding of \$7,760,000 bonds, offset by the issuance of \$8,405,000 of refunding bonds and \$4,200,000 of general obligation bonds.

The City maintains an AA- rating from Fitch and an A+ rating from Standard & Poor's.

The overall statutory debt limit for the City is equal to seven times annual receipts from prior year taxation or \$405,101,634. At year end, the City had \$103,230,000 of total indebtedness subject to the debt limit, which is well below the statutory debt limit. Debt to be paid from user fees (enterprise funds) are not subject to the debt limitation statute.

Additional information on the City's long-term debt can be found in Note III.G.

**Economic factors and next year's budgets and rates**

The 2021-2022 general fund adopted budget totaled \$96,298,123. The following economic factors currently affect the City of New London and were considered in developing the 2021-2022 fiscal year budget:

- As of June 2021, the national unemployment rate was 5.9% and the State was 7.7%. The City's unemployment rate was 11.6% as compared to 17.2% in the prior year. The decrease is due to job market recovery subsequent to the pandemic.
- The City has been focused on economic development and has partnered with the State and a private developer for development of the City pier and offshore wind power.
- The potential impact of the pandemic on the local economy, businesses and City revenues is being continually monitored. For fiscal year 2021, there was a negative impact on income from investments, but other revenues such as building permits and conveyance taxes were positively impacted. The City did not see any impact on tax collections for the prior fiscal year and there is no indication that there will be an impact on 2022 collections.

**Requests for information**

The financial report is designed to provide a general overview of the City's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report should be addressed to the Director of Finance, City of New London, 13 Masonic Street, New London, Connecticut 06320.

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**Basic  
Financial  
Statements**

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City of New London, Connecticut

Statement of Net Position  
June 30, 2021

<u>Assets</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Current assets			
Cash	\$ 20,524,681	\$ 3,704,770	\$ 24,229,451
Investments	61,368,512	5,233,898	66,602,410
Receivables (net)			
Property taxes	1,442,479	-	1,442,479
Accounts	1,030,325	2,187,690	3,218,015
Intergovernmental	11,523,310	-	11,523,310
Loans	170,000	-	170,000
Internal balances	3,056,787	(3,056,787)	-
Prepays	638,169	-	638,169
Other	64,668	-	64,668
Total current assets	<u>99,818,931</u>	<u>8,069,571</u>	<u>107,888,502</u>
Noncurrent assets			
Restricted assets			
Cash	590,697	-	590,697
Investments	-	13,797,865	13,797,865
Total restricted assets	<u>590,697</u>	<u>13,797,865</u>	<u>14,388,562</u>
Receivables (net)			
Property taxes	1,032,578	-	1,032,578
Loans	716,736	-	716,736
Assessments	51,675	-	51,675
Total receivables (net)	<u>1,800,989</u>	<u>-</u>	<u>1,800,989</u>
Capital assets (net of accumulated depreciation)			
Land	8,278,991	2,214,827	10,493,818
Construction in progress	59,493,798	3,988,991	63,482,789
Land improvements	32,786,029	402,139	33,188,168
Buildings and improvements	83,218,301	14,411,100	97,629,401
Machinery and equipment	9,707,860	3,352,467	13,060,327
Vehicles	6,581,406	61,346	6,642,752
Infrastructure	72,484,836	85,539,979	158,024,815
Total capital assets (net of accumulated depreciation)	<u>272,551,221</u>	<u>109,970,849</u>	<u>382,522,070</u>
Total noncurrent assets	<u>274,942,907</u>	<u>123,768,714</u>	<u>398,711,621</u>
Total assets	<u>374,761,838</u>	<u>131,838,285</u>	<u>506,600,123</u>
<u>Deferred Outflows of Resources</u>			
Deferred charges on refunding	-	3,750	3,750
Pension related	14,567,474	-	14,567,474
OPEB related	6,905,420	-	6,905,420
Total deferred outflows of resources	<u>21,472,894</u>	<u>3,750</u>	<u>21,476,644</u>

(Continued)

The notes to the financial statements are an integral part of this statement.

City of New London, Connecticut

Statement of Net Position  
June 30, 2021

<u>Liabilities</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Current liabilities			
Accounts payable	\$ 21,045,745	\$ 766,411	\$ 21,812,156
Accrued payroll and related liabilities	3,117,348	21,848	3,139,196
Accrued interest payable	816,966	89,117	906,083
Retainage payable	2,410,339	85,746	2,496,085
Unearned revenue	3,896,018	48,029	3,944,047
Overpayments	387,171	166,574	553,745
Bond anticipation notes	22,600,000	-	22,600,000
Bonds and notes payable	4,506,681	907,450	5,414,131
Claims payable	1,857,092	-	1,857,092
Compensated absences	253,510	-	253,510
MERS pension contribution payable	150,631	-	150,631
Total current liabilities	<u>61,041,501</u>	<u>2,085,175</u>	<u>63,126,676</u>
Noncurrent liabilities			
Performance bonds	590,697	-	590,697
Bonds, notes and related liabilities	81,360,128	9,909,462	91,269,590
Claims payable	4,297,605	-	4,297,605
Compensated absences	1,014,041	-	1,014,041
MERS pension contribution payable	3,615,146	-	3,615,146
Net pension liability	44,997,014	-	44,997,014
Net OPEB liability	25,711,943	-	25,711,943
Total noncurrent liabilities	<u>161,586,574</u>	<u>9,909,462</u>	<u>171,496,036</u>
Total liabilities	<u>222,628,075</u>	<u>11,994,637</u>	<u>234,622,712</u>
<u>Deferred Inflows of Resources</u>			
Advance property tax collections	269,137	-	269,137
Deferred charge on refunding	367,415	113,534	480,949
Pension related	11,010,086	-	11,010,086
OPEB related	12,548,566	-	12,548,566
Total deferred inflows of resources	<u>24,195,204</u>	<u>113,534</u>	<u>24,308,738</u>
<u>Net Position</u>			
Net investment in capital assets	150,666,811	100,732,731	251,399,542
Restricted for			
Construction contracts	86,415,048	-	86,415,048
Housing rehabilitation programs	1,311,276	-	1,311,276
Health and welfare programs	109,215	-	109,215
Cafeteria operations	663,920	-	663,920
Surcharge fund	-	7,222,473	7,222,473
Sinking fund	-	2,722,743	2,722,743
Capital projects	-	3,852,649	3,852,649
Unrestricted	<u>(89,754,817)</u>	<u>5,203,268</u>	<u>(84,551,549)</u>
Total net position	<u>\$149,411,453</u>	<u>\$119,733,864</u>	<u>\$ 269,145,317</u>

(Concluded)

The notes to the financial statements are an integral part of this statement.

**City of New London, Connecticut**  
**Statement of Activities**  
**For the Year Ended June 30, 2021**

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental activities							
General government	\$ 5,680,279	\$ 2,879,795	\$ 1,900,351	\$ -	\$ (900,133)	\$ -	\$ (900,133)
Public safety	29,152,207	2,495,168	575,686	-	(26,081,353)	-	(26,081,353)
Public works	9,437,940	1,027,937	100,000	11,717,375	3,407,372	-	3,407,372
Health and welfare	1,496,613	115,626	14,000	-	(1,366,987)	-	(1,366,987)
Recreation and culture	3,224,598	166,431	323,752	-	(2,734,415)	-	(2,734,415)
Education	83,773,471	4,056,823	57,252,716	24,667,893	2,203,961	-	2,203,961
Interest	3,002,027	-	-	-	(3,002,027)	-	(3,002,027)
<b>Total governmental activities</b>	<b>135,767,135</b>	<b>10,741,780</b>	<b>60,166,505</b>	<b>36,385,268</b>	<b>(28,473,582)</b>	<b>-</b>	<b>(28,473,582)</b>
Business-type activities							
Water Pollution Control Authority	7,351,217	6,023,451	-	50,000	-	(1,277,766)	(1,277,766)
Water Department	7,484,016	6,572,917	-	50,000	-	(861,099)	(861,099)
Storm Water Management	1,260,519	1,302,458	-	-	-	41,939	41,939
Ocean Beach Park	1,858,268	1,669,211	-	-	-	(189,057)	(189,057)
Water Street Parking Garage	910,594	473,482	-	-	-	(437,112)	(437,112)
<b>Total business-type activities</b>	<b>18,864,614</b>	<b>16,041,519</b>	<b>-</b>	<b>100,000</b>	<b>-</b>	<b>(2,723,095)</b>	<b>(2,723,095)</b>
<b>Total</b>	<b>\$ 154,631,749</b>	<b>\$ 26,783,299</b>	<b>\$ 60,166,505</b>	<b>\$36,485,268</b>	<b>(28,473,582)</b>	<b>(2,723,095)</b>	<b>(31,196,677)</b>
General revenues							
Property taxes					57,917,326	-	57,917,326
Grants and contributions not restricted to specific programs					7,913,362	-	7,913,362
Income from investments					85,910	339,891	425,801
Net change in fair value of investments					-	871,949	871,949
<b>Total general revenues</b>					<b>65,916,598</b>	<b>1,211,840</b>	<b>67,128,438</b>
Change in net position					37,443,016	(1,511,255)	35,931,761
Net position - July 1, 2020 (as restated)					111,968,437	121,245,119	233,213,556
Net position - June 30, 2021					<u>\$ 149,411,453</u>	<u>\$ 119,733,864</u>	<u>\$ 269,145,317</u>

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The notes to the financial statements are an integral part of this statement.

City of New London, Connecticut

Balance Sheet  
Governmental Funds  
June 30, 2021

	General	Capital Nonrecurring	School Projects	Education Grants	Other Governmental Funds	Total Governmental Funds
<u>Assets</u>						
Cash	\$ 89,513	\$ 9,975,220	\$ 41,409	\$ 6,055,909	\$ 3,442,789	\$ 19,604,840
Restricted cash	590,697	-	-	-	-	590,697
Investments	21,645,866	11,789,030	19,278,097	-	7,155,519	59,868,512
Receivables (net)						
Property taxes	2,469,550	-	-	-	3,375	2,472,925
Accounts	496,959	229,334	-	-	322,508	1,048,801
Intergovernmental	-	41,195	9,658,348	602,025	1,221,742	11,523,310
Loans	-	-	-	-	886,736	886,736
Assessments	-	-	-	-	51,675	51,675
Due from other funds	3,410,957	-	30,116	-	-	3,441,073
Prepays	638,169	-	-	-	-	638,169
Other	-	-	-	-	64,668	64,668
<b>Total assets</b>	<b>\$ 29,341,711</b>	<b>\$22,034,779</b>	<b>\$ 29,007,970</b>	<b>\$ 6,657,934</b>	<b>\$ 13,149,012</b>	<b>\$ 100,191,406</b>
<u>Liabilities</u>						
Accounts payable	\$ 6,123,252	\$ 1,272,030	\$ 9,367,817	\$ 3,932,390	\$ 655,111	\$ 21,350,600
Accrued payroll and related liabilities	2,815,565	-	-	236,045	65,738	3,117,348
Retainage payable	-	449,842	1,960,497	-	-	2,410,339
Due to other funds	484,550	-	-	-	-	484,550
Unearned revenue	-	3,111,932	-	373,445	410,641	3,896,018
Overpayments	387,171	-	-	-	-	387,171
Bond anticipation notes	-	3,800,000	18,800,000	-	-	22,600,000
Performance bonds	590,697	-	-	-	-	590,697
<b>Total liabilities</b>	<b>10,401,235</b>	<b>8,633,804</b>	<b>30,128,314</b>	<b>4,541,880</b>	<b>1,131,490</b>	<b>54,836,723</b>
<u>Deferred Inflows of Resources</u>						
Unavailable revenue						
Property taxes	2,469,550	-	-	-	3,375	2,472,925
Advance property tax collections	269,137	-	-	-	-	269,137
Assessments	-	-	-	-	51,675	51,675
<b>Total deferred inflows of resources</b>	<b>2,738,687</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>55,050</b>	<b>2,793,737</b>
<u>Fund Balances</u>						
Nonspendable	638,169	-	-	-	-	638,169
Restricted	-	-	86,415,048	-	2,084,411	88,499,459
Committed	-	13,400,975	-	-	3,196,133	16,597,108
Assigned	-	-	-	2,116,054	6,681,928	8,797,982
Unassigned	15,563,620	-	(87,535,392)	-	-	(71,971,772)
<b>Total fund balances</b>	<b>16,201,789</b>	<b>13,400,975</b>	<b>(1,120,344)</b>	<b>2,116,054</b>	<b>11,962,472</b>	<b>42,560,946</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 29,341,711</b>	<b>\$22,034,779</b>	<b>\$ 29,007,970</b>	<b>\$ 6,657,934</b>	<b>\$ 13,149,012</b>	<b>\$ 100,191,406</b>

City of New London, Connecticut

Reconciliation of Fund Balance to Net Position of Governmental Activities  
June 30, 2021

Amounts reported for governmental activities in the statement of net position (Exhibit A) are different from the governmental fund balance sheet due to:

Total fund balance (Exhibit C)	<u>\$ 42,560,946</u>
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Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:

Beginning net capital assets	233,800,221
Current year capital asset additions (net of construction in progress)	47,825,219
Depreciation expense	(9,029,732)
Disposal of capital assets	<u>(44,487)</u>

Total	<u>272,551,221</u>
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Other long-term assets are not available resources and, therefore, are not reported in the funds:

Interest and lien receivable on property taxes	602,132
Allowance for doubtful accounts	<u>(600,000)</u>

Total	<u>2,132</u>
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Other long-term assets and deferred outflows of resources are not available to pay for current period expenditures and, therefore, are unavailable in the funds:

Property tax receivable - accrual basis change	2,472,925
Assessment receivable - accrual basis change	51,675
Deferred outflows related to pensions	14,567,474
Deferred outflows related to OPEB	<u>6,905,420</u>

Total	<u>23,997,494</u>
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Internal service funds are used by management for risk financing activities:

The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position	<u>(3,348,213)</u>
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Some liabilities and deferred inflows of resources, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds:

Accrued interest payable	(816,966)
Bonds and notes payable	(83,098,052)
Premium	(2,768,757)
Compensated absences	(1,267,551)
MERS pension contribution payable	(3,765,777)
Net pension liability	(44,997,014)
Net OPEB liability	(25,711,943)
Deferred charge on refunding	(367,415)
Deferred inflows related to pensions	(11,010,086)
Deferred inflows related to OPEB	<u>(12,548,566)</u>

Total	<u>(186,352,127)</u>
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Net position of governmental activities (Exhibit A)	<u>\$149,411,453</u>
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(Concluded)

The notes to the financial statements are an integral part of this statement.

City of New London, Connecticut

Statement of Revenues, Expenditures and Changes in Fund Balances  
 Governmental Funds  
 For the Year Ended June 30, 2021

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	General	Capital Nonrecurring	School Projects	Education Grants	Other Governmental Funds	Total Governmental Funds
Revenues						
Property taxes	\$ 57,625,978	\$ -	\$ -	\$ -	\$ 105,930	\$ 57,731,908
Intergovernmental	37,594,120	11,172,800	24,667,893	24,631,445	5,748,046	103,814,304
Charges for services	4,712,049	229,334	-	3,742,129	2,058,268	10,741,780
Contributions	-	-	-	235,876	414,955	650,831
Income from investments	85,623	1	23	-	263	85,910
Total revenues	<u>100,017,770</u>	<u>11,402,135</u>	<u>24,667,916</u>	<u>28,609,450</u>	<u>8,327,462</u>	<u>173,024,733</u>
Expenditures						
Current						
General government	5,897,825	-	-	-	879,524	6,777,349
Public safety	21,788,528	-	-	-	1,184,565	22,973,093
Public works	7,771,682	-	-	-	359,036	8,130,718
Health and welfare	204,489	-	-	-	1,387,057	1,591,546
Recreation and culture	1,931,757	-	-	-	635,574	2,567,331
Employee benefits	4,642,550	-	-	-	-	4,642,550
Education	49,960,330	-	-	28,073,785	3,670,291	81,704,406
Capital outlay	-	5,853,068	40,860,093	-	-	46,713,161
Debt service	-	-	-	-	8,510,905	8,510,905
Total expenditures	<u>92,197,161</u>	<u>5,853,068</u>	<u>40,860,093</u>	<u>28,073,785</u>	<u>16,626,952</u>	<u>183,611,059</u>
Excess (deficiency) of revenues over expenditures	<u>7,820,609</u>	<u>5,549,067</u>	<u>(16,192,177)</u>	<u>535,665</u>	<u>(8,299,490)</u>	<u>(10,586,326)</u>
Other financing sources (uses)						
Issuance of debt	-	4,200,000	-	-	-	4,200,000
Issuance of refunding debt	-	-	-	-	8,350,000	8,350,000
Payments to bond escrow agents	-	-	-	-	(8,253,885)	(8,253,885)
Premium	-	-	-	-	1,074,225	1,074,225
Insurance proceeds	-	25,000	-	-	-	25,000
Transfers in	101,345	147,010	161,026	-	7,520,915	7,930,296
Transfers out	(7,496,032)	(2,169)	-	(128,741)	(303,354)	(7,930,296)
Net other financing sources (uses)	<u>(7,394,687)</u>	<u>4,369,841</u>	<u>161,026</u>	<u>(128,741)</u>	<u>8,387,901</u>	<u>5,395,340</u>
Net change in fund balances	425,922	9,918,908	(16,031,151)	406,924	88,411	(5,190,986)
Fund balances - July 1, 2020 (as restated)	15,775,867	3,482,067	14,910,807	1,709,130	11,874,061	47,751,932
Fund balances - June 30, 2021	<u>\$ 16,201,789</u>	<u>\$ 13,400,975</u>	<u>\$ (1,120,344)</u>	<u>\$ 2,116,054</u>	<u>\$ 11,962,472</u>	<u>\$ 42,560,946</u>

The notes to the financial statements are an integral part of this statement.

City of New London, Connecticut

Reconciliation of the Statement of Revenues, Expenditures and Changes in  
Fund Balances of Governmental Funds to the Statement of Activities  
For the Year Ended June 30, 2021

Amounts reported for governmental activities in the statement of activities (Exhibit B) are different due to:

Net change in fund balances - total governmental funds (Exhibit D) \$ (5,190,986)

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

Capital outlay	47,825,219
Depreciation expense	<u>(9,029,732)</u>
Total	<u>38,795,487</u>

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins and donations) is to increase/decrease net position. In the statement of activities, only the loss 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 capital assets sold or donated:

Loss on disposal of assets	<u>(44,487)</u>
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds and revenues recognized in the fund financial statements are not recognized in the statement of activities:

Change in property tax receivable and assessment - accrual basis change	341,806
Change in property tax interest and lien revenue - accrual basis change	128,612
Change in property tax allowance for doubtful accounts	<u>(285,000)</u>
Total	<u>185,418</u>

The issuance of long-term debt (e.g., bonds, notes) 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, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The details of these differences in the treatment of long-term debt and related items are as follows:

Debt issued or incurred:	
Bonds	(4,200,000)
Refunding bonds	(8,350,000)
Premium	(1,074,225)
Deferred charge	640,000
Principal repayments:	
General obligation bonds	4,680,000
Refunding bonds	7,710,000
Equipment financing notes	<u>456,203</u>
Total	<u>(138,022)</u>

(Continued)

The notes to the financial statements are an integral part of this statement.

City of New London, Connecticut

Reconciliation of the Statement of Revenues, Expenditures and Changes in  
Fund Balances of Governmental Funds to the Statement of Activities  
For the Year Ended June 30, 2021

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 governmental funds:

Amortization of premium	\$ 818,038
Amortization of deferred charge on refunding	33,929
Change in:	
Accrued interest payable	(575,407)
Compensated absences	(614,937)
MERS pension contribution payable	372,396
Net pension liability	7,877,680
Net OPEB liability	5,419,441
Amortization of deferred outflows of resources related to pension	(2,725,181)
Amortization of deferred inflows of resources related to pension	(2,736,760)
Amortization of deferred outflows of resources related to OPEB	279,516
Amortization of deferred inflows of resources related to OPEB	<u>(5,719,340)</u>
Total	<u>2,429,375</u>
Internal service funds are used by management for risk financing activities:	
The net revenues (expenses) of activities of the internal service fund is reported with governmental activities	<u>1,406,231</u>
Change in net position of governmental activities (Exhibit B)	<u><u>\$ 37,443,016</u></u>

(Concluded)

The notes to the financial statements are an integral part of this statement.



City of New London, Connecticut

Statement of Net Position  
Proprietary Funds  
June 30, 2021

	Business-Type Activities Enterprise Funds					Governmental Activities	
	Major Funds		Other Proprietary Funds			Internal Service Funds	
	Water Pollution Control Authority	Water Department	Storm Water Management	Ocean Beach Park	Water Street Parking Garage		Total
<u>Assets</u>							
Current assets							
Cash	\$ 1,234,708	\$ 103,274	\$ 1,000,946	\$ 510,001	\$ 855,841	\$ 3,704,770	\$ 919,841
Investments	4,733,898	500,000	-	-	-	5,233,898	1,500,000
Receivables (net)	647,571	1,227,933	292,999	-	19,187	2,187,690	72,958
Due from other funds	-	-	-	-	-	-	363,000
Total current assets	6,616,177	1,831,207	1,293,945	510,001	875,028	11,126,358	2,855,799
Noncurrent assets							
Restricted assets							
Investments	3,850,273	9,947,592	-	-	-	13,797,865	-
Capital assets (net)							
Land	182,850	1,827,888	-	54,054	150,035	2,214,827	-
Construction in progress	-	3,988,991	-	-	-	3,988,991	-
Land improvements	-	-	-	402,139	-	402,139	-
Buildings and improvements	4,712,041	6,224,123	-	3,188,019	286,917	14,411,100	-
Machinery and equipment	1,949,308	456,375	892,771	6,238	47,775	3,352,467	-
Vehicles	-	-	-	-	61,346	61,346	-
Infrastructure	37,080,122	48,417,737	42,120	-	-	85,539,979	-
Total capital assets (net)	43,924,321	60,915,114	934,891	3,650,450	546,073	109,970,849	-
Total noncurrent assets	47,774,594	70,862,706	934,891	3,650,450	546,073	123,768,714	-
Total assets	54,390,771	72,693,913	2,228,836	4,160,451	1,421,101	134,895,072	2,855,799
<u>Deferred Outflows of Resources</u>							
Deferred charge on refunding	-	-	-	3,750	-	3,750	-

(Continued)

The notes to the financial statements are an integral part of this statement.

City of New London, Connecticut

Statement of Net Position  
Proprietary Funds  
June 30, 2021

	Business-Type Activities Enterprise Funds					Governmental Activities	
	Major Funds		Other Proprietary Funds				
	Water Pollution Control Authority	Water Department	Storm Water Management	Ocean Beach Park	Water Street Parking Garage		Total
<u>Liabilities</u>							
Current liabilities							
Accounts payable	\$ 216,413	\$ 240,047	\$ 39,833	\$ 153,451	\$ 116,667	\$ 766,411	\$ 49,315
Accrued payroll and related liabilities	8,496	7,789	1,549	-	4,014	21,848	-
Accrued interest payable	28,142	30,466	25,894	4,615	-	89,117	-
Retainage payable	-	85,746	-	-	-	85,746	-
Due to other funds	-	3,056,787	-	-	-	3,056,787	-
Unearned revenue	-	-	47,457	-	572	48,029	-
Overpayments	-	166,574	-	-	-	166,574	-
Bonds and notes payable	171,783	515,005	-	220,662	-	907,450	-
Claims payable	-	-	-	-	-	-	1,857,092
Total current liabilities	<u>424,834</u>	<u>4,102,414</u>	<u>114,733</u>	<u>378,728</u>	<u>121,253</u>	<u>5,141,962</u>	<u>1,906,407</u>
Noncurrent liabilities							
Bonds, notes and related liabilities	2,465,324	5,217,367	1,765,444	461,327	-	9,909,462	-
Claims payable	-	-	-	-	-	-	4,297,605
Total noncurrent liabilities	<u>2,465,324</u>	<u>5,217,367</u>	<u>1,765,444</u>	<u>461,327</u>	<u>-</u>	<u>9,909,462</u>	<u>4,297,605</u>
Total liabilities	<u>2,890,158</u>	<u>9,319,781</u>	<u>1,880,177</u>	<u>840,055</u>	<u>121,253</u>	<u>15,051,424</u>	<u>6,204,012</u>
<u>Deferred Inflows of Resources</u>							
Deferred charge on refunding	-	113,534	-	-	-	113,534	-
<u>Net Position</u>							
Net investment in capital assets	41,287,214	54,983,462	943,771	2,972,211	546,073	100,732,731	-
Restricted for							
Surcharge fund	-	7,222,473	-	-	-	7,222,473	-
Sinking fund	2,722,743	-	-	-	-	2,722,743	-
Capital projects	1,127,530	2,725,119	-	-	-	3,852,649	-
Unrestricted	<u>6,363,126</u>	<u>(1,670,456)</u>	<u>(595,112)</u>	<u>351,935</u>	<u>753,775</u>	<u>5,203,268</u>	<u>(3,348,213)</u>
Total net position	<u>\$ 51,500,613</u>	<u>\$ 63,260,598</u>	<u>\$ 348,659</u>	<u>\$ 3,324,146</u>	<u>\$ 1,299,848</u>	<u>\$ 119,733,864</u>	<u>\$ (3,348,213)</u>

(Concluded)

City of New London, Connecticut

Statement of Revenues, Expenses and Changes in Net Position  
 Proprietary Funds  
 For the Year Ended June 30, 2021

	Business-Type Activities Enterprise Funds					Total	Governmental Activities
	Major Funds		Other Proprietary Funds				Internal Service Funds
	Water Pollution Control Authority	Water Department	Storm Water Management	Ocean Beach Park	Water Street Parking Garage		
Operating revenues							
Charges for services	\$ 6,023,451	\$ 6,572,917	\$ 1,302,458	\$ 1,669,211	\$ 473,482	\$ 16,041,519	\$ 3,859,239
Operating expenses							
Personnel services	191,509	171,286	45,576	-	132,095	540,466	-
Contractual services	4,165,585	4,381,583	668,351	1,630,571	113,174	10,959,264	-
Materials and supplies	644	6,855	204	-	144,824	152,527	-
Insurance and property taxes	150,000	130,280	-	-	318,222	598,502	310,009
Depreciation	1,495,362	1,607,672	59,359	213,191	14,964	3,390,548	-
Repairs and maintenance	636,815	366,421	430,839	-	160,949	1,595,024	-
Electricity	606,890	606,890	-	-	26,366	1,240,146	-
Claims and administration	-	-	-	-	-	-	2,142,999
Other	10,364	22,481	-	-	-	32,845	-
Total operating expenses	7,257,169	7,293,468	1,204,329	1,843,762	910,594	18,509,322	2,453,008
Operating income (loss)	(1,233,718)	(720,551)	98,129	(174,551)	(437,112)	(2,467,803)	1,406,231
Nonoperating revenues (expenses)							
Income from investments	101,387	238,504	-	-	-	339,891	-
Net change in fair value of investments	249,274	622,675	-	-	-	871,949	-
Grants and contributions	50,000	50,000	-	-	-	100,000	-
Interest expense	(94,048)	(190,548)	(56,190)	(14,506)	-	(355,292)	-
Net nonoperating revenues (expenses)	306,613	720,631	(56,190)	(14,506)	-	956,548	-
Income (loss) before transfers	(927,105)	80	41,939	(189,057)	(437,112)	(1,511,255)	1,406,231
Transfers							
Transfers in	-	-	-	100,000	-	100,000	-
Transfers out	-	-	(50,000)	-	(50,000)	(100,000)	-
Net transfers in (out)	-	-	(50,000)	100,000	(50,000)	-	-
Change in net position	(927,105)	80	(8,061)	(89,057)	(487,112)	(1,511,255)	1,406,231
Total net position - July 1, 2020	52,427,718	63,260,518	356,720	3,413,203	1,786,960	121,245,119	(4,754,444)
Total net position - June 30, 2021	\$ 51,500,613	\$ 63,260,598	\$ 348,659	\$ 3,324,146	\$ 1,299,848	\$ 119,733,864	\$ (3,348,213)

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The notes to the financial statements are an integral part of this statement.

City of New London, Connecticut

Statement of Cash Flows  
Proprietary Funds  
For the Year Ended June 30, 2021

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	Business-Type Activities Enterprise Funds					Total	Governmental Activities
	Major Funds		Other Proprietary Funds				
	Water Pollution Control Authority	Water Department	Storm Water Management	Ocean Beach Park	Water Street Parking Garage		
Cash flows from (used in) operating activities							
Receipts from customers and users	\$ 6,023,964	\$ 6,650,254	\$ 1,297,660	\$ 1,669,211	\$ 473,894	\$ 16,114,983	\$ -
Cash received for premiums	-	-	-	-	-	-	3,812,501
Payments to suppliers	(5,471,113)	(6,764,735)	(1,471,899)	(1,661,175)	(637,883)	(16,006,805)	(681,491)
Payments to employees	(190,013)	(169,952)	(45,197)	-	(131,500)	(536,662)	-
Payments for interfund services used	(10,364)	(22,481)	-	-	-	(32,845)	-
Cash paid to claimants	-	-	-	-	-	-	(2,306,575)
Net cash from (used in) operating activities	<u>352,474</u>	<u>(306,914)</u>	<u>(219,436)</u>	<u>8,036</u>	<u>(295,489)</u>	<u>(461,329)</u>	<u>824,435</u>
Cash flows from (used in) noncapital financing activities							
Transfers from other funds	-	-	-	100,000	-	100,000	-
Transfers to other funds	-	-	(50,000)	-	(50,000)	(100,000)	-
Net cash from (used in) noncapital financing activities	<u>-</u>	<u>-</u>	<u>(50,000)</u>	<u>100,000</u>	<u>(50,000)</u>	<u>-</u>	<u>-</u>
Cash flows from (used in) capital and related financing activities							
Bonds and notes issued	-	-	-	55,000	-	55,000	-
Principal payments on debt	(255,709)	(551,039)	-	(279,166)	-	(1,085,914)	-
Interest paid on debt	(105,664)	(144,923)	(46,400)	(28,865)	-	(325,852)	-
Grants and contributions	50,000	50,000	-	-	-	100,000	-
Purchase of capital assets	-	(1,259,736)	(922,450)	-	(21,192)	(2,203,378)	-
Net cash from (used in) capital and related financing activities	<u>(311,373)</u>	<u>(1,905,698)</u>	<u>(968,850)</u>	<u>(253,031)</u>	<u>(21,192)</u>	<u>(3,460,144)</u>	<u>-</u>
Cash flows from (used in) investing activities							
(Purchase) sale of investments	(2,300,440)	1,769,381	500,000	-	-	(31,059)	-
Income from investments	101,387	238,504	-	-	-	339,891	-
Net cash from (used in) investing activities	<u>(2,199,053)</u>	<u>2,007,885</u>	<u>500,000</u>	<u>-</u>	<u>-</u>	<u>308,832</u>	<u>-</u>
Net increase (decrease) in cash	(2,157,952)	(204,727)	(738,286)	(144,995)	(366,681)	(3,612,641)	824,435
Cash - July 1, 2020	3,392,660	308,001	1,739,232	654,996	1,222,522	7,317,411	95,406
Cash - June 30, 2021	<u>\$ 1,234,708</u>	<u>\$ 103,274</u>	<u>\$ 1,000,946</u>	<u>\$ 510,001</u>	<u>\$ 855,841</u>	<u>\$ 3,704,770</u>	<u>\$ 919,841</u>

(Continued)

The notes to the financial statements are an integral part of this statement.

City of New London, Connecticut

Statement of Cash Flows  
Proprietary Funds  
For the Year Ended June 30, 2021

	Business-Type Activities Enterprise Funds					Governmental Activities	
	Major Funds		Other Proprietary Funds			Total	Internal Service Funds
	Water Pollution Control Authority	Water Department	Storm Water Management	Ocean Beach Park	Water Street Parking Garage		
Reconciliation of operating income (loss) to net cash from (used in) operating activities:							
Operating income (loss)	\$(1,233,718)	\$ (720,551)	\$ 98,129	\$ (174,551)	\$ (437,112)	\$ (2,467,803)	\$ 1,406,231
Adjustments to reconcile operating income (loss) to net cash from (used in) operating activities:							
Depreciation	1,495,362	1,607,672	59,359	213,191	14,964	3,390,548	-
(Increase) decrease in							
Receivables	50,513	85,614	(52,255)	-	412	84,284	(62,599)
Due from other funds	95,214	-	-	-	50,256	145,470	15,861
Increase (decrease) in							
Accounts payable	193,607	(67,210)	(272,505)	(30,604)	79,276	(97,436)	(371,482)
Accrued payroll and related liabilities	1,496	1,334	379	-	595	3,804	-
Retainage payable	-	(58,926)	-	-	-	(58,926)	-
Due to other funds	(200,000)	(1,146,570)	(100,000)	-	(3,880)	(1,450,450)	-
Unearned revenue	(50,000)	(50,000)	47,457	-	-	(52,543)	-
Overpayments	-	41,723	-	-	-	41,723	-
Claims payable	-	-	-	-	-	-	(163,576)
Net cash from (used in) operating activities	<u>\$ 352,474</u>	<u>\$ (306,914)</u>	<u>\$ (219,436)</u>	<u>\$ 8,036</u>	<u>\$ (295,489)</u>	<u>\$ (461,329)</u>	<u>\$ 824,435</u>

(Concluded)

## City of New London, Connecticut

**Statement of Fiduciary Net Position**  
**Fiduciary Funds**  
**June 30, 2021**

<u>Assets</u>	<u>Pension and OPEB Trust</u>	<u>Private- Purpose Trust</u>
Cash	\$ 152,516	\$ 260,670
Investments		
Mutual funds		
Money market	848,954	-
Equities	28,830,675	-
U.S. government securities	3,883,627	-
U.S. government agency securities	1,475,974	-
Corporate bonds	2,042,497	-
Real estate (equities)	1,085,686	-
Total investments	38,167,413	-
Interest receivable	51,747	-
Due from other funds	91,434	-
Total assets	38,463,110	260,670
<u>Liabilities</u>		
Accounts payable	18,076	-
Due to other funds	354,170	-
Total liabilities	372,246	-
<u>Net Position</u>		
Restricted for		
Pensions	36,766,711	-
OPEB	1,324,153	-
Individuals and organizations	-	260,670
Total net position	\$ 38,090,864	\$ 260,670

The notes to the financial statements are an integral part of this statement.

## City of New London, Connecticut

**Statement of Changes in Fiduciary Net Position**  
**Fiduciary Funds**  
**For the Year Ended June 30, 2021**

	Pension and OPEB Trust	Private- Purpose Trust
Additions		
Contributions		
Employer	\$ 3,240,105	\$ -
Plan members	226,926	-
	3,467,031	-
Total contributions		-
Investment income (loss)		
Interest and dividends	1,012,320	100
Net change in fair value of investments	8,460,226	-
	9,472,546	100
Total investment income (loss)		100
Less investment expenses	317,405	-
	9,155,141	100
Net investment income (loss)		100
Total additions	12,622,172	100
Deductions		
Benefits	4,575,720	-
Administration and other	52,376	-
	4,628,096	-
Total deductions		-
Changes in net position	7,994,076	100
Net position - July 1, 2020	30,096,788	260,570
Net position - June 30, 2021	\$ 38,090,864	\$ 260,670

The notes to the financial statements are an integral part of this statement.

**City of New London, Connecticut****Notes to Financial Statements  
For the Year Ended June 30, 2021****History and organization**

The City of New London, Connecticut (“City”) was founded in 1659 and incorporated in 1784 under the provisions of Special Act No. 330, as amended. The City operates under a Mayor - City Council form of government established by its City Charter amendment in November 2011. The City provides a full range of services as authorized in its Charter, including, but not limited to, education services, police and fire protection, public works, parks, recreation, sanitation, health and certain social services and general administration services.

The accompanying financial statements present the City and its component units, entities for which the City is considered to be financially accountable. The City is financially accountable for the pension and OPEB trust funds and, therefore, they are considered fiduciary component units. The financial statements of the fiduciary component units are reported as pension and OPEB trust funds in the fiduciary fund financial statements. The pension and OPEB trust funds do not issue separate financial statements.

**I. Summary of significant accounting policies****A. 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 primary government. *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 is 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 the major individual enterprise funds are reported as separate columns in the fund financial statements.

**B. 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. 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 revenues as soon as all eligibility requirements imposed by the provider have been met.



City of New London, Connecticut

Notes to Financial Statements  
For the Year Ended June 30, 2021

**B. Measurement focus, basis of accounting and financial statement presentation (continued)**

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. 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, claims and judgments, and certain other long-term liabilities are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds.

Expenditure reimbursement type grants, certain intergovernmental revenues, charges, transfers 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. For reimbursement grants, the City considers revenues to be available if they are collected within one year of the end 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, including property taxes, are considered to be measurable and available only when cash is received by the City.

The City reports the following major governmental funds:

General Fund	The City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
Capital Nonrecurring Fund	Accounts for the capital projects of the City not accounted for in another capital projects fund.
School Projects Fund	Accounts for specially financed school capital projects under grants received from the Federal Government and the State of Connecticut.
Education Grants Fund	Accounts for specially financed school programs under education grants and tuition.

The City reports the following major proprietary funds:

Water Pollution Control Authority Fund	Accounts for the wastewater treatment plant operations.
Water Department Fund	Accounts for the City's water use operations.

Additionally, the City reports the following fund types:

Special Revenue Funds	Accounts for and report the proceeds of specific revenue resources that are restricted, committed, or assigned to expenditures for specified purposes other than debt.
Debt Service Fund	Accounts for and report resources and expenditures that are assigned for the repayment of debt.

## City of New London, Connecticut

Notes to Financial Statements  
For the Year Ended June 30, 2021

## B. Measurement focus, basis of accounting and financial statement presentation (continued)

Internal Service Funds	Accounts for risk financing activities for workers' compensation and liability, automobile and pooled property insurance.
Pension Trust Fund	Accounts for the activity of the City's defined benefit pension plan, which accumulates resources for pension benefit payments to qualified employees.
Other Post-Employment Benefit ("OPEB") Trust Fund	Accounts for the activity of the City's OPEB plan, which accumulates resources for retiree medical benefit payments.
Private-Purpose Trust Fund	Accounts for assets held by the City in a trustee capacity for the benefit of various purposes. There is no requirement that any portion of these resources be preserved as capital.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the City's sewer and water operations and various other functions of the City. 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 all 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 funds and of the City's internal service fund are charges to customers and benefiting activities for sales, services and premiums. The enterprise funds also recognize as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for the enterprise funds and internal service fund include the cost of sales and services, administrative expenses, depreciation on capital assets and insurance claims. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

For purposes of measuring the net pension and OPEB liabilities, deferred outflows of resources and deferred inflows of resources related to pensions and OPEB, and pension and OPEB expense, information about the fiduciary net position and additions to/deductions from fiduciary net position of the City's pension and OPEB plans, the Connecticut Municipal Employees Retirement System ("MERS"), the Connecticut State Teachers' Retirement System ("TRS"), and the Connecticut State Teachers' Retirement Board Retiree Health Insurance Plan ("RHIP") have been determined on the same basis as they are reported by the City's pension and OPEB plans, MERS, TRS, and RHIP. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms.

City of New London, Connecticut

Notes to Financial Statements  
For the Year Ended June 30, 2021

C. Assets, liabilities, deferred outflows/inflows of resources and equity

1. Cash and investments

a. Cash

The City considers cash as cash on hand and demand deposits.

For cash flow purposes the City considers cash equivalents money market accounts and short-term investments with original maturities of three months or less from the date of acquisition.

b. Investments

In general, State of Connecticut Statutes allow the City to invest in obligations of the United States of America or United States government sponsored corporations, in shares or other interests in any custodial arrangement, pool or no-load, open-end management type investment company or investment trust (as defined), in obligations of any State or political subdivision rated within the top two rating categories of any nationally recognized rating service, or in obligations of the State of Connecticut or political subdivision rated within the top three rating categories of any nationally recognized rating service. For the capital nonrecurring fund, not more than 31% can be invested in equity securities. Investment income is recorded in the fund in which it was earned.

State Treasurer’s Short-Term Investment Fund is an investment pool managed by the State of Connecticut Office of the State Treasurer. Investments must be made in instruments authorized by Connecticut General Statutes 3-27c - 3-27e. Investment guidelines are adopted by the State Treasurer. The fair value of the position in the pool is the same as the value of the pool shares.

The City’s pension and OPEB plans have adopted a formal investment policy that defines allowable investments, prohibited investments, prohibited transactions, asset allocation guidelines and diversification guidelines and fixed income and cash equivalent guidelines.

The investment guidelines are as follows:

<u>Asset Class</u>	<u>Pension</u>	<u>OPEB</u>
Equities	64.00%	82.00%
Fixed income	30.00%	16.00%
Real estate and REIT’s	6.00%	0.00%
Cash equivalents	<u>0.00%</u>	<u>2.00%</u>
Total	<u>100.00%</u>	<u>100.00%</u>

c. Method used to value investments

Investments for the City are reported at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates.

City of New London, Connecticut

Notes to Financial Statements  
For the Year Ended June 30, 2021

C. Assets, liabilities, deferred outflows/inflows of resources and equity (continued)

Fair value of investments

The City measures and records its investments using fair value measurement guidelines established by accounting principles generally accepted in the United States of America (GAAP). These guidelines recognize a three-tiered fair value hierarchy, as follows:

Level 1	Quoted prices for identical investments in active markets
Level 2	Quoted prices for identical investments in markets that are not active
Level 3	Unobservable inputs

d. Risk policies

Interest rate risk	Interest rate risk is the risk that the government will incur losses in fair value caused by changing interest rates. The City does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.
Credit risk	Credit risk is the risk that an issuer or other counterparty will not fulfill its specific obligation even without the entity's complete failure. The City has no investment policy that would limit its investment choices due to credit risk other than State Statutes governing investments in obligations of any State or political subdivision or in obligations of the State of Connecticut or political subdivision.
Concentration of credit risk	Concentration of credit risk is the risk attributed to the magnitude of an entity's investments in a single issuer. The City follows the limitations specified in the Connecticut General Statutes. Generally, the City's deposits cannot be 75% or more of the total capital in any one depository.
Custodial credit risk	Custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. The City does not have a formal policy with respect to custodial credit risk.
Foreign currency risk	Foreign currency risk is the risk that the value of the investment may be affected by changes in the rate of exchange. The City does not have a formal policy with respect the foreign currency risk.

## City of New London, Connecticut

Notes to Financial Statements  
For the Year Ended June 30, 2021**C. Assets, liabilities, deferred outflows/inflows of resources and equity (continued)****2. Receivables and payables****a. Interfunds**

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 non-current portion of interfund loans). Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances”.

**b. Property taxes and other receivables**

In the government-wide financial statements, all trade, loan, and property tax receivables are shown net of an allowance for uncollectibles. Allowance percentages range from 5% to 66% of outstanding receivable balances and are calculated based upon prior collections and deferred loan program historical payments.

Property taxes are levied each July 1 on the assessed value listed as of the prior October 1 for all real property located in the City. Assessed values are established at 70% of estimated market value. All property taxes are due and payable on July 1 of the year except for real estate and personal property taxes greater than \$100, which are due and payable in two installments, July 1 and January 1 of each year. Liens are effective on the assessment date and are continued by filing before the end of the fiscal year following the due date.

In the fund financial statements, property tax revenues are recognized when they become available. Only taxes collected during the fiscal year are recorded as revenue.

Loan receivables consist of Community Development Block Grant loans. The City provides low interest loans for residential rehabilitation as well as loans to local businesses for facility improvements.

**3. Prepaid items**

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

**4. Restricted assets**

The restricted assets for the City are restricted for performance bonds. Performance bonds are restricted until the monies are returned to the vendor after satisfactory completion of contract or the City calls the bond for nonperformance.

The restricted assets for the City’s enterprise funds are restricted to be used for debt service and capital projects.

## City of New London, Connecticut

Notes to Financial Statements  
For the Year Ended June 30, 2021**C. Assets, liabilities, deferred outflows/inflows of resources and equity (continued)****5. Capital assets**

Capital assets, which include construction in progress, 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 City as assets with an initial, individual cost of at least \$5,000 and an estimated useful life in excess of two years. Capitalization thresholds by asset type are detailed below. Such assets are recorded at historical cost or estimated historical cost, if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Capital assets are depreciated using the straight-line method. Estimated useful lives and capitalization thresholds by asset type are as follows:

<u>Assets</u>	<u>Years</u>	<u>Capitalization Threshold</u>
Land improvements	20-50	\$ 20,000
Buildings and improvements	10-50	20,000
Machinery and equipment	5-50	5,000
Vehicles	10-30	5,000
Infrastructure	40-75	100,000

**6. 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 that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

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 that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

**City of New London, Connecticut****Notes to Financial Statements  
For the Year Ended June 30, 2021****C. Assets, liabilities, deferred outflows/inflows of resources and equity (continued)**

The City reports deferred outflows and inflows of resources related to pensions and OPEB in the government-wide statements for differences between expected and actual experience, changes in assumptions, net difference between projected and actual earnings on plan investments, changes in proportional share and contributions subsequent to measurement date. The deferred outflow or inflow related to differences between expected and actual experience, changes in assumptions, and changes in proportional share will be amortized over the average remaining service life of all plan members. The deferred outflow or inflow related to the net difference between projected and actual earnings on plan investments will be amortized over a five-year period. The deferred outflow related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent year.

Deferred outflows and inflows of resources also include deferred outflows and inflows relating to advance refunding of debt. These amounts are deferred and are amortized over the shorter of the life of the old or new debt.

Advance tax collections represent taxes associated with a future period. This amount is recognized during the period in which the revenue is associated.

For governmental funds, the City reports unavailable revenue, which arises only under the modified accrual basis of accounting. Accordingly, unavailable revenue is reported only in the governmental funds' balance sheet. The governmental funds report unavailable revenues from several sources: property taxes (including advance collections, if any), and assessments. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

**7. Compensated absences**

Employees of the City and the Board of Education earn sick leave, which can accumulate, and vacation leave based on the provisions of negotiated contracts or other personnel policies. In no case do these sick leave rights vest with the employee. The payment of nonvesting accumulated sick pay benefits depends on the future illness of the employee and, therefore, no liability has been accrued in these financial statements for such payments.

Vacation leave vests with the employee and is accrued in the government-wide and proprietary fund financial statements at current salary rates when earned.

**8. Long-term liabilities**

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term liabilities are reported as liabilities in the applicable governmental activities, business-type activities or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenses.

City of New London, Connecticut

Notes to Financial Statements  
For the Year Ended June 30, 2021

**C. Assets, liabilities, deferred outflows/inflows of resources and equity (continued)**

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.

**9. Net position and fund balances**

In the government-wide financial statements, net position is classified into the following categories:

Net Investment in Capital Assets	This category presents the net position that reflects capital assets net of depreciation and net of only the debt applicable to the acquisition or construction of these assets. Debt issued for non-capital purposes, and unspent bond proceeds, are excluded.
Restricted Net Position	This category presents the net position restricted by external parties (creditors, grantors, contributors or laws and regulations).
Unrestricted Net Position	This category presents the net position of the City which is not classified in the preceding two categories.

Sometimes the City will fund outlays for a particular purpose from both restricted (e.g. restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

In the fund financial statements, fund balances are classified into the following categories:

Nonspendable	This category presents amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.
Restricted	This category presents amounts that can be spent only for specific purposes because of enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.
Committed	This category presents amounts that can be used only for specific purposes determined by a formal action at the highest level of decision-making authority for the City. Commitments may be established, modified, or rescinded only through resolutions approved by the City Council.



City of New London, Connecticut

Notes to Financial Statements  
For the Year Ended June 30, 2021

**C. Assets, liabilities, deferred outflows/inflows of resources and equity (continued)**

Assigned	This category presents amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Intent is expressed by the passage of a resolution by the City Council or by a properly approved purchase order.
Unassigned	This category presents amounts that do not meet the criteria above and are available for any purpose. This category is only reported in the general fund for positive amounts and in any other fund that has a fund balance deficit.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the City considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned or unassigned fund balances are available, the City considers amounts to have been spent first out of committed funds, then assigned funds and finally unassigned funds, as needed, unless City Council has provided otherwise in its commitment or assignment actions.

**Minimum fund balance policy**

The City Council has adopted a fund balance policy for the General Fund requiring an unassigned fund balance of 12.30% of the following year’s adopted budget expenditures. This amount will be increased 1.00% per year until it reaches 16.67%.

**10. Use of estimates**

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, deferred outflows and inflows of resources including disclosures of contingent assets and liabilities and reported revenues, expenses and expenditures during the fiscal year. Actual results could differ from those estimates.

**11. Reclassifications**

Certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year’s presentation.

**II. Stewardship, compliance and accountability**

**A. Basis of budgeting**

Only the General Fund has a legally adopted annual budget.

## City of New London, Connecticut

Notes to Financial Statements  
For the Year Ended June 30, 2021**A. Basis of budgeting (continued)**

The City uses the budgetary basis of accounting under which purchase orders for contracts or other commitments are recorded in order to reserve that portion of the applicable appropriation. 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 reported in the budgetary statements included as required supplementary information.

Appropriations for capital projects are continued until completion of applicable projects, even when projects extend more than one fiscal year.

**B. Excess expenditures over appropriations**

During the year, general fund expenditures exceeded appropriations in the following departments:

Police	\$ 249,717
Fire	22,474
Emergency management / civil preparedness	1,623
Health and welfare	4,489

**C. Capital projects authorizations**

The following is a summary of certain capital projects:

Governmental Activities:

<u>Project</u>	<u>Project Authorization</u>	<u>Cumulative Expenditures</u>	<u>Balance</u>
High School Magnet School Project	\$ 110,000,000	\$ 49,495,275	\$ 60,504,725
Bennie Dover Magnet School Project	55,000,000	3,132,282	51,867,718
21st Century School Buildings	61,000,000	-	61,000,000
Community Center Project	30,000,000	92,029	29,907,971
Road paving and sidewalk repairs	3,100,000	1,208,194	1,891,806
Totals	<u>\$ 259,100,000</u>	<u>\$ 53,927,780</u>	<u>\$ 205,172,220</u>

Business-Type Activities:

<u>Project</u>	<u>Project Authorization</u>	<u>Cumulative Expenditures</u>	<u>Balance</u>
City Storm drainage systems	<u>\$ 1,650,000</u>	<u>\$ -</u>	<u>\$ 1,650,000</u>

## City of New London, Connecticut

Notes to Financial Statements  
For the Year Ended June 30, 2021

## III. Detailed notes

## A. Cash and investments

## 1. Deposits – custodial credit risk

At year end, the City's bank balance was \$94,596,734 including certificates of deposit classified as investments, and was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 61,189,806
Uninsured and collateral held by the pledging bank's trust department, not in the City's name	<u>21,943,002</u>
Total amount subject to custodial credit risk	<u><u>\$ 83,132,808</u></u>

Financial instruments that potentially subject the City to significant concentrations of credit risk consist primarily of cash. From time to time, the City's cash account balances exceed the Federal Deposit Insurance Corporation limit. The City reduces its credit risk by maintaining its cash deposits with major financial institutions and monitoring their credit ratings.

## 2. Investments

- a. The City's investments (including restricted investments) consisted of the following types and maturities. Specific identification was used to determine the maturities.

Type of Investment	Fair Value	Investment Maturities in Years				
		N/A	Less than One Year	1-5 Years	5-10 Years	Over 10 Years
Mutual funds:						
Money market	\$ 865,934	\$ -	\$ 865,934	\$ -	\$ -	\$ -
Certificates of deposits	66,725,900	-	66,725,900	-	-	-
Equities	32,850,352	32,850,352	-	-	-	-
U.S. government securities	3,883,627	-	-	673,983	1,982,301	1,227,343
U.S. government agency securities	1,475,974	-	-	-	-	1,475,974
Corporate bonds	11,603,836	-	-	-	10,332,930	1,270,906
Real estate (equities)	<u>1,162,065</u>	<u>1,162,065</u>	-	-	-	-
Total	<u><u>\$118,567,688</u></u>	<u><u>\$34,012,417</u></u>	<u><u>\$ 67,591,834</u></u>	<u><u>\$673,983</u></u>	<u><u>\$12,315,231</u></u>	<u><u>\$3,974,223</u></u>

## City of New London, Connecticut

Notes to Financial Statements  
For the Year Ended June 30, 2021

## A. Cash and investments (continued)

b. The City had the following recurring fair value measurements:

Investments at Fair Value	Amount	Quoted Market Prices in Active Markets Level 1	Significant Observable Inputs Level 2
Mutual funds			
Money market	\$ 865,934	\$ 865,934	\$ -
Equities	32,850,352	32,850,352	-
U.S. government securities	3,883,627	3,883,627	-
U.S. government agency securities	1,475,974	-	1,475,974
Corporate bonds	11,603,836	-	11,603,836
Real estate (equities)	1,162,065	1,162,065	-
Total investments by fair value level	51,841,788	<u>\$ 38,761,978</u>	<u>\$ 13,079,810</u>
<u>Other Investments not Subject to Fair Value Measurement</u>			
Certificates of deposit	<u>66,725,900</u>		
Total investments	<u>\$118,567,688</u>		

Level 1: Quoted prices for identical investments in active markets

Level 2: Quoted prices for identical investments in markets that are not active. The fair value was determined based on quoted prices in less active, dealer or broker markets. Fair values are primarily obtained from third party pricing services for identical or comparable assets.

The market approach was used to determine the market value of the U.S. government securities and corporate bonds.

## City of New London, Connecticut

Notes to Financial Statements  
For the Year Ended June 30, 2021

## A. Cash and investments (continued)

- c. The City's investments subject to credit risk had average ratings by Standard & Poor's as follows:

	Money Market Mutual Funds	U.S. Government Agency Securities	Corporate Bonds
AAA	\$ 865,934	\$ -	\$ 290,047
AA	-	-	1,512,647
A	-	-	3,949,516
BBB	-	-	5,783,043
B	-	-	34,823
Unrated	-	1,475,974	33,760
Total	<u>\$ 865,934</u>	<u>\$ 1,475,974</u>	<u>\$ 11,603,836</u>

- d. Certain investments are covered by the Securities Investor Protection Corporation ("SIPC") up to \$500,000, including \$250,000 of cash from sale or for purchase of investments, but not cash held solely for the purpose of earning interest. SIPC protects securities such as notes, stocks, bonds, debentures, certificates of deposit and money funds.

The following City investments are held by the counterparty's trust department or agent but not in the City's name and, therefore, are subject to custodial credit risk.

	Total	Less Insured Amounts	Amount Subject to Custodial Credit Risk
Equities	\$32,850,352	\$500,000	\$32,350,352
U.S. government securities	3,883,627	-	3,883,627
U.S. government agency securities	1,475,974	-	1,475,974
Corporate bonds	11,603,836	-	11,603,836
Real estate (equities)	1,162,065	-	1,162,065
Total	<u>\$50,975,854</u>	<u>\$500,000</u>	<u>\$50,475,854</u>

## City of New London, Connecticut

Notes to Financial Statements  
For the Year Ended June 30, 2021**B. Receivables**

Receivable balances have been disaggregated by type and presented separately in the financial statements. Only receivables for the City's government-wide financial statements with allowances for uncollectible accounts, including the applicable allowances for uncollectible accounts, are presented below.

Governmental Activities:

	Property Taxes			CDBG Loans	Assessments
	Taxes	Interest and Liens	Total		
Current portion	<u>\$ 1,232,481</u>	<u>\$ 209,998</u>	<u>\$ 1,442,479</u>	<u>\$ 170,000</u>	<u>\$ -</u>
Long-term portion	\$ 1,240,444	\$ 392,134	\$ 1,632,578	\$ 2,279,083	\$ 151,675
Less allowance for uncollectibles	<u>(350,000)</u>	<u>(250,000)</u>	<u>(600,000)</u>	<u>(1,562,347)</u>	<u>(100,000)</u>
Net long-term portion	<u>\$ 890,444</u>	<u>\$ 142,134</u>	<u>\$ 1,032,578</u>	<u>\$ 716,736</u>	<u>\$ 51,675</u>

Business-Type Activities:

	Use Charges			
	Sewer Use Charges	Water Use Charges	Storm Water Charges	Total
Receivable amount	\$ 707,571	\$ 1,297,933	\$ 313,715	\$ 2,319,219
Less allowance for uncollectibles	<u>(60,000)</u>	<u>(70,000)</u>	<u>(20,716)</u>	<u>(150,716)</u>
Net receivable	<u>\$ 647,571</u>	<u>\$ 1,227,933</u>	<u>\$ 292,999</u>	<u>\$ 2,168,503</u>

## City of New London, Connecticut

Notes to Financial Statements  
For the Year Ended June 30, 2021

## C. Interfund accounts

## 1. Interfund payables and receivables

A summary of interfund balances is as follows:

<u>Major funds</u>	<u>Corresponding Fund</u>	<u>Due From</u>	<u>Due To</u>
General fund			
School projects	N/A	\$ -	\$ 30,116
Water department	N/A	3,056,787	-
Internal service	N/A	-	363,000
Pension trust fund	N/A	354,170	-
OPEB trust fund	N/A	-	91,434
Total general fund		<u>3,410,957</u>	<u>484,550</u>
School projects	General fund	<u>30,116</u>	<u>-</u>
Water department	General fund	<u>-</u>	<u>3,056,787</u>
<u>Other funds</u>			
Internal service	General fund	<u>363,000</u>	<u>-</u>
Pension trust fund	General fund	<u>-</u>	<u>354,170</u>
OPEB trust fund	General fund	<u>91,434</u>	<u>-</u>
Total		<u><u>\$ 3,895,507</u></u>	<u><u>\$ 3,895,507</u></u>

All interfund balances resulted from the time lag between the dates payments occurred between funds for short-term internal financing.

## City of New London, Connecticut

Notes to Financial Statements  
For the Year Ended June 30, 2021

## C. Interfund accounts (continued)

## 2. Interfund transfers

A summary of interfund transfers is as follows:

<u>Major funds</u>	<u>Corresponding Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General fund			
School projects	N/A	\$ -	\$ 30,116
General government	N/A	-	100,000
Public safety	N/A	-	30,723
Culture and recreation	N/A	-	100,000
Miscellaneous	N/A	51,345	-
Debt service	N/A	-	7,135,193
Ocean beach park	N/A	-	100,000
Water street parking garage	N/A	50,000	-
Total general fund		<u>101,345</u>	<u>7,496,032</u>
Capital nonrecurring			
School projects	N/A	-	2,169
Community development	N/A	147,010	-
Total capital nonrecurring		<u>147,010</u>	<u>2,169</u>
School projects			
General fund	N/A	30,116	-
Capital nonrecurring	N/A	2,169	-
Education grants	N/A	128,741	-
Total school projects		<u>161,026</u>	<u>-</u>
Education grants	School projects	<u>-</u>	<u>128,741</u>



## City of New London, Connecticut

Notes to Financial Statements  
For the Year Ended June 30, 2021

## C. Interfund accounts (continued)

	<u>Corresponding Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
<u>Other governmental funds</u>			
Special revenue funds			
Veolia	General government	\$ -	\$ 40,000
Community development	Capital nonrecurring	-	147,010
Community development	General government	-	64,999
General government	General fund	100,000	-
General government	Veolia	40,000	-
General government	Community development	64,999	-
General government	Storm water management	50,000	-
Public safety	General fund	30,723	-
Culture and recreation	General fund	100,000	-
Miscellaneous	General fund	-	51,345
Total special revenue funds		<u>385,722</u>	<u>303,354</u>
Debt service	General fund	<u>7,135,193</u>	<u>-</u>
Total other governmental funds		<u>7,520,915</u>	<u>303,354</u>
<u>Other proprietary funds</u>			
Storm water management	General government	<u>-</u>	<u>50,000</u>
Ocean beach park	General fund	<u>100,000</u>	<u>-</u>
Water street parking garage	General fund	<u>-</u>	<u>50,000</u>
Total		<u>\$ 8,030,296</u>	<u>\$ 8,030,296</u>

Transfers are used to account for the financing by the general fund of the debt service fund and various programs and activities in other funds.

## City of New London, Connecticut

Notes to Financial Statements  
For the Year Ended June 30, 2021

## C. Capital assets

Capital asset activity for the year was as follows:

Governmental Activities:

	Balance July 1, 2020	Increases	Decreases	Balance June 30, 2021
Capital assets, not being depreciated:				
Land	\$ 8,278,991	\$ -	\$ -	\$ 8,278,991
Construction in progress	20,329,899	44,919,580	5,755,681	59,493,798
Total capital assets, not being depreciated	28,608,890	44,919,580	5,755,681	67,772,789
Capital assets, being depreciated:				
Land improvements	37,406,028	5,877,061	-	43,283,089
Buildings and improvements	150,758,311	698,440	-	151,456,751
Machinery and equipment	15,604,797	1,745,749	-	17,350,546
Vehicles	15,448,082	340,070	172,218	15,615,934
Infrastructure	152,469,700	-	-	152,469,700
Total capital assets being depreciated	371,686,918	8,661,320	172,218	380,176,020
Total capital assets	400,295,808	53,580,900	5,927,899	447,948,809
Less accumulated depreciation for:				
Land improvements	9,269,971	1,227,089	-	10,497,060
Buildings and improvements	64,803,285	3,435,165	-	68,238,450
Machinery and equipment	6,778,288	864,398	-	7,642,686
Vehicles	8,400,492	761,767	127,731	9,034,528
Infrastructure	77,243,551	2,741,313	-	79,984,864
Total accumulated depreciation	166,495,587	9,029,732	127,731	175,397,588
Total capital assets, being depreciated, net	205,191,331	(368,412)	44,487	204,778,432
Capital assets, net	\$233,800,221	\$44,551,168	\$5,800,168	\$272,551,221

## City of New London, Connecticut

Notes to Financial Statements  
For the Year Ended June 30, 2021

## D. Capital assets (continued)

Business-Type Activities:

	Balance July 1, 2020	Increases	Decreases	Balance June 30, 2021
Capital assets, not being depreciated:				
Land	\$ 2,214,827	\$ -	\$ -	\$ 2,214,827
Construction in process	2,729,255	1,259,736	-	3,988,991
Total capital assets, not being depreciated	4,944,082	1,259,736	-	6,203,818
Capital assets, being depreciated:				
Land improvements	2,740,466	-	-	2,740,466
Buildings and improvements	52,681,966	-	-	52,681,966
Machinery and equipment	11,570,024	943,642	-	12,513,666
Vehicles	66,121	-	-	66,121
Infrastructure	154,889,257	-	-	154,889,257
Total capital assets, being depreciated	221,947,834	943,642	-	222,891,476
Total capital assets	226,891,916	2,203,378	-	229,095,294
Less accumulated depreciation for:				
Land improvements	2,264,709	73,618	-	2,338,327
Buildings and improvements	37,531,894	738,972	-	38,270,866
Machinery and equipment	8,768,316	392,883	-	9,161,199
Vehicles	367	4,408	-	4,775
Infrastructure	67,168,611	2,180,667	-	69,349,278
Total accumulated depreciation	115,733,897	3,390,548	-	119,124,445
Total capital assets, being depreciated, net	106,213,937	(2,446,906)	-	103,767,031
Capital assets, net	\$ 111,158,019	\$ (1,187,170)	\$ -	\$ 109,970,849

## City of New London, Connecticut

Notes to Financial Statements  
For the Year Ended June 30, 2021**D. Capital assets (continued)**

Depreciation expense was charged to functions/programs as follows:

Governmental Activities:

General government	\$ 491,972
Public safety	852,777
Public works	2,900,090
Health and welfare	12,671
Recreation and culture	856,371
Education	<u>3,915,851</u>
Total	<u>\$ 9,029,732</u>

Business-Type Activities:

Water pollution control authority	\$ 1,495,362
Water department	1,607,672
Storm water management	59,359
Ocean beach park	213,191
Water street parking garage	<u>14,964</u>
Total	<u>\$ 3,390,548</u>

**D. Construction commitments**

The City has the following construction commitments:

New London High School	\$ 47,390,644
Bennie Dover Jackson Middle School	<u>39,024,404</u>
Total	<u>\$ 86,415,048</u>

**E. Short-term obligations - bond anticipation notes**

The City uses bond anticipation notes ("BANS") during the construction period of various public projects prior to the issuance of the bonds at the completion of the project. Short-term obligation activity for the year was as follows:

<u>Type of obligation</u>	<u>Balance July 1, 2020</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2021</u>
General purpose	\$ -	\$ 3,800,000	\$ -	\$ 3,800,000
Schools	<u>10,320,000</u>	<u>18,800,000</u>	<u>10,320,000</u>	<u>18,800,000</u>
Total	<u>\$ 10,320,000</u>	<u>\$ 22,600,000</u>	<u>\$ 10,320,000</u>	<u>\$ 22,600,000</u>

The BANS carry an interest rate of 2.00% and mature in March 2022.

## City of New London, Connecticut

Notes to Financial Statements  
For the Year Ended June 30, 2021

## F. Changes in long-term liabilities

## 1. Summary of changes

The following is a summary of changes in long-term liabilities during the fiscal year:

Governmental Activities:

Description	Original Amount	Date of Issue	Date of Maturity	Interest Rate	Balance July 1, 2020	Additions	Refunding and Deductions *	Balance June 30, 2021	Current Portion	Long-term Portion
<u>Bonds:</u>										
General purpose:										
Refunding	\$ 894,000	03/30/12	08/01/26	2.00-3.00%	\$ 100,000	\$ -	\$ 100,000	\$ -	\$ -	\$ -
Improvement	4,385,000	11/15/12	08/01/33	4.00%	250,000	-	250,000	-	-	-
Improvement	2,835,000	05/13/14	05/15/34	3.00-3.60%	2,339,000	-	2,339,000	-	-	-
Improvement	1,754,000	05/13/14	05/15/34	3.00-4.50%	1,510,000	-	1,449,000	61,000	61,000	-
Improvement	5,350,000	03/26/15	03/15/30	2.25-4.00%	4,075,000	-	425,000	3,650,000	425,000	3,225,000
Improvement	1,100,000	03/26/15	03/15/22	2.00-3.00%	450,000	-	225,000	225,000	225,000	-
Refunding	5,271,000	12/13/16	08/15/29	3.00-5.00%	4,477,000	-	455,000	4,022,000	455,000	3,567,000
Improvement	7,165,000	03/15/17	03/15/37	3.00-5.00%	6,240,000	-	375,000	5,865,000	275,000	5,590,000
Improvement	4,195,000	03/08/18	03/15/38	3.00-5.00%	3,780,000	-	210,000	3,570,000	210,000	3,360,000
Improvement	4,300,000	03/21/19	08/15/38	3.00-3.50%	4,085,000	-	215,000	3,870,000	215,000	3,655,000
Refunding	3,285,000	03/21/19	08/15/38	3.00-3.50%	3,285,000	-	300,000	2,985,000	300,000	2,685,000
Improvement	2,200,000	03/05/20	03/15/40	2.25-4.00%	2,200,000	-	-	2,200,000	-	2,200,000
Refunding	3,553,000	04/07/20	08/01/33	4.00-5.00%	3,553,000	-	-	3,553,000	484,000	3,069,000
Improvement	3,200,000	04/07/20	08/01/39	3.00-5.00%	3,200,000	-	-	3,200,000	-	3,200,000
Improvement (taxable)	3,100,000	09/29/20	10/01/40	3.00%	-	3,100,000	-	3,100,000	-	3,100,000
Refunding (taxable)	3,950,000	09/29/20	10/01/40	0.75-3.00%	-	3,895,000	109,000	3,786,000	-	3,786,000
Total general purpose	56,537,000				39,544,000	6,995,000	6,452,000	40,087,000	2,650,000	37,437,000

## City of New London, Connecticut

Notes to Financial Statements  
For the Year Ended June 30, 2021

## G. Changes in long-term liabilities (continued)

Description	Original Amount	Date of Issue	Date of Maturity	Interest Rate	Balance July 1, 2020	Additions	Refunding and Deductions *	Balance June 30, 2021	Current Portion	Long-term Portion
School:										
Refunding	\$ 2,355,000	03/30/12	08/01/26	2.00-3.00%	\$ 265,000	\$ -	\$ 265,000	\$ -	\$ -	\$ -
Refunding	1,383,000	11/15/12	08/01/33	4.00%	290,000	-	290,000	-	-	-
Improvement	1,725,000	05/13/14	05/15/34	3.00-3.60%	1,421,000	-	1,421,000	-	-	-
Improvement	3,746,000	05/13/14	05/15/34	3.00-4.50%	3,090,000	-	2,926,000	164,000	164,000	-
Refunding	4,349,000	12/13/16	08/15/29	3.00-5.00%	3,693,000	-	375,000	3,318,000	375,000	2,943,000
Improvement	505,000	03/15/17	03/15/37	3.00-5.00%	425,000	-	25,000	400,000	25,000	375,000
Improvement	600,000	03/08/18	03/15/38	3.00-5.00%	540,000	-	30,000	510,000	30,000	480,000
Improvement	7,000,000	03/21/19	08/15/38	3.00-3.50%	6,650,000	-	350,000	6,300,000	350,000	5,950,000
Improvement	7,000,000	03/05/20	03/15/40	2.25-4.00%	7,000,000	-	-	7,000,000	-	7,000,000
Refunding	1,882,000	04/07/20	08/01/33	4.00-5.00%	1,882,000	-	-	1,882,000	302,000	1,580,000
Refunding (taxable)	4,455,000	09/29/20	10/01/40	0.75-3.00%	-	4,455,000	96,000	4,359,000	-	4,359,000
Improvement	13,300,000	03/04/21	03/15/41	1.25-4.25%	12,200,000	1,100,000	-	13,300,000	-	13,300,000
Total school	<u>48,300,000</u>				<u>37,456,000</u>	<u>5,555,000</u>	<u>5,778,000</u>	<u>37,233,000</u>	<u>1,246,000</u>	<u>35,987,000</u>
Pension:										
Pension deficit (taxable)	4,000,000	12/17/15	12/15/35	1.25-4.60%	3,470,000	-	160,000	3,310,000	165,000	3,145,000
Total bonds	<u>108,837,000</u>				<u>80,470,000</u>	<u>12,550,000</u>	<u>12,390,000</u>	<u>80,630,000</u>	<u>4,061,000</u>	<u>76,569,000</u>
Notes (direct borrowings):										
Equipment financing notes:										
Police cars	290,629	06/01/18	06/15/23	8.66%	179,423	-	57,942	121,481	59,788	61,693
Haulers	1,115,980	09/01/19	09/01/23	3.78%	909,032	-	214,771	694,261	222,889	471,372
Fire trucks	1,835,800	01/28/20	07/28/29	2.78%	1,835,800	-	183,490	1,652,310	163,004	1,489,306
Total notes	<u>3,242,409</u>				<u>2,924,255</u>	<u>-</u>	<u>456,203</u>	<u>2,468,052</u>	<u>445,681</u>	<u>2,022,371</u>
Total bonds and notes					<u>83,394,255</u>	<u>12,550,000</u>	<u>12,846,203</u>	<u>83,098,052</u>	<u>4,506,681</u>	<u>78,591,371</u>
Premium					<u>2,512,570</u>	<u>1,074,225</u>	<u>818,038</u>	<u>2,768,757</u>	<u>-</u>	<u>2,768,757</u>
Total bonds, notes and related liabilities					<u>85,906,825</u>	<u>13,624,225</u>	<u>13,664,241</u>	<u>85,866,809</u>	<u>4,506,681</u>	<u>81,360,128</u>
Claims payable					6,318,273	2,142,999	2,306,575	6,154,697	1,857,092	4,297,605
Compensated absences					652,614	783,662	168,725	1,267,551	253,510	1,014,041
MERS pension contribution payable					4,138,173	-	372,396	3,765,777	150,631	3,615,146
Net pension liability					52,874,694	12,315,880	20,193,560	44,997,014	-	44,997,014
Net OPEB liability					31,131,384	3,405,418	8,824,859	25,711,943	-	25,711,943
Total long-term liabilities					<u>\$ 181,021,963</u>	<u>\$ 32,272,184</u>	<u>\$ 45,530,356</u>	<u>\$ 167,763,791</u>	<u>\$ 6,767,914</u>	<u>\$ 160,995,877</u>

\* Refunding and deductions includes \$7,710,000 of refunded bonds.

All long-term liabilities are generally liquidated by the General Fund and Debt Service Fund.

## City of New London, Connecticut

Notes to Financial Statements  
For the Year Ended June 30, 2021

## G. Changes in long-term liabilities (continued)

Business-Type Activities:

The following are the changes in long-term liabilities, which will be funded from enterprise fund operations:

Description	Original Amount	Date of Issue	Date of Maturity	Interest Rate	Balance July 1, 2020	Additions	Refunding and Deductions *	Balance June 30, 2021	Current Portion	Long-term Portion
<u>Water Pollution Control Authority (WPCA)</u>										
Bonds and notes:										
Improvement	\$ 3,100,000	03/15/17	03/15/37	3.00-5.00%	\$ 2,635,000	\$ -	\$ 155,000	\$ 2,480,000	\$ 155,000	\$ 2,325,000
Clean water - 455PDC	2,014,170	02/28/02	08/31/21	2.00%	117,492	-	100,709	16,783	16,783	-
Total bonds and notes	<u>5,114,170</u>				2,752,492	-	255,709	2,496,783	171,783	2,325,000
Premium					149,679	-	9,355	140,324	-	140,324
Total bonds, notes, and related liabilities					<u>2,902,171</u>	-	<u>265,064</u>	<u>2,637,107</u>	<u>171,783</u>	<u>2,465,324</u>
<u>Water Department</u>										
Bonds and notes:										
Refunding	2,706,000	03/30/12	08/01/26	2.00-3.00%	305,000	-	305,000	-	-	-
Refunding	1,525,000	04/07/20	08/01/26	4.00-5.00%	1,525,000	-	-	1,525,000	264,000	1,261,000
Drinking water notes	5,534,628	01/31/17	01/31/36	2.00%	4,453,411	-	246,039	4,207,372	251,005	3,956,367
Total bonds and notes	<u>9,765,628</u>				6,283,411	-	551,039	5,732,372	515,005	5,217,367
Premium					2,208	-	2,208	-	-	-
Total bonds, notes, and related liabilities					<u>6,285,619</u>	-	<u>553,247</u>	<u>5,732,372</u>	<u>515,005</u>	<u>5,217,367</u>
<u>Storm Water Management</u>										
Bonds:										
Improvement	1,650,000	04/07/20	08/01/39	3.00-5.00%	1,650,000	-	-	1,650,000	-	1,650,000
Premium					124,324	-	8,880	115,444	-	115,444
Total bonds, notes, and related liabilities					<u>1,774,324</u>	-	<u>8,880</u>	<u>1,765,444</u>	-	<u>1,765,444</u>
<u>Ocean Beach Park</u>										
Bonds and notes:										
Improvement	200,000	05/13/14	05/15/24	3.00-4.00%	100,000	-	75,000	25,000	25,000	-
Improvement (taxable)	600,000	03/21/19	08/15/23	2.80-3.20%	480,000	-	120,000	360,000	120,000	240,000
Refunding (taxable)	45,000	09/29/20	04/01/24	0.75-3.00%	-	55,000	10,000	45,000	-	45,000
Note payable (direct borrowings)	1,000,000	10/28/11	10/28/23	2.00%	299,141	-	74,166	224,975	75,662	149,313
Total bonds and notes	<u>1,845,000</u>				879,141	55,000	279,166	654,975	220,662	434,313
Premium					36,277	-	9,263	27,014	-	27,014
Total bonds, notes, and related liabilities					<u>915,418</u>	<u>55,000</u>	<u>288,429</u>	<u>681,989</u>	<u>220,662</u>	<u>461,327</u>
Total enterprise fund long-term liabilities					<u>\$ 11,877,532</u>	<u>\$ 55,000</u>	<u>\$ 1,115,620</u>	<u>\$ 10,816,912</u>	<u>\$ 907,450</u>	<u>\$ 9,909,462</u>

\* Refunding and deductions includes \$50,000 of refunded bonds.

City of New London, Connecticut

Notes to Financial Statements  
For the Year Ended June 30, 2021

G. Changes in long-term liabilities (continued)

2. The following is a summary of principal and interest amounts of bond and note maturities:

Year Ending June 30,	Governmental Activities		
	Principal		Interest
	Bonds	Equipment Financing Notes	
2022	\$ 4,061,000	\$ 445,681	\$ 2,647,599
2023	4,441,000	460,543	2,476,277
2024	5,219,000	413,710	2,275,209
2025	5,488,000	178,479	2,065,982
2026	5,591,000	183,441	1,847,699
2027	5,715,000	188,540	1,627,874
2028	5,450,000	193,782	1,411,686
2029	5,450,000	199,169	1,205,034
2030	5,445,000	204,707	1,025,192
2031	4,300,000	-	872,203
2032	4,005,000	-	759,449
2033	4,025,000	-	647,333
2034	4,110,000	-	540,040
2035	3,175,000	-	439,776
2036	3,200,000	-	349,211
2037	2,975,000	-	261,906
2038	2,650,000	-	178,225
2039	2,410,000	-	111,825
2040	1,845,000	-	59,375
2041	1,075,000	-	20,250
Totals	<u>\$ 80,630,000</u>	<u>\$ 2,468,052</u>	<u>\$ 20,822,145</u>



## City of New London, Connecticut

Notes to Financial Statements  
For the Year Ended June 30, 2021

## G. Changes in long-term liabilities (continued)

Year Ending June 30,	Business-Type Activities							
	Principal							
	WPCA		Water		Storm Water	Ocean Beach Park		Interest
Bonds	Notes	Bonds	Notes	Bonds	Bonds	Notes		
2022	\$ 155,000	\$ 16,783	\$ 264,000	\$ 251,005	\$ -	\$145,000	\$ 75,662	\$ 323,732
2023	155,000	-	254,000	256,072	70,000	135,000	77,189	291,369
2024	155,000	-	241,000	261,240	70,000	150,000	72,124	257,031
2025	155,000	-	257,000	266,513	70,000	-	-	225,272
2026	155,000	-	259,000	271,893	70,000	-	-	195,743
2027	155,000	-	250,000	277,381	70,000	-	-	166,280
2028	155,000	-	-	282,979	80,000	-	-	144,881
2029	155,000	-	-	288,691	100,000	-	-	130,919
2030	155,000	-	-	294,518	100,000	-	-	116,442
2031	155,000	-	-	300,463	100,000	-	-	101,654
2032	155,000	-	-	306,528	100,000	-	-	86,551
2033	155,000	-	-	312,715	100,000	-	-	71,326
2034	155,000	-	-	319,027	100,000	-	-	56,284
2035	155,000	-	-	325,466	100,000	-	-	41,419
2036	155,000	-	-	192,881	100,000	-	-	26,889
2037	155,000	-	-	-	105,000	-	-	16,914
2038	-	-	-	-	105,000	-	-	8,138
2039	-	-	-	-	105,000	-	-	4,922
2040	-	-	-	-	105,000	-	-	1,641
Totals	<u>\$2,480,000</u>	<u>\$ 16,783</u>	<u>\$1,525,000</u>	<u>\$4,207,372</u>	<u>\$1,650,000</u>	<u>\$430,000</u>	<u>\$224,975</u>	<u>\$2,267,407</u>

## 3. Assets pledged as collateral

The City's outstanding equipment financing notes are secured with collateral of the equipment purchased of \$2,468,052.

## City of New London, Connecticut

Notes to Financial Statements  
For the Year Ended June 30, 2021**G. Changes in long-term liabilities (continued)****4. Statutory debt limitations**

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

Category	Debit Limit	Net Indebtedness	Balance
General purpose	\$ 130,211,240	\$ 43,887,000	\$ 86,324,240
Schools	260,422,479	56,033,000	204,389,479
Sewers	217,018,733	-	217,018,733
Urban renewal	188,082,902	-	188,082,902
Pension deficit	173,614,986	3,310,000	170,304,986

The total overall statutory debt limit for the City is equal to seven times annual receipts from prior year taxation, \$405,101,634.

The indebtedness reflected above includes bonds outstanding in addition to the amount of bonds authorized and unissued against which bond anticipation notes are issued and outstanding.

**5. Authorized/unissued debt**

The amount of authorized and unissued bonds as follows:

Governmental Activities:

21st Century school building program	\$ 1,422,302
Bennie Dover middle school	1,615,477
Magnet school projects	136,694,357
Community recreation center	<u>30,000,000</u>
Total	<u>\$ 169,732,136</u>

Business-Type Activities:

Lake Konomoc intake pump	<u>\$ 965,372</u>
--------------------------	-------------------

**6. Current year advance refunding**

In September 2020, the City issued \$8,405,000 of general obligation refunding bonds with interest rates of 0.75% to 3.00%. These refunding bonds were issued to defease 2 bond issues from May 2014. The refunding resulted in an economic gain of \$536,261 and a decrease in debt service payments of \$653,119.

## City of New London, Connecticut

Notes to Financial Statements  
For the Year Ended June 30, 2021

## G. Fund balances and restricted net position

Fund balances are classified as follows:

Fund Balance Component	General Fund	Capital Nonrecurring	School Projects	Education Grants	Other Governmental Funds	Total
Nonspendable						
Prepays	\$ 638,169	\$ -	\$ -	\$ -	\$ -	\$ 638,169
Restricted						
Construction contracts	-	-	86,415,048	-	-	86,415,048
Housing rehabilitation programs	-	-	-	-	1,311,276	1,311,276
Health and welfare programs	-	-	-	-	109,215	109,215
Cafeteria operations*	-	-	-	-	663,920	663,920
Total restricted	-	-	86,415,048	-	2,084,411	88,499,459
Committed						
General government programs	-	-	-	-	521,816	521,816
Community programs	-	-	-	-	513,220	513,220
Public safety programs	-	-	-	-	1,376,681	1,376,681
Public works programs	-	-	-	-	257,610	257,610
Port authority	-	-	-	-	79,468	79,468
Culture and recreation programs	-	-	-	-	156,167	156,167
Education programs	-	-	-	-	291,171	291,171
Approved projects	-	13,400,975	-	-	-	13,400,975
Total committed	-	13,400,975	-	-	3,196,133	16,597,108
Assigned						
General government programs	-	-	-	-	62,580	62,580
Education programs	-	-	-	2,116,054	-	2,116,054
Debt service	-	-	-	-	6,619,348	6,619,348
Total assigned	-	-	-	2,116,054	6,681,928	8,797,982
Unassigned	15,563,620	-	(87,535,392)	-	-	(71,971,772)
Total	\$ 16,201,789	\$ 13,400,975	\$ (1,120,344)	\$ 2,116,054	\$ 11,962,472	\$ 42,560,946

\* The amount of restricted net position, which was restricted by enabling legislation, totaled \$663,920.

## City of New London, Connecticut

Notes to Financial Statements  
For the Year Ended June 30, 2021

## IV. Other information

## A. Risk management

Except for the purchase of commercial insurance coverage for all City buildings (flood, fire and casualty), with a deductible of \$100,000, errors and omissions, general liability umbrella policy with a retention limit of \$500,000 per incident, medical and dental coverage, law enforcement liability insurance policy with a retention limit of \$350,000, workers' compensation with a retention limit of \$500,000 per incident and an excess policy with a stop loss at \$1,500,000, the City is exposed to various risks for which it has retained the risk of loss including torts; theft of, damage to and destruction of assets; natural disaster; general liability; and workers' compensation. The City is self-insured for claims under C.G.S. 7-433c the Heart and Hypertension Act. Settled claims have not exceeded commercial coverage in any of the past three years. There have not been any significant reductions in insurance coverage from amounts held in prior years.

The City utilizes a risk management fund (the Internal Service Fund) to account for and finance its uninsured risks of loss. The fund records all claim expenditures and liabilities when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated.

City benefiting activities are charged premiums by the Internal Service Fund, which are included in department and agency expenditures, to cover the estimated cost of claims payment based on historical cost estimates of the amounts needed to pay prior and current year claims. Claims liabilities include an estimate of claims incurred but not reported and are the City's best estimate based on available information.

The claims liability reported in the fund is based upon the provisions of GASB Statements No. 10 and 30, which require that a liability for estimated claims incurred but not reported be recorded. The amount of claim accrual is based on the ultimate costs of settling the claim, which include past experience data, inflation and other future economic and societal factors and incremental claim adjustment expenses, net of estimated subrogation recoveries. The claim accrual does not include other allocated or unallocated claims adjustment expenses.

	Claims Payable July 1	Current Year Claims and Changes in Estimates	Claims Paid	Claims Payable June 30	Current Portion	Long-Term Portion
<b><u>General Liability</u></b>						
2019-2020	\$ 2,678,652	\$ 1,120,324	\$ 2,358,751	\$ 1,440,225	\$ 1,008,158	\$ 432,067
2020-2021	1,440,225	836,400	811,309	1,465,316	1,025,721	439,595
<b><u>Workers Compensation</u></b>						
2019-2020	1,233,020	1,287,358	1,483,035	1,037,343	622,406	414,937
2020-2021	1,037,343	1,240,905	1,269,296	1,008,952	605,371	403,581
<b><u>Heart and Hypertension</u></b>						
2019-2020	3,773,508	294,269	227,072	3,840,705	226,000	3,614,705
2020-2021	3,840,705	65,694	225,970	3,680,429	226,000	3,454,429
<b><u>Totals</u></b>						
2019-2020	7,685,180	2,701,951	4,068,858	6,318,273	1,856,564	4,461,709
2020-2021	\$ 6,318,273	\$ 2,142,999	\$ 2,306,575	\$ 6,154,697	\$ 1,857,092	\$ 4,297,605

## City of New London, Connecticut

Notes to Financial Statements  
For the Year Ended June 30, 2021**B. Commitments and litigation**

Amounts received or receivable from Federal and State grantor agencies are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time, although the City expects such amounts, if any, to be immaterial.

The City is a defendant in various lawsuits and the outcome of these lawsuits is not presently determinable. The resolution of these matters is not expected to have a material adverse effect on the financial condition of the City.

**C. Contingencies***Coronavirus*

In March 2020, the United States declared the outbreak of Coronavirus a national emergency. Similarly, the Governor of the State of Connecticut declared a state of emergency. Although the national shut down has ended, the Coronavirus continues to have an impact on the economy including effects on the City's economically sensitive revenues such as park and recreation program fees, parking revenues, interest earnings and certain other charges for services. This has been offset to varying degrees by increases in building permit fees and conveyance taxes. In addition, the supply chain has been disrupted and prices have increased for various type of items, including construction costs. The pandemic has also resulted in labor shortages.

In response to the pandemic and the economic impact on local governments, the federal government has provided the following funding beginning in April 2020 and April 2021. The City was awarded grants from the federal government for the costs and impact of the pandemic as follows:

<u>Grant Name</u>	<u>Amount</u>
Coronavirus Relief Fund ("CRF")	\$ 2,517,539
Education Stabilization Fund ("ESF")	10,347,339
American Rescue Plan Act ("ARPA")	<u>13,111,932</u>
Total	<u><u>\$25,976,810</u></u>

The second payment of the ARPA grant of \$13,111,932 is to be received in fiscal year 2022.

The City is continuously monitoring its financial condition and will take proactive measures as necessary to maintain operations and meet its obligations. Given this level of uncertainty, management cannot reasonably estimate the complete impact on the City's future financial position at this time.

## City of New London, Connecticut

Notes to Financial Statements  
For the Year Ended June 30, 2021

## V. Pensions and other post-employment benefit plans (“OPEB”)

## A. Pension plans

## 1. Plan description

## a. Plan administration

The City administers two single-employer Defined Benefit Public Employee Retirement Systems (“PERS”), The City of New London Noncontributory Pension Plan and the City of New London Contributory Pension Plan. The PERS are established and administered by the City to provide pension benefits for its non-teacher employees. These plans do not issue stand-alone financial reports, nor are they included in the report of a public employee’s retirement system.

Management of the plans is vested in the Pension Committee. The benefits, employee contributions and employer contributions for both plans are governed by the City Council and can only be amended by the Pension Committee.

Noncontributory

The PERS noncontributory plan is funded on a pay-as-you-go basis from the General Fund of the City. There are no assets that are being accumulated in a trust that meets the criteria in GASB No. 68 to pay benefits. The plan’s membership was open to City employees hired prior to May 1, 1971, with the exception of certified teachers and administrative personnel at the Board of Education. The plan was established through City ordinance. The plan is closed to employees hired subsequent to May 1, 1971. The plan provides retirement and disability benefits. There is no cost-of-living provision in the plan.

Contributory

The PERS contributory plan is considered to be part of the City of New London’s financial reporting entity and is included in the City’s financial statements as a pension trust fund. The plan’s membership includes substantially all City employees hired after May 1, 1971, with the exception of certified teachers and administrative personnel at the Board of Education and police officers. The plan was established through City ordinance. The plan remains open only to members of the Public Works Union, certain Department Heads and General Unaffiliated individuals, and Board of Education Unaffiliated, Custodian and Secretarial members who have elected to continue plan membership.

Participating units of the plan are Police, Unaffiliated General Salaried and Board of Education, Firefighters, MEU, Nurses, Public Works, Board of Education Custodians and Secretaries. All full time members of Units hired subsequent to May 1, 1971 are eligible to participate; however, Firefighters employed after November 1, 1996, Nurses employed after July 1, 1998, Policemen employed after December 22, 1999, General Salaried Unaffiliated and Board of Education Unaffiliated hired after March 6, 2000 and MEU members hired after February 29, 2000 are not eligible to participate in the plan. The plan provides retirement, death and disability benefits.

City of New London, Connecticut

Notes to Financial Statements  
For the Year Ended June 30, 2021

A. Pension plans (continued)

b. Plan membership

As of July 1, 2019, for the noncontributory plan and July 1, 2020, for the contributory plan membership in the plans is as follows:

	<u>Noncontributory</u>	<u>Contributory</u>
Retirees and beneficiaries currently receiving benefits	25	190
Vested terminated employees	-	26
Active plan members	-	68
	<hr/>	<hr/>
Total participants	<u>25</u>	<u>284</u>

2. Benefit provisions

The benefit provisions for the plans are as follows:

	<u>Noncontributory</u>	<u>Contributory</u>
Normal retirement	Non officer firemen are eligible to retire at 55 with 15 years of service	General Salaried Unaffiliated and Board of Education Unaffiliated - age 54 with 15 years of service All others - age 57 with 15 years of service Maximum retirement for Firefighters is age 65
Benefit calculation	Equal to 33.33% of compensation for the first 15 years of service plus an additional 1.66% of compensation for each of the next 10 years of service. The maximum benefit is 50% of compensation. Compensation is defined as base pay plus longevity received at retirement.	Board of Education Custodians and Secretaries, Fire, MEU, and Public Works - 2% of average compensation multiplied by years of service up to a maximum of 30 years Maximum normal retirement benefit is 60% of General Salaried Unaffiliated and Board of Education Unaffiliated - 3% of average compensation multiplied by years of service up to a maximum of 20 years Maximum normal benefit is 60% of average compensation
Service connected disability amount	1/2 of compensation less workmen's compensation	None
Cost of living adjustments	None	Retired Police - ½% per year starting at age 62 following retirement from active service Others - Cost of living adjustments as negotiated

City of New London, Connecticut

Notes to Financial Statements  
For the Year Ended June 30, 2021

A. Pension plans (continued)

3. Contributions

Contribution requirements for the plans are as follows:

	<u>Noncontributory</u>	<u>Contributory</u>
Employee	N/A - No active plan members	Participants are required to contribute 6% of their base pay plus longevity
Employer	The plan is funded on a pay-as-you-go basis	Actuarial determined contribution

4. Investments

a. Investment policy

The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the Pension Board by a majority vote of its members. It is the policy of the City's Pension 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 Committee periodically reviews the asset allocation and strategic objectives in light of market conditions, benefit payments, expenses, and expected contributions from the City.

The following was the Committee's adopted asset allocation policy for the Contributory Plan:

<u>Asset Class</u>	<u>Long-Term Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Large Cap Domestic Equity	30.00%	5.12%
Mid Cap Domestic Equity	12.00%	6.02%
Small Cap Domestic Equity	6.00%	6.20%
International Equity	12.00%	6.14%
Emerging Markets Equity	4.00%	8.80%
REIT (Real Estate)	6.00%	6.07%
U.S. Government Fixed Income	15.00%	0.03%
U.S. Corporate Fixed Investment	<u>15.00%</u>	1.48%
Total	<u><u>100.00%</u></u>	

b. Concentrations

There were no investments in any one organization that represents 5% or more of the pension plan's net position.



## City of New London, Connecticut

Notes to Financial Statements  
For the Year Ended June 30, 2021

## A. Pension plans (continued)

## c. Rate of return

The long-term expected rate of return on the pension plan investments was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of 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 allocation percentage and by adding expected inflation. Best estimates of arithmetic nominal rates of return for each major asset class included in the pension plan's target asset allocation are also summarized above.

The assumed inflation rate is 2.40% per annum. The long-term weighted average expected nominal rate of return is 6.70%.

## d. Annual money-weighted rate of return

The annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was as follows:

	<u>Noncontributory</u>	<u>Contributory</u>
Rate of return	N/A	25.55%

The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

## 5. Net pension liability

The components of the net pension liability are as follows:

	<u>Noncontributory</u>	<u>Contributory</u>	<u>Total</u>
Total pension liability	\$ 5,285,783	\$ 43,641,028	\$ 48,926,811
Plan fiduciary net position	-	36,766,711	36,766,711
Net pension liability	<u>\$ 5,285,783</u>	<u>\$ 6,874,317</u>	<u>\$ 12,160,100</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>0.00%</u>	<u>84.25%</u>	

City of New London, Connecticut

Notes to Financial Statements  
For the Year Ended June 30, 2021

A. Pension plans (continued)

6. Actuarial methods and significant assumptions

The total pension liability was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	<u>Noncontributory</u>	<u>Contributory</u>
Valuation date	July 1, 2019	July 1, 2020
Actuarial cost method	Entry age normal	Entry age normal
Amortization method	Level percentage	Level percentage
Asset valuation method	N/A	Fair value
Salary increases	N/A	Graded scale 4.40% at age 20 down to 2.40% at age 60 and beyond
Inflation	2.40%	2.40%
Investment rate of return	2.16%	6.75%
Mortality rates	Pub-2010 Public Retirement Plans Amount-Weighted Mortality Tables, projected to the valuation date with Scale MP-2021	Pub-2010 Public Retirement Plans Amount-Weighted Mortality Tables, projected to the valuation date with Scale MP-2021
Cost of living increases	None	Retired Police - ½% per year starting at age 62 following retirement from active service Others - Cost of living adjustments as negotiated

7. Changes from prior year

a. Changes in assumptions

Noncontributory plan:

- The discount rate decreased from 2.21% to 2.16%.
- Mortality was updated from Pub-2010 tables projected to the valuation date with Scale MP-2019 to Scale MP-2021.

Contributory plan:

- The discount rate decreased from 7.00% to 6.75%.
- Mortality changed from RP-2014 adjusted to 2006 tables projected to valuation date with Scale MP-2019 to Pub-2010 tables projected to the valuation date with Scale MP-2021.

## City of New London, Connecticut

Notes to Financial Statements  
For the Year Ended June 30, 2021

## A. Pension plans (continued)

## b. Changes in benefit terms

There were no changes in benefit terms.

## 8. Discount rate

The discount rate used to measure the total pension liability was as follows:

Noncontributory plan: 2.16%. The discount rate used is based on the Bond Buyer GO municipal bond 20 year AA index.

Contributory plan: 6.75%

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.

## 9. Changes in the net pension liability

The City's net pension liability was measured at June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2019, for the noncontributory plan and July 1, 2020, for the contributory plan. The changes in net pension liability for each plan for the fiscal year were as follows:

Noncontributory Plan	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at July 1, 2020	\$ 6,596,913	\$ -	\$ 6,596,913
Interest	139,024	-	139,024
Differences between expected and actual experience	(813,135)	-	(813,135)
Changes in assumptions	(21,194)	-	(21,194)
Contributions - employer	-	615,825	(615,825)
Benefit payments, including refunds of member contributions	(615,825)	(615,825)	-
Net change	(1,311,130)	-	(1,311,130)
Balance at June 30, 2021	\$ 5,285,783	\$ -	\$ 5,285,783

## City of New London, Connecticut

Notes to Financial Statements  
For the Year Ended June 30, 2021

## A. Pension plans (continued)

Contributory Plan	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at July 1, 2020	\$ 42,955,812	\$ 29,249,580	\$ 13,706,232
Service cost	452,224	-	452,224
Interest	2,912,526	-	2,912,526
Differences between expected and actual experience	(409,274)	-	(409,274)
Changes in assumptions	1,401,144	-	1,401,144
Contributions - employer	-	2,183,526	(2,183,526)
Contributions - member	-	226,926	(226,926)
Net investment income (loss)	-	8,811,976	(8,811,976)
Benefit payments, including refunds of member contributions	(3,671,404)	(3,671,404)	-
Administrative expenses	-	(33,893)	33,893
Net change	685,216	7,517,131	(6,831,915)
Balance at June 30, 2021	\$ 43,641,028	\$ 36,766,711	\$ 6,874,317

## 10. Sensitivity of the net pension liability to changes in the discount rate

The following presents the net pension liability, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate of 2.16% and 6.75% for the Noncontributory and the Contributory plans, respectively.

Net pension liability	1% Decrease	Current Discount	1% Increase
Noncontributory plan	\$ 5,673,252	\$ 5,285,783	\$ 4,942,891
Contributory plan	\$10,524,610	\$ 6,874,317	\$ 3,476,433

## City of New London, Connecticut

Notes to Financial Statements  
For the Year Ended June 30, 2021

## A. Pension plans (continued)

## 11. Pension expense and deferred outflows of resources and deferred inflows of resources related to pensions

The City recognized pension expense of \$(695,305) for the Noncontributory plan and \$(4,498,888) for the Contributory plan. The City reported deferred outflows and inflows of resources related to pensions from the following sources:

Contributory Plan	Deferred Outflows of Resources	Deferred Inflows of Resources	Net
Differences between expected and actual experience	\$ 118,680	\$ 238,743	\$ (120,063)
Changes in assumptions	817,334	678,577	138,757
Net difference between projected and actual earnings on pension plan investments	<u>-</u>	<u>5,874,860</u>	<u>(5,874,860)</u>
Totals	<u>\$ 936,014</u>	<u>\$ 6,792,180</u>	<u>\$ (5,856,166)</u>

Differences between expected and actual experience and changes in assumptions are amortized over the average remaining service period of actives and inactive, which was 0 years for the Noncontributory plan and 2 years for the Contributory plan.

Actual investment earnings below (or above) projected earnings are amortized over 5 years.

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

Year Ending June 30,	
2022	\$ (1,852,604)
2023	(1,399,670)
2024	(1,479,351)
2025	<u>(1,124,541)</u>
Total	<u>\$ (5,856,166)</u>

**City of New London, Connecticut****Notes to Financial Statements  
For the Year Ended June 30, 2021****B. MEU and Unaffiliated Employees Defined Contribution Plan**

The City has established a single employer, defined contribution plan for all MEU and unaffiliated employees hired after December 1, 2000. The City and plan members are both required to make contributions. The plan is administered by the ICMA Retirement Trust Corporation. The authority for establishing and amending plan provisions rests with the City Council.

The employee and City required contributions to the plan are 6% and 10% of covered payroll, respectively. Actual contributions for the plan for the year totaled \$668,877, which consisted of \$412,872 contributed by employees and \$259,424 recognized as pension expense by the City. The current year covered payroll for the plan is \$2,560,050.

The participant's interest in employer contributions to their account and amounts rolled from the defined benefit plan are vested after 5 years of service. The City's and employee's contributions are determined by union contract for the MEU and through City Council authorization for unaffiliated employees.

**C. Connecticut municipal employees' retirement system****1. Plan description**

The Connecticut Municipal Employees' Retirement System ("MERS") is the public pension plan offered by the State of Connecticut for municipal employees in participating municipalities. MERS is a cost-sharing defined benefit pension plan administered by the Connecticut State Retirement Commission.

Municipalities may designate which departments (including elective officers if so specified) are to be covered under the Connecticut Municipal Employees' Retirement System ("MERS"). This designation may be the result of collective bargaining. Only employees covered under the State Teachers' Retirement System may not be included. There are no minimum age or service requirements. Membership is mandatory for all regular full time employees of participating departments except Police and Fire hired after age 60.

The plan has 4 sub plans as follows:

- General employees with social security
- General employees without social security
- Policemen and firemen with social security
- Policemen and firemen without social security

City of New London, Connecticut

Notes to Financial Statements  
For the Year Ended June 30, 2021

C. Connecticut municipal employees' retirement system (continued)

2. Benefit provisions

<b>Normal retirement</b>	
General Employees	Age 55 with 5 years of continuous service, or 15 years of active aggregate service or 25 years of aggregate service
Police and Firemen	Compulsory retirement age is age 65
Benefit calculation	The maximum benefit is 100% of average final compensation and the minimum benefit is \$1,000 annually. Both the minimum and the maximum include workers' compensation and social security benefits
With social security	1.50% of the average final compensation not in excess of the year's breakpoint plus 2.00% of average final compensation in excess of the year's breakpoint, times years of service. If any member covered by social security retires before age 62, the benefit until age 62 is reached or a social security disability award is received, is computed as if the member is not under social security
Without social security	2.00% of average final compensation, times years of service
Final average compensation	Average of the three highest paid years of service

<b>Early retirement</b>	5 years of continuous service or 15 years of active aggregate service
Early retirement amount	Calculated on the basis of average final compensation and service to date of termination. Deferral to normal retirement age, or an actuarially reduced allowance may begin at the time of separation
Service connected disability amount	Calculated based on compensation and service to the date of the disability with a minimum benefit (including workers' compensation benefits) of 50% of compensation at the time of disability
Non-service connected disability service requirement	10 years of service
Non-service connected disability service amount	Calculated based on compensation and service to the date of the disability
Pre-retirement death benefit amount	Lump-sum return of contributions with interest of if vested and married, the surviving spouse will receive a lifetime benefit
Cost of living increases	2.50% - 6.00% depending on retirement date and increase in CPI

## City of New London, Connecticut

Notes to Financial Statements  
For the Year Ended June 30, 2021**C. Connecticut municipal employees' retirement system (continued)****3. Contributions**Employer

Participating municipalities make annual contributions consisting of a normal cost contribution, a contribution for the amortization of the net unfunded accrued liability and a prior service amortization payment which covers the liabilities of the system not met by member contributions.

Employees

For employees not covered by social security, each person is required to contribute 6.00% of compensation.

For employees covered by social security, each person is required to contribute 3.25% of compensation up to the social security taxable wage base plus 6.00% of compensation, if any, in excess of such base.

**4. Pension liabilities, pension expense, and deferred outflows of resources and deferred inflows of resources related to pensions**

The City reported \$32,836,914 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2020. The City's proportionate share of the net pension liability was based upon the City's 2020 actuarial (expected) payroll relative to the payroll of all the participating employers as of that date. The City's proportional share and change from the prior year was as follows:

Plan Description	Proportional share	Change from prior year
Policeman without social security sub plan	4.139489%	-0.340787%
Fireman without social security sub plan	3.232210%	-0.010732%
General employees with social security sub plan	1.989673%	-0.033802%

Subsequent to the measurement date, there were no changes in benefit terms or any expected changes that will have an impact on the measurement of the net pension liability.



## City of New London, Connecticut

Notes to Financial Statements  
For the Year Ended June 30, 2021

## C. Connecticut municipal employees' retirement system (continued)

For the fiscal year, the City recognized pension expense of \$8,103,128. The City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description of Outflows/Inflows	Deferred Outflows of Resources	Deferred Inflows of Resources	Net
Differences between expected and actual experience	\$ 1,960,264	\$ 2,723,252	\$ (762,988)
Changes in assumptions	4,769,375	-	4,769,375
Changes in proportional share	257,266	1,494,654	(1,237,388)
Net difference between projected and actual earnings on pension plan investments	3,152,578	-	3,152,578
Contributions subsequent to measurement date	3,491,977	-	3,491,977
Total	\$ 13,631,460	\$ 4,217,906	9,413,554
Contributions subsequent to the measurement date to be recognized as a reduction of the net pension liability in the subsequent year			(3,491,977)
Net amortized amount of deferred inflows and outflows			\$ 5,921,577

Other amounts reported as deferred outflows (inflows) of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	
2022	\$ 2,489,396
2023	2,934,129
2024	339,982
2025	158,070
Total	\$ 5,921,577

## 5. Actuarial assumptions

The total pension liability was determined by an actuarial valuation as of June 30, 2020, using the following actuarial assumptions, applied to all periods included in the measurement:

City of New London, Connecticut

Notes to Financial Statements  
For the Year Ended June 30, 2021

C. Connecticut municipal employees' retirement system (continued)

Investment rate of return	7.00%
Inflation	2.50%
Salary increases	3.50-10.00%, including inflation
Cost of living adjustments	Future cost-of-living adjustments for members who retire on or after January 1, 2002 are 60% of the annual increase in the CPI up to 6.00%. The minimum annual COLA is 2.50%, the maximum is 6.00%.
Mortality rates	Mortality rates were based on RP-2014 Combined Mortality Table adjusted to 2006 and projected to 2015 with Scale MP-2017 and projected to 2022 with Scale BB for General Employees and the RP-2014 Blue Collar Mortality Table adjusted to 2006 and projected to 2015 with Scale MP-2017 and projected 2022 with Scale BB for Police and Fire. For disabled retirees, the RP-2014 Disabled Mortality Table projected with Scale BB to 2020 was used.

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the 5-year period ended June 30, 2017.

**Long-term expected rate of return**

The long-term expected rate of return on pension plan investments was determined using a statistical 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.

## City of New London, Connecticut

Notes to Financial Statements  
For the Year Ended June 30, 2021**C. Connecticut municipal employees' retirement system (continued)**

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

Asset Class	Target Allocation	Long-Term Target Expected Real Rate of Return
Domestic equity	20.00%	5.30%
Developed market international	11.00%	5.10%
Emerging market international	9.00%	7.40%
Core fixed income	16.00%	1.60%
Inflation linked bond	5.00%	1.30%
Emerging market debt	5.00%	2.90%
High yield bond	6.00%	3.40%
Real estate	10.00%	4.70%
Private equity	10.00%	7.30%
Alternative investments	7.00%	3.20%
Liquidity fund	1.00%	0.90%
Total	100.00%	

**6. 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 employer 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.

**7. Sensitivity of the net pension liability to changes in the discount rate**

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

	1% Decrease	Current Discount	1% Increase
City's proportional share of the net pension liability	\$ 47,311,972	\$ 32,836,914	\$ 20,778,001

**City of New London, Connecticut**

**Notes to Financial Statements  
For the Year Ended June 30, 2021**

**C. Connecticut municipal employees' retirement system (continued)**

**8. Plan fiduciary net position**

Detailed information about the MERS plan's fiduciary net position is available in the separately issued State of Connecticut Annual Comprehensive Financial Report as of and for the year ended June 30, 2020.

**9. Payable to the pension plan**

The City has \$3,765,777 of installments payable for prior service costs to the MERS plan at year end. The payable represents the City's legally required contribution and related withheld employee contributions.

**D. Connecticut state teachers' retirement system**

**1. Plan description**

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

**2. Benefit provisions**

Normal retirement	Age 60 with 20 years of credited service in Connecticut, or 35 years of credited service including at least 25 years of service in Connecticut
Benefit calculation	2.00% 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	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
Early retirement amount	Benefit amounts are reduced by 6.00% per year for the first 5 years preceding normal retirement age and 4.00% per year for the next 5 years preceding the normal retirement age. Effective July 1, 1999, the reduction for individuals with 30 or more years of service is 3.00% per year by which retirement precedes normal retirement date
Service connected disability amount	2.00% 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. In addition, disability benefits under this plan (without regard to cost-of-living adjustments) plus any initial award of social security benefits and workers' compensation cannot exceed 75% of annual average salary

City of New London, Connecticut

Notes to Financial Statements  
For the Year Ended June 30, 2021

D. Connecticut state teachers' retirement system (continued)

Non-service connected disability service requirement	Five years of credited service
Vesting - Service	10 years of service
Vesting - Amount	100%
Pre-retirement death benefit amount	Lump-sum return of contributions with interest or surviving spouse benefit depending on length of service

3. Contributions

State of Connecticut

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 amended and certified by the State Teachers' Retirement Board and appropriated by the General Assembly. The contributions are actuarially determined as an amount that, when combined with employee contributions and investment earnings, 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.

Employer (school districts)

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

Employees

Each teacher is required to contribute 7.00% of their salary for the pension benefit.

4. Pension liabilities, pension expense, and deferred outflows of resources and deferred inflows of resources related to pensions

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 amounts 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>105,390,539</u>
Total	<u><u>\$ 105,390,539</u></u>

**City of New London, Connecticut**

**Notes to Financial Statements  
For the Year Ended June 30, 2021**

**D. Connecticut state teachers' retirement system (continued)**

The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2020. The City has no proportionate share of the net pension liability.

During the year, the City recognized pension expense and revenue of \$6,759,925 for on-behalf amounts for contributions to the plan by the State.

**5. Actuarial assumptions**

The total pension liability was determined by an actuarial valuation as of June 30, 2020, using the following actuarial assumptions, applied to all periods included in the measurement:

Investment rate of return	6.90%
Inflation	2.50%
Salary increases	3.00-6.50%, including inflation
Mortality rates	Mortality rates were based on the PubT-2010 Table, projected generationally with MP-2019

Future cost-of-living increases - For teachers who retired prior to September 1, 1992, pension benefit adjustments are made in accordance with increases in the Consumer Price Index, with a minimum of 3.00% and a maximum of 5.00% per annum. For teachers who were members of the Teachers' Retirement System before July 1, 2007, and retire on or after September 1, 1992, pension benefit adjustments are made that are consistent with those provided for social security benefits on January 1 of the year granted, with a maximum of 6.00% per annum. If the return on assets in the previous year was less than 8.50%, the maximum increase is 1.50%. For teachers who were members of the Teachers' Retirement System after July 1, 2007, pension benefit adjustments are made that are consistent with those provided for social security benefits on January 1 of the year granted, with a maximum of 5.00% per annum. If the return on assets in the previous year was less than 11.50%, the maximum increase is 3.00%, and if the return on the assets in the previous year was less than 8.50%, the maximum increase is 1.00%.

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the 5-year period ending June 30, 2019.

**Changes in assumptions and inputs**

- The salary increases assumption was decreased from 3.25% to 3.00%.
- The mortality tables were changed from the RPH-2014 White Collar Table, projected to the year 2020 using the BB improvement scale to the PubT-2010 Table, projected generationally with MP-2019.

## City of New London, Connecticut

Notes to Financial Statements  
For the Year Ended June 30, 2021

## D. Connecticut state teachers' retirement system (continued)

## Long-term expected rate of return

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 geometric rates of return for each major class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equity fund	20.00%	5.60%
Developed market international stock fund	11.00%	6.00%
Emerging market international stock fund	9.00%	7.90%
Core fixed income fund	16.00%	2.10%
Inflation linked bond fund	5.00%	1.10%
Emerging market debt fund	5.00%	2.70%
High yield bond fund	6.00%	4.00%
Real estate fund	10.00%	4.50%
Private equity	10.00%	7.30%
Alternative investments	7.00%	2.90%
Liquidity fund	1.00%	0.40%
Total	100.00%	

## 6. Discount rate

The discount rate used to measure the total pension liability was 6.90%. 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 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 New London, Connecticut

Notes to Financial Statements  
For the Year Ended June 30, 2021**D. Connecticut state teachers' retirement system (continued)****7. 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.

**8. Plan fiduciary net position**

Detailed information about the Connecticut State Teachers' Retirement Plan fiduciary net position is available in the separately issued State of Connecticut Annual Comprehensive Financial Report as of and for the year ended June 30, 2020.

**E. Total pension plans**

	Net Pension Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense
Noncontributory Plan	\$ 5,285,783	\$ -	\$ -	\$ (695,305)
Contributory Plan	6,874,317	936,014	6,792,180	(4,498,888)
MERS	32,836,914	13,631,460	4,217,906	8,103,128
Total	<u>\$ 44,997,014</u>	<u>\$ 14,567,474</u>	<u>\$ 11,010,086</u>	<u>\$ 2,908,935</u>

**F. Other post-employment benefit plan ("OPEB")****1. Plan description****a. Plan administration**

The City administers one single-employer, post-retirement healthcare plan for the City of New London Other Post-Employment Benefit ("OPEB") plan. The plan provides medical and dental benefits for eligible retirees and their spouses. The plan does not issue standalone financial reports.

**b. Plan membership**

As of July 1, 2020, the following employees are covered by the benefit terms:

Inactive plan members or beneficiaries currently receiving benefit payments	199
Active plan members	<u>655</u>
Total	<u>854</u>



City of New London, Connecticut

Notes to Financial Statements  
For the Year Ended June 30, 2021

F. Other post-employment benefit plan (“OPEB”) (continued)

2. Benefit provisions

The plan provides for medical and dental benefits and life insurance for all eligible retirees and their spouses. Benefits and contributions are established by contract and may be amended by union negotiations.

3. Contributions

Authority	Retirement Board
Amendments to contributions	Union contracts
Employer contributions	\$1,056,579
Percentage of covered payroll	2.33%
<b>Employer</b>	The City's contributions are made based upon the actuarially determined amount
<b>Employees</b>	The plan members are not required to contribute to the plan
<b>Retirees</b>	<b>Contributions</b>
Teachers and administrators	100.00%
All others	100.00%

Teachers who no longer work for the Board of Education are allowed by State Statute to participate in the City’s group medical insurance plan until they formally begin receiving benefits from the State Teachers’ Retirement Plan. These former teachers are required to contribute the cost of the insurance to the City.

4. Investments

a. Investment policy

The OPEB plan’s policy in regard to the allocation of invested assets is established and may be amended by the Retirement Board by a majority vote of its members. It is the policy of the City’s Retirement Board to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes.

## City of New London, Connecticut

Notes to Financial Statements  
For the Year Ended June 30, 2021**F. Other post-employment benefit plan (“OPEB”) (continued)**

The following was the Board's adopted asset allocation policy for the OPEB plan:

Asset Class	Target Allocation
U.S. equity market	51.00%
Global equity	31.00%
U.S. core fixed income	16.00%
U.S. cash	2.00%
Total	100.00%

**b. Concentrations**

There were no investments in any one organization that represents 5% or more of the OPEB plan's net position.

**c. Rate of return**

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB 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. Best estimates of geometric means real rates of return for each major asset class included in the OPEB plan's target asset allocation are also summarized above.

The assumed rate of inflation is 2.70%. The long-term weighted average expected nominal rate of return is 2.21%.

**d. Annual money-weighted rate of return**

The annual money-weighted rate of return on OPEB plan investments, net of OPEB plan investment expense, was 40.07%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

City of New London, Connecticut

Notes to Financial Statements  
For the Year Ended June 30, 2021

F. Other post-employment benefit plan (“OPEB”) (continued)

5. Net OPEB liability

The components of the net OPEB liability were measured as of June 30, 2021 and were as follows:

Total OPEB liability	\$ 27,036,096
Plan fiduciary net position	<u>1,324,153</u>
Net OPEB liability	<u>\$ 25,711,943</u>
Plan fiduciary net position as a percentage of the total OPEB liability	<u>4.90%</u>

6. Actuarial methods and significant assumptions

The total OPEB liability was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation date	July 1, 2020
Discount rate	2.16%
Inflation	2.70%
Healthcare cost trend rates:	
Initial medical trend rate	5.30%
Ultimate medical trend rate	4.10% over 54 years
Mortality rates	Pub-2010 mortality table with generational projection per MP-2019 ultimate scale

The discount rate was based on the S&P municipal bond 20-year high grade index as of the measurement date.

7. Changes from prior year

a. Changes in assumptions

The City’s plan had the following changes in assumptions:

- The discount rate decreased from 2.21% to 2.16%.
- The healthcare cost trend rate for the City changed from 5.30% graded down to 4.40% over 52 years to 5.30% graded down to 4.10% over 54 years.
- The healthcare cost trend rate for Education changed from 6.00% graded down to 4.10% over 56 years to 5.30% graded down to 4.10% over 54 years.
- Mortality rates changed from RP-2000 mortality tables using scale AA to Pub-2010 mortality tables with generational projection per MP-2019 ultimate scale.

## City of New London, Connecticut

Notes to Financial Statements  
For the Year Ended June 30, 2021

## F. Other post-employment benefit plan (“OPEB”) (continued)

## b. Changes in benefit terms

There were no changes in benefit terms.

## 8. Discount rate

The discount rate used to measure the total OPEB liability was 2.16%. 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.

## 9. Changes in the net OPEB liability

The City’s OPEB liability was measured at June 30, 2021 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of July 1, 2020.

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balance at July 1, 2020	\$31,978,592	\$ 847,208	\$ 31,131,384
Service cost	1,368,998	-	1,368,998
Interest	727,044	-	727,044
Differences between expected and actual experience	(7,425,115)	-	(7,425,115)
Changes in assumptions	1,290,893	-	1,290,893
Contributions - employer	-	1,056,579	(1,056,579)
Net investment income (loss)	-	343,165	(343,165)
Benefit payments, including refunds of member contributions	(904,316)	(904,316)	-
Administrative expenses	-	(18,483)	18,483
Net change	(4,942,496)	476,945	(5,419,441)
Balance at June 30, 2021	<u>\$27,036,096</u>	<u>\$ 1,324,153</u>	<u>\$ 25,711,943</u>

## City of New London, Connecticut

Notes to Financial Statements  
For the Year Ended June 30, 2021

## F. Other post-employment benefit plan (“OPEB”) (continued)

## 10. Sensitivity of the net OPEB liability to changes in the discount rate

The following presents the net OPEB liability, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate of 2.16%:

	<u>1% Decrease</u>	<u>Discount Rate</u>	<u>1% Increase</u>
Net OPEB liability	<u>\$30,068,101</u>	<u>\$ 25,711,943</u>	<u>\$22,198,935</u>

## 11. Sensitivity of the net OPEB liability to changes in the healthcare cost trend rate

The following presents the net OPEB liability, as well as what the net OPEB liability would be if it were calculated using trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current trend rates of 5.30% decreasing to 4.10%:

	<u>1% Decrease</u>	<u>Current Trend Rate</u>	<u>1% Increase</u>
Net OPEB liability	<u>\$21,509,528</u>	<u>\$ 25,711,943</u>	<u>\$31,192,817</u>

## 12. OPEB expense and deferred outflows of resources and deferred inflows of resources related to OPEB

For the fiscal year, the City recognized OPEB expense of \$1,076,962. The City reported deferred inflows and outflows of resources related to OPEB from the following sources:

<u>Description of Inflows/Outflows</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Net</u>
Differences between expected and actual experience	\$ -	\$10,855,670	\$ (10,855,670)
Changes in assumptions	6,905,420	1,475,069	5,430,351
Net difference between projected and actual earnings on OPEB plan investments	<u>-</u>	<u>217,827</u>	<u>(217,827)</u>
Total	<u>\$ 6,905,420</u>	<u>\$12,548,566</u>	<u>\$ (5,643,146)</u>

Actual investment earnings below (or above) projected earnings are amortized over 5.00 years. Changes in assumptions and experience losses (gains) are amortized over an average of 9.3 years.

City of New London, Connecticut

Notes to Financial Statements  
For the Year Ended June 30, 2021

F. Other post-employment benefit plan (“OPEB”) (continued)

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

Year Ending June 30,	
2022	\$ (994,968)
2023	(987,690)
2024	(955,307)
2025	(534,811)
2026	(444,970)
Thereafter	<u>(1,725,400)</u>
Total	<u>\$ (5,643,146)</u>

G. Connecticut state teachers’ retirement board retiree health insurance plan

1. Plan description

Teachers, principals, superintendents or supervisors engaged in service of public schools that are currently receiving a retirement or disability benefit through the Connecticut Teachers' Retirement System are eligible to participate in the Connecticut State Teachers' Retirement System Retiree Health Insurance Plan (“TRS-RHIP”) - a cost sharing multiple-employer defined benefit other post-employment benefit plan administered by the Teachers' Retirement Board (“TRB”). Chapter 167a Section 10-183t of the State Statutes grants authority to establish and amend the benefit terms to the TRB. TRS-RHIP issues a publicly available financial report that can be obtained at [www.ct.gov/trb](http://www.ct.gov/trb).

2. Benefit provisions

The Plan provides for retiree health insurance benefits. Eligibility is as follows:

Normal retirement	Age 60 with 20 years of credited service in Connecticut, or 35 years of credited service including at least 25 years of service in Connecticut
Early retirement	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
Service connected disability service requirement	No service requirement
Non-service connected disability service requirement	Five years of credited service
Vesting - Service	10 years of service

**City of New London, Connecticut****Notes to Financial Statements  
For the Year Ended June 30, 2021****G. Connecticut state teachers' retirement board retiree health insurance plan (continued)****Retiree health care coverage**

Any member that is currently receiving a retirement or disability benefit is eligible to participate in the Plan. There are two types of the health care benefits. Subsidized Local School District Coverage provides a subsidy paid to members still receiving coverage through their former employer and the CTRB Sponsored Medicare Supplemental Plans provide coverage for those participating in Medicare, but not receiving Subsidized Local School District Coverage.

Any member that is not currently participating in Medicare Parts A & B is eligible to continue health care coverage with their former employer. A subsidy of up to \$110 per month for a retired member plus an additional \$110 per month for a spouse enrolled in a local school district plan is provided to the school district to first offset the retiree's share of the cost of coverage, any remaining portion is used to offset the district's cost.

The subsidy amount is set by statute, and has not increased since July of 1996. A subsidy amount of \$220 per month may be paid for a retired member, spouse or the surviving spouse of a member who has attained the normal retirement age to participate in Medicare, is not eligible for Part A of Medicare without cost, and contributes at least \$220 per month towards coverage under a local school district plan.

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

If a member participating in Medicare Parts A & B so elects, they may enroll in one of the CTRB Sponsored Medicare Supplemental Plans. Active members, retirees, and the State pay equally toward the cost of the basic coverage (medical and prescription drug benefits).

Those participants electing vision, hearing, and/or dental are required by the System's funding policy to pay the full cost of coverage for these benefits, and no liability is assumed by the Plan for these benefits.

**Survivor health care coverage**

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

## City of New London, Connecticut

Notes to Financial Statements  
For the Year Ended June 30, 2021**G. Connecticut state teachers' retirement board retiree health insurance plan (continued)****3. Contributions****State of Connecticut**

Per Connecticut General Statutes Section 10-183z, contribution requirements of active employees and the State of Connecticut are amended and certified by the State Teachers' Retirement Board and appropriated by the General Assembly. The State contributions are not currently actuarially funded. The State pays for one third of plan costs through an annual appropriation in the General Fund.

**Employer (school districts)**

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

**Employees**

Each member is required to contribute 1.25% of their annual salary.

**4. OPEB liabilities, OPEB expense, deferred outflows of resources and deferred inflows of resources related to OPEB**

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

City's proportionate share of the net OPEB liability	\$ -
State's proportionate share of the net OPEB liability associated with the City	<u>15,719,003</u>
Total	<u>\$ 15,719,003</u>

The net OPEB liability was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2020. The City has no proportionate share of the net OPEB liability.

The City recognized OPEB expense and revenue of \$163,140 for on-behalf amounts for contributions to the plan by the State.



City of New London, Connecticut

Notes to Financial Statements  
For the Year Ended June 30, 2021

G. Connecticut state teachers' retirement board retiree health insurance plan (continued)

5. Actuarial assumptions

The total OPEB liability was determined by an actuarial valuation as of June 30, 2020, using the following actuarial assumptions, applied to all periods included in the measurement:

Investment rate of return	3.00%
Inflation	2.50%
Health care cost trend rate (Medicare)	5.125% decreasing to 4.50% by 2023
Salary increases	3.00-6.50%, including inflation
Mortality rates	Mortality rates were based on the PubT-2010 Table, projected generationally with MP-2019
Year fund net position will be depleted	2021

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the 5-year period ending June 30, 2019.

Changes in assumptions and inputs

- The Medicare health care cost trend rate changed from 5.00% decreasing to 4.75% by 2028 to 5.125% decreasing to 4.50% by 2023.
- The salary increases assumption was decreased from 3.25% to 3.00%.
- The mortality tables were changed from the RPH-2014 White Collar Table, projected to the year 2020 using the BB improvement scale to the PubT-2010 Table, projected generationally with MP-2019.
- The discount rate was decreased from 3.50% to 2.21% to reflect the change in the Municipal Bond Index rate.

Additionally, expected annual per capita claims costs were updated to better reflect anticipated medical and prescription drug claim experience both before and after the plan change that became effective on January 1, 2019. Further, the expected rate of inflation was decreased and the real wage growth assumption was increased.

Long-term expected rate of return

The long-term expected rate of return on OPEB 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 OPEB 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 weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

## City of New London, Connecticut

Notes to Financial Statements  
For the Year Ended June 30, 2021**G. Connecticut state teachers' retirement board retiree health insurance plan (continued)**

All the plan assets are assumed to be invested in cash equivalents due to the need for liquidity. The expected rate of return is 2.00%. Since there have not been any changes to the asset allocation and the recent economic downturn is expected to be temporary, the funding rate of 3.00% continues to be used for the long-term investment rate of return as of June 30, 2020.

**6. Discount rate**

The discount rate used to measure the total OPEB liability was 2.21%. The Municipal Bond Index Rate was used in the determination in the discount rate. 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 annual State contributions will equal the most recent 5-year average of state contributions.

**7. Sensitivity of the OPEB liability to changes in the discount rate and the health care cost trend rate**

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

**8. Plan fiduciary net position**

Detailed information about the Connecticut State Teachers' OPEB Plan fiduciary net position is available in the separately issued State of Connecticut Annual Comprehensive Financial Report as of and for the year ended June 30, 2020.

## City of New London, Connecticut

Notes to Financial Statements  
For the Year Ended June 30, 2021

## H. Pension and other post-employment benefit plan statements

Pension and Other Post-Employment Benefit Trust Funds  
Combining Statement of Fiduciary Net Position  
June 30, 2021

<u>Assets</u>	<u>Pension Trust Fund</u>	<u>OPEB Trust Fund</u>	<u>Total</u>
Cash	\$ 152,516	\$ -	\$ 152,516
Investments			
Mutual funds			
Money market	825,561	23,393	848,954
Equities	27,813,589	1,017,086	28,830,675
U.S. government securities	3,883,627	-	3,883,627
U.S. government agency securities	1,475,974	-	1,475,974
Corporate bonds	1,838,231	204,266	2,042,497
Real estate (equities)	1,085,686	-	1,085,686
Total investments	36,922,668	1,244,745	38,167,413
Interest receivable	51,747	-	51,747
Due from other funds	-	91,434	91,434
Total assets	37,126,931	1,336,179	38,463,110
<u>Liabilities</u>			
Accounts payable	6,050	12,026	18,076
Due to other funds	354,170	-	354,170
Total liabilities	360,220	12,026	372,246
<u>Net Position</u>			
Restricted for			
Pensions	36,766,711	-	36,766,711
OPEB	-	1,324,153	1,324,153
Total net position	\$ 36,766,711	\$ 1,324,153	\$ 38,090,864

## City of New London, Connecticut

Notes to Financial Statements  
For the Year Ended June 30, 2021

## H. Pension and other post-employment benefit plan statements (continued)

Pension and Other Post-Employment Benefit Trust Funds  
Combining Statement of Changes in Fiduciary Net Position  
For the Year Ended June 30, 2021

	Pension Trust Fund	OPEB Trust Fund	Total
Additions			
Contributions			
Employer	\$ 2,183,526	\$ 1,056,579	\$ 3,240,105
Plan members	226,926	-	226,926
Total contributions	<u>2,410,452</u>	<u>1,056,579</u>	<u>3,467,031</u>
Investment income (loss)			
Interest and dividends	974,691	37,629	1,012,320
Net change in fair value of investments	<u>8,154,690</u>	<u>305,536</u>	<u>8,460,226</u>
Total investment income (loss)	9,129,381	343,165	9,472,546
Less investment expenses	<u>317,405</u>	-	<u>317,405</u>
Net investment income (loss)	<u>8,811,976</u>	<u>343,165</u>	<u>9,155,141</u>
Total additions	<u>11,222,428</u>	<u>1,399,744</u>	<u>12,622,172</u>
Deductions			
Benefits	3,671,404	904,316	4,575,720
Administration	<u>33,893</u>	<u>18,483</u>	<u>52,376</u>
Total deductions	<u>3,705,297</u>	<u>922,799</u>	<u>4,628,096</u>
Changes in net position	7,517,131	476,945	7,994,076
Net position - July 1, 2020	<u>29,249,580</u>	<u>847,208</u>	<u>30,096,788</u>
Net position - June 30, 2021	<u>\$ 36,766,711</u>	<u>\$ 1,324,153</u>	<u>\$ 38,090,864</u>

## City of New London, Connecticut

Notes to Financial Statements  
For the Year Ended June 30, 2021

## VI. Prior period adjustment and fund reclassification

Beginning net position/fund balances were restated as a result of the implementation of GASB No. 84 and to record loan receivable balances as follows:

	Governmental Activities	Education Grants	Other Governmental Funds	Custodial Funds
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
Net position/fund balance as previously reported at June 30, 2020	\$ 110,236,408	\$ 855,166	\$ 10,995,996	\$ 1,546,698
Reclassification to proper fund type	1,546,698	853,964	692,734	(1,546,698)
To record loan receivable	<u>185,331</u>	<u>-</u>	<u>185,331</u>	<u>-</u>
Net position/fund balance as restated at July 1, 2020	<u>\$ 111,968,437</u>	<u>\$ 1,709,130</u>	<u>\$ 11,874,061</u>	<u>\$ -</u>

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# Required Supplementary Information

Type	Description
Budgetary	Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund
	Notes to Required Supplementary Information - Budgets and Budgetary Accounting
<u>Pension Plans</u> Noncontributory Contributory Municipal Employees' Retirement System State Teachers' Retirement System	Schedule of Changes in Net Pension Liability and Related Ratios and Schedule of Investment Returns
	Schedule of Proportionate Share of the Net Pension Liability
	Schedule of Contributions
	Notes to Required Supplementary Information
<u>Other Post-Employment Benefits Plans</u> City State Teacher's Retirement Board Retiree Health Insurance Plan	Schedule of Changes in Net OPEB Liability and Related Ratios and Schedule of Investment Returns
	Schedule of Proportionate Share of the Net OPEB Liability
	Schedule of Contributions
	Notes to Required Supplementary Information

City of New London, Connecticut

Required Supplementary Information

General Fund  
Schedule of Revenues, Expenditures and Changes in Fund Balance  
Budget and Actual  
For the Year Ended June 30, 2021

	Original Budget	Additional Appropriations and Transfers	Final Budget	Actual	Variance With Final Budget
<b>Revenues</b>					
<b>Property taxes</b>					
Real estate tax	\$ 46,455,780	\$ -	\$ 46,455,780	\$ 46,284,306	\$ (171,474)
Personal property tax	5,659,693	-	5,659,693	5,345,080	(314,613)
Motor vehicle tax	4,195,290	-	4,195,290	3,558,657	(636,633)
Supplemental motor vehicle tax	550,000	-	550,000	597,010	47,010
Prior years taxes	450,000	-	450,000	1,058,661	608,661
Collections on suspense	125,000	-	125,000	97,211	(27,789)
Delinquent tax interest	375,754	-	375,754	585,405	209,651
Telephone access line	95,000	-	95,000	99,648	4,648
<b>Total property taxes</b>	<b>57,906,517</b>	<b>-</b>	<b>57,906,517</b>	<b>57,625,978</b>	<b>(280,539)</b>
<b>Intergovernmental</b>					
Veterans	5,000	-	5,000	4,123	(877)
Disability exempt	3,000	-	3,000	3,119	119
Mashantucket Pequot	1,667,837	-	1,667,837	1,667,837	-
Distressed municipality	-	-	-	50,862	50,862
Municipal stabilization	1,112,913	-	1,112,913	1,112,913	-
Grants for municipal	33,160	-	33,160	33,169	9
PILOT - state-owned property	397,800	-	397,800	397,802	2
PILOT - colleges and hospitals	4,620,940	-	4,620,940	4,620,940	-
OTB share	25,000	-	25,000	6	(24,994)
PILOT - elderly state - housing	-	-	-	55,760	55,760
CT Port Authority - state pier	750,000	-	750,000	126,500	(623,500)
Education cost sharing	22,481,753	-	22,481,753	22,560,805	79,052
Nonpublic health services	-	-	-	37,219	37,219
School construction progress payments	52,000	-	52,000	-	(52,000)
<b>Total intergovernmental</b>	<b>31,149,403</b>	<b>-</b>	<b>31,149,403</b>	<b>30,671,055</b>	<b>(478,348)</b>
<b>Charges for services</b>					
City Council	-	-	-	100	100
Mayor	-	-	-	13,493	13,493
Finance	848,100	-	848,100	772,443	(75,657)
Law	-	-	-	111	111
Probate	28,000	-	28,000	31,519	3,519
City clerk	642,500	-	642,500	852,097	209,597
Office of development and planning	497,680	-	497,680	715,227	217,547
<b>Public safety</b>					
Police	35,800	-	35,800	59,967	24,167
Fire	1,697,900	-	1,697,900	1,406,758	(291,142)
Emergency management / civil preparedness	10,000	-	10,000	-	(10,000)
Public works	963,000	-	963,000	798,603	(164,397)

(Continued)

## City of New London, Connecticut

## Required Supplementary Information

**General Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance**  
**Budget and Actual**  
**For the Year Ended June 30, 2021**

	Original Budget	Additional Appropriations and Transfers	Final Budget	Actual	Variance With Final Budget
Charges for services (continued)					
Recreation	\$ 12,000	\$ -	\$ 12,000	\$ 16,479	\$ 4,479
Education	-	-	-	45,252	45,252
Total charges for services	4,734,980	-	4,734,980	4,712,049	(22,931)
Income from investments	172,061	-	172,061	85,623	(86,438)
Total revenues	93,962,961	-	93,962,961	93,094,705	(868,256)
Expenditures					
Current					
General government					
City Council	291,921	-	291,921	227,247	64,674
Mayor	850,238	4,153	854,391	823,544	30,847
Finance	2,982,705	(24,000)	2,958,705	2,846,945	111,760
Law	355,000	-	355,000	341,439	13,561
Probate court	30,000	-	30,000	29,031	969
City clerk	303,747	-	303,747	264,149	39,598
Elections	118,734	-	118,734	103,299	15,435
Office of development and planning	1,392,137	20,000	1,412,137	1,262,171	149,966
Contingency	475,158	(230,876)	244,282	-	244,282
Total general government	6,799,640	(230,723)	6,568,917	5,897,825	671,092
Public safety					
Police	12,168,970	-	12,168,970	12,418,687	(249,717)
Fire	9,320,244	-	9,320,244	9,342,718	(22,474)
Emergency management / civil preparedness	25,500	-	25,500	27,123	(1,623)
Total public safety	21,514,714	-	21,514,714	21,788,528	(273,814)
Public works	7,898,189	-	7,898,189	7,771,682	126,507
Health and welfare	200,000	-	200,000	204,489	(4,489)
Recreation and culture					
Human services / senior center	518,812	-	518,812	440,069	78,743
Library	950,600	-	950,600	950,600	-
Recreation	549,121	-	549,121	541,088	8,033
Total recreation and culture	2,018,533	-	2,018,533	1,931,757	86,776

(Continued)



## City of New London, Connecticut

## Required Supplementary Information

**General Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance**  
**Budget and Actual**  
**For the Year Ended June 30, 2021**

	Original Budget	Additional Appropriations and Transfers	Final Budget	Actual	Variance With Final Budget
Employee benefits	\$ 4,699,048	\$ -	\$ 4,699,048	\$ 4,699,048	\$ -
Education	44,021,759	-	44,021,759	43,037,265	984,494
Total expenditures	<u>87,151,883</u>	<u>(230,723)</u>	<u>86,921,160</u>	<u>85,330,594</u>	<u>1,590,566</u>
Excess (deficiency) of revenues over expenditures	<u>6,811,078</u>	<u>230,723</u>	<u>7,041,801</u>	<u>7,764,111</u>	<u>722,310</u>
Other financing sources (uses)					
Appropriation of fund balance	-	30,116	30,116	-	(30,116)
Transfers in	524,115	-	524,115	50,000	(474,115)
Transfers out	<u>(7,335,193)</u>	<u>(260,839)</u>	<u>(7,596,032)</u>	<u>(7,496,032)</u>	<u>100,000</u>
Net other financing sources (uses)	<u>(6,811,078)</u>	<u>(230,723)</u>	<u>(7,041,801)</u>	<u>(7,446,032)</u>	<u>(404,231)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	318,079	<u>\$ 318,079</u>
Fund balance - July 1, 2020				<u>15,875,370</u>	
Fund balance - June 30, 2021				<u>\$ 16,193,449</u>	

<u>Reconciliation to Exhibit D</u>	<u>Revenues</u>	<u>Expenditures</u>	<u>Fund balance</u>
Budgetary Basis - RSI-1	\$ 93,094,705	\$ 85,330,594	\$16,193,449
State Teachers' Pension on behalf amount	6,759,925	6,759,925	-
State Teachers' OPEB on behalf amount	163,140	163,140	-
Noncontributory pension fund included in general fund for GAAP purposes for expenditures less than general fund contribution	<u>-</u>	<u>(56,498)</u>	<u>8,340</u>
GAAP Basis - Exhibit D	<u>\$ 100,017,770</u>	<u>\$ 92,197,161</u>	<u>\$16,201,789</u>

(Concluded)

**City of New London, Connecticut****Notes to Required Supplementary Information  
For the Year Ended June 30, 2021****Budgets and Budgetary Accounting**

The City establishes the budget for its General Fund in accordance with provisions of its Charter and the Connecticut General Statutes.

Formal budgetary integration is employed as a management control device during the year.

This budget is adopted on a basis consistent with Generally Accepted Accounting Principles (modified accrual basis) with the following exceptions:

- The City does not budget for as revenue or expenditures payments made for the State Teachers' pension and OPEB by the State of Connecticut on the City's behalf.
- For reporting in accordance with generally accepted accounting principles the general fund includes certain funds that are required to be reported as part of the general fund under the requirement of GASB No. 54.

Prior to April 1, the Mayor submits to the City Council a proposed operating budget for the year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them.

The City Council holds public deliberations during the month of April and submits the proposed budget and appropriations ordinance to the Board of Finance on or before May 1.

The Board of Finance holds public deliberations for the budget and appropriations ordinance and submits its recommendations to the City Council on or before May 15.

A public hearing by the City Council and Board of Finance is conducted to obtain taxpayer comments while the appropriations ordinance is under Board of Finance review.

On or before June 1, the budget is legally enacted through passage of the appropriations ordinance.

The legal level of control, the level at which expenditures may not exceed appropriations, is at the department level for the General Fund. The City Council may transfer amounts between line items within a department.

The Board of Education, which is not a separate legal entity, is authorized under state law to make any transfers required within their budget at their discretion. Appropriation of additional funds must have Board of Education and City Council approval.

During the year, additional appropriation requests are submitted by the Finance Director to the City Council for approval.

During the year, there were additional appropriations from fund balance of \$30,116.

## City of New London, Connecticut

## Required Supplementary Information

Noncontributory Plan  
Last Eight Years (1)

	2021	2020	2019	2018	2017	2016	2015	2014
<b>Schedule of Changes in Net Pension Liability and Related Ratios</b>								
Total pension liability:								
Service cost	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,103	\$ 6,830
Interest	139,024	193,562	216,374	233,939	180,561	264,692	282,631	299,650
Differences between expected and actual experience	(813,135)	484,319	203,114	(383,909)	584,300	(219,084)	-	-
Change of assumptions	(21,194)	721,514	146,404	(120,163)	(486,961)	542,846	-	-
Benefit payments, including refunds of member contributions	(615,825)	(628,683)	(655,265)	(691,728)	(685,802)	(716,518)	(804,770)	(717,176)
Net change in total pension liability	(1,311,130)	770,712	(89,373)	(961,861)	(407,902)	(128,064)	(515,036)	(410,696)
Total pension liability - July 1	6,596,913	5,826,201	5,915,574	6,877,435	7,285,337	7,413,401	7,928,437	8,339,133
Total pension liability - June 30 (a)	<u>\$5,285,783</u>	<u>\$6,596,913</u>	<u>\$5,826,201</u>	<u>\$5,915,574</u>	<u>\$6,877,435</u>	<u>\$7,285,337</u>	<u>\$7,413,401</u>	<u>\$7,928,437</u>
Plan fiduciary net position:								
Contributions - employer	\$ 615,825	\$ 628,683	\$ 655,265	\$ 691,728	\$ 685,802	\$ 716,518	\$ 804,770	\$ 717,176
Benefit payments, including refunds of member contributions	(615,825)	(628,683)	(655,265)	(691,728)	(685,802)	(716,518)	(804,770)	(717,176)
Net change in plan fiduciary net position	-	-	-	-	-	-	-	-
Plan fiduciary net position - July 1	-	-	-	-	-	-	-	-
Plan fiduciary net position - June 30 (b) (2)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net pension liability - June 30 (a)-(b)	<u>\$5,285,783</u>	<u>\$6,596,913</u>	<u>\$5,826,201</u>	<u>\$5,915,574</u>	<u>\$6,877,435</u>	<u>\$7,285,337</u>	<u>\$7,413,401</u>	<u>\$7,928,437</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>
Covered employee payroll	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 60,000</u>	<u>\$ 56,818</u>
Net pension liability as a percentage of covered employee payroll	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>12355.67%</u>	<u>13954.09%</u>

**Schedule of Investment Returns**

Annual money weighted rate of return, net investment expense	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
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(1) These schedules are intended to present information for 10 years. Additional years will be presented as they become available.

(2) There are no assets accumulated in a trust that meets the criteria in GASB No. 68 to pay benefits.

N/A - Information not available or not applicable

See Notes to Required Supplementary Information.

## City of New London, Connecticut

## Required Supplementary Information

**Noncontributory Plan  
Schedule of Contributions  
Last Ten Years**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Actuarially determined contributions	\$ 968,000	\$1,008,000	\$ 909,000	\$ 857,000	\$ 877,000	\$ 819,000	\$ 604,000	\$ 633,000	\$ 661,000	\$ 694,000
Contributions in relation to the actuarially determined contribution	<u>615,825</u>	<u>628,683</u>	<u>655,265</u>	<u>691,728</u>	<u>685,802</u>	<u>716,518</u>	<u>804,770</u>	<u>717,176</u>	<u>802,125</u>	<u>777,878</u>
Contribution excess (deficiency)	<u>\$ (352,175)</u>	<u>\$ (379,317)</u>	<u>\$ (253,735)</u>	<u>\$ (165,272)</u>	<u>\$ (191,198)</u>	<u>\$ (102,482)</u>	<u>\$ 200,770</u>	<u>\$ 84,176</u>	<u>\$ 141,125</u>	<u>\$ 83,878</u>
Covered employee payroll	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 60,000</u>	<u>\$ 56,818</u>	<u>\$ 345,000</u>	<u>\$ 399,000</u>
Contributions as a percentage of covered employee payroll	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>1341.28%</u>	<u>1262.23%</u>	<u>232.50%</u>	<u>194.96%</u>

N/A - Plan does not have any active participants

City of New London, Connecticut

Notes to Required Supplementary Information

Noncontributory Plan  
Schedule of Contributions  
Last Eight Years (1)

	2021	2020	2019	2018	2017	2016	2015	2014
Changes of Benefit Terms	None	None	None	None	None	None	None	None
The actuarially determined contribution rates are calculated as of	July 1, 2019	July 1, 2018	July 1, 2017	July 1, 2016	July 1, 2015	July 1, 2015	July 1, 2014	July 1, 2013
Actuarial methods and assumptions used to determine contribution rates:								
Actuarial Cost Method	Entry age normal	Entry age normal	Entry age normal	Entry age normal	Entry age normal	Entry age normal	Entry age normal	Entry age normal
Amortization Method	Level percentage	Level percentage	Level percentage	Level percentage	Level percentage	Level percentage	Level percentage	Level percentage
Inflation	2.60%	2.60%	2.60%	2.75%	3.00%	3.00%	2.50%	3.00%
Discount Rate	2.60%	2.60%	2.60%	2.75%	3.00%	3.00%	3.75%	6.38%
Mortality Rate	Pub-2010 mortality tables projected to the valuation date with Scale MP-2019	RP-2014 adjusted to 2006 total dataset mortality table projected to valuation date with scale MP-2018	RP-2014 adjusted to 2006 total dataset mortality table projected to valuation date with scale MP-2018	RP-2000 mortality table projected to the valuation date with scale BB	RP-2000 mortality table projected to the valuation date with scale BB	RP-2000 mortality table projected to the valuation date with scale AA	RP-2000 mortality table projected to the valuation date with scale AA	RP-2000 mortality table projected to the valuation date with scale AA

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(1) These schedules are intended to present information for 10 years. Additional years will be presented as they become available.

**City of New London, Connecticut**  
**Required Supplementary Information**

**Contributory Plan**  
**Last Eight Years (3)**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
<b><u>Schedule of Changes in Net Pension Liability and Related Ratios</u></b>								
Total pension liability:								
Service cost	\$ 452,224	\$ 638,570	\$ 847,292	\$ 504,894	\$ 973,451	\$ 958,923	\$ 991,266	\$ 953,140
Interest	2,912,526	2,683,682	2,441,261	2,780,595	2,965,655	3,128,487	3,452,051	3,442,146
Changes of benefit terms	-	-	-	-	-	3,100,047	-	-
Differences between expected and actual experience	(409,274)	712,078	(422,812)	354,680	(3,280,839)	415,666	-	-
Change of assumptions	1,401,144	(4,071,459)	(5,355,241)	6,487,541	2,449,503	-	-	-
Benefit payments, including refunds of member contributions	<u>(3,671,404)</u>	<u>(3,805,152)</u>	<u>(3,791,753)</u>	<u>(3,752,017)</u>	<u>(3,770,293)</u>	<u>(16,374,591)</u>	<u>(3,777,054)</u>	<u>(3,787,233)</u>
Net change in total pension liability	685,216	(3,842,281)	(6,281,253)	6,375,693	(662,523)	(8,771,468)	666,263	608,053
Total pension liability - July 1	<u>42,955,812</u>	<u>46,798,093</u>	<u>53,079,346</u>	<u>46,703,653</u>	<u>47,366,176</u>	<u>56,137,644</u>	<u>55,471,381</u>	<u>54,863,328</u>
Total pension liability - June 30 (a)	<u>\$43,641,028</u>	<u>\$42,955,812</u>	<u>\$46,798,093</u>	<u>\$53,079,346</u>	<u>\$46,703,653</u>	<u>\$47,366,176</u>	<u>\$56,137,644</u>	<u>\$55,471,381</u>
Plan fiduciary net position:								
Contributions - employer	\$ 2,183,526	\$ 1,386,893	\$ 1,371,074	\$ 993,574	\$ 404,486	\$ 525,279	\$ 685,986	\$ 685,356
Contributions - member	226,926	210,811	212,306	221,821	238,894	2,237,452 (1)	433,527	395,777
Net investment income (loss)	8,811,976	1,275,393	2,262,496	2,483,722	2,559,547	(35,053)	1,958,493	6,608,248
Benefit payments, including refunds of member contributions	(3,671,404)	(3,805,152)	(3,791,753)	(3,752,017)	(3,770,293) (2)	(16,374,591) (2)	(3,777,054)	(3,787,233)
Administration	<u>(33,893)</u>	<u>(43,300)</u>	<u>(33,375)</u>	<u>(16,982)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in plan fiduciary net position	7,517,131	(975,355)	20,748	(69,882)	(567,366)	(13,646,913)	(699,048)	3,902,148
Plan fiduciary net position - July 1	<u>29,249,580</u>	<u>30,224,935</u>	<u>30,204,187</u>	<u>30,274,069</u>	<u>30,841,435</u>	<u>44,488,348</u>	<u>45,187,396</u>	<u>41,285,248</u>
Plan fiduciary net position - June 30 (b)	<u>\$36,766,711</u>	<u>\$29,249,580</u>	<u>\$30,224,935</u>	<u>\$30,204,187</u>	<u>\$30,274,069</u>	<u>\$30,841,435</u>	<u>\$44,488,348</u>	<u>\$45,187,396</u>
Net pension liability - June 30 (a)-(b)	<u>\$ 6,874,317</u>	<u>\$13,706,232</u>	<u>\$16,573,158</u>	<u>\$22,875,159</u>	<u>\$16,429,584</u>	<u>\$16,524,741</u>	<u>\$11,649,296</u>	<u>\$10,283,985</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>84.25%</u>	<u>68.09%</u>	<u>64.59%</u>	<u>56.90%</u>	<u>64.82%</u>	<u>65.11%</u>	<u>79.25%</u>	<u>81.46%</u>
Covered payroll	<u>\$ 3,576,783</u>	<u>\$ 3,289,035</u>	<u>\$ 3,657,215</u>	<u>\$ 3,595,880</u>	<u>\$ 2,809,411</u>	<u>\$ 6,353,404</u>	<u>\$ 6,804,000</u>	<u>\$ 6,348,480</u>
Net pension liability as a percentage of covered payroll	<u>192.19%</u>	<u>416.73%</u>	<u>453.16%</u>	<u>636.15%</u>	<u>584.81%</u>	<u>260.09%</u>	<u>171.21%</u>	<u>161.99%</u>

**Schedule of Investment Returns**

Annual money weighted rate of return, net investment expense	<u>25.55%</u>	<u>6.14%</u>	<u>6.15%</u>	<u>8.54%</u>	<u>8.70%</u>	<u>-0.09%</u>	<u>4.45%</u>	<u>16.49%</u>
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(1) Includes \$1,951,342 of buyback contributions

(2) Includes \$41,119 and \$12,552,845 of assets transferred to the State of Connecticut MERS plan for fiscal years 2017 and 2016, respectively.

(3) This schedule is intended to present information for 10 years. Additional years will be presented as the information becomes available.

See Notes to Required Supplementary Information.

## City of New London, Connecticut

## Required Supplementary Information

Contributory Plan  
Schedule of Contributions  
Last Ten Years

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Actuarially determined contributions	\$1,318,000	\$1,322,000	\$1,217,000	\$1,165,000	\$ 979,000	\$ 903,000	\$ 973,000	\$1,108,000	\$ 978,000	\$1,013,000
Contributions in relation to the actuarially determined contribution	<u>2,183,526</u>	<u>1,386,893</u>	<u>1,371,074</u>	<u>993,574</u>	<u>404,486</u>	<u>525,279</u>	<u>525,279</u>	<u>685,356</u>	<u>665,031</u>	<u>753,825</u>
Contribution excess (deficiency)	<u>\$ 865,526</u>	<u>\$ 64,893</u>	<u>\$ 154,074</u>	<u>\$ (171,426)</u>	<u>\$ (574,514)</u>	<u>\$ (377,721)</u>	<u>\$ (447,721)</u>	<u>\$ (422,644)</u>	<u>\$ (312,969)</u>	<u>\$ (259,175)</u>
Covered payroll	<u>\$3,576,783</u>	<u>\$3,289,035</u>	<u>\$3,657,215</u>	<u>\$3,595,880</u>	<u>\$2,809,411</u>	<u>\$6,353,404</u>	<u>\$6,804,000</u>	<u>\$6,348,480</u>	<u>\$7,251,000</u>	<u>\$7,454,000</u>
Contributions as a percentage of covered payroll	<u>61.05%</u>	<u>42.17%</u>	<u>37.49%</u>	<u>27.63%</u>	<u>14.40%</u>	<u>8.27%</u>	<u>7.72%</u>	<u>10.80%</u>	<u>9.17%</u>	<u>10.11%</u>

**City of New London, Connecticut**  
**Notes to Required Supplementary Information**

**Contributory Plan**  
**Schedule of Contributions**  
**Last Eight Years (1)**

	2021	2020	2019	2018	2017	2016	2015	2014
Changes of Benefit Terms	None	None	None	None	None	None	None	None
The actuarially determined contribution rates are calculated as of	July 1, 2019	July 1, 2018	July 1, 2017	July 1, 2016	July 1, 2015	July 1, 2014	July 1, 2014	July 1, 2013
Actuarial methods and assumptions used to determine contribution rates:								
Actuarial Cost Method	Entry age normal	Entry age normal	Entry age normal	Entry age normal	Entry age normal	Entry age normal	Entry age normal	Entry age normal
Amortization Method	Level percentage	Level percentage	Level percentage	Level percentage	Level percentage	Level percentage	Level percentage	Level percentage
Asset Valuation Method	5 year smoothing	5 year smoothing	5 year smoothing	5 year smoothing	5 year smoothing	5 year smoothing	5 year smoothing	5 year smoothing
Inflation	2.40%	2.40%	2.60%	2.60%	2.75%	3.00%	2.50%	N/A
Salary Increases	Graded scale 4.40% at age 20 down to 2.40% at age 60 and beyond	Graded scale 4.40% at age 20 down to 2.40% at age 60 and beyond	Graded scale 4.60% at age 20 down to 2.60% at age 60 and beyond	Graded scale 4.60% at age 20 down to 2.60% at age 60 and beyond	Graded scale 4.60% at age 20 down to 2.75% at age 60 and beyond	Graded scale 5.00% at age 20 down to 3.00% at age 60 and beyond	Graded scale 5.00% at age 20 down to 3.00% at age 60 and beyond	Graded scale 5.00% at age 20 down to 3.00% at age 60 and beyond
Cost-of-Living Increases	Retired police - 1/2% per year starting at age 62 following retirement from active service for retirements after 7/1/1991	Retired police - 1/2% per year starting at age 62 following retirement from active service for retirements after 7/1/1991	Retired police - 1/2% per year starting at age 62 following retirement from active service for retirements after 7/1/1992	Retired police - 1/2% per year starting at age 62 following retirement from active service for retirements after 7/1/1993	Retired police - 1/2% per year starting at age 62 following retirement from active service for retirements after 7/1/1994	Retired police - 1/2% per year starting at age 62 following retirement from active service for retirements after 7/1/1995	Retired police - 1/2% per year starting at age 62 following retirement from active service for retirements after 7/1/1996	Retired police - 1/2% per year starting at age 62 following retirement from active service for retirements after 7/1/1997
	Others - cost of living adjustments as negotiated	Others - cost of living adjustments as negotiated	Others - cost of living adjustments as negotiated	Others - cost of living adjustments as negotiated	Others - cost of living adjustments as negotiated	Others - cost of living adjustments as negotiated	Others - cost of living adjustments as negotiated	Others - cost of living adjustments as negotiated
Investment Rate of Return (Net)	7.00%	7.00%	7.00%	7.00%	7.50%	7.50%	6.38%	6.38%
Mortality Rate	RP-2014 adjusted to 2006 total dataset mortality table projected to the valuation date with scale MP-2019	RP-2014 adjusted to 2006 total dataset mortality table projected to the valuation date with scale MP-2019	RP-2014 adjusted to 2006 total dataset mortality table projected to the valuation date with scale MP-2018	RP-2014 adjusted to 2006 total dataset mortality table projected to the valuation date with scale MP-2018	RP-2000 mortality table projected to the valuation date with Scale AA	RP-2000 mortality table projected to the valuation date with Scale AA	RP-2000 mortality table projected to the valuation date with Scale AA	RP-2000 mortality table projected to the valuation date with Scale AA

(1) These schedules are intended to present information for 10 years. Additional years will be presented as they become available.

N/A - Information not available or not applicable



## City of New London, Connecticut

## Required Supplementary Information

Connecticut Municipal Employees' Retirement System  
Last Seven Years (1)

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
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**Schedule of Proportionate Share of the Net Pension Liability**

City's proportion of the net pension liability for the policemen without social security sub plan	<u>4.139489%</u>	<u>4.480276%</u>	<u>4.628183%</u>	<u>4.366642%</u>	<u>4.366642%</u>	<u>4.467847%</u>	<u>4.634080%</u>
City's proportion of the net pension liability for the firemen without social security sub plan	<u>3.232210%</u>	<u>3.242942%</u>	<u>3.584138%</u>	<u>3.440431%</u>	<u>3.440431%</u>	<u>3.587174%</u>	<u>N/A</u>
City's proportion of the net pension liability for the general employees with social security sub plan	<u>1.989673%</u>	<u>2.023475%</u>	<u>1.884750%</u>	<u>1.770495%</u>	<u>1.770495%</u>	<u>N/A</u>	<u>N/A</u>
City's proportionate share of the net pension (asset) liability	<u>\$32,836,914</u>	<u>\$32,571,549</u>	<u>\$29,582,420</u>	<u>\$ (3,066,541)</u>	<u>\$ (922,420)</u>	<u>\$ (6,778,002)</u>	<u>\$ (4,424,739)</u>
Covered payroll	<u>\$17,617,472</u>	<u>\$18,356,040</u>	<u>\$19,068,683</u>	<u>\$16,150,428</u>	<u>\$16,150,428</u>	<u>\$11,361,100</u>	<u>\$ 6,044,716</u>
City's proportionate share of the net pension (asset) liability as a percentage of its covered payroll	<u>186.39%</u>	<u>177.44%</u>	<u>155.14%</u>	<u>(18.99%)</u>	<u>(5.71%)</u>	<u>(59.66%)</u>	<u>(59.66%)</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>71.18%</u>	<u>72.69%</u>	<u>73.60%</u>	<u>91.68%</u>	<u>88.29%</u>	<u>92.72%</u>	<u>90.48%</u>

**Schedule of Contributions**

Contractually required contribution	<u>\$ 3,294,222</u>	<u>\$ 2,694,524</u>	<u>\$ 2,756,612</u>	<u>\$ 2,267,608</u>	<u>\$ 2,267,608</u>	<u>\$ 1,018,621</u>	<u>\$ 967,517</u>
Contributions in relation to the contractually required contribution	<u>3,294,222</u>	<u>2,694,524</u>	<u>2,756,612</u>	<u>2,267,608</u>	<u>2,267,608</u>	<u>1,018,621</u>	<u>967,517</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	<u>16,528,535</u>	<u>14,391,773</u>	<u>17,760,686</u>	<u>14,646,418</u>	<u>16,150,426</u>	<u>7,263,433</u>	<u>6,486,236</u>
Contributions as a percentage of covered payroll	<u>19.93%</u>	<u>18.72%</u>	<u>15.52%</u>	<u>15.48%</u>	<u>14.04%</u>	<u>14.02%</u>	<u>14.92%</u>

(1) These schedules are intended to present information for 10 years. Additional years will be presented as the information becomes available.

N/A - Not available or not applicable

See Notes to Required Supplementary Information.

City of New London, Connecticut

Notes to Required Supplementary Information

Connecticut Municipal Employees' Retirement System  
Schedule of Contributions  
Last Seven Years (1)

	2021	2020	2019	2018	2017	2016	2015
Changes of Benefit Terms	None	None	None	None	None	None	None
The actuarially determined contribution rates are calculated as of	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2016	June 30, 2016	June 30, 2014	June 30, 2014
Actuarial methods and assumptions used to determine contribution rates:							
Actuarial Cost Method	Entry age	Entry age	Entry age	Entry age	Entry age	Entry age	Entry age
Amortization Method	Level dollar, closed	Level dollar, closed	Level dollar, closed	Level dollar, closed	Level dollar, closed	Level dollar, closed	Level dollar, closed
Remaining Amortization Period	19 years	20 years	21 years	23 years	23 years	25 years	25 years
Asset Valuation Method	5 year smoothing	5 year smoothing	5 year smoothing	5 year smoothing	5 year smoothing	5 year smoothing	5 year smoothing
Inflation	2.50%	2.50%	2.50%	3.25%	3.25%	3.25%	3.25%
Salary Increases	3.50%-10.00%, average, including inflation	3.50%-10.00%, average, including inflation	3.50%-10.00%, average, including inflation	4.25%-11.00%, average, including inflation	4.25%-11.00%, average, including inflation	4.25%-11.00%, average, including inflation	4.25%-11.00%, average, including inflation
Cost-of-Living Adjustments	After January 1, 2002, 2.5% minimum Prior to January 1, 2002, 2.5% up to age 65. 3.25% afterwards	After January 1, 2002, 2.5% minimum Prior to January 1, 2002, 2.5% up to age 65. 3.25% afterwards	After January 1, 2002, 2.5% minimum Prior to January 1, 2002, 2.5% up to age 65. 3.25% afterwards	After January 1, 2002, 2.5% minimum Prior to January 1, 2002, 2.5% up to age 65. 3.25% afterwards	After January 1, 2002, 2.5% minimum Prior to January 1, 2002, 2.5% up to age 65. 3.25% afterwards	After January 1, 2002, 2.5% minimum Prior to January 1, 2002, 2.5% up to age 65. 3.25% afterwards	After January 1, 2002, 2.5% minimum Prior to January 1, 2002, 2.5% up to age 65. 3.25% afterwards
Social Security Wage Base	3.00%	3.00%	3.00%	3.50%	3.50%	3.50%	3.50%
Investment Rate of Return (Net)	7.00%	7.00%	7.00%	8.00%	8.00%	8.00%	8.00%
Mortality	General Employees: RP-2014 Combined Mortality Table adjusted to 2006 and projected to 2015 with Scale MP-2017 and projected to 2022 with Scale BB Police and Fire: RP-2014 Blue Collar Mortality Table adjusted to 2006 projected to 2015 with Scale MP-2017 and projected to 2022 with Scale BB	General Employees: RP-2014 Combined Mortality Table adjusted to 2006 and projected to 2015 with Scale MP-2017 and projected to 2022 with Scale BB Police and Fire: RP-2014 Blue Collar Mortality Table adjusted to 2006 projected to 2015 with Scale MP-2017 and projected to 2022 with Scale BB	General Employees: RP-2014 Combined Mortality Table adjusted to 2006 and projected to 2015 with Scale MP-2017 and projected to 2022 with Scale BB Police and Fire: RP-2014 Blue Collar Mortality Table adjusted to 2006 projected to 2015 with Scale MP-2017 and projected to 2022 with Scale BB	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	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	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	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

(1) This schedule is intended to present information for 10 years. Additional years will be presented as the information becomes available.

## City of New London, Connecticut

## Required Supplementary Information

Connecticut State Teachers' Retirement System  
Last Seven Years (3)

	2021	2020	2019	2018	2017	2016	2015
<b>Schedule of Proportionate Share of the Net Pension Liability</b>							
City's proportion of the net pension liability	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
City's proportionate share of the net pension liability	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State of Connecticut's proportionate share of the net pension liability associated with the City	105,390,539	94,414,517	72,799,078	70,466,034	72,342,205	55,834,897	51,608,173
Total	\$105,390,539	\$ 94,414,517	\$ 72,799,078	\$ 70,466,034	\$ 72,342,205	\$ 55,834,897	\$ 51,608,173
Covered payroll	(2)	(2)	(2)	(2)	(2)	(2)	(2)
City's proportionate share of the net pension liability as a percentage of its covered payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	49.24%	52.00%	57.69%	55.93%	52.26%	59.50%	61.51%
<b>Schedule of Contributions</b>							
Contractually required contribution (1)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the contractually required contribution	-	-	-	-	-	-	-
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	(2)	(2)	(2)	(2)	(2)	(2)	(2)
Contributions as a percentage of covered payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

(1) Local employers are not required to contribute to plan.

(2) Not applicable since 0% proportional share of the net pension liability.

(3) These schedules are intended to present information for 10 years. Additional years will be presented as the information becomes available.

See Notes to Required Supplementary Information.

## City of New London, Connecticut

## Notes to Required Supplementary Information

Connecticut State Teachers' Retirement System  
Schedule of Contributions  
Last Seven Years (1)

	2021	2020	2019	2018	2017	2016	2015
Changes of Benefit Terms	None	None	Beginning January 1, 2018, member contributions increased from 6.00% to 7.00% of salary	None	None	None	None
The actuarially determined contribution rates are calculated as of	June 30, 2020	June 30, 2018	June 30, 2018	June 30, 2016	June 30, 2016	June 30, 2014	June 30, 2014
Actuarial methods and assumptions used to determine contribution rates:							
Actuarial Cost Method	Entry age	Entry age	Entry age	Entry age	Entry age	Entry age	Entry age
Amortization Method	Level percent of salary, closed, grading to a level dollar	Level percent of salary, closed, grading to a level dollar	Level percent of salary, closed, grading to a level dollar	Level percent of salary, closed	Level percent of salary, closed	Level percent of salary, closed	Level percent of salary, closed
Remaining Amortization Period	27.8 years	30 years	30 years	20.4 years	20.4 years	21.4 years	22.4 years
Asset Valuation Method	4 year smoothing	4 year smoothing	4 year smoothing	4 year smoothing	4 year smoothing	4 year smoothing	4 year smoothing
Inflation	2.50%	2.50%	2.75%	2.75%	2.75%	3.00%	3.00%
Salary Increases	3.00%-6.50%, average, including inflation	3.25%-6.50%, average, including inflation	3.25%-6.50%, average, including inflation	3.25%-6.50%, average, including inflation	3.25%-6.50%, average, including inflation	3.75%-7.00%, average, including inflation	3.75%-7.00%, average, including inflation
Cost-of-Living Adjustments	1.75%-3.00% based on retirement date	1.75%-3.00% based on retirement date	1.75%-3.00% based on retirement date	1.75%-3.00% based on retirement date	1.75%-3.00% based on retirement date	2.00%-3.00% based on retirement date	2.00%-3.00% based on retirement date
Investment Rate of Return (Net)	6.90%	6.90%	8.00%	8.00%	8.00%	8.50%	8.50%
Mortality	PubT-2010 Table projected generationally with MP-2019	RP-2014 White Collar table projected to the year 2020 using the BB improvement scale	RP-2014 White Collar table projected to the year 2020 using the BB improvement scale	RP-2014 White Collar table projected to the year 2020 using the BB improvement scale	RP-2014 White Collar table projected to the year 2020 using the BB improvement scale	RP-2000 Combined Mortality Table projected 19 years using scale AA	RP-2000 Combined Mortality Table projected 19 years using scale AA

(1) This schedule is intended to present information for 10 years. Additional years will be presented as they become available.

## City of New London, Connecticut

## Required Supplementary Information

Other Post-Employment Benefit (OPEB) Plan  
Last Five Years (1)**Schedule of Changes in Net OPEB Liability and Related Ratios**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
OPEB liability					
Service cost	\$ 1,368,998	\$ 1,261,094	\$ 962,949	\$ 968,046	\$ 1,101,455
Interest	727,044	967,540	1,102,159	1,028,971	881,606
Differences between expected and actual experience	(7,425,115)	-	(6,122,515)	-	(2,785,678)
Changes in assumptions	1,290,893	3,845,182	4,013,538	(1,018,072)	-
Benefit payments, including refunds of member contributions	(904,316)	(948,139)	(1,228,031)	(1,245,630)	(1,267,017)
Net change in total OPEB liability	(4,942,496)	5,125,677	(1,271,900)	(266,685)	(2,069,634)
OPEB liability - July 1	<u>31,978,592</u>	<u>26,852,915</u>	<u>28,124,815</u>	<u>28,391,500</u>	<u>30,461,134</u>
OPEB liability - June 30 (a)	<u>\$ 27,036,096</u>	<u>\$ 31,978,592</u>	<u>\$ 26,852,915</u>	<u>\$ 28,124,815</u>	<u>\$ 28,391,500</u>
Plan fiduciary net position					
Contributions - employer	\$ 1,056,579	\$ 1,061,520	\$ 1,335,531	\$ 1,356,630	\$ 1,378,017
Net investment income (loss)	343,165	(13,907)	19,796	73,220	59,991
Benefit payments, including refunds of member contributions	(904,316)	(948,139)	(1,228,031)	(1,245,630)	(1,267,017)
Administration and other	(18,483)	(129,046)	-	(15,180)	(27,230)
Net change in plan fiduciary net position	476,945	(29,572)	127,296	169,040	143,761
Plan fiduciary net position - July 1	<u>847,208</u>	<u>876,780</u>	<u>749,484</u>	<u>580,444</u>	<u>436,683</u>
Plan fiduciary net position - June 30 (b)	<u>\$ 1,324,153</u>	<u>\$ 847,208</u>	<u>\$ 876,780</u>	<u>\$ 749,484</u>	<u>\$ 580,444</u>
Net OPEB liability - June 30 (a)-(b)	<u>\$ 25,711,943</u>	<u>\$ 31,131,384</u>	<u>\$ 25,976,135</u>	<u>\$ 27,375,331</u>	<u>\$ 27,811,056</u>
Plan fiduciary net position as a percentage of the total OPEB liability	<u>4.90%</u>	<u>2.65%</u>	<u>3.27%</u>	<u>2.66%</u>	<u>2.04%</u>
Covered payroll	<u>\$ 45,343,942</u>	<u>\$ 43,484,835</u>	<u>\$ 43,484,835</u>	<u>\$ 35,659,895</u>	<u>\$ 35,659,895</u>
Net OPEB liability as a percentage of covered payroll	<u>56.70%</u>	<u>71.59%</u>	<u>59.74%</u>	<u>76.77%</u>	<u>77.99%</u>

**Schedule of Investment Returns**

Annual money weighted rate of return, net of investment expense	<u>40.07%</u>	<u>(1.49%)</u>	<u>2.20%</u>	<u>10.17%</u>	<u>10.15%</u>
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(1) This schedule is intended to present information for 10 years. Additional years will be presented as they become available.

See Notes to Required Supplementary Information.

## City of New London, Connecticut

## Required Supplementary Information

Other Post-Employment Benefit (OPEB) Plan  
Schedule of Contributions  
Last Ten Years

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Actuarially determined contributions	\$ 2,700,093	\$ 2,520,055	\$ 2,420,049	\$ 2,290,779	\$ 2,120,720	\$ 2,017,079	\$ 2,623,239	\$ 2,467,000	\$ 2,289,000	\$ 2,160,000
Contributions in relation to the actuarially determined contribution	<u>1,056,579</u>	<u>1,061,520</u>	<u>1,335,531</u>	<u>1,356,630</u>	<u>1,378,017</u>	<u>1,363,311</u>	<u>1,297,277</u>	<u>1,158,000</u>	<u>1,079,000</u>	<u>1,099,000</u>
Contribution excess (deficiency)	<u>\$ (1,643,514)</u>	<u>\$ (1,458,535)</u>	<u>\$ (1,084,518)</u>	<u>\$ (934,149)</u>	<u>\$ (742,703)</u>	<u>\$ (653,768)</u>	<u>\$ (1,325,962)</u>	<u>\$ (1,309,000)</u>	<u>\$ (1,210,000)</u>	<u>\$ (1,061,000)</u>
Covered payroll	<u>\$ 45,343,942</u>	<u>\$ 43,484,835</u>	<u>\$ 43,484,835</u>	<u>\$ 35,659,895</u>	<u>\$ 35,659,895</u>	<u>\$ 33,301,669</u>	<u>\$ 42,451,000</u>	<u>\$ 42,451,000</u>	<u>N/A</u>	<u>N/A</u>
Contributions as a percentage of covered payroll	<u>2.33%</u>	<u>2.44%</u>	<u>3.07%</u>	<u>3.80%</u>	<u>3.86%</u>	<u>4.09%</u>	<u>3.06%</u>	<u>2.73%</u>	<u>N/A</u>	<u>N/A</u>

N/A - Not available.

City of New London, Connecticut

Notes to Required Supplementary Information

Other Post-Employment Benefit (OPEB) Plan  
Schedule of Contributions  
Last Eight Years (1)

	2021	2020	2019	2018	2017	2016	2015	2014
Changes of Benefit Terms	None	None	None	None	None	None	None	None
The actuarially determined contribution rates are calculated as of	July 1, 2020	July 1, 2018	July 1, 2018	July 1, 2016	July 1, 2016	July 1, 2014	July 1, 2012	July 1, 2012
Actuarial methods and assumptions used to determine contribution rates:								
Actuarial Cost Method	Entry age normal	Entry age normal	Entry age normal	Projected unit credit	Projected unit credit	Projected unit credit	Projected unit credit	Projected unit credit
Amortization Method	Level percentage	Level percentage	Level percentage	Level percentage	Level percentage	Level percentage	Level percentage	Level percentage
Asset Valuation Method	Fair value	Fair value	Fair value	Fair value	Fair value	Fair value	Fair value	Fair value
Healthcare Inflation Rate - Initial	5.30%	6.00%	6.00%	5.40%	5.40%	5.70%	7.20%	7.20%
Healthcare Inflation Rate - Ultimate	4.40%	4.10%	4.10%	4.40%	4.40%	4.40%	4.70%	4.70%
Investment Rate of Return (Net)	2.21%	3.87%	3.87%	4.00%	4.00%	4.00%	4.00%	4.00%
Mortality Rate	City and non-certified employees: PubG-2010 Mortality Table projected with MP-2019 ultimate scale  Police and fire: PubS-2010 mortality table projected with MP-2019 ultimate scale	City and non-certified employees: PubG-2010 Mortality Table projected with MP-2014 ultimate scale  Police and fire: PubS-2010 mortality table projected with MP-2014 ultimate scale	City and non-certified employees: PubG-2010 Mortality Table projected with MP-2014 ultimate scale  Police and fire: PubS-2010 mortality table projected with MP-2014 ultimate scale	RP-2000 Combined Healthy Mortality Table	RP-2000 Combined Healthy Mortality Table	RP-2000 Combined Healthy Mortality Table	RP-2000 Combined Healthy Mortality Table	RP-2000 Combined Healthy Mortality Table

(1) These schedules are intended to present information for 10 years. Additional years will be presented as they become available.

## City of New London, Connecticut

## Required Supplementary Information

Connecticut State Teachers' Retirement Board Retiree Health Insurance Plan  
Last Four Years (3)

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
<b><u>Schedule of Proportionate Share of the Net OPEB Liability</u></b>				
City's proportion of the net OPEB liability	0.00%	0.00%	0.00%	0.00%
City's proportionate share of the net OPEB liability	\$ -	\$ -	\$ -	\$ -
State of Connecticut's proportionate share of the net OPEB liability associated with the City	15,719,003	14,724,476	14,552,969	18,137,160
Total	<u>\$15,719,003</u>	<u>\$14,724,476</u>	<u>\$14,552,969</u>	<u>\$18,137,160</u>
Covered payroll	<u>(2)</u>	<u>(2)</u>	<u>(2)</u>	<u>(2)</u>
City's proportionate share of the net OPEB liability as a percentage of its covered payroll	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>
Plan fiduciary net position as a percentage of the total OPEB liability	<u>2.50%</u>	<u>2.08%</u>	<u>1.49%</u>	<u>1.79%</u>

**Schedule of Contributions**

Contractually required contribution (1)	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the contractually required contribution	-	-	-	-
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	<u>(2)</u>	<u>(2)</u>	<u>(2)</u>	<u>(2)</u>
Contributions as a percentage of covered payroll	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>

(1) Local employers are not required to contribute to the plan

(2) Not applicable since 0% proportional share of the net OPEB liability

(3) These schedules are intended to present information for 10 years. Additional years will be presented as the information becomes available.

See Notes to Required Supplementary Information.



## City of New London, Connecticut

## Notes to Required Supplementary Information

**Connecticut State Teachers' Retirement Board Retiree Health Insurance Plan  
Schedule of Contributions  
Last Four Years (1)**

	2021	2020	2019	2018
Changes of Benefit Terms	None	None	None	None
The actuarially determined contribution rates are calculated as of	June 30, 2020	June 30, 2018	June 30, 2018	June 30, 2016
Actuarial methods and assumptions used to determine contribution rates:				
Actuarial Cost Method	Entry age	Entry age	Entry age	Entry age
Amortization Method	Level percentage, closed	Level percentage, open	Level percentage, open	Level percentage, open
Amortization Period	30 years	30 years	30 years	30 years
Asset Valuation Method	Fair Value	Fair Value	Fair Value	Fair Value
Inflation	2.50%	2.75%	2.75%	2.75%
Healthcare Inflation Rate	Initial 5.125% decreasing to 4.50% (ultimate) by 2023	Initial 5.95% decreasing to 4.75% (ultimate) by 2025	Initial 5.95% decreasing to 4.75% (ultimate) by 2025	Initial 7.25% decreasing to 5.00% (ultimate) by 2022
Salary Increases	3.00% to 6.50%, including inflation	3.25% to 6.50%, including inflation	3.25% to 6.50%, including inflation	3.25% to 6.50%, including inflation
Investment Rate of Return (Net)	3.00%	3.00%	3.00%	4.25%
Mortality Rate	PubT-2010 Table projected generationally with MP-2019	RP-2014 White Collar table projected to the year 2020 using the BB improvement scale	RP-2014 White Collar table projected to the year 2020 using the BB improvement scale	RP-2014 White Collar table projected to the year 2020 using the BB improvement scale

(1) These schedules are intended to present information for 10 years. Additional years will be presented as they become available.

**APPENDIX B-1 – FORM OF LEGAL OPINION OF BOND COUNSEL – THE BONDS**

March \_\_, 2023

City of New London  
 181 State Street  
 New London, Connecticut 06320

RE: \$8,550,000 of City of New London, Connecticut General Obligation Bonds, Issue of 2023, dated March 16, 2023 (the "Bonds")

Ladies and Gentlemen:

We have examined certified copies of the proceedings of the City of New London, Connecticut (the "City"), an Arbitrage and Use of Proceeds Certificate of the City dated March \_\_, 2023 (the "Arbitrage and Use of Proceeds Certificate") and other proofs submitted to us relative to the issuance and sale of \$8,550,000 City of New London, Connecticut General Obligation Bonds, Issue of 2023, dated March \_\_, 2023, maturing on March 15 of each of the following years in the principal amounts and bearing interest payable semiannually on March 15 and September 15 each year, commencing on September 15, 2023 until maturity, at rates per annum, set forth as follows:

**\$8,550,000 of City of New London, Connecticut General Obligation Bonds,  
 Issue of 2023, dated March \_\_, 2023**

<u>Maturity</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>CUSIP</u>	<u>Maturity</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>CUSIP</u>
2026	\$_____	____%	646513____	2035	\$_____	____%	646513____
2027	_____	_____	646513____	2036	_____	_____	646513____
2028	_____	_____	646513____	2037	_____	_____	646513____
2029	_____	_____	646513____	2038	_____	_____	646513____
2030	_____	_____	646513____	2039	_____	_____	646513____
2031	_____	_____	646513____	2040	_____	_____	646513____
2032	_____	_____	646513____	2041	_____	_____	646513____
2033	_____	_____	646513____	2042	_____	_____	646513____
2034	_____	_____	646513____	2043	_____	_____	646513____

We have not been engaged or undertaken to review the accuracy, completeness or sufficiency of the Official Statement (except as to our opinion set forth therein) or other offering material relating to the Bonds and we express no opinion relating thereto.

The Bonds are issued in fully registered form without interest coupons, in the name of Cede & Co. as registered owner and nominee of The Depository Trust Company ("DTC"), an automated depository for securities and clearinghouse for securities transactions which will maintain a book entry system for recording the ownership interest in the Bonds. Purchase of ownership interest in the Bonds is being made in book entry form in denominations of \$5,000 or any integral multiple thereof.

In our opinion, such proceedings and proofs show lawful authority for the issuance and sale of said Bonds under authority of the Constitution and laws of the State of Connecticut and said Bonds are a valid and legally binding general obligation of the City payable as to both principal and interest, unless paid from other sources, from ad valorem taxes which may be levied on all property subject to taxation by the City without limitation as to rate or amount, except as to certain classified property such as certified forest lands taxable at a limited rate and dwelling houses of qualified elderly persons of low income or of qualified disabled persons taxable at limited amounts.

The Internal Revenue Code of 1986, as amended (the "Code"), establishes certain requirements that must be met at or subsequent to the issuance and delivery of the Bonds in order that interest on the Bonds be and remain excluded from gross income for federal income tax purposes under the Code. The City has covenanted in the Arbitrage and Use of Proceeds Certificate delivered with respect to the Bonds that it will at all times perform all acts and things necessary or appropriate under any valid provision of law to ensure that interest paid on the Bonds shall be excluded from gross income for federal income tax purposes under the Code.

In our opinion, under existing statutes and court decisions, (i) interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Code; and (ii) such interest is not treated as a preference item for purposes of calculating the alternative minimum tax imposed under the Code; however, such interest is taken into account in determining the adjusted financial statement income of certain corporations for the purpose of computing the federal alternative minimum tax imposed on such corporations for tax years beginning after December 31, 2022. We express no opinion regarding other federal income tax consequences caused by ownership or disposition of, or receipt of interest on, the Bonds.

In rendering the foregoing opinions regarding the federal treatment of interest on the Bonds, we have relied upon and assumed (i) the material accuracy of the representations, statements of intention and reasonable expectations and certifications of fact contained in the Arbitrage and Use of Proceeds Certificate, and (ii) compliance by the City with the covenants and procedures contained in the Arbitrage and Use of Proceeds Certificate as to such tax matters.

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

Other than the record of proceedings, we have not been requested to examine or review and have not examined or reviewed the accuracy or sufficiency of any additional proceedings, reports, correspondence, financial statements or other documents, containing financial or other information relative to the City, which have been or may hereafter be furnished or disclosed to purchasers of said Bonds, and we express no opinion with respect to any such financial or other information or the accuracy or sufficiency thereof.

The rights of owners of the Bonds and the enforceability of the Bonds may be limited by bankruptcy, insolvency, reorganization, moratorium and other laws in effect from time to time affecting creditors' rights, and may be subject to the exercise of judicial discretion.

Very truly yours,

TOBIN, CARBERRY, O'MALLEY,  
RILEY & SELINGER, P.C.

**APPENDIX B-2 – FORM OF LEGAL OPINION OF BOND COUNSEL – THE NOTES**

March \_\_, 2023

City of New London  
181 State Street  
New London, Connecticut 06320

RE: \$30,460,000 of City of New London, Connecticut General Obligation Bond Anticipation Notes (the "Notes")

Ladies and Gentlemen:

We have examined certified copies of the proceedings of the City of New London, Connecticut (the "City"), an Arbitrage and Use of Proceeds Certificate of the City dated March \_\_, 2023 (the "Arbitrage and Use of Proceeds Certificate") and other proofs submitted to us relative to the issuance and sale of \$30,460,000 City of New London, Connecticut General Obligation Bond Anticipation Notes, dated March \_\_, 2023, maturing on March 15, 2024.

We have not been engaged or undertaken to review the accuracy, completeness or sufficiency of the Official Statement (except as to our opinion set forth therein) or other offering material relating to the Notes and we express no opinion relating thereto.

The Notes are issued in fully registered form, in the name of Cede & Co. as registered owner and nominee of The Depository Trust Company ("DTC"), an automated depository for securities and clearinghouse for securities transactions which will maintain a book entry system for recording the ownership interest in the Notes. Purchase of ownership interest in the Notes is being made in book entry form in denominations of \$5,000 or any integral multiple thereof.

In our opinion, such proceedings and proofs show lawful authority for the issuance and sale of said Notes under authority of the Constitution and laws of the State of Connecticut and said Notes are a valid and legally binding general obligation of the City payable as to both principal and interest, unless paid from other sources, from ad valorem taxes which may be levied on all property subject to taxation by the City without limitation as to rate or amount, except as to certain classified property such as certified forest lands taxable at a limited rate and dwelling houses of qualified elderly persons of low income or of qualified disabled persons taxable at limited amounts.

The Internal Revenue Code of 1986, as amended (the "Code"), establishes certain requirements that must be met at or subsequent to the issuance and delivery of the Notes in order that interest on the Notes be and remain excluded from gross income for federal income tax purposes under the Code. The City has covenanted in the Arbitrage and Use of Proceeds Certificate delivered with respect to the Notes that it will at all times perform all acts and things necessary or appropriate under any valid provision of law to ensure that interest paid on the Notes shall be excluded from gross income for federal income tax purposes under the Code.

In our opinion, under existing statutes and court decisions, (i) interest on the Notes is excluded from gross income for federal income tax purposes under Section 103 of the Code; and (ii) such interest is not treated as a preference item for purposes of calculating the alternative minimum tax imposed under the Code; however, such interest is taken into account in determining the adjusted financial statement income of certain corporations for the purpose of computing the federal alternative minimum tax imposed on such corporations for tax years beginning after December 31, 2022. We express no opinion regarding other federal income tax consequences caused by ownership or disposition of, or receipt of interest on, the Notes.

In rendering the foregoing opinions regarding the federal treatment of interest on the Notes, we have relied upon and assumed (i) the material accuracy of the representations, statements of intention and reasonable expectations and certifications of fact contained in the Arbitrage and Use of Proceeds Certificate, and (ii) compliance by the City with the covenants and procedures contained in the Arbitrage and Use of Proceeds Certificate as to such tax matters.

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

Other than the record of proceedings, we have not been requested to examine or review and have not examined or reviewed the accuracy or sufficiency of any additional proceedings, reports, correspondence, financial statements or other documents, containing financial or other information relative to the City, which have been or may hereafter be furnished or disclosed to purchasers of said Notes, and we express no opinion with respect to any such financial or other information or the accuracy or sufficiency thereof.

The rights of owners of the Notes and the enforceability of the Notes may be limited by bankruptcy, insolvency, reorganization, moratorium and other laws in effect from time to time affecting creditors' rights, and may be subject to the exercise of judicial discretion.

Very truly yours,

TOBIN, CARBERRY, O'MALLEY,  
RILEY & SELINGER, P.C.

**APPENDIX C-1 – FORM OF CONTINUING DISCLOSURE AGREEMENT – THE BONDS**

In accordance with the requirements of Rule 15c2-12 promulgated by the Securities and Exchange Commission, the City will execute a Continuing Disclosure Agreement, for the Bonds substantially in the following form, to provide, or cause to be provided, (i) annual financial information and operating data, (ii) timely notice of the occurrence of certain material events with respect to the Bonds and (iii) timely notice of a failure by the City to provide the required annual financial information on or before the date specified in the Continuing Disclosure Agreement for Bonds:

**Continuing Disclosure Agreement for Bonds**

**In connection with the issuance and sale of**

**CITY OF NEW LONDON, CONNECTICUT**

**\$8,550,000 General Obligation Bonds, Issue of 2023**

**Dated March \_\_, 2023**

This Continuing Disclosure Agreement for Bonds ("Agreement") is made as of March 16, 2023 by the City of New London, Connecticut (the "Issuer") acting by its undersigned officers, duly authorized, in connection with the issuance of City of New London, Connecticut, \$8,550,000 General Obligation Bonds, Issue of 2023 dated March \_\_, 2023 (the "Bonds"), for the benefit of the beneficial owners from time to time of the Bonds.

**RECITALS:**

WHEREAS, the Issuer has heretofore authorized the issuance of the Bonds dated as of March \_\_, 2023 and to mature in the principal amounts and on the dates set forth in the Issuer's Official Statement dated March \_\_, 2023 describing the Bonds (the "Official Statement"); and

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

WHEREAS, the Issuer is authorized pursuant to its duly adopted ordinances authorizing the Bonds and pursuant to Section 3-20e of the General Statutes of Connecticut to make representations and agreements for the benefit of the beneficial owners of the Bonds to meet the requirements of the Rule; and

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

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

**WITNESSETH:**

**Section 1. Definitions.**

For purposes of this Agreement, the following capitalized terms shall have the following meanings:

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

"MSRB" means the Municipal Securities Rulemaking Board established under the Securities Exchange Act of 1934, as amended, or any successor thereto.

"Official Statement" means the final official statement of the Issuer dated March \_\_, 2023, as defined in paragraph (f)(3) of the Rule, prepared in connection with the Bonds.

"Rule" means rule 15c2-12 under the Securities Exchange Act of 1934, as of the date of this Agreement.

"SEC" means the Securities and Exchange Commission on the United States, or any successor thereto.

**Section 2. Annual Financial Information.**

- (a) The Issuer agrees to provide or cause to be filed with the MSRB, in accordance with the provisions of the Rule and of this Agreement, annual financial information and operating data (commencing with information and data for the fiscal year ending June 30, 2023) as follows:
- (i) Audited financial statements as of and for each year ending on its Fiscal Year End for the general fund, capital projects funds, special revenue funds, enterprise funds, trust or agency funds, and the general long-term obligations account group prepared in accordance with generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board from time to time or mandated state statutory principles as in effect from time to time; and
  - (ii) The following financial information and operating data to the extent customarily prepared by the Issuer and publicly available and not included in the financial statements described in (i) above:
    - (A) amounts of the gross and the net taxable grand list applicable to the fiscal year,
    - (B) listing of the ten largest taxpayers on the applicable grand list, together with each such taxpayer's taxable valuation thereon,
    - (C) amount of the annual property tax levy, percentage collected and amount uncollected as of the close of the fiscal year,
    - (D) schedule of annual debt service on outstanding long-term bonded indebtedness as of the close of the fiscal year,
    - (E) calculation of total direct debt and total net direct debt (reflecting overlapping and underlying debt), as of the close of the fiscal year,
    - (F) total direct debt and total net direct debt of the Issuer per capita,
    - (G) ratios of the total direct debt and total net direct debt of the Issuer to the Issuer's net taxable grand list,
    - (H) statement of statutory debt limitation and debt margins as of the close of the fiscal year, and
    - (I) funding status of the Issuer's pension benefit obligation.
- (b) The financial information and operating data described above will be provided on or before the date eight months after the close of the Fiscal Year End for which such information is being provided. The Issuer agrees that if audited information is not available eight months after the close of any Fiscal Year End, it shall submit unaudited information by such time and will submit audited information when available.
- (c) Annual financial information and operating data may be provided in whole or in part by cross-reference to other documents previously filed with the MSRB. If the document to be referenced is a final official statement, it must be available from the MSRB. All or a portion of the financial information and operating data may be provided in the form of a comprehensive annual financial report.

- (d) The Issuer reserves the right (i) to provide financial statements which are not audited if no longer required by law, (ii) to modify from time to time the format of the presentation of such information or data, and (iii) to modify the accounting principles it follows to the extent required by law, by changes in generally accepted accounting principles, or by changes in accounting principles adopted by the Issuer; provided that the Issuer agrees that any such modification will be done in a manner consistent with the Rule.
- (e) Any filing under this Agreement shall be made by transmitting such filing to the MSRB in an electronic format as prescribed by the MSRB.

### **Section 3. Listed Events.**

The Issuer agrees to provide or cause to be filed, in a timely manner, not in excess of ten business days after the occurrence of the event, notice of the occurrence of any of the following events with respect to the Bonds:

- (a) principal and interest payment delinquencies;
- (b) non-payment related defaults, if material;
- (c) unscheduled draws on debt service reserves reflecting financial difficulties;
- (d) unscheduled draws on credit enhancements reflecting financial difficulties;
- (e) substitution of credit or liquidity providers, or their failure to perform;
- (f) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax-exempt status of the Bonds;
- (g) modifications to rights of holders of the Bonds, if material;
- (h) bond calls, if material and tender offers;
- (i) Defeasances;
- (j) release, substitution, or sale of property securing repayment of the Bonds, if material;
- (k) rating changes;
- (l) bankruptcy, insolvency, receivership or similar event of the Issuer;
- (m) the consummation of a merger, consolidation or acquisition involving the Issuer or the sale of all the assets of Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
- (n) appointment of a successor or additional trustee or the change of name of a trustee, if material;
- (o) incurrence of a financial obligation of the Issuer, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the Issuer, any of which affect Bondholders, if material; and
- (p) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the Issuer, any of which reflect financial difficulties.

Listed event (l) includes the note related thereto contained in the Rule. For the purposes of Listed Events (o) and (p), the term "financial obligation" means: (A) a debt obligation; (B) a derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (C) a guarantee of (A) or (B). The term "financial obligation" shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.



**Section 4. Notice of Failure to Provide Annual Financial Information.**

The Issuer agrees to file or cause to be filed, in a timely manner, notice of any failure by the Issuer to provide annual financial information as set forth in Section 2(a) hereof on or before the date set forth in Section 2(b) hereof.

**Section 5. Use of Agents.**

Annual financial information and operating data and notices to be filed pursuant to this Agreement may be filed by the Issuer or by any agents which may be employed by the Issuer for such purpose from time to time.

**Section 6. Termination.**

The obligations of the Issuer under this Agreement shall terminate upon the earlier of (i) payment or legal defeasance, at maturity or otherwise, of all of the Bonds, or (ii) such time as the Issuer ceases to be an obligated person with respect to the Bonds within the meaning of the Rule.

**Section 7. Enforcement.**

The Issuer acknowledges that the undertakings set forth in this Agreement are intended to be for the benefit of, and enforceable by, the beneficial owners from time to time of the Bonds. In the event the Issuer shall fail to perform its duties hereunder, the Issuer shall have the option to cure such failure within a reasonable time (but not exceeding 30 days with respect to the undertakings set forth in Section 2 of this Agreement or five business days with respect to the undertakings set forth in Section 3 of this Agreement) from the time the Issuer's Director of Finance, or a successor, receives written notice from any beneficial owner of the Bonds of such failure. The present address of the Director of Finance is: City of New London, 13 Masonic Street, New London, Connecticut 06320.

In the event the Issuer does not cure such failure within the time specified above, the beneficial owner of any Bonds shall be entitled only to the remedy of specific performance. The parties expressly acknowledge and agree that no monetary damages shall arise or be payable hereunder nor shall any failure to comply with this Agreement constitute an event of default with respect to the Bonds.

**Section 8. General.**

- (a) The Issuer shall have no obligation to provide or file any information, data or notices other than as set forth in this Agreement; provided, however, nothing in this Agreement shall be construed as prohibiting the Issuer from providing or filing such additional information, data or notices from time to time as it deems appropriate in connection with the Bonds. If the Issuer elects to provide or file any such additional information, data or notices, the Issuer shall have no obligation under this Agreement to update or continue to provide or file further additional information, data or notices of the type so provided.
- (b) This Agreement shall be governed by the laws of the State of Connecticut.
- (c) Notwithstanding any other provision of this Agreement, the Issuer may amend this Agreement, and any provision of this Agreement may be waived, if such amendment or waiver is made in connection with a change of circumstances that arises from a change in legal requirements, a change in law, or a change in the identity, nature or status of the Issuer, and is supported by an opinion of counsel expert in federal securities laws, to the effect that (i) such amendment or waiver would not materially adversely affect the beneficial owners of the Bonds, and (ii) the Agreement as so amended would have complied with the requirements of the Rule as of the date of the Agreement, taking into account any amendments or interpretations of the Rules as well as any changes in circumstances. A copy of any such amendment will be filed in a timely manner with the MSRB. The annual financial information filed on the first date following adoption of any such amendment will explain, in narrative form, the reasons for the amendment and the impact of the change in the type of operating or financial activities for the City of New London.

[Signatures to follow]

City of New London, Connecticut

By: \_\_\_\_\_  
Michael E. Passero  
Mayor

By: \_\_\_\_\_  
David McBride  
Director of Finance

[Signature page to Continuing Disclosure Agreement for Bonds]

**APPENDIX C-2 – FORM OF CONTINUING DISCLOSURE AGREEMENT – THE NOTES**

In accordance with the requirements of Rule 15c2-12 promulgated by the Securities and Exchange Commission, the City will execute a Continuing Disclosure Agreement, for the Notes substantially in the following form, to provide, or cause to be provided, (i) annual financial information and operating data, (ii) timely notice of the occurrence of certain material events with respect to the Notes and (iii) timely notice of a failure by the City to provide the required annual financial information on or before the date specified in the Continuing Disclosure Agreement for Notes:

**Continuing Disclosure Agreement for Notes**

**In connection with the issuance and sale of**

**CITY OF NEW LONDON, CONNECTICUT**

**\$30,460,000 General Obligation Bond Anticipation Notes**

**Dated March \_\_, 2023**

This Continuing Disclosure Agreement for Notes ("Agreement") is made as of March \_\_, 2023 by the City of New London, Connecticut (the "Issuer") acting by its undersigned officers, duly authorized, in connection with the issuance of City of New London, Connecticut, \$30,460,000 General Obligation Bond Anticipation Notes, dated March \_\_, 2023 due on March 15, 2024 (the "Notes"), for the benefit of the beneficial owners from time to time of the Notes.

**RECITALS:**

WHEREAS, the Issuer has heretofore authorized the issuance of the Notes dated as of March \_\_, 2023, as described in the Issuer's Official Statement dated March \_\_, 2023 (the "Official Statement"); and

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

WHEREAS, the Issuer is authorized pursuant to its duly adopted ordinances authorizing the Notes and pursuant to Section 3-20e of the General Statutes of Connecticut to make representations and agreements for the benefit of the beneficial owners of the Notes to meet the requirements of the Rule; and

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

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

**WITNESSETH:**

**Section 1. Definitions.**

For purposes of this Agreement, the following capitalized terms shall have the following meanings:

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

"MSRB" means the Municipal Securities Rulemaking Board established under the Securities Exchange Act of 1934, as amended, or any successor thereto.

"Official Statement" means the final official statement of the Issuer dated March \_\_, 2023, as defined in paragraph (f)(3) of the Rule, prepared in connection with the Notes.

"Rule" means rule 15c2-12 under the Securities Exchange Act of 1934, as of the date of this Agreement.

"SEC" means the Securities and Exchange Commission on the United States, or any successor thereto.

**Section 2. Annual Financial Information.**

- (a) The Issuer agrees to provide or cause to be filed with the MSRB, in accordance with the provisions of the Rule and of this Agreement, annual financial information and operating data (commencing with information and data for the fiscal year ending June 30, 2023) as follows:
- (i) Audited financial statements as of and for each year ending on its Fiscal Year End for the general fund, capital projects funds, special revenue funds, enterprise funds, trust or agency funds, and the general long-term obligations account group prepared in accordance with generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board from time to time or mandated state statutory principles as in effect from time to time; and
  - (ii) The following financial information and operating data to the extent customarily prepared by the Issuer and publicly available and not included in the financial statements described in (i) above:
    - (A) amounts of the gross and the net taxable grand list applicable to the fiscal year,
    - (B) listing of the ten largest taxpayers on the applicable grand list, together with each such taxpayer's taxable valuation thereon,
    - (C) amount of the annual property tax levy, percentage collected and amount uncollected as of the close of the fiscal year,
    - (D) schedule of annual debt service on outstanding long-term bonded indebtedness as of the close of the fiscal year,
    - (E) calculation of total direct debt and total net direct debt (reflecting overlapping and underlying debt), as of the close of the fiscal year,
    - (F) total direct debt and total net direct debt of the Issuer per capita,
    - (G) ratios of the total direct debt and total net direct debt of the Issuer to the Issuer's net taxable grand list,
    - (H) statement of statutory debt limitation and debt margins as of the close of the fiscal year, and
    - (I) funding status of the Issuer's pension benefit obligation.
- (b) The financial information and operating data described above will be provided on or before the date eight months after the close of the Fiscal Year End for which such information is being provided. The Issuer agrees that if audited information is not available eight months after the close of any Fiscal Year End, it shall submit unaudited information by such time and will submit audited information when available.
- (c) Annual financial information and operating data may be provided in whole or in part by cross-reference to other documents previously filed with the MSRB. If the document to be referenced is a final official statement, it must be available from the MSRB. All or a portion of the financial information and operating data may be provided in the form of a comprehensive annual financial report.

- (d) The Issuer reserves the right (i) to provide financial statements which are not audited if no longer required by law, (ii) to modify from time to time the format of the presentation of such information or data, and (iii) to modify the accounting principles it follows to the extent required by law, by changes in generally accepted accounting principles, or by changes in accounting principles adopted by the Issuer; provided that the Issuer agrees that any such modification will be done in a manner consistent with the Rule.
- (e) Any filing under this Agreement shall be made by transmitting such filing to the MSRB in an electronic format as prescribed by the MSRB.

**Section 3. Listed Events.**

The Issuer agrees to provide or cause to be filed, in a timely manner, not in excess of ten business days after the occurrence of the event, notice of the occurrence of any of the following events with respect to the Notes:

- (a) principal and interest payment delinquencies;
- (b) non-payment related defaults, if material;
- (c) unscheduled draws on debt service reserves reflecting financial difficulties;
- (d) unscheduled draws on credit enhancements reflecting financial difficulties;
- (e) substitution of credit or liquidity providers, or their failure to perform;
- (f) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Notes, or other material events affecting the tax-exempt status of the Notes;
- (g) modifications to rights of holders of the Notes, if material;
- (h) bond calls, if material, and tender offers;
- (i) Defeasances;
- (j) release, substitution, or sale of property securing repayment of the Notes, if material;
- (k) rating changes;
- (l) bankruptcy, insolvency, receivership or similar event of the Issuer;
- (m) the consummation of a merger, consolidation or acquisition involving the Issuer or the sale of all the assets of Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
- (n) appointment of a successor or additional trustee or the change of name of a trustee, if material;
- (o) incurrence of a financial obligation of the Issuer, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the Issuer, any of which affect Noteholders, if material; and
- (p) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the Issuer, any of which reflect financial difficulties.

Listed event (l) includes the note related thereto contained in the Rule. For the purposes of Listed Events (o) and (p), the term "financial obligation" means: (A) a debt obligation; (B) a derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (C) a guarantee of (A) or (B). The term "financial obligation" shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

**Section 4. Notice of Failure to Provide Annual Financial Information.**

The Issuer agrees to file or cause to be filed, in a timely manner, notice of any failure by the Issuer to provide annual financial information as set forth in Section 2(a) hereof on or before the date set forth in Section 2(b) hereof.

**Section 5. Use of Agents.**

Annual financial information and operating data and notices to be filed pursuant to this Agreement may be filed by the Issuer or by any agents which may be employed by the Issuer for such purpose from time to time.

**Section 6. Termination.**

The obligations of the Issuer under this Agreement shall terminate upon the earlier of (i) payment or legal defeasance, at maturity or otherwise, of all of the Notes, or (ii) such time as the Issuer ceases to be an obligated person with respect to the Notes within the meaning of the Rule.

**Section 7. Enforcement.**

The Issuer acknowledges that the undertakings set forth in this Agreement are intended to be for the benefit of, and enforceable by, the beneficial owners from time to time of the Notes. In the event the Issuer shall fail to perform its duties hereunder, the Issuer shall have the option to cure such failure within a reasonable time (but not exceeding 30 days with respect to the undertakings set forth in Section 2 of this Agreement or five business days with respect to the undertakings set forth in Section 3 of this Agreement) from the time the Issuer's Director of Finance, or a successor, receives written notice from any beneficial owner of the Notes of such failure. The present address of the Director of Finance is: City of New London, 13 Masonic Street, New London, Connecticut 06320.

In the event the Issuer does not cure such failure within the time specified above, the beneficial owner of any Notes shall be entitled only to the remedy of specific performance. The parties expressly acknowledge and agree that no monetary damages shall arise or be payable hereunder nor shall any failure to comply with this Agreement constitute an event of default with respect to the Notes.

**Section 8. General.**

- (a) The Issuer shall have no obligation to provide or file any information, data or notices other than as set forth in this Agreement; provided, however, nothing in this Agreement shall be construed as prohibiting the Issuer from providing or filing such additional information, data or notices from time to time as it deems appropriate in connection with the Notes. If the Issuer elects to provide or file any such additional information, data or notices, the Issuer shall have no obligation under this Agreement to update or continue to provide or file further additional information, data or notices of the type so provided.
- (b) This Agreement shall be governed by the laws of the State of Connecticut.
- (c) Notwithstanding any other provision of this Agreement, the Issuer may amend this Agreement, and any provision of this Agreement may be waived, if such amendment or waiver is made in connection with a change of circumstances that arises from a change in legal requirements, a change in law, or a change in the identity, nature or status of the Issuer, and is supported by an opinion of counsel expert in federal securities laws, to the effect that (i) such amendment or waiver would not materially adversely affect the beneficial owners of the Notes, and (ii) the Agreement as so amended would have complied with the requirements of the Rule as of the date of the Agreement, taking into account any amendments or interpretations of the Rules as well as any changes in circumstances. A copy of any such amendment will be filed in a timely manner with the MSRB. The annual financial information filed on the first date following adoption of any such amendment will explain, in narrative form, the reasons for the amendment and the impact of the change in the type of operating or financial activities for the City of New London.

[Signatures to follow]

City of New London, Connecticut

By: \_\_\_\_\_  
Michael E. Passero  
Mayor

By: \_\_\_\_\_  
David McBride  
Director of Finance

[Signature page to Continuing Disclosure Agreement - Notes]

**APPENDIX D-1 – NOTICE OF SALE – THE BONDS**

**NOTICE OF SALE**

**CITY OF NEW LONDON, CONNECTICUT  
\$8,550,000  
GENERAL OBLIGATION BONDS, ISSUE OF 2023  
(TAX EXEMPT)  
(BOOK-ENTRY ONLY)**

Electronic bids (as described herein) will be received by the CITY OF NEW LONDON, CONNECTICUT (the "City") until **11:00 A.M. (E.S.T.) on**

**Thursday, March 2, 2023**

for the purchase of all, but not less than all, of the City of New London, Connecticut, \$8,550,000 General Obligation Bonds, Issue of 2023 (the "Bonds"). Electronic bids must be submitted via *PARITY*® in the manner specified below. (See "Electronic Bidding Procedures").

**The Bonds**

The Bonds will be dated March 16, 2023 and will be payable to the registered owner on March 15 in the year of their respective maturity, as further described in the Preliminary Official Statement for the Bonds dated February 17, 2023 (the "Preliminary Official Statement"). The Bonds will bear interest (which interest shall be computed on a 360-day year, twelve 30-day month basis) payable on September 15, 2023 and semiannually thereafter on March 15 and September 15 in each year until maturity at the rate or rates per annum fixed in the proposal or proposals accepted for their purchase.

The Bonds will mature on March 15 in the following amounts and years:

<u>Maturity</u>	<u>Amount</u>	<u>Maturity</u>	<u>Amount</u>
2026	\$640,000	2035	\$430,000
2027	\$805,000	2036	\$430,000
2028	\$880,000	2037	\$430,000
2029	\$375,000	2038	\$430,000
2030	\$375,000	2039	\$430,000
2031	\$375,000	2040	\$430,000
2032	\$375,000	2041	\$430,000
2033	\$425,000	2042	\$430,000
2034	\$430,000	2043	\$430,000

The Bonds maturing on or before March 15, 2030 are not subject to redemption prior to maturity. The Bonds maturing on March 15, 2031 and thereafter are subject to redemption prior to maturity, at the election of the City, on or after March 15, 2030, at any time, in whole or in part and by lot within a maturity, in such amounts and in such order of maturity as the City may determine, at the redemption price (expressed as a percentage of the principal amount of the Bonds to be redeemed), set forth in the following table, together with interest accrued and unpaid to the redemption date:

<u>Redemption Date</u>	<u>Redemption Price</u>
March 15, 2030 and thereafter	100.0%



The Bonds will be issued by means of a book-entry system with no physical distribution of bond certificates made to the public. The Bonds will be issued in registered form and bond certificates will be issued to The Depository Trust Company, New York, New York ("DTC"), registered in the name of its nominee, Cede & Co., and immobilized in its custody. A book-entry system will be employed, evidencing ownership of the Bonds in principal amounts of \$5,000 or integral multiples thereto with transfers of ownership effected on the records of DTC and its participants pursuant to rules and procedures adopted by DTC and its participants. The winning bidder, as a condition to delivery of the Bonds, will be required to deposit the bond certificates with DTC, registered in the name of Cede & Co or such other name as may be requested by an authorized representative of DTC. Principal of and interest on the Bonds will be payable by the City or its agent in same-day funds to DTC or its nominee as registered owner of the Bonds. Transfer of principal and interest payments to participants of DTC will be the responsibility of DTC; transfer of principal and interest payments to beneficial owners by participants of DTC will be the responsibility of such participants and other nominees of beneficial owners. The City will not be responsible or liable for payments by DTC to its participants or by DTC participants to beneficial owners or for maintaining, supervising or reviewing the records maintained by DTC, its participants or persons acting through such participants.

### **Nature of Obligation**

The Bonds will be general obligations of the City for payment of which the City's full faith and credit will be pledged as discussed in more detail in the Preliminary Official Statement section entitled "Security and Remedies". The Bonds are payable, unless paid from other sources, from ad valorem taxes which may be levied on all taxable property subject to taxation by the City without limitation as to rate or amount except as to classified property such as certified forest lands taxable at a limited rate and dwelling houses of qualified elderly persons of low income or of qualified disabled persons taxable at limited amounts.

### **No Bank Qualification**

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

### **Electronic Bidding Procedures**

Any prospective bidder must submit its electronic bid through the facilities of *PARITY*®. Subscription to i-Deal LLC's BiDCOMP Competitive Bidding System is required at the sole cost of the bidder in order to submit an electronic bid and the City will neither confirm any subscription nor be responsible for the failure of any prospective bidder to subscribe.

An electronic bid made through the facilities of *PARITY*® shall be deemed an irrevocable offer to purchase the Bonds on the terms provided in the Notice of Sale, shall be binding upon the bidder as if made by a signed, sealed bid delivered to the City, and upon acceptance by the City shall bind the bidder to a legally valid, binding and enforceable contract to purchase the Bonds on the terms described in this Notice of Sale. The City shall not be responsible for any malfunction or mistake made by, or as a result of the use of the facilities of, *PARITY*®, the use of such facilities being the sole risk of the prospective bidder.

If any provisions of this Notice of Sale shall conflict with information provided by *PARITY*® as the approved provider of electronic bidding services, this Notice of Sale shall control. Further information about *PARITY*®, including any fee charged, may be obtained from *PARITY*®, 1359 Broadway, 2nd Floor, New York, New York 10018, Attention: Customer Service Department (telephone: (212) 849-5021 – email notice: [parity@i-deal.com](mailto:parity@i-deal.com)).

For purposes of the electronic bidding process, the time as maintained by *PARITY*® shall constitute the official time. For information purposes only, bidders are requested to state in their electronic bids the true interest cost to the City, as described in this Notice of Sale. All bids shall be deemed to incorporate the provisions of this Notice of Sale.

## **Bid Specifications/Basis of Award**

Proposals for the purchase of the Bonds must be submitted electronically, in accordance with the requirements prescribed herein. Each bid must be for the entire \$8,550,000 of the Bonds and must specify the rate or rates of interest therefor in a multiple of 1/20 or 1/8 of 1% per annum; provided such bid shall not state (a) more than one interest rate for any Bonds having like maturity, or (b) any interest rate for any Bonds which exceeds the interest rate stated in the proposal for any other Bonds by more than 3%. Interest shall be computed on the basis of 360-day year consisting of twelve 30-day months. No bid for less than par and accrued interest will be considered. Unless all bids are rejected, the Bonds will be awarded to the bidder offering to purchase them at the lowest true interest cost. If there is more than one responsible bidder making said offer at the same lowest true interest cost, the Bonds will be sold to the responsible bidder whose proposal is selected by the City by lot from among all such proposals.

True interest cost will be the annual interest rate, compounded semiannually, which, when used to discount all payments of principal and interest payable on the Bonds to March 16, 2023, the dated date of the Bonds, results in an amount equal to the purchase price of the Bonds, excluding interest accrued to the date of delivery of the Bonds. It is requested that each bid be accompanied by a statement of the percentage of true interest cost computed and rounded to six decimal places. The Bonds will be awarded or all bids will be rejected promptly after the bid opening, but not later than 4:30 P.M. (E.D.T.) on March 2, 2023. The purchase price must be paid in Federal funds.

The City reserves the right to reject any and all bids and to waive any irregularity or informality with respect to any bid. The City further reserves the right to postpone the sale to another time and date in its sole and absolute discretion for any reason, including, without limitation, internet difficulties. The City will use its best efforts to notify prospective bidders in a timely manner of any need for a postponement. If the sale is postponed, an alternative bid date will be published on Bloomberg at least 48 hours prior to such alternative bid date. Upon the establishment of an alternative bid date, any bidder may submit proposals for the purchase of the Bonds in accordance with the provisions of this Notice of Sale.

By submitting a bid for the Bonds, the bidder represents and warrants to the City that such bidder's bid for the Bonds is submitted for and on behalf of such prospective bidder by an officer or agent who is duly authorized to bind the prospective bidder by an irrevocable offer and that acceptance of such bid by the City will bind the bidder by a legal, valid and enforceable contract for the purchase of the Bonds on the terms described in this Notice of Sale.

## **Closing Documents and Legal Opinion**

The Bonds will be certified by U.S. Bank Trust Company, National Association, of Hartford, Connecticut. U.S. Bank Trust Company, National Association will act as Paying Agent and Registrar. The legality of the issue will be passed upon by Tobin, Carberry, O'Malley, Riley & Selinger, P.C., of New London, Connecticut, Bond Counsel to the City, and the winning bidders will be furnished with their opinion without charge. Each winning bidder will also be furnished with a Signature and No Litigation Certificate, a receipt of payment satisfactory in form to Bond Counsel, a signed copy of the Official Statement prepared for this sale, a certificate signed by the appropriate officials of the City relating to the accuracy and completeness of information contained in the Official Statement, and an executed Continuing Disclosure Agreement.

The legal opinion will further state that, under existing statutes and court decisions (i) interest on the Bonds is excluded from gross income for Federal income tax purposes, (ii) such interest is not treated as an item of tax preference for purposes of computing the Federal alternative minimum tax; however, such interest is taken into account in determining the adjusted financial statement income of certain corporations for the purpose of computing the federal alternative minimum tax imposed on such corporations for tax years beginning after December 31, 2022, (iii) under existing statutes, interest on the Bonds is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates, and (iv) such interest is excluded from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay Federal alternative minimum tax. In rendering the legal opinion, Bond Counsel will rely upon and assume the material accuracy of the representations and statements of expectation contained in the Arbitrage and Use of Proceeds Certificate entered into by the City for the benefit of the owners of the Bonds, and further, will assume compliance by the City with the covenants and procedures set forth in such Arbitrage and Use of Proceeds Certificate. A signed opinion and transcript of proceedings will be filed with U.S. Bank Trust Company, National Association, of Hartford, Connecticut, and will be available for examination upon request.

## Obligation to Deliver Issue Price Certificate

(a) The winning bidder shall assist the City in establishing the issue price of the Bonds and shall execute and deliver to the City at Closing an "issue price" or similar certificate setting forth the reasonably expected initial offering price to the public or the sales price or prices of the Bonds, together with the supporting pricing wires or equivalent communications, substantially in the form attached hereto, with such modifications as may be appropriate or necessary, in the reasonable judgment of the winning bidder, the City and Bond Counsel. All actions to be taken by the City under this Notice of Sale to establish the issue price of the Bonds may be taken on behalf of the City by the City's municipal advisor identified herein and any notice or report to be provided to the City may be provided to the City's municipal advisor.

(b) The City intends that the provisions of Treasury Regulation Section 1.148-1(f)(3)(i) (defining "competitive sale" for purposes of establishing the issue price of the Bonds) will apply to the initial sale of the Bonds (the "competitive sale requirements") because:

- (1) the City shall disseminate this Notice of Sale to potential underwriters in a manner that is reasonably designed to reach potential underwriters;
- (2) all bidders shall have an equal opportunity to bid;
- (3) the City will receive bids from at least three underwriters of municipal bonds who have established industry reputations for underwriting new issuances of municipal bonds; and
- (4) the City anticipates awarding the sale of the Bonds to the bidder who submits a firm offer to purchase the Bonds at the lowest interest cost, as set forth in this Notice of Sale.

Any bid submitted pursuant to this Notice of Sale shall be considered a firm offer for the purchase of the Bonds, as specified in the bid.

(c) In the event that the competitive sale requirements are not satisfied, the City shall so advise the winning bidder. In such event, the City may elect to treat (i) the first price at which ten percent (10%) of each maturity of the Bonds (the "10% test") is actually sold to the public as the issue price of that maturity and/or (ii) the initial offering price to the public as of the sale date of the Bonds as the issue price of that maturity (the "hold-the-offering-price rule"). The winning bidder shall advise the City if the Bonds satisfy the 10% test as of the date and time of the award of the Bonds. The City shall promptly advise the winning bidder, at or before the time of award of the Bonds, whether Bonds of a maturity that do not meet the 10% test, thereafter shall be subject to the 10% test or shall be subject to the hold-the-offering-price rule. **Bids will not be subject to cancellation in the event that the City determines to apply the hold-the-offering-price rule to the Bonds. Bidders should prepare their bids on the assumption that all of the maturities of the Bonds will be subject to the hold-the-offering-price rule in order to establish the issue price of the Bonds.**

(d) If the competitive sale requirements are not satisfied, and the City does not elect to apply the hold-the-offering-price rule, then until the 10% test has been satisfied as to the Bonds, the winning bidder agrees to promptly report to the City the prices at which the Bonds have been sold to the public. That reporting obligation shall continue, whether or not the Closing Date has occurred, until the 10% test has been satisfied as to the Bonds or until all Bonds have been sold to the public.

(e) If the competitive sale requirements are not satisfied and the City elects to apply the hold-the-offering-price rule, by submitting a bid, the winning bidder shall (i) confirm that the underwriters have offered or will offer the Bonds to the public on or before the date of the award at the offering price ("the initial offering price"), or at the corresponding yield, set forth in the bid submitted by the winning bidder, and (ii) agree, on behalf of the underwriters participating in the purchase of the Bonds, that the underwriters will neither offer nor sell unsold Bonds to which the hold-the-offering-price rule shall apply to any person at a price that is higher than the initial offering price to the public during the period starting on the sale date and ending on the earlier of the following:

- (1) The close of the fifth (5th) business day after the sale date; or
- (2) The date on which the underwriters have sold at least 10% of the Bonds to the public at a price that is no higher than the initial offering price to the public.

The winning bidder shall promptly advise the City when the underwriters have sold 10% of the Bonds to the public at prices that are no higher than the initial offering price to the public, if that occurs prior to the close of the fifth (5<sup>th</sup>) business date after the sale date.

(f) By submitting a bid, each bidder confirms that: (i) any agreement among underwriters, any selling group agreement and each retail distribution agreement (to which the bidder is a party) relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each underwriter, each dealer who is a member of the selling group, and each broker-dealer that is a party to such retail distribution agreement, as applicable, to (A) report the prices at which it sells to the public the unsold Bonds allotted to it until it is notified by the winning bidder that either the 10% test has been satisfied as to the Bonds or all Bonds have been sold to the public and (B) comply with the hold-the-offering-price rule, if applicable, in each case if and for so long as directed by the winning bidder and as set forth in the related pricing wires, and (ii) any agreement among underwriters relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each underwriter that is a party to a retail distribution agreement to be employed in connection with the initial sale of the Bonds to the public to require each broker-dealer that is a party to such retail distribution agreement to (A) report the prices at which it sells to the public the Bonds until it is notified by the winning bidder or such underwriter that either the 10% test has been satisfied as to the Bonds or all Bonds have been sold to the public, and (B) comply with the hold-the-offering-price rule, if applicable, in each case if and for so long as directed by the winning bidder or such underwriter and as set forth in the related pricing wires. The City acknowledges that each underwriter shall be solely liable for its failure to comply with its agreement regarding the hold-the-offering-price rule and that no underwriter shall be liable for the failure of any other underwriter, or of any dealer who is a member of a selling group, or any broker-dealer that is a party to a retail distribution agreement to comply with its corresponding agreement regarding the hold-the-offering-price rule as applicable to the Bonds.

(g) Sales of any Bonds to any person that is a related party to an underwriter shall not constitute sales to the public for purposes of this Notice of Sale. Further, for purposes of this Notice of Sale:

- (i) "public" means any person other than an underwriter or a related party,
- (ii) "underwriter" means (A) any person that agrees pursuant to a written contract with the City (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the public and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the Bonds to the public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the public),
- (iii) a purchaser of any of the Bonds is a "related party" to an underwriter if the underwriter and the purchaser are subject, directly or indirectly, to (i) at least 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (ii) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (iii) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other), and
- (iv) "sale date" means the date that the Bonds are awarded by the City to the winning bidder.

### **Continuing Disclosure**

The City will enter into a Continuing Disclosure Agreement for the Bonds in accordance with the requirements of Rule 15c2-12(b)(5), promulgated by the Securities and Exchange Commission, to provide (i) certain annual financial information and operating data, including audited financial statements; (ii) timely notice of the occurrence of certain events with respect to the Bonds; and (iii) timely notice of its failure to provide such annual financial information. The winning bidder's obligation to purchase the Bonds shall be conditioned upon its receiving, at or prior to the delivery of the Bonds, an executed copy of the Continuing Disclosure Agreement for the Bonds.

## Settlement of the Bonds

It is anticipated that the Bonds will be delivered to DTC in New York City on or about March 16, 2023. The deposit of the Bonds with DTC under a book-entry system requires the assignment of CUSIP numbers prior to delivery. It shall be the responsibility of the winning bidder to obtain CUSIP numbers for the Bonds prior to delivery, and the City will not be responsible for any delay occasioned by the inability to deposit the Bonds with DTC due to the failure of the winning bidder to obtain such numbers and to supply them to the City in a timely manner. Neither the failure to print such CUSIP number on any bond, nor any error with respect thereto, shall constitute cause for a failure or refusal by the purchaser thereto to accept delivery of and pay for the Bonds. The City assumes no responsibility for any CUSIP Service Bureau charge or other charge that may be imposed for the assignment of such numbers, which charges shall be the responsibility of and shall be paid by the purchaser.

The Preliminary Official Statement is in a form "deemed final" by the City for purposes of SEC Rule 15c2-12(b)(1). The winning bidder will be furnished 15 copies of the Official Statement prepared for the Bonds at the City's expense. Additional copies may be obtained by the winning bidder at its own expense by arrangement with the printer. The copies of the Official Statement will be made available to the winning bidder no later than seven business days after the bid opening. If the City's financial advisor is provided with the necessary information from the winning bidder by noon of the day after the bid opening, the copies of the Official Statement will include an additional cover page and other pages, if necessary, indicating the interest rate, rating, yields or reoffering prices, the name of the managing underwriter, and the name of the insurer, if any, of the Bonds.

## Related Information

For more information regarding this issue and the City, reference is made to the Preliminary Official Statement. Copies of the Preliminary Official Statement containing financial information and pertinent information relating to the issuance, sale and security of the Bonds, may be obtained from the undersigned, or from Office of Munistat Services, Inc., 129 Samson Park Drive, Suite A, Madison, Connecticut 06443, (203) 421-2087.

CITY OF NEW LONDON, CONNECTICUT

By: \_\_\_\_\_  
David F. McBride, Jr.  
Director of Finance

February \_\_, 2023

**\$8,550,000**  
**CITY OF NEW LONDON, CONNECTICUT**  
**GENERAL OBLIGATION BONDS, ISSUE OF 2023**  
**CERTIFICATE WITH RESPECT TO "ISSUE PRICE"**

The undersigned, on behalf of [NAME OF UNDERWRITER/REPRESENTATIVE] ("[SHORT NAME OF UNDERWRITER]") [(the "Representative") on behalf of itself and [NAMES OF OTHER UNDERWRITERS] (together, the "Underwriting Group")], hereby certifies as set forth below with respect to the sale and issuance of the above-captioned, single maturity obligations (the "Bonds").

*Select appropriate provisions below*

1. *[Alternative 1-Competitive Sale Rule Applies] Reasonably Expected Initial Offering Price.*

(a) As of the Sale Date, the reasonably expected initial offering price of the Bonds to the Public by [SHORT NAME OF UNDERWRITER] [the Representative] is \$\_\_\_\_\_ (the "Expected Offering Price"). The Expected Offering Price is the price for the Bonds used by [SHORT NAME OF UNDERWRITER] [the Representative] in formulating its bid to purchase the Bonds. Attached as Schedule A is a true and correct copy of the bid provided by [SHORT NAME OF UNDERWRITER] [the Representative] to purchase the Bonds.

(b) [SHORT NAME OF UNDERWRITER] [the Representative] was not given the opportunity to review other bids prior to submitting its bid

(c) The bid submitted by [SHORT NAME OF UNDERWRITER] constituted a firm offer to purchase the Bonds.

1. *[Alternative 2-Bonds sold under General Rule] Sale of the Bonds.* As of the date of this certificate, the first price at which at least 10% of the Bonds was sold to the Public is \$\_\_\_\_\_.

1. *[Alternative 3-Hold the Offering Price Rule Applies] Hold the Offering Price of the Bonds.*

(a) [SHORT NAME OF UNDERWRITER][The Underwriting Group] offered the Bonds to the Public for purchase at the initial offering price of \$\_\_\_\_\_ (the "Initial Offering Price") on or before the Sale Date. A copy of the pricing wire or equivalent communication for the Bonds is attached to this certificate as Schedule B.

(b) As set forth in the Notice of Sale and bid award, [SHORT NAME OF UNDERWRITER][the members of the Underwriting Group] [has][have] agreed in writing that, (i) [it][they] would neither offer nor sell any of the Bonds to any person at a price that is higher than the Initial Offering Price during the Holding Period (the "hold-the-offering-price rule"), and (ii) any selling group agreement shall contain the agreement of each dealer who is a member of the selling group, and any retail distribution agreement shall contain the agreement of each broker-dealer who is a party to the retail distribution agreement, to comply with the hold-the-offering-price rule. Pursuant to such agreement, no Underwriter (as defined below) has offered or sold the Bonds at a price that is higher than the respective Initial Offering Price for the Bonds during the Holding Period.

2. *Defined Terms.*

(a) *City* means the City of New London, Connecticut.

(b) *Maturity* means Bonds with the same credit and payment terms. Bonds with different maturity dates, or with the same maturity date but different stated interest rates, would be treated as separate Maturities.

(c) *Public* means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term "related party" for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

(d) *Sale Date* means the first day on which there is a binding contract in writing for the sale of the Bonds. The Sale Date of the Bonds is March 2, 2023.

(e) *Underwriter* means (i) any person that agrees pursuant to a written contract with the City (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

[Use with Alternative 3

(f) *Holding Period* means the period starting on the Sale Date and ending on the earlier of (i) the close of the fifth business day after the Sale Date ([DATE]), or (ii) the date on which the [SHORT NAME OF UNDERWRITER][the Underwriters] [has][have] sold at least 10% of the Bonds to the Public at prices that are no higher than the Initial Offering Price.]

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents [SHORT NAME OF UNDERWRITER] [THE REPRESENTATIVE]'s interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the City with respect to certain of the representations set forth in the Arbitrage and Tax Certificate and with respect to compliance with the federal income tax rules affecting the Bonds, and by Tobin, Carberry, O'Malley, Riley & Selinger, P.C., Bond Counsel, in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the City from time to time relating to the Bonds.

Dated: [Closing Date]

[UNDERWRITER]

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_



## APPENDIX D-2 – NOTICES OF SALE – THE NOTES

### NOTICE OF SALE

**CITY OF NEW LONDON, CONNECTICUT**  
**\$30,460,000**  
**GENERAL OBLIGATION BOND ANTICIPATION NOTES**

(BOOK-ENTRY ONLY)

Electronic bids (as described herein) will be received by the CITY OF NEW LONDON, CONNECTICUT (the "City"), until **11:30 A.M. (E.S.T.) on**

**Thursday, March 2, 2023**

for the purchase of the City of New London, Connecticut, \$30,460,000 General Obligation Bond Anticipation Notes (the "Notes"). Electronic bids must be submitted via *PARITY*® in the manner specified below. (See "Electronic Bidding Procedures").

#### **The Notes**

The Notes will be dated March 16, 2023 and will be payable to the registered owner on March 15, 2024, as further described in the Preliminary Official Statement for the Notes dated February 17, 2023 (the "Preliminary Official Statement"). The Notes will bear interest (which interest shall be computed on a 360-day year, twelve 30-day month basis) payable at maturity at the rate or rates per annum fixed in the proposal or proposals accepted for their purchase, which rates shall be in multiples of 1/1000 of 1% per annum.

The Notes are not subject to redemption prior to maturity.

The Notes will be issued by means of a book-entry system with no physical distribution of note certificates made to the public. The Notes will be issued in registered form and one note certificate will be issued to The Depository Trust Company, New York, New York ("DTC"), registered in the name of its nominee, Cede & Co., and immobilized in its custody. A book-entry system will be employed, evidencing ownership of the Notes in principal amounts of \$5,000 or integral multiples thereto with transfers of ownership effected on the records of DTC and its participants pursuant to rules and procedures adopted by DTC and its participants. The winning bidder, as a condition to delivery of the Notes, will be required to deposit the note certificate with DTC, registered in the name of Cede & Co. or such other name as may be requested by an authorized representative of DTC. Principal of and interest on the Notes will be payable by the City or its agent in same-day funds to DTC or its nominee as registered owner of the Notes. Transfer of principal and interest payments to participants of DTC will be the responsibility of DTC; transfer of principal and interest payments to beneficial owners by participants of DTC will be the responsibility of such participants and other nominees of beneficial owners. The City will not be responsible or liable for payments by DTC to its participants or by DTC participants to beneficial owners or for maintaining, supervising or reviewing the records maintained by DTC, its participants or persons acting through such participants.

#### **Nature of Obligation**

The Notes will be general obligations of the City for payment of which the City's full faith and credit will be pledged as discussed in more detail in the Preliminary Official Statement section entitled "Security and Remedies". The Notes are payable, unless paid from other sources, from ad valorem taxes which may be levied on all taxable property subject to taxation by the City without limitation as to rate or amount except as to classified property such as certified forest lands taxable at a limited rate and dwelling houses of qualified elderly persons of low income or of qualified disabled persons taxable at limited amounts.

#### **No Bank Qualification**

The Notes shall NOT be designated by the City as qualified tax-exempt obligations under the provisions of Section 265(b) of the Internal Revenue Code of 1986, as amended, for purposes of the deduction by financial institutions for interest expense allocable to the Notes.

## **Electronic Bidding Procedures**

Any prospective bidder intending to submit an electronic bid must submit its electronic bid through the facilities of *PARITY*®. Subscription to i-Deal LLC's BiDCOMP Competitive Bidding System is required at the sole cost of the bidder in order to submit an electronic bid and the City will neither confirm any subscription nor be responsible for the failure of any prospective bidder to subscribe.

An electronic bid made through the facilities of *PARITY*® shall be deemed an irrevocable offer to purchase the Notes on the terms provided in the Notice of Sale, shall be binding upon the bidder as if made by a signed, sealed bid delivered to the City, and upon acceptance by the City shall bind the bidder to a legally valid, binding and enforceable contract to purchase the Notes on the terms described in this Notice of Sale. The City shall not be responsible for any malfunction or mistake made by, or as a result of the use of the facilities of, *PARITY*®, the use of such facilities being the sole risk of the prospective bidder.

If any provisions of this Notice of Sale shall conflict with information provided by *PARITY*® as the approved provider of electronic bidding services, this Notice of Sale shall control. Further information about *PARITY*®, including any fee charged, may be obtained from *PARITY*®, 1359 Broadway, 2nd Floor, New York, New York 10018, Attention: Customer Service Department (telephone: (212) 849-5021 – email notice: parity@i-deal.com).

For purposes of the electronic bidding process, the time as maintained by *PARITY*® shall constitute the official time. For information purposes only, bidders are requested to state in their electronic bids the net interest cost to the City, as described in this Notice of Sale. All bids shall be deemed to incorporate the provisions of this Notice of Sale.

## **Bid Specifications/Basis of Award**

Proposals for the purchase of the Notes must be submitted electronically, in accordance with the requirements prescribed herein. A proposal may be for all or any part of the Notes but any proposal for a part must be for not less than \$100,000, or a whole multiple thereof, except that one such proposal for a part may include the odd \$160,000, and a separate proposal will be required for each part of the Notes for which a separate interest rate is bid. As between proposals resulting in the same lowest net interest cost (rounded to six decimal places) to the City, the award will be made on the basis of the highest principal amount of the Notes specified. No bid for less than par and accrued interest, if any, will be considered and the City reserves the right to award to any bidder all or any part of the Notes bid for in its proposal. If a bidder is awarded only a part of the Notes bid for in its proposal, any premium offered in such proposal will be proportionately reduced so that the resulting net interest cost to the City with respect to the Notes awarded is the same as the contained in the bidder's proposal with respect to the entire amount bid, rounded to six decimal places. The Notes will be awarded or all bids will be rejected promptly after the bid opening, but not later than 4:30 P.M. (E.D.T.) on March 2, 2023. The purchase price must be paid in Federal funds.

The City reserves the right to reject any and all bids and to waive any irregularity or informality with respect to any bid. The City further reserves the right to postpone the sale to another time and date in its sole and absolute discretion for any reason, including, without limitation, internet difficulties. The City will use its best efforts to notify prospective bidders in a timely manner of any need for a postponement. Unless rejected or postponed, the Notes will be awarded to the bidder or bidders offering to purchase the Notes at the lowest net interest cost, computed as to each interest rate stated by adding the total interest which will be paid at such rate and deducting therefrom the premium offered, if any. It is requested that each proposal be accompanied by a statement of the percentage of net interest cost; such statement shall not be considered part of the proposal.

By submitting a bid for the Notes, the bidder represents and warrants to the City that such bidder's bid for the Notes is submitted for and on behalf of such prospective bidder by an officer or agent who is duly authorized to bind the prospective bidder by an irrevocable offer and that acceptance of such bid by the City will bind the bidder by a legal, valid and enforceable contract for the purchase of the Notes on the terms described in this Notice of Sale.

## **Closing Documents and Legal Opinion**

The Notes will be certified by U.S. Bank Trust Company, National Association, of Hartford, Connecticut. U.S. Bank Trust Company, National Association will act as Paying Agent and Registrar. The legality of the issue will be passed upon by Tobin, Carberry, O'Malley, Riley & Selinger, P.C., of New London, Connecticut, Bond Counsel to the City, and the winning bidders will be furnished with their opinion without charge. Each winning bidder will also be furnished with a Signature and No Litigation Certificate, a receipt of payment satisfactory in form to Bond Counsel, a signed copy of the Official Statement prepared for this sale, a certificate signed by the appropriate officials of the City relating to the accuracy and completeness of information contained in the Official Statement, and an executed Continuing Disclosure Agreement.

The legal opinion will further state that, under existing statutes and court decisions (i) interest on the Notes is excluded from gross income for Federal income tax purposes, (ii) such interest is not treated as an item of tax preference for purposes of computing the Federal alternative minimum tax; however, such interest is taken into account in determining the adjusted financial statement income of certain corporations for the purpose of computing the federal alternative minimum tax imposed on such corporations for tax years beginning after December 31, 2022, (iii) under existing statutes, interest on the Notes is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates, and (iv) such interest is excluded from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay Federal alternative minimum tax. In rendering the legal opinion, Bond Counsel will rely upon and assume the material accuracy of the representations and statements of expectation contained in the Arbitrage and Use of Proceeds Certificate entered into by the City for the benefit of the owners of the Notes, and further, will assume compliance by the City with the covenants and procedures set forth in such Arbitrage and Use of Proceeds Certificate. A signed opinion and transcript of proceedings will be filed with U.S. Bank Trust Company, National Association, of Hartford, Connecticut, and will be available for examination upon request.

### **Obligation to Deliver Issue Price Certificate**

(a) The winning bidder shall assist the City in establishing the issue price of the Notes and shall execute and deliver to the City at Closing an "issue price" or similar certificate setting forth the reasonably expected initial offering price to the public or the sales price or prices of the Notes, together with the supporting pricing wires or equivalent communications, substantially in the form attached hereto, with such modifications as may be appropriate or necessary, in the reasonable judgment of the winning bidder, the City and Bond Counsel. All actions to be taken by the City under this Notice of Sale to establish the issue price of the Notes may be taken on behalf of the City by the City's municipal advisor identified herein and any notice or report to be provided to the City may be provided to the City's municipal advisor.

(b) The City intends that the provisions of Treasury Regulation Section 1.148-1(f)(3)(i) (defining "competitive sale" for purposes of establishing the issue price of the Notes) will apply to the initial sale of the Notes (the "competitive sale requirements") because:

- (1) the City shall disseminate this Notice of Sale to potential underwriters in a manner that is reasonably designed to reach potential underwriters;
- (2) all bidders shall have an equal opportunity to bid;
- (3) the City will receive bids from at least three underwriters of municipal bonds who have established industry reputations for underwriting new issuances of municipal bonds; and
- (4) the City anticipates awarding the sale of the Notes to the bidder who submits a firm offer to purchase the Notes at the lowest interest cost, as set forth in this Notice of Sale.

Any bid submitted pursuant to this Notice of Sale shall be considered a firm offer for the purchase of the Notes, as specified in the bid.

(c) In the event that the competitive sale requirements are not satisfied, the City shall so advise the winning bidder. In such event, the City may elect to treat (i) the first price at which ten percent (10%) of Notes (the "10% test") is actually sold to the public as the issue price of that maturity and/or (ii) the initial offering price to the public as of the sale date of the Notes as the issue price of that maturity (the "hold-the-offering-price rule"). The winning bidder shall advise the City if the Notes satisfy the 10% test as of the date and time of the award of the Notes. The City shall promptly advise the winning bidder, at or before the time of award of the Notes, whether Notes shall be subject to the 10% test or shall be subject to the hold-the-offering-price rule. **Bids will not be subject to cancellation in the event that the City determines to apply the hold-the-offering-price rule to the Notes. Bidders should prepare their bids on the assumption that the Notes will be subject to the hold-the-offering-price rule in order to establish the issue price of the Notes.**

(d) If the competitive sale requirements are not satisfied, and the City does not elect to apply the hold-the-offering-price rule, then until the 10% test has been satisfied as to the Notes, the winning bidder agrees to promptly report to the City the prices at which the Notes have been sold to the public. That reporting obligation shall continue, whether or not the Closing Date has occurred, until the 10% test has been satisfied as to the Notes or until all Notes have been sold to the public.

(e) If the competitive sale requirements are not satisfied and the City elects to apply the hold-the-offering-price rule, by submitting a bid, the winning bidder shall (i) confirm that the underwriters have offered or will offer the Notes to the Public on or before the date of the award at the offering price ("the initial offering price"), or at the corresponding yield, set forth in the bid submitted by the winning bidder, and (ii) agree, on behalf of the underwriters participating in the purchase of the Notes, that the underwriters will neither offer nor sell unsold Notes to which the hold-the-offering-price rule shall apply to any person at a price that is higher than the initial offering price to the public during the period starting on the sale date and ending on the earlier of the following:

- (1) The close of the fifth (5th) business day after the sale date; or
- (2) The date on which the underwriters have sold at least 10% of the Notes to the public at a price that is no higher than the initial offering price to the public.

The winning bidder shall promptly advise the City when the underwriters have sold 10% of the Notes to the public at prices that are no higher than the initial offering price to the public, if that occurs prior to the close of the fifth (5<sup>th</sup>) business date after the sale date.

(f) By submitting a bid, each bidder confirms that: (i) any agreement among underwriters, any selling group agreement and each retail distribution agreement (to which the bidder is a party) relating to the initial sale of the Notes to the public, together with the related pricing wires, contains or will contain language obligating each underwriter, each dealer who is a member of the selling group, and each broker-dealer that is a party to such retail distribution agreement, as applicable, to (A) report the prices at which it sells to the public the unsold Notes allotted to it until it is notified by the winning bidder that either the 10% test has been satisfied as to the Notes or all Notes have been sold to the public and (B) comply with the hold-the-offering-price rule, if applicable, in each case if and for so long as directed by the winning bidder and as set forth in the related pricing wires, and (ii) any agreement among underwriters relating to the initial sale of the Notes to the public, together with the related pricing wires, contains or will contain language obligating each underwriter that is a party to a retail distribution agreement to be employed in connection with the initial sale of the Notes to the public to require each broker-dealer that is a party to such retail distribution agreement to (A) report the prices at which it sells to the public the Notes until it is notified by the winning bidder or such underwriter that either the 10% test has been satisfied as to the Notes or all Notes have been sold to the public, and (B) comply with the hold-the-offering-price rule, if applicable, in each case if and for so long as directed by the winning bidder or such underwriter and as set forth in the related pricing wires. The City further acknowledges that each underwriter shall be solely liable for its failure to comply with its agreement regarding the hold-the-offering-price rule and that no underwriter shall be liable for the failure of any other underwriter, or of any dealer who is a member of a selling group, or any broker-dealer that is a party to a retail distribution agreement to comply with its corresponding agreement regarding the hold-the-offering-price rule as applicable to the Notes.

(g) Sales of any Notes to any person that is a related party to an underwriter shall not constitute sales to the public for purposes of this Notice of Sale. Further, for purposes of this Notice of Sale:

- (i) "public" means any person other than an underwriter or a related party,
- (ii) "underwriter" means (A) any person that agrees pursuant to a written contract with the City (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Notes to the public and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the Notes to the public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Notes to the public),
- (iii) a purchaser of any of the Notes is a "related party" to an underwriter if the underwriter and the purchaser are subject, directly or indirectly, to (i) at least 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (ii) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (iii) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other), and

(iv) "sale date" means the date that the Notes are awarded by the City to the winning bidder.

### **Continuing Disclosure**

The City will enter into a Continuing Disclosure Agreement for the Notes entered into in accordance with the requirements of Rule 15c2-12(b)(5), promulgated by the Securities and Exchange Commission, to provide (i) certain annual financial information and operating data, including audited financial statements; (ii) timely notice of the occurrence of certain events with respect to the Notes; and (iii) timely notice of its failure to provide such annual financial information. The winning bidder's obligation to purchase the Notes shall be conditioned upon its receiving, at or prior to the delivery of the Notes, an executed copy of the Continuing Disclosure Agreement for the Notes.

### **Settlement of the Notes**

It is anticipated that the Notes will be delivered to DTC in New York City on or about March 16, 2023. The deposit of the Notes with DTC under a book-entry system requires the assignment of CUSIP numbers prior to delivery. It shall be the responsibility of the winning bidder to obtain CUSIP numbers for the Notes prior to delivery, and the City will not be responsible for any delay occasioned by the inability to deposit the Notes with DTC due to the failure of the winning bidder to obtain such numbers and to supply them to the City in a timely manner. Neither the failure to print such CUSIP number on any note, nor any error with respect thereto, shall constitute cause for a failure or refusal by the purchaser thereto to accept delivery of and pay for the Notes. The City assumes no responsibility for any CUSIP Service Bureau charge or other charge that may be imposed for the assignment of such numbers, which charges shall be the responsibility of and shall be paid by the purchaser.

The Preliminary Official Statement is in a form "deemed final" by the City for purposes of SEC Rule 15c2-12(b)(1). The winning bidder will be furnished 10 copies of the Official Statement prepared for the Notes at the City's expense. Additional copies may be obtained by the winning bidder at its own expense by arrangement with the printer. The copies of the Official Statement will be made available to the winning bidder no later than seven business days after the bid opening. If the City's financial advisor is provided with the necessary information from the winning bidder by noon of the day after the bid opening, the copies of the Official Statement will include an additional cover page and other pages, if necessary, indicating the interest rate, rating, yields or reoffering prices, the name of the managing underwriter, and the name of the insurer, if any, of the Notes.

### **Related Information**

For more information regarding this issue and the City, reference is made to the Preliminary Official Statement. Copies of the Preliminary Official Statement containing financial information and pertinent information relating to the issuance, sale and security of the Notes, may be obtained from the undersigned, or from Munistat Services, Inc., 129 Samson Rock Drive, Suite A, Madison, Connecticut 06443, (203) 421-2087.

CITY OF NEW LONDON, CONNECTICUT

By: \_\_\_\_\_  
David F. McBride, Jr.  
Director of Finance

February \_\_, 2023

**30,460,000**  
**CITY OF NEW LONDON, CONNECTICUT**  
**GENERAL OBLIGATION BOND ANTICIPATION NOTES**  
**CERTIFICATE WITH RESPECT TO "ISSUE PRICE"**

The undersigned, on behalf of [NAME OF UNDERWRITER/REPRESENTATIVE] ("[SHORT NAME OF UNDERWRITER]") [(the "Representative") on behalf of itself and [NAMES OF OTHER UNDERWRITERS] (together, the "Underwriting Group")], hereby certifies as set forth below with respect to the sale and issuance of the above-captioned, single maturity obligations (the "Notes").

*Select appropriate provisions below*

1. *[Alternative 1-Competitive Sale Rule Applies] Reasonably Expected Initial Offering Price.*

(a) As of the Sale Date, the reasonably expected initial offering price of the Notes to the Public by [SHORT NAME OF UNDERWRITER] [the Representative] is \$\_\_\_\_\_ (the "Expected Offering Price"). The Expected Offering Price is the price for the Notes used by [SHORT NAME OF UNDERWRITER] [the Representative] in formulating its bid to purchase the Notes. Attached as Schedule A is a true and correct copy of the bid provided by [SHORT NAME OF UNDERWRITER] [the Representative] to purchase the Notes.

(b) [SHORT NAME OF UNDERWRITER] [the Representative] was not given the opportunity to review other bids prior to submitting its bid

(c) The bid submitted by [SHORT NAME OF UNDERWRITER] constituted a firm offer to purchase the Notes.

1. *[Alternative 2-Notes sold under General Rule] Sale of the Notes.* As of the date of this certificate, the first price at which at least 10% of the Notes was sold to the Public is \$\_\_\_\_\_.

1. *[Alternative 3-Hold the Offering Price Rule Applies] Hold the Offering Price of the Notes.*

(a) [SHORT NAME OF UNDERWRITER][The Underwriting Group] offered the Notes to the Public for purchase at the initial offering price of \$\_\_\_\_\_ (the "Initial Offering Price") on or before the Sale Date. A copy of the pricing wire or equivalent communication for the Notes is attached to this certificate as Schedule B.]

(b) As set forth in the Notice of Sale and bid award, [SHORT NAME OF UNDERWRITER][the members of the Underwriting Group] [has][have] agreed in writing that, (i) [it][they] would neither offer nor sell any of the Notes to any person at a price that is higher than the Initial Offering Price during the Holding Period (the "hold-the-offering-price rule"), and (ii) any selling group agreement shall contain the agreement of each dealer who is a member of the selling group, and any retail distribution agreement shall contain the agreement of each broker-dealer who is a party to the retail distribution agreement, to comply with the hold-the-offering-price rule. Pursuant to such agreement, no Underwriter (as defined below) has offered or sold the Notes at a price that is higher than the respective Initial Offering Price for the Notes during the Holding Period.

2. *Defined Terms.*

(a) *City* means the City of New London, Connecticut.

(b) *Maturity* means Notes with the same credit and payment terms. Notes with different maturity dates, or with the same maturity date but different stated interest rates, would be treated as separate Maturities.

(c) *Public* means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term "related party" for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

(d) *Sale Date* means the first day on which there is a binding contract in writing for the sale of the Notes. The Sale Date of the Notes is March 2, 2023.

(e) *Underwriter* means (i) any person that agrees pursuant to a written contract with the City (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Notes to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Notes to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Notes to the Public).

[Use with Alternative 3

(e)  *Holding Period*  means the period starting on the Sale Date and ending on the earlier of (i) the close of the fifth business day after the Sale Date ([DATE]), or (ii) the date on which the [SHORT NAME OF UNDERWRITER][the Underwriters] [has][have] sold at least 10% of the Notes to the Public at prices that are no higher than the Initial Offering Price.]

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents [SHORT NAME OF UNDERWRITER] [THE REPRESENTATIVE]'s interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the City with respect to certain of the representations set forth in the Arbitrage and Tax Certificate and with respect to compliance with the federal income tax rules affecting the Notes, and by Tobin, Carberry, O'Malley, Riley & Selinger, P.C., Bond Counsel, in connection with rendering its opinion that the interest on the Notes is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the City from time to time relating to the Notes.

Dated: [Closing Date]

[UNDERWRITER]

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_