

# Preliminary Official Statement Dated February 13, 2026

## NEW ISSUE - Book Entry Only

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

*In the opinion of Bond Counsel to the City ("Bond Counsel"), under existing statutes and court decisions and assuming the accuracy of and continuing compliance by the City with certain representations, covenants and procedures described herein, (i) interest on the Bonds and interest on 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) such interest is not treated as a preference item in calculating the federal alternative minimum tax imposed on individuals under the Code. Interest on the Bonds and interest on the Notes, however, may be subject to the alternative minimum tax imposed under Section 55(b) of the Code on "applicable corporations" (within the meaning of Section 59(k) of the Code). (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.)*

*In the further opinion of Bond Counsel, under existing statutes, (i) interest on the Bonds and interest on the Notes is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates, and (ii) interest on the Bonds 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. (See "Section I – Tax Matters" herein).*

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

### ***\$12,500,000 GENERAL OBLIGATION BONDS, ISSUE OF 2026 (the "Bonds")***

**Dated: Date of Delivery**

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

Interest on the Bonds will be payable September 15, 2026 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 13, 2026. Electronic bids via **PARITY**® for the Bonds will be received until 11:00 A.M., (E.T.) on Thursday, February 26, 2026, 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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### ***\$27,610,000 GENERAL OBLIGATION BOND ANTICIPATION NOTES (the "Notes")***

**Dated: Date of Delivery**

**Due: March 11, 2027**

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 13, 2026. Electronic bids via **PARITY**® for the Notes will be received until 11:30 A.M., (E.T.) on Thursday, February 26, 2026, 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 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 the Notes in book-entry form will be made to the Depository Trust Company, New York, New York on or about March 12, 2026.*

**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.**

This Preliminary Official Statement and the information contained herein are subject to completion and amendment without notice. These securities may not be sold nor may offers to buy be accepted prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell, or a solicitation of an offer to buy, nor shall there be any sale of these securities in any jurisdiction in which said offer, solicitation or sale would be unlawful prior to registration or qualification under the laws of any such jurisdiction.

# CITY OF NEW LONDON, CONNECTICUT

## \$12,500,000 GENERAL OBLIGATION BONDS, ISSUE OF 2026 (the "Bonds")

Dated: Date of Delivery

MATURITY SCHEDULE

Due: March 15, 2029-2046

<u>Maturity</u>	<u>Amount</u>	<u>Coupon</u>	<u>Yield</u>	<u>CUSIP (1)</u>	<u>Maturity</u>	<u>Amount</u>	<u>Coupon</u>	<u>Yield</u>	<u>CUSIP (1)</u>
2029	\$700,000	%	%	646513***	2038	\$ 700,000	%	%	646513***
2030	500,000			646513***	2039	700,000			646513***
2031	750,000			646513***	2040	700,000			646513***
2032	750,000			646513***	2041	700,000			646513***
2033	700,000			646513***	2042	700,000			646513***
2034	700,000			646513***	2043	700,000			646513***
2035	700,000			646513***	2044	700,000			646513***
2036	700,000			646513***	2045	700,000			646513***
2037	700,000			646513***	2046	700,000			646513***

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## \$27,610,000 GENERAL OBLIGATION BOND ANTICIPATION NOTES (the "Notes")

Dated: Date of Delivery

Due: March 11, 2027

<u>Amount</u>	<u>Coupon</u>	<u>Yield</u>	<u>CUSIP (1)</u>
\$ 27,610,000	%	%	646513***

- (1) CUSIP® is a registered trademark of the American Bankers Association. CUSIP data herein are provided by CUSIP Global Services, managed on behalf of the American Bankers Association by FactSet Research Systems, Inc, which are numbers that have been assigned by an independent company 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" and 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>Date of Sale:</b>	Thursday, February 26, 2026, 11:00 A.M. (Eastern Time).
<b>Location of Sale:</b>	Office of Munistat Services, Inc., 129 Samson Rock Drive, Suite A, Madison, Connecticut, 06443.
<b>Issuer:</b>	City of New London, Connecticut (the "City").
<b>Issue:</b>	\$12,500,000 General Obligation Bonds, Issue of 2026 (the "Bonds").
<b>Dated Date:</b>	Date of Delivery, March 12, 2026.
<b>Interest Due:</b>	September 15, 2026 and semiannually thereafter on March 15 and September 15 in each year until maturity.
<b>Principal Due:</b>	Serially, March 15, 2029 through 2046, as detailed in this Official Statement.
<b>Purpose and Authority:</b>	The Bonds are being 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 "___" by Fitch Ratings ("Fitch") and "___" by S&P Global Ratings ("S&P"). Certain outstanding bonds of the City are also rated "___" and "___" 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 ("SEC"), 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 12, 2026 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>Date of Sale:</b>	Thursday, February 26, 2026, 11:30 A.M. (Eastern Time).
<b>Location of Sale:</b>	Office of Munistat Services, Inc., 129 Samson Rock Drive, Suite A, Madison, Connecticut, 06443.
<b>Issuer:</b>	City of New London, Connecticut (the "City").
<b>Issue:</b>	\$27,610,000 General Obligation Bond Anticipation Notes (the "Notes").
<b>Dated Date:</b>	Date of Delivery, March 12, 2026.
<b>Interest Due:</b>	At maturity, March 11, 2027.
<b>Principal Due:</b>	At maturity, March 11, 2027.
<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 "___" by Fitch Ratings ("Fitch") and "___" by S&P Global Ratings ("S&P"). Certain outstanding bonds of the City are also rated "___" and "___" by 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 Notes.
<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 12, 2026 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 \$12,500,000 General Obligation Bonds, Issue of 2026 (the "Bonds") and \$27,610,000 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, 2026 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, 2033 are not subject to redemption prior to maturity. The Bonds maturing on March 15, 2034, and thereafter are subject to redemption prior to maturity, at the election of the City, on or after March 15, 2033, 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, 2033 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 register 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 11, 2027. The Notes will be issued in fully registered form in denominations of \$5,000 or any integral multiples thereof plus any odd amount. 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:

<u>Project</u>	<u>Amount Authorized</u>	<u>Previously Bonded</u>	<u>Notes Payable 3/12/2026</u>	<u>Additions / (Reductions)</u>	<u>The Notes (This Issue)</u>	<u>The Bonds (This Issue)</u>
Bennie Dover Middle School Roof.....	\$ 6,200,000	\$ 600,000	\$ 220,000	\$ (20,000)	\$ 200,000	\$ -
High School Magnet School Project.....	110,000,000	30,488,000	3,500,000	-	3,500,000	-
Bennie Dover Magnet School Project.....	55,000,000	15,245,000	11,554,000	(2,394,000)	9,160,000	-
Community Center Project.....	30,000,000	7,500,000	22,500,000	-	10,000,000	12,500,000
The City Infrastructure Improvements						
Projects - 2025.....	1,800,000	-	1,800,000	-	1,800,000	-
The City Equipment Improvements - 2025.....	700,000	-	700,000	-	700,000	-
The City Infrastructure Improvements						
Projects - 2026.....	1,500,000	-	-	1,500,000	1,500,000	-
The City Equipment Improvements - 2026.....	750,000	-	-	750,000	750,000	-
<b>Total</b>	<b>\$205,950,000</b>	<b>\$53,833,000</b>	<b>\$40,274,000</b>	<b>\$ (164,000)</b>	<b>\$ 27,610,000</b>	<b>\$12,500,000</b>

**RATINGS**

The Bonds have been rated "\_\_\_" by Fitch Ratings ("Fitch") and "\_\_\_" and by S&P Global Ratings ("S&P"). Certain outstanding bonds of the City are also rated "\_\_\_" and "\_\_\_" by Fitch and S&P, respectively. The Notes have been rated "\_\_\_" 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.

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## **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 or 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 opinion of Bond Counsel, under existing statutes and court decisions and assuming the accuracy of and continuing compliance by the City with certain representations, covenants and procedures contained in the Arbitrage and Use of Proceeds Certificate, (i) interest on the Bonds and interest on the Notes is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Code and (ii) such interest is not treated as a preference item in calculating the federal alternative minimum tax imposed on individuals under the Code. Interest on the Bonds and interest on the Notes, however, may be subject to the alternative minimum tax imposed under Section 55(b) of the Code on "applicable corporations" (within the meaning of Section 59(k) of the Code).

Ownership of the Bonds and ownership of the 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 Bonds and Notes having original issue premium. The excess, if any, of the price paid by the first owner of a Bond and the first owner of a Note over the principal amount payable at the maturity or the earlier call date, if any, of such Bond and Note (an "OIP Bond and OIP Note") 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 Bond and OIP Note 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 Bond and OIP Note for purposes of determining gain or loss on such obligations disposition. As a result, the owner of an OIP Bond and the owner of OIP Note may realize a taxable gain upon disposition even though the OIP Bond and OIP Note is sold or redeemed for an amount equal to or less than the owner's original acquisition cost.

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

### ***Original Issue Discount***

The initial public offering price of certain of the Bonds and Notes may be less than the amount payable on the Bonds and Notes at maturity. The discussion in this paragraph relates to the Bonds and Notes having original issue discount. Under existing statutes and court decisions, the excess, if any, of the amount payable when the Bond and Note is scheduled to come due over the initial public offering price of such Bond and Notes (an "OID Bond and OID Note") constitutes original issue discount. Accrued original issue discount is excluded from gross income for federal income tax purposes if interest on the Bonds and Notes is excluded therefrom. For such purposes, the "initial public offering price" refers to the initial offering price to the public (excluding bond houses, brokers or similar persons acting in the capacity of underwriters or wholesalers) at which a substantial amount of the Bonds and Notes of the same maturity are sold. The prices set forth on the inside cover page of the Official Statement may or may not reflect the price at which a substantial amount of the Bonds and Notes were ultimately sold to the public. Accrued original issue discount on the Bond and Notes is also excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates and is excluded from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay the federal alternative minimum tax.

Under the Code, for purposes of determining a bondholder's adjusted basis in an OID Bond and OID Note, original issue discount treated as having accrued while the bondholder holds the OID Bond or OID Note will be added to the bondholder's basis. Original issue discount will accrue on a constant-yield-to-maturity method based on regular compounding. The bondholder's adjusted basis will be used to determine taxable gain or loss upon the sale or other disposition (including redemption or payment at maturity) of an OID Bond or OID Note.

Prospective purchasers of an OID Bond or OID Note should consult their own tax advisors concerning the federal income tax consequences of owning and disposing of such OID Bond or OID Note 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 further opinion of Bond Counsel, under existing statutes, (i) interest on the Bonds and interest on the Notes is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates, and (ii) interest on the Bonds 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.

### **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 if enacted into law, or amendments to federal and/or state law, if adopted, will not contain provisions which could, directly or indirectly, reduce the benefit of the exclusion of the interest on the Bonds or Notes or any gain made on the sale or exchange thereof from either federal and/or Connecticut taxable income for purposes of both 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 owners, of a Bond or Note.

### **SECURITY AND REMEDIES**

The Bonds and Notes will be general obligations of the City and the City will commit 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.

## **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 City finances and 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 Utilities Department also has an extensive flood response program and impervious cover reduction plan. 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 Code 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 SEC 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 SEC 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 exceptions: the City 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 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 June 30, 2022 audited financial statements and other annual financial information and operating data were filed on April 13, 2023. The City failed to file an event notice related to its January 28, 2020 master lease for fire trucks in the amount of \$1,840,000 with PNC Equipment Finance LLC. Information regarding the lease and the failure to file the event notice were subsequently filed on February 20, 2024. 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 seven 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.

**MUNICIPAL OFFICIALS**

<u>Office</u>	<u>Name</u>	<u>Manner of Selection</u>	<u>Term</u>
Mayor.....	Michael E. Passero.....	Elected.....	12/4/23 - 12/6/27
Chief Administrative Officer.....	Steven Fields.....	Appointed.....	Indefinite
City Councilor.....	Efrain Dominguez, Jr.....	Elected.....	12/1/25 - 12/1/27
City Councilor.....	Christopher Clouet.....	Elected.....	12/1/25 - 12/1/27
City Councilor .....	Jefferey Hart.....	Elected.....	12/1/25 - 12/1/27
City Councilor .....	Shineika Fareus.....	Elected.....	12/1/25 - 12/1/27
City Councilor .....	Victoria S. Mueller.....	Elected.....	12/1/25 - 12/1/27
City Councilor .....	Akil Peck.....	Elected.....	12/1/25 - 12/1/27
City Councilor .....	John D. Satti.....	Elected.....	12/1/25 - 12/1/27
Director of Finance.....	David F. McBride Jr.....	Appointed.....	Indefinite
Deputy Director of Finance/Treasurer..	Donna J. Rinehart.....	Appointed.....	Indefinite
Tax Collector.....	Samantha Rivera.....	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”) serves as the City's primary public safety provider, protecting approximately 75,000 residents, workers, and visitors daily. Currently authorized for 65 sworn officers, the department is actively working toward its optimal staffing level of 80 officers to enhance community service. A dedicated civilian staff of 17 supports departmental operations.

NLPD is committed to strengthening community relationships through renewed community-oriented policing services and programs designed to increase public engagement and trust. To improve operational effectiveness, the department is replacing its aging radio communication system and modernizing its technological infrastructure to meet evolving community needs.

Accountability and transparency remain paramount. All sworn officers are equipped with AXON Body 4 Worn Cameras, and all patrol vehicles feature AXON Fleet 3 dash cameras, ensuring comprehensive documentation of police-public interactions.

Through open communication and transparency, the New London Police Department continues building stronger relationships with residents and stakeholders, fostering the trust and cooperation essential to creating a safer, more connected community.

**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, a Fire Marshal, 4 Battalion Chiefs, 12 Fire Lieutenants, 32 Fire Fighters, 2 Fire Inspectors, 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 a treatment facility that provides drinking water to New London, Waterford, and East Lyme through a network of pipes, pumps and storage tanks. The average daily demand is 6.5 million gallons per day with a capacity of 6.9 million gallons per day. The annual budget is approximately \$9.5 million dollars. 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 through a network of gravity sewers, pump stations, and force mains. The average daily flow is approximately 8.5 million gallons per day with a capacity of 10 million gallons per day. The annual budget is approximately \$8.4 million dollars. 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 upgraded with new pumps, motors and controls. The annual budget is approximately \$1.8 million dollars. The investment into the system in capital and maintenance activities since October 2018 is more than \$10 million dollars.

**Recreation:** The New London Department of Recreation is the only Nationally Accredited Parks and Recreation Agency in Connecticut. It administers a multitude of quality recreation programs for our City's residents, including sports leagues, arts and leisure activities, before and after-school programs, and a summer playground for children. It has shifted to offer more essential programs to residents, such as the Before School Programming to provide crucial support for families. It also oversees and funds a free beach, staffed with lifeguards, and offers free swim lessons at the Ocean Beach pool, ensuring accessibility for all. The mission is to connect the community with resources that enrich and enhance the quality of life for all individuals through healthy lifestyle initiatives, prevention services, and programs that encourage civic involvement and community partnerships. Above all, the safety of participants and staff is our top priority. They are also committed to inclusivity. It provides programs open to all residents and actively supports participation by individuals of all abilities. Special accommodations are available to ensure that everyone can fully and successfully engage in the offerings.

**Youth Affairs:** New London Youth Affairs ("NLYA") 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, serve New London youth (infants through 24 years) and their families, 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 daily skill building series, learning excursions, workshops (parent mental health, parent creative play groups, parent education), and community based resources through BP Mission Early Childhood Center. Parent leadership training is facilitated through a curriculum based program (bilingual People Empowering People, Por Los Ninos). 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, agencies, and Little Free Libraries. The NLYA diaper bank serves hundreds of New London families monthly. NLYA joins together with other Youth Service Bureaus, New London Public Schools, and agencies to organize community and family events. The Connecticut Youth Employment Program develops workforce skills and employs 14-24 year old young people year round 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. Teen Links serves middle/high school young people through school year employment, workforce certifications, life skills courses, development/resource trainings, and educational/cultural excursions. New London Community Connections Coalition ("NLCCC") functions as a consortium of New London area organizations, dedicated to prevention of youth substance use and other risky behaviors, and mental health promotion. Efforts include community education, prevention initiatives, and youth/family capacity building. The Juvenile Review Board ("JRB") is a community based program that diverts youth from the Juvenile Justice System and connects them to local services. Families With Service Needs ("FWSN"), including truancy, are addressed through analogous procedures and individualized support. School attendance promotion is pursued through a home visitation partnership with New London Public Schools.

**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 1,900 parking spaces, and metered on-street public parking, which consist of a total of 250 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 is being expanded to add a Regional Transit Station, Cultural/Tourism Center, and increase the parking space inventory to 1,100 spaces as part of the Downtown New London Multimodal Utilization Improvement Project. The garage is operated by a private parking company through a parking management agreement with the City. In addition, a series of private and public surface lots has been added to the existing inventory, which currently totals 1,172 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 Golden Street, Pearl Street, and Tilley Street along Eugene O'Neill Drive has 201 parking spaces combined, the Fort Trumbull Parking Zone has 355 parking spaces, the Fort Trumbull Surface Lot has 100 spaces, the Green Harbor Surface Lot has 18 spaces, the Marina Surface Lot has 150 parking spaces that can be metered as well, there is adjacent public property to expand the facility an additional 50 parking spaces, and the newly acquired Frontier Lot has 50 parking spaces, which will be fully operational Summer 2026 after restoration of the facility is completed. The Parking Authority has Agreements to manage and operate surface lot privately owned in the vicinity of the Downtown Multimodal Transportation Center in the Central Business District, which adds parking supply to its inventory during the Summer Season between May 30th to Oct 1st annually. The Parking Authority manages and operates the CML Lot which has 48 parking spaces at no expense, and the Julian Lot which has 250 parking spaces that are used during the summer and 80 parking spaces used at all other times of the year under a \$45K per annum or \$3.75K per month lease, electric charging station that will accept payment for charging electric vehicles have been installed in several locations citywide. NL Smart Ride, the Uberlike MicroTransit system, launched December 2021. Ridership continues to increase and shall continue to be operational for the remaining year to ensure millennials, seniors and underserved have an affordable intercity alternative public transportation option that connects with regional commuter rail, ferry, and other transit transport systems for destinations throughout the New York/New England corridor.

**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 massburn 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 \$67.81 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. In the near future large-scale food composting will become a reality as the permitted Authority composting facility comes on-line.

**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 – 12<sup>th</sup> grade. NLPS consists of one PreK school, three elementary schools (all of which successfully completed new construction) a multi-magnet middle school campus (currently under renovation and new construction), and a multi-magnet high school campus (which has just completed new renovation and construction). The NLPS offers the choice of three comprehensive magnet pathways, including International Education, 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.

**EDUCATIONAL FACILITIES**

<u>Schools</u>	<u>Grades</u>	<u>Date of Construction</u>	<u>Classroom</u>	<u>Enrollment 10/01/25</u>	<u>Rated Capacity (1)</u>
Early Child Center at B.P. Mission.....	Pre-K	2005	8	97	120
Winthrop Elementary.....	K-5 (2)	1967/2011	27	428	600
Jennings Elementary.....	K-4	2008	30	385	600
Nathan Hale Arts Magnet School.....	K-5 (2)	1970/2013	39	434	600
Bennie Dover Jackson Multi-Magnet Middle School Campus.....	6-8	1951/1993/2024	79	471	850
Science and Technology Magnet High School (3)....	9-12	2005	12	N/A	420
New London High School Multi-Magnet Campus (including Arts Magnet Middle School)...	9-12	1970/2023	68	1,028	1,211
<b>Total .....</b>			<u>263</u>	<u>2,843</u>	<u>4,401</u>

- (1) Connecticut State Department of Education School Facilities Survey (ED050).
- (2) Includes Special Education Program students.
- (3) Enrollments figures included with the High School Multi-Magnet Campus.

Source: City of New London, Board of Education.

**EDUCATIONAL ENROLLMENT (1, 2)**

<u>As of October 1</u>	<u>PreK-5</u>	<u>6 - 8</u>	<u>9 - 12</u>	<u>Total</u>
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
2023	1,413	555	866	2,834
2024	1,366	476	1,044	2,886
2025	1,361	633	849	2,843

- (1) As of October 1.
- (2) Excludes out-of-City District placements.

Source: City of New London Department of Education.

**MUNICIPAL EMPLOYMENT (1)**

<b>Fiscal Year</b>	<b>2026</b>	<b>2025</b>	<b>2024</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>
Board of Education.....	685	684	761	741	768	650
General Government.....	247	249	245	253	246	248
Total.....	<u>932</u>	<u>933</u>	<u>1,006</u>	<u>994</u>	<u>1,014</u>	<u>898</u>

(1) 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**

<b>Employees</b>	<b>Organization</b>	<b>Number Employee</b>	<b>Current Expiration</b>
<b><u>General Government</u></b>			
Police.....	Local 724, Council 4, AFSCME, AFL-CIO.....	67	6/30/28
Fire.....	Local 1522, IAFF, AFL-CIO.....	67	6/30/25 (1)
Public Works.....	Local 1378, Council 4, AFSCME, AFL-CIO.....	66	6/30/26
Municipal Employees.....	Local 1303, 125, Council 4, AFSCME-CIO.....	28	6/30/26
	Organized.....	<u>228</u>	
	Non-Union.....	<u>19</u>	
	General Government sub-total.....	<u>247</u>	
<b><u>Board of Education</u></b>			
Teachers.....	New London Education Association.....	352	6/30/28
Administrators.....	New London Administration Education Association.....	24	6/30/26
Custodians.....	Local 1378A, Council 4, AFSCME, AFL-CIO.....	34	6/30/28
Secretaries.....	Professional Secretaries Association of New London Public Schools AFSCME Council 4, AFL-CIO Local 3705...	31	6/30/28
Non-Certified Staff.....	Paraprofessionals and Tutors.....	<u>148</u>	6/30/27
	Organized.....	<u>589</u>	
	Non-Union.....	<u>96</u>	
	Board of Education sub-total.....	<u>685</u>	
	Total General Government and Board of Education.....	<u>932</u>	

(1) New contract has been agreed to in principle. However, it still needs to be ratified and approved by the City Council.

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.

## ECONOMIC DEVELOPMENT

The City continues to experience dynamic growth, driven by a thriving economy anchored by the defense and healthcare industries. At the forefront is Electric Boat ("EB"), a division of General Dynamics, which has secured over \$67 billion in contracts for the construction and support of U.S. Navy submarines over the past 10 years. In 2024, the New London/Norwich region had a growth of 3.5% which was best in the state and ranked nationally due to its growing economy. The additional \$12.4 billion award in 2025 for the construction of 2 more Virginia Class Submarines, along with a significant maintenance contract for the Virginia Class Submarine 'Indiana,' ensures a robust pipeline of work extending 15-30 years. The City expects this long-term commitment to sustain employment for over 4,400 engineering and technical professionals, primarily based on EB's impressive 762,000 square foot research and development complex in the City. In 2026 EB is expected to hire an additional 2,000 jobs above 2025 numbers for both ship builders and engineers that continues to build confidence in private and public investments.

The healthcare sector is equally vibrant, with Lawrence + Memorial Hospital ("L+M") serving as the city's second largest employer. With more than 2,500 employees, L+M has undergone rapid expansion, recently joining the Yale New Haven Health System. A major highlight is the completion of an \$81 million renovation of its emergency room, enhancing patient care with improved infrastructure and amenities. L+M's ongoing community outreach initiatives underscore its commitment to fostering health, home ownership, and vibrant neighborhoods throughout the City.

Exciting developments are also underway with the National Coast Guard Museum, which has officially broken ground on an 80,000 square foot state-of-the-art facility on the historic waterfront. The Coast Guard Museum Association has committed to turning the building over to the Coast Guard in 2026-27. Recent federal funding passed by Congress has committed the remaining 50 million that is required to complete the project. This museum is projected to attract 300,000 annual visitors, further enriching the city's cultural landscape. This positions the City as a pivotal destination for maritime heritage. In 2022-2025, the City has invested close to \$2 million in capital improvements to sidewalks, roads, lighting, signage, transportation, parking and historic preservation to ensure when the museum opens both residents and guest will enjoy this transformational project.

The City is proud to be home to the U.S. Coast Guard Academy and associated research facilities, reinforcing our longstanding partnership with the Coast Guard. In recognition of this collaboration, the City was designated a "Coast Guard City" in 2020, celebrating our shared history and commitment to national maritime defense.

The City's downtown waterfront is a vibrant hub, featuring Waterfront Park—a popular venue for summer events that attract thousands of visitors each summer from surrounding areas. With a scenic 2,500-foot bicycle and pedestrian walkway, the park includes a large plaza with a stage for concerts and events. The renovated City Pier, home to the U.S. Coast Guard Barque Eagle, enhances our maritime offerings and serves as a key landing for the Thames River Heritage Park's water taxi service, connecting visitors to rich cultural attractions along the river.

Downtown New London is further enlivened by Parade Plaza, a public space ideal for music events and festivals, conveniently located near our multi-modal transportation hub. Recent expansions of Shoreline East Commuter Rail, alongside improvements to Union Station and public parking facilities, enhance accessibility to our city. Notable investments, including over \$800,000 in parking garage upgrades and a \$14 million grant for further expansion, emphasize our commitment to infrastructure and community connectivity.

The Renaissance City Development Association ("RCDA") is spearheading the redevelopment of the Fort Trumbull peninsula, a 90-acre site with the potential for 300,000 square feet of new development. Recent projects include the completion of a 137-unit multi-family apartment complex and an additional 80 units completed in 2024. RJ Development has also added a 200-unit apartment complex within walking distance of EB. The pipeline includes projects approved for construction, encompassing 650 units of multi-family housing and a 100-unit extended stay hotel. Together, these initiatives represent millions in new construction, addressing the growing housing needs of our workforce. The City's current pipeline of housing includes a total of 1,300 approved housing units that represent close to \$350 million of construction with an economic impact of \$87 million in spending over the next 7 years plus an average of 629 jobs per year. *(Based on The Associated General Contractors Economic Development Impact Formula).*

The City recently completed the construction of a state-of-the-art Community Recreation Center on the Trumbull Peninsula, a project completed in June 2025. Spanning approximately 59,000 square feet, the facility houses two full basketball courts, an eight-lane pool, a comprehensive fitness center with a studio, multipurpose rooms, a community room, a community kitchen, classrooms, conference rooms, and childcare services, in addition to hosting the Recreation Department offices. This membership-based center represents a decades-long commitment from residents and city administration to expanding health, wellness, and indoor recreation opportunities for the community and the broader region.

From a financing perspective, development, construction and certain start-up costs of the recreation center were funded through a diversified mix of resources to ensure long-term financial sustainability. To fund these costs the City has issued approximately \$30 million in municipal notes and bonds, complemented by Brownfield grants from the Connecticut Department of Economic and Community Development ("DECD"), and federal grants exceeding \$2 million, and over \$7 million from the State Community Investment Fund. The City's goal from a financial and fiscal standpoint, is that the Community Recreation Center will achieve complete financial self-sufficiency through memberships and program-generated revenues rental activities. This approach aligns with the City's commitment to delivering a premier, financially sustainable asset that enhances community health, wellness, and economic vitality.

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### III. ECONOMIC AND DEMOGRAPHIC INFORMATION

#### POPULATION TRENDS

Year	City of New London	New London	Southeastern CT Planning Region (1)	State of Connecticut
1980	28,842	238,409	n/a	3,107,576
1990	28,540	254,957	n/a	3,287,116
2000	25,671	259,088	n/a	3,405,565
2010	27,620	274,055	n/a	3,574,097
2023	27,199	n/a	279,025	3,598,348

(1) Starting with the 2019-23 American Community Survey data, the area was adjusted to reflect the Southeastern CT Planning Region. Previous to the 2022 data, the New London County data is displayed.

Source: U.S. Census Bureau and 2019-2023 American Community Survey.

#### AGE CHARACTERISTICS OF POPULATION

Age	City of New London		Southeastern CT Planning Region		State of Connecticut	
	Number	Percent	Number	Percent	Number	Percent
Under 5.....	1,363	5.0	13,480	4.8	181,240	5.0
5 - 9.....	1,138	4.2	13,724	4.9	195,390	5.4
10 - 14.....	1,769	6.5	17,087	6.1	217,297	6.0
15 - 19.....	2,260	8.3	18,101	6.5	238,145	6.6
20 - 24.....	3,164	11.6	19,509	7.0	233,423	6.5
25 - 34.....	3,860	14.2	36,571	13.1	449,771	12.5
35 - 44.....	3,722	13.7	33,072	11.9	451,461	12.5
45 - 54.....	2,578	9.5	33,540	12.0	462,543	12.9
55 - 59.....	1,924	7.1	20,896	7.5	260,758	7.2
60 - 64.....	1,504	5.5	19,902	7.1	257,548	7.2
65 - 74.....	2,413	8.9	31,090	11.1	376,023	10.4
75 - 84.....	1,088	4.0	15,473	5.5	187,378	5.2
85 and over.....	416	1.5	6,580	2.4	87,371	2.4
Total .....	<u>27,199</u>	<u>100.0</u>	<u>279,025</u>	<u>100.0</u>	<u>3,598,348</u>	<u>100.0</u>

Source: U.S. Census Bureau and 2019-2023 American Community Survey.

#### INCOME DISTRIBUTION

	City of New London		Southeastern CT Planning Region		State of Connecticut	
	Families	Percent	Families	Percent	Families	Percent
Less than \$10,000 .....	231	4.1	1,629	2.3	22,973	2.5
\$ 10,000 to 14,999 .....	289	5.1	1,577	2.2	12,547	1.4
\$ 15,000 to 24,999 .....	353	6.2	2,552	3.6	29,893	3.3
\$ 25,000 to 34,999 .....	583	10.3	3,355	4.7	35,598	3.9
\$ 35,000 to 49,999 .....	535	9.4	5,535	7.8	61,793	6.7
\$ 50,000 to 74,999 .....	989	17.4	9,588	13.5	108,046	11.8
\$ 75,000 to 99,999 .....	796	14.0	8,874	12.5	108,216	11.8
\$100,000 to 149,999 ....	933	16.4	14,941	21.0	185,242	20.2
\$150,000 to 199,999 ....	487	8.6	10,907	15.3	128,574	14.0
\$200,000 or more .....	485	8.5	12,300	17.3	224,258	24.5
Total .....	<u>5,681</u>	<u>100.0</u>	<u>71,258</u>	<u>100.0</u>	<u>917,140</u>	<u>100.0</u>

Source: U.S. Census Bureau and 2019-2023 American Community Survey.

## SELECTED WEALTH AND INCOME INDICATORS

	<b>Median Family Income</b>		<b>Per Capita Income</b>	
	<b>(2000)</b>	<b>(2023)</b>	<b>(2000)</b>	<b>(2023)</b>
City of New London.....	\$ 38,972	\$ 71,144	\$18,437	\$33,888
Southeastern CT Planning Region.....	n/a	106,791	n/a	45,691
Connecticut.....	65,521	120,011	28,766	54,409
United States.....	49,600	96,922	21,690	43,289

Source: U.S. Census Bureau, Census 2000 and 2019-2023 American Community Survey.

## EDUCATIONAL ATTAINMENT

Years of School Completed, Age 25 & Older

<b>Educational Attainment Group</b>	<b>City of New London</b>		<b>Southeastern CT Planning Region</b>		<b>State of Connecticut</b>	
	<b>Number</b>	<b>Percent</b>	<b>Number</b>	<b>Percent</b>	<b>Number</b>	<b>Percent</b>
Less than 9th grade.....	1,000	5.7	5,645	2.9	101,530	4.0
9th to 12th grade.....	1,095	6.3	8,858	4.5	118,019	4.7
High School graduate.....	5,171	29.5	57,503	29.2	647,094	25.5
Some college - no degree.....	3,699	21.1	39,770	20.2	410,591	16.2
Associates degree.....	1,473	8.4	17,070	8.7	193,216	7.6
Bachelor's degree.....	2,886	16.5	37,885	19.2	581,935	23.0
Graduate or professional degree.....	2,181	12.5	30,393	15.4	480,468	19.0
<b>Total.....</b>	<b>17,505</b>	<b>100.0</b>	<b>197,124</b>	<b>100.0</b>	<b>2,532,853</b>	<b>100.0</b>
Percent High School Graduate or Higher.....		88.0%		92.6%		91.3%
Percent Bachelor's Degree or Higher.....		28.9%		34.6%		41.9%

Source: U.S. Census Bureau, 2019-2023 American Community Survey.

## MAJOR EMPLOYERS

<b>Name of Employer</b>	<b>Nature of Business</b>	<b>Estimated of Employees</b>
Electric Boat Corporation.....	Submarine Manufacturing/R&D.....	3,500
Lawrence + Memorial Hospital.....	Medical Center.....	2,500
City of New London.....	Government and Education.....	932
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

## EMPLOYMENT BY INDUSTRY

	<u>City of New London</u>		<u>Southeastern CT Planning Region</u>		<u>State of Connecticut</u>	
	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>
	Agriculture, forestry, fisheries.....	23	0.2	832	0.6	7,261
Construction.....	660	5.2	8,380	6.2	112,821	6.1
Manufacturing.....	2,185	17.2	19,845	14.6	195,355	10.6
Wholesale trade.....	73	0.6	1,831	1.4	37,294	2.0
Retail trade.....	1,809	14.2	14,431	10.7	192,535	10.5
Transportation & warehousing & utilities.....	288	2.3	5,099	3.8	84,571	4.6
Information.....	196	1.5	1,971	1.5	36,631	2.0
Finance, insurance, real estate.....	484	3.8	5,831	4.3	162,724	8.9
Professional, scientific & management.....	1,121	8.8	12,599	9.3	223,982	12.2
Educational, health & social services.....	3,569	28.1	35,291	26.0	490,839	26.7
Arts, entertainment & recreation.....	1,535	12.1	17,623	13.0	145,445	7.9
Other professional services.....	355	2.8	5,286	3.9	78,662	4.3
Public administration.....	415	3.3	6,479	4.8	67,335	3.7
<b>Total.....</b>	<b><u>12,713</u></b>	<b><u>100.0</u></b>	<b><u>135,498</u></b>	<b><u>100.0</u></b>	<b><u>1,835,455</u></b>	<b><u>100.0</u></b>

Source: U.S. Census Bureau, 2019-2023 American Community Survey.

## UNEMPLOYMENT RATE STATISTICS

<b>Yearly Average</b>	<b>City of New London</b>	<b>Norwich- New London Labor Market</b>	<b>State of Connecticut</b>	<b>United States</b>
	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>
2015	8.3	6.0	5.6	5.3
2016	7.2	5.1	4.8	4.9
2017	5.9	4.3	4.4	4.4
2018	5.2	3.8	3.9	3.9
2019	4.8	3.5	3.6	3.7
2020	13.3	10.0	8.0	8.1
2021	10.2	6.9	6.4	5.4
2022	5.6	4.1	4.1	3.7
2023	4.8	3.6	3.8	3.6
2024	4.5	3.5	3.5	4.0
<b>2025 Monthly</b>				
January	4.5	3.9	4.0	4.4
February	4.9	4.4	4.5	4.5
March	4.6	3.9	4.1	4.2
April	3.7	3.2	3.4	3.9
May	4.4	3.8	3.9	4.0
June	4.1	3.3	3.4	4.4
July	5.4	4.1	4.2	4.6
August	4.9	3.7	3.8	4.5
September	4.6	3.7	3.8	4.3
October (1)	NA	NA	NA	NA
November	5.3	4.2	4.2	4.3

(1) Due to the Federal Government shut down, October data is not available.

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

### NUMBER OF DWELLING UNITS

<u>2023</u>	<u>2010</u>	<u>2000</u>	<u>1990</u>	<u>% Increase 2010-2023</u>	<u>% Increase 2000-2023</u>	<u>% Increase 1990-2023</u>
12,514	11,840	11,560	11,424	5.69%	8.25%	9.54%

Source: U.S. Census Bureau and 2019-2023 American Community Survey.

### CHARACTERISTICS OF HOUSING UNITS

<u>Sales Price Category</u>	<u>City of New London</u>		<u>Southeastern CT Planning Region</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 .....	95	2.1	2,919	3.9	22,174	2.4
\$ 50,000 to \$ 99,999 .....	165	3.6	1,630	2.2	15,116	1.6
\$ 100,000 to \$149,999 .....	460	9.9	3,703	4.9	38,832	4.1
\$ 150,000 to \$199,999 .....	723	15.6	6,972	9.3	77,152	8.2
\$ 200,000 to \$299,999 .....	1,948	42.0	23,759	31.7	233,824	24.9
\$ 300,000 to \$499,999 .....	1,123	24.2	25,390	33.9	319,703	34.0
\$ 500,000 to \$999,999 .....	104	2.2	9,154	12.2	173,643	18.5
\$1,000,000 and over .....	16	0.3	1,396	1.9	59,468	6.3
Total .....	<u>4,634</u>	<u>100.0</u>	<u>74,923</u>	<u>100.0</u>	<u>939,912</u>	<u>100.0</u>
Median Value.....	\$234,800		\$293,900		\$343,200	

Source: U.S. Census Bureau, 2019-2023 American Community Survey.

### AGE DISTRIBUTION OF HOUSING

<u>Year Built</u>	<u>City of New London</u>		<u>Southeastern CT Planning Region</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.....	5,844	46.7	29,396	23.4	313,434	20.4
1940 - 1949.....	605	4.8	5,250	4.2	95,842	6.2
1950 - 1959.....	1,549	12.4	14,279	11.4	221,879	14.4
1960 - 1969.....	1,491	11.9	15,671	12.5	198,807	12.9
1970 - 1979.....	1,134	9.1	17,530	13.9	210,611	13.7
1980 - 1989.....	678	5.4	15,832	12.6	197,533	12.9
1990 - 1999.....	387	3.1	10,663	8.5	116,617	7.6
2000 - 2009.....	452	3.6	11,738	9.3	108,430	7.1
2010 - 2019.....	347	2.8	4,908	3.9	66,546	4.3
2020 or later.....	27	0.2	461	0.4	6,350	0.4
Total.....	<u>12,514</u>	<u>100.0</u>	<u>125,728</u>	<u>100.0</u>	<u>1,536,049</u>	<u>100.0</u>

Source: U.S. Census Bureau, 2019-2023 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 Permits</b>	<b>Value</b>
2025	1,026	\$ 21,867,218	351	\$ 40,152,438	1,377	\$ 62,019,656
2024	749	14,874,569	332	26,881,918	1,081	41,756,487
2023	818	13,473,331	479	66,768,022	1,297	80,241,353
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

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.

The Real Property portion of the Grand List includes all 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 City last completed its mandated revaluation for the October 1, 2023 Grand List, which was effective for fiscal year 2024-25. Values may be recalculated between revaluations if there are modifications to an existing structure, total new construction, building or land change of use and subdivisions. Interaction between the Building and Planning Departments is crucial.

The Personal Property portion of the Grand List is filed annually on a form provided by the Assessor. It includes unregistered motor vehicles, Machinery and equipment and all business furniture, fixtures and equipment, electronic data equipment, expensed supplies, as well as all other business-related goods, chattels and effects, including leasehold improvements. All forms are reviewed and calculated into a value and assessment annually.

The Motor Vehicle portion of the Grand List is comprised of all vehicles registered with the State of Connecticut as of October 1<sup>st</sup> yearly, as well as a Supplemental list of all vehicles registered after October 1. The values are established based on a schedule of recommended values by the State of Connecticut, Secretary of the Office of Policy & Management. The assessment is now calculated based on the Manufacturers Suggested Retail Price and applied to a statutory depreciation schedule. The 70% is then applied to reach the assessed value. Adjustments to motor vehicle assessments may be made if the vehicle was sold, stolen, registered out of state or a total loss within the assessment year and the proper proof is provided.

Many exemptions are maintained by the Assessor including Veterans, Active-duty Servicemen, both in and out-of-State, Tax relief for the Elderly and/or Totally Disabled and exemptions for the Blind.

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

All assessments may be appealed by written application to the New London Board of 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**

Connecticut General Statutes Section 12-71e, as amended, allows municipalities to tax motor vehicles at a different rate than other taxable property, but caps the motor vehicle rate at 32.46 mills for the assessment year commencing October 1, 2021. Section 4-661 of the General Statutes, as amended (“Section 4-661”), 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 2023 assessment year (Fiscal Year ending June 30, 2025) is 27.50 mills.

**REAL PROPERTY TAX LEVIES AND COLLECTIONS**

Grand List of Oct. 1	Fiscal Year Ending	Net Taxable Grand List (1)	Tax Rate (In Mills)	Adjusted Tax Levy	% Annual Levy Collected	Uncollected Taxes	
						End of Each Fiscal Year	As of 6/30/2025
2024 (1)	2026 (1)	\$2,194,168,510	27.20	\$60,454,477	In Process	In Process	In Process
2023 (1,2)	2025 (1,2)	2,171,198,932	27.50	60,300,304	97.9	\$1,253,425	\$1,253,425
2022	2024	1,619,594,531	37.24	58,048,450	97.2	1,608,555	834,972
2021	2023	1,583,790,301	37.31	57,901,431	97.3	1,592,272	435,669
2020	2022	1,512,763,748	37.95	58,105,751	97.9	1,197,957	187,291
2019	2021	1,492,043,048	38.19	57,300,148	97.3	1,564,428	15,202
2018 (2)	2020 (2)	1,450,658,923	39.90	58,821,838	97.6	1,393,750	10,920
2017	2019	1,325,382,323	43.62	58,584,430	98.1	1,138,093	8,462
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

(1) Adopted Budget.

(2) Years of revaluations. The City's last revaluation is effective as of 10/01/2023. (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
10/01/24	\$1,848,424,340	\$278,090,550	\$159,285,020	\$2,285,799,910	\$ 91,631,400	\$2,194,168,510
10/01/23 (1)	1,848,295,113	261,365,780	165,102,180	2,274,763,073	103,564,141	2,171,198,932
10/01/22	1,279,103,107	247,883,400	175,582,385	1,702,568,892	82,974,361	1,619,594,531
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

(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>
10/1/2024	\$ 1,080,399,820	\$ 755,286,750	\$ 12,737,770	\$ 1,848,424,340
10/1/2023	1,077,929,680	752,802,933	17,562,500	1,848,295,113
10/1/2022	675,775,050	592,252,267	11,075,790	1,279,103,107
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

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

**LARGEST TAXPAYERS**

<b>Name of Taxpayer</b>	<b>Nature of Business</b>	<b>Valuation as of 10/01/2024</b>	<b>Rank</b>	<b>Percent of Total</b>
Electric Boat Corporation.....	Submarine Manufacturing/R&D....	\$ 95,040,680	1	4.33
Yankee Gas.....	Public Utility.....	53,906,080	2	2.46
Eversource.....	Public Utility.....	40,080,240	3	1.83
G & IX New London Mall LLC .....	Shopping Mall.....	26,907,690	4	1.23
Nutmeg Woods LLC.....	Apartments.....	26,776,770	5	1.22
Villages at Shore Landing LLC.....	Apartments.....	25,855,930	6	1.18
Vesta Winthrop LLC (Apts Huntington St).....	Apartments.....	24,728,120	7	1.13
Eagle Point LLC.....	Real Estate.....	13,682,200	8	0.62
New London Shopping Center.....	Shopping Mall.....	13,179,500	9	0.60
Bank Street Apartments LLC.....	Apartments.....	12,652,590	10	0.58
	<b>Total.....</b>	<b>\$332,809,800</b>		<b>15.17</b>

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>
2023 (1)	\$ 3,132,011,803	-11.50%
2022	3,538,831,970	8.60%
2021	3,258,658,859	19.55%
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%

(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, 2023 Annual Financial Report was completed January 29, 2024.

### 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 updated to July 1, 2023 and Contributory Plans updated to July 1, 2024.

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>2024</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>
Total pension liability.....	\$ 3,729,472	\$ 4,343,069	\$ 4,602,622	\$ 5,285,783	\$ 6,596,913
Plan fiduciary net position.....	-	-	-	-	-
Net pension liability.....	<u>\$ 3,729,472</u>	<u>\$ 4,343,069</u>	<u>\$ 4,602,622</u>	<u>\$ 5,285,783</u>	<u>\$ 6,596,913</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>2025</b>	<b>2024</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>
Total pension liability.....	\$ 40,563,084	\$ 41,201,253	\$ 41,083,409	\$ 42,878,191	\$ 43,645,164
Plan fiduciary net position.....	<u>32,433,406</u>	<u>32,642,875</u>	<u>33,921,058</u>	<u>32,000,026</u>	<u>37,074,322</u>
Net pension liability.....	<u>\$ 8,129,678</u>	<u>\$ 8,558,378</u>	<u>\$ 7,162,351</u>	<u>\$ 10,878,165</u>	<u>\$ 6,570,842</u>
Plan fiduciary net position as a % of total pension liability.....	80.0%	79.2%	82.6%	74.6%	84.9%

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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>Current Discount Rate</b>	<b>1% Increase</b>
	<b>2.93%</b>	<b>3.93%</b>	<b>4.93%</b>
Net Pension Liability			
Non-Contributory Plan.....	\$ 3,954,655	\$ 3,729,472	\$ 3,526,708

	<b>1% Decrease</b>	<b>Current Discount Rate</b>	<b>1% Increase</b>
	<b>5.75%</b>	<b>6.75%</b>	<b>7.75%</b>
Net Pension Liability			
Contributory Plan.....	\$ 11,629,481	\$ 8,219,678	\$ 5,107,657

Based upon the most recent valuations, 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 [(b) - (a) / (c)]</b>
<b><u>Non-Contributory</u></b>						
7/1/2024	\$ -	\$ 4,098,833	\$ 4,098,833	0.0%	\$ -	N/A
7/1/2023	-	4,497,009	4,497,009	0.0%	-	N/A
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
<b><u>Contributory Plan</u></b>						
7/1/2024	\$35,102,197	\$40,896,804	\$ 5,794,607	85.8%	\$ 3,603,958	160.8%
7/1/2023	33,976,380	41,499,157	7,522,777	81.9%	3,683,976	204.2%
7/1/2022	32,853,123	41,669,792	8,816,669	78.8%	3,570,399	246.9%
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%

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

<b>Fiscal Year Ended June 30</b>	<b>Actuarially Determined Employer Contribution</b>	<b>Actual Contribution</b>	<b>Percentage Contributed</b>
<b><u>Non-Contributory Plan</u></b>			
2026 (1)	\$ 919,000	N/A	N/A
2025 (1)	1,610,000	N/A	N/A
2024	1,272,000	565,224	44.4%
2023	1,213,000	575,412	47.4%
2022	1,073,000	584,675	54.5%
<b><u>Contributory Plan</u></b>			
2026 (1)	\$ 814,000	\$ 814,000	100.0%
2025	984,000	1,477,959	150.2%
2024	1,050,000	1,996,941	190.2%
2023	1,277,000	1,365,955	107.0%
2022	1,426,000	1,859,525	130.4%

(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.

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>2024</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>
Total OPEB liability.....	\$30,150,252	\$30,058,344	\$23,219,789	\$27,036,096	\$31,978,592
Plan fiduciary net position.....	2,511,176	2,065,854	1,709,964	1,324,153	847,208
Net OPEB liability.....	<u>\$27,639,076</u>	<u>\$27,992,490</u>	<u>\$21,509,825</u>	<u>\$25,711,943</u>	<u>\$31,131,384</u>
Plan fiduciary net position as a % of total OPEB liability.....	8.33%	6.87%	7.36%	4.90%	2.65%

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>2.93%</b>	<b>3.93%</b>	<b>4.93%</b>
Net City OPEB Liability...	\$ 31,687,683	\$ 27,639,076	\$ 24,281,047

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 the most recent valuations, 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 [(b) - (a) / (c)]</b>
7/1/2024	\$ 2,511,176	\$29,019,013	\$26,507,837	8.65%	\$54,204,156	48.9%
7/1/2022	1,709,964	29,289,221	27,579,257	5.84%	49,095,378	56.2%
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%

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>
2026 (1)	\$ 3,785,110	N/A	N/A
2025 (1)	3,510,815	N/A	N/A
2024	3,341,113	1,547,237	46.3%
2023	3,003,663	1,328,756	44.2%
2022	2,787,457	1,674,472	60.1%

(1) Adopted Budgets.

## 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</u>
2026 - Adopted Budget (1)	\$ 102,757	\$ 60,683	59.1
2025 - Estimated Actuals (1)	101,638	58,782	57.8
2024	111,813	59,482	53.2
2023	106,088	56,686	53.4
2022	106,667	58,990	55.3
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

(1) Budgetary figures for fiscal years 2024-25 and 2025-26 do not include one-time pass-through state funding for the teachers' retirement system pension and OPEB liabilities. The figure was \$8,895,637 in fiscal year 2022-23.

Source: Annual audited financial statements, fiscal year 2024-25 unaudited estimates and fiscal year 2025-26 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>
2026 - Adopted Budget (1)	\$ 102,757	\$ 34,255	33.3
2025 - Estimated Actuals (1)	101,638	35,306	34.7
2024	111,813	44,952	40.2
2023	106,088	43,232	40.8
2022	106,667	40,293	37.8
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

(1) Budgetary figures for fiscal years 2024-25 and 2025-26 do not include one-time pass-through state funding for the teachers' retirement system pension and OPEB liabilities. The figure was \$8,895,637 in fiscal year 2022-23.

Source: Annual audited financial statements, fiscal year 2024-25 unaudited estimates and fiscal year 2025-26 adopted budget.

**MUNICIPAL BUDGET EXPENDITURES CAP**

Connecticut General Statutes Section 4-66I 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.

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

	Fiscal Year 2023-24			FY 2024-25 Estimated Actuals	FY 2025-26 Adopted Budget
	Final Budget	Actual	Variance Favorable (Unfavorable)		
<b>REVENUES</b>					
Property taxes.....	\$ 60,411,570	\$ 59,481,897	\$ (929,673)	\$ 58,782,403	\$ 60,682,887
Intergovernmental revenue.....	35,779,758	36,056,281	276,523	35,305,956	34,254,882
Charges for services.....	6,648,825	6,640,059	(8,766)	6,239,472	6,534,542
Miscellaneous.....	81,000	50,000	(31,000)	644,381	218,000
Interest income.....	791,251	599,419	(191,832)	665,324	1,066,812
<b>TOTAL REVENUES.....</b>	<b>103,712,404</b>	<b>102,827,656</b>	<b>(884,748)</b>	<b>101,637,536</b>	<b>102,757,123</b>
<b>EXPENDITURES</b>					
City council.....	340,252	334,271	5,981	349,467	349,794
Probate court.....	30,000	27,119	2,881	30,738	35,000
Office of the Mayor.....	1,056,215	1,073,644	(17,429)	1,035,284	1,023,267
Elections.....	153,347	151,529	1,818	160,524	163,764
Finance.....	3,122,096	3,113,769	8,327	3,450,706	3,473,196
City clerk.....	376,668	356,157	20,511	364,498	451,032
Contingency.....	6,882	-	6,882	-	85,000
Law.....	383,250	641,196	(257,946)	430,491	385,000
Police.....	12,795,787	13,154,919	(359,132)	13,314,939	14,449,429
Fire.....	11,560,103	11,101,604	458,499	11,520,580	12,142,099
Civil preparedness.....	12,571	26,115	(13,544)	24,724	26,850
Public works.....	8,799,122	8,438,998	360,124	9,354,147	8,892,325
Health and welfare.....	209,750	209,750	-	209,750	215,519
Recreation.....	1,172,110	1,105,336	66,774	1,135,643	1,179,815
Library.....	1,100,600	1,100,600	-	1,165,600	1,213,380
Human services / senior center.....	568,644	551,745	16,899	574,490	588,199
Development and planning.....	1,444,888	1,429,778	15,110	1,529,106	1,639,243
Employee benefit payments.....	4,163,817	4,143,074	20,743	1,257,884	1,552,161
Education.....	45,359,811	44,254,177	1,105,634	44,683,306	47,451,526
<b>TOTAL EXPENDITURES.....</b>	<b>92,655,913</b>	<b>91,213,781</b>	<b>1,442,132</b>	<b>90,591,877</b>	<b>95,316,599</b>
<b>EXCESS (DEFICIENCY) OF</b>					
<b>REVENUES OVER EXPENDITURES:.....</b>	<b>11,056,491</b>	<b>11,613,875</b>	<b>557,384</b>	<b>11,045,659</b>	<b>7,440,524</b>
<b>OTHER FINANCING SOURCES (USES):</b>					
Transfers in.....	750,000	685,400	(64,600)	918,853	660,000
Transfer in - Mill rate stabilization fund.....	-	-	-	-	2,250,000
Transfers out.....	(9,137,628)	(9,085,609)	52,019	(11,033,650)	(10,350,524)
Transfers out BOE nonlapsing fund.....	(918,863)	(918,863)	-	-	-
Transfers out mill rate stabilization fund.....	(1,750,000)	(1,750,000)	-	-	-
<b>TOTAL OTHER FINANCING</b>					
<b>SOURCES (USES):.....</b>	<b>(11,056,491)</b>	<b>(11,069,072)</b>	<b>(12,581)</b>	<b>(10,114,797)</b>	<b>(7,440,524)</b>
<b>Net change in budgetary fund balance.....</b>	<b>\$ -</b>	<b>544,803</b>	<b>\$ 544,803</b>	<b>\$ 930,862</b>	<b>\$ -</b>

Source: Fiscal year 2023-24 audited financials, fiscal year 2024-25 unaudited estimates and fiscal year 2025-26 adopted budget.

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

Fiscal Year Ended:	2020	2021	2022	2023	2024
<b>ASSETS</b>					
Cash and cash equivalents.....	\$ 677,124	\$ 680,210	\$ 844,538	\$ 791,223	\$ 794,807
Investments.....	17,810,119	21,645,866	19,863,925	19,051,706	18,339,644
Receivables, net of allowance for.....					
uncollectible amounts.....	3,121,134	2,966,509	4,497,130	4,839,426	4,906,791
Due from other funds.....	6,638,324	3,410,957	8,219,761	12,311,899	16,163,473
Prepays.....	-	638,169	645,786	403,094	794,609
<b>Total Assets.....</b>	<b><u>\$28,246,701</u></b>	<b><u>\$29,341,711</u></b>	<b><u>\$34,071,140</u></b>	<b><u>\$37,397,348</u></b>	<b><u>\$40,999,324</u></b>
<b>LIABILITIES</b>					
Accounts payable.....	\$ 6,775,845	\$ 6,123,252	\$ 5,513,737	\$ 5,739,524	\$ 7,202,695
Accrued wages and related liabilities.....	1,744,772	2,815,565	3,689,157	2,485,221	1,539,766
Due to other funds.....	430,585	484,550	-	1,044,849	1,471,466
Deferred and unearned revenue.....	12,595	-	-	-	-
Overpayments.....	406,247	387,171	270,046	266,909	181,335
Performance bonds.....	583,817	590,697	716,452	695,863	703,325
<b>Total Liabilities.....</b>	<b><u>9,953,861</u></b>	<b><u>10,401,235</u></b>	<b><u>10,189,392</u></b>	<b><u>10,232,366</u></b>	<b><u>11,098,587</u></b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenue - property taxes.....	2,125,005	2,469,550	1,929,173	2,387,884	2,245,268
Advanced property tax collections.....	391,968	269,137	603,187	1,399,027	1,126,777
Leases related.....	-	-	2,104,030	1,950,782	1,797,534
<b>Total Deferred Inflows of Resources.....</b>	<b><u>2,516,973</u></b>	<b><u>2,738,687</u></b>	<b><u>4,636,390</u></b>	<b><u>5,737,693</u></b>	<b><u>5,169,579</u></b>
<b>FUND BALANCES</b>					
Nonspendable.....	-	638,169	645,786	514,069	539,756
Committed.....	-	-	-	-	4,543,773
Unassigned.....	15,775,867	15,563,620	18,599,572	20,913,220	19,347,629
<b>Total Fund Balances.....</b>	<b><u>15,775,867</u></b>	<b><u>16,201,789</u></b>	<b><u>19,245,358</u></b>	<b><u>21,427,289</u></b>	<b><u>24,431,158</u></b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances.....</b>	<b><u>\$28,246,701</u></b>	<b><u>\$29,341,711</u></b>	<b><u>\$34,071,140</u></b>	<b><u>\$37,397,348</u></b>	<b><u>\$40,699,324</u></b>

Source: Annual audited financial statements.

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

	Actual 2018-19	Actual 2019-20	Actual 2020-21	Actual 2021-22	Actual 2022-23	Actual 2023-24
Nonspendable.....	\$ -	\$ -	\$ 638,169	\$ 645,786	\$ 514,069	\$ 539,756
Committed.....	-	-	-	-	-	4,543,773
Unassigned.....	15,079,697	15,775,867	15,563,620	18,599,572	20,913,220	19,347,629
<b>Total Fund Balance.....</b>	<b><u>\$ 15,079,697</u></b>	<b><u>\$ 15,775,867</u></b>	<b><u>\$ 16,201,789</u></b>	<b><u>\$ 19,245,358</u></b>	<b><u>\$ 21,427,289</u></b>	<b><u>\$ 24,431,158</u></b>
Unassigned Fund Balance as % of						
Total Expenditures & Transfers.....	<u>15.18%</u>	<u>15.41%</u>	<u>15.61%</u>	<u>17.84%</u>	<u>19.77%</u>	<u>17.72%</u>

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

Fiscal Year Ended:	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
<b>REVENUES</b>					
Property taxes.....	\$ 58,123,246	\$ 57,625,978	\$ 58,989,685	\$ 56,686,098	\$ 59,481,897
Intergovernmental.....	38,032,723	37,594,120	40,293,427	43,231,519	44,951,918
Charges for services.....	6,096,775	4,712,049	6,649,338	5,971,506	6,640,059
Interest income.....	126,993	85,623	734,249	148,491	689,622
Other.....	-	-	-	50,000	50,000
<b>Total Revenues.....</b>	<u>102,379,737</u>	<u>100,017,770</u>	<u>106,666,699</u>	<u>106,087,614</u>	<u>111,813,496</u>
<b>EXPENDITURES</b>					
Current:					
General government.....	5,735,541	5,897,825	6,570,459	6,560,008	7,127,463
Public safety.....	21,005,868	21,788,528	22,634,859	23,633,152	24,282,638
Public works.....	7,816,593	7,771,682	8,383,448	8,393,798	8,438,998
Health and welfare.....	199,348	204,489	203,852	207,784	209,750
Culture and recreation.....	1,865,421	1,931,757	2,376,015	2,522,077	2,757,681
Employee benefits.....	4,193,939	4,642,550	4,880,073	3,908,787	4,143,074
Education.....	50,927,901	49,960,330	50,965,518	53,013,848	53,149,814
<b>Total Expenditures.....</b>	<u>91,744,611</u>	<u>92,197,161</u>	<u>96,014,224</u>	<u>98,239,454</u>	<u>100,109,418</u>
Revenues over expenditures.....	<u>10,635,126</u>	<u>7,820,609</u>	<u>10,652,475</u>	<u>7,848,160</u>	<u>11,704,078</u>
<b>Other Financing Sources (Uses)</b>					
Operating transfers in.....	658,404	101,345	650,000	1,868,979	685,400
Operating transfers out.....	(10,597,360)	(7,496,032)	(8,258,906)	(7,535,208)	(9,085,609)
<b>Total Other Financing Sources (Uses).....</b>	<u>(9,938,956)</u>	<u>(7,394,687)</u>	<u>(7,608,906)</u>	<u>(5,666,229)</u>	<u>(8,400,209)</u>
Net change in fund balances.....	696,170	425,922	3,043,569	2,181,931	3,303,869
Fund Balance - July 1.....	<u>15,079,697</u>	<u>15,775,867</u>	<u>16,201,789</u>	<u>19,245,358</u>	<u>21,427,289</u>
Fund Balance - June 30.....	<u>\$ 15,775,867</u>	<u>\$ 16,201,789</u>	<u>\$ 19,245,358</u>	<u>\$ 21,427,289</u>	<u>\$ 24,731,158</u>

Source: Annual audited financial statements.

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**COMPARATIVE BALANCE SHEETS – ENTERPRISE FUND**

<b>Fiscal Year Ended:</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>
<b>OPERATING REVENUES</b>					
Charges for services.....	\$ 16,791,487	\$ 16,041,519	\$ 16,412,509	\$ 18,277,215	\$ 19,278,156
<b>OPERATING EXPENSES</b>					
Personnel services.....	539,277	540,466	1,151,332	1,176,806	1,292,470
Contractual services.....	12,231,194	10,959,264	12,293,644	13,477,955	14,955,282
Supplies and materials.....	257,965	152,527	28,900	35,510	74,040
Insurance and property taxes.....	769,973	598,502	344,657	354,518	371,722
Depreciation.....	3,269,435	3,390,548	3,382,974	3,377,644	3,452,374
Repairs and maintenance.....	1,884,190	1,595,024	1,172,534	256,508	82,325
Electricity.....	1,097,011	1,240,146	1,153,302	1,122,791	1,107,474
Other.....	-	32,845	-	-	-
<b>TOTAL OPERATING EXPENSES.....</b>	<b>20,049,045</b>	<b>18,509,322</b>	<b>19,527,343</b>	<b>19,801,732</b>	<b>21,335,687</b>
<b>OPERATING INCOME (LOSS).....</b>	<b>(3,257,558)</b>	<b>(2,467,803)</b>	<b>(3,114,834)</b>	<b>(1,524,517)</b>	<b>(2,057,531)</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>					
Investment income.....	683,607	339,891	460,755	495,309	459,456
Net change in fair value of investments...	-	871,949	(1,098,706)	196,232	753,939
Grants and contributions.....	458,596	100,000	-	70,341	2,698,925
Settlement.....	-	-	-	17,413	-
Interest expense.....	(252,241)	(355,292)	(288,582)	(251,867)	(272,592)
<b>TOTAL NONOPERATING REVENUES (EXPENSES).....</b>	<b>889,962</b>	<b>956,548</b>	<b>(926,533)</b>	<b>527,428</b>	<b>3,639,728</b>
<b>INCOME (LOSS) BEFORE TRANSFERS.....</b>	<b>(2,367,596)</b>	<b>(1,511,255)</b>	<b>(4,041,367)</b>	<b>(997,089)</b>	<b>1,582,197</b>
<b>TRANSFER OUT.....</b>	<b>(300,000)</b>	<b>(100,000)</b>	<b>(100,000)</b>	<b>(50,000)</b>	<b>(331,250)</b>
<b>TRANSFER IN.....</b>	<b>60,000</b>	<b>100,000</b>	<b>250,000</b>	<b>1,050,000</b>	<b>74,992</b>
<b>CHANGE IN NET ASSETS.....</b>	<b>(2,607,596)</b>	<b>(1,511,255)</b>	<b>(3,891,367)</b>	<b>2,911</b>	<b>1,325,939</b>
<b>TOTAL NET POSITION - JULY 1.....</b>	<b>123,852,715</b>	<b>121,245,119</b>	<b>119,733,864</b>	<b>115,842,497</b>	<b>115,845,408</b>
<b>TOTAL NET POSITION - JUNE 30.....</b>	<b>\$121,245,119</b>	<b>\$119,733,864</b>	<b>\$115,842,497</b>	<b>\$115,845,408</b>	<b>\$117,171,347</b>

Source: Annual audited financial statements.

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

Fiscal Year Ended:	2020	2021	2022	2023	2024
<b>Assets</b>					
Current assets:					
Cash and investments.....	\$ 13,061,692	\$ 8,938,668	\$ 10,886,848	\$ 13,888,187	\$ 11,461,557
Receivables, net of allowances for collection losses.....	2,252,375	2,187,690	2,740,664	2,333,947	2,840,105
Intergovernmental receivable.....	-	-	-	39,832	889,407
Prepaid expenses.....	19,599	-	-	-	-
Due from other funds.....	145,470	-	-	-	-
<b>Total current assets.....</b>	<b>15,479,136</b>	<b>11,126,358</b>	<b>13,627,512</b>	<b>16,261,966</b>	<b>15,191,069</b>
Noncurrent assets:					
Restricted assets:					
Cash and investments.....	12,384,474	13,797,865	13,512,150	14,352,696	15,709,478
Capital assets (net).....	111,158,019	109,970,849	107,072,351	105,409,088	109,131,730
<b>Total assets.....</b>	<b>139,021,629</b>	<b>134,895,072</b>	<b>134,212,013</b>	<b>136,023,750</b>	<b>140,032,277</b>
<b>Deferred Outflows of Resources</b>					
Deferred charge on refunding.....	-	3,750	2,500	1,250	102,610
<b>Liabilities</b>					
Current liabilities:					
Accounts payable and accrued liabilities.....	881,891	766,411	1,665,106	1,544,028	3,021,421
Retainage payable.....	144,672	85,746	21,226	22,287	-
Accrued payroll.....	-	21,848	24,139	20,071	18,080
Accrued interest.....	54,991	89,117	80,809	70,416	38,848
Due to other funds.....	4,507,237	3,056,787	6,062,497	9,310,907	11,375,425
Overpayments.....	100,572	166,574	200,643	208,038	352,538
Unearned revenue.....	124,851	48,029	322,454	572	572
Bonds and notes payable.....	1,025,913	907,450	955,638	949,364	748,513
Interim funding obligation.....	-	-	-	-	20,318
<b>Total current liabilities.....</b>	<b>6,840,127</b>	<b>5,141,962</b>	<b>9,332,512</b>	<b>12,125,683</b>	<b>15,575,715</b>
Noncurrent liabilities:					
Bonds, notes and related liabilities.....	10,851,619	9,909,462	8,934,703	7,957,841	7,182,605
<b>Total liabilities.....</b>	<b>17,691,746</b>	<b>15,051,424</b>	<b>18,267,215</b>	<b>20,083,524</b>	<b>22,758,320</b>
<b>Net Position</b>					
Net investment in capital assets.....	100,825,375	100,732,731	98,407,543	97,733,838	100,808,133
Restricted for specific purposes.....	12,374,474	13,797,865	6,183,960	14,352,696	15,709,478
Unrestricted.....	8,035,270	5,203,268	3,922,804	3,758,874	653,736
<b>Total net position.....</b>	<b>\$ 121,235,119</b>	<b>\$ 119,733,864</b>	<b>\$ 108,514,307</b>	<b>\$ 115,845,408</b>	<b>\$ 117,171,347</b>

Source: Annual audited financial statements.

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**VI. DEBT SUMMARY**

**PRINCIPAL AMOUNT OF INDEBTEDNESS**

As of March 12, 2026 (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 3/12/26</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	\$ 2,000,000	2030
12/16/2016	Refunding - General Purpose .....	3.00 - 5.00	5,271,000	1,775,000	2030
3/15/2017	General Purpose .....	3.00 - 5.00	7,165,000	4,565,000	2037
3/8/2018	General Purpose .....	3.00 - 5.00	4,195,000	2,730,000	2038
3/21/2019	General Purpose .....	2.50 - 5.00	4,300,000	2,795,000	2039
3/21/2019	Refunding - General Purpose .....	2.50 - 5.00	3,285,000	1,465,000	2031
1/28/2020	General Purpose - Fire Trucks.....	2.78	1,840,000	786,197	2030
3/19/2020	General Purpose .....	2.00 - 4.00	2,200,000	1,900,000	2040
5/4/2020	General Purpose .....	3.125 - 5.00	3,200,000	2,600,000	2040
5/4/2020	Refunding - General Purpose .....	3.00 - 5.00	3,553,000	1,753,000	2034
10/14/2020	General Purpose .....	0.95 - 3.00	3,100,000	2,650,000	2041
10/14/2020	Refunding - General Purpose .....	0.75 - 2.35	3,950,000	2,784,000	2034
3/17/2022	General Purpose .....	3.00 - 5.00	3,800,000	3,640,000	2042
7/15/2022	General Purpose - Phone Equipment.....	4.35	307,548	65,002	2027
3/16/2023	General Purpose .....	4.00 - 5.00	4,050,000	4,050,000	2043
3/15/2024	General Purpose .....	4.00 - 5.00	6,000,000	6,000,000	2044
3/13/2025	General Purpose .....	4.00 - 5.00	5,673,000	5,673,000	2045
3/12/2026	General Purpose (This Issue).....	TBD	12,500,000	12,500,000	2046
			<b>\$ 79,739,548</b>	<b>\$ 59,731,199</b>	
<b><u>Schools</u></b>					
12/16/2016	Refunding - Schools .....	3.00 - 5.00	4,349,000	1,465,000	2030
3/15/2017	Schools .....	3.00 - 5.00	505,000	300,000	2037
3/8/2018	Schools .....	3.00 - 5.00	600,000	390,000	2038
3/21/2019	Schools .....	2.50 - 5.00	7,000,000	4,550,000	2039
3/19/2020	Schools .....	2.00 - 4.00	7,000,000	6,000,000	2040
5/4/2020	Refunding - Schools .....	3.00 - 5.00	1,882,000	522,000	2034
10/14/2020	Refunding - Schools .....	0.75 - 2.35	4,455,000	3,051,000	2034
3/18/2021	Schools .....	1.25 - 4.25	13,300,000	12,200,000	2041
3/17/2022	Schools .....	3.00 - 5.00	10,000,000	9,610,000	2042
3/16/2023	Schools .....	4.00 - 5.00	4,500,000	4,500,000	2043
3/15/2024	Schools .....	4.00 - 5.00	7,032,000	7,030,000	2044
			<b>\$ 60,623,000</b>	<b>\$ 49,618,000</b>	
<b><u>Pensions</u></b>					
12/17/2015	Pension Deficit .....	1.25 - 4.60	4,000,000	2,425,000	2036
			<b>\$ 4,000,000</b>	<b>\$ 2,425,000</b>	
<b><u>Sewers</u></b>					
3/15/2017	Sewers.....	3.00 - 5.00	3,100,000	1,860,000	2037
			<b>\$ 3,100,000</b>	<b>\$ 1,860,000</b>	
<b><u>Water</u></b>					
1/31/2017	Drinking Water Fund Loan #2013-7025...	2.00	5,534,628	2,991,883	2036
5/4/2020	Water.....	3.125 - 5.00	1,650,000	1,370,000	2040
5/4/2020	Refunding - Water .....	3.00 - 5.00	1,525,000	250,000	2027
11/30/2025	Drinking Water Fund Loan #2024-5004...	2.00	2,050,263	2,021,485	2045
			<b>\$ 10,759,891</b>	<b>\$ 6,633,368</b>	
	<b>Total .....</b>		<b>\$ 158,222,439</b>	<b>\$ 120,267,567</b>	

**Short-Term Debt: The Notes**

<u>Date of Issue</u>	<u>Purpose</u>	<u>Rate %</u>	<u>Original Issue Amount</u>	<u>Principal Outstanding as of 3/12/26</u>	<u>Date of Fiscal Year Maturity</u>
<b><u>General Purpose</u></b>					
3/12/2026	General Purpose (This Issue).....	TBD	14,300,000	14,300,000	2027
			<b>\$ 14,300,000</b>	<b>\$ 14,300,000</b>	
<b><u>Schools</u></b>					
3/12/2026	Schools (This Issue).....	TBD	\$ 13,310,000	\$ 13,310,000	2027
			<b>13,310,000</b>	<b>13,310,000</b>	
	<b>Total .....</b>		<b>\$ 27,610,000</b>	<b>\$ 27,610,000</b>	

**Other Long-Term Commitments:**

<u>Fiscal Year June</u>	<u>Principal</u>	<u>Interest</u>
2025-26	\$ 487,835	\$ 52,202
2026-27	244,401	34,675
2027-28	197,487	28,076
2028-29	156,214	22,744
2029-30	150,963	18,526
2030-31	122,361	14,450
2031-32	129,769	11,147
2032-33	137,500	7,643
2033-34	145,567	3,931
Total	<b>\$ 1,772,097</b>	<b>\$ 193,394</b>

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

As of March 12, 2026  
(Pro Forma)

Fiscal Year	Existing Indebtedness			The Bonds	ALL ISSUES
	Principal Payments (1)	Interest Payments	Total Debt Service (1)	Principal Payments	Total Principal (1)
2025-26	\$ 7,840,350	\$ 3,775,268	\$ 11,615,618	\$ -	\$ 7,840,350
2026-27	8,788,936	3,469,386	12,258,322	-	8,788,936
2027-28	8,709,551	3,122,951	11,832,502	-	8,709,551
2028-29	8,309,462	2,742,239	11,051,701	700,000	9,009,462
2029-30	8,367,675	2,469,283	10,836,958	500,000	8,867,675
2030-31	7,150,800	2,190,330	9,341,130	750,000	7,900,800
2031-32	6,863,789	1,962,699	8,826,488	750,000	7,613,789
2032-33	6,941,939	1,735,393	8,677,332	700,000	7,641,939
2033-34	7,040,254	1,523,055	8,563,309	700,000	7,740,254
2034-35	6,108,737	1,317,835	7,426,572	700,000	6,808,737
2035-36	5,933,236	1,128,903	7,062,139	700,000	6,633,236
2036-37	5,617,482	950,691	6,568,173	700,000	6,317,482
2037-38	5,199,651	773,321	5,972,972	700,000	5,899,651
2038-39	4,961,864	612,143	5,574,007	700,000	5,661,864
2038-40	4,399,122	469,003	4,868,125	700,000	5,099,122
2040-41	3,560,000	330,150	3,890,150	700,000	4,260,000
2041-42	2,485,000	218,750	2,703,750	700,000	3,185,000
2042-43	1,660,000	127,600	1,787,600	700,000	2,360,000
2043-44	1,230,000	61,200	1,291,200	700,000	1,930,000
2044-45	300,000	12,000	312,000	700,000	1,000,000
2045-46	-	-	-	700,000	700,000
<b>Total</b>	<b>\$111,467,848</b>	<b>\$28,992,199</b>	<b>\$140,460,048</b>	<b>\$ 12,500,000</b>	<b>\$ 123,967,848</b>

(1) Includes water debt in the amount of \$7,171,803 paid from user charges. Does not reflect principal payments of \$4,285,156 to be made as of March 12, 2026.

Source: City of New London.

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**COMBINED SCHEDULE OF LONG-TERM DEBT THROUGH MATURITY**  
**GENERAL FUND**  
As of March 12, 2026  
(Pro Forma)

<b>Fiscal Year</b>	<b>Existing Indebtedness</b>			<b>The Bonds</b>	<b>ALL ISSUES Total Principal (1)</b>
	<b>Principal Payments (1)</b>	<b>Interest Payments</b>	<b>Total Debt Service (1)</b>	<b>Principal Payments</b>	
2025-26	\$ 7,026,730	\$ 3,552,546	\$ 10,579,276	\$ -	\$ 7,026,730
2026-27	7,948,542	3,264,060	11,212,602	-	7,948,542
2027-28	8,101,782	2,940,800	11,042,582	-	8,101,782
2028-29	7,674,169	2,575,862	10,250,031	700,000	8,374,169
2029-30	7,724,706	2,319,232	10,043,938	500,000	8,224,706
2030-31	6,500,000	2,056,954	8,556,954	750,000	7,250,000
2031-32	6,205,000	1,846,349	8,051,349	750,000	6,955,000
2032-33	6,275,000	1,636,231	7,911,231	700,000	6,975,000
2033-34	6,365,000	1,440,939	7,805,939	700,000	7,065,000
2034-35	5,425,000	1,252,626	6,677,626	700,000	6,125,000
2035-36	5,380,000	1,080,310	6,460,310	700,000	6,080,000
2036-37	5,250,000	914,206	6,164,206	700,000	5,950,000
2037-38	4,985,000	747,775	5,732,775	700,000	5,685,000
2038-39	4,745,000	592,025	5,337,025	700,000	5,445,000
2039-40	4,180,000	454,425	4,634,425	700,000	4,880,000
2040-41	3,560,000	330,150	3,890,150	700,000	4,260,000
2041-42	2,485,000	218,750	2,703,750	700,000	3,185,000
2042-43	1,660,000	127,600	1,787,600	700,000	2,360,000
2043-44	1,230,000	61,200	1,291,200	700,000	1,930,000
2044-45	300,000	12,000	312,000	700,000	1,000,000
2045-46	-	-	-	700,000	700,000
<b>Total</b>	<b>\$ 103,020,929</b>	<b>\$27,424,039</b>	<b>\$130,444,969</b>	<b>\$ 12,500,000</b>	<b>\$ 115,520,929</b>

(1) Does not reflect principal payments of \$3,746,730 to be made as of March 12, 2026.

Source: City of New London.

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**COMBINED SCHEDULE OF LONG-TERM DEBT THROUGH MATURITY**  
**ENTERPRISE FUND**  
As of March 12, 2026  
(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>
2025-26	\$ 813,620	\$ 222,722	\$ 1,036,342
2026-27	840,394	205,326	1,045,720
2027-28	607,769	182,151	789,920
2028-29	635,293	166,377	801,670
2029-30	642,969	150,051	793,020
2030-31	650,800	133,376	784,176
2031-32	658,789	116,350	775,139
2032-33	666,939	99,162	766,101
2033-34	675,254	82,116	757,370
2034-35	683,737	65,209	748,946
2035-36	553,236	48,593	601,829
2036-37	367,482	36,485	403,967
2037-38	214,651	25,546	240,197
2038-39	216,864	20,118	236,982
2039-40	219,122	14,578	233,700
2040-41	116,426	10,634	127,060
2041-42	118,776	8,284	127,060
2042-43	121,173	5,887	127,060
2043-44	123,619	3,441	127,060
2044-45	104,889	964	105,853
Total	\$ 9,031,802	\$ 1,597,370	\$10,629,172

(1) Includes water debt in the amount of \$7,171,803 paid from user charges. Does not reflect principal payments of \$538,436 to be made as of March 12, 2026.

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 12, 2026

(Pro Forma)

<b>Long-Term Indebtedness (1)</b>	
The Bonds (This Issue).....	\$ 12,500,000
General Purpose.....	46,380,000
Schools.....	49,618,000
Sewers.....	1,860,000
Pensions.....	2,425,000
Equipment financing notes.....	851,199
Water (2).....	<u>6,633,368</u>
<b>Total Long-Term Indebtedness.....</b>	<b>120,267,567</b>
<b>Short-Term Indebtedness</b>	
The Notes (This Issue).....	27,610,000
State of CT Clean Water Fund IFO.....	<u>8,170,795</u>
<b>Total Direct Indebtedness.....</b>	<b>156,048,362</b>
<b>Exclusions:</b>	
Self-Supporting Water Debt.....	<u>(6,633,368)</u>
<b>Total Net Direct Indebtedness.....</b>	<b><u>\$ 149,414,994</u></b>

(1) Does not include authorized but unissued debt of \$25,375,134.

(2) Includes \$6,633,368 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 12, 2026

(Pro Forma)

Total Direct Indebtedness.....	\$ 156,048,362
Total Net Direct Indebtedness.....	\$ 156,048,362
Total Net Direct Indebtedness.....	\$ 149,414,994
Population (1).....	27,199
Net Taxable Grand List (10/1/24).....	\$ 2,194,168,510
Estimated Full Value.....	\$ 3,134,526,443
Equalized Net Taxable Grand List (2023) (2).....	\$ 3,132,011,803
Per Capita Income (1).....	\$33,888
<b>Total Direct Indebtedness:</b>	
Per Capita.....	\$5,737.28
To Net Taxable Grand List .....	7.11%
To Estimated Full Value .....	4.98%
To Equalized Net Taxable Grand List.....	4.98%
Per Capita to Per Capita Income.....	16.93%
<b>Total Net Direct Indebtedness:</b>	
Per Capita.....	\$5,493.40
To Net Taxable Grand List.....	6.81%
To Estimated Full Value.....	4.77%
To Equalized Net Taxable Grand List.....	4.77%
Per Capita to Per Capita Income.....	16.21%

(1) U.S. Census Bureau, 2019-2023 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 the following two Permanent Loan Obligation ("PLO") bearing interest of 2% which was issued to the State of Connecticut under the Drinking Water State Revolving Fund Program.

<u>Project</u>	<u>Original 2% Loan Amount</u>	<u>Amount Outstanding As of March 12, 2026</u>
DWSRF 2013-7025.....	\$ 5,534,628	\$ 2,991,883
DWSRF 2024-5004.....	2,050,263	2,021,485
Total	<u>\$ 7,584,891</u>	<u>\$ 5,013,368</u>

In addition to the permanent loans listed above, the City currently has an Interim Funding Obligation ("IFO") outstanding in the amount of \$6,120,532. The City is currently performing renovations and upgrades to its System-Wide Lead Services Lines which are expected to be financed through the State of Connecticut's Clean Water Fund. The City expects to receive \$4,456,853 in State and Federal Grants. The City's expected net share is \$1,663,679.

**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 12, 2026  
(Pro Forma)

Tax collections (including interest and liens for the prior year) - Base for establishing debt limit \$ 57,386,421

<u>Debt Limitation</u>	<u>General Purpose</u>	<u>Schools</u>	<u>Sewers</u>	<u>Urban Renewal</u>	<u>Past Pension</u>	<u>Total Debt</u>
(2.25 times base).....	\$ 129,119,447					
(4.50 times base).....		\$ 258,238,895				
(3.75 times base).....			\$215,199,079			
(3.25 times base).....				\$186,505,868		
(3.00 times base).....					\$ 172,159,263	
(7.00 times base).....						\$401,704,947
<b>Indebtedness (Including the Bonds and Notes)</b>						
Bonds Payable (1).....	\$ 46,380,000	\$ 49,618,000	\$ 1,860,000	\$ -	\$ 2,425,000	\$100,283,000
Equipment financing notes.....	851,199	-	-	-	-	851,199
The Bonds (This Issue).....	12,500,000	-	-	-	-	12,500,000
The Notes (This Issue).....	14,300,000	13,310,000	-	-	-	27,610,000
Authorized but Unissued Debt (2).....	100	3,333,965	-	-	-	3,334,065
Total Indebtedness.....	74,031,299	66,261,965	1,860,000	-	-	142,153,264
Less:						
School grants receivable (3).....	-	(23,440,684)	-	-	-	(23,440,684)
Total Net Indebtedness.....	74,031,299	42,821,281	1,860,000	-	-	118,712,581
Excess of Limit Over Outstanding and Authorized Debt.....	<u>\$ 55,088,148</u>	<u>\$ 215,417,613</u>	<u>\$213,339,079</u>	<u>\$186,505,868</u>	<u>\$172,159,263</u>	<u>\$282,992,366</u>

- (1) Does not include self-supporting water debt outstanding as of March 12, 2026 in the amount of \$6,633,368 excluded from the debt limit by Connecticut General Statute. Outstanding water bonds excluded are as follows: \$250,000 refunding issue of May 4, 2020 and \$1,370,000 bond issue of May 4, 2020. The City also has two State of Connecticut Drinking Water Revolving Fund Program Project Loan Obligations outstanding in the amount of \$5,013,368 and one IFO outstanding in the amount of \$6,120,532. (See "Drinking Water State Revolving Fund Program" herein).
- (2) Excludes \$28,023,715 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 12, 2026, the City has received progress payments in the amount of \$153,323,166. (See "School Building Grant Reimbursements" and "Authorized but Unissued Debt" herein).

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### AUTHORIZED BUT UNISSUED DEBT

Project	Amount Authorized	Prior Debt	Grants and Paydowns	The Notes (This Issue)	The Bonds (This Issue)	Authorized But Unissued
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	4,249,879	200,000	-	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	30,488,000	75,327,618	3,500,000	-	684,382
Bennie Dover Magnet School Project (1).....	55,000,000	16,245,000	29,517,840	9,160,000	-	77,160
Community Center Project.....	30,000,000	7,500,000	-	10,000,000	12,500,000	-
Lead Service Line Replacement Project (2).....	35,600,000	8,170,795	6,353,508	-	-	21,075,697
The City Infrastructure Improvements						
Projects - 2025.....	1,800,000	-	-	1,800,000	-	-
The City Equipment Improvements - 2025.....	700,000	-	-	700,000	-	-
The City Infrastructure Improvements						
Projects - 2026.....	1,500,000	-	-	1,500,000	-	-
The City Equipment Improvements - 2026.....	750,000	-	-	750,000	-	-
Total	<u>\$312,350,100</u>	<u>\$77,335,423</u>	<u>\$169,529,543</u>	<u>\$27,610,000</u>	<u>\$ 12,500,000</u>	<u>\$ 25,375,134</u>

- (1) 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 12, 2026, the City has received progress payments in the amount of \$153,323,166. (See "School Building Grant Reimbursements" and "Authorized but Unissued Debt" herein).
- (2) The City intends to fund this project with the Drinking Water State Revolving Fund Program.

### HISTORICAL DEBT STATEMENT

	2024-25	2023-24	2022-23	2021-22	2020-21
Population (1).....	27,199	27,199	27,199	27,199	27,199
Net taxable grand list.....	\$2,171,198,932	\$1,619,594,531	\$1,583,790,301	\$1,512,763,748	\$1,492,043,048
Estimated full value.....	\$3,101,712,760	\$2,313,706,473	\$2,262,557,573	\$2,161,091,069	\$2,131,490,069
Equalized net taxable grand list (2)...	\$3,132,011,803	\$3,538,831,970	\$3,258,658,859	\$2,725,879,071	\$2,282,298,423
Per capita income (1).....	\$33,888	\$33,888	\$33,888	\$33,888	\$33,888
Short-term debt.....	\$ 43,548,303	\$ 44,316,771	\$ 30,460,000	\$ 35,830,000	\$ 22,600,000
Long-term debt.....	108,905,541	110,019,055	103,085,295	99,846,366	90,939,155
Total Direct debt.....	\$ 152,453,844	\$ 154,335,826	\$ 133,545,295	\$ 135,676,366	\$ 113,539,155
School grants receivable.....					
Self supporting water debt.....	(5,121,541)	(5,715,055)	(6,287,295)	(6,867,366)	(7,382,371)
Net Direct debt.....	\$ 147,332,303	\$ 148,620,771	\$ 127,258,000	\$ 128,809,000	\$ 106,156,784

- (1) U.S. Census Bureau, 2019-2023 American Community Survey.
- (2) Office of Policy and Management, State of Connecticut

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**HISTORICAL DEBT RATIOS**

	<u>2024-25</u>	<u>2023-24</u>	<u>2022-23</u>	<u>2021-22</u>	<u>2020-21</u>
<b>Total Direct Indebtedness:</b>					
Per capita.....	\$5,605.13	\$5,674.32	\$4,909.93	\$4,988.29	\$4,174.39
To net taxable grand list.....	7.02%	9.53%	8.43%	8.97%	7.61%
To estimated full value.....	4.92%	6.67%	5.90%	6.28%	5.33%
To equalized net taxable grand list.....	4.87%	4.36%	4.10%	4.98%	4.97%
Debt per capita to per capita income.....	16.54%	16.74%	14.49%	14.72%	12.32%
<b>Net direct Indebtedness:</b>					
Per capita.....	\$5,416.83	\$5,464.20	\$4,678.77	\$4,735.80	\$3,902.97
To net taxable grand list.....	6.79%	9.18%	8.04%	8.51%	7.11%
To estimated full value.....	4.75%	6.42%	5.62%	5.96%	4.98%
To equalized net taxable grand list.....	4.70%	4.20%	3.91%	4.73%	4.65%
Debt per capita to per capita income.....	15.98%	16.12%	13.81%	13.97%	11.52%

**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>
2026 (1)	\$ 8,916,249	\$ 105,664,123	8.44%
2025 (1)	8,751,158	101,625,527	8.61%
2024	8,699,199	109,195,027	7.97%
2023	7,230,653	105,774,662	6.84%
2022	6,575,748	104,273,130	6.31%
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%

(1) Unaudited estimates for fiscal year 2024-25 and the adopted budget for fiscal year 2025-26.

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## VII. LEGAL AND OTHER LITIGATION

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### LITIGATION

As of the date of the 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 the 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 the 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 the 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 municipal 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 13, 2026**

**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, 2024 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 Audit of the Financial Statements**

#### ***Opinions***

We have audited the 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, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying 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, as of June 30, 2024, 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.

#### ***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("GAAS") and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

#### ***Auditors' Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis, budgetary comparisons, and the pension and other post-employment benefit schedules as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 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 combining and individual fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

***Other Information***

Management is responsible for the other information included in the annual financial report. The other information comprises the introductory and trend information sections but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

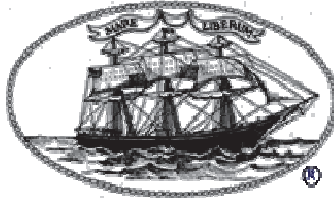
In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated May 27, 2025 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  
May 27, 2025



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, 2024

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, 2024. 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:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Change in net position	\$ 35,081,835	\$ 1,325,939	\$ 36,407,774
Total net position	240,436,450	117,171,347	357,607,797
Unrestricted net position	(2,337,136)	653,736	(1,683,400)

- The significant factors for the total change in net position are as follows:

#### Fund level activity:

➤ positive operations of the general fund of	\$ 3,303,869
➤ negative operations of the capital nonrecurring fund of	(1,661,000)
➤ positive operations of the school projects fund of	6,419,499
➤ negative operations of the water pollution control authority fund of	(1,552,580)
➤ positive operations of the water department fund of	2,901,473
➤ negative operations of the internal service fund of	(386,873)

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

➤ capital outlay net of depreciation/amortization expense of	38,311,103
➤ net long-term debt activity of	(14,641,027)
➤ change in net pension liability of	1,369,009
➤ change in deferred outflows of resources related to pension and OPEB of	(917,018)
➤ change in deferred inflows of resources related to pension and OPEB of	2,747,825

- The City's governmental funds reported combined ending fund balance of \$31,592,381, an increase of \$6,751,796 in comparison with the prior year. Additional details regarding the operations are discussed in the governmental funds section.
- The general fund's unassigned fund balance was \$19,347,629, a decrease of \$1,565,591 in comparison with the prior year. This unassigned fund balance represents 18.79% of total general fund budgetary expenditures and transfers out as compared to 21.40% in the prior year.
- Net capital assets increased in the current year by \$42,033,745 or 9.04%.
- Total long-term debt increased by \$12,078,218 or 11.20%.

**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.

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 between these accounts reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial health or position of the City is improving or deteriorating.
Statement of activities	Presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. uncollected taxes and earned but unused vacation leave).

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 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**

Fund description	Used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, 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. Such information may be useful in evaluating the City's near-term financing requirements.
Relationship to government-wide financial statements	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 with 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 City's near-term financing decisions.
Reconciliations (Exhibit C page 2 and Exhibit E)	Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.
Presentation (Exhibits C and D)	<b>Major funds:</b> Information is presented 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 and bonded projects fund.

The major funds of the City are follows:

- General fund
- Capital nonrecurring fund
- School projects fund
- Education grants fund

Presentation (Schedules 4 and 5)	Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these other governmental funds is provided in the combining schedules.
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**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 parking garage.

Internal service funds are an accounting device used for risk financing 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, 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 parking garage are not.

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

**Fiduciary funds**

Fund description	The City is the trustee, or fiduciary, for its employees' pension and OPEB plans. It is also responsible for other assets that, because of a trust agreement, can be used only for the trust beneficiaries.
Relationship to government-wide financial statements	We exclude these activities from the City's other financial statements because the City cannot use these assets to finance its operations. The City is responsible for ensuring that the assets reported in these funds are used for their intended purposes.
Presentation (Exhibits I and J)	All of the City's fiduciary activities are reported in separate financial statements

**Notes to financial statements**

Notes to financial statements	The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements
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**Other information**

Required supplementary information (RSI)	In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information
General Fund budgetary comparisons	Budgetary comparison schedule is presented to demonstrate compliance with this budget.
Pension and other post-employment benefits	Progress in funding its obligation to provide pension and other post-employment benefits to its employees
Combining schedules	The combining schedules referred to earlier in connection with other governmental funds are presented immediately following the required supplementary information.
Statistical tables	Tables of up to 10 years of historical data for various financial and nonfinancial related information.

**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 \$357,607,797 at the close of the current fiscal year.

The largest portion of net position of the City (95.41%) reflects its investment in capital assets less any related debt and liabilities used to acquire those assets that are 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.

A portion of the City's net position, \$18,085,522, represents resources that are subject to restrictions on how they may be used. For governmental activities, restrictions include grantor restrictions and restrictions by State Statutes (enabling legislation). For business-type activities the restrictions are for amounts billed for capital replacement and debt service. The remaining balance of unrestricted net position is \$(1,683,400).

Net position over time serves as a useful indicator of a government's financial position. The analysis below focuses on net position and changes in net position.

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

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Totals</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
Current and other assets	\$ 102,103,652	\$ 107,581,022	\$ 19,525,122	\$ 21,303,755	\$ 121,628,774	\$ 128,884,777
Capital assets (net)	397,637,295	359,326,192	109,131,730	105,409,088	506,769,025	464,735,280
<b>Total assets</b>	<b>499,740,947</b>	<b>466,907,214</b>	<b>128,656,852</b>	<b>126,712,843</b>	<b>628,397,799</b>	<b>593,620,057</b>
Deferred outflows of resources	28,039,314	28,956,332	-	1,250	28,039,314	28,957,582
Long-term liabilities	199,017,707	187,907,676	7,182,605	7,957,841	206,200,312	195,865,517
Other liabilities	70,303,932	81,371,474	4,200,290	2,814,776	74,504,222	84,186,250
<b>Total liabilities</b>	<b>269,321,639</b>	<b>269,279,150</b>	<b>11,382,895</b>	<b>10,772,617</b>	<b>280,704,534</b>	<b>280,051,767</b>
Deferred inflows of resources	18,022,172	21,229,781	102,610	96,068	18,124,782	21,325,849
Net position:						
Net investment in capital assets	240,397,542	214,742,570	100,808,133	97,733,838	341,205,675	312,476,408
Restricted	2,376,044	2,157,293	15,709,478	14,352,696	18,085,522	16,509,989
Unrestricted	(2,337,136)	(11,545,248)	653,736	3,758,874	(1,683,400)	(7,786,374)
<b>Total net position</b>	<b>\$ 240,436,450</b>	<b>\$ 205,354,615</b>	<b>\$ 117,171,347</b>	<b>\$ 115,845,408</b>	<b>\$ 357,607,797</b>	<b>\$ 321,200,023</b>

Management's Discussion and Analysis (continued)

As detailed below, the City's total net position increased by \$36,407,774 during the current fiscal year:

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

	Governmental Activities		Business-Type Activities		Totals	
	2024	2023	2024	2023	2024	2023
Revenues:						
Program revenues:						
Charges for services	\$ 12,454,910	\$ 12,371,624	\$ 19,278,156	\$ 18,277,215	\$ 31,733,066	\$ 30,648,839
Operating grants and contributions	73,179,046	69,364,916	-	-	73,179,046	69,364,916
Capital grants and contributions	37,561,783	27,668,458	2,698,925	70,341	40,260,708	27,738,799
General revenues:						
Property taxes	59,927,083	57,292,238	-	-	59,927,083	57,292,238
Grants and contributions not restricted to specific programs	12,572,331	11,805,280	-	-	12,572,331	11,805,280
Income from investments	691,218	148,715	459,456	495,309	1,150,674	644,024
Net change in fair value of investments	-	-	753,939	196,232	753,939	196,232
Settlement	-	-	-	17,413	-	17,413
<b>Total revenues</b>	<b>196,386,371</b>	<b>178,651,231</b>	<b>23,190,476</b>	<b>19,056,510</b>	<b>219,576,847</b>	<b>197,707,741</b>
Expenses:						
General government	9,135,574	9,650,134	-	-	9,135,574	9,650,134
Public safety	29,306,540	30,332,288	-	-	29,306,540	30,332,288
Public works	11,654,253	14,646,607	-	-	11,654,253	14,646,607
Health and welfare	2,123,272	1,657,690	-	-	2,123,272	1,657,690
Recreation and culture	4,982,918	4,306,727	-	-	4,982,918	4,306,727
Education	99,926,983	97,289,138	-	-	99,926,983	97,289,138
Interest	4,431,254	3,061,294	-	-	4,431,254	3,061,294
Water Pollution Control Authority	-	-	8,055,557	7,374,224	8,055,557	7,374,224
Water Department	-	-	8,182,928	7,340,829	8,182,928	7,340,829
Storm Water Management	-	-	1,216,573	1,392,149	1,216,573	1,392,149
Ocean Beach Park	-	-	3,161,793	3,067,796	3,161,793	3,067,796
Water Street Parking Garage	-	-	991,428	878,601	991,428	878,601
<b>Total expenses</b>	<b>161,560,794</b>	<b>160,943,878</b>	<b>21,608,279</b>	<b>20,053,599</b>	<b>183,169,073</b>	<b>180,997,477</b>
Increase (decrease) in net position before transfers	34,825,577	17,707,353	1,582,197	(997,089)	36,407,774	16,710,264
Transfers	256,258	(1,000,000)	(256,258)	1,000,000	-	-
<b>Change in net position</b>	<b>35,081,835</b>	<b>16,707,353</b>	<b>1,325,939</b>	<b>2,911</b>	<b>36,407,774</b>	<b>16,710,264</b>
Net position - July 1	205,354,615	188,647,262	115,845,408	115,842,497	321,200,023	304,489,759
<b>Net position - June 30</b>	<b>\$ 240,436,450</b>	<b>\$ 205,354,615</b>	<b>\$ 117,171,347</b>	<b>\$ 115,845,408</b>	<b>\$ 357,607,797</b>	<b>\$ 321,200,023</b>
Percentage increase in net position	17.08%		1.14%		11.33%	

Key elements of the change in net position are as follows:

**Governmental activities**

Governmental activities resulted in an increase of the City's net position of \$35,081,835.

**Revenues**

Governmental activities revenues totaled \$196,386,371. This represents an increase of \$17,735,140 from the prior year. Operating grants and contributions are the largest revenue source for the City and represent 37.26% of revenues. Details for the other categories are as follows:

Charges for services	6.34%
Operating grants and contributions	37.26%
Capital grants and contributions	19.13%
Property taxes	30.51%
Grants and contributions not restricted to specific programs	6.40%
Income from investments and net change in fair value of investments	<u>0.35%</u>
Total	<u>100.00%</u>

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

Revenue category	Amount	Description	
Operating grants and contributions increased by/ due to:	\$ 3,814,130	Increase in Alliance District, Magnet Schools, ESSER and ARPA-related education grants of:	\$ 2,682,520
		Increase in teachers retirement pension and OPEB on-behalf amount of:	827,580
Capital grants and contributions increased by/ due to:	9,893,325	Contribution received for Elbow Pier of:	2,856,000
		Increase in ARPA grant revenue of:	5,643,347
		Increase in school construction grant revenue of:	1,593,483

**Expenses**

Governmental activity expenses totaled \$161,560,794 for the fiscal year, an increase of \$616,916. Of the total expenses, \$99,926,983 or 61.85% is related to education. Details for the other categories are as follows:

General government	5.65%
Public safety	18.14%
Public works	7.21%
Health and welfare	1.31%
Recreation and culture	3.08%
Education	61.85%
Interest	<u>2.74%</u>
Total	<u>100.00%</u>

Management's Discussion and Analysis (continued)

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

Expense category	Amount	Description	
Public works decreased by/ due to:	\$ (2,992,354)	Decrease in pension expense of:	\$ (2,176,194)
		Differences year to year for capital purchases of:	(1,223,741)
		Increase in claims expenses of:	244,508
Education increased by/ due to:	2,637,845	Increase in education grant expenses of:	1,431,131
		Differences year to year for capital purchases of:	1,075,947
Interest increased by/ due to:	1,369,960	Bonds of \$8,550,000 and bond anticipation notes of \$30,460,000 issued in the prior fiscal year.	

**Business-type activities**

Business-type activities resulted in an increase in the City's net position of \$1,325,939.

The most significant fluctuations from prior year were as follows:

Revenues

Revenue category	Amount	Description	
Capital grants and contributions increased by/ due to:	\$ 2,628,584	New drinking water grant for lead service lines of:	\$ 2,648,902

Expenses

Expense category	Amount	Description	
Water Pollution Control Authority increased by/ due to:	\$ 681,333	Increase in plant operator contractual services of:	\$ 600,329
Water department increased by/ due to:	842,099	Increase in plant operator contractual services of:	764,535

**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.

The components of fund balance were as follows:

Nonspendable	\$ 839,756
Restricted	2,376,044
Committed	35,894,734
Assigned	5,240,710
Unassigned	<u>(12,758,863)</u>
Total	<u>\$ 31,592,381</u>

The total fund balance increased by \$6,751,796 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 \$19,347,629. 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 18.79% of total general fund budgetary expenditures and transfers out. The City Council's current policy requires 15.30% 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 \$3,553,869 during the current fiscal year. This was primarily due to revenues and other financing sources being greater than the adopted budget by \$1,436,487 due to unbudgeted grants and other revenues and current year expenditures and other financing uses under expectations by \$1,494,151. A detailed discussion is included under budgetary highlights.

**General fund budgetary highlights**

Revenues and other financing sources exceeded expenditures, and other financing uses by \$635,006 resulting in an increase in fund balance to \$20,187,385. Overall, revenues and other financing sources were \$859,145 less than anticipated. In addition, expenditures and other financing uses were \$1,494,151 less than anticipated.

The most significant budget variances were as follows:

Revenues

- Property taxes were less than budgeted by \$929,673 due to lower-than-expected personal property tax and motor vehicle tax collections during the year.

Expenditures

- Law expenditures were overspent by \$257,946 due to consulting services for a police case settlement.
- Police expenditures were overspent by \$359,132 primarily due to overtime expenditures.
- Fire expenditures were underspent by \$458,499 due to vacancies and the MERS pension plan contribution being lower than budgeted.
- Public works expenditures were underspent by \$360,124 due to higher gas price budget expectations that did not occur.
- Education expenditures were underspent by \$1,105,634 primarily due to a decrease in accrued health insurance liability.

The most significant budget transfers were funded by an additional appropriation from various revenues of \$2,295,632 primarily used to fund the transfer out for \$1,750,000 to form the new mill rate stabilization fund and \$250,000 for additional funding to the capital nonrecurring fund.

Additional details on budget transfers can be found on RSI-1A and 1B.

**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 expenditures and other financing uses exceeded revenues and other financing sources by \$1,661,000 for the fiscal year mostly due to 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 revenues and other financing sources exceeded expenditures by \$6,419,499 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 expenditures exceeded revenues by \$347,377 for the fiscal year due to expenditures for non-grant funded activities in excess of charges for services revenues.

### **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, parking garage and internal service funds.

**Water pollution control authority.** There was a decrease in net position of \$1,552,580 in the water pollution control authority due to increased costs for contractual services expenses. Unrestricted net position of the water pollution control authority was \$1,982,312 at year end.

**Water department.** There was an increase in net position of \$2,901,473 primarily due to a drinking water capital grant of \$2,648,902 for lead service lines for which the expenses were capitalized as construction in progress and the net increase in fair value of investments of \$565,966.

**Storm water management.** There was an increase in net position of \$119,189 mainly due to a decrease in repairs and maintenance expenses of \$161,617. The storm water management fund had an unrestricted net position of \$192,181 at year end.

**Ocean beach park.** Ocean beach park net position decreased \$168,371 due to an increase in contractual services. The Ocean beach park fund had an unrestricted net position deficit of \$586,447 at year end.

**Parking garage.** The parking garage net position increased \$26,228 due to an increase in charges for services in the current year. Unrestricted net position of the parking garage was \$529,655 at year end.

**Internal service funds.** The internal service funds are used to account for general liability, workers' compensation, and heart and hypertension claims. The internal service funds had a decrease in net position of \$386,873. This was due to claims to fund outstanding liabilities exceeding charges for services. The internal service funds had an unrestricted net position deficit of \$1,099,015 at year end. This deficit is due to the long-term nature of general liability, workers' compensation and heart and hypertension claims which will be funded in future years.

**Capital asset and debt administration**

**Capital assets**

The City's capital assets (net of accumulated depreciation/amortization) by type are detailed in the table below.

Category	Capital Assets (Net) June 30					
	Governmental Activities		Business-Type Activities		Totals	
	2024	2023	2024	2023	2024	2023
Land	\$ 8,278,991	\$ 8,278,991	\$ 2,214,827	\$ 2,214,827	\$ 10,493,818	\$ 10,493,818
Construction in progress	190,679,588	150,722,308	7,492,633	2,311,347	198,172,221	153,033,655
Intangible right-to-use assets	2,676,553	2,694,249	-	-	2,676,553	2,694,249
Land improvements	34,580,262	32,319,632	236,219	287,970	34,816,481	32,607,602
Buildings and improvements	76,855,987	79,666,142	12,224,982	12,965,685	89,080,969	92,631,827
Machinery and equipment	11,848,933	11,496,742	2,498,332	2,743,505	14,347,265	14,240,247
Vehicles	8,191,403	6,914,780	48,121	52,529	8,239,524	6,967,309
Infrastructure	64,525,578	67,233,348	84,416,616	84,833,225	148,942,194	152,066,573
Total	<u>\$ 397,637,295</u>	<u>\$ 359,326,192</u>	<u>\$ 109,131,730</u>	<u>\$ 105,409,088</u>	<u>\$ 506,769,025</u>	<u>\$ 464,735,280</u>
Dollar change	<u>\$ 38,311,103</u>		<u>\$ 3,722,642</u>		<u>\$ 42,033,745</u>	
Percentage change	<u>10.66%</u>		<u>3.53%</u>		<u>9.04%</u>	

The significant capital asset additions consisted of the following:

**Governmental activities**

Category	Description	Amount
Construction in progress	Various schools improvements	\$ 21,199,011
	Community Center	14,619,793
Land improvements	Sidewalk improvements	1,979,497
	Marina Lot improvements	657,029
Machinery and equipment	Technology equipment	865,992
Vehicles	Public safety vehicles	1,256,538

**Business activities**

Category	Description	Amount
Construction in progress	Lead service lines replacement	\$ 2,001,105
	Chlorine treatment building repairs	1,701,229
Infrastructure	Sewer force main repair	1,800,000

Additional information on the City's capital assets can be found in Note III D.

**Long-term debt**

The City had total long-term debt outstanding as detailed in the table below. All debt is backed by the full faith and credit of the City. The City maintains an AA rating from Fitch and an AA- rating from Standard & Poor's.

**Long-term Debt  
June 30**

Category	Governmental Activities		Business-Type Activities		Totals	
	2024	2023	2024	2023	2024	2023
Bonds	\$102,289,000	\$ 94,478,000	\$ 4,291,000	\$ 4,907,000	\$106,580,000	\$ 99,385,000
Bond anticipation notes (permanently financed)	5,673,000	-	-	-	5,673,000	-
Drinking water notes	-	-	3,439,055	3,700,295	3,439,055	3,700,295
Notes	1,335,099	1,806,008	-	72,124	1,335,099	1,878,132
Leases	2,295,861	2,153,693	-	-	2,295,861	2,153,693
Subscriptions	581,048	708,725	-	-	581,048	708,725
<b>Total</b>	<b>\$112,174,008</b>	<b>\$ 99,146,426</b>	<b>\$ 7,730,055</b>	<b>\$ 8,679,419</b>	<b>\$119,904,063</b>	<b>\$107,825,845</b>
Dollar change	<u>\$ 13,027,582</u>		<u>\$ (949,364)</u>		<u>\$ 12,078,218</u>	
Percentage change	<u>13.14%</u>		<u>(10.94%)</u>		<u>11.20%</u>	

The City's total debt increased due to the issuance of bonds and new leases and subscriptions of \$19,467,283 offset by scheduled principal payments of \$7,389,065.

The overall statutory debt limit for the City is equal to seven times annual receipts from prior year taxation or \$401,704,947. The City had \$138,202,000 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 2024-2025 general fund adopted budget totaled \$104,168,319. The following economic factors currently affect the City of New London and were considered in developing the 2024-2025 fiscal year budget:

- As of June 2024, the national unemployment rate was 4.1% and the State was 3.9%. The City's unemployment rate was 3.6% as compared to 5.6% in the prior year.
- 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 City established a mill rate stabilization fund to be able to manage any significant future changes to the tax rate.

**Requests for information**

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, 2024

<u>Assets</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Current assets:			
Cash	\$ 33,488,974	\$ 5,439,191	\$ 38,928,165
Investments	40,465,473	6,022,366	46,487,839
Receivables (net):			
Property taxes	1,414,287	-	1,414,287
User fees	-	2,840,105	2,840,105
Accounts	884,875	-	884,875
Intergovernmental	8,455,789	889,407	9,345,196
Leases	112,407	-	112,407
Loans	94,000	-	94,000
Internal balances	11,375,425	(11,375,425)	-
Prepays	794,609	-	794,609
Other	25,250	-	25,250
Total current assets	<u>97,111,089</u>	<u>3,815,644</u>	<u>100,926,733</u>
Noncurrent assets:			
Restricted assets:			
Cash	705,725	-	705,725
Investments	-	15,709,478	15,709,478
Total restricted assets	<u>705,725</u>	<u>15,709,478</u>	<u>16,415,203</u>
Receivables (net):			
Property taxes	1,299,809	-	1,299,809
Accounts	244,646	-	244,646
Leases	1,842,681	-	1,842,681
Loans	851,467	-	851,467
Assessments	48,235	-	48,235
Total receivables (net)	<u>4,286,838</u>	<u>-</u>	<u>4,286,838</u>
Capital assets (net of accumulated depreciation/amortization):			
Land	8,278,991	2,214,827	10,493,818
Construction in progress	190,679,588	7,492,633	198,172,221
Intangible right-to-use assets	2,676,553	-	2,676,553
Land improvements	34,580,262	236,219	34,816,481
Buildings and improvements	76,855,987	12,224,982	89,080,969
Machinery and equipment	11,848,933	2,498,332	14,347,265
Vehicles	8,191,403	48,121	8,239,524
Infrastructure	64,525,578	84,416,616	148,942,194
Total capital assets (net of accumulated depreciation/ amortization)	<u>397,637,295</u>	<u>109,131,730</u>	<u>506,769,025</u>
Total noncurrent assets	<u>402,629,858</u>	<u>124,841,208</u>	<u>527,471,066</u>
Total assets	<u>499,740,947</u>	<u>128,656,852</u>	<u>628,397,799</u>
<u>Deferred Outflows of Resources</u>			
Pension related	18,424,238	-	18,424,238
OPEB related	9,615,076	-	9,615,076
Total deferred outflows of resources	<u>28,039,314</u>	<u>-</u>	<u>28,039,314</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, 2024

<u>Liabilities</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Current liabilities:			
Accounts payable	\$ 13,108,677	\$ 3,021,421	\$ 16,130,098
Accrued payroll and related liabilities	1,830,091	18,080	1,848,171
Accrued interest payable	843,774	38,848	882,622
Retainage payable	5,221,962	-	5,221,962
Unearned revenue	9,782,413	572	9,782,985
Overpayments	181,335	352,538	533,873
Bond anticipation notes and interim funding obligation	30,240,000	20,318	30,260,318
Long-term debt	6,981,490	748,513	7,730,003
Claims payable	1,761,090	-	1,761,090
Compensated absences	213,796	-	213,796
MERS pension contribution payable	139,304	-	139,304
Total current liabilities	<u>70,303,932</u>	<u>4,200,290</u>	<u>74,504,222</u>
Noncurrent liabilities:			
Performance bonds	703,325	-	703,325
Long-term debt and related liabilities	109,822,253	7,182,605	117,004,858
Claims payable	2,850,105	-	2,850,105
Compensated absences	855,185	-	855,185
MERS pension contribution payable	2,925,380	-	2,925,380
Net pension liability	54,222,383	-	54,222,383
Net OPEB liability	27,639,076	-	27,639,076
Total noncurrent liabilities	<u>199,017,707</u>	<u>7,182,605</u>	<u>206,200,312</u>
Total liabilities	<u>269,321,639</u>	<u>11,382,895</u>	<u>280,704,534</u>
<u>Deferred Inflows of Resources</u>			
Advance property tax collections	1,126,777	-	1,126,777
Deferred charge on refunding	264,200	102,610	366,810
Pension related	3,083,297	-	3,083,297
OPEB related	11,750,364	-	11,750,364
Lease related	1,797,534	-	1,797,534
Total deferred inflows of resources	<u>18,022,172</u>	<u>102,610</u>	<u>18,124,782</u>
<u>Net Position</u>			
Net investment in capital assets	240,397,542	100,808,133	341,205,675
Restricted for:			
Housing rehabilitation programs	1,018,084	-	1,018,084
Health and welfare programs	364,871	-	364,871
Cafeteria operations	964,666	-	964,666
Education programs	28,423	-	28,423
Surcharge fund	-	8,817,602	8,817,602
Sinking fund	-	2,845,636	2,845,636
Capital projects	-	4,046,240	4,046,240
Unrestricted	<u>(2,337,136)</u>	<u>653,736</u>	<u>(1,683,400)</u>
Total net position	<u>\$ 240,436,450</u>	<u>\$ 117,171,347</u>	<u>\$ 357,607,797</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, 2024

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	\$ 9,135,574	\$ 4,383,555	\$ 1,603,514	\$ 399,901	\$ (2,748,604)	\$ -	\$ (2,748,604)
Public safety	29,306,540	2,961,343	605,476	-	(25,739,721)	-	(25,739,721)
Public works	11,654,253	1,042,010	36,220	17,399,473	6,823,450	-	6,823,450
Health and welfare	2,123,272	56,772	210,952	-	(1,855,548)	-	(1,855,548)
Recreation and culture	4,982,918	464,741	415,736	-	(4,102,441)	-	(4,102,441)
Education	99,926,983	3,546,489	70,307,148	19,762,409	(6,310,937)	-	(6,310,937)
Interest	4,431,254	-	-	-	(4,431,254)	-	(4,431,254)
Total governmental activities	<u>161,560,794</u>	<u>12,454,910</u>	<u>73,179,046</u>	<u>37,561,783</u>	<u>(38,365,055)</u>	<u>-</u>	<u>(38,365,055)</u>
Business-type activities:							
Water pollution control authority	8,055,557	6,192,748	-	-	-	(1,862,809)	(1,862,809)
Water department	8,182,928	7,457,318	-	2,698,925	-	1,973,315	1,973,315
Storm water management	1,216,573	1,335,762	-	-	-	119,189	119,189
Ocean beach park	3,161,793	2,943,422	-	-	-	(218,371)	(218,371)
Parking garage	991,428	1,348,906	-	-	-	357,478	357,478
Total business-type activities	<u>21,608,279</u>	<u>19,278,156</u>	<u>-</u>	<u>2,698,925</u>	<u>-</u>	<u>368,802</u>	<u>368,802</u>
Total	<u>\$183,169,073</u>	<u>\$31,733,066</u>	<u>\$ 73,179,046</u>	<u>\$ 40,260,708</u>	<u>(38,365,055)</u>	<u>368,802</u>	<u>(37,996,253)</u>
General revenues:							
Property taxes					59,927,083	-	59,927,083
Grants and contributions not restricted to specific programs					12,572,331	-	12,572,331
Net income from investments					691,218	459,456	1,150,674
Net change in fair value of investments					-	753,939	753,939
Total general revenues					<u>73,190,632</u>	<u>1,213,395</u>	<u>74,404,027</u>
Transfers in (out)					<u>256,258</u>	<u>(256,258)</u>	<u>-</u>
Change in net position					<u>35,081,835</u>	<u>1,325,939</u>	<u>36,407,774</u>
Net position - July 1, 2023					<u>205,354,615</u>	<u>115,845,408</u>	<u>321,200,023</u>
Net position - June 30, 2024					<u>\$240,436,450</u>	<u>\$117,171,347</u>	<u>\$ 357,607,797</u>

City of New London, Connecticut

Governmental Funds  
Balance Sheet  
June 30, 2024

	General	Capital Nonrecurring	School Projects	Education Grants	Other Governmental Funds	Total Governmental Funds
<u>Assets</u>						
Cash	\$ 89,082	\$ 15,233,351	\$ 11,394,151	\$ 109,014	\$ 5,584,280	\$ 32,409,878
Restricted cash	705,725	-	-	-	-	705,725
Investments	18,339,644	9,815,979	5,000,000	-	5,809,850	38,965,473
Receivables (net):						
Property taxes	2,245,268	-	-	-	210	2,245,478
Accounts	706,435	253,048	-	360	154,941	1,114,784
Intergovernmental	-	2,900,534	-	4,385,596	1,169,659	8,455,789
Leases	1,955,088	-	-	-	-	1,955,088
Loans	-	-	-	-	945,467	945,467
Assessments	-	-	-	-	48,235	48,235
Due from other funds	16,163,473	-	-	-	328,776	16,492,249
Prepays	794,609	-	-	-	-	794,609
Other	-	-	-	-	25,250	25,250
Total assets	<u>\$ 40,999,324</u>	<u>\$ 28,202,912</u>	<u>\$ 16,394,151</u>	<u>\$ 4,494,970</u>	<u>\$ 14,066,668</u>	<u>\$ 104,158,025</u>
<u>Liabilities</u>						
Accounts payable	\$ 7,202,695	\$ 5,765,892	\$ 1,743,956	\$ 1,912,464	\$ 1,047,375	\$ 17,672,382
Accrued payroll and related liabilities	1,539,766	6,243	-	173,642	110,440	1,830,091
Retainage payable	-	1,301,106	3,876,487	-	44,369	5,221,962
Due to other funds	1,471,466	-	-	-	-	1,471,466
Unearned revenue	-	8,755,938	-	695,339	331,136	9,782,413
Overpayments	181,335	-	-	-	-	181,335
Bond anticipation notes	-	12,500,000	17,740,000	-	-	30,240,000
Performance bonds	703,325	-	-	-	-	703,325
Total liabilities	<u>11,098,587</u>	<u>28,329,179</u>	<u>23,360,443</u>	<u>2,781,445</u>	<u>1,533,320</u>	<u>67,102,974</u>
<u>Deferred Inflows of Resources</u>						
Unavailable revenue:						
Property taxes	2,245,268	-	-	-	210	2,245,478
Advance property tax collections	1,126,777	-	-	-	-	1,126,777
Assessments	-	-	-	-	48,235	48,235
Leases related	1,797,534	-	-	-	-	1,797,534
Receivables	-	244,646	-	-	-	244,646
Total deferred inflows of resources	<u>5,169,579</u>	<u>244,646</u>	<u>-</u>	<u>-</u>	<u>48,445</u>	<u>5,462,670</u>
<u>Fund Balances</u>						
Nonspendable	839,756	-	-	-	-	839,756
Restricted	-	-	-	-	2,376,044	2,376,044
Committed	4,543,773	19,896,141	4,873,146	1,713,525	4,868,149	35,894,734
Assigned	-	-	-	-	5,240,710	5,240,710
Unassigned	<u>19,347,629</u>	<u>(20,267,054)</u>	<u>(11,839,438)</u>	<u>-</u>	<u>-</u>	<u>(12,758,863)</u>
Total fund balances	<u>24,731,158</u>	<u>(370,913)</u>	<u>(6,966,292)</u>	<u>1,713,525</u>	<u>12,484,903</u>	<u>31,592,381</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 40,999,324</u>	<u>\$ 28,202,912</u>	<u>\$ 16,394,151</u>	<u>\$ 4,494,970</u>	<u>\$ 14,066,668</u>	<u>\$ 104,158,025</u>

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

(Continued)

City of New London, Connecticut

Reconciliation of Fund Balance to Net Position of Governmental Activities  
June 30, 2024

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>\$ 31,592,381</u>
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Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:

Beginning capital assets (net)	359,326,192
Current year capital asset additions (net of construction in progress)	48,932,143
Depreciation/amortization expense	<u>(10,621,040)</u>

Total	<u>397,637,295</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	718,618
Allowance for doubtful accounts	<u>(250,000)</u>

Total	<u>468,618</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	2,245,478
Assessment receivable - accrual basis change	48,235
Other receivable - accrual basis change	244,646
Deferred outflows related to pensions	18,424,238
Deferred outflows related to OPEB	<u>9,615,076</u>

Total	<u>30,577,673</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>(1,099,015)</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	(843,774)
Bonds and notes payable	(109,297,099)
Leases payable	(2,295,861)
Subscription payable	(581,048)
Premium	(4,629,735)
Compensated absences	(1,068,981)
MERS pension contribution payable	(3,064,684)
Net pension liability	(54,222,383)
Net OPEB liability	(27,639,076)
Deferred charge on refunding	(264,200)
Deferred inflows related to pensions	(3,083,297)
Deferred inflows related to OPEB	<u>(11,750,364)</u>

Total	<u>(218,740,502)</u>
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Net position of governmental activities (Exhibit A)	<u>\$240,436,450</u>
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The notes to the financial statements are an integral part of this statement.	(Concluded)
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City of New London, Connecticut

Governmental Funds  
Statement of Revenues, Expenditures and Changes in Fund Balances  
For the Year Ended June 30, 2024

24

	General	Capital Nonrecurring	School Projects	Education Grants	Other Governmental Funds	Total Governmental Funds
Revenues:						
Property taxes	\$ 59,481,897	\$ -	\$ -	\$ -	\$ 102,563	\$ 59,584,460
Intergovernmental	44,951,918	13,214,448	18,757,339	36,407,775	6,253,715	119,585,195
Charges for services	6,640,059	156,465	62,500	1,096,375	4,499,511	12,454,910
Contributions	50,000	2,856,000	-	241,981	579,984	3,727,965
Income from investments	689,622	-	14	-	1,582	691,218
Total revenues	<u>111,813,496</u>	<u>16,226,913</u>	<u>18,819,853</u>	<u>37,746,131</u>	<u>11,437,355</u>	<u>196,043,748</u>
Expenditures:						
Current:						
General government	7,127,463	1,383,109	-	-	527,768	9,038,340
Public safety	24,282,638	90,862	-	-	983,614	25,357,114
Public works	8,438,998	686,266	-	-	317,153	9,442,417
Health and welfare	209,750	446,583	-	-	1,487,802	2,144,135
Recreation and culture	2,757,681	416,224	-	-	1,006,787	4,180,692
Employee benefits	4,143,074	-	-	-	-	4,143,074
Education	53,149,814	-	73,465	37,088,438	6,210,638	96,522,355
Capital outlay	-	26,962,111	19,404,889	1,005,070	1,748,967	49,121,037
Debt service	-	-	-	-	10,894,774	10,894,774
Total expenditures	<u>100,109,418</u>	<u>29,985,155</u>	<u>19,478,354</u>	<u>38,093,508</u>	<u>23,177,503</u>	<u>210,843,938</u>
Excess (deficiency) of revenues over expenditures	<u>11,704,078</u>	<u>(13,758,242)</u>	<u>(658,501)</u>	<u>(347,377)</u>	<u>(11,740,148)</u>	<u>(14,800,190)</u>
Other financing sources (uses):						
Issuance of debt	-	11,673,000	7,030,000	-	764,283	19,467,283
Premium	-	-	-	-	1,613,445	1,613,445
Transfers in	685,400	812,068	48,000	-	9,031,795	10,577,263
Transfers out	(9,085,609)	(387,826)	-	-	(632,570)	(10,106,005)
Net other financing sources (uses)	<u>(8,400,209)</u>	<u>12,097,242</u>	<u>7,078,000</u>	<u>-</u>	<u>10,776,953</u>	<u>21,551,986</u>
Net change in fund balances	3,303,869	(1,661,000)	6,419,499	(347,377)	(963,195)	6,751,796
Fund balances - July 1, 2023	<u>21,427,289</u>	<u>1,290,087</u>	<u>(13,385,791)</u>	<u>2,060,902</u>	<u>13,448,098</u>	<u>24,840,585</u>
Fund balances - June 30, 2024	<u>\$ 24,731,158</u>	<u>\$ (370,913)</u>	<u>\$ (6,966,292)</u>	<u>\$ 1,713,525</u>	<u>\$ 12,484,903</u>	<u>\$ 31,592,381</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, 2024**

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)	<u>\$ 6,751,796</u>
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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/amortization expense.

Capital outlay	48,932,143
Depreciation/amortization expense	<u>(10,621,040)</u>
<b>Total</b>	<u><b>38,311,103</b></u>

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	(143,401)
Change in property tax interest and lien revenue - accrual basis change	136,024
Change in property tax allowance for doubtful accounts	<u>350,000</u>
<b>Total</b>	<u><b>342,623</b></u>

The issuance of long-term debt 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	(13,030,000)
Bond anticipation notes (permanently financed)	(5,673,000)
Leases	(618,295)
Subscriptions	(145,988)
Premium	(1,613,445)
Principal repayments:	
Bonds	5,219,000
Notes	470,909
Leases	476,127
Subscriptions	<u>273,665</u>
<b>Total</b>	<u><b>(14,641,027)</b></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, 2024

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:

Change in/amortization of:	
Accrued interest payable	\$ (6,118)
Premium	745,443
Compensated absences	(6,578)
MERS pension contribution payable	139,304
Net pension liability	1,369,009
Net OPEB liability	353,414
Deferred inflows of resources related to receivables	244,646
Deferred outflows of resources related to pension	812,796
Deferred inflows of resources related to pension	1,173,477
Deferred outflows of resources related to OPEB	(1,729,814)
Deferred inflows of resources related to OPEB	1,574,348
Deferred charge on refunding	<u>34,286</u>
Total	<u>4,704,213</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>(386,873)</u>
Change in net position of governmental activities (Exhibit B)	<u><u>\$ 35,081,835</u></u>

(Concluded)

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

City of New London, Connecticut

Proprietary Funds  
Statement of Net Position  
June 30, 2024

	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	Parking Garage		
<u>Assets</u>							
Current assets:							
Cash	\$ 391,379	\$ 2,978,628	\$ 1,267,275	\$ 132,067	\$ 669,842	\$ 5,439,191	\$ 1,079,096
Investments	5,022,366	1,000,000	-	-	-	6,022,366	1,500,000
Receivables (net):							
User fees	749,694	1,722,841	367,570	-	-	2,840,105	14,737
Intergovernmental	-	889,407	-	-	-	889,407	-
Due from other funds	-	-	-	-	-	-	1,142,690
Total current assets	<u>6,163,439</u>	<u>6,590,876</u>	<u>1,634,845</u>	<u>132,067</u>	<u>669,842</u>	<u>15,191,069</u>	<u>3,736,523</u>
Noncurrent assets:							
Restricted assets:							
Investments	<u>4,040,272</u>	<u>11,669,206</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,709,478</u>	<u>-</u>
Capital assets (net):							
Land	182,850	1,827,888	-	54,054	150,035	2,214,827	-
Construction in progress	3,096,964	4,230,779	-	-	164,890	7,492,633	-
Land improvements	-	-	-	236,219	-	236,219	-
Buildings and improvements	3,973,364	5,170,267	-	2,785,924	295,427	12,224,982	-
Machinery and equipment	1,086,094	611,431	702,561	-	98,246	2,498,332	-
Vehicles	-	-	-	-	48,121	48,121	-
Infrastructure	<u>36,006,651</u>	<u>48,371,085</u>	<u>38,880</u>	<u>-</u>	<u>-</u>	<u>84,416,616</u>	<u>-</u>
Total capital assets (net)	<u>44,345,923</u>	<u>60,211,450</u>	<u>741,441</u>	<u>3,076,197</u>	<u>756,719</u>	<u>109,131,730</u>	<u>-</u>
Total noncurrent assets	<u>48,386,195</u>	<u>71,880,656</u>	<u>741,441</u>	<u>3,076,197</u>	<u>756,719</u>	<u>124,841,208</u>	<u>-</u>
Total assets	<u>54,549,634</u>	<u>78,471,532</u>	<u>2,376,286</u>	<u>3,208,264</u>	<u>1,426,561</u>	<u>140,032,277</u>	<u>3,736,523</u>

(Continued)

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

City of New London, Connecticut

Proprietary Funds  
Statement of Net Position  
June 30, 2024

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	Parking Garage		
<u>Liabilities</u>							
Current liabilities:							
Accounts payable	\$ 899,039	\$ 1,200,182	\$ 68,903	\$ 718,514	\$ 134,783	\$ 3,021,421	\$ 224,343
Accrued payroll and related liabilities	6,156	5,387	1,705	-	4,832	18,080	-
Accrued interest payable	-	15,852	22,996	-	-	38,848	-
Due to other funds	4,000,081	7,375,344	-	-	-	11,375,425	-
Unearned revenue	-	-	-	-	572	572	-
Overpayments	-	352,538	-	-	-	352,538	-
Long-term debt	155,000	523,513	70,000	-	-	748,513	-
Claims payable	-	-	-	-	-	-	1,761,090
Interim funding obligation	-	20,318	-	-	-	20,318	-
Total current liabilities	<u>5,060,276</u>	<u>9,493,134</u>	<u>163,604</u>	<u>718,514</u>	<u>140,187</u>	<u>15,575,715</u>	<u>1,985,433</u>
Noncurrent liabilities:							
Long-term debt and related liabilities	1,972,259	3,681,542	1,528,804	-	-	7,182,605	-
Claims payable	-	-	-	-	-	-	2,850,105
Total noncurrent liabilities	<u>1,972,259</u>	<u>3,681,542</u>	<u>1,528,804</u>	<u>-</u>	<u>-</u>	<u>7,182,605</u>	<u>2,850,105</u>
Total liabilities	<u>7,032,535</u>	<u>13,174,676</u>	<u>1,692,408</u>	<u>718,514</u>	<u>140,187</u>	<u>22,758,320</u>	<u>4,835,538</u>
<u>Deferred Inflows of Resources</u>							
Deferred charge on refunding	-	102,610	-	-	-	102,610	-
<u>Net Position</u>							
Net investment in capital assets	41,494,515	54,989,005	491,697	3,076,197	756,719	100,808,133	-
Restricted for:							
Surcharge fund	-	8,817,602	-	-	-	8,817,602	-
Sinking fund	2,845,636	-	-	-	-	2,845,636	-
Capital projects	1,194,636	2,851,604	-	-	-	4,046,240	-
Unrestricted	1,982,312	(1,463,965)	192,181	(586,447)	529,655	653,736	(1,099,015)
Total net position	<u>\$47,517,099</u>	<u>\$65,194,246</u>	<u>\$ 683,878</u>	<u>\$2,489,750</u>	<u>\$1,286,374</u>	<u>\$ 117,171,347</u>	<u>\$ (1,099,015)</u>

(Concluded)

City of New London, Connecticut

Proprietary Funds  
Statement of Revenues, Expenses and Changes in Net Position  
For the Year Ended June 30, 2024

	Business-Type Activities Enterprise Funds					Governmental Activities	
	Major Funds		Other Proprietary Funds				
	Water Pollution Control Authority	Water Department	Storm Water Management	Ocean Beach Park	Parking Garage		Total
Operating revenues:							
Charges for services	\$ 6,192,748	\$ 7,457,318	\$ 1,335,762	\$ 2,943,422	\$ 1,348,906	\$ 19,278,156	\$ 2,268,551
Operating expenses:							
Personnel services	229,137	217,042	49,836	-	796,455	1,292,470	-
Contractual services	5,473,233	5,455,449	1,001,206	2,973,485	51,909	14,955,282	-
Materials and supplies	41,135	14,396	4,063	-	14,446	74,040	-
Insurance and property taxes	160,000	146,722	-	-	65,000	371,722	-
Depreciation/amortization	1,489,834	1,691,803	64,484	185,783	20,470	3,452,374	-
Repairs and maintenance	8,800	5,265	50,000	-	18,260	82,325	-
Electricity	541,293	541,293	-	-	24,888	1,107,474	-
Claims and administration	-	-	-	-	-	-	2,440,424
Total operating expenses	7,943,432	8,071,970	1,169,589	3,159,268	991,428	21,335,687	2,440,424
Operating income (loss)	(1,750,684)	(614,652)	166,173	(215,846)	357,478	(2,057,531)	(171,873)
Nonoperating revenues (expenses):							
Income from investments	122,259	337,197	-	-	-	459,456	-
Net change in fair value of investments	187,970	565,969	-	-	-	753,939	-
Capital grant	-	2,698,925	-	-	-	2,698,925	-
Interest expense	(112,125)	(110,958)	(46,984)	(2,525)	-	(272,592)	-
Net nonoperating revenues (expenses)	198,104	3,491,133	(46,984)	(2,525)	-	3,639,728	-
Income (loss) before transfers	(1,552,580)	2,876,481	119,189	(218,371)	357,478	1,582,197	(171,873)
Transfers:							
Transfers in	-	24,992	-	50,000	-	74,992	-
Transfers out	-	-	-	-	(331,250)	(331,250)	(215,000)
Net transfers in (out)	-	24,992	-	50,000	(331,250)	(256,258)	(215,000)
Change in net position	(1,552,580)	2,901,473	119,189	(168,371)	26,228	1,325,939	(386,873)
Total net position - July 1, 2023	49,069,679	62,292,773	564,689	2,658,121	1,260,146	115,845,408	(712,142)
Total net position - June 30, 2024	\$ 47,517,099	\$ 65,194,246	\$ 683,878	\$ 2,489,750	\$ 1,286,374	\$ 117,171,347	\$ (1,099,015)

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

City of New London, Connecticut

Proprietary Funds  
Statement of Cash Flows  
For the Year Ended June 30, 2024

	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	Parking Garage		Internal Service Funds
Cash flows from (used in) operating activities:							
Receipts from customers and users	\$ 6,097,658	\$ 7,243,217	\$ 1,283,295	\$ 2,943,422	\$ 1,348,906	\$ 18,916,498	\$ -
Cash received for premiums	-	-	-	-	-	-	2,173,625
Payments to suppliers	(3,972,499)	(5,073,139)	(986,366)	(2,857,329)	(181,886)	(13,071,219)	23,667
Payments to employees	(229,867)	(217,660)	(49,959)	-	(796,975)	(1,294,461)	-
Cash paid to claimants	-	-	-	-	-	-	(2,959,950)
Net cash from (used in) operating activities	1,895,292	1,952,418	246,970	86,093	370,045	4,550,818	(762,658)
Cash flows from (used in) noncapital financing activities:							
Transfers from other funds	-	24,992	-	50,000	-	74,992	-
Transfers to other funds	-	-	-	-	(331,250)	(331,250)	(215,000)
Net cash from (used in) noncapital financing activities	-	24,992	-	50,000	(331,250)	(256,258)	(215,000)
Cash flows from (used in) capital and related financing activities:							
Issuance of short-term debt	-	20,318	-	-	-	20,318	-
Principal payments on debt	(155,000)	(502,240)	(70,000)	(222,124)	-	(949,364)	-
Interest paid on debt	(145,101)	(109,403)	(57,313)	(11,274)	-	(323,091)	-
Capital grant and drinking water loans	-	1,849,350	-	-	-	1,849,350	-
Purchase of capital assets	(4,452,864)	(2,540,176)	-	-	(181,976)	(7,175,016)	-
Net cash from (used in) capital and related financing activities	(4,752,965)	(1,282,151)	(127,313)	(233,398)	(181,976)	(6,577,803)	-
Cash flows from (used in) investing activities:							
(Purchase) sale of investments	1,297,609	(1,020,034)	500,000	-	-	777,575	-
Income from investments	122,259	337,197	-	-	-	459,456	-
Net cash from (used in) investing activities	1,419,868	(682,837)	500,000	-	-	1,237,031	-
Net increase (decrease) in cash	(1,437,805)	12,422	619,657	(97,305)	(143,181)	(1,046,212)	(977,658)
Cash - July 1, 2023	1,829,184	2,966,206	647,618	229,372	813,023	6,485,403	2,056,754
Cash - June 30, 2024	\$ 391,379	\$ 2,978,628	\$ 1,267,275	\$ 132,067	\$ 669,842	\$ 5,439,191	\$ 1,079,096

(Continued)

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

City of New London, Connecticut

Proprietary Funds  
Statement of Cash Flows  
For the Year Ended June 30, 2024

	Business-Type Activities Enterprise Funds					Governmental Activities	
	Major Funds		Other Proprietary Funds				
	Water Pollution Control Authority	Water Department	Storm Water Management	Ocean Beach Park	Parking Garage		Total
Reconciliation of operating income (loss) to net cash from (used in) operating activities:							
Operating income (loss)	\$ (1,750,684)	\$ (614,652)	\$ 166,173	\$ (215,846)	\$ 357,478	\$ (2,057,531)	\$ (171,873)
Adjustments to reconcile operating income (loss) to net cash from (used in) operating activities:							
Depreciation/amortization	1,489,834	1,691,803	64,484	185,783	20,470	3,452,374	-
(Increase) decrease in:							
User fees	(95,090)	(358,601)	(52,467)	-	-	(506,158)	2,915
Due from other funds	-	-	-	-	-	-	(97,841)
Increase (decrease) in:							
Accounts payable	834,966	463,690	68,903	116,156	(6,322)	1,477,393	23,667
Accrued payroll and related liabilities	(730)	(618)	(123)	-	(520)	(1,991)	-
Retainage payable	-	(21,226)	-	-	(1,061)	(22,287)	-
Due to other funds	1,416,996	647,522	-	-	-	2,064,518	-
Overpayments	-	144,500	-	-	-	144,500	-
Claims payable	-	-	-	-	-	-	(519,526)
Net cash from (used in) operating activities	<u>\$ 1,895,292</u>	<u>\$ 1,952,418</u>	<u>\$ 246,970</u>	<u>\$ 86,093</u>	<u>\$ 370,045</u>	<u>\$ 4,550,818</u>	<u>\$ (762,658)</u>

(Concluded)

City of New London, Connecticut

Fiduciary Funds  
Statement of Fiduciary Net Position  
June 30, 2024

<u>Assets</u>	<u>Pension and OPEB Trust</u>	<u>Private- Purpose Trust</u>
Cash	\$ 1,078,350	\$ 233,577
Investments:		
Mutual funds:		
Money market	739,532	-
Fixed income	5,218,529	-
Bank money market	1,981,737	-
Equities	13,366,366	-
U.S. government and agency obligations	1,801,635	-
U.S. government agency obligations	1,255,250	-
Corporate bonds	11,787,509	-
International bonds	149,992	-
Real estate (equities)	2,106,373	-
Total investments	38,406,923	-
Interest receivable	70,483	-
Contribution receivable	395,144	-
Total assets	39,950,900	233,577
<u>Liabilities</u>		
Accounts payable	8,840	-
Due to other funds	4,788,009	39
Total liabilities	4,796,849	39
<u>Net Position</u>		
Restricted for:		
Pensions	32,642,875	-
OPEB	2,511,176	-
Individuals and organizations	-	233,538
Total net position	\$ 35,154,051	\$ 233,538

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

## City of New London, Connecticut

**Fiduciary Funds**  
**Statement of Changes in Fiduciary Net Position**  
**For the Year Ended June 30, 2024**

	<u>Pension and OPEB Trust</u>	<u>Private- Purpose Trust</u>
Additions:		
Contributions:		
Employer	\$ 3,544,178	\$ -
Plan members	<u>221,322</u>	<u>-</u>
Total contributions	<u>3,765,500</u>	<u>-</u>
Investment income (loss):		
Interest and dividends	1,097,712	651
Net change in fair value of investments	<u>2,824,567</u>	<u>-</u>
Total investment income (loss)	3,922,279	651
Less investment expenses	<u>298,536</u>	<u>-</u>
Net investment income (loss)	<u>3,623,743</u>	<u>651</u>
Total additions	<u>7,389,243</u>	<u>651</u>
Deductions:		
Benefits payments, including refund of member contributions	4,787,621	-
Administration	<u>63,416</u>	<u>-</u>
Total deductions	<u>4,851,037</u>	<u>-</u>
Changes in net position	2,538,206	651
Net position - July 1, 2023	<u>32,615,845</u>	<u>232,887</u>
Net position - June 30, 2024	<u>\$ 35,154,051</u>	<u>\$ 233,538</u>

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, 2024**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, 2024

**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, 2024

**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/amortization 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, 2024**

**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 31.00% 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, 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>
Cash equivalents	0.00%	30.00%
Equities	58.00%	58.00%
Fixed income	28.00%	12.00%
Real estate	14.00%	0.00%
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, 2024

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 to the foreign currency risk.

## City of New London, Connecticut

Notes to Financial Statements  
For the Year Ended June 30, 2024**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 3.00% - 67.50% 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 70.00% 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 and assessment 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.

**c. Leases receivable**

The City recognizes a lease receivable and a deferred inflow of resources in the government-wide and governmental fund financial statements.

At the commencement of a lease, the City initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

City of New London, Connecticut

Notes to Financial Statements  
For the Year Ended June 30, 2024

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

Key estimates and judgments related to leases include:

Discount Rate	The City uses its estimated incremental borrowing rate as the discount rate used to discount the expected lease receipts to present value.
Lease Term	The lease term includes the noncancellable period of the lease.
Lease Payments	Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

The City monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

**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**

**a. Governmental funds**

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

**b. Enterprise funds**

The restricted assets are to be used for debt service and capital projects.

**5. Capital assets**

Capital assets 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 as noted in the table below 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.

## City of New London, Connecticut

**Notes to Financial Statements  
For the Year Ended June 30, 2024**

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

Capital assets of the City are depreciated/amortized 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>
Intangible right-to-use leased assets	Lease term	\$ 25,000
Intangible right-to-use subscription assets	Subscription term	25,000
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 assets 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 assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

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.

Deferred inflows of resources include deferred inflows relating to the lease receivable. These amounts are deferred and are amortized to lease revenue in a systematic and rational manner over the term of the lease.

## City of New London, Connecticut

Notes to Financial Statements  
For the Year Ended June 30, 2024**C. Assets, liabilities, deferred outflows/inflows of resources and equity (continued)**

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), assessments, leases and accounts receivable. 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 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.

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. Lease and subscription liabilities**

The City recognizes a lease/subscription liability and an intangible right-to-use lease/subscription asset (lease/subscription asset) in the government-wide financial statements.

At the commencement of a lease/subscription, the City initially measures the lease/subscription liability at the present value of payments expected to be made during the term. Subsequently, the lease/subscription liability is reduced by the principal portion of payments made. The lease/subscription asset is initially measured as the initial amount of the lease/subscription liability, adjusted for payments made at or before the commencement date, plus certain initial direct costs. Subsequently, the lease/subscription asset is amortized on a straight-line basis over its useful life.

City of New London, Connecticut

Notes to Financial Statements  
For the Year Ended June 30, 2024

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

Key estimates and judgments related to leases and subscriptions include:

Discount rate	The City uses the interest rate charged by the lessor/subscription vendor as the discount rate to discount the expected payments to the present value. When the interest rate charged is not provided, the City generally uses its estimated incremental borrowing rate as the discount rate.
Term	The lease/subscription term includes the noncancellable period of the lease/agreement.
Payments	Lease/subscription payments included in the measurement of the liability are composed of fixed payments and any purchase option price that the City is reasonably certain to exercise.

The City monitors changes in circumstances that would require a remeasurement of its lease or subscriptions and will remeasure the lease/subscription asset and liability if certain changes occur that are expected to significantly affect the amount of the lease/subscription liability.

Lease/subscription assets are reported with other capital assets and lease/subscription liabilities are reported with long-term debt on the statement of net position.

**10. 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/amortization 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.

City of New London, Connecticut

Notes to Financial Statements  
For the Year Ended June 30, 2024

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

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.
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 the City Council has provided otherwise in its commitment or assignment actions.

**Minimum fund balance policy and stabilization fund**

The City Council has adopted a fund balance policy for the General Fund requiring an unassigned fund balance of 15.30% of the following year’s adopted budget expenditures. This amount will be increased 1.00% per year until it reaches 16.67%.

The City Council approved the creation of a mil rate stabilization fund to be used only to provide funding to the general fund budget and for no other purpose. Additions to the fund would be transferred from unexpended funds of the general fund and shall be a minimum of \$250,000 and shall not exceed \$2,000,000 in any one fiscal year. If the mil rate stabilization fund is in excess of \$2,000,000 at any time during the fiscal year, the excess would be transferred to the general fund.

Upon termination of the fund, the balance of the fund shall be returned to the general fund.

City of New London, Connecticut

Notes to Financial Statements  
For the Year Ended June 30, 2024

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

11. 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.

12. 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. Excess expenditures over appropriations

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

Mayor	\$ 17,429
Law	257,946
Police	359,132
Emergency management/civil preparedness	13,544

B. Capital projects authorizations

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

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	\$100,883,245	\$ 9,116,755
Bennie Dover Magnet School project	55,000,000	43,857,419	11,142,581
21st Century School buildings	61,000,000	-	61,000,000
Community Center project	39,051,259	18,781,114	20,270,145
Thames River complex	4,376,000	4,367,684	8,316
Marina Lot	683,884	657,029	26,855
Jefferson Avenue roundabout	4,082,920	3,594,276	488,644
Totals	<u>\$ 274,194,063</u>	<u>\$172,140,767</u>	<u>\$ 102,053,296</u>

## City of New London, Connecticut

Notes to Financial Statements  
For the Year Ended June 30, 2024**B. Capital projects authorizations (continued)**Business-Type Activities:

<u>Project</u>	<u>Project Authorization</u>	<u>Cumulative Expenditures</u>	<u>Balance</u>
City storm drainage systems	\$ 1,650,000	\$ 300,940	\$ 1,349,060
Lead service line replacement project	35,600,000	2,281,249	33,318,751
Chlorine treatment building repairs	6,442,493	2,145,329	4,297,164
Totals	<u>\$ 43,692,493</u>	<u>\$ 4,727,518</u>	<u>\$ 38,964,975</u>

**III. Detailed notes****A. Cash and investments****1. Deposits – custodial credit risk**

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

Bank balance	<u>\$ 90,515,285</u>
Uninsured and uncollateralized	\$ 47,812,581
Uninsured and collateral held by the pledging bank's trust department, not in the City's name	<u>7,528,950</u>
Total amount subject to custodial credit risk	<u>\$ 55,341,531</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.

## City of New London, Connecticut

**Notes to Financial Statements**  
**For the Year Ended June 30, 2024**

**A. Cash and investments (continued)****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	\$ 739,532	\$ -	\$ 739,532	\$ -	\$ -	\$ -
Fixed income	5,218,529	-	-	50,218	200,496	4,967,815
Exchange traded funds	63,041	63,041	-	-	-	-
Bank money market	3,631,217	3,631,217	-	-	-	-
Certificates of deposit	41,827,167	-	41,827,167	-	-	-
Equities	17,458,917	17,458,917	-	-	-	-
U.S. government and agency obligations	5,289,910	-	4,428,354	-	101,184	760,372
U.S. government agency obligations	1,255,250	-	-	-	-	1,255,250
Corporate bonds	22,746,626	-	5,674,529	16,324,205	600,203	147,689
International bonds	149,992	-	-	149,992	-	-
Real estate (equities)	2,224,059	2,224,059	-	-	-	-
<b>Total</b>	<b>100,604,240</b>	<b>\$23,377,234</b>	<b>\$52,669,582</b>	<b>\$16,524,415</b>	<b>\$901,883</b>	<b>\$7,131,126</b>
Less fiduciary funds	<u>(38,406,923)</u>					
Other funds	<u>\$ 62,197,317</u>					

## City of New London, Connecticut

**Notes to Financial Statements  
For the Year Ended June 30, 2024**

**A. Cash and investments (continued)**

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

<u>Investments by fair value level:</u>	<u>Amount</u>	<u>Quoted Market Prices in Active Markets Level 1</u>	<u>Significant Observable Inputs Level 2</u>
Mutual funds:			
Money market	\$ 739,532	\$ 739,532	\$ -
Fixed income	5,218,529	5,218,529	-
Exchange traded funds	63,041	63,041	-
Equities	17,458,917	17,458,917	-
U.S. government and agency obligations	5,289,910	5,289,910	-
U.S. government agency obligations	1,255,250	-	1,255,250
Corporate bonds	22,746,626	-	22,746,626
International bonds	149,992	-	149,992
Real estate (equities)	2,224,059	2,224,059	-
Total investments by fair value level	55,145,856	<u>\$ 30,993,988</u>	<u>\$ 24,151,868</u>
<u>Other investments not subject to fair value measurement:</u>			
Bank money market	3,631,217		
Certificates of deposit	41,827,167		
Total investments	<u>\$ 100,604,240</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, 2024

A. Cash and investments (continued)

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

	Ratings					Total
	AAA	AA	A	BBB	Unrated	
Mutual funds:						
Money market	\$ 739,532	\$ -	\$ -	\$ -	\$ -	\$ 739,532
Fixed income	-	-	-	-	5,218,529	5,218,529
U.S. government agency obligations	-	99,538	-	-	1,155,712	1,255,250
Corporate bonds	-	2,083,057	10,039,699	10,623,870	-	22,746,626
International bonds	-	-	149,992	-	-	149,992
<b>Total</b>	<b>\$ 739,532</b>	<b>\$ 2,182,595</b>	<b>\$ 10,189,691</b>	<b>\$ 10,623,870</b>	<b>\$ 6,374,241</b>	<b>\$ 30,109,929</b>

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	\$ 17,458,917	\$ 500,000	\$ 16,958,917
U.S. government and agency obligations	5,289,910	-	5,289,910
U.S. government agency obligations	1,255,250	-	1,255,250
Corporate bonds	22,746,626	-	22,746,626
International bonds	149,992	-	149,992
Real estate (equities)	2,224,059	-	2,224,059
<b>Total</b>	<b>\$ 49,124,754</b>	<b>\$ 500,000</b>	<b>\$ 48,624,754</b>

City of New London, Connecticut

Notes to Financial Statements  
For the Year Ended June 30, 2024

**B. Receivables**

1. Receivable balances have been disaggregated by type and presented separately in the financial statements. Receivables and the related allowances for uncollectible accounts are presented below.

Governmental Activities:

	Property Taxes			CDBG Loans	Assessments
	Taxes	Interest and Liens	Total		
Current portion	\$ 1,228,699	\$ 185,588	\$ 1,414,287	\$ 94,000	\$ -
Long-term portion	1,366,779	533,030	1,899,809	2,252,494	148,235
Less allowance for uncollectibles	(350,000)	(250,000)	(600,000)	(1,401,027)	(100,000)
Net long-term portion	1,016,779	\$ 283,030	\$ 1,299,809	851,467	48,235
Total receivable (net)	\$ 2,245,478			\$ 945,467	\$ 48,235

Business-Type Activities:

	Use Charges			
	Sewer Use Charges	Water Use Charges	Storm Water Charges	Total
Receivable amount	\$ 808,813	\$ 1,775,316	\$ 388,024	\$ 2,972,153
Less allowance for uncollectibles	(59,119)	(52,475)	(20,454)	(132,048)
Net receivable	\$ 749,694	\$ 1,722,841	\$ 367,570	\$ 2,840,105

**2. Leases receivable**

Governmental Activities:

Description	Lease Receivable	Deferred Inflows of Resources	Lease Revenue	Interest Revenue
Cell towers	\$ 1,955,088	\$ 1,797,534	\$ 153,248	\$ 55,667
Less: current portion	(112,407)			
Long-term portion	\$ 1,842,681			

City of New London, Connecticut

Notes to Financial Statements  
For the Year Ended June 30, 2024

B. Receivables (continued)

Description	Terms
Cell towers	The City is lessor in 3 lease agreements for the land improvements for cell towers. Two of the leases include the option to automatically renew for three 5-year terms and the lease agreements will mature in 2037.

C. Interfund accounts

1. Interfund payables and receivables

A summary of interfund balances is as follows:

	<u>Corresponding Fund</u>	<u>Due From</u>	<u>Due To</u>
General fund:			
Cafeteria	N/A	\$ -	\$ 328,776
Water pollution control authority	N/A	4,000,081	-
Water department	N/A	7,375,344	-
Internal service	N/A	-	1,142,690
Pension trust	N/A	4,788,009	-
Private-purpose trust	N/A	39	-
Total general fund		<u>16,163,473</u>	<u>1,471,466</u>
Other governmental funds:			
Cafeteria	General fund	<u>328,776</u>	<u>-</u>
Proprietary funds:			
Water pollution control authority	General fund	-	4,000,081
Water department	General fund	-	7,375,344
Internal service	General fund	<u>1,142,690</u>	<u>-</u>
Total proprietary funds		<u>1,142,690</u>	<u>11,375,425</u>
Fiduciary funds:			
Pension trust	General fund	-	4,788,009
Private-purpose trust	General fund	<u>-</u>	<u>39</u>
Total fiduciary funds		<u>-</u>	<u>4,788,048</u>
Total		<u>\$17,634,939</u>	<u>\$17,634,939</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, 2024

## C. Interfund accounts (continued)

## 2. Interfund transfers

A summary of interfund transfers is as follows:

	<u>Corresponding Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General fund:			
Capital nonrecurring	N/A	\$ 85,400	\$ 265,818
General government	N/A	-	10,000
Public safety	N/A	600,000	35,600
Culture and recreation	N/A	-	100,000
Debt service	N/A	-	8,599,199
Water department	N/A	-	24,992
Ocean beach park	N/A	-	50,000
Total general fund		<u>685,400</u>	<u>9,085,609</u>
Capital nonrecurring:			
General fund	N/A	265,818	85,400
School projects	N/A	-	48,000
Culture and recreation	N/A	-	154,426
Debt service	N/A	-	100,000
Parking garage	N/A	331,250	-
Internal service	N/A	215,000	-
Total capital nonrecurring		<u>812,068</u>	<u>387,826</u>
School projects:			
Capital nonrecurring	N/A	48,000	-
Other governmental funds:			
General government	General fund	10,000	-
General government	Port authority	32,570	-
Public safety	General fund	35,600	600,000
Port authority	General government	-	32,570
Culture and recreation	General fund	100,000	-
Culture and recreation	Capital nonrecurring	154,426	-
Debt service	General fund	8,599,199	-
Debt service	Capital nonrecurring	100,000	-
Total other governmental funds		<u>9,031,795</u>	<u>632,570</u>
Total governmental funds		<u>10,577,263</u>	<u>10,106,005</u>
Proprietary funds:			
Water department	General fund	24,992	-
Ocean beach park	General fund	50,000	-
Parking garage	Capital nonrecurring	-	331,250
Internal service	Capital nonrecurring	-	215,000
Total proprietary funds		<u>74,992</u>	<u>546,250</u>
Total		<u>\$ 10,652,255</u>	<u>\$ 10,652,255</u>

## City of New London, Connecticut

**Notes to Financial Statements**  
**For the Year Ended June 30, 2024**

**C. Interfund accounts (continued)**

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.

**D. Capital assets**

Capital asset activity for the year was as follows:

Governmental Activities:

	Balance July 1, 2023	Increases	Decreases	Balance June 30, 2024
Capital assets, not being depreciated/amortized:				
Land	\$ 8,278,991	\$ -	\$ -	\$ 8,278,991
Construction in progress	150,722,308	44,566,015	4,608,735	190,679,588
Total capital assets, not being depreciated/amortized	159,001,299	44,566,015	4,608,735	198,958,579
Capital assets, being depreciated/amortized:				
Intangible right-to-use assets	3,530,905	764,283	-	4,295,188
Land improvements	45,375,558	3,668,869	-	49,044,427
Buildings and improvements	154,808,972	671,724	-	155,480,696
Machinery and equipment	21,518,123	1,939,492	-	23,457,615
Vehicles	17,356,075	1,930,495	-	19,286,570
Infrastructure	152,638,665	-	-	152,638,665
Total capital assets being depreciated/amortized	395,228,298	8,974,863	-	404,203,161
Total capital assets	554,229,597	53,540,878	4,608,735	603,161,740
Less accumulated depreciation/amortization for:				
Intangible right-to-use assets	836,656	781,979	-	1,618,635
Land improvements	13,055,926	1,408,239	-	14,464,165
Buildings and improvements	75,142,830	3,481,879	-	78,624,709
Machinery and equipment	10,021,381	1,587,301	-	11,608,682
Vehicles	10,441,295	653,872	-	11,095,167
Infrastructure	85,405,317	2,707,770	-	88,113,087
Total accumulated depreciation/amortization	194,903,405	10,621,040	-	205,524,445
Total capital assets, being depreciated/amortized, net	200,324,893	(1,646,177)	-	198,678,716
Capital assets, net	<u>\$ 359,326,192</u>	<u>\$ 42,919,838</u>	<u>\$ 4,608,735</u>	<u>\$ 397,637,295</u>

## City of New London, Connecticut

Notes to Financial Statements  
For the Year Ended June 30, 2024**D. Capital assets (continued)**

Intangible right-to-use assets by category are as follows:

<u>Type</u>	<u>Asset</u>	<u>Accumulated Amortization</u>
Intangible right-to-use leased land improvements	\$ 1,316,847	\$ 303,888
Intangible right-to-use leased buildings and improvements	925,769	257,065
Intangible right-to-use leased machinery and equipment	954,087	526,591
Intangible right-to-use subscription assets	1,098,485	531,091
Total intangible right-to-use assets	<u>\$ 4,295,188</u>	<u>\$ 1,618,635</u>

Depreciation/amortization expense was charged to functions/programs as follows:

General government	\$ 677,090
Public safety	1,237,825
Public works	2,935,735
Health and welfare	3,179
Recreation and culture	882,385
Education	4,884,826
Total	<u>\$ 10,621,040</u>

## City of New London, Connecticut

Notes to Financial Statements  
For the Year Ended June 30, 2024

## D. Capital assets (continued)

Business-Type Activities:

	Balance July 1, 2023	Increases	Decreases	Balance June 30, 2024
Capital assets, not being depreciated/amortized:				
Land	\$ 2,214,827	\$ -	\$ -	\$ 2,214,827
Construction in process	2,311,347	5,181,286	-	7,492,633
Total capital assets, not being depreciated/amortized	<u>4,526,174</u>	<u>5,181,286</u>	<u>-</u>	<u>9,707,460</u>
Capital assets, being depreciated/amortized:				
Land improvements	2,740,466	-	-	2,740,466
Buildings and improvements	52,716,516	-	-	52,716,516
Machinery and equipment	12,699,166	147,183	-	12,846,349
Vehicles	66,121	-	-	66,121
Infrastructure	158,545,707	1,846,547	-	160,392,254
Total capital assets, being depreciated/amortized	<u>226,767,976</u>	<u>1,993,730</u>	<u>-</u>	<u>228,761,706</u>
Total capital assets	<u>231,294,150</u>	<u>7,175,016</u>	<u>-</u>	<u>238,469,166</u>
Less accumulated depreciation/amortization for:				
Land improvements	2,452,496	51,751	-	2,504,247
Buildings and improvements	39,750,831	740,703	-	40,491,534
Machinery and equipment	9,955,661	392,356	-	10,348,017
Vehicles	13,592	4,408	-	18,000
Infrastructure	73,712,482	2,263,156	-	75,975,638
Total accumulated depreciation/amortization	<u>125,885,062</u>	<u>3,452,374</u>	<u>-</u>	<u>129,337,436</u>
Total capital assets, being depreciated/amortized, net	<u>100,882,914</u>	<u>(1,458,644)</u>	<u>-</u>	<u>99,424,270</u>
Capital assets, net	<u>\$ 105,409,088</u>	<u>\$ 3,722,642</u>	<u>\$ -</u>	<u>\$ 109,131,730</u>

Depreciation/amortization expense was charged to functions/programs as follows:

Water pollution control authority	\$ 1,489,834
Water department	1,691,803
Storm water management	64,484
Ocean beach park	185,783
Parking garage	<u>20,470</u>
Total	<u>\$ 3,452,374</u>

City of New London, Connecticut

Notes to Financial Statements  
For the Year Ended June 30, 2024

**E. Construction commitments**

The City has the following construction commitments:

Bennie Dover Middle School	\$ 1,077,545
New London High School	3,795,601
Community Center	17,777,413
Infrastructure	1,964,952
Jefferson Avenue roundabout	153,776
	<hr/>
Total	<u>\$ 24,769,287</u>

**F. Short-term liabilities - bond anticipation notes and interim funding obligations**

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 liability activity for the year was as follows:

<u>Purpose</u>	<u>Maturity Date</u>	<u>Coupon Rate</u>	<u>Balance July 1, 2023</u>	<u>Additions</u>	<u>Reductions</u>	<u>Permanently Financed</u>	<u>Balance June 30, 2024</u>
<u>Governmental activities:</u>							
General purpose	3/15/2024	5.00%	\$ 9,200,000	\$ -	\$ 9,200,000	\$ -	\$ -
Schools	3/15/2024	5.00%	21,260,000	-	21,260,000	-	-
General purpose	3/13/2025	4.50%	-	18,173,000	-	5,673,000	12,500,000
Schools	3/13/2025	4.50%	-	17,740,000	-	-	17,740,000
			<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total governmental activities			30,460,000	35,913,000	30,460,000	5,673,000	30,240,000
<u>Business-type activities:</u>							
Interim funding obligation	(1)	2.00%	-	20,318	-	-	20,318
			<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total			<u>\$ 30,460,000</u>	<u>\$ 35,933,318</u>	<u>\$ 30,460,000</u>	<u>\$ 5,673,000</u>	<u>\$ 30,260,318</u>

(1) This loan is currently an interim funding obligation

Subsequent debt issuance

<u>Type of Obligation/ Purpose</u>	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Amount</u>
<u>Bonds:</u>				
General purpose	3/13/2025	3/18/2045	5.00%	\$ 5,673,000
<u>Bond anticipation notes:</u>				
General purpose and schools	3/13/2025	3/12/2026	4.00%	27,774,000
General purpose	3/21/2025	3/12/2026	4.00%	12,500,000

City of New London, Connecticut

Notes to Financial Statements  
For the Year Ended June 30, 2024

G. Changes in long-term liabilities

Bonds, notes, leases, and subscriptions are direct obligations and pledge the full faith and credit of the City.

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, 2023	Additions	Refunding and Deductions	Balance June 30, 2024	Current Portion	Long-term Portion
<b>Bonds:</b>										
General purpose:										
Improvement	\$ 5,350,000	03/26/15	03/15/30	2.25-4.00%	\$ 2,800,000	\$ -	\$ 400,000	\$ 2,400,000	\$ 400,000	\$ 2,000,000
Refunding	5,271,000	12/13/16	08/15/29	3.00-5.00%	3,112,000	-	452,000	2,660,000	441,000	2,219,000
Improvement	7,165,000	03/15/17	03/15/37	3.00-5.00%	5,315,000	-	375,000	4,940,000	375,000	4,565,000
Improvement	4,195,000	03/08/18	03/15/38	3.00-5.00%	3,150,000	-	210,000	2,940,000	210,000	2,730,000
Improvement	4,300,000	03/21/19	08/15/38	3.00-3.50%	3,440,000	-	215,000	3,225,000	215,000	3,010,000
Refunding	3,285,000	03/21/19	08/15/38	3.00-3.50%	2,385,000	-	305,000	2,080,000	305,000	1,775,000
Improvement	2,200,000	03/05/20	03/15/40	2.25-4.00%	2,100,000	-	100,000	2,000,000	100,000	1,900,000
Refunding	3,553,000	04/07/20	08/01/33	4.00-5.00%	2,566,000	-	249,000	2,317,000	279,000	2,038,000
Improvement	3,200,000	04/07/20	08/01/39	3.00-5.00%	3,050,000	-	150,000	2,900,000	150,000	2,750,000
Improvement*	3,100,000	09/29/20	10/01/40	3.00%	3,100,000	-	150,000	2,950,000	150,000	2,800,000
Refunding*	3,950,000	09/29/20	10/01/40	0.75-3.00%	3,721,000	-	240,000	3,481,000	328,000	3,153,000
Improvement*	3,800,000	03/03/22	03/04/42	3.00-5.00%	3,800,000	-	-	3,800,000	160,000	3,640,000
Improvement*	4,050,000	03/02/23	03/15/43	4.00-5.00%	4,050,000	-	-	4,050,000	-	4,050,000
Improvement	6,000,000	03/15/24	03/15/44	4.00-5.00%	-	6,000,000	-	6,000,000	-	6,000,000
<b>Total general purpose</b>	<b>59,419,000</b>				<b>42,589,000</b>	<b>6,000,000</b>	<b>2,846,000</b>	<b>45,743,000</b>	<b>3,113,000</b>	<b>42,630,000</b>
School:										
Refunding	4,349,000	12/13/16	08/15/29	3.00-5.00%	2,568,000	-	373,000	2,195,000	364,000	1,831,000
Improvement	505,000	03/15/17	03/15/37	3.00-5.00%	350,000	-	25,000	325,000	25,000	300,000
Improvement	600,000	03/08/18	03/15/38	3.00-5.00%	450,000	-	30,000	420,000	30,000	390,000
Improvement	7,000,000	03/21/19	08/15/38	3.00-3.50%	5,600,000	-	350,000	5,250,000	350,000	4,900,000
Improvement	7,000,000	03/05/20	03/15/40	2.25-4.00%	6,725,000	-	325,000	6,400,000	400,000	6,000,000
Refunding	1,882,000	04/07/20	08/01/33	4.00-5.00%	1,282,000	-	240,000	1,042,000	259,000	783,000
Refunding*	4,455,000	09/29/20	10/01/40	0.75-3.00%	4,139,000	-	305,000	3,834,000	372,000	3,462,000
Improvement	13,300,000	03/04/21	03/15/41	1.25-4.25%	13,300,000	-	550,000	12,750,000	550,000	12,200,000
Improvement	10,000,000	03/03/22	03/04/42	3.00-5.00%	10,000,000	-	-	10,000,000	390,000	9,610,000
Improvement	4,500,000	03/02/23	03/15/43	4.00-5.00%	4,500,000	-	-	4,500,000	-	4,500,000
Improvement	7,030,000	03/15/24	03/15/44	4.00-5.00%	-	7,030,000	-	7,030,000	-	7,030,000
<b>Total school</b>	<b>60,621,000</b>				<b>48,914,000</b>	<b>7,030,000</b>	<b>2,198,000</b>	<b>53,746,000</b>	<b>2,740,000</b>	<b>51,006,000</b>

City of New London, Connecticut

Notes to Financial Statements  
For the Year Ended June 30, 2024

G. Changes in long-term liabilities (continued)

Description	Original Amount	Date of Issue	Date of Maturity	Interest Rate	Balance July 1, 2023	Additions	Refunding and Deductions	Balance June 30, 2024	Current Portion	Long-term Portion
Pension:										
Pension deficit*	\$ 4,000,000	12/17/15	12/15/35	1.25-4.60%	\$ 2,975,000	\$ -	\$ 175,000	\$ 2,800,000	\$ 185,000	\$ 2,615,000
Total bonds	124,040,000				94,478,000	13,030,000	5,219,000	102,289,000	6,038,000	96,251,000
Bond anticipation notes (permanently financed)					-	5,673,000	-	5,673,000	-	5,673,000
<u>Notes (direct borrowings):</u>										
Equipment financing notes:										
Haulers	1,115,980	09/01/19	09/01/23	3.78%	240,058	-	240,058	-	-	-
Fire trucks	1,835,800	01/28/20	07/28/29	2.78%	1,321,770	-	173,652	1,148,118	178,479	969,639
Phone equipment	307,548	07/15/22	11/15/26	4.35%	244,180	-	57,199	186,981	59,689	127,292
Total notes	3,259,328				1,806,008	-	470,909	1,335,099	238,168	1,096,931
Total bonds and notes	247,339,328				96,284,008	18,703,000	5,689,909	109,297,099	6,276,168	103,020,931
Leases	3,197,703				2,153,693	618,295	476,127	2,295,861	424,055	1,871,806
Subscriptions	1,057,336				708,725	145,988	273,665	581,048	281,267	299,781
Total long-term debt	\$ 251,594,367				99,146,426	19,467,283	6,439,701	112,174,008	6,981,490	105,192,518
Premium					3,761,733	1,613,445	745,443	4,629,735	-	4,629,735
Total long-term debt and related liabilities					102,908,159	21,080,728	7,185,144	116,803,743	6,981,490	109,822,253
Claims payable					5,130,721	2,440,424	2,959,950	4,611,195	1,761,090	2,850,105
Compensated absences (net change)					1,062,403	6,578	-	1,068,981	213,796	855,185
MERS pension contribution payable					3,203,988	-	139,304	3,064,684	139,304	2,925,380
Net pension liability					55,591,392	9,606,434	10,975,443	54,222,383	-	54,222,383
Net OPEB liability					27,992,490	2,449,270	2,802,684	27,639,076	-	27,639,076
Total long-term liabilities					\$ 195,889,153	\$ 35,583,434	\$ 24,062,525	\$ 207,410,062	\$ 9,095,680	\$ 198,314,382

All long-term liabilities are generally liquidated by the general fund and debt service fund.

\*Taxable

City of New London, Connecticut

Notes to Financial Statements  
For the Year Ended June 30, 2024

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, 2023	Additions	Refunding and Deductions	Balance June 30, 2024	Current Portion	Long-term Portion
<u>Water pollution control authority (WPCA)</u>										
Bonds and notes:										
Improvement	\$ 3,100,000	03/23/17	03/15/37	3.00-5.00%	\$ 2,170,000	\$ -	\$ 155,000	\$ 2,015,000	\$ 155,000	\$ 1,860,000
Premium					121,614	-	9,355	112,259	-	112,259
Total long-term debt and related liabilities					2,291,614	-	164,355	2,127,259	155,000	1,972,259
<u>Water department</u>										
Bonds and notes:										
Refunding	1,525,000	04/07/20	08/01/26	4.00-5.00%	1,007,000	-	241,000	766,000	257,000	509,000
Drinking water notes	5,534,628	01/31/17	01/31/36	2.00%	3,700,295	-	261,240	3,439,055	266,513	3,172,542
Total long-term debt	7,059,628				4,707,295	-	502,240	4,205,055	523,513	3,681,542
<u>Storm water management</u>										
Bonds:										
Improvement	1,650,000	04/07/20	08/01/39	3.00-5.00%	1,580,000	-	70,000	1,510,000	70,000	1,440,000
Premium					97,684	-	8,880	88,804	-	88,804
Total long-term debt and related liabilities					1,677,684	-	78,880	1,598,804	70,000	1,528,804

City of New London, Connecticut

Notes to Financial Statements  
For the Year Ended June 30, 2024

G. Changes in long-term liabilities (continued)

Description	Original Amount	Date of Issue	Date of Maturity	Interest Rate	Balance July 1, 2023	Additions	Refunding and Deductions	Balance June 30, 2024	Current Portion	Long-term Portion
<u>Ocean beach park</u>										
Bonds and notes:										
Improvement*	\$ 600,000	03/21/19	08/15/23	2.80-3.20%	\$ 120,000	\$ -	\$ 120,000	\$ -	\$ -	\$ -
Refunding*	45,000	09/29/20	04/01/24	0.75-3.00%	30,000	-	30,000	-	-	-
Note payable (direct borrowings)	<u>1,000,000</u>	10/28/11	10/28/23	2.00%	<u>72,124</u>	<u>-</u>	<u>72,124</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total long-term debt	<u>\$ 1,645,000</u>				<u>222,124</u>	<u>-</u>	<u>222,124</u>	<u>-</u>	<u>-</u>	<u>-</u>
Premium					<u>8,488</u>	<u>-</u>	<u>8,488</u>	<u>-</u>	<u>-</u>	<u>-</u>
∞ Total long-term debt and related liabilities					<u>230,612</u>	<u>-</u>	<u>230,612</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total enterprise fund long-term liabilities					<u>\$ 8,907,205</u>	<u>\$ -</u>	<u>\$ 976,087</u>	<u>\$ 7,931,118</u>	<u>\$ 748,513</u>	<u>\$ 7,182,605</u>

\*Taxable

City of New London, Connecticut

Notes to Financial Statements  
For the Year Ended June 30, 2024

G. Changes in long-term liabilities (continued)

2. The following is a summary of bonds and notes payable principal and interest payments to maturity:

Year Ending June 30,	Governmental Activities		
	Principal		Interest
	Bonds	Equipment Financing Notes	
2025	\$ 6,038,000	\$ 238,168	\$ 3,518,432
2026	6,781,000	245,730	3,272,649
2027	7,695,000	253,543	2,993,324
2028	7,655,000	193,782	2,678,136
2029	7,175,000	199,169	2,361,234
2030	7,270,000	204,707	2,095,142
2031	6,125,000	-	1,850,903
2032	5,830,000	-	1,658,899
2033	5,900,000	-	1,467,533
2034	5,990,000	-	1,287,240
2035	5,055,000	-	1,113,776
2036	5,080,000	-	956,261
2037	4,950,000	-	802,006
2038	4,685,000	-	647,575
2039	4,445,000	-	508,025
2040	3,880,000	-	382,425
2041	3,260,000	-	270,150
2042	2,185,000	-	170,750
2043	1,360,000	-	91,600
2044	930,000	-	37,200
Totals	<u>\$102,289,000</u>	<u>\$ 1,335,099</u>	<u>\$ 28,163,260</u>

## City of New London, Connecticut

Notes to Financial Statements  
For the Year Ended June 30, 2024

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

Year Ending June 30,	Business-Type Activities				
	Principal				
	WPCA Bonds	Water Bonds      Notes		Storm Water Bonds	Interest
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>\$2,015,000</u>	<u>\$ 766,000</u>	<u>\$3,439,055</u>	<u>\$1,510,000</u>	<u>\$1,395,275</u>

## 3. Assets pledged as collateral

The City's outstanding equipment financing notes are secured with collateral of the equipment purchased of \$1,335,099.

## City of New London, Connecticut

**Notes to Financial Statements  
For the Year Ended June 30, 2024**

**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	\$ 129,119,447	\$ 63,916,000	\$ 65,203,447
Schools	258,238,895	71,486,000	186,752,895
Sewers	215,199,079	-	215,199,079
Urban renewal	186,505,868	-	186,505,868
Pension deficit	172,159,263	2,800,000	169,359,263

The total overall statutory debt limit for the City is equal to 7 times the annual receipts for the prior year taxation:

\$ 401,704,947

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:

General purpose	\$ 60,400,000
Schools	<u>128,202,136</u>
Total	<u>\$ 188,602,136</u>

Business-Type Activities:

Lake Konomoc intake pump	<u>\$ 965,372</u>
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City of New London, Connecticut

Notes to Financial Statements  
For the Year Ended June 30, 2024

G. Changes in long-term liabilities (continued)

6. Leases

Lease agreements are summarized as follows:

Governmental Activities:

Description	Year	Lease Term (years)	Interest Rate*	Original Amount	Balance
Senior center	2022	9	2.70%	\$ 307,474	\$ 262,207
City copiers	2022	5	2.70%	8,035	3,286
Education postage machines	2022	5	2.70%	28,532	8,863
Bus parking lot	2022	13	2.70%	1,316,847	1,130,430
Education copiers	2022/2023	3-5	2.70%	918,520	395,423
Education welcome center	2024	3	4.50%	618,295	495,652
Total				<u>\$ 3,197,703</u>	<u>\$ 2,295,861</u>

\*All interest rates have been imputed based on the rate of the recently issued debt as there were no interest rates specified in the subscription agreement.

Description	Terms
Senior center	The building's lease term includes three options to extend that all include 5-year extension periods. The City has fixed rent increases that begin on June 1, 2023.
City copiers	These leases do not include any extension terms and the City will not acquire the equipment at the end of the term.
Education postage machines	The lease is not renewable and the City will not acquire the postage machines at the end of the term.
Bus parking lot	The lease does not include any extension terms and the City will not acquire the land at the end of the term.
Education copiers	These leases do not include any extension terms and the City will not acquire the equipment at the end of the term.
Education welcome center	The building's lease term includes the option to extend the lease term period. The City has fixed rent increases that begin October 2024.

City of New London, Connecticut

Notes to Financial Statements  
For the Year Ended June 30, 2024

G. Changes in long-term liabilities (continued)

The following is a summary of lease payable principal and interest payments to maturity:

Year Ending June 30	Principal	Interest
2025	\$ 424,055	\$ 70,871
2026	409,725	56,689
2027	422,220	42,677
2028	197,487	28,076
2029	156,214	22,744
2030	150,963	18,526
2031	122,361	14,450
2032	129,769	11,147
2033	137,500	7,643
2034	145,567	3,930
Totals	<u>\$ 2,295,861</u>	<u>\$ 276,753</u>

7. Subscription arrangements

Subscription arrangements are summarized as follows:

Governmental Activities:

Description	Year	Subscription Term (years)	Interest Rate*	Original Amount	Balance
Police body camera software	2023	4	4.50%	\$ 911,348	\$ 475,718
Cloud services	2024	3	4.50%	145,988	105,330
Total				<u>\$ 1,057,336</u>	<u>\$ 581,048</u>

\*All interest rates have been imputed based on the rate from recently issued debt as there were no interest rates specified in the subscription agreement.

Description	Terms
Police body camera software	The City has a subscription arrangement for the police body camera software and cloud storage of camera footage. This arrangement does not include extension or termination terms.
Cloud services	The City has a subscription arrangement for cloud services. This arrangement does not include extension or termination terms.

City of New London, Connecticut

Notes to Financial Statements  
For the Year Ended June 30, 2024

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

The following is a summary of subscription payable principal and interest payments to maturity:

Year Ending June 30	Principal	Interest
2025	\$ 281,267	\$ 26,147
2026	293,924	13,491
2027	5,857	264
Total	<u>\$ 581,048</u>	<u>\$ 39,902</u>

**H. 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	\$ 794,609	\$ -	\$ -	\$ -	\$ -	\$ 794,609
Leases receivable	45,147	-	-	-	-	45,147
Total nonspendable	<u>839,756</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>839,756</u>
Restricted:						
Housing rehabilitation programs	-	-	-	-	1,018,084	1,018,084
Health and welfare programs	-	-	-	-	364,871	364,871
Cafeteria operations*	-	-	-	-	964,666	964,666
School activity programs	-	-	-	-	28,423	28,423
Total restricted	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,376,044</u>	<u>2,376,044</u>
Committed:						
Education nonlapsing	2,793,773	-	-	-	-	2,793,773
Mill rate stabilization	2,000,000	-	-	-	-	2,000,000
General government programs	-	-	-	-	1,349,406	1,349,406
Community programs	-	-	-	-	513,220	513,220
Public safety programs	-	-	-	-	1,409,612	1,409,612
Public works programs	-	-	-	-	328,077	328,077
Port authority	-	-	-	-	112,109	112,109
Culture and recreation programs	-	-	-	-	556,097	556,097
Education programs	-	-	-	1,713,525	599,628	2,313,153
Construction contracts	-	19,896,141	4,873,146	-	-	24,769,287
Total committed	<u>4,793,773</u>	<u>19,896,141</u>	<u>4,873,146</u>	<u>1,713,525</u>	<u>4,868,149</u>	<u>36,144,734</u>

City of New London, Connecticut

Notes to Financial Statements  
For the Year Ended June 30, 2024

H. Fund balances and restricted net position (continued)

Fund Balance Component	General Fund	Capital Nonrecurring	School Projects	Education Grants	Other Governmental Funds	Total
Assigned:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ 5,240,710	\$ 5,240,710
Unassigned	19,347,629	(20,517,054)	(11,839,438)	-	-	(13,008,863)
Total	\$ 24,981,158	\$ (620,913)	\$ (6,966,292)	\$ 1,713,525	\$ 12,484,903	\$ 31,592,381
* The amount of restricted net position restricted by enabling legislation totaled:						\$ 964,666

IV. Other information

A. Risk management

The City purchases commercial insurance coverage for all the following risks and limits as detailed below:

Coverage	Limit	Deductible	Aggregate
General liability	\$ 1,000,000	\$ 350,000	
Auto	1,000,000	350,000	
Law enforcement liability and school leaders	1,000,000	500,000	
Public officials	1,000,000	350,000	
Damage to City property	1,000,000	100,000	
Flood damage	10,000,000	100,000	\$ 10,000,000
Excess liability	10,000,000		
Workers compensation stop loss	350,000		

The City is exposed to various risks for which it has retained the risk of loss including torts; theft or 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 3 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 departments 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 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.

## City of New London, Connecticut

Notes to Financial Statements  
For the Year Ended June 30, 2024**A. Risk management (continued)**

	Claims Payable July 1	Current Year Claims and Changes in Estimates	Claims Paid	Claims Payable June 30	Current Portion	Long-Term Portion
<u>General liability</u>						
2022-2023	\$ 1,570,314	\$ 1,539,787	\$ 1,071,099	\$ 2,039,002	\$ 1,427,301	\$ 611,701
2023-2024	2,039,002	903,705	1,496,526	1,446,181	1,012,327	433,854
<u>Workers' compensation</u>						
2022-2023	1,185,520	1,207,174	1,476,271	916,423	549,854	366,569
2023-2024	916,423	1,597,090	1,393,987	1,119,526	671,716	447,810
<u>Heart and hypertension</u>						
2022-2023	2,428,730	(187,858)	65,576	2,175,296	72,000	2,103,296
2023-2024	2,175,296	(60,371)	69,437	2,045,488	77,047	1,968,441
<u>Totals</u>						
2022-2023	5,184,564	2,559,103	2,612,946	5,130,721	2,049,155	3,081,566
2023-2024	\$ 5,130,721	\$ 2,440,424	\$ 2,959,950	\$ 4,611,195	\$ 1,761,090	\$ 2,850,105

**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.

**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.

City of New London, Connecticut

Notes to Financial Statements  
For the Year Ended June 30, 2024

A. Pension plans (continued)

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.

b. Plan membership

The memberships in the plans as of the date indicated are comprised of the following:

	<u>July 1, 2022</u> <u>Noncontributory</u>	<u>July 1, 2023</u> <u>Contributory</u>
Retirees and beneficiaries currently receiving benefits	21	174
Vested terminated employees	-	34
Active plan members	-	65
Total	<u>21</u>	<u>273</u>

City of New London, Connecticut

Notes to Financial Statements  
For the Year Ended June 30, 2024

A. Pension plans (continued)

2. Benefit provisions

The benefit provisions for the plans are as follows:

	<u>Noncontributory</u>	<u>Contributory</u>
Normal retirement	Non officer firefighters 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 average compensation 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	The greater of (a) or (b) less workmen's compensation: (a) General Salaried Unaffiliated, Board of Education Unaffiliated, MEU, Fire: 1/2 of average of highest 3 years compensation. Board of Education Secretaries and Custodians, Public Works: 1/2 of average of highest 5 years compensation. (b) Accrued benefit based on Normal Retirement Benefit formula
Cost of living adjustments	None	Retired Police - Increase every other year starting at age 62 with max increase in any 1 year being 1% Secretaries - At 5 years following retirement one-time 3% COLA and at 10 years following retirement one-time additional 3% COLA Public Works - Shall receive a one-time 5% COLA on the anniversary of their fifth year of retirement

City of New London, Connecticut

Notes to Financial Statements  
For the Year Ended June 30, 2024

A. Pension plans (continued)

3. Contributions

Required contributions to the plans are as follows:

	<u>Noncontributory</u>	<u>Contributory</u>
<b>Employer:</b>		
Average contribution rate	N/A - No active plan members	54.21% of pensionable wages
<b>Employees:</b>		
Employee	N/A - No active plan members	6.00% of pensionable wages plus longevity

4. Investments

a. Investment policy and rate of return

The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the Pension Committee 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.

Best estimates of arithmetic nominal rates of return for each major asset class are included in the pension plan's target asset allocation.

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.

City of New London, Connecticut

Notes to Financial Statements  
For the Year Ended June 30, 2024

A. Pension plans (continued)

The following was the Committee's adopted asset allocation policy and long-term expected real rate of return for the Contributory Plan:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Large cap domestic equity	25.00%	5.60%
Mid cap domestic equity	10.00%	7.50%
Small cap domestic equity	3.00%	8.20%
International developed equity	4.00%	5.60%
Emerging markets equity	16.00%	8.20%
U.S. government fixed income	12.00%	1.80%
U.S. corporate fixed investment	12.00%	3.10%
U.S. corporate fixed high yield	4.00%	4.70%
Real estate	14.00%	4.90%
	100.00%	5.40%
Long-term inflation expectation		2.40%
Long-term expected rate of return		7.80%

**Annual money-weighted rate of return**

	Noncontributory	Contributory
The annual money-weighted rate of return on pension plan investments (net of pension plan investment expense) was:	N/A	0.18%

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

**b. Concentrations**

There were no investments in any one organization that represents 5.00% or more of the pension plan's net position.

City of New London, Connecticut

Notes to Financial Statements  
For the Year Ended June 30, 2024

A. Pension plans (continued)

5. Net pension liability

The components of the net pension liability are as follows:

	<u>Noncontributory</u>	<u>Contributory</u>
Total pension liability	\$ 3,729,472	\$ 41,201,253
Plan fiduciary net position	<u>-</u>	<u>32,642,875</u>
Net pension liability	<u>\$ 3,729,472</u>	<u>\$ 8,558,378</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>0.00%</u>	<u>79.23%</u>

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, 2022	July 1, 2023
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	3.93%	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

7. Changes from prior year

a. Changes in assumptions

Noncontributory plan:

	<b>From</b>	<b>To</b>
Discount rate	3.65%	3.93%

## City of New London, Connecticut

Notes to Financial Statements  
For the Year Ended June 30, 2024

## 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:

	<u>Noncontributory</u>	<u>Contributory</u>
Discount rate	3.93%	6.75%

The discount rate for the noncontributory plan is based on the Bond Buyer GO Municipal bond 20-year average for AA index.

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, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation dated as noted below. The changes in net pension liability for each plan for the fiscal year were as follows:

<u>Valuation Date: July 1, 2022</u>	
<u>Noncontributory Plan</u>	<u>Total Pension Liability</u>
Balance at July 1, 2023	<u>\$ 4,343,069</u>
Interest	148,174
Differences between expected and actual experience	(128,951)
Changes in assumptions	(60,656)
Benefit payments, including refunds of member contributions	<u>(572,164)</u>
Net change	<u>(613,597)</u>
Balance at June 30, 2024	<u><u>\$ 3,729,472</u></u>

City of New London, Connecticut

Notes to Financial Statements  
For the Year Ended June 30, 2024

A. Pension plans (continued)

Valuation Date: July 1, 2023  Contributory Plan	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at July 1, 2023	\$ 41,079,273	\$ 30,549,991	\$ 10,529,282
Service cost	487,185	-	487,185
Interest	2,688,854	-	2,688,854
Differences between expected and actual experience	474,989	-	474,989
Contributions - employer	-	1,996,941	(1,996,941)
Contributions - member	-	221,322	(221,322)
Net investment income (loss)	-	3,425,215	(3,425,215)
Benefit payments, including refunds of member contributions	(3,529,048)	(3,529,048)	-
Administrative expenses	-	(21,546)	21,546
Net change	121,980	2,092,884	(1,970,904)
Balance at June 30, 2024	\$41,201,253	\$ 32,642,875	\$ 8,558,378

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:

Plan	Discount Rate	1% Decrease	Current Discount Rate	1% Increase
Noncontributory	3.93%	\$ 3,954,655	\$ 3,729,472	\$ 3,526,708
Contributory	6.75%	\$12,113,457	\$ 8,558,378	\$ 5,491,136

## City of New London, Connecticut

**Notes to Financial Statements  
For the Year Ended June 30, 2024**

**A. Pension plans (continued)****11. Pension expense and deferred outflows of resources and deferred inflows of resources related to pensions**

The City reported deferred outflows of resources and deferred inflows of resources and pension expense as follows:

<u>Contributory Plan</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Net</u>
Differences between expected and actual experience	\$ 277,077	\$ 266,284	\$ 10,793
Net difference between projected and actual earnings on pension plan investments	-	97,204	(97,204)
Totals	<u>\$ 277,077</u>	<u>\$ 363,488</u>	<u>\$ (86,411)</u>
<u>Pension Expense</u>	<u>Noncontributory</u>	<u>Contributory</u>	
The plan recognized pension expense of:	<u>\$ (41,433)</u>	<u>\$ (382,589)</u>	

Differences between expected and actual experience and changes in assumptions are amortized over the average remaining service period of actives and inactive, which were as follows:

	<u>Noncontributory</u>	<u>Contributory</u>
Years	0.00	2.40

Actual investment earnings below (or above) projected earnings are amortized over 5.00 years.

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

<u>Year Ending June 30,</u>	
2025	\$ (338,061)
2026	934,017
2027	(424,027)
2028	<u>(258,340)</u>
Total	<u>\$ (86,411)</u>

City of New London, Connecticut

Notes to Financial Statements  
For the Year Ended June 30, 2024

**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.

During the year, the contributions and pension expense for the plan were as follows:

Employee contributions	\$ 523,945
Pension expense	323,727

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.

The City had no liability to the plan at fiscal year end.

**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
- Police officers and firefighters with social security
- Police officers and firefighters without social security

City of New London, Connecticut

Notes to Financial Statements  
For the Year Ended June 30, 2024

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 fire	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, 2024

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, deferred outflows of resources and deferred inflows of resources and pension expense

The City reported the following relative to the plan:

Measurement date	June 30, 2023
Valuation date	June 30, 2023
Proportionate share of the collective net pension liability	\$ 41,934,533

	General employees with social security sub plan	Police officers and firefighters without social security sub plan
City percentage of total plan participating employers payroll based upon 2023 expected payroll	1.762560%	6.841997%
Increase (decrease) from prior year	(0.085688%)	(0.167045%)

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, 2024

C. Connecticut municipal employees' retirement system (continued)

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 Deferred Outflows and Inflows
Net difference between projected and actual earnings on pension plan investments	\$ 2,911,603	\$ -	\$ 2,911,603
Change in assumptions	4,744,343	-	4,744,343
Change in proportional share	400,666	2,401,126	(2,000,460)
Differences between expected and actual experience	5,603,694	318,683	5,285,011
City contributions subsequent to measurement date	<u>4,486,855</u>	<u>-</u>	<u>4,486,855</u>
Total	<u>\$ 18,147,161</u>	<u>\$ 2,719,809</u>	15,427,352
Contributions subsequent to the measurement date to be recognized as a reduction of the collective net pension liability in the subsequent year			<u>(4,486,855)</u>
Net amortized amount of deferred inflows and outflows			<u>\$ 10,940,497</u>
<u>Pension Expense</u>			
The plan recognized pension expense of:			<u>\$ 3,764,846</u>

Actual investment earnings below (or above) projected earnings are amortized over 5.00 years. Changes in proportional share and differences between expected and actual results are amortized over the average remaining service period of active and inactive employees which was 5.26 years.

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

Year Ending June 30,	
2025	\$ 2,797,077
2026	2,447,246
2027	4,484,556
2028	906,549
2029	<u>305,069</u>
Total	<u>\$ 10,940,497</u>

City of New London, Connecticut

Notes to Financial Statements  
For the Year Ended June 30, 2024

C. Connecticut municipal employees' retirement system (continued)

5. Actuarial assumptions

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

Valuation date	June 30, 2023
Investment rate of return	7.00%
Inflation	2.50%
Salary increases	3.50-9.50%, 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	<u>Employees:</u> 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. <u>Police and Fire:</u> RP-2014 Blue Collar Mortality Table adjusted to 2006 and projected to 2015 with Scale MP-2017 and projected 2022 with Scale BB. <u>Disabled:</u> 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, 2023 valuation were based on the results of an actuarial experience study for the 5-year period ended June 30, 2022.

**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, 2024

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
Global equity	37.00%	6.80%
Public credit	2.00%	2.90%
Core fixed income	13.00%	0.40%
Liquidity fund	1.00%	(0.40%)
Risk mitigation	5.00%	0.10%
Private equity	15.00%	11.20%
Private credit	10.00%	6.10%
Real estate	10.00%	6.30%
Infrastructure and natural resources	7.00%	7.70%
Total	100.00%	

6. Discount rate

The discount rate used to measure the collective 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 collective net pension liability to changes in the discount rate

The following presents the City's proportional share of the collective net pension liability of MERS, calculated using the discount rate, as well as what the collective 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:

	Discount Rate	1% Decrease	Current Discount Rate	1% Increase
City's proportional share of the net pension liability	7.00%	\$58,958,451	\$41,934,533	\$27,858,554

## City of New London, Connecticut

**Notes to Financial Statements  
For the Year Ended June 30, 2024**

**C. Connecticut municipal employees' retirement system (continued)****8. Plan fiduciary net position**

The net pension liability, pension expense and deferred outflows and inflows of resources presented in this report have been determined based on CMERS' fiduciary net position included in the State of Connecticut ACFR as of and for the year ended June 30, 2023, which was audited by the State of Connecticut Auditors of Public Accounts. CMERS is included in the State of Connecticut's ACFR as a pension trust fund.

**9. Payable to the pension plan**

The City has \$3,064,684 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.

**10. Future plan changes**

On June 7, 2023, House Bill 6930, an Act Concerning the Development of Best Practices for Governance Structures of Municipal Retirement Plans, was passed by the Connecticut Legislature

The following is a summarization of future changes in benefit provisions.

- A five-year phase-out of the Cost-Of-Living-Adjustment (COLA) floor from the existing 2.5% to 0%, which reduces the floor by 0.5% each year for future retirees, beginning July 1, 2025, reducing to 0% on July 1, 2029.
- Subject to the COLA floors outlined above, for years in which inflation (as measured by the CPI-W) increases by 2% or less, the MERS COLA will track inflation directly. For those years in which inflation increases by 2% or more, the COLA will be 60% of the inflation rate up to 6.0%, and 75% of the inflation rate in excess of 6.0% with a maximum COLA of 7.5%.

Beginning July 1, 2025, the benefit formula multiplier will increase to 2.2% (1.7% for social security covered eligible participants) based on the following eligibility:

- General Employees: Beginning for service at age 60 with at least 30 years of service.
- Police and Fire: Beginning for service at age 55 with at least 27 years of service.

Beginning July 1, 2025, a Deferred Retirement Option Plan (DROP), capped at five years of participation in the program, will be offered based on the following eligibility:

- General Employees: at age 60 with 30 years of service OR at age 62 with five (5) years of service.
- Police and Fire: at age 55 with 25 years of service; at age 57 with five (5) years of service; or at any age with 30 years of service.
- Upon entering DROP, the member contribution rate is reduced to half. After 24 months of DROP participation, the member contribution rate is reduced to 0%.
- Beginning annually at the 2nd anniversary of the member's DROP entry, the DROP account is credited with interest at a not to exceed 4%. Interest is also credited at the 3rd, 4th, and 5th anniversary date of DROP entry.

City of New London, Connecticut

Notes to Financial Statements  
For the Year Ended June 30, 2024

C. Connecticut municipal employees' retirement system (continued)

- Pension amount will not increase with annual COLAs while participating in DROP. Once member exits DROP, future COLAs will be determined based on the provisions in effect at the time the member entered the DROP.

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)
Minimum benefit	Effective January 1, 1999, Public Act 98-251 provides a minimum monthly completed at least 25 years of full time Connecticut service at retirement.
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, 2024

D. Connecticut state teachers' retirement system (continued)

Non-service connected disability service requirement	5 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 collective 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 collective net pension liability, the related State support, and the total portion of the collective net pension liability that was associated with the City were as follows:

City's proportionate share of the collective net pension liability	\$ -
State's proportionate share of the collective net pension liability associated with the City	<u>94,585,561</u>
Total	<u>\$ 94,585,561</u>
The plan recognized pension expense and revenue for on-behalf amounts for contributions to the plan by the State of:	<u>\$ 8,776,210</u>

City of New London, Connecticut

Notes to Financial Statements  
For the Year Ended June 30, 2024

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

The collective net pension liability was measured as of June 30, 2023, and the collective total pension liability used to calculate the collective net pension liability was determined by an actuarial valuation as of June 30, 2023. The City has no proportionate share of the collective net pension liability.

**5. Actuarial assumptions**

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

Valuation date	June 30, 2023
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 are as follows:

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
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%
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, 2023 valuation were based on the results of an actuarial experience study for the 5-year period ending June 30, 2019.

## City of New London, Connecticut

**Notes to Financial Statements  
For the Year Ended June 30, 2024**

**D. Connecticut state teachers' retirement system (continued)****Changes in assumptions and inputs**

There were no changes in assumptions from the prior measurement date.

**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:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Target Expected Real Rate of Return</u>
Global equity	37.00%	6.80%
Public credit	2.00%	2.90%
Core fixed income	13.00%	0.40%
Liquidity fund	1.00%	(0.40%)
Risk mitigation	5.00%	0.10%
Private equity	15.00%	11.20%
Private credit	10.00%	6.10%
Real estate	10.00%	6.30%
Infrastructure and natural resources	7.00%	7.70%
Total	<u>100.00%</u>	

**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.

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

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

City of New London, Connecticut

Notes to Financial Statements  
For the Year Ended June 30, 2024

D. Connecticut state teachers' retirement system (continued)

8. Plan fiduciary net position

The net pension liability and proportional share of pension expense presented in this report have been determined based on Connecticut State Teachers Retirement Systems' fiduciary net position included in the State of Connecticut ACFR as of and for the year ended June 30, 2023, which was audited by the State of Connecticut Auditors of Public Accounts and is included in the State of Connecticut's ACFR as a pension trust fund.

E. Total pension plans

	Net Pension Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense
Noncontributory	\$ 3,729,472	\$ -	\$ -	\$ (41,433)
Contributory	8,558,378	277,077	363,488	(382,589)
MERS	41,934,533	18,147,161	2,719,809	3,764,846
Total	<u>\$ 54,222,383</u>	<u>\$ 18,424,238</u>	<u>\$ 3,083,297</u>	<u>\$ 3,340,824</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

The membership in the plan as of the date indicated is comprised of the following:

<u>Valuation date: July 1, 2022</u>	<u>City</u>
Inactive plan members or beneficiaries currently receiving benefit payments	218
Active plan members	<u>670</u>
Total	<u>888</u>

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.

City of New London, Connecticut

Notes to Financial Statements  
For the Year Ended June 30, 2024

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

3. Contributions

Required contributions to the plan are as follows:

**Employer:**

Employer	The City's contributions are made based upon the actuarially determined amount
Employer contributions	\$1,547,237
City's average contribution rate	3.15% of pensionable wages

**Employees:**

Employees	The plan members are not required to contribute to the plan
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**Retirees:**

Teachers and administrators	100% of pensionable wages
All others	100% of pensionable wages
Authority	Retirement Board
Amendments to contributions	Union contracts

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 and rate of return

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.

Best estimates of geometric means real rates of return for each major asset class are included in the OPEB plan’s target asset allocation.

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.

## City of New London, Connecticut

Notes to Financial Statements  
For the Year Ended June 30, 2024**F. Other post-employment benefit plan (“OPEB”) (continued)**

The following was the Board's adopted asset allocation policy and long-term expected real rate of return:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. cash	30.00%	0.91%
U.S. broad equity market	58.00%	3.82%
U.S. core fixed income	12.00%	2.36%
Total/weighted average	100.00%	3.24%
Long-term inflation expectation		2.60%
Portfolio nominal mean return		5.84%
Long-term expected rate of return		6.50%

**Annual money-weighted rate of return**

The annual money-weighted rate of return on OPEB plan investments (net of OPEB plan investment expense) was: 8.92%

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

**b. Concentrations**

There were no investments in any one organization that represents 5.00% or more of the OPEB plan's net position.

**5. Net OPEB liability**

The components of the net OPEB liability were measured as of June 30, 2024 and were as follows:

Total OPEB liability	\$ 30,150,252
Plan fiduciary net position	2,511,176
Net OPEB liability	\$27,639,076
Plan fiduciary net position as a percentage of the total OPEB liability	8.33%

City of New London, Connecticut

Notes to Financial Statements  
For the Year Ended June 30, 2024

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

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, 2022
Discount rate	3.93%
Inflation	2.60%
Healthcare cost trend rates: Initial medical trend rate	6.80%
Ultimate medical trend rate	4.00% over 51 years
Mortality rates	Pub-2010 mortality table with generational projection per MP-2021 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:

Assumption	From	To
Discount rate	3.65%	3.93%
Healthcare cost trend rate - initial	6.40%	6.80%

b. Changes in benefit terms

There were no changes in benefit terms.

## City of New London, Connecticut

Notes to Financial Statements  
For the Year Ended June 30, 2024

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

## 8. Discount rate

The discount rate used to measure the total OPEB liability was 3.93%.

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, 2024 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation dated as noted below:

<u>Valuation Date: July 1, 2022</u>	<u>Increase (Decrease)</u>		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balance at July 1, 2023	\$ 30,058,344	\$ 2,065,854	\$ 27,992,490
Service cost	1,286,091	-	1,286,091
Interest	1,121,309	-	1,121,309
Changes in assumptions	(1,056,919)	-	(1,056,919)
Contributions - employer	-	1,547,237	(1,547,237)
Net investment income (loss)	-	198,528	(198,528)
Benefit payments, including refunds of member contributions	(1,258,573)	(1,258,573)	-
Administrative expenses	-	(41,870)	41,870
Net change	91,908	445,322	(353,414)
Balance at June 30, 2024	<u>\$ 30,150,252</u>	<u>\$ 2,511,176</u>	<u>\$ 27,639,076</u>

## 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:

	<u>Discount Rate</u>	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
Net OPEB liability	<u>3.93%</u>	<u>\$ 31,687,683</u>	<u>\$ 27,639,076</u>	<u>\$ 24,281,047</u>

## City of New London, Connecticut

Notes to Financial Statements  
For the Year Ended June 30, 2024

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

## 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:

	Trend Rate	1% Decrease	Current Trend Rate	1% Increase
Net OPEB liability	6.80% decreasing to 4.00%	\$ 23,366,782	\$ 27,639,076	\$ 32,967,018

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

The City reported deferred outflows and inflows of resources and OPEB expense as follows:

Description of Outflows/Inflows	Deferred Outflows of Resources	Deferred Inflows of Resources	Net
Differences between expected and actual experience	\$ 5,663,504	\$ 6,566,912	\$ (903,408)
Changes in assumptions	3,951,572	5,065,713	(1,114,141)
Net difference between projected and actual earnings on OPEB plan investments	-	117,739	(117,739)
Total	<u>\$ 9,615,076</u>	<u>\$ 11,750,364</u>	<u>\$ (2,135,288)</u>
<u>OPEB Expense</u>			
The plan recognized OPEB expense of:			<u>\$ 1,349,289</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 8.80 years.

City of New London, Connecticut

Notes to Financial Statements  
For the Year Ended June 30, 2024

**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,	
2025	\$ (599,596)
2026	(509,752)
2027	(567,603)
2028	(519,929)
2029	(732,843)
Thereafter	<u>794,435</u>
Total	<u>\$ (2,135,288)</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 to retired teachers and administrators of public schools. 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	5 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, 2024

**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 health care benefits offered. 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.

The subsidy amounts are set by State statutes as follows:

Members that are not currently participating in Medicare Parts A & B	A subsidy of up to \$220 per month for a retired member plus an additional \$220 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
Members who has attained the normal retirement age to participate in Medicare but is not eligible for Part A of Medicare without cost	A subsidy amount of \$440 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 \$440 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.

**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 pays for one third of plan costs through an annual appropriation in the General Fund.

City of New London, Connecticut

Notes to Financial Statements  
For the Year Ended June 30, 2024

**G. Connecticut state teachers' retirement board retiree health insurance plan (continued)**

**Employer (school districts)**

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

**Employees/retirees**

Employees: Each active member is required to contribute 1.25% of their pensionable wages

Retirees: Retirees are required to pay for 1/3 of the plan cost through monthly premiums

**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 collective 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 collective net OPEB liability, the related State support, and the total portion of the collective net OPEB liability that was associated with the City were as follows:

City's proportionate share of the collective net OPEB liability	\$ -
State's proportionate share of the collective net OPEB liability associated with the City	<u>8,861,368</u>
Total	<u>\$ 8,861,368</u>
The plan recognized OPEB expense and revenue for on-behalf amounts for contributions to the plan by the State of:	<u>\$ 119,427</u>

The collective net OPEB liability was measured as of June 30, 2023, and the collective total OPEB liability used to calculate the collective net OPEB liability was determined by an actuarial valuation as of June 30, 2023. The City has no proportionate share of the collective net OPEB liability.

City of New London, Connecticut

Notes to Financial Statements  
For the Year Ended June 30, 2024

G. Connecticut state teachers' retirement board retiree health insurance plan (continued)

5. Actuarial assumptions

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

Valuation date	June 30, 2023
Investment rate of return	3.00%
Discount rate	3.64%
Inflation	2.50%
Health care cost trend rate (Medicare)	5.125% decreasing to 4.50% by 2031
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	2028

The actuarial assumptions used in the June 30, 2023 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 discount rate was increased from 3.53% to 3.64% to reflect the change in the Municipal Bond Index rate.

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.

All the plan assets are assumed to be invested in cash equivalents (treasuries). The expected 10-year geometric rate of return is 0.77%. The long-term real rate of return as of June 30, 2023 was 3.25%.

6. Discount rate

The discount rate used to measure the collective total OPEB liability was the Municipal Bond Index rate of 3.64%. 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.

## City of New London, Connecticut

**Notes to Financial Statements  
For the Year Ended June 30, 2024****G. Connecticut state teachers' retirement board retiree health insurance plan (continued)****7. Sensitivity of the collective net OPEB liability to changes in the discount rate and the health care cost trend rate**

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

**8. Plan fiduciary net position**

The net pension liability and proportional share of pension expense presented in this report have been determined based on Connecticut State Teachers Retiree Health Insurance Plan's fiduciary net position included in the State of Connecticut ACFR as of and for the year ended June 30, 2023, which was audited by the State of Connecticut Auditors of Public Accounts and is included in the State of Connecticut's ACFR as a OPEB trust fund.

## City of New London, Connecticut

Notes to Financial Statements  
For the Year Ended June 30, 2024

## 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, 2024

<u>Assets</u>	<u>Pension Trust Fund</u>	<u>OPEB Trust Fund</u>	<u>Total</u>
Cash	\$ 450,964	\$ 627,386	\$ 1,078,350
Investments:			
Mutual funds:			
Money market	739,532	-	739,532
Fixed income	4,917,038	301,491	5,218,529
Bank money market	1,934,494	47,243	1,981,737
Equities	11,919,974	1,446,392	13,366,366
U.S. government and agency obligations	1,801,635	-	1,801,635
U.S. government agency obligations	1,255,250	-	1,255,250
Corporate bonds	11,787,509	-	11,787,509
International bonds	149,992	-	149,992
Real estate (equities)	2,106,373	-	2,106,373
Total investments	36,611,797	1,795,126	38,406,923
Interest receivable	70,483	-	70,483
Contribution receivable	306,480	88,664	395,144
Total assets	37,439,724	2,511,176	39,950,900
<u>Liabilities</u>			
Accounts payable	8,840	-	8,840
Due to other funds	4,788,009	-	4,788,009
Total liabilities	4,796,849	-	4,796,849
<u>Net Position</u>			
Restricted for:			
Pensions	32,642,875	-	32,642,875
OPEB	-	2,511,176	2,511,176
Total net position	\$ 32,642,875	\$ 2,511,176	\$ 35,154,051

## City of New London, Connecticut

Notes to Financial Statements  
For the Year Ended June 30, 2024

## 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, 2024

	Pension Trust Fund	OPEB Trust Fund	Total
Additions:			
Contributions:			
Employer	\$ 1,996,941	\$ 1,547,237	\$ 3,544,178
Plan members	221,322	-	221,322
Total contributions	<u>2,218,263</u>	<u>1,547,237</u>	<u>3,765,500</u>
Investment income (loss):			
Interest and dividends	1,051,033	46,679	1,097,712
Net change in fair value of investments	<u>2,649,470</u>	<u>175,097</u>	<u>2,824,567</u>
Total investment income (loss)	3,700,503	221,776	3,922,279
Less investment expenses	<u>275,288</u>	<u>23,248</u>	<u>298,536</u>
Net investment income (loss)	<u>3,425,215</u>	<u>198,528</u>	<u>3,623,743</u>
Total additions	<u>5,643,478</u>	<u>1,745,765</u>	<u>7,389,243</u>
Deductions:			
Benefit payment, including refunds of member contributions	3,529,048	1,258,573	4,787,621
Administration	<u>21,546</u>	<u>41,870</u>	<u>63,416</u>
Total deductions	<u>3,550,594</u>	<u>1,300,443</u>	<u>4,851,037</u>
Changes in net position	2,092,884	445,322	2,538,206
Net position - July 1, 2023	<u>30,549,991</u>	<u>2,065,854</u>	<u>32,615,845</u>
Net position - June 30, 2024	<u>\$ 32,642,875</u>	<u>\$ 2,511,176</u>	<u>\$ 35,154,051</u>

## I. Restatement

The education nonlapsing fund was reclassified as a separate fund from general fund's fund balance. The reclassification had no impact on the total general fund fund balance.

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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
<hr/>	
<u>Pension Plans</u>	
Noncontributory	Schedule of Changes in Net Pension Liability and Related Ratios and Schedule of Investment Returns
Contributory	
Municipal Employees' Retirement System	Schedule of Proportionate Share of the Collective Net Pension Liability
State Teachers' Retirement System	Schedule of Contributions
	Notes to Required Supplementary Information
<hr/>	
<u>Other Post-Employment Benefits Plans</u>	
City	Schedule of Changes in Net OPEB Liability and Related Ratios and Schedule of Investment Returns
State Teachers' Retirement Board Retiree	
Health Insurance Plan	Schedule of Proportionate Share of the Collective Net OPEB Liability
	Schedule of Contributions
	Notes to Required Supplementary Information

**City of New London, Connecticut**  
**Required Supplementary Information**  
**General Fund**  
**Revenue Budgetary Comparison Schedule**  
**For the Year Ended June 30, 2024**

	Original Budget	Additional Appropriations and Transfers	Final Budget	Actual	Variance With Final Budget
<b>Revenues:</b>					
<b>Property taxes:</b>					
Real estate tax	\$ 46,789,583	\$ -	\$ 46,789,583	\$ 46,868,664	\$ 79,081
Personal property tax	6,501,341	-	6,501,341	6,099,923	(401,418)
Motor vehicle tax	4,753,646	-	4,753,646	4,195,961	(557,685)
Supplemental motor vehicle tax	650,000	-	650,000	614,678	(35,322)
Prior years taxes	800,000	-	800,000	766,029	(33,971)
Collections on suspense	150,000	-	150,000	127,505	(22,495)
Delinquent tax interest	500,000	120,000	620,000	620,129	129
PILOT - elderly state - housing	-	-	-	18,750	18,750
PILOT	32,000	-	32,000	39,875	7,875
Telephone access line	100,000	15,000	115,000	130,383	15,383
<b>Total property taxes</b>	<b>60,276,570</b>	<b>135,000</b>	<b>60,411,570</b>	<b>59,481,897</b>	<b>(929,673)</b>
<b>Intergovernmental:</b>					
Veterans	3,500	-	3,500	2,536	(964)
Disability exempt	3,000	-	3,000	2,859	(141)
Mashantucket Pequot	1,667,837	-	1,667,837	1,667,837	-
Distressed municipality	-	-	-	17,259	17,259
Municipal stabilization	1,112,913	-	1,112,913	1,112,913	-
Tiered PILOT	7,714,291	402,858	8,117,149	8,117,149	-
Grants for municipal	33,169	-	33,169	33,169	-
MRSA - sales tax	-	500,000	500,000	791,342	291,342
MRSA - motor vehicle	860,436	-	860,436	860,436	-
OTB share	5,000	-	5,000	-	(5,000)
CT Port Authority - State pier	750,000	150,000	900,000	907,237	7,237
Nonpublic health services	-	85,000	85,000	85,243	243
Education cost sharing	22,146,230	-	22,146,230	22,453,301	307,071
Education cost sharing - 2% set aside	-	335,524	335,524	-	(335,524)
Emergency management	10,000	-	10,000	5,000	(5,000)
<b>Total intergovernmental</b>	<b>34,306,376</b>	<b>1,473,382</b>	<b>35,779,758</b>	<b>36,056,281</b>	<b>276,523</b>
<b>Charges for services:</b>					
Mayor	-	-	-	326	326
<b>Finance:</b>					
Enterprise funds	601,600	-	601,600	601,600	-
Cell towers	106,000	-	106,000	149,358	43,358
Other	19,700	500,000	519,700	1,170,874	651,174
Law	-	-	-	244	244
Probate	30,000	-	30,000	29,509	(491)
City clerk	1,376,200	-	1,376,200	805,634	(570,566)
Office of development and planning	1,085,375	-	1,085,375	962,758	(122,617)
<b>Public safety:</b>					
Police	35,400	-	35,400	48,168	12,768
Fire	1,876,200	130,000	2,006,200	2,014,824	8,624
Public works	806,000	57,250	863,250	849,456	(13,794)

(Continued)

See Notes to Required Supplementary Information.

**City of New London, Connecticut**  
**Required Supplementary Information**  
**General Fund**  
**Revenue Budgetary Comparison Schedule**  
**For the Year Ended June 30, 2024**

	Original Budget	Additional Appropriations and Transfers	Final Budget	Actual	Variance With Final Budget
Charges for services (continued):					
Recreation and culture:					
Human services / senior center	\$ 100	\$ -	\$ 100	\$ -	\$ (100)
Education	25,000	-	25,000	7,308	(17,692)
Total charges for services	5,961,575	687,250	6,648,825	6,640,059	(8,766)
Contributions	81,000	-	81,000	50,000	(31,000)
Income from investments:					
Income from investments	791,251	-	791,251	599,419	(191,832)
Net change in fair value of investments	-	-	-	90,203	90,203
Total income from investments	791,251	-	791,251	689,622	(101,629)
Total revenues	101,416,772	2,295,632	103,712,404	102,917,859	(794,545)
Other financing sources:					
Transfers in	750,000	-	750,000	685,400	(64,600)
Total revenues and other financing sources	<u>\$ 102,166,772</u>	<u>\$ 2,295,632</u>	<u>\$ 104,462,404</u>	<u>\$ 103,603,259</u>	<u>\$ (859,145)</u>

(Concluded)

See Notes to Required Supplementary Information.

**City of New London, Connecticut**  
**Required Supplementary Information**  
**General Fund**  
**Expenditures Budgetary Comparison Schedule**  
**For the Year Ended June 30, 2024**

	Original Budget	Additional Appropriations and Transfers	Final Budget	Actual	Variance With Final Budget
General government:					
City council	\$ 338,352	\$ 1,900	\$ 340,252	\$ 334,271	\$ 5,981
Mayor	1,036,215	20,000	1,056,215	1,073,644	(17,429)
Finance	3,218,546	(96,450)	3,122,096	3,113,769	8,327
Law	367,500	15,750	383,250	641,196	(257,946)
Probate court	30,000	-	30,000	27,119	2,881
City clerk	396,668	(20,000)	376,668	356,157	20,511
Elections	118,747	34,600	153,347	151,529	1,818
Office of development and planning	1,504,888	(60,000)	1,444,888	1,429,778	15,110
Contingency	10,000	(3,118)	6,882	-	6,882
<b>Total general government</b>	<b>7,020,916</b>	<b>(107,318)</b>	<b>6,913,598</b>	<b>7,127,463</b>	<b>(213,865)</b>
Public safety:					
Police	12,539,923	255,864	12,795,787	13,154,919	(359,132)
Fire	11,820,653	(260,550)	11,560,103	11,101,604	458,499
Emergency management/ civil preparedness	26,000	(13,429)	12,571	26,115	(13,544)
<b>Total public safety</b>	<b>24,386,576</b>	<b>(18,115)</b>	<b>24,368,461</b>	<b>24,282,638</b>	<b>85,823</b>
Public works	8,809,671	(10,549)	8,799,122	8,438,998	360,124
Health and welfare	209,750	-	209,750	209,750	-
Recreation and culture:					
Human services/ senior center	568,644	-	568,644	551,745	16,899
Library	1,100,600	-	1,100,600	1,100,600	-
Recreation	1,089,449	82,661	1,172,110	1,105,336	66,774
<b>Total recreation and culture</b>	<b>2,758,693</b>	<b>82,661</b>	<b>2,841,354</b>	<b>2,757,681</b>	<b>83,673</b>
Employee benefits	4,163,817	-	4,163,817	4,143,074	20,743
Education	45,024,287	335,524	45,359,811	44,254,177	1,105,634
<b>Total expenditures</b>	<b>92,373,710</b>	<b>282,203</b>	<b>92,655,913</b>	<b>91,213,781</b>	<b>1,442,132</b>
Other financing uses:					
Transfers out	8,874,199	263,429	9,137,628	9,085,609	52,019
Transfers out - Education nonlapsing fund	918,863	-	918,863	918,863	-
Transfers out - Mill rate stabilization fund	-	1,750,000	1,750,000	1,750,000	-
<b>Total other financing uses</b>	<b>9,793,062</b>	<b>2,013,429</b>	<b>11,806,491</b>	<b>11,754,472</b>	<b>52,019</b>
<b>Total expenditures and other financing uses</b>	<b>\$ 102,166,772</b>	<b>\$ 2,295,632</b>	<b>\$ 104,462,404</b>	<b>\$ 102,968,253</b>	<b>\$ 1,494,151</b>

See Notes to Required Supplementary Information.

## City of New London, Connecticut

Notes to Required Supplementary Information  
For the Year Ended June 30, 2024

## 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 revenue or expenditures payments made for the State Teachers' pension and OPEB by the State of Connecticut on the City's behalf.

<u>Reconciliation to Exhibit D</u>	<u>Revenues</u>	<u>Expenditures</u>
Budgetary Basis - RSI-1	\$ 102,917,859	\$ 91,213,781
State Teachers' Pension on behalf amount	8,776,210	8,776,210
State Teachers' OPEB on behalf amount	<u>119,427</u>	<u>119,427</u>
GAAP Basis - Exhibit D	<u>\$ 111,813,496</u>	<u>\$ 100,109,418</u>

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 submits the proposed budget and appropriations ordinance to the Board of Finance on or before May 1. The Board of Finance submits its recommendations to the City Council on or before May 15. After a public hearing, 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. Additional appropriation requests must be approved by the City Council.

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, there were additional appropriations from revenues of: \$ 2,295,632

## City of New London, Connecticut

## Required Supplementary Information

Noncontributory Plan  
Last Ten Years

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
<b><u>Schedule of Changes in Net Pension Liability and Related Ratios</u></b>										
Total pension liability:										
Service cost	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,103
Interest	148,174	152,837	107,892	139,024	193,562	216,374	233,939	180,561	264,692	282,631
Differences between expected and actual experience	(128,951)	191,242	219,088	(813,135)	484,319	203,114	(383,909)	584,300	(219,084)	-
Changes in assumptions	(60,656)	(28,220)	(425,466)	(21,194)	721,514	146,404	(120,163)	(486,961)	542,846	-
Benefit payments, including refunds of member contributions	(572,164)	(575,412)	(584,675)	(615,825)	(628,683)	(655,265)	(691,728)	(685,802)	(716,518)	(804,770)
Net change in total pension liability	(613,597)	(259,553)	(683,161)	(1,311,130)	770,712	(89,373)	(961,861)	(407,902)	(128,064)	(515,036)
Total pension liability - July 1	4,343,069	4,602,622	5,285,783	6,596,913	5,826,201	5,915,574	6,877,435	7,285,337	7,413,401	7,928,437
Total pension liability - June 30 (a)	<u>\$ 3,729,472</u>	<u>\$ 4,343,069</u>	<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>	<u>\$ 6,877,435</u>	<u>\$ 7,285,337</u>	<u>\$ 7,413,401</u>
Covered employee payroll	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 60,000</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>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>12355.67%</u>

Note: 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

## City of New London, Connecticut

## Required Supplementary Information

Noncontributory Plan  
Schedule of Contributions  
Last Ten Years

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarially determined contributions	\$ 1,272,000	\$ 1,213,000	\$ 1,073,000	\$ 968,000	\$ 1,008,000	\$ 909,000	\$ 857,000	\$ 877,000	\$ 819,000	\$ 604,000
Contributions in relation to the actuarially determined contribution	<u>572,164</u>	<u>575,412</u>	<u>584,675</u>	<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>
Contribution excess (deficiency)	<u>\$ (699,836)</u>	<u>\$ (637,588)</u>	<u>\$ (488,325)</u>	<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>
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>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>\$ 60,000</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>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>1341.28%</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 Ten Years

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Changes of benefit terms	None	None	None	None	None	None	None	None	None	None
The actuarially determined contribution rates are calculated as of	July 1, 2022	July 1, 2021	July 1, 2020	July 1, 2019	July 1, 2018	July 1, 2017	July 1, 2016	July 1, 2015	July 1, 2015	July 1, 2014
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	Entry age normal	Entry age normal
Amortization method	Level percentage	Level percentage	Level percentage	Level percentage	Level percentage	Level percentage	Level percentage	Level percentage	Level percentage	Level percentage
Inflation rate	2.40%	2.40%	2.40%	2.60%	2.60%	2.60%	2.75%	3.00%	3.00%	2.50%
Discount rate	3.54%	2.16%	2.40%	2.60%	2.60%	2.60%	2.75%	3.00%	3.00%	3.75%
Mortality rate	Pub-2010 mortality tables projected to the valuation date with Scale MP-2021	Pub-2010 mortality tables projected to the valuation date with Scale MP-2021	Pub-2010 mortality tables projected to the valuation date with Scale MP-2019	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

**City of New London, Connecticut**  
**Required Supplementary Information**

**Contributory Plan**  
**Last Ten Years**

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
<b>Schedule of Changes in Net Pension Liability and Related Ratios</b>										
Total pension liability:										
Service cost	\$ 487,185	\$ 550,774	\$ 523,046	\$ 452,224	\$ 638,570	\$ 847,292	\$ 504,894	\$ 973,451	\$ 958,923	\$ 991,266
Interest	2,688,854	2,813,231	2,862,630	2,912,526	2,683,682	2,441,261	2,780,595	2,965,655	3,128,487	3,452,051
Changes of benefit terms	-	-	-	-	-	-	-	-	3,100,047	-
Differences between expected and actual experience	474,989	(1,597,702)	(576,479)	(409,274)	712,078	(422,812)	354,680	(3,280,839)	415,666	-
Changes in assumptions	-	-	-	1,401,144	(4,071,459)	(5,355,241)	6,487,541	2,449,503	-	-
Benefit payments, including refunds of member contributions	(3,529,048)	(3,561,085)	(3,576,170)	(3,671,404)	(3,805,152)	(3,791,753)	(3,752,017)	(3,770,293)	(16,374,591)	(3,777,054)
Net change in total pension liability	121,980	(1,794,782)	(766,973)	685,216	(3,842,281)	(6,281,253)	6,375,693	(662,523)	(8,771,468)	666,263
Total pension liability - July 1	41,079,273	42,874,055	43,641,028	42,955,812	46,798,093	53,079,346	46,703,653	47,366,176	56,137,644	55,471,381
Total pension liability - June 30 (a)	<u>\$41,201,253</u>	<u>\$41,079,273</u>	<u>\$42,874,055</u>	<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>
Plan fiduciary net position:										
Contributions - employer	\$ 1,996,941	\$ 1,365,955	\$ 1,859,525	\$ 2,183,526	\$ 1,386,893	\$ 1,371,074	\$ 993,574	\$ 404,486	\$ 525,279	\$ 685,986
Contributions - member	221,322	231,215	244,489	226,926	210,811	212,306	221,821	238,894	2,237,452 (1)	433,527
Net investment income (loss)	3,425,215	2,288,750	(5,041,726)	8,811,976	1,275,393	2,262,496	2,483,722	2,559,547	(35,053)	1,958,493
Benefit payments, including refunds of member contributions	(3,529,048)	(3,561,085)	(3,576,170)	(3,671,404)	(3,805,152)	(3,791,753)	(3,752,017)	(3,770,293) (2)	(16,374,591) (2)	(3,777,054)
Administration	(21,546)	(12,319)	(15,354)	(33,893)	(43,300)	(33,375)	(16,982)	-	-	-
Net change in plan fiduciary net position	2,092,884	312,516	(6,529,236)	7,517,131	(975,355)	20,748	(69,882)	(567,366)	(13,646,913)	(699,048)
Plan fiduciary net position - July 1	30,549,991	30,237,475	36,766,711	29,249,580	30,224,935	30,204,187	30,274,069	30,841,435	44,488,348	45,187,396
Plan fiduciary net position - June 30	<u>\$32,642,875</u>	<u>\$30,549,991</u>	<u>\$30,237,475</u>	<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>
Net pension liability - June 30 (a)-(b)	<u>\$ 8,558,378</u>	<u>\$10,529,282</u>	<u>\$12,636,580</u>	<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>
Plan fiduciary net position as a percentage of the total pension liability	<u>79.23%</u>	<u>74.37%</u>	<u>70.53%</u>	<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>
Covered payroll	<u>\$ 3,683,976</u>	<u>\$ 3,595,880</u>	<u>\$ 3,740,378</u>	<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>
Net pension liability as a percentage of covered payroll	<u>232.31%</u>	<u>292.82%</u>	<u>337.84%</u>	<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>

**Schedule of Investment Returns**

Annual money weighted rate of return, net investment expense	<u>0.18%</u>	<u>9.41%</u>	<u>(10.94%)</u>	<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>
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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.

See Notes to Required Supplementary Information.

## City of New London, Connecticut

## Required Supplementary Information

Contributory Plan  
Schedule of Contributions  
Last Ten Years

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarially determined contributions	\$ 1,050,000	\$ 1,277,000	\$ 1,426,000	\$ 1,318,000	\$ 1,322,000	\$ 1,217,000	\$ 1,165,000	\$ 979,000	\$ 903,000	\$ 973,000
Contributions in relation to the actuarially determined contribution	<u>1,996,941</u>	<u>1,365,955</u>	<u>1,859,525</u>	<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>
Contribution excess (deficiency)	<u>\$ 946,941</u>	<u>\$ 88,955</u>	<u>\$ 433,525</u>	<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>
Covered payroll	<u>\$ 3,683,976</u>	<u>\$ 3,595,880</u>	<u>\$ 3,740,378</u>	<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>
Contributions as a percentage of covered payroll	<u>54.21%</u>	<u>37.99%</u>	<u>49.71%</u>	<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>

City of New London, Connecticut

Notes to Required Supplementary Information

Contributory Plan  
Schedule of Contributions  
Last Ten Years

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Changes of benefit terms	None	None	None	None	None	None	None	None	None	None
The actuarially determined contribution rates are calculated as of	July 1, 2022	July 1, 2021	July 1, 2020	July 1, 2019	July 1, 2018	July 1, 2017	July 1, 2016	July 1, 2015	July 1, 2014	July 1, 2014
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	Entry age normal	Entry age normal
Amortization method	Level percentage	Level percentage	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	5 year smoothing	5 year smoothing
Inflation rate	2.40%	2.40%	2.40%	2.40%	2.40%	2.60%	2.60%	2.75%	3.00%	2.50%
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 4.40% 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 4.40% 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
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 7/1/1991	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 7/1/1991	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
	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	Others - cost of living adjustments as negotiated	Others - cost of living adjustments as negotiated
Investment rate of return (net)	6.75%	6.75%	6.75%	7.00%	7.00%	7.00%	7.00%	7.50%	7.50%	6.38%
Mortality rate	Pub-2010 mortality tables projected to the valuation date with Scale MP-2021	Pub-2010 mortality tables projected to the valuation date with Scale MP-2021	Pub-2010 mortality tables projected to the valuation date with Scale MP-2021	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

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N/A - Information not available or not applicable

## City of New London, Connecticut

## Required Supplementary Information

Connecticut Municipal Employees' Retirement System  
Last Ten Years

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
<b><u>Schedule of Proportionate Share of the Collective Net Pension Liability</u></b>										
City's proportion of the collective net pension liability for the police officers without social security sub plan	<u>3.621620%</u>	<u>3.654925%</u>	<u>4.083902%</u>	<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 collective net pension liability for the firefighters without social security sub plan	<u>3.220377%</u>	<u>3.354117%</u>	<u>3.459516%</u>	<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 collective net pension liability for the general employees with social security sub plan	<u>1.762560%</u>	<u>1.848248%</u>	<u>1.753027%</u>	<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 collective net pension (asset) liability	<u>\$ 41,934,533</u>	<u>\$ 40,719,041</u>	<u>\$ 21,919,356</u>	<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>\$ 19,118,479</u>	<u>\$ 18,053,733</u>	<u>\$ 18,456,602</u>	<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 collective net pension (asset) liability as a percentage of its covered payroll	<u>219.34%</u>	<u>225.54%</u>	<u>118.76%</u>	<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 collective total pension liability	<u>69.54%</u>	<u>68.71%</u>	<u>82.59%</u>	<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>
<b><u>Schedule of Contributions</u></b>										
Contractually required contribution	<u>\$ 4,476,675</u>	<u>\$ 3,942,432</u>	<u>\$ 3,491,977</u>	<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>4,476,675</u>	<u>3,942,432</u>	<u>3,491,977</u>	<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>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	<u>20,201,611</u>	<u>17,249,939</u>	<u>15,656,914</u>	<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>7,235,546</u>	<u>6,459,963</u>
Contributions as a percentage of covered payroll	<u>22.16%</u>	<u>22.85%</u>	<u>22.30%</u>	<u>19.93%</u>	<u>18.72%</u>	<u>15.52%</u>	<u>15.48%</u>	<u>14.04%</u>	<u>14.08%</u>	<u>14.98%</u>

N/A - Not available or not applicable

City of New London, Connecticut

Notes to Required Supplementary Information

Connecticut Municipal Employees' Retirement System  
Schedule of Contributions  
Last Ten Years

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Changes of benefit terms	None	None	None	None	None	None	None	None	None	None
The actuarially determined contribution rates are calculated as of	June 30, 2021	June 30, 2021	June 30, 2020	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	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	Level dollar, closed	Level dollar, closed	Level dollar, closed
Remaining amortization period	18 years	18 years	19 years	19 years	21 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	5 year smoothing	5 year smoothing	5 year smoothing
Inflation rate	2.50%	2.50%	2.50%	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	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, 2.50% minimum Prior to January 1, 2002, 2.50% up to age 65, 3.25% afterwards	After January 1, 2002, 2.50% minimum Prior to January 1, 2002, 2.50% up to age 65, 3.25% afterwards	After January 1, 2002, 2.50% minimum Prior to January 1, 2002, 2.50% up to age 65, 3.25% afterwards	After January 1, 2002, 2.50% minimum Prior to January 1, 2002, 2.50% up to age 65, 3.25% afterwards	After January 1, 2002, 2.50% minimum Prior to January 1, 2002, 2.50% up to age 65, 3.25% afterwards	After January 1, 2002, 2.50% minimum Prior to January 1, 2002, 2.50% up to age 65, 3.25% afterwards	After January 1, 2002, 2.50% minimum Prior to January 1, 2002, 2.50% up to age 65, 3.25% afterwards	After January 1, 2002, 2.50% minimum Prior to January 1, 2002, 2.50% up to age 65, 3.25% afterwards	After January 1, 2002, 2.50% minimum Prior to January 1, 2002, 2.50% up to age 65, 3.25% afterwards	After January 1, 2002, 2.50% minimum Prior to January 1, 2002, 2.50% up to age 65, 3.25% afterwards
Social security wage base	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%
Investment rate of return (net)	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	8.00%	8.00%	8.00%	8.00%
Mortality rate	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	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 set forward one year for males and set back one year for females

## City of New London, Connecticut

## Required Supplementary Information

Connecticut State Teachers' Retirement System  
Last Ten Years

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
<b>Schedule of Proportionate Share of the Collective Net Pension Liability</b>										
City's proportion of the collective net pension liability	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
City's proportionate share of the collective net pension liability	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State of Connecticut's proportionate share of the collective net pension liability associated with the City	94,585,561	100,903,814	83,470,200	105,390,539	94,414,517	72,799,078	70,466,034	72,342,205	55,834,897	51,608,173
Total	\$ 94,585,561	\$ 100,903,814	\$ 83,470,200	\$ 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)	(2)	(2)	(2)
City's proportionate share of the collective net pension liability as a percentage of its covered payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the collective total pension liability	58.39%	54.06%	60.77%	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)	(2)	(2)	(2)
Contributions as a percentage of covered payroll	0.00%	0.00%	0.00%	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 collective net pension liability.

City of New London, Connecticut

Notes to Required Supplementary Information

Connecticut State Teachers' Retirement System  
Schedule of Contributions  
Last Ten Years

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Changes of benefit terms	None	None	None	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, 2020	June 30, 2018	June 30, 2018	June 30, 2016	June 30, 2016	June 30, 2014	June 30, 2014	June 30, 2012	June 30, 2012
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	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, 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	Level percent of salary, closed	Level percent of salary, closed
Remaining amortization period (equivalent single period)	26.8 years	27.8 years	28.8 years	29.8 years	30 years	30 years	20.4 years	21.4 years	22.4 years	23.4 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	4 year smoothing	4 year smoothing	4 year smoothing
Inflation rate	2.50%	2.50%	2.50%	2.50%	2.75%	2.75%	3.00%	3.00%	3.00%	3.00%
Salary increases	3.00%-6.50%, average, including inflation	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	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	1.75%-3.00% based on retirement date	2.00%-3.00% based on retirement date	2.00%-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%	6.90%	6.90%	8.00%	8.00%	8.50%	8.50%	8.50%	8.50%
Mortality rate	PubT-2010 Table projected generationally with MP-2019	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	RP-2000 Combined Mortality Table projected 19 years using scale AA	RP-2000 Combined Mortality Table projected 19 years using scale AA

## City of New London, Connecticut

## Required Supplementary Information

Other Post-Employment Benefit (OPEB) Plan  
Last Eight Years (1)

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
<b>Schedule of Changes in Net OPEB Liability and Related Ratios</b>								
OPEB liability:								
Service cost	\$ 1,286,091	\$ 1,184,856	\$ 1,432,134	\$ 1,368,998	\$ 1,261,094	\$ 962,949	\$ 968,046	\$ 1,101,455
Interest	1,121,309	843,633	604,512	727,044	967,540	1,102,159	1,028,971	881,606
Differences between expected and actual experience	-	7,153,900	-	(7,425,115)	-	(6,122,515)	-	(2,785,678)
Changes in assumptions	(1,056,919)	(1,187,328)	(4,884,643)	1,290,893	3,845,182	4,013,538	(1,018,072)	-
Benefit payments, including refunds of member contributions	<u>(1,258,573)</u>	<u>(1,156,506)</u>	<u>(968,310)</u>	<u>(904,316)</u>	<u>(948,139)</u>	<u>(1,228,031)</u>	<u>(1,245,630)</u>	<u>(1,267,017)</u>
Net change in total OPEB liability	91,908	6,838,555	(3,816,307)	(4,942,496)	5,125,677	(1,271,900)	(266,685)	(2,069,634)
OPEB liability - July 1	<u>30,058,344</u>	<u>23,219,789</u>	<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>	<u>30,461,134</u>
OPEB liability - June 30 (a)	<u>\$ 30,150,252</u>	<u>\$ 30,058,344</u>	<u>\$ 23,219,789</u>	<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	\$ 1,547,237	\$ 1,328,756	\$ 1,674,472	\$ 1,056,579	\$ 1,061,520	\$ 1,335,531	\$ 1,356,630	\$ 1,378,017
Net investment income (loss)	198,528	191,715	(252,977)	343,165	(13,907)	19,796	73,220	59,991
Benefit payments, including refunds of member contributions	(1,258,573)	(1,156,506)	(968,310)	(904,316)	(948,139)	(1,228,031)	(1,245,630)	(1,267,017)
Administration and other	<u>(41,870)</u>	<u>(8,075)</u>	<u>(67,374)</u>	<u>(18,483)</u>	<u>(129,046)</u>	<u>-</u>	<u>(15,180)</u>	<u>(27,230)</u>
Net change in plan fiduciary net position	445,322	355,890	385,811	476,945	(29,572)	127,296	169,040	143,761
Plan fiduciary net position - July 1	<u>2,065,854</u>	<u>1,709,964</u>	<u>1,324,153</u>	<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>\$ 2,511,176</u>	<u>\$ 2,065,854</u>	<u>\$ 1,709,964</u>	<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>\$ 27,639,076</u>	<u>\$ 27,992,490</u>	<u>\$ 21,509,825</u>	<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>8.33%</u>	<u>6.87%</u>	<u>7.36%</u>	<u>4.90%</u>	<u>2.65%</u>	<u>3.27%</u>	<u>2.66%</u>	<u>2.04%</u>
Covered payroll	<u>\$ 49,095,378</u>	<u>\$ 45,343,942</u>	<u>\$ 45,343,942</u>	<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>56.30%</u>	<u>61.73%</u>	<u>47.44%</u>	<u>56.70%</u>	<u>71.59%</u>	<u>59.74%</u>	<u>76.77%</u>	<u>77.99%</u>
<b>Schedule of Investment Returns</b>								
Annual money weighted rate of return, net of investment expense	<u>8.92%</u>	<u>11.13%</u>	<u>(18.33%)</u>	<u>40.07%</u>	<u>(1.49%)</u>	<u>2.20%</u>	<u>10.17%</u>	<u>10.15%</u>

(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  
Schedule of Contributions  
Last Ten Years

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarially determined contributions	\$ 3,341,113	\$ 3,003,663	\$ 2,787,457	\$ 2,700,093	\$ 2,520,055	\$ 2,420,049	\$ 2,290,779	\$ 2,120,720	\$ 2,017,079	\$ 2,623,239
Contributions in relation to the actuarially determined contribution	<u>1,547,237</u>	<u>1,328,756</u>	<u>1,674,472</u>	<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>
Contribution excess (deficiency)	<u>\$ (1,793,876)</u>	<u>\$ (1,674,907)</u>	<u>\$ (1,112,985)</u>	<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>
Covered payroll	<u>\$49,095,378</u>	<u>\$ 45,343,942</u>	<u>\$ 45,343,942</u>	<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>
Contributions as a percentage of covered payroll	<u>3.15%</u>	<u>2.93%</u>	<u>3.69%</u>	<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>

City of New London, Connecticut

Notes to Required Supplementary Information

Other Post-Employment Benefit (OPEB) Plan  
Schedule of Contributions  
Last Ten Years

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Changes of benefit terms	None	None	None	None	None	None	None	None	None	None
The actuarially determined contribution rates are calculated as of	July 1, 2022	July 1, 2020	July 1, 2020	July 1, 2018	July 1, 2018	July 1, 2016	July 1, 2016	July 1, 2014	July 1, 2014	July 1, 2012
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	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	Level percentage	Level percentage
Asset valuation method	Fair value	Fair value	Fair value	Fair value	Fair value	Fair value	Fair value	Fair value	Fair value	Fair value
Healthcare inflation rate - initial	6.80%	5.30%	5.30%	6.00%	6.00%	5.40%	5.40%	5.70%	5.70%	7.20%
Healthcare inflation rate - ultimate	4.00%	4.00%	4.40%	4.10%	4.10%	4.40%	4.40%	4.40%	4.40%	4.70%
Investment rate of return (net)	3.54%	2.21%	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-2021 ultimate scale  Police and fire: PubS-2010 mortality table projected with MP-2021	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	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	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	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	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

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## City of New London, Connecticut

## Required Supplementary Information

Connecticut State Teachers' Retirement Board Retiree Health Insurance Plan  
Last Seven Years (3)

	2024	2023	2022	2021	2020	2019	2018
<b><u>Schedule of Proportionate Share of the Collective Net OPEB Liability</u></b>							
City's proportion of the collective net OPEB liability	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
City's proportionate share of the collective net OPEB liability	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State of Connecticut's proportionate share of the collective net OPEB liability associated with the City	8,861,368	8,836,860	9,093,925	15,719,003	14,724,476	14,552,969	18,137,160
Total	<u>\$ 8,861,368</u>	<u>\$ 8,836,860</u>	<u>\$ 9,093,925</u>	<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>	<u>(2)</u>	<u>(2)</u>	<u>(2)</u>
City's proportionate share of the collective 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>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>
Plan fiduciary net position as a percentage of the collective total OPEB liability	<u>11.92%</u>	<u>9.46%</u>	<u>6.11%</u>	<u>2.50%</u>	<u>2.08%</u>	<u>1.49%</u>	<u>1.79%</u>
<b><u>Schedule of Contributions</u></b>							
Contractually required contribution (1)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the contractually required contribution	-	-	-	-	-	-	-
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	<u>(2)</u>	<u>(2)</u>	<u>(2)</u>	<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>	<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 collective net OPEB liability

(3) These schedules are intended to present information for 10 years. Additional years will be presented as the information becomes available.

City of New London, Connecticut

Notes to Required Supplementary Information

Connecticut State Teachers' Retirement Board Retiree Health Insurance Plan  
Schedule of Contributions  
Last Seven Years (1)

	2024	2023	2022	2021	2020	2019	2018
Changes of benefit terms	Increase in maximum monthly subsidy amount for retiree and dependent from \$110/\$220 to \$220/\$440	None	None	None	None	None	None
The actuarially determined contribution rates are calculated as of	June 30, 2022	June 30, 2020	June 30, 2020	June 30, 2018	June 30, 2018	June 30, 2016	June 30, 2016
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 percentage, open	Level percentage, closed	Level percentage, closed	Level percentage, closed	Level percentage, open	Level percentage, open	Level percentage, open
Amortization period	30 years	30 years	30 years	30 years	30 years	30 years	30 years
Asset valuation method	Fair value	Fair value	Fair value	Fair value	Fair value	Fair value	Fair value
Inflation rate	2.50%	2.50%	2.50%	2.75%	2.75%	2.75%	2.75%
Healthcare inflation rate	Initial 6.75% decreasing to 4.50% (ultimate) by 2031	Initial 5.125% decreasing to 4.50% (ultimate) by 2023	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	Initial 7.25% decreasing to 5.00% (ultimate) by 2022
Salary increases	3.00% to 6.50%, including inflation	3.00% to 6.50%, including inflation	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	3.25% to 6.50%, including inflation
Investment rate of return (net)	3.00%	3.00%	3.00%	3.00%	3.00%	4.25%	4.25%
Mortality rate	PubT-2010 Table projected generationally with MP-2019	PubT-2010 Table projected generationally with MP-2019	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

(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 \_\_, 2026

City of New London  
 181 State Street  
 New London, Connecticut 06320

RE: \$12,500,000 of City of New London, Connecticut General Obligation Bonds, Issue of 2026, dated March \_\_, 2026 (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 \_\_, 2026 (the "Arbitrage and Use of Proceeds Certificate") and other proofs submitted to us relative to the issuance and sale of \$12,500,000 City of New London, Connecticut General Obligation Bonds, Issue of 2026, dated March \_\_, 2026, 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, 2026 until maturity, at rates per annum, set forth as follows:

**\$12,500,000 of City of New London, Connecticut General Obligation Bonds,  
 Issue of 2026, dated March \_\_, 2026**

<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>
2029	\$ _____	_____ %	646513__	2038	\$ _____	_____ %	646513__
2030	\$ _____	_____ %	646513__	2039	\$ _____	_____ %	646513__
2031	\$ _____	_____ %	646513__	2040	\$ _____	_____ %	646513__
2032	\$ _____	_____ %	646513__	2041	\$ _____	_____ %	646513__
2033	\$ _____	_____ %	646513__	2042	\$ _____	_____ %	646513__
2034	\$ _____	_____ %	646513__	2043	\$ _____	_____ %	646513__
2035	\$ _____	_____ %	646513__	2044	\$ _____	_____ %	646513__
2036	\$ _____	_____ %	646513__	2045	\$ _____	_____ %	646513__
2037	\$ _____	_____ %	646513__	2046	\$ _____	_____ %	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 on individuals under the Code; however, such interest may be subject to the alternative minimum tax imposed under Section 55(b) of the Code on applicable corporations (within the meaning of Section 59(k) of the Code). 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 \_\_, 2026

City of New London  
181 State Street  
New London, Connecticut 06320

RE: \$27,610,000 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 \_\_, 2026 (the "Arbitrage and Use of Proceeds Certificate") and other proofs submitted to us relative to the issuance and sale of \$27,610,000 City of New London, Connecticut General Obligation Bond Anticipation Notes, dated March \_\_, 2026, maturing on March 11, 2027.

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 plus any odd amount.

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 on individuals under the Code; however, such interest may be subject to the alternative minimum tax imposed under Section 55(b) of the Code on applicable corporations (within the meaning of Section 59(k) of the Code). 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**

**CONTINUING DISCLOSURE AGREEMENT FOR 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**

**\$12,500,000 General Obligation Bonds, Issue of 2026**

**Dated March \_\_, 2026**

This Continuing Disclosure Agreement for Bonds ("Agreement") is made as of March 12, 2026 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, \$12,500,000 General Obligation Bonds, Issue of 2026 dated March \_\_, 2026 (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 \_\_, 2026 and to mature in the principal amounts and on the dates set forth in the Issuer's Official Statement dated February \_\_, 2026 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 February \_\_, 2026, 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, 2026) 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 (10) 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**

**CONTINUING DISCLOSURE AGREEMENT FOR 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**

**\$27,610,000 General Obligation Bond Anticipation Notes**

**Dated March \_\_, 2026**

This Continuing Disclosure Agreement for Notes ("Agreement") is made as of March 12, 2026 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, \$27,610,000 General Obligation Bond Anticipation Notes, dated March \_\_, 2026 due on March 11, 2027 (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 \_\_, 2026, as described in the Issuer's Official Statement dated February \_\_, 2026 (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 February \_\_, 2026, 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, 2026) 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 (10) 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  
\$12,500,000  
GENERAL OBLIGATION BONDS, ISSUE OF 2026  
(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, February 26, 2026**

for the purchase of all, but not less than all, of the City of New London, Connecticut, \$12,500,000 General Obligation Bonds, Issue of 2026 (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 12, 2026 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 13, 2026 (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, 2026 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>
2029	\$700,000	2038	\$700,000
2030	\$500,000	2039	\$700,000
2031	\$750,000	2040	\$700,000
2032	\$750,000	2041	\$700,000
2033	\$700,000	2042	\$700,000
2034	\$700,000	2043	\$700,000
2035	\$700,000	2044	\$700,000
2036	\$700,000	2045	\$700,000
2037	\$700,000	2046	\$700,000

The Bonds maturing on or before March 15, 2033 are not subject to redemption prior to maturity. The Bonds maturing on March 15, 2034 and thereafter are subject to redemption prior to maturity, at the election of the City, on or after March 15, 2033, 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, 2033 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 (the "Code"), 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 \$12,500,00 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 12, 2026, 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 February 26, 2026. 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 on individuals; however, such interest may be subject to the Federal alternative minimum tax imposed under Section 55(b) of the Code on applicable corporations (within the meaning of Section 59(k) of the Code), (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.

(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 12, 2026. 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 13, 2026

**\$12,500,000**  
**CITY OF NEW LONDON, CONNECTICUT**  
**GENERAL OBLIGATION BONDS, ISSUE OF 2026**  
**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 February 26, 2026.

(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: \_\_\_\_\_

**NOTICE OF SALE**

**CITY OF NEW LONDON, CONNECTICUT  
\$27,610,000  
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, February 26, 2026**

for the purchase of the City of New London, Connecticut, \$27,610,000 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 12, 2026 and will be payable to the registered owner on March 11, 2027, as further described in the Preliminary Official Statement for the Notes dated February 13, 2026 (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 plus any additional amount 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, (the "Code") 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](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 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 \$110,000, 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 February 26, 2026. 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 on individuals; however, such interest may be subject to the Federal alternative minimum tax imposed under Section 55(b) of the Code on applicable corporations (within the meaning of Section 59(k) of the Code), (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.

(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:

(f)

- (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.

(g) 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.

(h) 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 12, 2026. 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 13, 2026

**\$27,610,000**  
**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 February 26, 2026.

(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: \_\_\_\_\_