

Annual Financial Report
of the
City of New London, Connecticut
For the Year Ended June 30, 2022

City of New London, Connecticut

**Annual Financial Report
For the Year Ended June 30, 2022**

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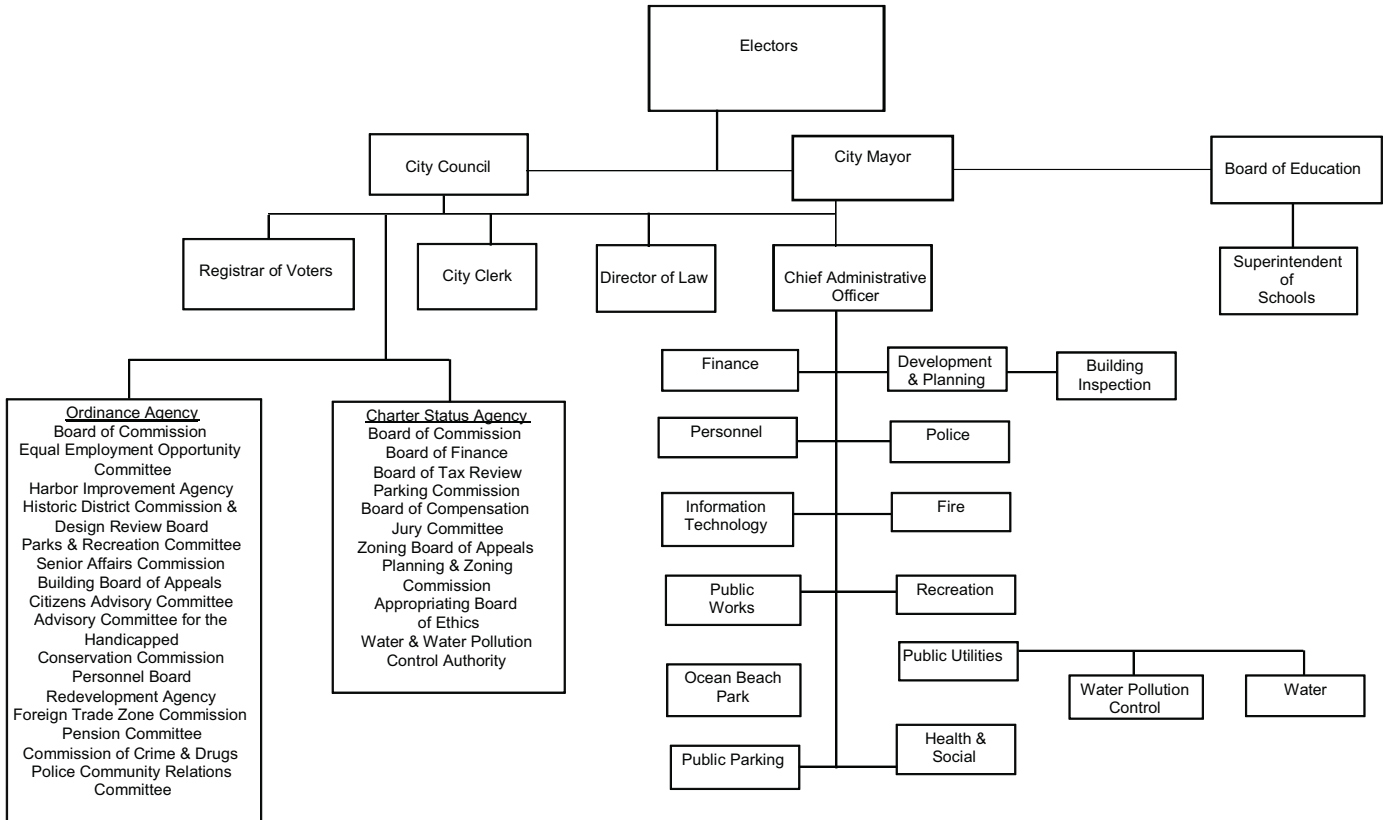
Introductory Section

City of New London, Connecticut
List of Elected and Appointed Officials
June 30, 2022

Mayor	Michael E. Passero
Council Members	Kevin L. Booker, Jr. James Burke Efrain Dominguez, Jr. Curtis K. Goodwin Reona M. Dyess Alma D. Nartatez John D. Satti
Chief Administrative Officer	Steven Fields
Director of Finance	David McBride
Deputy Finance Director/Treasurer	Donna J. Rinehart
Assessor	Donna Ralston
Tax Collector	Samantha Krakowiak
Building Official	Kirk Kripas
City Clerk	Jonathan Ayala
Development and Planning Director	Felix J. Reyes
Fire Chief	Thomas J. Curcio
Law Director	Jeffery T. Londregan, Esq.
Personnel Director	Tina Collins
Police Chief	Peter Reichard
Public Utilities Director	Joseph Lanzafame
Public Works Director	Brian Sear
Probate Court Judge	Mathew Greene
Registrar of Voters	William Giesing Robert Pero
Recreation Director	Thomas Major
Senior Citizens Coordinator	Marina Vracevic
Superintendent of Schools	Cynthia E. Ritchie

City of New London, Connecticut

Table of Organization



Financial Section



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, 2022, 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, 2022, 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 March 30, 2023 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
March 30, 2023



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, 2022

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, 2022. 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	\$ 39,235,809	\$ (3,891,367)	\$ 35,344,442
Total net position	188,647,262	115,842,497	304,489,759
Unrestricted net position	(49,855,306)	3,922,804	(45,932,502)

- The City's total net position increased by \$35,344,442. The increase is due to the following:

Governmental and enterprise fund activity:

➤ positive operations of the general fund of	\$ 3,043,569
➤ negative operations of the capital nonrecurring fund of	(2,028,071)
➤ positive operations of the school projects fund of	4,291,287
➤ positive operations of the general government fund of	740,406
➤ positive operations of the internal service funds of	1,940,328
➤ negative operations of the water pollution control authority fund of	(2,011,409)
➤ negative operations of the water department fund of	(1,674,387)

Conversion to accrual basis on Exhibit E:

➤ capital outlay net of depreciation/amortization expense of	46,774,500
➤ net debt activity of	(20,720,874)
➤ change in net pension liability of	5,838,456
➤ change in net OPEB liability of	4,202,118
➤ change in deferred outflows of resources related to pension and OPEB of	(4,150,229)
➤ change in deferred inflows of resources related to pension and OPEB of	(3,327,700)

Management's Discussion and Analysis (continued)

- During the year the City implemented GASB No. 87 – Leases. The implementation of this statement has no impact on beginning equity, but has the following impact on the Town's financial statements:

	<u>Governmental Activities</u>	<u>General Fund</u>
Lease receivable	\$ 2,257,278	\$ 2,257,278
Deferred inflows of resources - lease related	(2,257,278)	(2,257,278)
Capital assets:		
Right-to-use leased buildings and improvements	307,474	-
Right-to-use leased machinery and equipment	425,979	-
Long-term liabilities:		
Lease liability	(733,453)	-

- At the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$50,032,813, an increase of \$7,471,867 in comparison with the prior year. The change is based on the operating results of each major fund noted above and described in further detail in the Financial Analysis of the City's Funds section.
- At the end of the current fiscal year, the unassigned fund balance in the general fund was \$18,599,572, or 19.14% of total general fund budgetary expenditures and transfers out.
- Net capital assets increased in the current year by \$43,867,535. The increase is primarily attributable to capital asset additions for construction in progress for school renovations.
- The City's total debt increased by \$18,127,823 as a result of the issuance of \$23,695,964 of general obligation bonds and leases, offset by scheduled principal payments of \$5,568,141.

Overview of the basic financial statements

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

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

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

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

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

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

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

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

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

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

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

Internal service funds are an accounting device used 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, Water Street Parking Garage and the internal service fund. The Water Pollution Control Authority and Water Department are considered major funds, while Storm Water Management, Ocean Beach Park, and Water Street Parking Garage are not.

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

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

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

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

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

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

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

Government-wide financial analysis

As noted earlier, net position may, over time, serve as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$304,489,759 at the close of the current fiscal year.

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

Management's Discussion and Analysis (continued)

An additional portion of the City's net position, \$75,854,444, represents resources that are subject to restrictions on how they may be used. Restrictions include grantor restrictions, restrictions by State Statutes (enabling legislation) and restrictions for construction contracts. The remaining balance of unrestricted net position is \$(42,787,502).

Summary Statement of Net Position

June 30,

	Governmental Activities		Business-Type Activities		Totals	
	2022	2021 (as restated)	2022	2021	2022	2021 (as restated)
Current and other assets	\$ 123,801,089	\$ 102,210,617	\$ 21,077,165	\$ 21,867,436	\$ 144,878,254	\$ 124,078,053
Capital assets (net)	320,050,707	273,284,674	107,072,351	109,970,849	427,123,058	383,255,523
Total assets	443,851,796	375,495,291	128,149,516	131,838,285	572,001,312	507,333,576
Deferred outflows of resources	17,322,665	21,472,894	2,500	3,750	17,325,165	21,476,644
Other liabilities outstanding	72,860,931	61,041,501	3,270,015	2,085,175	76,130,946	63,126,676
Long-term liabilities outstanding	169,739,927	162,320,027	8,934,703	9,909,462	178,674,630	172,229,489
Total liabilities	242,600,858	223,361,528	12,204,718	11,994,637	254,805,576	235,356,165
Deferred inflows of resources	29,926,341	24,195,204	104,801	113,534	30,031,142	24,308,738
Net position:						
Net investment in capital assets	176,160,274	150,666,811	98,407,543	100,732,731	274,567,817	251,399,542
Restricted	62,342,294	88,499,459	13,512,150	13,797,865	75,854,444	102,297,324
Unrestricted	(49,855,306)	(89,754,817)	3,922,804	5,203,268	(45,932,502)	(84,551,549)
Total net position	\$ 188,647,262	\$ 149,411,453	\$ 115,842,497	\$ 119,733,864	\$ 304,489,759	\$ 269,145,317

Management's Discussion and Analysis (continued)

As detailed below, the City's total net position increased by \$35,344,442 during the current fiscal year:

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

	Governmental Activities		Business-Type Activities		Totals	
	2022	2021	2022	2021	2022	2021
Revenues:						
Program revenues:						
Charges for services	\$ 12,820,487	\$ 10,741,780	\$ 16,412,509	\$ 16,041,519	\$ 29,232,996	\$ 26,783,299
Operating grants and contributions	65,107,678	60,166,505	-	-	65,107,678	60,166,505
Capital grants and contributions	35,990,952	36,385,268	-	100,000	35,990,952	36,485,268
General revenues:						
Property taxes	58,477,610	57,917,326	-	-	58,477,610	57,917,326
Grants and contributions not restricted to specific programs	10,530,936	7,913,362	-	-	10,530,936	7,913,362
Income from investments	734,553	85,910	460,755	339,891	1,195,308	425,801
Net change in fair value of investments	-	-	(1,098,706)	871,949	(1,098,706)	871,949
Total revenues	183,662,216	173,210,151	15,774,558	17,353,359	199,436,774	190,563,510
Expenses:						
General government	8,069,663	5,680,279	-	-	8,069,663	5,680,279
Public safety	27,063,976	29,152,207	-	-	27,063,976	29,152,207
Public works	12,483,657	9,437,940	-	-	12,483,657	9,437,940
Health and welfare	1,920,059	1,496,613	-	-	1,920,059	1,496,613
Recreation and culture	4,027,726	3,224,598	-	-	4,027,726	3,224,598
Education	88,366,053	83,773,471	-	-	88,366,053	83,773,471
Interest	2,345,273	3,002,027	-	-	2,345,273	3,002,027
Water Pollution Control Authority	-	-	7,440,935	7,351,217	7,440,935	7,351,217
Water Department	-	-	7,648,986	7,484,016	7,648,986	7,484,016
Storm Water Management	-	-	1,191,317	1,260,519	2,684,821	1,260,519
Ocean Beach Park	-	-	2,684,821	1,858,268	1,191,317	1,858,268
Water Street Parking Garage	-	-	849,866	910,594	849,866	910,594
Total expenses	144,276,407	135,767,135	19,815,925	18,864,614	164,092,332	154,631,749
Increase (decrease) in net position before transfers	39,385,809	37,443,016	(4,041,367)	(1,511,255)	35,344,442	35,931,761
Transfers	(150,000)	-	150,000	-	-	-
Change in net position	39,235,809	37,443,016	(3,891,367)	(1,511,255)	35,344,442	35,931,761
Net position - July 1	149,411,453	111,968,437	119,733,864	121,245,119	269,145,317	233,213,556
Net position - June 30	\$ 188,647,262	\$ 149,411,453	\$ 115,842,497	\$ 119,733,864	\$ 304,489,759	\$ 269,145,317

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

Governmental activities

Governmental activities resulted in an increase of the City's net position of \$39,235,809.

Revenues

Governmental activities revenues totaled \$183,662,216. This represents an increase of \$10,452,065 from the prior year. Operating grants and contributions are the largest revenue source for the City and represent 35.45% of revenues. Details for the other categories are as follows:

Charges for services	6.98%
Operating grants and contributions	35.45%
Capital grants and contributions	19.60%
Property taxes	31.84%
Grants and contributions not restricted to specific programs	5.73%
Income from investments	<u>0.40%</u>
Total	<u><u>100.00%</u></u>

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

- Charges for services increased by \$2,078,707 as a result of the following increases:
 - City Clerk revenue of \$336,472 due to an increase in conveyance tax fees
 - office of development and planning revenue of \$580,184 due to an increase in building, plumbing, and electrical permits
 - public safety revenues of \$430,074 due to an increase in ambulance service calls
- Operating grants and contributions increased by \$4,941,173 primarily due to an increase in the ESSER grants of \$2,291,501 and commissioner's network grants of \$1,463,970.
- Grants and contributions not restricted to specific programs increased by \$2,617,574 due to an increase in the tiered payment in lieu of taxes grant of \$2,634,214.

Expenses

Governmental activity expenses totaled \$144,276,407 for the fiscal year, an increase of \$8,509,272. Of the total expenses, \$88,366,053 or 61.25% is related to education. Details for the other categories are as follows:

General government	5.59%
Public safety	18.76%
Public works	8.65%
Health and welfare	1.33%
Recreation and culture	2.79%
Education	61.25%
Interest	<u>1.63%</u>
Total	<u><u>100.00%</u></u>

Management's Discussion and Analysis (continued)

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

- General government expenses increased by \$2,389,384 due to an increase in pension expense of \$1,560,979.
- Public safety expenses decreased by \$2,088,231 due to a decrease in pension expense of \$3,162,516, offset by an increase in general fund's fire department expenses as a result of the decrease in the budget of \$562,708.
- Public works expenses increased by \$3,045,717 due to an increase in pension expense of \$2,144,546 and an increase in general fund expenses as a result of the increase in the budget of \$497,377.
- Education expenses increased by \$4,592,582 primarily due to an increase in education grant expenses of \$4,242,430 for various COVID-19 grants received.

Business-type activities

Business-type activities resulted in a decrease in the City's net position of \$3,891,367.

Revenues

- Net change in fair value of investments decreased by \$1,970,655 during the year due to current year market conditions.

Expenses

- Ocean Beach Park expenses increased by \$826,553 due to an increase of \$844,383 in contractual services as a result of the park re-opening after the pandemic.

Financial analysis of the City's funds

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

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

At year end, the City's governmental funds reported combined ending fund balances of \$50,032,813, an increase of \$7,471,867 in comparison with the prior year.

The components of fund balance were as follows:

Nonspendable	\$ 645,786
Restricted	62,342,294
Committed	9,114,730
Assigned	6,938,408
Unassigned	<u>(29,008,405)</u>
Total	<u>\$ 50,032,813</u>

The total fund balance increased by \$7,471,867 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 \$18,599,572. 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 19.14% of total general fund budgetary expenditures and transfers out. The City Council's current policy requires 13.30% 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 \$3,043,569 during the current fiscal year. This was primarily due to revenues over expectations by \$2,075,279 and expenditures under expectations by \$1,266,036, offset by transfers in from other funds under expectations by \$822,255. A more detailed discussion is included under budgetary highlights.

Capital Nonrecurring Fund - This fund accounts for financial resources to be used for capital projects of the City not accounted for in other capital project funds. The capital nonrecurring fund's expenditures and other financing uses exceeded revenues and other financing sources by \$2,028,071 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 and other financing uses by \$4,291,287 for the fiscal year due to the timing of grant funding, project financing and the spending for the projects.

Education Grants Fund - This fund accounts for financial resources received from the Federal Government and the State of Connecticut to be used as in accordance with each grant award. The education grant fund's revenues exceeded expenditures and other financing uses by \$186,098 for the fiscal year due to charges for services revenues in excess of expenditures for non-grant funded activities.

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

Water Pollution Control Authority - There was a decrease in net position of \$2,011,409 in the Water Pollution Control Authority due to operating expenses exceeding revenues, mostly due to contractual services expenses. Unrestricted net position of the Water Pollution Control Authority was \$5,901,310 at year end.

Water Department - There was a decrease in net position of \$1,674,387 due to a decrease in net change in fair value of investments. The Water Department fund had an unrestricted net position deficit of \$2,699,779 at year end.

Storm Water Management - There was an increase in net position of \$159,963 due to income from investments of \$80,746. The Storm Water Management fund had an unrestricted net position of \$48,718 at year end.

Ocean Beach Park - Ocean Beach Park net position decreased \$287,797 due to an increase in contractual services. Unrestricted net position for Ocean Beach Park was \$32,384 at year end.

Water Street Parking Garage - The Water Street Parking Garage net position decreased \$77,737 due to an increase in personnel services expenses in the current year. Unrestricted net position of the Water Street Parking Garage was \$643,171 at year end.

Internal Service Funds - The internal service funds are used to account for liability/auto/property, workers' compensation, and heart and hypertension claims. The internal service funds had an increase in net position of \$1,940,328. This was due to charges for services exceeding claims to fund outstanding liabilities. The internal service funds had an unrestricted net position deficit of \$1,407,885 at year end. This deficit is due to the long-term nature of liability/auto/property, workers' compensation liability and heart and hypertension claims which will be funded in future years.

General Fund budgetary highlights

Revenues and other financing sources exceeded expenditures and other financing uses by \$3,007,035 resulting in an increase in fund balance to \$19,245,358. Overall, revenues and other financing sources were \$1,253,024 more than anticipated. In addition, expenditures and other financing uses were \$1,754,011 less than anticipated.

The most significant budget variances were as follows:

- Property taxes were greater than budgeted by \$363,679 due to higher than expected prior year tax collections.
- Charges for services were greater than budgeted for city clerk by \$436,069 and office of development and planning by \$447,767, due to the continued increase in conveyance tax revenue and an increase in building, electrical, and plumbing permits.
- Income from investments was greater than budgeted by \$414,249 due to increased interest rates.
- General government was underspent by \$471,502 primarily due to unused contingency of \$299,949 and the finance department underspent by \$190,668 as a result of less technology software and communications costs than anticipated.
- Education expenditures were underspent by \$694,655 primarily due to transportation underspent by approximately \$646,000.

The most significant budget transfers were as follows:

- The budgets for the following line items were increased by additional appropriations from revenues and other financing sources, including PILOT colleges and hospitals of \$1,769,949 and transfers in of \$822,255:
 - Contingency of \$289,949
 - Police of \$407,592
 - Fire of \$513,855
 - Public works of \$288,825
 - Recreation and culture of \$362,226
 - Transfers out of \$506,126

Capital asset and debt administration

Capital Assets - The City's investment in capital assets (net of accumulated depreciation/amortization) for its governmental and business-type activities amounted to \$320,050,707 and \$107,072,351, respectively. This investment in capital assets includes land, construction in progress, land improvements, buildings and improvements, machinery and equipment, vehicles, and infrastructure.

Management's Discussion and Analysis (continued)

The total increase in the City's investment in capital assets for the current fiscal year was \$43,867,535. This is mainly attributable to capital replacement in excess of depreciation expense.

Capital Assets (Net)
June 30,

	Governmental Activities		Business-Type Activities		Totals	
	2022	2021 (as restated)	2022	2021	2022	2021 (as restated)
Land	\$ 8,278,991	\$ 8,278,991	\$ 2,214,827	\$ 2,214,827	\$ 10,493,818	\$ 10,493,818
Construction in progress	108,139,033	59,493,798	4,323,051	3,988,991	112,462,084	63,482,789
Land improvements	32,981,519	32,786,029	344,796	402,139	33,326,315	33,188,168
Right-to-use leased land improvements	1,215,551	-	-	-	1,215,551	-
Buildings and improvements	82,032,819	83,218,301	13,706,383	14,411,100	95,739,202	97,629,401
Right-to-use leased buildings and improvements	273,310	307,474	-	-	273,310	307,474
Machinery and equipment	10,588,937	9,707,860	3,067,976	3,352,467	13,656,913	13,060,327
Right-to-use leased machinery and equipment	346,039	425,979	-	-	346,039	425,979
Vehicles	6,422,073	6,581,406	56,937	61,346	6,479,010	6,642,752
Infrastructure	69,772,435	72,484,836	83,358,381	85,539,979	153,130,816	158,024,815
Total	\$ 320,050,707	\$ 273,284,674	\$ 107,072,351	\$ 109,970,849	\$ 427,123,058	\$ 383,255,523

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

Construction in progress:

➤ High School Magnet School project	\$ 25,325,307
➤ Bennie Dover Magnet School project	14,119,105
➤ Thames River Apartments project	4,367,684
➤ City hall renovations project	1,036,989
➤ Community center	1,042,949
➤ Various road and sidewalk improvements	1,222,626

Land improvements:

➤ Various sidewalk improvements	905,404
➤ Basketball court	207,054

Right-to-use leased land improvements:

➤ Bus parking lot	1,316,847
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Buildings and improvements:

➤ 40 Shaw Street - B.P. Learned Mission	1,385,724
➤ Firehouse roof	478,405

Management's Discussion and Analysis (continued)

Machinery and equipment:

➤ Education microsoft surfaces	\$ 160,454
➤ Firewalls	156,115
➤ Education HVAC systems	141,416
➤ Chest compression devices	121,721
➤ Fire gear and equipment	114,633
➤ Server upgrade for police and fire	87,345
➤ Computer processors	86,563

Vehicles:

➤ Ford Explorers	213,360
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Business-type activities:

Construction in progress:

➤ Watermain replacement	\$ 329,625
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Machinery and equipment:

➤ 25 fire hydrants	78,200
➤ Lighting rewiring	34,550

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

Long-term debt - At the end of the year, the City had total long-term debt outstanding of \$112,493,458 backed by the full faith and credit of the City.

**Long-term Debt
June 30,**

	Governmental Activities		Business-Type Activities		Totals	
	2022	2021 (as restated)	2022	2021	2022	2021 (as restated)
General obligation bonds	\$ 90,369,000	\$ 80,630,000	\$ 5,521,000	\$ 6,085,000	\$ 95,890,000	\$ 86,715,000
Bond anticipation notes (permanently financed)	8,550,000	-	-	-	8,550,000	-
Clean water notes	-	-	8,377	16,783	8,377	16,783
Drinking water notes	-	-	3,956,367	4,207,372	3,956,367	4,207,372
Notes payable	2,022,364	2,468,052	149,313	224,975	2,171,677	2,693,027
Leases payable	1,917,037	733,453	-	-	1,917,037	733,453
Total	\$ 102,858,401	\$ 83,831,505	\$ 9,635,057	\$ 10,534,130	\$ 112,493,458	\$ 94,365,635

The City's total debt increased by \$18,127,823 during the current fiscal year. The increase is the result of the issuance of \$23,695,964 of general obligation bonds and leases, offset by the scheduled principal payments of \$5,568,141.

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

The overall statutory debt limit for the City is equal to seven times annual receipts from prior year taxation or \$399,561,659. At year end, the City had \$126,199,000 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 2022-2023 general fund adopted budget totaled \$98,674,201. The following economic factors currently affect the City of New London and were considered in developing the 2022-2023 fiscal year budget:

- As of June 2022, the national unemployment rate was 3.8% and the State was 4.1%. The City's unemployment rate was 6.6% as compared to 11.6% in the prior year. The decrease is due to job market recovery subsequent to the pandemic.
- The City has been focused on economic development and has partnered with the State and a private developer for development of the City pier and offshore wind power.

Requests for information

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

Basic Financial Statements

City of New London, Connecticut

Statement of Net Position
June 30, 2022

<u>Assets</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Current assets:			
Cash	\$ 26,961,582	\$ 3,171,615	\$ 30,133,197
Investments	79,400,112	7,715,233	87,115,345
Receivables (net):			
Property taxes	1,111,828	-	1,111,828
User fees	-	2,740,664	2,740,664
Accounts	842,275	-	842,275
Intergovernmental	4,127,020	-	4,127,020
Leases	101,188	-	101,188
Loans	246,000	-	246,000
Internal balances	6,062,497	(6,062,497)	-
Prepays	645,786	-	645,786
Other	36,025	-	36,025
Total current assets	<u>119,534,313</u>	<u>7,565,015</u>	<u>127,099,328</u>
Noncurrent assets:			
Restricted assets:			
Cash	716,452	-	716,452
Investments	-	13,512,150	13,512,150
Total restricted assets	<u>716,452</u>	<u>13,512,150</u>	<u>14,228,602</u>
Receivables (net):			
Property taxes	748,147	-	748,147
Leases	2,061,757	-	2,061,757
Loans	692,185	-	692,185
Assessments	48,235	-	48,235
Total receivables (net)	<u>3,550,324</u>	<u>-</u>	<u>3,550,324</u>
Capital assets (net of accumulated depreciation/amortization):			
Land	8,278,991	2,214,827	10,493,818
Construction in progress	108,139,033	4,323,051	112,462,084
Land improvements	32,981,519	344,796	33,326,315
Right-to-use leased land improvements	1,215,551	-	1,215,551
Buildings and improvements	82,032,819	13,706,383	95,739,202
Right-to-use leased buildings and improvements	273,310	-	273,310
Machinery and equipment	10,588,937	3,067,976	13,656,913
Right-to-use leased machinery and equipment	346,039	-	346,039
Vehicles	6,422,073	56,937	6,479,010
Infrastructure	69,772,435	83,358,381	153,130,816
Total capital assets (net of accumulated depreciation/ amortization)	<u>320,050,707</u>	<u>107,072,351</u>	<u>427,123,058</u>
Total noncurrent assets	<u>324,317,483</u>	<u>120,584,501</u>	<u>444,901,984</u>
Total assets	<u>443,851,796</u>	<u>128,149,516</u>	<u>572,001,312</u>
<u>Deferred Outflows of Resources</u>			
Deferred charges on refunding	-	2,500	2,500
Pension related	11,332,297	-	11,332,297
OPEB related	5,990,368	-	5,990,368
Total deferred outflows of resources	<u>17,322,665</u>	<u>2,500</u>	<u>17,325,165</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, 2022

<u>Liabilities</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Current liabilities:			
Accounts payable	\$ 14,500,830	\$ 1,665,106	\$ 16,165,936
Accrued payroll and related liabilities	4,033,380	24,139	4,057,519
Accrued interest payable	814,879	80,809	895,688
Retainage payable	4,467,989	21,226	4,489,215
Unearned revenue	14,107,473	322,454	14,429,927
Overpayments	270,046	200,643	470,689
Bond anticipation notes	27,280,000	-	27,280,000
Bonds and notes payable	4,901,543	955,638	5,857,181
Leases payable	202,685	-	202,685
Claims payable	2,004,532	-	2,004,532
Compensated absences	140,201	-	140,201
MERS pension contribution payable	137,373	-	137,373
Total current liabilities	<u>72,860,931</u>	<u>3,270,015</u>	<u>76,130,946</u>
Noncurrent liabilities:			
Performance bonds	716,452	-	716,452
Bonds, notes and related liabilities	99,602,961	8,934,703	108,537,664
Leases payable	1,714,352	-	1,714,352
Claims payable	3,180,032	-	3,180,032
Compensated absences	560,804	-	560,804
MERS pension contribution payable	3,296,943	-	3,296,943
Net pension liability	39,158,558	-	39,158,558
Net OPEB liability	21,509,825	-	21,509,825
Total noncurrent liabilities	<u>169,739,927</u>	<u>8,934,703</u>	<u>178,674,630</u>
Total liabilities	<u>242,600,858</u>	<u>12,204,718</u>	<u>254,805,576</u>
<u>Deferred Inflows of Resources</u>			
Advance property tax collections	603,187	-	603,187
Deferred charge on refunding	332,772	104,801	437,573
Pension related	12,169,236	-	12,169,236
OPEB related	14,717,116	-	14,717,116
Lease related	2,104,030	-	2,104,030
Total deferred inflows of resources	<u>29,926,341</u>	<u>104,801</u>	<u>30,031,142</u>
<u>Net Position</u>			
Net investment in capital assets	176,160,274	98,407,543	274,567,817
Restricted for:			
Construction contracts	54,086,261	-	54,086,261
ARPA funded projects	6,197,087	-	6,197,087
Housing rehabilitation programs	1,052,890	-	1,052,890
Health and welfare programs	95,400	-	95,400
Cafeteria operations	910,656	-	910,656
Surcharge fund	-	7,328,190	7,328,190
Sinking fund	-	2,552,423	2,552,423
Capital projects	-	3,631,537	3,631,537
Unrestricted	(49,855,306)	3,922,804	(45,932,502)
Total net position	<u>\$188,647,262</u>	<u>\$115,842,497</u>	<u>\$ 304,489,759</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, 2022

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	\$ 8,069,663	\$ 4,446,350	\$ 1,989,812	\$ -	\$ (1,633,501)	\$ -	\$ (1,633,501)
Public safety	27,063,976	2,972,920	1,006,456	-	(23,084,600)	-	(23,084,600)
Public works	12,483,657	1,161,040	40,000	5,410,037	(5,872,580)	-	(5,872,580)
Health and welfare	1,920,059	92,359	11,000	-	(1,816,700)	-	(1,816,700)
Recreation and culture	4,027,726	187,478	629,454	-	(3,210,794)	-	(3,210,794)
Education	88,366,053	3,960,340	61,430,956	30,580,915	7,606,158	-	7,606,158
Interest	2,345,273	-	-	-	(2,345,273)	-	(2,345,273)
Total governmental activities	144,276,407	12,820,487	65,107,678	35,990,952	(30,357,290)	-	(30,357,290)
Business-type activities:							
Water Pollution Control Authority	7,440,935	5,605,286	-	-	-	(1,835,649)	(1,835,649)
Water Department	7,648,986	6,517,536	-	-	-	(1,131,450)	(1,131,450)
Storm Water Management	1,191,317	1,320,534	-	-	-	129,217	129,217
Ocean Beach Park	2,684,821	2,147,024	-	-	-	(537,797)	(537,797)
Water Street Parking Garage	849,866	822,129	-	-	-	(27,737)	(27,737)
Total business-type activities	19,815,925	16,412,509	-	-	-	(3,403,416)	(3,403,416)
Total	\$ 164,092,332	\$ 29,232,996	\$ 65,107,678	\$ 35,990,952	(30,357,290)	(3,403,416)	(33,760,706)
General revenues:							
Property taxes					58,477,610	-	58,477,610
Grants and contributions not restricted to specific programs					10,530,936	-	10,530,936
Income from investments					734,553	460,755	1,195,308
Net change in fair value of investments					-	(1,098,706)	(1,098,706)
Total general revenues					69,743,099	(637,951)	69,105,148
Transfers in (out)					(150,000)	150,000	-
Change in net position					39,235,809	(3,891,367)	35,344,442
Net position - July 1, 2021					149,411,453	119,733,864	269,145,317
Net position - June 30, 2022					\$ 188,647,262	\$ 115,842,497	\$ 304,489,759

City of New London, Connecticut

Governmental Funds
Balance Sheet
June 30, 2022

	General	Capital Nonrecurring	School Projects	Education Grants	Other Governmental Funds	Total Governmental Funds
<u>Assets</u>						
Cash	\$ 128,086	\$ 17,553,789	\$ 41,428	\$ 1,807,823	\$ 4,998,407	\$ 24,529,533
Restricted cash	716,452	-	-	-	-	716,452
Investments	19,863,925	15,505,679	35,024,938	-	7,505,570	77,900,112
Receivables (net):						
Property taxes	1,929,173	-	-	-	2,251	1,931,424
Accounts	405,012	6	156,250	-	270,648	831,916
Intergovernmental	-	166,197	-	3,152,563	808,260	4,127,020
Leases	2,162,945	-	-	-	-	2,162,945
Loans	-	-	-	-	938,185	938,185
Assessments	-	-	-	-	48,235	48,235
Due from other funds	8,219,761	-	-	-	-	8,219,761
Prepays	645,786	-	-	-	-	645,786
Other	-	-	-	-	36,025	36,025
Total assets	\$ 34,071,140	\$ 33,225,671	\$ 35,222,616	\$ 4,960,386	\$ 14,607,581	\$122,087,394
<u>Liabilities</u>						
Accounts payable	\$ 5,513,737	\$ 1,590,585	\$ 6,942,546	\$ 1,958,789	\$ 486,708	\$ 16,492,365
Accrued payroll and related liabilities	3,689,157	7,882	-	244,094	92,247	4,033,380
Retainage payable	-	638,862	3,829,127	-	-	4,467,989
Unearned revenue	-	13,615,438	-	455,351	36,684	14,107,473
Overpayments	270,046	-	-	-	-	270,046
Bond anticipation notes	-	6,000,000	21,280,000	-	-	27,280,000
Performance bonds	716,452	-	-	-	-	716,452
Total liabilities	10,189,392	21,852,767	32,051,673	2,658,234	615,639	67,367,705
<u>Deferred Inflows of Resources</u>						
Unavailable revenue:						
Property taxes	1,929,173	-	-	-	2,251	1,931,424
Advance property tax collections	603,187	-	-	-	-	603,187
Assessments	-	-	-	-	48,235	48,235
Leases related	2,104,030	-	-	-	-	2,104,030
Total deferred inflows of resources	4,636,390	-	-	-	50,486	4,686,876
<u>Fund Balances</u>						
Nonspendable	645,786	-	-	-	-	645,786
Restricted	-	9,504,428	50,778,920	-	2,058,946	62,342,294
Committed	-	1,868,476	-	2,302,152	4,944,102	9,114,730
Assigned	-	-	-	-	6,938,408	6,938,408
Unassigned	18,599,572	-	(47,607,977)	-	-	(29,008,405)
Total fund balances	19,245,358	11,372,904	3,170,943	2,302,152	13,941,456	50,032,813
Total liabilities, deferred inflows of resources and fund balances	\$ 34,071,140	\$ 33,225,671	\$ 35,222,616	\$ 4,960,386	\$ 14,607,581	\$122,087,394

(Continued)

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

City of New London, Connecticut

**Reconciliation of Fund Balance to Net Position of Governmental Activities
June 30, 2022**

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)	\$ 50,032,813
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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)	273,284,674
Current year capital asset additions (net of construction in progress)	56,229,893
Depreciation/amortization expense	(9,455,393)
Disposal of capital assets	(8,467)

Total	320,050,707
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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	528,551
Allowance for doubtful accounts	(600,000)

Total	(71,449)
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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	1,931,424
Assessment receivable - accrual basis change	48,235
Deferred outflows related to pensions	11,332,297
Deferred outflows related to OPEB	5,990,368

Total	19,302,324
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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	(1,407,885)
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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	(814,879)
Bonds and notes payable	(100,941,364)
Leases payable	(1,917,037)
Premium	(3,563,140)
Compensated absences	(701,005)
MERS pension contribution payable	(3,434,316)
Net pension liability	(39,158,558)
Net OPEB liability	(21,509,825)
Deferred charge on refunding	(332,772)
Deferred inflows related to pensions	(12,169,236)
Deferred inflows related to OPEB	(14,717,116)

Total	(199,259,248)
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Net position of governmental activities (Exhibit A)	\$188,647,262
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(Concluded)

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

City of New London, Connecticut

Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2022

	General	Capital Nonrecurring	School Projects	Education Grants	Other Governmental Funds	Total Governmental Funds
Revenues:						
Property taxes	\$ 58,989,685	\$ -	\$ -	\$ -	\$ 103,007	\$ 59,092,692
Intergovernmental	40,293,427	4,864,131	29,581,089	29,106,390	6,659,796	110,504,833
Charges for services	6,649,338	110,167	62,500	936,133	5,065,789	12,823,927
Contributions	-	-	-	535,906	560,428	1,096,334
Income from investments	734,249	-	21	27	256	734,553
Total revenues	<u>106,666,699</u>	<u>4,974,298</u>	<u>29,643,610</u>	<u>30,578,456</u>	<u>12,389,276</u>	<u>184,252,339</u>
Expenditures:						
Current:						
General government	6,570,459	-	-	-	649,249	7,219,708
Public safety	22,634,859	-	-	-	1,451,848	24,086,707
Public works	8,383,448	-	-	-	376,054	8,759,502
Health and welfare	203,852	-	-	-	1,710,298	1,914,150
Recreation and culture	2,376,015	-	-	-	712,011	3,088,026
Employee benefits	4,880,073	-	-	-	-	4,880,073
Education	50,965,518	-	-	30,225,574	6,018,566	87,209,658
Capital outlay	-	15,692,036	39,902,323	-	1,345,964	56,940,323
Debt service	-	-	-	-	7,950,666	7,950,666
Total expenditures	<u>96,014,224</u>	<u>15,692,036</u>	<u>39,902,323</u>	<u>30,225,574</u>	<u>20,214,656</u>	<u>202,048,813</u>
Excess (deficiency) of revenues over expenditures	<u>10,652,475</u>	<u>(10,717,738)</u>	<u>(10,258,713)</u>	<u>352,882</u>	<u>(7,825,380)</u>	<u>(17,796,474)</u>
Other financing sources (uses):						
Issuance of debt	-	7,850,000	14,500,000	-	1,345,964	23,695,964
Premium	-	-	-	-	1,693,978	1,693,978
Transfers in	650,000	1,038,667	50,000	-	7,443,654	9,182,321
Transfers out	(8,258,906)	(199,000)	-	(166,784)	(679,232)	(9,303,922)
Net other financing sources (uses)	<u>(7,608,906)</u>	<u>8,689,667</u>	<u>14,550,000</u>	<u>(166,784)</u>	<u>9,804,364</u>	<u>25,268,341</u>
Net change in fund balances	3,043,569	(2,028,071)	4,291,287	186,098	1,978,984	7,471,867
Fund balances - July 1, 2021	<u>16,201,789</u>	<u>13,400,975</u>	<u>(1,120,344)</u>	<u>2,116,054</u>	<u>11,962,472</u>	<u>42,560,946</u>
Fund balances - June 30, 2022	<u>\$ 19,245,358</u>	<u>\$ 11,372,904</u>	<u>\$ 3,170,943</u>	<u>\$ 2,302,152</u>	<u>\$ 13,941,456</u>	<u>\$ 50,032,813</u>

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, 2022

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) \$ 7,471,867

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	56,229,893
Depreciation/amortization expense	<u>(9,455,393)</u>
 Total	 <u>46,774,500</u>

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins and donations) is to increase/decrease net position. In the statement of activities, only the loss on the sale of capital assets is reported. However, in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balance by the cost of the capital assets sold or donated.

Loss on disposal of assets	<u>(8,467)</u>
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds and revenues recognized in the fund financial statements are not recognized in the statement of activities:

Change in property tax receivable and assessment - accrual basis change	(544,941)
Change in property tax interest and lien revenue - accrual basis change	<u>(73,581)</u>
 Total	 <u>(618,522)</u>

The issuance of long-term debt (e.g., bonds, notes, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, 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	(13,800,000)
Notes	(8,550,000)
Leases	(1,345,964)
Premium	(1,693,978)
 Principal repayments:	
Bonds	4,061,000
Notes	445,688
Leases	<u>162,380</u>
 Total	 <u>(20,720,874)</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, 2022

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:	
Accrued interest payable	\$ 2,087
Compensated absences	566,546
MERS pension contribution payable	331,461
Net pension liability	5,838,456
Net OPEB liability	4,202,118
Amortization of:	
Premium	899,595
Deferred outflows of resources related to pension	(3,235,177)
Deferred inflows of resources related to pension	(1,159,150)
Deferred outflows of resources related to OPEB	(915,052)
Deferred inflows of resources related to OPEB	(2,168,550)
Deferred charge on refunding	<u>34,643</u>
Total	<u>4,396,977</u>
Internal service funds are used by management for risk financing activities:	
The net revenues (expenses) of activities of the internal service fund is reported with governmental activities	<u>1,940,328</u>
Change in net position of governmental activities (Exhibit B)	<u>\$ 39,235,809</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, 2022

	Business-Type Activities Enterprise Funds					Total	Governmental Activities
	Major Funds		Other Proprietary Funds				Internal Service Funds
	Water Pollution Control Authority	Water Department	Storm Water Management	Ocean Beach Park	Water Street Parking Garage		
<u>Assets</u>							
Current assets:							
Cash	\$ 626,305	\$ 383,244	\$ 807,762	\$ 612,756	\$ 741,548	\$ 3,171,615	\$ 2,432,049
Investments	6,715,233	500,000	500,000	-	-	7,715,233	1,500,000
Receivables (net)	918,153	1,444,716	348,858	-	28,937	2,740,664	10,359
Total current assets	8,259,691	2,327,960	1,656,620	612,756	770,485	13,627,512	3,942,408
Noncurrent assets:							
Restricted assets:							
Investments	3,624,154	9,887,996	-	-	-	13,512,150	-
Capital assets (net):							
Land	182,850	1,827,888	-	54,054	150,035	2,214,827	-
Construction in progress	-	4,323,051	-	-	-	4,323,051	-
Land improvements	-	-	-	344,796	-	344,796	-
Buildings and improvements	4,465,814	5,872,837	-	3,053,986	313,746	13,706,383	-
Machinery and equipment	1,654,622	525,071	829,368	693	58,222	3,067,976	-
Vehicles	-	-	-	-	56,937	56,937	-
Infrastructure	36,124,800	47,192,541	41,040	-	-	83,358,381	-
Total capital assets (net)	42,428,086	59,741,388	870,408	3,453,529	578,940	107,072,351	-
Total noncurrent assets	46,052,240	69,629,384	870,408	3,453,529	578,940	120,584,501	-
Total assets	54,311,931	71,957,344	2,527,028	4,066,285	1,349,425	134,212,013	3,942,408
<u>Deferred Outflows of Resources</u>							
Deferred charge on refunding	-	-	-	2,500	-	2,500	-

(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, 2022

Business-Type Activities
Enterprise Funds

Governmental
Activities

	Major Funds		Other Proprietary Funds			Total	Internal Service Funds
	Water Pollution Control Authority	Water Department	Storm Water Management	Ocean Beach Park	Water Street Parking Garage		
<u>Liabilities</u>							
Current liabilities:							
Accounts payable	\$ 289,934	\$ 521,510	\$ 153,945	\$ 577,435	\$ 122,282	\$ 1,665,106	\$ 165,729
Accrued payroll and related liabilities	9,361	8,542	1,774	-	4,462	24,139	-
Accrued interest payable	25,882	26,096	25,894	2,937	-	80,809	-
Retainage payable	-	21,226	-	-	-	21,226	-
Due to other funds	1,990,186	4,072,311	-	-	-	6,062,497	-
Unearned revenue	43,018	198,637	80,229	-	570	322,454	-
Overpayments	-	200,643	-	-	-	200,643	-
Bonds and notes payable	163,377	510,072	70,000	212,189	-	955,638	-
Claims payable	-	-	-	-	-	-	2,004,532
Total current liabilities	<u>2,521,758</u>	<u>5,559,037</u>	<u>331,842</u>	<u>792,561</u>	<u>127,314</u>	<u>9,332,512</u>	<u>2,170,261</u>
Noncurrent liabilities:							
Bonds, notes and related liabilities	2,300,969	4,707,295	1,686,564	239,875	-	8,934,703	-
Claims payable	-	-	-	-	-	-	3,180,032
Total noncurrent liabilities	<u>2,300,969</u>	<u>4,707,295</u>	<u>1,686,564</u>	<u>239,875</u>	<u>-</u>	<u>8,934,703</u>	<u>3,180,032</u>
Total liabilities	<u>4,822,727</u>	<u>10,266,332</u>	<u>2,018,406</u>	<u>1,032,436</u>	<u>127,314</u>	<u>18,267,215</u>	<u>5,350,293</u>
<u>Deferred Inflows of Resources</u>							
Deferred charge on refunding	-	104,801	-	-	-	104,801	-
<u>Net Position</u>							
Net investment in capital assets	39,963,740	54,397,994	462,904	3,003,965	578,940	98,407,543	-
Restricted for:							
Surcharge fund	-	7,328,190	-	-	-	7,328,190	-
Sinking fund	2,552,423	-	-	-	-	2,552,423	-
Capital projects	1,071,731	2,559,806	-	-	-	3,631,537	-
Unrestricted	<u>5,901,310</u>	<u>(2,699,779)</u>	<u>45,718</u>	<u>32,384</u>	<u>643,171</u>	<u>3,922,804</u>	<u>(1,407,885)</u>
Total net position	<u>\$ 49,489,204</u>	<u>\$ 61,586,211</u>	<u>\$ 508,622</u>	<u>\$ 3,036,349</u>	<u>\$ 1,222,111</u>	<u>\$ 115,842,497</u>	<u>\$ (1,407,885)</u>

(Concluded)

City of New London, Connecticut

Proprietary Funds
Statement of Revenues, Expenses and Changes in Net Position
For the Year Ended June 30, 2022

	Business-Type Activities Enterprise Funds					Total	Governmental Activities
	Major Funds		Other Proprietary Funds				
	Water Pollution Control Authority	Water Department	Storm Water Management	Ocean Beach Park	Water Street Parking Garage		
Operating revenues:							
Charges for services	\$ 5,605,286	\$ 6,517,536	\$ 1,320,534	\$ 2,147,024	\$ 822,129	\$ 16,412,509	\$ 3,468,386
Operating expenses:							
Personnel services	229,548	206,718	54,833	-	660,233	1,151,332	-
Contractual services	4,609,582	4,398,579	776,631	2,474,954	33,898	12,293,644	-
Materials and supplies	5,310	9,108	1,610	-	12,872	28,900	-
Insurance and property taxes	150,000	129,657	-	-	65,000	344,657	319,799
Depreciation	1,496,235	1,609,376	64,483	196,921	15,959	3,382,974	-
Repairs and maintenance	300,941	531,459	302,640	-	37,494	1,172,534	-
Electricity	564,446	564,446	-	-	24,410	1,153,302	-
Claims and administration	-	-	-	-	-	-	1,208,259
Total operating expenses	7,356,062	7,449,343	1,200,197	2,671,875	849,866	19,527,343	1,528,058
Operating income (loss)	(1,750,776)	(931,807)	120,337	(524,851)	(27,737)	(3,114,834)	1,940,328
Nonoperating revenues (expenses):							
Income from investments	111,313	268,696	80,746	-	-	460,755	-
Net change in fair value of investments	(287,073)	(811,633)	-	-	-	(1,098,706)	-
Interest expense	(84,873)	(199,643)	8,880	(12,946)	-	(288,582)	-
Net nonoperating revenues (expenses)	(260,633)	(742,580)	89,626	(12,946)	-	(926,533)	-
Income (loss) before transfers	(2,011,409)	(1,674,387)	209,963	(537,797)	(27,737)	(4,041,367)	1,940,328
Transfers:							
Transfers in	-	-	-	250,000	-	250,000	-
Transfers out	-	-	(50,000)	-	(50,000)	(100,000)	-
Net transfers in (out)	-	-	(50,000)	250,000	(50,000)	150,000	-
Change in net position	(2,011,409)	(1,674,387)	159,963	(287,797)	(77,737)	(3,891,367)	1,940,328
Total net position - July 1, 2021	51,500,613	63,260,598	348,659	3,324,146	1,299,848	119,733,864	(3,348,213)
Total net position - June 30, 2022	\$ 49,489,204	\$ 61,586,211	\$ 508,622	\$ 3,036,349	\$ 1,222,111	\$ 115,842,497	\$ (1,407,885)

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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, 2022

	Business-Type Activities Enterprise Funds					Total	Governmental Activities
	Major Funds		Other Proprietary Funds				Internal Service Funds
	Water Pollution Control Authority	Water Department	Storm Water Management	Ocean Beach Park	Water Street Parking Garage		
Cash flows from (used in) operating activities:							
Receipts from customers and users	\$ 5,377,722	\$ 6,533,459	\$ 1,297,447	\$ 2,147,024	\$ 812,379	\$ 16,168,031	\$ -
Cash received for premiums	-	-	-	-	-	-	3,893,985
Payments to suppliers	(3,566,572)	(4,400,782)	(966,769)	(2,050,970)	(168,059)	(11,153,152)	(203,385)
Payments to employees	(228,683)	(205,965)	(54,608)	-	(659,785)	(1,149,041)	-
Cash paid to claimants	-	-	-	-	-	-	(2,178,392)
Net cash from (used in) operating activities	1,582,467	1,926,712	276,070	96,054	(15,465)	3,865,838	1,512,208
Cash flows from (used in) noncapital financing activities:							
Transfers from other funds	-	-	-	250,000	-	250,000	-
Transfers to other funds	-	-	(50,000)	-	(50,000)	(100,000)	-
Net cash from (used in) noncapital financing activities	-	-	(50,000)	250,000	(50,000)	150,000	-
Cash flows from (used in) capital and related financing activities:							
Principal payments on debt	(163,406)	(515,005)	-	(220,662)	-	(899,073)	-
Interest paid on debt	(96,488)	(212,746)	-	(22,637)	-	(331,871)	-
Purchase of capital assets	-	(435,650)	-	-	(48,828)	(484,478)	-
Net cash from (used in) capital and related financing activities	(259,894)	(1,163,401)	-	(243,299)	(48,828)	(1,715,422)	-
Cash flows from (used in) investing activities:							
(Purchase) sale of investments	(2,042,289)	(752,037)	(500,000)	-	-	(3,294,326)	-
Income from investments	111,313	268,696	80,746	-	-	460,755	-
Net cash from (used in) investing activities	(1,930,976)	(483,341)	(419,254)	-	-	(2,833,571)	-
Net increase (decrease) in cash	(608,403)	279,970	(193,184)	102,755	(114,293)	(533,155)	1,512,208
Cash - July 1, 2021	1,234,708	103,274	1,000,946	510,001	855,841	3,704,770	919,841
Cash - June 30, 2022	\$ 626,305	\$ 383,244	\$ 807,762	\$ 612,756	\$ 741,548	\$ 3,171,615	\$ 2,432,049

(Continued)

City of New London, Connecticut

Proprietary Funds
Statement of Cash Flows
For the Year Ended June 30, 2022

	Business-Type Activities Enterprise Funds					Governmental Activities	
	Major Funds		Other Proprietary Funds			Total	Internal Service Funds
	Water Pollution Control Authority	Water Department	Storm Water Management	Ocean Beach Park	Water Street Parking Garage		
Reconciliation of operating income (loss) to net cash from (used in) operating activities:							
Operating income (loss)	\$(1,750,776)	\$ (931,807)	\$ 120,337	\$ (524,851)	\$ (27,737)	\$ (3,114,834)	\$ 1,940,328
Adjustments to reconcile operating income (loss) to net cash from (used in) operating activities:							
Depreciation	1,496,235	1,609,376	64,483	196,921	15,959	3,382,974	-
(Increase) decrease in:							
Receivables	(270,582)	(216,783)	(55,859)	-	(9,750)	(552,974)	62,599
Due from other funds	-	-	-	-	-	-	363,000
Increase (decrease) in:							
Accounts payable	73,521	281,463	114,112	423,984	5,615	898,695	116,414
Accrued payroll and related liabilities	865	753	225	-	448	2,291	-
Retainage payable	-	(64,520)	-	-	-	(64,520)	-
Due to other funds	1,990,186	1,015,524	-	-	-	3,005,710	-
Unearned revenue	43,018	198,637	32,772	-	-	274,427	-
Overpayments	-	34,069	-	-	-	34,069	-
Claims payable	-	-	-	-	-	-	(970,133)
Net cash from (used in) operating activities	<u>\$ 1,582,467</u>	<u>\$ 1,926,712</u>	<u>\$ 276,070</u>	<u>\$ 96,054</u>	<u>\$ (15,465)</u>	<u>\$ 3,865,838</u>	<u>\$ 1,512,208</u>

(Concluded)

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

City of New London, Connecticut
Fiduciary Funds
Statement of Fiduciary Net Position
June 30, 2022

<u>Assets</u>	<u>Pension and OPEB Trust</u>	<u>Private- Purpose Trust</u>
Cash	\$ 396,415	\$ 232,500
Investments:		
Mutual funds:		
Money market	1,021,404	-
Equities	20,237,364	-
U.S. government securities	4,620,756	-
U.S. government agency securities	2,473,389	-
Corporate bonds	2,442,402	-
Real estate (equities)	2,407,260	-
Total investments	<u>33,202,575</u>	<u>-</u>
Interest receivable	<u>58,903</u>	<u>-</u>
Contribution receivable	<u>446,810</u>	<u>-</u>
Total assets	<u>34,104,703</u>	<u>232,500</u>
<u>Liabilities</u>		
Due to other funds	<u>2,157,264</u>	<u>-</u>
<u>Net Position</u>		
Restricted for:		
Pensions	30,237,475	-
OPEB	1,709,964	-
Individuals and organizations	<u>-</u>	<u>232,500</u>
Total net position	<u>\$ 31,947,439</u>	<u>\$ 232,500</u>

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, 2022

	Pension and OPEB Trust	Private- Purpose Trust
Additions:		
Contributions:		
Employer	\$ 3,533,997	\$ -
Plan members	244,489	-
	<u>3,778,486</u>	<u>-</u>
Total contributions		
	<u>3,778,486</u>	<u>-</u>
Investment income (loss):		
Interest and dividends	1,205,052	329
Net change in fair value of investments	(6,126,743)	-
	<u>(4,921,691)</u>	<u>329</u>
Total investment income (loss)		
	<u>(4,921,691)</u>	<u>329</u>
Less investment expenses	373,012	-
	<u>(5,294,703)</u>	<u>-</u>
Net investment income (loss)		
	<u>(5,294,703)</u>	<u>329</u>
Total additions		
	<u>(1,516,217)</u>	<u>329</u>
Deductions:		
Benefits	4,544,480	-
Administration and other	82,728	-
	<u>4,627,208</u>	<u>-</u>
Total deductions		
	<u>4,627,208</u>	<u>-</u>
Transfers:		
Transfers out	-	(28,399)
	<u>(6,143,425)</u>	<u>(28,399)</u>
Changes in net position		
	<u>(6,143,425)</u>	<u>(28,070)</u>
Net position - July 1, 2021	38,090,864	260,570
	<u>38,090,864</u>	<u>260,570</u>
Net position - June 30, 2022	<u>\$ 31,947,439</u>	<u>\$ 232,500</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, 2022**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, 2022

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, 2022**

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

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

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the City's sewer and water operations and various other functions of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise funds and of the City's internal service fund are charges to customers and benefiting activities for sales, services and premiums. The enterprise funds also recognize as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for the enterprise funds and internal service fund include the cost of sales and services, administrative expenses, depreciation on capital assets and insurance claims. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

City of New London, Connecticut

**Notes to Financial Statements
For the Year Ended June 30, 2022**

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>
Equities	64.00%	79.00%
Fixed income	30.00%	18.00%
Real estate and REIT's	6.00%	0.00%
Cash equivalents	<u>0.00%</u>	<u>3.00%</u>
Total	<u>100.00%</u>	<u>100.00%</u>

c. Method used to value investments

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

City of New London, Connecticut

Notes to Financial Statements
For the Year Ended June 30, 2022

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, 2022**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 4.00% - 67.00% 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 is a lessor for noncancellable leases of buildings and land. 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, 2022

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

The restricted assets for the City are restricted 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.

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

5. Capital assets

Capital assets, which include construction in progress, property, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks and similar items), are reported in the applicable governmental or business-type activities’ columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost 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, 2022**

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

Capital assets 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>
Land improvements	20-50	\$ 20,000
Right-to-use leased land improvements	Lease term	20,000
Buildings and improvements	10-50	20,000
Right-to-use leased buildings and improvements	Lease term	20,000
Machinery and equipment	5-50	5,000
Right-to-use leased machinery and equipment	Lease term	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, 2022****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), and assessments. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

7. Compensated absences

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

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

8. Long-term liabilities

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

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 liabilities

The City is a lessee for noncancellable leases of land improvements, buildings and equipment. The City recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide financial statements. The City recognizes lease liabilities with an initial, individual value of \$5,000 or more.

At the commencement of a lease, the City initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease 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, 2022

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

Key estimates and judgments related to leases include:

Discount Rate	The City uses the interest rate charged by the lessor as the discount rate to discount the expected lease payments to the present value. When the interest rate charged by the lessor is not provided, the City generally uses its estimated incremental borrowing rate as the discount rate for leases.
Lease Term	The lease term includes the noncancellable period of the lease.
Lease Payments	Lease payments included in the measurement of the lease 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 and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets and lease 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, 2022

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

The City Council has adopted a fund balance policy for the General Fund requiring an unassigned fund balance of 13.30% of the following year’s adopted budget expenditures. This amount will be increased 1.00% per year until it reaches 16.67%.

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.

City of New London, Connecticut

Notes to Financial Statements
For the Year Ended June 30, 2022**C. Assets, liabilities, deferred outflows/inflows of resources and equity (continued)****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. Basis of budgeting**

Only the General Fund has a legally adopted annual budget.

The City uses the budgetary basis of accounting under which purchase orders for contracts or other commitments are recorded in order to reserve that portion of the applicable appropriation. Encumbrances are recognized as a valid and proper charge against a budget appropriation in the year in which the purchase order, contract or other commitment is issued and, accordingly, encumbrances outstanding at year end are reported in the budgetary statements included as required supplementary information.

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

B. Excess expenditures over appropriations

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

Mayor	\$ 50,547
Law	39,725
Probate court	1,218
Fire	643,750
Recreation	112,295

C. Capital projects authorizations

The following is a summary of certain capital projects:

Governmental Activities:

<u>Project</u>	<u>Project Authorization</u>	<u>Cumulative Expenditures</u>	<u>Balance</u>
High School Magnet School Project	\$ 110,000,000	\$ 74,820,582	\$ 35,179,418
Bennie Dover Magnet School Project	55,000,000	17,251,387	37,748,613
21st Century School Buildings	61,000,000	-	61,000,000
Community Center Project	30,574,650	1,134,978	29,439,672
Road paving and sidewalk repairs	4,716,116	2,430,849	2,285,267
Thames River Complex	4,376,000	4,367,684	8,316
Marina Lot	683,884	580,706	103,178
Totals	<u>\$ 266,350,650</u>	<u>\$ 100,586,186</u>	<u>\$ 165,764,464</u>

City of New London, Connecticut

Notes to Financial Statements
For the Year Ended June 30, 2022

D. Capital projects authorizations

Business-Type Activities:

<u>Project</u>	<u>Project Authorization</u>	<u>Cumulative Expenditures</u>	<u>Balance</u>
City storm drainage systems	<u>\$ 1,650,000</u>	<u>\$ 300,940</u>	<u>\$ 1,349,060</u>

III. Detailed notes

A. Cash and investments

1. Deposits – custodial credit risk

At year end, the City's bank balance was \$125,061,798 including certificates of deposit classified as investments, and was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 64,710,736
Uninsured and collateral held by the pledging bank's trust department, not in the City's name	<u>23,205,044</u>
Total amount subject to custodial credit risk	<u>\$ 87,915,780</u>

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

2. Investments

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

Type of Investment	Fair Value	Investment Maturities in Years				
		N/A	Less than One Year	1-5 Years	5-10 Years	Over 10 Years
Mutual funds:						
Money market	\$ 1,037,966	\$ -	\$ 1,037,966	\$ -	\$ -	\$ -
Certificates of deposits	87,369,705	-	71,335,391	16,034,314	-	-
Equities	23,738,974	23,738,974	-	-	-	-
U.S. government securities	4,620,756	-	1,494,961	1,531,162	473,558	1,121,075
U.S. government agency securities	2,473,389	-	-	-	-	2,473,389
Corporate bonds	12,132,077	-	2,545,735	7,648,342	988,577	949,423
Real estate (equities)	2,457,203	2,457,203	-	-	-	-
Total	\$133,830,070	<u>\$26,196,177</u>	<u>\$76,414,053</u>	<u>\$25,213,818</u>	<u>\$ 1,462,135</u>	<u>\$4,543,887</u>
Less pension and OPEB funds	<u>(33,202,575)</u>					
Other funds	<u>\$100,627,495</u>					

City of New London, Connecticut

Notes to Financial Statements
For the Year Ended June 30, 2022

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	\$ 1,037,966	\$ 1,037,966	\$ -
Equities	23,738,974	23,738,974	-
U.S. government securities	4,620,756	4,620,756	-
U.S. government agency securities	2,473,389	-	2,473,389
Corporate bonds	12,132,077	-	12,132,077
Real estate (equities)	2,457,203	2,457,203	-
Total investments by fair value level	46,460,365	<u>\$ 31,854,899</u>	<u>\$ 14,605,466</u>
<u>Other investments not subject to fair value measurement:</u>			
Certificates of deposit	<u>87,369,705</u>		
Total investments	<u>\$ 133,830,070</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.

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

	U.S.	
	Government Agency Securities	Corporate Bonds
AAA	\$ -	\$ 68,582
AA	-	1,173,127
A	-	4,279,324
BBB	-	6,492,019
B	-	39,428
Unrated	2,473,389	79,597
Total	<u>\$ 2,473,389</u>	<u>\$ 12,132,077</u>

City of New London, Connecticut

Notes to Financial Statements
For the Year Ended June 30, 2022

A. Cash and investments (continued)

- 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	\$23,738,974	\$ 500,000	\$23,238,974
U.S. government securities	4,620,756	-	4,620,756
U.S. government agency securities	2,473,389	-	2,473,389
Corporate bonds	12,132,077	-	12,132,077
Real estate (equities)	2,457,203	-	2,457,203
Total	<u>\$45,422,399</u>	<u>\$ 500,000</u>	<u>\$44,922,399</u>

B. Receivables

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

Governmental Activities:

	<u>Property Taxes</u>			CDBG Loans	Assessments
	<u>Taxes</u>	<u>Interest and Liens</u>	<u>Total</u>		
Current portion	<u>\$ 1,014,963</u>	<u>\$ 96,865</u>	<u>\$1,111,828</u>	<u>\$ 246,000</u>	<u>\$ -</u>
Long-term portion	916,461	431,686	1,348,147	2,061,562	148,235
Less allowance for uncollectibles	<u>(350,000)</u>	<u>(250,000)</u>	<u>(600,000)</u>	<u>(1,369,377)</u>	<u>(100,000)</u>
Net long-term portion	<u>\$ 566,461</u>	<u>\$181,686</u>	<u>\$ 748,147</u>	<u>\$ 692,185</u>	<u>\$ 48,235</u>

City of New London, Connecticut

Notes to Financial Statements
For the Year Ended June 30, 2022

B. Receivables (continued)

Business-Type Activities:

	Use Charges			
	Sewer Use Charges	Water Use Charges	Storm Water Charges	Total
Receivable amount	\$ 978,147	\$ 1,511,875	\$ 369,406	\$ 2,859,428
Less allowance for uncollectibles	<u>(59,994)</u>	<u>(67,159)</u>	<u>(20,548)</u>	<u>(147,701)</u>
Net receivable	<u>\$ 918,153</u>	<u>\$ 1,444,716</u>	<u>\$ 348,858</u>	<u>\$ 2,711,727</u>

2. Leases receivable

Governmental Activities:

<u>Description</u>	<u>Lease Receivable</u>	<u>Deferred Inflows of Resources</u>	<u>Lease Revenue</u>	<u>Lease Interest Revenue</u>
Cell towers	\$ 2,162,945	<u>\$ 2,104,030</u>	<u>\$ 153,248</u>	<u>\$ 60,947</u>
Less: current portion	<u>(101,188)</u>			
Long-term portion	<u>\$ 2,061,757</u>			

<u>Description</u>	<u>Lease Agreement Terms</u>
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.

City of New London, Connecticut

Notes to Financial Statements
For the Year Ended June 30, 2022

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>
<u>Major funds:</u>			
General fund:			
Water pollution control authority	N/A	\$ 1,990,186	\$ -
Water department	N/A	4,072,311	-
Pension trust fund	N/A	<u>2,157,264</u>	<u>-</u>
Total general fund		<u>8,219,761</u>	<u>-</u>
Water pollution control authority:			
General fund	N/A	<u>-</u>	<u>1,990,186</u>
Water department:			
General fund	N/A	<u>-</u>	<u>4,072,311</u>
<u>Fiduciary funds:</u>			
Pension trust fund	General fund	<u>-</u>	<u>2,157,264</u>
Total		<u>\$ 8,219,761</u>	<u>\$ 8,219,761</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, 2022

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>
<u>Major funds:</u>			
General fund:			
Capital nonrecurring	N/A	\$ -	\$ 1,002,660
General government	N/A	-	346,860
Public safety	N/A	600,000	30,706
Health and welfare	N/A	-	2,932
Culture and recreation	N/A	-	50,000
Debt service	N/A	-	6,575,748
Ocean beach park	N/A	-	250,000
Water street parking garage	N/A	50,000	-
Total general fund		<u>650,000</u>	<u>8,258,906</u>
Capital nonrecurring:			
General fund	N/A	1,002,660	-
Community development	N/A	36,007	-
Public works	N/A	-	149,000
School projects	N/A	-	50,000
Total capital nonrecurring		<u>1,038,667</u>	<u>199,000</u>
School projects:			
Capital nonrecurring	N/A	<u>50,000</u>	<u>-</u>
Education grants:			
School activity	N/A	<u>-</u>	<u>166,784</u>

City of New London, Connecticut

Notes to Financial Statements
For the Year Ended June 30, 2022

C. Interfund accounts (continued)

	<u>Corresponding Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
<u>Other governmental funds:</u>			
Special revenue funds:			
Veolia	General government	\$ -	\$ 40,000
Community development	Capital nonrecurring	-	36,007
General government	General fund	346,860	-
General government	Veolia	40,000	-
General government	Port authority	3,225	-
General government	Storm water management	50,000	-
Public works	Capital nonrecurring	149,000	-
Public safety	General fund	30,706	600,000
Health and welfare	General fund	2,932	-
Port authority	General government	-	3,225
Culture and recreation	General fund	50,000	-
School activity	Education grants	166,784	-
School activity	Private-purpose trust	28,399	-
		<u>867,906</u>	<u>679,232</u>
Total special revenue funds			
Debt service	General fund	6,575,748	-
Total other governmental funds		<u>7,443,654</u>	<u>679,232</u>
<u>Proprietary funds:</u>			
Storm water management	General government	-	50,000
Ocean beach park	General fund	250,000	-
Water street parking garage	General fund	-	50,000
<u>Fiduciary funds:</u>			
Private-purpose trust	School activity	-	28,399
Total		<u>\$ 9,432,321</u>	<u>\$ 9,432,321</u>

Transfers are used to account for the financing by the general fund of the debt service fund and various programs and activities in other funds. Transfers out from enterprise funds are for return on investment and funding for watershed project.

City of New London, Connecticut

Notes to Financial Statements
For the Year Ended June 30, 2022**D. Capital assets**

Capital asset activity for the year was as follows:

Governmental Activities:

	Balance July 1, 2021 <i>(as restated)</i>	Increases	Decreases	Balance June 30, 2022
Capital assets, not being depreciated/amortized:				
Land	\$ 8,278,991	\$ -	\$ -	\$ 8,278,991
Construction in progress	59,493,798	50,955,101	2,309,866	108,139,033
Total capital assets, not being depreciated/amortized	67,772,789	50,955,101	2,309,866	116,418,024
Capital assets, being depreciated/amortized:				
Land improvements	43,283,089	1,450,607	-	44,733,696
Right-to-use leased land improvements	-	1,316,847	-	1,316,847
Buildings and improvements	151,456,751	2,252,176	-	153,708,927
Right-to-use leased buildings and improvements	307,474	-	-	307,474
Machinery and equipment	17,350,546	1,967,835	16,225	19,302,156
Right-to-use leased machinery and equipment	425,979	28,117	-	454,096
Vehicles	15,615,934	569,076	-	16,185,010
Infrastructure	152,469,700	-	-	152,469,700
Total capital assets being depreciated/amortized	380,909,473	7,584,658	16,225	388,477,906
Total capital assets	448,682,262	58,539,759	2,326,091	504,895,930
Less accumulated depreciation/amortization for:				
Land improvements	10,497,060	1,255,117	-	11,752,177
Right-to-use leased land improvements	-	101,296	-	101,296
Buildings and improvements	68,238,450	3,437,658	-	71,676,108
Right-to-use leased buildings and improvements	-	34,164	-	34,164
Machinery and equipment	7,642,686	1,078,291	7,758	8,713,219
Right-to-use leased machinery and equipment	-	108,057	-	108,057
Vehicles	9,034,528	728,409	-	9,762,937
Infrastructure	79,984,864	2,712,401	-	82,697,265
Total accumulated depreciation/amortization	175,397,588	9,455,393	7,758	184,845,223
Total capital assets, being depreciated/amortized, net	205,511,885	(1,870,735)	8,467	203,632,683
Capital assets, net	\$273,284,674	\$49,084,366	\$2,318,333	\$320,050,707

City of New London, Connecticut

Notes to Financial Statements
For the Year Ended June 30, 2022**D. Capital assets (continued)**

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

Governmental Activities:

General government	\$ 506,389
Public safety	884,420
Public works	2,881,301
Health and welfare	11,657
Recreation and culture	890,720
Education	4,280,906
Total	<u>\$ 9,455,393</u>

Business-Type Activities:

	Balance July 1, 2021	Increases	Decreases	Balance June 30, 2022
Capital assets, not being depreciated/amortized:				
Land	\$ 2,214,827	\$ -	\$ -	\$ 2,214,827
Construction in process	3,988,991	334,060	-	4,323,051
Total capital assets, not being depreciated/ amortized	6,203,818	334,060	-	6,537,878
Capital assets, being depreciated/amortized:				
Land improvements	2,740,466	-	-	2,740,466
Buildings and improvements	52,681,966	34,550	-	52,716,516
Machinery and equipment	12,513,666	115,866	-	12,629,532
Vehicles	66,121	-	-	66,121
Infrastructure	154,889,257	-	-	154,889,257
Total capital assets, being depreciated/amortized	222,891,476	150,416	-	223,041,892
Total capital assets	229,095,294	484,476	-	229,579,770
Less accumulated depreciation/amortization for:				
Land improvements	2,338,327	57,343	-	2,395,670
Buildings and improvements	38,270,866	739,267	-	39,010,133
Machinery and equipment	9,161,199	400,357	-	9,561,556
Vehicles	4,775	4,409	-	9,184
Infrastructure	69,349,278	2,181,598	-	71,530,876
Total accumulated depreciation/amortization	119,124,445	3,382,974	-	122,507,419
Total capital assets, being depreciated/amortized, net	103,767,031	(3,232,558)	-	100,534,473
Capital assets, net	<u>\$ 109,970,849</u>	<u>\$ (2,898,498)</u>	<u>\$ -</u>	<u>\$ 107,072,351</u>

City of New London, Connecticut

Notes to Financial Statements
For the Year Ended June 30, 2022**D. Capital assets (continued)**Business-Type Activities:

Water pollution control authority	\$ 1,496,235
Water department	1,609,376
Storm water management	64,483
Ocean beach park	196,921
Water street parking garage	15,959
	<u> </u>
Total	<u>\$ 3,382,974</u>

E. Construction commitments

The City has the following construction commitments:

Bennie Dover Middle School	\$ 25,956,145
New London High School	24,822,775
Jefferson Avenue roundabout	2,983,926
Signal replacements	150,895
Fire HQ renovations	103,280
Sidewalks	60,052
Valley restoration	9,188
	<u> </u>
Total	<u>\$ 54,086,261</u>

F. Short-term liabilities - bond anticipation notes

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

<u>Purpose</u>	<u>Balance July 1, 2021</u>	<u>Additions</u>	<u>Reductions</u>	<u>Permanently Financed</u>	<u>Balance June 30, 2022</u>
General purpose	\$ 3,800,000	\$ 10,050,000	\$ 3,800,000	\$ 4,050,000	\$ 6,000,000
Schools	18,800,000	25,780,000	18,800,000	4,500,000	21,280,000
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total	<u>\$ 22,600,000</u>	<u>\$ 35,830,000</u>	<u>\$ 22,600,000</u>	<u>\$ 8,550,000</u>	<u>\$ 27,280,000</u>

The BANS carry an interest rate of 3.00% and mature in March 2023.

In March 2023, the City issued \$8,550,000 of general obligation bonds which permanently financed a portion of the bond anticipation notes outstanding at fiscal year-end. These bonds mature through March 2043 and carry interest rates of 4.00% - 5.00%.

In March 2023, the City issued \$30,460,000 of bond anticipation notes that carry an interest rate of 5.00% and mature in March 2024.

City of New London, Connecticut

Notes to Financial Statements
For the Year Ended June 30, 2022

G. Changes in long-term liabilities

General obligation bonds, equipment financing notes and leases are direct borrowings 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, 2021 <i>(as restated)</i>	Additions	Refunding and Deductions	Balance June 30, 2022	Current Portion	Long-term Portion
Bonds:										
General purpose:										
Improvement	\$ 1,754,000	05/13/14	05/15/34	3.00-4.50%	\$ 61,000	\$ -	\$ 61,000	\$ -	\$ -	\$ -
Improvement	5,350,000	03/26/15	03/15/30	2.25-4.00%	3,650,000	-	425,000	3,225,000	425,000	2,800,000
Improvement	1,100,000	03/26/15	03/15/22	2.00-3.00%	225,000	-	225,000	-	-	-
Refunding	5,271,000	12/13/16	08/15/29	3.00-5.00%	4,022,000	-	455,000	3,567,000	455,000	3,112,000
Improvement	7,165,000	03/15/17	03/15/37	3.00-5.00%	5,865,000	-	275,000	5,590,000	275,000	5,315,000
Improvement	4,195,000	03/08/18	03/15/38	3.00-5.00%	3,570,000	-	210,000	3,360,000	210,000	3,150,000
Improvement	4,300,000	03/21/19	08/15/38	3.00-3.50%	3,870,000	-	215,000	3,655,000	215,000	3,440,000
Refunding	3,285,000	03/21/19	08/15/38	3.00-3.50%	2,985,000	-	300,000	2,685,000	300,000	2,385,000
Improvement	2,200,000	03/05/20	03/15/40	2.25-4.00%	2,200,000	-	-	2,200,000	100,000	2,100,000
Refunding	3,553,000	04/07/20	08/01/33	4.00-5.00%	3,553,000	-	484,000	3,069,000	503,000	2,566,000
Improvement	3,200,000	04/07/20	08/01/39	3.00-5.00%	3,200,000	-	-	3,200,000	150,000	3,050,000
Improvement*	3,100,000	09/29/20	10/01/40	3.00%	3,100,000	-	-	3,100,000	-	3,100,000
Refunding*	3,950,000	09/29/20	10/01/40	0.75-3.00%	3,786,000	-	-	3,786,000	65,000	3,721,000
Improvement*	3,800,000	03/03/22	03/04/42	3.00-5.00%	-	3,800,000	-	3,800,000	-	3,800,000
Total general purpose	52,223,000				40,087,000	3,800,000	2,650,000	41,237,000	2,698,000	38,539,000
School:										
Improvement	3,746,000	05/13/14	05/15/34	3.00-4.50%	164,000	-	164,000	-	-	-
Refunding	4,349,000	12/13/16	08/15/29	3.00-5.00%	3,318,000	-	375,000	2,943,000	375,000	2,568,000
Improvement	505,000	03/15/17	03/15/37	3.00-5.00%	400,000	-	25,000	375,000	25,000	350,000
Improvement	600,000	03/08/18	03/15/38	3.00-5.00%	510,000	-	30,000	480,000	30,000	450,000
Improvement	7,000,000	03/21/19	08/15/38	3.00-3.50%	6,300,000	-	350,000	5,950,000	350,000	5,600,000
Improvement	7,000,000	03/05/20	03/15/40	2.25-4.00%	7,000,000	-	-	7,000,000	275,000	6,725,000
Refunding	1,882,000	04/07/20	08/01/33	4.00-5.00%	1,882,000	-	302,000	1,580,000	298,000	1,282,000
Refunding*	4,455,000	09/29/20	10/01/40	0.75-3.00%	4,359,000	-	-	4,359,000	220,000	4,139,000
Improvement	13,300,000	03/04/21	03/15/41	1.25-4.25%	13,300,000	-	-	13,300,000	-	13,300,000
Improvement	10,000,000	03/03/22	03/04/42	3.00-5.00%	-	10,000,000	-	10,000,000	-	10,000,000
Total school	52,837,000				37,233,000	10,000,000	1,246,000	45,987,000	1,573,000	44,414,000

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City of New London, Connecticut

Notes to Financial Statements
For the Year Ended June 30, 2022

G. Changes in long-term liabilities (continued)

Description	Original Amount	Date of Issue	Date of Maturity	Interest Rate	Balance July 1, 2021 <i>(as restated)</i>	Additions	Refunding and Deductions	Balance June 30, 2022	Current Portion	Long-term Portion
Pension:										
Pension deficit*	\$ 4,000,000	12/17/15	12/15/35	1.25-4.60%	\$ 3,310,000	\$ -	\$ 165,000	\$ 3,145,000	\$ 170,000	\$ 2,975,000
Total bonds	<u>109,060,000</u>				<u>80,630,000</u>	<u>13,800,000</u>	<u>4,061,000</u>	<u>90,369,000</u>	<u>4,441,000</u>	<u>85,928,000</u>
Bond anticipation notes (permanently financed)					<u>-</u>	<u>8,550,000</u>	<u>-</u>	<u>8,550,000</u>	<u>-</u>	<u>8,550,000</u>
<u>Notes (direct borrowings):</u>										
<u>Equipment financing notes:</u>										
Police cars	290,629	06/01/18	06/15/23	8.66%	121,481	-	59,795	61,686	61,686	-
Haulers	1,115,980	09/01/19	09/01/23	3.78%	694,261	-	222,889	471,372	231,314	240,058
Fire trucks	<u>1,835,800</u>	01/28/20	07/28/29	2.78%	<u>1,652,310</u>	<u>-</u>	<u>163,004</u>	<u>1,489,306</u>	<u>167,536</u>	<u>1,321,770</u>
Total notes	<u>3,242,409</u>				<u>2,468,052</u>	<u>-</u>	<u>445,688</u>	<u>2,022,364</u>	<u>460,536</u>	<u>1,561,828</u>
Total bonds and notes					83,098,052	22,350,000	4,506,688	100,941,364	4,901,536	96,039,828
Leases					<u>733,453</u>	<u>1,345,964</u>	<u>162,380</u>	<u>1,917,037</u>	<u>202,685</u>	<u>1,714,352</u>
Total long-term debt					83,831,505	23,695,964	4,669,068	102,858,401	5,104,221	97,754,180
Premium					<u>2,768,757</u>	<u>1,693,978</u>	<u>899,595</u>	<u>3,563,140</u>	<u>-</u>	<u>3,563,140</u>
Total long-term debt and related liabilities					86,600,262	25,389,942	5,568,663	106,421,541	5,104,221	101,317,320
Claims payable					6,154,697	1,208,259	2,178,392	5,184,564	2,004,532	3,180,032
Compensated absences					1,267,551	538,357	1,104,903	701,005	140,201	560,804
MERS pension contribution payable					3,765,777	-	331,461	3,434,316	137,373	3,296,943
Net pension liability					44,997,014	8,769,736	14,608,192	39,158,558	-	39,158,558
Net OPEB liability					<u>25,711,943</u>	<u>2,356,997</u>	<u>6,559,115</u>	<u>21,509,825</u>	<u>-</u>	<u>21,509,825</u>
Total long-term liabilities					<u>\$168,497,244</u>	<u>\$38,263,291</u>	<u>\$30,350,726</u>	<u>\$176,409,809</u>	<u>\$ 7,386,327</u>	<u>\$ 169,023,482</u>

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, 2022

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, 2021	Additions	Refunding and Deductions	Balance June 30, 2022	Current Portion	Long-term Portion
<u>Water Pollution Control Authority (WPCA)</u>										
Bonds and notes:										
Improvement	\$ 3,100,000	03/15/17	03/15/37	3.00-5.00%	\$ 2,480,000	\$ -	\$ 155,000	\$ 2,325,000	\$ 155,000	\$ 2,170,000
Clean water - 455PDC	2,014,170	02/28/02	08/31/22	2.00%	16,783	-	8,406	8,377	8,377	-
Total bonds and notes	5,114,170				2,496,783	-	163,406	2,333,377	163,377	2,170,000
Premium					140,324	-	9,355	130,969	-	130,969
Total long-term debt					2,637,107	-	172,761	2,464,346	163,377	2,300,969
<u>Water Department</u>										
Bonds and notes:										
Refunding	1,525,000	04/07/20	08/01/26	4.00-5.00%	1,525,000	-	264,000	1,261,000	254,000	1,007,000
Drinking water notes	5,534,628	01/31/17	01/31/36	2.00%	4,207,372	-	251,005	3,956,367	256,072	3,700,295
Total long-term debt	7,059,628				5,732,372	-	515,005	5,217,367	510,072	4,707,295
<u>Storm Water Management</u>										
Bonds:										
Improvement	1,650,000	04/07/20	08/01/39	3.00-5.00%	1,650,000	-	-	1,650,000	70,000	1,580,000
Premium					115,444	-	8,880	106,564	-	106,564
Total long-term debt and related liabilities					1,765,444	-	8,880	1,756,564	70,000	1,686,564

City of New London, Connecticut

Notes to Financial Statements
For the Year Ended June 30, 2022

G. Changes in long-term liabilities (continued)

Description	Original Amount	Date of Issue	Date of Maturity	Interest Rate	Balance July 1, 2021	Additions	Refunding and Deductions	Balance June 30, 2022	Current Portion	Long-term Portion
<u>Ocean Beach Park</u>										
Bonds and notes:										
Improvement	\$ 200,000	05/13/14	05/15/24	3.00-4.00%	\$ 25,000	\$ -	\$ 25,000	\$ -	\$ -	\$ -
Improvement*	600,000	03/21/19	08/15/23	2.80-3.20%	360,000	-	120,000	240,000	120,000	120,000
Refunding*	45,000	09/29/20	04/01/24	0.75-3.00%	45,000	-	-	45,000	15,000	30,000
Note payable (direct borrowings)	1,000,000	10/28/11	10/28/23	2.00%	224,975	-	75,662	149,313	77,189	72,124
Total bonds and notes	1,845,000				654,975	-	220,662	434,313	212,189	222,124
Premium					27,014	-	9,263	17,751	-	17,751
Total long-term debt and related liabilities					681,989	-	229,925	452,064	212,189	239,875
Total enterprise fund long-term liabilities					\$ 10,816,912	\$ -	\$ 926,571	\$ 9,890,341	\$ 885,638	\$ 9,004,703

*Taxable

City of New London, Connecticut

Notes to Financial Statements
For the Year Ended June 30, 2022

G. Changes in long-term liabilities (continued)

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

Year Ending June 30,	Governmental Activities		
	Principal		Interest
	Bonds	Equipment Financing Notes	
2023	\$ 4,441,000	\$ 460,536	\$ 2,981,952
2024	5,219,000	413,710	2,783,709
2025	6,038,000	178,479	2,574,482
2026	6,141,000	183,441	2,328,699
2027	6,265,000	188,540	2,081,374
2028	6,150,000	193,782	1,837,686
2029	6,175,000	199,169	1,596,034
2030	6,270,000	204,707	1,379,942
2031	5,125,000	-	1,185,703
2032	4,830,000	-	1,039,949
2033	4,850,000	-	894,833
2034	4,935,000	-	762,790
2035	4,000,000	-	637,776
2036	4,025,000	-	522,461
2037	3,800,000	-	410,406
2038	3,475,000	-	301,975
2039	3,235,000	-	210,825
2040	2,670,000	-	133,625
2041	1,900,000	-	69,750
2042	825,000	-	24,750
Totals	<u>\$ 90,369,000</u>	<u>\$ 2,022,364</u>	<u>\$ 23,758,721</u>

City of New London, Connecticut

Notes to Financial Statements
For the Year Ended June 30, 2022

G. Changes in long-term liabilities (continued)

Year Ending June 30,	Business-Type Activities							
	Principal							
	WPCA		Water		Storm Water	Ocean Beach Park		Interest
Bonds	Notes	Bonds	Notes	Bonds	Bonds	Notes		
2023	\$ 155,000	\$ 8,377	\$ 254,000	\$ 256,072	\$ 70,000	\$135,000	\$ 77,189	\$ 291,369
2024	155,000	-	241,000	261,240	70,000	150,000	72,124	257,031
2025	155,000	-	257,000	266,513	70,000	-	-	225,272
2026	155,000	-	259,000	271,893	70,000	-	-	195,743
2027	155,000	-	250,000	277,381	70,000	-	-	166,280
2028	155,000	-	-	282,979	80,000	-	-	144,881
2029	155,000	-	-	288,691	100,000	-	-	130,919
2030	155,000	-	-	294,518	100,000	-	-	116,442
2031	155,000	-	-	300,463	100,000	-	-	101,654
2032	155,000	-	-	306,528	100,000	-	-	86,551
2033	155,000	-	-	312,715	100,000	-	-	71,326
2034	155,000	-	-	319,027	100,000	-	-	56,284
2035	155,000	-	-	325,466	100,000	-	-	41,419
2036	155,000	-	-	192,881	100,000	-	-	26,889
2037	155,000	-	-	-	105,000	-	-	16,914
2038	-	-	-	-	105,000	-	-	8,138
2039	-	-	-	-	105,000	-	-	4,922
2040	-	-	-	-	105,000	-	-	1,641
Totals	<u>\$2,325,000</u>	<u>\$ 8,377</u>	<u>\$1,261,000</u>	<u>\$3,956,367</u>	<u>\$1,650,000</u>	<u>\$285,000</u>	<u>\$149,313</u>	<u>\$1,943,675</u>

3. Assets pledged as collateral

The City's outstanding equipment financing notes are secured with collateral of the equipment purchased of \$2,022,364.

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	\$ 128,430,533	\$ 51,287,000	\$ 77,143,533
Schools	256,861,067	71,767,000	185,094,067
Sewers	214,050,889	-	214,050,889
Urban renewal	185,510,770	-	185,510,770
Pension deficit	171,240,711	3,145,000	168,095,711

City of New London, Connecticut

Notes to Financial Statements
For the Year Ended June 30, 2022**G. Changes in long-term liabilities (continued)**

The total overall statutory debt limit for the City is equal to seven times annual receipts from prior year taxation, \$399,561,659.

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	\$ 34,850,000
Schools	<u>78,932,136</u>
Total	<u>\$ 113,782,136</u>

Business-Type Activities:

Lake Konomoc intake pump	<u>\$ 965,372</u>
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6. Leases

Lease agreements are summarized as follows:

Governmental Activities:

Description	Date	Lease Term* (years)	Interest Rate**	Original Amount*	Balance June 30, 2022
Senior center	6/1/2020	9	2.70%	\$ 307,474	\$ 307,474
City copiers	7/21/2021	5	2.70%	8,035	6,475
Education postage machines	10/1/2020	5	2.70%	28,532	22,471
Bus parking lot	9/1/2021	13	2.70%	1,316,847	1,282,402
Education copiers	7/1/2021	3-5	2.70%	418,529	298,215
Total				<u>\$ 2,079,417</u>	<u>\$ 1,917,037</u>

*As of GASB No. 87 implementation date of July 1, 2021.

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

City of New London, Connecticut

Notes to Financial Statements
For the Year Ended June 30, 2022

G. Changes in long-term liabilities (continued)

Description	Lease Agreement 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.

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

Year Ending June 30	Principal	Interest
2023	\$ 202,685	\$ 51,682
2024	257,212	46,229
2025	172,333	39,303
2026	143,200	34,670
2027	142,318	30,823
2028	148,221	26,981
2029	155,979	22,979
2030	159,892	18,767
2031	122,361	14,450
2032	129,769	11,147
2033	137,500	7,643
2034	145,567	3,931
Totals	<u>\$ 1,917,037</u>	<u>\$ 308,605</u>

City of New London, Connecticut

Notes to Financial Statements
For the Year Ended June 30, 2022

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	\$ 645,786	\$ -	\$ -	\$ -	\$ -	\$ 645,786
Restricted:						
Construction contracts	-	3,307,341	50,778,920	-	-	54,086,261
ARPA funded projects	-	6,197,087	-	-	-	6,197,087
Housing rehabilitation programs	-	-	-	-	1,052,890	1,052,890
Health and welfare programs	-	-	-	-	95,400	95,400
Cafeteria operations*	-	-	-	-	910,656	910,656
Total restricted	-	9,504,428	50,778,920	-	2,058,946	62,342,294
Committed:						
General government programs	-	-	-	-	1,262,222	1,262,222
Community programs	-	-	-	-	513,220	513,220
Public safety programs	-	-	-	-	1,444,100	1,444,100
Public works programs	-	-	-	-	446,437	446,437
Port authority	-	-	-	-	175,195	175,195
Culture and recreation programs	-	-	-	-	359,353	359,353
Education programs	-	-	-	2,302,152	743,575	3,045,727
Approved projects	-	1,868,476	-	-	-	1,868,476
Total committed	-	1,868,476	-	2,302,152	4,944,102	9,114,730
Assigned:						
Education programs	-	-	-	-	-	-
Debt service	-	-	-	-	6,938,408	6,938,408
Total assigned	-	-	-	-	6,938,408	6,938,408
Unassigned	18,599,572	-	(47,607,977)	-	-	(29,008,405)
Total	\$ 19,245,358	\$ 11,372,904	\$ 3,170,943	\$ 2,302,152	\$ 13,941,456	\$ 50,032,813

* The amount of restricted net position restricted by enabling legislation totaled \$ 910,656

City of New London, Connecticut

Notes to Financial Statements
For the Year Ended June 30, 2022

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 of, damage to and destruction of assets; natural disaster; general liability; and workers' compensation. The City is self-insured for claims under C.G.S. 7-433c the Heart and Hypertension Act. Settled claims have not exceeded commercial coverage in any of the past 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 upon the provisions of GASB Statements No. 10 and 30, which require that a liability for estimated claims incurred but not reported be recorded. The amount of claim accrual is based on the ultimate costs of settling the claim, which include past experience data, inflation and other future economic and societal factors and incremental claim adjustment expenses, net of estimated subrogation recoveries. The claim accrual does not include other allocated or unallocated claims adjustment expenses.

City of New London, Connecticut

Notes to Financial Statements
For the Year Ended June 30, 2022

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
General Liability						
2020-2021	\$ 1,440,225	\$ 836,400	\$ 811,309	\$ 1,465,316	\$ 1,025,721	\$ 439,595
2021-2022	1,465,316	920,612	815,614	1,570,314	1,099,220	471,094
Workers Compensation						
2020-2021	1,037,343	1,240,905	1,269,296	1,008,952	605,371	403,581
2021-2022	1,008,952	1,350,841	1,174,273	1,185,520	711,312	474,208
Heart and Hypertension						
2020-2021	3,840,705	65,694	225,970	3,680,429	226,000	3,454,429
2021-2022	3,680,429	(1,063,194)	188,505	2,428,730	194,000	2,234,730
Totals						
2020-2021	6,318,273	2,142,999	2,306,575	6,154,697	1,857,092	4,297,605
2021-2022	\$ 6,154,697	\$ 1,208,259	\$ 2,178,392	\$ 5,184,564	\$ 2,004,532	\$ 3,180,032

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, 2022**

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

As of July 1, 2020, for the noncontributory plan, and July 1, 2021, for the contributory plan, membership in the plans is as follows:

	<u>Noncontributory</u>	<u>Contributory</u>
Retirees and beneficiaries currently receiving benefits	24	184
Vested terminated employees	-	30
Active plan members	-	69
	<hr/>	<hr/>
Total participants	<u>24</u>	<u>283</u>

City of New London, Connecticut

Notes to Financial Statements
For the Year Ended June 30, 2022

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 firemen are eligible to retire at 55 with 15 years of service	General Salaried Unaffiliated and Board of Education Unaffiliated - age 54 with 15 years of service All others - age 57 with 15 years of service Maximum retirement for Firefighters is age 65
Benefit calculation	Equal to 33.33% of compensation for the first 15 years of service plus an additional 1.66% of compensation for each of the next 10 years of service. The maximum benefit is 50% of compensation. Compensation is defined as base pay plus longevity received at retirement.	Board of Education Custodians and Secretaries, Fire, MEU, and Public Works: 2% of average compensation multiplied by years of service up to a maximum of 30 years Maximum normal retirement benefit is 60% of 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	None
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, 2022

A. Pension plans (continued)

3. Contributions

Contribution requirements for the plans are as follows:

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

4. Investments

a. Investment policy

The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the Pension Board by a majority vote of its members. It is the policy of the City's Pension Committee to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The Pension Committee periodically reviews the asset allocation and strategic objectives in light of market conditions, benefit payments, expenses, and expected contributions from the City.

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

<u>Asset Class</u>	<u>Long-Term Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Large Cap Domestic Equity	30.00%	5.40%
Mid Cap Domestic Equity	12.00%	7.10%
Small Cap Domestic Equity	6.00%	8.10%
International Equity	12.00%	5.80%
Emerging Markets Equity	4.00%	9.40%
U.S. Government Fixed Income	15.00%	0.20%
U.S. Corporate Fixed Investment	15.00%	1.60%
Real Estate	6.00%	4.80%
Total	<u>100.00%</u>	
Long-Term Inflation Expectation		<u>2.40%</u>
Long-Term Expected Nominal Return		<u>7.00%</u>

City of New London, Connecticut

Notes to Financial Statements
For the Year Ended June 30, 2022**A. Pension plans (continued)****b. Concentrations**

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

c. Rate of return

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

d. Annual money-weighted rate of return

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

	<u>Noncontributory</u>	<u>Contributory</u>
Rate of return	N/A	(10.94%)

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

5. Net pension liability

The components of the net pension liability are as follows:

	<u>Noncontributory</u>	<u>Contributory</u>
Total pension liability	\$ 4,602,622	\$ 42,874,055
Plan fiduciary net position	-	30,237,475
Net pension liability	<u>\$ 4,602,622</u>	<u>\$ 12,636,580</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>0.00%</u>	<u>70.53%</u>

City of New London, Connecticut

Notes to Financial Statements
For the Year Ended June 30, 2022

A. Pension plans (continued)

6. Actuarial methods and significant assumptions

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

	<u>Noncontributory</u>	<u>Contributory</u>
Valuation date	July 1, 2020	July 1, 2021
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	3.54%	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:

- The discount rate increased from 2.16% to 3.54%.

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, 2022

A. Pension plans (continued)

8. Discount rate

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

	<u>Noncontributory</u>	<u>Contributory</u>
Discount rate	3.54%	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, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2020 for the noncontributory plan and July 1, 2021 for the contributory plan. The changes in net pension liability for each plan for the fiscal year were as follows:

<u>Noncontributory Plan</u>	<u>Total Pension Liability (a)</u>
Balance at July 1, 2021	<u>\$ 5,285,783</u>
Interest	107,892
Differences between expected and actual experience	219,088
Changes in assumptions	(425,466)
Contributions - employer	-
Benefit payments, including refunds of member contributions	<u>(584,675)</u>
Net change	<u>(683,161)</u>
Balance at June 30, 2022	<u><u>\$ 4,602,622</u></u>

City of New London, Connecticut

Notes to Financial Statements
For the Year Ended June 30, 2022

A. Pension plans (continued)

Contributory Plan	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at July 1, 2021	\$ 43,641,028	\$ 36,766,711	\$ 6,874,317
Service cost	523,046	-	523,046
Interest	2,862,630	-	2,862,630
Differences between expected and actual experience	(576,479)	-	(576,479)
Contributions - employer	-	1,859,525	(1,859,525)
Contributions - member	-	244,489	(244,489)
Net investment income (loss)	-	(5,041,726)	5,041,726
Benefit payments, including refunds of member contributions	(3,576,170)	(3,576,170)	-
Administrative expenses	-	(15,354)	15,354
Net change	(766,973)	(6,529,236)	5,762,263
Balance at June 30, 2022	\$ 42,874,055	\$ 30,237,475	\$ 12,636,580

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:

Net pension liability	Discount Rate	1% Decrease	Current Discount	1% Increase
Noncontributory plan	3.54%	\$ 4,904,043	\$ 4,602,622	\$ 4,333,403
Contributory plan	6.75%	\$15,869,309	\$12,636,580	\$ 8,946,829

City of New London, Connecticut

**Notes to Financial Statements
For the Year Ended June 30, 2022**

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

The City recognized pension expense of \$(98,486) for the Noncontributory plan and \$1,008,424 for the Contributory plan. The City reported deferred outflows and inflows of resources related to pensions from the following sources:

<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	\$ -	\$ 422,968	\$ (422,968)
Changes in assumptions	233,524	-	233,524
Net difference between projected and actual earnings on pension plan investments	<u>946,642</u>	<u>-</u>	<u>946,642</u>
Totals	<u>\$ 1,180,166</u>	<u>\$ 422,968</u>	<u>\$ 757,198</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	0.0	2.6

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

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

<u>Year Ending June 30,</u>	
2023	\$ (342,514)
2024	(333,505)
2025	154,338
2026	<u>1,278,879</u>
Total	<u>\$ 757,198</u>

City of New London, Connecticut

Notes to Financial Statements
For the Year Ended June 30, 2022**B. MEU and Unaffiliated Employees Defined Contribution Plan**

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

The employee and City required contributions to the plan are 6.00% and 10.00% of covered payroll, respectively. Actual contributions for the plan for the year totaled \$722,647, which consisted of \$446,294 contributed by employees and \$276,353 recognized as pension expense by the City. The current year covered payroll for the plan is \$2,763,530.

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

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

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

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

The plan has 4 sub plans as follows:

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

City of New London, Connecticut

Notes to Financial Statements
For the Year Ended June 30, 2022

C. Connecticut municipal employees' retirement system (continued)

2. Benefit provisions

Normal retirement	
General Employees	Age 55 with 5 years of continuous service, or 15 years of active aggregate service or 25 years of aggregate service
Police and Firemen	Compulsory retirement age is age 65
Benefit calculation	The maximum benefit is 100% of average final compensation and the minimum benefit is \$1,000 annually. Both the minimum and the maximum include workers' compensation and social security benefits
With social security	1.50% of the average final compensation not in excess of the year's breakpoint plus 2.00% of average final compensation in excess of the year's breakpoint, times years of service. If any member covered by social security retires before age 62, the benefit until age 62 is reached or a social security disability award is received, is computed as if the member is not under social security
Without social security	2.00% of average final compensation, times years of service
Final average compensation	Average of the three highest paid years of service
Early retirement	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 or 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, 2022**

C. Connecticut municipal employees' retirement system (continued)**3. Contributions****Employer**

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

Employees

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

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

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

The City reported \$21,919,356 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2021. The City's proportionate share of the net pension liability was based upon the City's 2021 actuarial (expected) payroll relative to the payroll of all the participating employers as of that date. The City's proportional share and change from the prior year was as follows:

<u>Plan Description</u>	<u>Proportional share</u>	<u>Change from prior year</u>
Policeman without social security sub plan	4.083902%	(0.055587%)
Fireman without social security sub plan	3.459516%	0.227306%
General employees with social security sub plan	1.753027%	(0.236646%)

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, 2022

C. Connecticut municipal employees' retirement system (continued)

For the fiscal year, the City recognized pension expense of \$4,274,654. The City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description of Outflows/Inflows	Deferred Outflows of Resources	Deferred Inflows of Resources	Net
Differences between expected and actual experience	\$ 3,306,929	\$ 1,785,737	\$ 1,521,192
Changes in assumptions	2,312,981	-	2,312,981
Changes in proportional share	589,789	1,705,584	(1,115,795)
Net difference between projected and actual earnings on pension plan investments	-	8,254,947	(8,254,947)
Contributions subsequent to measurement date	3,942,432	-	3,942,432
Total	\$ 10,152,131	\$ 11,746,268	(1,594,137)
Contributions subsequent to the measurement date to be recognized as a reduction of the net pension liability in the subsequent year			(3,942,432)
Net amortized amount of deferred inflows and outflows			\$ (5,536,569)

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

Year Ending June 30,	
2023	\$ 712,638
2024	(1,812,436)
2025	(2,020,647)
2026	(2,416,124)
Total	\$ (5,536,569)

City of New London, Connecticut

Notes to Financial Statements
For the Year Ended June 30, 2022

C. Connecticut municipal employees' retirement system (continued)

5. Actuarial assumptions

The total pension liability was determined by an actuarial valuation as of June 30, 2021, using the following actuarial assumptions, applied to all periods included in the measurement:

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

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the 5-year period ended June 30, 2017.

Long-term expected rate of return

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

City of New London, Connecticut

Notes to Financial Statements
For the Year Ended June 30, 2022

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

6. Discount rate

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

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

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

	Discount Rate	1% Decrease	Current Discount Rate	1% Increase
City's proportional share of the net pension liability	<u>7.00%</u>	<u>\$37,033,921</u>	<u>\$21,919,356</u>	<u>\$8,892,070</u>

City of New London, Connecticut

Notes to Financial Statements
For the Year Ended June 30, 2022

C. Connecticut municipal employees' retirement system (continued)

8. Plan fiduciary net position

Detailed information about the MERS plan's fiduciary net position is available in the separately issued State of Connecticut Annual Comprehensive Financial Report as of and for the year ended June 30, 2021.

9. Payable to the pension plan

The City has \$3,434,316 of installments payable for prior service costs to the MERS plan at year end. The payable represents the City's legally required contribution and related withheld employee contributions.

D. Connecticut state teachers' retirement system

1. Plan description

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

2. Benefit provisions

Normal retirement	Age 60 with 20 years of credited service in Connecticut, or 35 years of credited service including at least 25 years of service in Connecticut
Benefit calculation	2.00% of the average annual salary times the years of credited service (maximum benefit is 75% of average annual salary during the 3 years of highest salary)
Early retirement	25 years of credited service including 20 years of Connecticut service, or age 55 with 20 years of credited service including 15 years of Connecticut service
Early retirement amount	Benefit amounts are reduced by 6.00% per year for the first 5 years preceding normal retirement age and 4.00% per year for the next 5 years preceding the normal retirement age. Effective July 1, 1999, the reduction for individuals with 30 or more years of service is 3.00% per year by which retirement precedes normal retirement date
Service connected disability amount	2.00% of average annual salary times credited service to date of disability, but not less than 15% of average annual salary, nor more than 50% of average annual salary. In addition, disability benefits under this plan (without regard to cost-of-living adjustments) plus any initial award of social security benefits and workers' compensation cannot exceed 75% of annual average salary

City of New London, Connecticut

Notes to Financial Statements
For the Year Ended June 30, 2022

D. Connecticut state teachers' retirement system (continued)

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

3. Contributions

State of Connecticut

Per Connecticut General Statutes Section 10-183z (which reflects Public Act 79-436 as amended), contribution requirements of active employees and the State of Connecticut are amended and certified by the State Teachers' Retirement Board and appropriated by the General Assembly. The contributions are actuarially determined as an amount that, when combined with employee contributions and investment earnings, is expected to finance the costs of the benefits earned by employees during the year, with any additional amount to finance any unfunded accrued liability.

Employer (school districts)

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

Employees

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

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

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

City's proportionate share of the net pension liability	\$ -
State's proportionate share of the net pension liability associated with the City	<u>83,470,200</u>
Total	<u>\$ 83,470,200</u>

City of New London, Connecticut

Notes to Financial Statements
For the Year Ended June 30, 2022

D. Connecticut state teachers' retirement system (continued)

The net pension liability was measured as of June 30, 2021 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2020. The City has no proportionate share of the net pension liability.

During the year, the City recognized pension expense and revenue of \$6,989,293 for on-behalf amounts for contributions to the plan by the State.

5. Actuarial assumptions

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

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

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

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

Changes in assumptions and inputs

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

City of New London, Connecticut

**Notes to Financial Statements
For the Year Ended June 30, 2022**

D. Connecticut state teachers' retirement system (continued)**Long-term expected rate of return**

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

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

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

City of New London, Connecticut

Notes to Financial Statements
For the Year Ended June 30, 2022

D. Connecticut state teachers' retirement system (continued)

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

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

8. Plan fiduciary net position

Detailed information about the Connecticut State Teachers' Retirement Plan fiduciary net position is available in the separately issued State of Connecticut Annual Comprehensive Financial Report as of and for the year ended June 30, 2021.

E. Total pension plans

	Net Pension Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense
Noncontributory Plan	\$ 4,602,622	\$ -	\$ -	\$ (98,486)
Contributory Plan	12,636,580	1,180,166	422,968	1,008,424
MERS	<u>21,919,356</u>	<u>10,152,131</u>	<u>11,746,268</u>	<u>4,274,654</u>
Total	<u>\$ 39,158,558</u>	<u>\$ 11,332,297</u>	<u>\$ 12,169,236</u>	<u>\$5,184,592</u>

F. Other post-employment benefit plan ("OPEB")

1. Plan description

a. Plan administration

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

b. Plan membership

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

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

City of New London, Connecticut

Notes to Financial Statements
For the Year Ended June 30, 2022

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

2. Benefit provisions

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

3. Contributions

Authority	Retirement Board
Amendments to contributions	Union contracts
Employer contributions	\$1,674,472
Percentage of pensionable wages	3.69%
Employer	The City's contributions are made based upon the actuarially determined amount
Employees	The plan members are not required to contribute to the plan
Retirees:	
Teachers and administrators	100.00%
All others	100.00%

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

4. Investments

a. Investment policy

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

City of New London, Connecticut

**Notes to Financial Statements
For the Year Ended June 30, 2022**

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

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. broad equity market	79.00%	(0.32%)
U.S. core fixed income	18.00%	1.37%
U.S. cash	<u>3.00%</u>	5.33%
Total	<u>100.00%</u>	
Long-term inflation expectation		<u>2.70%</u>
Long-term expected nominal return		<u>3.54%</u>

b. Concentrations

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

c. Rate of return

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric means real rates of return for each major asset class included in the OPEB plan's target asset allocation are also summarized above.

d. Annual money-weighted rate of return

The annual money-weighted rate of return on OPEB plan investments, net of OPEB plan investment expense, was (18.33%). The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

City of New London, Connecticut

Notes to Financial Statements
For the Year Ended June 30, 2022

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

5. Net OPEB liability

The components of the net OPEB liability were measured as of June 30, 2022 and were as follows:

Total OPEB liability	\$ 23,219,789
Plan fiduciary net position	<u>1,709,964</u>
Net OPEB liability	<u>\$21,509,825</u>
Plan fiduciary net position as a percentage of the total OPEB liability	<u>7.36%</u>

6. Actuarial methods and significant assumptions

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

Valuation date	July 1, 2020
Discount rate	3.54%
Inflation	2.70%
Healthcare cost trend rates:	
Initial medical trend rate	5.30%
Ultimate medical trend rate	4.10% over 54 years
Mortality rates	Pub-2010 mortality table with generational projection per MP-2019 ultimate scale

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

7. Changes from prior year

a. Changes in assumptions

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

- The discount rate increased from 2.16% to 3.54%.

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, 2022

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

8. Discount rate

The discount rate used to measure the total OPEB liability was 3.54%. 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, 2022 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of July 1, 2020.

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balance at July 1, 2021	\$ 27,036,096	\$ 1,324,153	\$ 25,711,943
Service cost	1,432,134	-	1,432,134
Interest	604,512	-	604,512
Changes in assumptions	(4,884,643)	-	(4,884,643)
Contributions - employer	-	1,674,472	(1,674,472)
Net investment income (loss)	-	(252,977)	252,977
Benefit payments, including refunds of member contributions	(968,310)	(968,310)	-
Administrative expenses	-	(67,374)	67,374
Net change	(3,816,307)	385,811	(4,202,118)
Balance at June 30, 2022	<u>\$ 23,219,789</u>	<u>\$ 1,709,964</u>	<u>\$ 21,509,825</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:

	Discount Rate	1% Decrease	Current Discount Rate	1% Increase
Net OPEB liability	3.54%	<u>\$24,903,741</u>	<u>\$ 21,509,825</u>	<u>\$18,742,617</u>

City of New London, Connecticut

Notes to Financial Statements
For the Year Ended June 30, 2022

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	5.30% decreasing to 4.10%	\$18,019,817	\$ 21,509,825	\$25,988,246

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

For the fiscal year, the City recognized OPEB expense of \$555,956. The City reported deferred inflows and outflows of resources related to OPEB from the following sources:

Description of Inflows/Outflows	Deferred Outflows of Resources	Deferred Inflows of Resources	Net
Differences between expected and actual experience	\$ -	\$ 9,426,084	\$ (9,426,084)
Changes in assumptions	5,920,804	5,291,032	629,772
Net difference between projected and actual earnings on OPEB plan investments	69,564	-	69,564
Total	\$ 5,990,368	\$ 14,717,116	\$ (8,726,748)

Actual investment earnings below (or above) projected earnings are amortized over 5 years. Changes in assumptions and experience losses (gains) are amortized over an average of 8.5 years.

City of New London, Connecticut

Notes to Financial Statements
For the Year Ended June 30, 2022

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,	
2023	\$ (1,504,502)
2024	(1,472,119)
2025	(1,051,623)
2026	(961,781)
2027	(1,019,634)
Thereafter	<u>(2,717,089)</u>
Total	<u>\$ (8,726,748)</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.

2. Benefit provisions

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

Normal retirement	Age 60 with 20 years of credited service in Connecticut, or 35 years of credited service including at least 25 years of service in Connecticut
Early retirement	25 years of credited service including 20 years of Connecticut service, or age 55 with 20 years of credited service including 15 years of Connecticut service
Service connected disability service requirement	No service requirement
Non-service connected disability service requirement	Five years of credited service
Vesting - Service	10 years of service

City of New London, Connecticut

**Notes to Financial Statements
For the Year Ended June 30, 2022****G. Connecticut state teachers' retirement board retiree health insurance plan (continued)****Retiree health care coverage**

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

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

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

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

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

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

Survivor health care coverage

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

City of New London, Connecticut

**Notes to Financial Statements
For the Year Ended June 30, 2022**

G. Connecticut state teachers' retirement board retiree health insurance plan (continued)**3. Contributions****State of Connecticut**

Per Connecticut General Statutes Section 10-183z, contribution requirements of active employees and the State of Connecticut are amended and certified by the State Teachers' Retirement Board and appropriated by the General Assembly. The State contributions are not currently actuarially funded. The State pays for one third of plan costs through an annual appropriation in the General Fund.

Employer (school districts)

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

Employees

Each member is required to contribute 1.25% of their annual pensionable wages.

4. OPEB liabilities, OPEB expense, deferred outflows of resources and deferred inflows of resources related to OPEB

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

City's proportionate share of the net OPEB liability	\$ -
State's proportionate share of the net OPEB liability associated with the City	<u>9,093,925</u>
Total	<u>\$ 9,093,925</u>

The net OPEB liability was measured as of June 30, 2021, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2020. The City has no proportionate share of the net OPEB liability.

The City recognized OPEB expense and revenue of \$164,471 for on-behalf amounts for contributions to the plan by the State.

City of New London, Connecticut

Notes to Financial Statements
For the Year Ended June 30, 2022

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

5. Actuarial assumptions

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

Investment rate of return	3.00%
Discount rate	2.17%
Inflation	2.50%
Health care cost trend rate (Medicare)	5.125% decreasing to 4.50% by 2023
Salary increases	3.00-6.50%, including inflation
Mortality rates	Mortality rates were based on the PubT-2010 Table, projected generationally with MP-2019
Year fund net position will be depleted	2023

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

Changes in assumptions and inputs

- The discount rate was decreased from 2.21% to 2.17% 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 due to the need for liquidity. The expected rate of return is 2.00%. Since there have not been any changes to the asset allocation and the recent economic downturn is expected to be temporary, the funding rate of 3.00% continues to be used for the long-term investment rate of return as of June 30, 2021.

City of New London, Connecticut

**Notes to Financial Statements
For the Year Ended June 30, 2022****G. Connecticut state teachers' retirement board retiree health insurance plan (continued)****6. Discount rate**

The discount rate used to measure the total OPEB liability was 2.17%. The Municipal Bond Index Rate of 2.16% was used in the determination in the discount rate. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that annual State contributions will equal the most recent 5-year average of state contributions.

7. Sensitivity of the OPEB liability to changes in the discount rate and the health care cost trend rate

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

8. Plan fiduciary net position

Detailed information about the Connecticut State Teachers' OPEB Plan fiduciary net position is available in the separately issued State of Connecticut Annual Comprehensive Financial Report as of and for the year ended June 30, 2021.

City of New London, Connecticut

Notes to Financial Statements
For the Year Ended June 30, 2022

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, 2022

<u>Assets</u>	<u>Pension Trust Fund</u>	<u>OPEB Trust Fund</u>	<u>Total</u>
Cash	\$ 119,084	\$ 277,331	\$ 396,415
Investments:			
Mutual funds:			
Money market	985,047	36,357	1,021,404
Equities	19,193,611	1,043,753	20,237,364
U.S. government securities	4,620,756	-	4,620,756
U.S. government agency securities	2,473,389	-	2,473,389
Corporate bonds	2,200,879	241,523	2,442,402
Real estate (equities)	2,407,260	-	2,407,260
Total investments	31,880,942	1,321,633	33,202,575
Interest receivable	58,903	-	58,903
Contribution receivable	335,810	111,000	446,810
Total assets	32,394,739	1,709,964	34,104,703
<u>Liabilities</u>			
Due to other funds	2,157,264	-	2,157,264
<u>Net Position</u>			
Restricted for:			
Pensions	30,237,475	-	30,237,475
OPEB	-	1,709,964	1,709,964
Total net position	\$ 30,237,475	\$ 1,709,964	\$ 31,947,439

City of New London, Connecticut

Notes to Financial Statements
For the Year Ended June 30, 2022

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, 2022

	Pension Trust Fund	OPEB Trust Fund	Total
Additions:			
Contributions:			
Employer	\$ 1,859,525	\$ 1,674,472	\$ 3,533,997
Plan members	244,489	-	244,489
Total contributions	<u>2,104,014</u>	<u>1,674,472</u>	<u>3,778,486</u>
Investment income (loss):			
Interest and dividends	1,139,205	65,847	1,205,052
Net change in fair value of investments	<u>(5,829,756)</u>	<u>(296,987)</u>	<u>(6,126,743)</u>
Total investment income (loss)	(4,690,551)	(231,140)	(4,921,691)
Less investment expenses	<u>351,175</u>	<u>21,837</u>	<u>373,012</u>
Net investment income (loss)	<u>(5,041,726)</u>	<u>(252,977)</u>	<u>(5,294,703)</u>
Total additions	<u>(2,937,712)</u>	<u>1,421,495</u>	<u>(1,516,217)</u>
Deductions:			
Benefits	3,576,170	968,310	4,544,480
Administration	<u>15,354</u>	<u>67,374</u>	<u>82,728</u>
Total deductions	<u>3,591,524</u>	<u>1,035,684</u>	<u>4,627,208</u>
Changes in net position	(6,529,236)	385,811	(6,143,425)
Net position - July 1, 2021	<u>36,766,711</u>	<u>1,324,153</u>	<u>38,090,864</u>
Net position - June 30, 2022	<u>\$ 30,237,475</u>	<u>\$ 1,709,964</u>	<u>\$ 31,947,439</u>

City of New London, Connecticut

Notes to Financial Statements
For the Year Ended June 30, 2022

VI. Prior period adjustments

As a result of the implementation of GASB No. 87, lease receivable and deferred inflows of resources and right-to-use leased assets and lease liability were recorded. There was no impact on beginning net position or fund balance. The amounts recorded are as follows:

	<u>Governmental Activities</u>	<u>General Fund</u>
Lease receivable	\$ 2,257,278	\$ 2,257,278
Deferred inflows of resources - lease related	(2,257,278)	(2,257,278)
Capital assets:		
Right-to-use leased buildings and improvements	307,474	-
Right-to-use leased machinery and equipment	425,979	-
Long-term liabilities:		
Lease liability	(733,453)	-

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 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 Teacher's Retirement Board Retiree	
Health Insurance Plan	Schedule of Proportionate Share of the Net OPEB Liability
	Schedule of Contributions
	Notes to Required Supplementary Information

City of New London, Connecticut
Required Supplementary Information
General Fund
Schedule of Revenues and Other Financing Sources
Budget and Actual
For the Year Ended June 30, 2022

	Original Budget	Additional Appropriations and Transfers	Final Budget	Actual	Variance With Final Budget
Revenues:					
Property taxes :					
Real estate tax	\$ 46,511,150	\$ -	\$ 46,511,150	\$ 46,921,796	\$ 410,646
Personal property tax	5,775,091	-	5,775,091	5,616,972	(158,119)
Motor vehicle tax	4,444,765	-	4,444,765	3,802,674	(642,091)
Supplemental motor vehicle tax	675,000	-	675,000	750,200	75,200
Prior years taxes	450,000	-	450,000	990,208	540,208
Collections on suspense	175,000	-	175,000	129,712	(45,288)
Delinquent tax interest	500,000	-	500,000	678,618	178,618
Telephone access line	95,000	-	95,000	99,505	4,505
Total property taxes	58,626,006	-	58,626,006	58,989,685	363,679
Intergovernmental:					
Veterans	5,000	-	5,000	3,485	(1,515)
Disability exempt	3,000	-	3,000	3,026	26
Mashantucket Pequot	1,667,837	-	1,667,837	1,667,837	-
Distressed municipality	-	-	-	33,117	33,117
Municipal stabilization	1,112,913	-	1,112,913	1,112,913	-
Grants for municipal	33,160	-	33,160	2,039,704	2,006,544
PILOT - state-owned property	397,800	-	397,800	-	(397,800)
PILOT - colleges and hospitals	4,620,940	1,769,949	6,390,889	5,646,421	(744,468)
OTB share	25,000	-	25,000	-	(25,000)
PILOT - elderly state - housing	-	-	-	57,602	57,602
CT Port Authority - state pier	750,000	-	750,000	128,030	(621,970)
Education cost sharing	22,481,753	-	22,481,753	22,372,717	(109,036)
Nonpublic health services	-	-	-	65,295	65,295
School construction progress payments	52,000	-	52,000	-	(52,000)
Emergency management / civil preparedness	10,000	-	10,000	9,516	(484)
Total intergovernmental	31,159,403	1,769,949	32,929,352	33,139,663	210,311
Charges for services:					
City council	-	-	-	490	490
Mayor	-	-	-	106	106
Finance	981,154	-	981,154	1,001,607	20,453
Law	-	-	-	204	204
Probate	28,000	-	28,000	32,481	4,481
City clerk	752,500	-	752,500	1,188,569	436,069
Office of development and planning	829,310	18,334	847,644	1,295,411	447,767
Public safety:					
Police	35,550	1,250	36,800	44,467	7,667
Fire	1,887,200	-	1,887,200	1,836,832	(50,368)
Public works	1,017,000	-	1,017,000	1,019,699	2,699

(Continued)

City of New London, Connecticut
Required Supplementary Information

General Fund
Schedule of Revenues and Other Financing Sources
Budget and Actual
For the Year Ended June 30, 2022

	Original Budget	Additional Appropriations and Transfers	Final Budget	Actual	Variance With Final Budget
Charges for services (continued):					
Recreation and culture:					
Human services / senior center	\$ -	\$ -	\$ -	\$ 2,000	\$ 2,000
Recreation	12,000	-	12,000	12,402	402
Education	-	-	-	215,070	215,070
Total charges for services	<u>5,542,714</u>	<u>19,584</u>	<u>5,562,298</u>	<u>6,649,338</u>	<u>1,087,040</u>
Income from investments	<u>320,000</u>	<u>-</u>	<u>320,000</u>	<u>734,249</u>	<u>414,249</u>
Total revenues	95,648,123	1,789,533	97,437,656	99,512,935	2,075,279
Other financing sources:					
Transfers in	<u>650,000</u>	<u>822,255</u>	<u>1,472,255</u>	<u>650,000</u>	<u>(822,255)</u>
Total revenues and other financing sources	<u>\$ 96,298,123</u>	<u>\$ 2,611,788</u>	<u>\$ 98,909,911</u>	<u>\$ 100,162,935</u>	<u>\$ 1,253,024</u>

(Concluded)

City of New London, Connecticut
Required Supplementary Information
General Fund
Schedule of Expenditures and Other Financing Uses
Budget and Actual
For the Year Ended June 30, 2022

	Original Budget	Additional Appropriations and Transfers	Final Budget	Actual	Variance With Final Budget
General government:					
City council	\$ 321,976	\$ (13,139)	\$ 308,837	\$ 297,957	\$ 10,880
Mayor	857,878	101,519	959,397	1,009,944	(50,547)
Finance	3,202,357	31,252	3,233,609	3,042,941	190,668
Law	355,000	-	355,000	394,725	(39,725)
Probate court	30,000	-	30,000	31,218	(1,218)
City clerk	297,012	(1)	297,011	278,749	18,262
Elections	118,734	-	118,734	94,171	24,563
Office of development and planning	1,416,090	23,334	1,439,424	1,420,754	18,670
Contingency	10,000	289,949	299,949	-	299,949
Total general government	6,609,047	432,914	7,041,961	6,570,459	471,502
Public safety:					
Police	12,231,016	407,592	12,638,608	12,082,706	555,902
Fire	9,369,097	513,855	9,882,952	10,526,702	(643,750)
Emergency management / civil preparedness	25,500	250	25,750	25,451	299
Total public safety	21,625,613	921,697	22,547,310	22,634,859	(87,549)
Public works	8,106,741	288,825	8,395,566	8,383,448	12,118
Health and welfare	203,852	-	203,852	203,852	-
Recreation and culture:					
Human services / senior center	627,475	120,213	747,688	460,083	287,605
Library	998,200	-	998,200	998,200	-
Recreation	563,424	242,013	805,437	917,732	(112,295)
Total recreation and culture	2,189,099	362,226	2,551,325	2,376,015	175,310
Employee benefits	4,816,607	100,000	4,916,607	4,916,607	-
Education	44,506,409	-	44,506,409	43,811,754	694,655
Total expenditures	88,057,368	2,105,662	90,163,030	88,896,994	1,266,036
Other financing uses:					
Transfers out	8,240,755	506,126	8,746,881	8,258,906	487,975
Total expenditures and other financing uses	\$ 96,298,123	\$ 2,611,788	\$ 98,909,911	\$ 97,155,900	\$ 1,754,011

City of New London, Connecticut

Notes to Required Supplementary Information
For the Year Ended June 30, 2022

Budgets and Budgetary Accounting

The City establishes the budget for its General Fund in accordance with provisions of its Charter and the Connecticut General Statutes.

Formal budgetary integration is employed as a management control device during the year.

This budget is adopted on a basis consistent with Generally Accepted Accounting Principles (modified accrual basis) with the following exceptions:

- The City does not budget for as revenue or expenditures payments made for the State Teachers' pension and OPEB by the State of Connecticut on the City's behalf.
- For reporting in accordance with generally accepted accounting principles the general fund includes certain funds that are required to be reported as part of the general fund under the requirement of GASB No. 54.

Reconciliation to Exhibit D	Revenues	Expenditures	Fund balance
Budgetary Basis - RSI-1	\$ 99,512,935	\$ 88,896,994	\$ 19,200,484
State Teachers' Pension on behalf amount	6,989,293	6,989,293	-
State Teachers' OPEB on behalf amount	164,471	164,471	-
Noncontributory pension fund included in general fund for GAAP purposes. Expenditure amount less than general fund contribution to the pension fund	-	(36,534)	44,874
GAAP Basis - Exhibit D	\$ 106,666,699	\$ 96,014,224	\$ 19,245,358

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 and other financing sources of \$2,611,788.

City of New London, Connecticut

Required Supplementary Information

Noncontributory Plan
Last Nine Years (1)

	2022	2021	2020	2019	2018	2017	2016	2015	2014
<u>Schedule of Changes in Net Pension Liability and Related Ratios</u>									
Total pension liability:									
Service cost	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,103	\$ 6,830
Interest	107,892	139,024	193,562	216,374	233,939	180,561	264,692	282,631	299,650
Differences between expected and actual experience	219,088	(813,135)	484,319	203,114	(383,909)	584,300	(219,084)	-	-
Change of assumptions	(425,466)	(21,194)	721,514	146,404	(120,163)	(486,961)	542,846	-	-
Benefit payments, including refunds of member contributions	(584,675)	(615,825)	(628,683)	(655,265)	(691,728)	(685,802)	(716,518)	(804,770)	(717,176)
Net change in total pension liability	(683,161)	(1,311,130)	770,712	(89,373)	(961,861)	(407,902)	(128,064)	(515,036)	(410,696)
Total pension liability - July 1	5,285,783	6,596,913	5,826,201	5,915,574	6,877,435	7,285,337	7,413,401	7,928,437	8,339,133
Total pension liability - June 30 (a)	<u>\$ 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>	<u>\$ 7,928,437</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>
Covered employee payroll	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 60,000</u>	<u>\$ 56,818</u>
Net pension liability as a percentage of covered employee payroll	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>12355.67%</u>	<u>13954.09%</u>

(1) These schedules are intended to present information for 10 years. Additional years will be presented as they become available.

(2) There are no assets accumulated in a trust that meets the criteria in GASB No. 68 to pay benefits.

N/A - Information not available or not applicable

City of New London, Connecticut

Required Supplementary Information

Noncontributory Plan
Schedule of Contributions
Last Ten Years

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Actuarially determined contributions	\$ 1,073,000	\$ 968,000	\$ 1,008,000	\$ 909,000	\$ 857,000	\$ 877,000	\$ 819,000	\$ 604,000	\$ 633,000	\$ 661,000
Contributions in relation to the actuarially determined contribution	<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>	<u>717,176</u>	<u>802,125</u>
Contribution excess (deficiency)	<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>	<u>\$ 84,176</u>	<u>\$ 141,125</u>
Covered employee payroll	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 60,000</u>	<u>\$ 56,818</u>	<u>\$ 345,000</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>1341.28%</u>	<u>1262.23%</u>	<u>232.50%</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 Nine Years (1)

	2022	2021	2020	2019	2018	2017	2016	2015	2014
Changes of Benefit Terms	None	None	None	None	None	None	None	None	None
The actuarially determined contribution rates are calculated as of	July 1, 2020	July 1, 2019	July 1, 2018	July 1, 2017	July 1, 2016	July 1, 2015	July 1, 2015	July 1, 2014	July 1, 2013
Actuarial methods and assumptions used to determine contribution rates:									
Actuarial Cost Method	Entry age normal	Entry age normal	Entry age normal	Entry age normal	Entry age normal	Entry age normal	Entry age normal	Entry age normal	Entry age normal
Amortization Method	Level percentage	Level percentage	Level percentage	Level percentage	Level percentage	Level percentage	Level percentage	Level percentage	Level percentage
Inflation	2.40%	2.60%	2.60%	2.60%	2.75%	3.00%	3.00%	2.50%	3.00%
Discount Rate	3.54%	2.16%	2.60%	2.60%	2.75%	3.00%	3.00%	3.75%	6.38%
Mortality Rate	Pub-2010 mortality tables projected to the valuation date with Scale MP-2021	Pub-2010 mortality tables projected to the valuation date with Scale MP-2019	RP-2014 adjusted to 2006 total dataset mortality table projected to valuation date with scale MP-2018	RP-2014 adjusted to 2006 total dataset mortality table projected to valuation date with scale MP-2018	RP-2000 mortality table projected to the valuation date with scale BB	RP-2000 mortality table projected to the valuation date with scale BB	RP-2000 mortality table projected to the valuation date with scale AA	RP-2000 mortality table projected to the valuation date with scale AA	RP-2000 mortality table projected to the valuation date with scale AA

(1) These schedules are intended to present information for 10 years. Additional years will be presented as they become available.

City of New London, Connecticut
Required Supplementary Information

Contributory Plan
Last Nine Years (3)

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Schedule of Changes in Net Pension Liability and Related Ratios									
Total pension liability:									
Service cost	\$ 523,046	\$ 452,224	\$ 638,570	\$ 847,292	\$ 504,894	\$ 973,451	\$ 958,923	\$ 991,266	\$ 953,140
Interest	2,862,630	2,912,526	2,683,682	2,441,261	2,780,595	2,965,655	3,128,487	3,452,051	3,442,146
Changes of benefit terms	-	-	-	-	-	-	3,100,047	-	-
Differences between expected and actual experience	(576,479)	(409,274)	712,078	(422,812)	354,680	(3,280,839)	415,666	-	-
Change of assumptions	-	1,401,144	(4,071,459)	(5,355,241)	6,487,541	2,449,503	-	-	-
Benefit payments, including refunds of member contributions	<u>(3,576,170)</u>	<u>(3,671,404)</u>	<u>(3,805,152)</u>	<u>(3,791,753)</u>	<u>(3,752,017)</u>	<u>(3,770,293)</u>	<u>(16,374,591)</u>	<u>(3,777,054)</u>	<u>(3,787,233)</u>
Net change in total pension liability	(766,973)	685,216	(3,842,281)	(6,281,253)	6,375,693	(662,523)	(8,771,468)	666,263	608,053
Total pension liability - July 1	43,641,028	42,955,812	46,798,093	53,079,346	46,703,653	47,366,176	56,137,644	55,471,381	54,863,328
Total pension liability - June 30 (a)	<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>	<u>\$ 55,471,381</u>
Plan fiduciary net position:									
Contributions - employer	\$ 1,859,525	\$ 2,183,526	\$ 1,386,893	\$ 1,371,074	\$ 993,574	\$ 404,486	\$ 525,279	\$ 685,986	\$ 685,356
Contributions - member	244,489	226,926	210,811	212,306	221,821	238,894	2,237,452 (1)	433,527	395,777
Net investment income (loss)	(5,041,726)	8,811,976	1,275,393	2,262,496	2,483,722	2,559,547	(35,053)	1,958,493	6,608,248
Benefit payments, including refunds of member contributions	(3,576,170)	(3,671,404)	(3,805,152)	(3,791,753)	(3,752,017)	(3,770,293) (2)	(16,374,591) (2)	(3,777,054)	(3,787,233)
Administration	<u>(15,354)</u>	<u>(33,893)</u>	<u>(43,300)</u>	<u>(33,375)</u>	<u>(16,982)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in plan fiduciary net position	(6,529,236)	7,517,131	(975,355)	20,748	(69,882)	(567,366)	(13,646,913)	(699,048)	3,902,148
Plan fiduciary net position - July 1	36,766,711	29,249,580	30,224,935	30,204,187	30,274,069	30,841,435	44,488,348	45,187,396	41,285,248
Plan fiduciary net position - June 30 (b)	<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>	<u>\$ 45,187,396</u>
Net pension liability - June 30 (a)-(b)	<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>	<u>\$ 10,283,985</u>
Plan fiduciary net position as a percentage of the total pension liability	<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>	<u>81.46%</u>
Covered payroll	<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>	<u>\$ 6,348,480</u>
Net pension liability as a percentage of covered payroll	<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>	<u>161.99%</u>
Schedule of Investment Returns									
Annual money weighted rate of return, net investment expense	<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>	<u>16.49%</u>

(1) Includes \$1,951,342 of buyback contributions.

(2) Includes \$41,119 and \$12,552,845 of assets transferred to the State of Connecticut MERS plan for fiscal years 2017 and 2016, respectively.

(3) This schedule is intended to present information for 10 years. Additional years will be presented as the information becomes available.

See Notes to Required Supplementary Information.

City of New London, Connecticut
Required Supplementary Information

Contributory Plan
Schedule of Contributions
Last Ten Years

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Actuarially determined contributions	\$ 1,426,000	\$ 1,318,000	\$ 1,322,000	\$ 1,217,000	\$ 1,165,000	\$ 979,000	\$ 903,000	\$ 973,000	\$ 1,108,000	\$ 978,000
Contributions in relation to the actuarially determined contribution	<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>	<u>685,356</u>	<u>665,031</u>
Contribution excess (deficiency)	<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>	<u>\$ (422,644)</u>	<u>\$ (312,969)</u>
Covered payroll	<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>	<u>\$ 6,348,480</u>	<u>\$ 7,251,000</u>
Contributions as a percentage of covered payroll	<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>	<u>10.80%</u>	<u>9.17%</u>

City of New London, Connecticut
Notes to Required Supplementary Information

Contributory Plan
Schedule of Contributions
Last Nine Years (1)

	2022	2021	2020	2019	2018	2017	2016	2015	2014
Changes of Benefit Terms	None	None	None	None	None	None	None	None	None
The actuarially determined contribution rates are calculated as of	July 1, 2020	July 1, 2019	July 1, 2018	July 1, 2017	July 1, 2016	July 1, 2015	July 1, 2014	July 1, 2014	July 1, 2013
Actuarial methods and assumptions used to determine contribution rates:									
Actuarial Cost Method	Entry age normal	Entry age normal	Entry age normal	Entry age normal	Entry age normal	Entry age normal	Entry age normal	Entry age normal	Entry age normal
Amortization Method	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
Inflation	2.40%	2.40%	2.40%	2.60%	2.60%	2.75%	3.00%	2.50%	N/A
Salary Increases	Graded scale 4.40% at age 20 down to 2.40% at age 60 and beyond	Graded scale 4.40% at age 20 down to 2.40% at age 60 and beyond	Graded scale 4.40% at age 20 down to 2.40% at age 60 and beyond	Graded scale 4.60% at age 20 down to 2.60% at age 60 and beyond	Graded scale 4.60% at age 20 down to 2.60% at age 60 and beyond	Graded scale 4.60% at age 20 down to 2.75% at age 60 and beyond	Graded scale 5.00% at age 20 down to 3.00% at age 60 and beyond	Graded scale 5.00% at age 20 down to 3.00% at age 60 and beyond	Graded scale 5.00% at age 20 down to 3.00% at age 60 and beyond
Cost-of-Living Increases	Retired police - 1/2% per year starting at age 62 following retirement from active service for retirements after 7/1/1991	Retired police - 1/2% per year starting at age 62 following retirement from active service for retirements after 7/1/1991	Retired police - 1/2% per year starting at age 62 following retirement from active service for retirements after 7/1/1991	Retired police - 1/2% per year starting at age 62 following retirement from active service for retirements after 7/1/1992	Retired police - 1/2% per year starting at age 62 following retirement from active service for retirements after 7/1/1993	Retired police - 1/2% per year starting at age 62 following retirement from active service for retirements after 7/1/1994	Retired police - 1/2% per year starting at age 62 following retirement from active service for retirements after 7/1/1995	Retired police - 1/2% per year starting at age 62 following retirement from active service for retirements after 7/1/1996	Retired police - 1/2% per year starting at age 62 following retirement from active service for retirements after 7/1/1997
	Others - cost of living adjustments as negotiated	Others - cost of living adjustments as negotiated	Others - cost of living adjustments as negotiated	Others - cost of living adjustments as negotiated	Others - cost of living adjustments as negotiated	Others - cost of living adjustments as negotiated	Others - cost of living adjustments as negotiated	Others - cost of living adjustments as negotiated	Others - cost of living adjustments as negotiated
Investment Rate of Return (Net)	6.75%	7.00%	7.00%	7.00%	7.00%	7.50%	7.50%	6.38%	6.38%
Mortality Rate	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	RP-2000 mortality table projected to the valuation date with Scale AA

(1) These schedules are intended to present information for 10 years. Additional years will be presented as they become available.

N/A - Information not available or not applicable

City of New London, Connecticut

Required Supplementary Information

Connecticut Municipal Employees' Retirement System
Last Eight Years (1)

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
<u>Schedule of Proportionate Share of the Net Pension Liability</u>								
City's proportion of the net pension liability for the policemen without social security sub plan	<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 net pension liability for the firemen without social security sub plan	<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 net pension liability for the general employees with social security sub plan	<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 net pension (asset) liability	<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>\$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 net pension (asset) liability as a percentage of its covered payroll	<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 total pension liability	<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>
<u>Schedule of Contributions</u>								
Contractually required contribution	<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>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>
Covered payroll	<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>7,233,738</u>	<u>6,458,260</u>
Contributions as a percentage of covered payroll	<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>

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

N/A - Not available or not applicable

City of New London, Connecticut

Notes to Required Supplementary Information

Connecticut Municipal Employees' Retirement System
Schedule of Contributions
Last Eight Years (1)

	2022	2021	2020	2019	2018	2017	2016	2015
Changes of Benefit Terms	None	None	None	None	None	None	None	None
The actuarially determined contribution rates are calculated as of	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2016	June 30, 2016	June 30, 2014	June 30, 2014
Actuarial methods and assumptions used to determine contribution rates:								
Actuarial Cost Method	Entry age	Entry age	Entry age	Entry age	Entry age	Entry age	Entry age	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
Remaining Amortization Period	18 years	19 years	20 years	21 years	23 years	23 years	25 years	25 years
Asset Valuation Method	5 year smoothing	5 year smoothing	5 year smoothing	5 year smoothing	5 year smoothing	5 year smoothing	5 year smoothing	5 year smoothing
Inflation	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	4.25%-11.00%, average, including inflation	4.25%-11.00%, average, including inflation	4.25%-11.00%, average, including inflation	4.25%-11.00%, average, including inflation
Cost-of-Living Adjustments	After January 1, 2002, 2.5% minimum. Prior to January 1, 2002, 2.5% up to age 65. 3.25% afterwards.	After January 1, 2002, 2.5% minimum. Prior to January 1, 2002, 2.5% up to age 65. 3.25% afterwards.	After January 1, 2002, 2.5% minimum. Prior to January 1, 2002, 2.5% up to age 65. 3.25% afterwards.	After January 1, 2002, 2.5% minimum. Prior to January 1, 2002, 2.5% up to age 65. 3.25% afterwards.	After January 1, 2002, 2.5% minimum. Prior to January 1, 2002, 2.5% up to age 65. 3.25% afterwards.	After January 1, 2002, 2.5% minimum. Prior to January 1, 2002, 2.5% up to age 65. 3.25% afterwards.	After January 1, 2002, 2.5% minimum. Prior to January 1, 2002, 2.5% up to age 65. 3.25% afterwards.	After January 1, 2002, 2.5% minimum. Prior to January 1, 2002, 2.5% up to age 65. 3.25% afterwards.
Social Security Wage Base	3.00%	3.00%	3.00%	3.00%	3.50%	3.50%	3.50%	3.50%
Investment Rate of Return (Net)	7.00%	7.00%	7.00%	7.00%	8.00%	8.00%	8.00%	8.00%
Mortality	General Employees: RP-2014 Combined Mortality Table adjusted to 2006 and projected to 2015 with Scale MP-2017 and projected to 2022 with Scale BB Police and Fire: RP-2014 Blue Collar Mortality Table adjusted to 2006 projected to 2015 with Scale MP-2017 and projected to 2022 with Scale BB	General Employees: RP-2014 Combined Mortality Table adjusted to 2006 and projected to 2015 with Scale MP-2017 and projected to 2022 with Scale BB Police and Fire: RP-2014 Blue Collar Mortality Table adjusted to 2006 projected to 2015 with Scale MP-2017 and projected to 2022 with Scale BB	General Employees: RP-2014 Combined Mortality Table adjusted to 2006 and projected to 2015 with Scale MP-2017 and projected to 2022 with Scale BB Police and Fire: RP-2014 Blue Collar Mortality Table adjusted to 2006 projected to 2015 with Scale MP-2017 and projected to 2022 with Scale BB	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	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

(1) This schedule is intended to present information for 10 years. Additional years will be presented as the information becomes available.

City of New London, Connecticut

Required Supplementary Information

Connecticut State Teachers' Retirement System
Last Eight Years (3)

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Schedule of Proportionate Share of the Net Pension Liability								
City's proportion of the net pension liability	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>
City's proportionate share of the net pension liability	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
State of Connecticut's proportionate share of the net pension liability associated with the City	<u>83,470,200</u>	<u>105,390,539</u>	<u>94,414,517</u>	<u>72,799,078</u>	<u>70,466,034</u>	<u>72,342,205</u>	<u>55,834,897</u>	<u>51,608,173</u>
Total	<u>\$ 83,470,200</u>	<u>\$ 105,390,539</u>	<u>\$ 94,414,517</u>	<u>\$ 72,799,078</u>	<u>\$ 70,466,034</u>	<u>\$ 72,342,205</u>	<u>\$ 55,834,897</u>	<u>\$ 51,608,173</u>
Covered payroll	<u>(2)</u>	<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 net pension 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>	<u>0.00%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>60.77%</u>	<u>49.24%</u>	<u>52.00%</u>	<u>57.69%</u>	<u>55.93%</u>	<u>52.26%</u>	<u>59.50%</u>	<u>61.51%</u>
Schedule of Contributions								
Contractually required contribution (1)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Contributions in relation to the contractually required contribution	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Contribution deficiency (excess)	<u>\$ -</u>	<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>	<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>	<u>0.00%</u>

(1) Local employers are not required to contribute to plan.

(2) Not applicable since 0% proportional share of the net pension liability.

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

City of New London, Connecticut

Notes to Required Supplementary Information

Connecticut State Teachers' Retirement System
Schedule of Contributions
Last Seven Years (1)

	2022	2021	2020	2019	2018	2017	2016	2015
Changes of Benefit Terms	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
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
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
Remaining Amortization Period	27.8 years	27.8 years	30 years	30 years	20.4 years	20.4 years	21.4 years	22.4 years
Asset Valuation Method	4 year smoothing	4 year smoothing	4 year smoothing	4 year smoothing	4 year smoothing	4 year smoothing	4 year smoothing	4 year smoothing
Inflation	2.50%	2.50%	2.50%	2.75%	2.75%	2.75%	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
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
Investment Rate of Return (Net)	6.90%	6.90%	6.90%	8.00%	8.00%	8.00%	8.50%	8.50%
Mortality	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

(1) This schedule is intended to present information for 10 years. Additional years will be presented as they become available.

City of New London, Connecticut

Required Supplementary Information

Other Post-Employment Benefit (OPEB) Plan
Last Six Years (1)Schedule of Changes in Net OPEB Liability and Related Ratios

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
OPEB liability:						
Service cost	\$ 1,432,134	\$ 1,368,998	\$ 1,261,094	\$ 962,949	\$ 968,046	\$ 1,101,455
Interest	604,512	727,044	967,540	1,102,159	1,028,971	881,606
Differences between expected and actual experience	-	(7,425,115)	-	(6,122,515)	-	(2,785,678)
Changes in assumptions	(4,884,643)	1,290,893	3,845,182	4,013,538	(1,018,072)	-
Benefit payments, including refunds of member contributions	(968,310)	(904,316)	(948,139)	(1,228,031)	(1,245,630)	(1,267,017)
Net change in total OPEB liability	(3,816,307)	(4,942,496)	5,125,677	(1,271,900)	(266,685)	(2,069,634)
OPEB liability - July 1	27,036,096	31,978,592	26,852,915	28,124,815	28,391,500	30,461,134
OPEB liability - June 30 (a)	<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	\$ 1,674,472	\$ 1,056,579	\$ 1,061,520	\$ 1,335,531	\$ 1,356,630	\$ 1,378,017
Net investment income (loss)	(252,977)	343,165	(13,907)	19,796	73,220	59,991
Benefit payments, including refunds of member contributions	(968,310)	(904,316)	(948,139)	(1,228,031)	(1,245,630)	(1,267,017)
Administration and other	(67,374)	(18,483)	(129,046)	-	(15,180)	(27,230)
Net change in plan fiduciary net position	385,811	476,945	(29,572)	127,296	169,040	143,761
Plan fiduciary net position - July 1	1,324,153	847,208	876,780	749,484	580,444	436,683
Plan fiduciary net position - June 30 (b)	<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>\$ 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>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>\$ 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>47.44%</u>	<u>56.70%</u>	<u>71.59%</u>	<u>59.74%</u>	<u>76.77%</u>	<u>77.99%</u>

Schedule of Investment Returns

Annual money weighted rate of return, net of investment expense	<u>(18.33%)</u>	<u>40.07%</u>	<u>(1.49%)</u>	<u>2.20%</u>	<u>10.17%</u>	<u>10.15%</u>
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(1) This schedule is intended to present information for 10 years. Additional years will be presented as they become available.

See Notes to Required Supplementary Information.

City of New London, Connecticut

Required Supplementary Information

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

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Actuarially determined contributions	\$ 2,787,457	\$ 2,700,093	\$ 2,520,055	\$ 2,420,049	\$ 2,290,779	\$ 2,120,720	\$ 2,017,079	\$ 2,623,239	\$ 2,467,000	\$ 2,289,000
Contributions in relation to the actuarially determined contribution	<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>	<u>1,158,000</u>	<u>1,079,000</u>
Contribution excess (deficiency)	<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>	<u>\$ (1,309,000)</u>	<u>\$ (1,210,000)</u>
Covered payroll	<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>	<u>\$ 42,451,000</u>	<u>N/A</u>
Contributions as a percentage of covered payroll	<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>	<u>2.73%</u>	<u>N/A</u>

N/A - Not available.

City of New London, Connecticut

Notes to Required Supplementary Information

Other Post-Employment Benefit (OPEB) Plan
Schedule of Contributions
Last Nine Years (1)

	2022	2021	2020	2019	2018	2017	2016	2015	2014
Changes of Benefit Terms	None	None	None	None	None	None	None	None	None
The actuarially determined contribution rates are calculated as of	July 1, 2020	July 1, 2020	July 1, 2018	July 1, 2018	July 1, 2016	July 1, 2016	July 1, 2014	July 1, 2012	July 1, 2012
Actuarial methods and assumptions used to determine contribution rates:									
Actuarial Cost Method	Entry age normal	Entry age normal	Entry age normal	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
Asset Valuation Method	Fair value	Fair value	Fair value	Fair value	Fair value	Fair value	Fair value	Fair value	Fair value
Healthcare Inflation Rate - Initial	5.30%	5.30%	6.00%	6.00%	5.40%	5.40%	5.70%	7.20%	7.20%
Healthcare Inflation Rate - Ultimate	4.40%	4.40%	4.10%	4.10%	4.40%	4.40%	4.40%	4.70%	4.70%
Investment Rate of Return (Net)	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-2019 ultimate scale Police and fire: PubS-2010 mortality table projected with MP-2019 ultimate scale	City and non-certified employees: PubG-2010 Mortality Table projected with MP-2019 ultimate scale Police and fire: PubS-2010 mortality table projected with MP-2019 ultimate scale	City and non-certified employees: PubG-2010 Mortality Table projected with MP-2014 ultimate scale Police and fire: PubS-2010 mortality table projected with MP-2014 ultimate scale	City and non-certified employees: PubG-2010 Mortality Table projected with MP-2014 ultimate scale Police and fire: PubS-2010 mortality table projected with MP-2014 ultimate scale	RP-2000 Combined Healthy Mortality Table	RP-2000 Combined Healthy Mortality Table	RP-2000 Combined Healthy Mortality Table	RP-2000 Combined Healthy Mortality Table	RP-2000 Combined Healthy Mortality Table

(1) These schedules are intended to present information for 10 years. Additional years will be presented as they become available.

City of New London, Connecticut

Required Supplementary Information

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

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
<u>Schedule of Proportionate Share of the Net OPEB Liability</u>					
City's proportion of the net OPEB liability	0.00%	0.00%	0.00%	0.00%	0.00%
City's proportionate share of the net OPEB liability	\$ -	\$ -	\$ -	\$ -	\$ -
State of Connecticut's proportionate share of the net OPEB liability associated with the City	9,093,925	15,719,003	14,724,476	14,552,969	18,137,160
Total	<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	(2)	(2)	(2)	(2)	(2)
City's proportionate share of the net OPEB liability as a percentage of its covered payroll	0.00%	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total OPEB liability	6.11%	2.50%	2.08%	1.49%	1.79%

Schedule of Contributions

Contractually required contribution (1)	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the contractually required contribution	-	-	-	-	-
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	(2)	(2)	(2)	(2)	(2)
Contributions as a percentage of covered payroll	0.00%	0.00%	0.00%	0.00%	0.00%

(1) Local employers are not required to contribute to the plan

(2) Not applicable since 0% proportional share of the net OPEB liability

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

City of New London, Connecticut

Notes to Required Supplementary Information

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

	2022	2021	2020	2019	2018
Changes of Benefit Terms	None	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
Actuarial methods and assumptions used to determine contribution rates:					
Actuarial Cost Method	Entry age	Entry age	Entry age	Entry age	Entry age
Amortization Method	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
Asset Valuation Method	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value
Inflation	2.50%	2.50%	2.75%	2.75%	2.75%
Healthcare Inflation Rate	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
Salary Increases	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
Investment Rate of Return (Net)	3.00%	3.00%	3.00%	3.00%	4.25%
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

(1) These schedules are intended to present information for 10 years. Additional years will be presented as they become available.

Supplemental Schedules

General Fund

The general fund is the principal fund of the City and is used to account for all activities of the City, except those required to be accounted for in another fund. The general fund accounts for the normal recurring activities of the City (i.e., general government, public safety, public works, health and welfare, recreation and culture, education, etc.). These activities are funded principally by property taxes, user fees and grants from other governmental units.

City of New London, Connecticut
Report of Tax Collector
For the Year Ended June 30, 2022

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Grand List Year	Uncollected Taxes July 1, 2021	Current Year Levy	Lawful Corrections		Transfers to Suspense	Adjusted Amount Collectible	Collections			Uncollected Taxes June 30, 2022
			Additions	Deductions			Taxes	Interest, Liens and Other Fees	Total	
2012	\$ 10,197	\$ -	\$ -	\$ -	\$ -	\$ 10,197	\$ 5,078	\$ -	\$ 5,078	\$ 5,119
2013	63,509	-	-	-	-	63,509	-	-	-	63,509
2014	3,696	-	-	-	-	3,696	1	600	601	3,695
2015	3,787	-	-	-	-	3,787	-	-	-	3,787
2016	82,543	-	17,562	3,142	52,934	44,029	36,420	22,865	59,285	7,609
2017	113,071	-	69,937	-	99,213	83,795	67,468	62,833	130,301	16,327
2018	628,319	-	58,577	95,374	479,525	111,997	88,048	123,092	211,140	23,949
2019	<u>1,564,428</u>	<u>-</u>	<u>122,223</u>	<u>386,654</u>	<u>-</u>	<u>1,299,997</u>	<u>691,122</u>	<u>-</u>	<u>691,122</u>	<u>608,875</u>
Subtotal	2,469,550	-	268,299	485,170	631,672	1,621,007	888,137	209,390	1,097,527	732,870
2020	<u>-</u>	<u>58,519,886</u>	<u>169,025</u>	<u>411,342</u>	<u>-</u>	<u>58,277,569</u>	<u>57,081,266</u>	<u>293,119</u>	<u>57,374,385</u>	<u>1,196,303</u>
Totals	<u>\$ 2,469,550</u>	<u>\$ 58,519,886</u>	<u>\$ 437,324</u>	<u>\$ 896,512</u>	<u>\$ 631,672</u>	<u>\$ 59,898,576</u>	<u>\$ 57,969,403</u>	<u>\$ 502,509</u>	<u>\$ 58,471,912</u>	<u>\$ 1,929,173</u>

Other Governmental Funds

Special Revenue Funds

Special revenue funds are used to account for specific revenues that are restricted, committed, or assigned to expenditures for particular purposes.

Fund	Funding Source	Function
Cafeteria	Grants and sale of meals	Cafeteria operations
Veolia	Contributions	Programs funded by the contributions received from Veolia Water
Community Development	Grants and program income	Community development programs
General Government	Grants, fees, and property taxes	Miscellaneous funds received for specific expenditures relating to the operations of the City
Public Works	Grants, fees, and contributions	Public works programs
Public Safety	Grants and fees	Public safety programs
Health and Welfare	Fees and contributions	Health and welfare programs including emergency fuel assistance
Port Authority	Fees	Port/pier related programs
Culture and Recreation	Grants, fees and contributions	Recreation programs and miscellaneous grants and contributions received by the City for specific expenditures
Tuition	Tuition fees	Magnet school tuition
School activity	Activity fees and contributions	Student activity funds and school scholarships

Debt Service Fund

The Debt Service Fund accounts for the payment of principal and interest on long-term debt of the Town.

Debt service	Bond issues, premiums and transfers	Debt service
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City of New London, Connecticut

Other Governmental Funds
Combining Balance Sheet
June 30, 2022

Special Revenue Funds

	Cafeteria	Veolia	Community Development	General Government	Public Works	Public Safety	Health and Welfare
<u>Assets</u>							
Cash	\$ 466,407	\$ -	\$ 349,527	\$ 1,077,127	\$ 452,739	\$ 1,224,945	\$ 95,625
Investments	22,942	513,220	-	-	-	-	-
Receivables (net):							
Property taxes	-	-	-	2,251	-	-	-
Accounts	-	-	25,971	7,575	-	211,532	-
Intergovernmental	521,934	-	190,047	-	-	87,284	-
Loans	-	-	649,993	288,192	-	-	-
Assessments	-	-	-	-	48,235	-	-
Other	36,025	-	-	-	-	-	-
Total assets	<u>\$ 1,047,308</u>	<u>\$ 513,220</u>	<u>\$ 1,215,538</u>	<u>\$ 1,375,145</u>	<u>\$ 500,974</u>	<u>\$ 1,523,761</u>	<u>\$ 95,625</u>
<u>Liabilities</u>							
Accounts payable	\$ 136,652	\$ -	\$ 132,721	\$ 74,691	\$ 6,302	\$ 40,388	\$ 225
Accrued payroll and related liabilities	-	-	29,927	-	-	39,273	-
Unearned revenue	-	-	-	35,981	-	-	-
Total liabilities	<u>136,652</u>	<u>-</u>	<u>162,648</u>	<u>110,672</u>	<u>6,302</u>	<u>79,661</u>	<u>225</u>
<u>Deferred Inflows of Resources</u>							
Unavailable revenue:							
Property taxes	-	-	-	2,251	-	-	-
Assessments	-	-	-	-	48,235	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,251</u>	<u>48,235</u>	<u>-</u>	<u>-</u>
<u>Fund Balances</u>							
Restricted	910,656	-	1,052,890	-	-	-	95,400
Committed	-	513,220	-	1,262,222	446,437	1,444,100	-
Assigned	-	-	-	-	-	-	-
Total fund balances	<u>910,656</u>	<u>513,220</u>	<u>1,052,890</u>	<u>1,262,222</u>	<u>446,437</u>	<u>1,444,100</u>	<u>95,400</u>
Total liabilities, deferred inflows of resources resources and fund balances	<u>\$ 1,047,308</u>	<u>\$ 513,220</u>	<u>\$ 1,215,538</u>	<u>\$ 1,375,145</u>	<u>\$ 500,974</u>	<u>\$ 1,523,761</u>	<u>\$ 95,625</u>

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(Continued)

City of New London, Connecticut

Other Governmental Funds
Combining Balance Sheet
June 30, 2022

Special Revenue Funds

	Port Authority	Culture and Recreation	Tuition	School Activity	Total Special Revenue Funds	Debt Service	Total Other Governmental Funds
<u>Assets</u>							
Cash	\$ 164,303	\$ 393,228	\$ 267,896	\$ 506,610	\$ 4,998,407	\$ -	\$ 4,998,407
Investments	-	-	-	-	536,162	6,969,408	7,505,570
Receivables (net):							
Property taxes	-	-	-	-	2,251	-	2,251
Accounts	14,212	11,358	-	-	270,648	-	270,648
Intergovernmental	-	8,995	-	-	808,260	-	808,260
Loans	-	-	-	-	938,185	-	938,185
Assessments	-	-	-	-	48,235	-	48,235
Other	-	-	-	-	36,025	-	36,025
Total assets	<u>\$ 178,515</u>	<u>\$ 413,581</u>	<u>\$ 267,896</u>	<u>\$ 506,610</u>	<u>\$ 7,638,173</u>	<u>\$ 6,969,408</u>	<u>\$ 14,607,581</u>
<u>Liabilities</u>							
Accounts payable	\$ 3,120	\$ 30,678	\$ 30,931	\$ -	\$ 455,708	\$ 31,000	\$ 486,708
Accrued payroll and related liabilities	-	23,047	-	-	92,247	-	92,247
Unearned revenue	200	503	-	-	36,684	-	36,684
Total liabilities	<u>3,320</u>	<u>54,228</u>	<u>30,931</u>	<u>-</u>	<u>584,639</u>	<u>31,000</u>	<u>615,639</u>
<u>Deferred Inflows of Resources</u>							
Unavailable revenue:							
Property taxes	-	-	-	-	2,251	-	2,251
Assessments	-	-	-	-	48,235	-	48,235
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>50,486</u>	<u>-</u>	<u>50,486</u>
<u>Fund Balances</u>							
Restricted	-	-	-	-	2,058,946	-	2,058,946
Committed	175,195	359,353	236,965	506,610	4,944,102	-	4,944,102
Assigned	-	-	-	-	-	6,938,408	6,938,408
Total fund balances	<u>175,195</u>	<u>359,353</u>	<u>236,965</u>	<u>506,610</u>	<u>7,003,048</u>	<u>6,938,408</u>	<u>13,941,456</u>
Total liabilities, deferred inflows of resources resources and fund balances	<u>\$ 178,515</u>	<u>\$ 413,581</u>	<u>\$ 267,896</u>	<u>\$ 506,610</u>	<u>\$ 7,638,173</u>	<u>\$ 6,969,408</u>	<u>\$ 14,607,581</u>

City of New London, Connecticut

Other Governmental Funds
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2022

Special Revenue Funds

	Cafeteria	Veolia	Community Development	General Government	Public Works	Public Safety	Health and Welfare
Revenues:							
Property taxes	\$ -	\$ -	\$ -	\$ 103,007	\$ -	\$ -	\$ -
Intergovernmental	3,196,710	-	1,367,689	522,449	384,707	996,447	-
Charges for services	182,662	-	92,359	274,188	31,174	1,091,621	-
Contributions	-	40,000	-	71,275	-	493	11,000
Income from investments	11	-	124	-	-	-	-
Total revenues	3,379,383	40,000	1,460,172	970,919	415,881	2,088,561	11,000
Expenditures:							
Current:							
General government	-	-	-	625,162	-	-	-
Public safety	-	-	-	-	-	1,451,848	-
Public works	-	-	-	-	376,054	-	-
Health and welfare	-	-	1,682,551	-	-	-	27,747
Recreation and culture	-	-	-	-	-	-	-
Education	3,132,647	-	-	45,436	-	-	-
Capital outlay	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Total expenditures	3,132,647	-	1,682,551	670,598	376,054	1,451,848	27,747
Excess (deficiency) of revenues over expenditures	246,736	40,000	(222,379)	300,321	39,827	636,713	(16,747)
Other financing sources (uses):							
Issuance of debt	-	-	-	-	-	-	-
Premium	-	-	-	-	-	-	-
Transfers in	-	-	-	440,085	149,000	30,706	2,932
Transfers out	-	(40,000)	(36,007)	-	-	(600,000)	-
Net other financing sources (uses)	-	(40,000)	(36,007)	440,085	149,000	(569,294)	2,932
Net change in fund balances	246,736	-	(258,386)	740,406	188,827	67,419	(13,815)
Fund balances - July 1, 2021	663,920	513,220	1,311,276	521,816	257,610	1,376,681	109,215
Fund balances - June 30, 2022	\$ 910,656	\$ 513,220	\$ 1,052,890	\$ 1,262,222	\$ 446,437	\$ 1,444,100	\$ 95,400

(Continued)

City of New London, Connecticut

Other Governmental Funds
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2022

	Special Revenue Funds				Total Special Revenue Funds	Debt Service	Total Other Governmental Funds
	Port Authority	Culture and Recreation	Tuition	School Activity			
Revenues:							
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ 103,007	\$ -	\$ 103,007
Intergovernmental	-	191,794	-	-	6,659,796	-	6,659,796
Charges for services	123,039	173,076	2,563,975	533,695	5,065,789	-	5,065,789
Contributions	-	437,660	-	-	560,428	-	560,428
Income from investments	-	87	-	34	256	-	256
Total revenues	123,039	802,617	2,563,975	533,729	12,389,276	-	12,389,276
Expenditures:							
Current:							
General government	24,087	-	-	-	649,249	-	649,249
Public safety	-	-	-	-	1,451,848	-	1,451,848
Public works	-	-	-	-	376,054	-	376,054
Health and welfare	-	-	-	-	1,710,298	-	1,710,298
Recreation and culture	-	712,011	-	-	712,011	-	712,011
Education	-	-	2,327,010	513,473	6,018,566	-	6,018,566
Capital outaly	-	-	-	-	-	1,345,964	1,345,964
Debt service	-	-	-	-	-	7,950,666	7,950,666
Total expenditures	24,087	712,011	2,327,010	513,473	10,918,026	9,296,630	20,214,656
Excess (deficiency) of revenues over expenditures	98,952	90,606	236,965	20,256	1,471,250	(9,296,630)	(7,825,380)
Other financing sources (uses):							
Issuance of debt	-	-	-	-	-	1,345,964	1,345,964
Premium	-	-	-	-	-	1,693,978	1,693,978
Transfers in	-	50,000	-	195,183	867,906	6,575,748	7,443,654
Transfers out	(3,225)	-	-	-	(679,232)	-	(679,232)
Net other financing sources (uses)	(3,225)	50,000	-	195,183	188,674	9,615,690	9,804,364
Net change in fund balances	95,727	140,606	236,965	215,439	1,659,924	319,060	1,978,984
Fund balances - July 1, 2021	79,468	218,747	-	291,171	5,343,124	6,619,348	11,962,472
Fund balances - June 30, 2022	\$ 175,195	\$ 359,353	\$ 236,965	\$ 506,610	\$ 7,003,048	\$ 6,938,408	\$ 13,941,456

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Trend Information

This part of the City's annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

Table	Description
Financial Trends (Tables 1-4)	These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.
Debt Capacity (Table 5)	This schedule presents information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.

Sources: Unless otherwise noted, the information in these schedules is derived from the annual financial reports for the fiscal year.

City of New London, Connecticut

**Net Position by Component
Last Ten Years
(Unaudited)**

	June 30									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Governmental activities:										
Net investment in capital assets	\$ 176,160,274	\$ 150,666,811	\$ 153,286,585	\$ 165,499,317	\$ 176,218,811	\$ 183,551,413	\$ 186,966,539	\$ 190,740,367	\$ 195,211,659	\$ 196,390,712
Restricted	62,342,294	88,499,459	1,895,828	1,873,500	3,164,014	2,525,654	1,561,799	1,482,840	1,272,165	919,113
Unrestricted	(49,855,306)	(89,754,817)	(43,213,976)	(64,152,950)	(46,418,489)	(45,112,183)	(41,039,093)	(7,785,583)	(7,601,369)	13,097,904
Total governmental activities net position	<u>188,647,262</u>	<u>149,411,453</u>	<u>111,968,437</u>	<u>103,219,867</u>	<u>132,964,336</u>	<u>140,964,884</u>	<u>147,489,245</u>	<u>184,437,624</u>	<u>188,882,455</u>	<u>210,407,729</u>
Business-type activities:										
Net investment in capital assets	98,407,543	100,732,731	100,825,375	100,128,693	102,800,717	104,691,597	108,814,321	111,361,733	113,152,436	115,929,469
Restricted	13,512,150	13,797,865	12,384,474	12,126,610	10,982,433	10,346,307	9,700,949	8,859,765	7,447,339	8,167,126
Unrestricted	3,922,804	5,203,268	8,035,270	11,597,412	10,708,105	10,298,577	7,017,746	6,204,883	7,111,329	5,016,636
Total business-type activities net position	<u>115,842,497</u>	<u>119,733,864</u>	<u>121,245,119</u>	<u>123,852,715</u>	<u>124,491,255</u>	<u>125,336,481</u>	<u>125,533,016</u>	<u>126,426,381</u>	<u>127,711,104</u>	<u>129,113,231</u>
Total net position:										
Net investment in capital assets	274,567,817	251,399,542	254,111,960	265,628,010	279,019,528	288,243,010	295,780,860	302,102,100	308,364,095	312,320,181
Restricted	75,854,444	102,297,324	14,280,302	14,000,110	14,146,447	12,871,961	11,262,748	10,342,605	8,719,504	9,086,239
Unrestricted	(45,932,502)	(84,551,549)	(35,178,706)	(52,555,538)	(35,710,384)	(34,813,606)	(34,021,347)	(1,580,700)	(490,040)	18,114,540
Total net position	<u>\$ 304,489,759</u>	<u>\$ 269,145,317</u>	<u>\$ 233,213,556</u>	<u>\$ 227,072,582</u>	<u>\$ 257,455,591</u>	<u>\$ 266,301,365</u>	<u>\$ 273,022,261</u>	<u>\$ 310,864,005</u>	<u>\$ 316,593,559</u>	<u>\$ 339,520,960</u>

Source: Current and prior year financial statements.

City of New London, Connecticut

Changes in Net Position
Last Ten Years
(Unaudited)

For the Year Ended June 30

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Expenses:										
Governmental activities:										
General government	\$ 8,069,663	\$ 5,680,279	\$ 7,352,159	\$ 10,691,687	\$ 8,123,767	\$ 8,945,454	\$ 14,063,960	\$ 8,453,148	\$ 8,142,186	\$ 8,089,580
Public safety	27,063,976	29,152,207	22,880,808	44,952,918	22,295,998	5,220,978	46,060,059	21,444,239	20,649,445	20,784,414
Public works	12,483,657	9,437,940	14,908,953	18,893,739	18,958,167	13,424,329	17,290,673	19,014,401	15,209,903	14,967,352
Health and welfare	1,920,059	1,496,613	1,989,518	331,109	262,412	199,556	196,947	203,900	204,868	189,355
Recreation and culture	4,027,726	3,224,598	3,293,286	2,831,182	6,171,509	5,677,853	2,624,338	2,966,138	2,404,318	2,081,457
Education	88,366,053	83,773,471	84,127,218	84,505,331	86,366,679	82,369,821	79,618,093	72,202,747	68,086,277	61,839,151
Interest	2,345,273	3,002,027	2,430,376	2,622,102	2,544,443	2,072,220	2,092,063	2,062,742	1,877,653	2,268,575
Total governmental activities expenses	144,276,407	135,767,135	136,982,318	164,828,068	144,722,975	117,910,211	161,946,133	126,347,315	116,574,650	110,219,884
Business-type activities:										
Water Pollution Control Authority	7,440,935	7,351,217	7,508,122	7,238,671	7,152,321	6,245,014	6,853,574	6,660,452	6,556,740	6,582,346
Water Department	7,648,986	7,484,016	7,992,892	7,016,938	7,298,105	6,587,216	7,023,980	6,883,249	6,888,960	6,575,201
Storm Water Management	1,191,317	1,260,519	1,317,911	511,187	-	-	-	-	-	-
Ocean Beach Park	2,684,821	1,858,268	2,440,417	2,270,595	2,614,124	2,844,329	2,808,444	2,393,472	2,352,629	2,181,543
Water Street Parking Garage	849,866	910,594	1,041,944	1,159,675	980,329	856,669	626,059	542,494	558,442	455,411
Total business-type activities expenses	19,815,925	18,864,614	20,301,286	18,197,066	18,044,879	16,533,228	17,312,057	16,479,667	16,356,771	15,794,501
Total expenses	164,092,332	154,631,749	157,283,604	183,025,134	162,767,854	134,443,439	179,258,190	142,826,982	132,931,421	126,014,385
Program revenues:										
Governmental activities:										
Charges for services:										
General government	4,446,350	2,879,795	3,271,827	2,784,014	2,697,956	1,221,941	2,642,680	1,100,878	1,100,878	1,031,133
Public safety	2,972,920	2,495,168	3,493,488	1,785,105	2,540,058	2,751,117	2,683,429	2,682,515	2,682,515	2,281,134
Public works	1,161,040	1,027,937	908,859	895,713	892,763	1,757,350	1,232,864	1,469,123	1,469,123	1,386,548
Health and welfare	92,359	115,626	231,458	30,399	154,628	224,134	123,041	84,602	84,602	119,460
Recreation and culture	187,478	166,431	169,371	484,736	563,136	592,053	550,248	144,199	144,199	123,775
Education	3,960,340	4,056,823	4,603,865	3,037,451	4,743,028	2,830,594	2,508,412	1,762,403	1,762,403	284,850
Operating grants and contributions	65,107,678	60,166,505	58,971,155	58,230,148	59,018,332	69,245,189	54,232,519	49,525,228	48,277,519	43,935,369
Capital grants and contributions	35,990,952	36,385,268	4,502,498	1,630,693	3,194,936	1,226,241	2,106,147	1,316,612	4,713,550	13,731,236
Total governmental activities program revenues	113,919,117	107,293,553	76,152,521	68,878,259	73,804,837	79,848,619	66,079,340	58,085,560	60,234,789	62,893,505
Business-type activities:										
Charges for services:										
Water Pollution Control Authority	5,605,286	6,023,451	5,674,337	5,426,846	5,937,235	5,388,803	5,990,029	5,893,147	5,893,147	4,922,499
Water Department	6,517,536	6,572,917	6,668,423	6,401,203	6,810,845	6,188,992	5,949,843	6,033,923	6,033,923	5,483,624
Storm Water Management	1,320,534	1,302,458	1,310,914	974,904	-	-	-	-	-	-
Ocean Beach Park	2,147,024	1,669,211	2,215,586	2,319,028	2,422,672	2,957,449	2,865,364	2,167,290	2,167,290	1,907,902
Water Street Parking Garage	822,129	473,482	922,227	1,622,560	1,417,681	1,094,129	759,274	622,052	622,052	547,467
Capital grants and contributions	-	100,000	458,596	100,000	100,000	111,485	281,665	104,000	104,000	100,000
Total business-type activities program revenues	16,412,509	16,141,519	17,250,083	16,844,541	16,688,433	15,740,858	15,846,175	14,820,412	14,820,412	12,961,492
Total program revenues	130,331,626	123,435,072	93,402,604	85,722,800	90,493,270	95,589,477	81,925,515	72,905,972	75,055,201	75,854,997

(Continued)

City of New London, Connecticut

Changes in Net Position
Last Ten Years
(Unaudited)

Fiscal Year Ended June 30

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Net revenue (expense):										
Governmental activities	\$ (30,357,290)	\$ (28,473,582)	\$ (60,829,797)	\$ (95,949,809)	\$ (70,918,138)	\$ (38,061,592)	\$ (95,866,793)	\$ (68,261,755)	\$ (56,339,861)	\$ (47,326,379)
Business-type activities	(3,403,416)	(2,723,095)	(3,051,203)	(1,352,525)	(1,356,446)	(792,370)	(1,465,882)	(1,659,255)	(1,536,359)	(2,833,009)
Net revenue (expense)	(33,760,706)	(31,196,677)	(63,881,000)	(97,302,334)	(72,274,584)	(38,853,962)	(97,332,675)	(69,921,010)	(57,876,220)	(50,159,388)
General revenues:										
Governmental activities:										
Property taxes	58,477,610	57,917,326	59,178,725	57,280,138	55,956,921	51,457,100	49,908,495	47,906,977	41,831,951	41,831,951
Grants and contributions not restricted to specific programs	10,530,936	7,913,362	7,914,139	7,808,394	8,163,763	835,361	8,612,399	8,642,616	9,022,637	9,022,637
Income from investments	734,553	85,910	127,985	91,121	139,279	6,095	(135)	(266)	75,604	75,604
Gain on sale of capital assets	-	-	-	442,500	-	-	-	-	-	-
Other	-	-	-	543,187	54,780	275,724	397,655	642,151	1,382,917	1,382,917
Total governmental activities	69,743,099	65,916,598	67,220,849	66,165,340	64,314,743	52,574,280	58,918,414	57,191,478	52,313,109	52,313,109
Business-type activities:										
Income from investments	460,755	339,891	639,907	598,355	66,889	595,835	572,517	77,555	154,845	154,845
Net change in fair value of investments	(1,098,706)	871,949	43,700	155,630	426,321	-	-	-	-	-
Total business-type activities	(637,951)	1,211,840	683,607	753,985	493,210	595,835	572,517	77,555	154,845	154,845
Total general revenues	69,105,148	67,128,438	67,904,456	66,919,325	64,807,953	53,170,115	59,490,931	57,269,033	52,467,954	52,467,954
<u>Total other changes in net position</u>										
Governmental activities:										
Transfers in (out)	(150,000)	-	240,000	40,000	(18,010)	-	-	(87,050)	(50,500)	(50,500)
Business-type activities:										
Transfers in (out)	150,000	-	(240,000)	(40,000)	18,010	-	-	87,050	50,500	50,500
Total other changes in net position	-	-	-	-	-	-	-	-	-	-
Change in net position:										
Governmental activities	39,235,809	37,443,016	6,391,052	(29,784,469)	(6,603,395)	14,512,688	(36,948,379)	(11,070,277)	(4,026,752)	4,986,730
Business-type activities	(3,891,367)	(1,511,255)	(2,367,596)	(598,540)	(863,236)	(196,535)	(893,365)	(1,581,700)	(1,381,514)	(2,678,164)
Total change in net position	\$ 35,344,442	\$ 35,931,761	\$ 4,023,456	\$ (30,383,009)	\$ (7,466,631)	\$ 14,316,153	\$ (37,841,744)	\$ (12,651,977)	\$ (5,408,266)	\$ 2,308,566

(Concluded)

Source: Current and prior year financial statements.

City of New London, Connecticut
General Fund (Budgetary Basis)
Schedule of Revenues, Expenditures and Changes in Fund Balance
Last Ten Years
(Unaudited)

For the Year Ended June 30

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Revenues:										
Property taxes	\$ 58,989,685	\$ 57,625,978	\$ 58,123,246	\$ 58,072,702	\$ 55,632,876	\$ 52,113,656	\$ 49,248,024	\$ 47,439,641	\$ 43,203,129	\$ 41,465,307
Intergovernmental	33,139,663	30,671,055	30,690,722	30,909,900	31,039,654	32,217,774	32,070,532	32,655,610	33,193,660	33,466,111
Charges for services	6,649,338	4,712,049	6,096,775	4,482,617	5,942,591	5,669,330	4,858,977	4,738,100	5,226,144	4,655,668
Income from investments	734,249	85,623	126,993	90,466	138,525	-	-	-	-	29,303
Other	-	-	-	516,197	54,780	741,519	487,816	281,262	326,776	702,268
Total revenues	99,512,935	93,094,705	95,037,736	94,071,882	92,808,426	90,742,279	86,665,349	85,114,613	81,949,709	80,318,657
Expenditures:										
Current:										
General government	6,570,459	5,897,825	5,735,541	5,875,165	5,208,832	5,272,598	4,049,130	3,955,219	3,657,406	3,735,799
Public safety	22,634,859	21,788,528	21,005,868	19,951,326	19,855,737	19,550,653	14,216,662	13,824,863	13,377,787	13,836,362
Public works	8,383,448	7,771,682	7,816,593	8,272,500	8,124,745	8,473,820	7,692,098	7,556,881	7,350,237	7,063,791
Health and welfare	203,852	204,489	199,348	198,872	200,309	199,556	196,947	193,395	189,792	189,355
Recreation and culture	2,376,015	1,931,757	1,865,421	1,852,281	1,799,464	1,909,025	1,486,534	1,285,811	1,213,485	1,187,283
Employee benefits	4,916,607	4,699,048	4,093,624	4,221,987	4,180,355	3,559,808	11,080,186	10,603,721	9,774,315	9,829,954
Education	43,811,754	43,037,265	43,585,900	43,102,904	42,016,793	42,425,015	42,444,516	41,255,556	40,313,924	39,323,950
Total expenditures	88,896,994	85,330,594	84,302,295	83,475,035	81,386,235	81,390,475	81,166,073	78,675,446	75,876,946	75,166,494
Excess (deficiency) of revenues over expenditures	10,615,941	7,764,111	10,735,441	10,596,847	11,422,191	9,351,804	5,499,276	6,439,167	6,072,763	5,152,163
Other financing sources (uses):										
Issuance of refunding debt	-	-	-	-	-	-	-	1,100,000	-	-
Cancellation of prior year encumbrances	-	-	-	-	-	24,694	-	-	-	-
Transfers in	650,000	50,000	658,404	268,300	-	25,000	-	50,000	50,000	295,218
Transfers out	(8,258,906)	(7,496,032)	(10,597,360)	(8,607,990)	(6,816,950)	(5,910,800)	(5,018,476)	(333,737)	(5,274,600)	(5,239,212)
Net other financing sources (uses)	(7,608,906)	(7,446,032)	(9,938,956)	(8,339,690)	(6,816,950)	(5,861,106)	(5,018,476)	816,263	(5,224,600)	(4,943,994)
Net change in fund balance	\$ 3,007,035	\$ 318,079	\$ 796,485	\$ 2,257,157	\$ 4,605,241	\$ 3,490,698	\$ 480,800	\$ 7,255,430	\$ 848,163	\$ 208,169

Source: Current and prior year financial statements.

City of New London, Connecticut
Property Tax Rates, Levies and Collections
Last Ten Years
(Unaudited)

Year Ended June 30	Grand List of October 1	(1) Tax Rate in Mills	Total Adjusted Tax Levy	Net Tax Collections	Percent of Levy Collected
2013	2011	26.50	\$ 41,535,473	\$ 40,705,472	98.00%
2014	2012	27.50	43,339,999	42,380,488	97.79%
2015	2013	38.00	47,694,829	46,378,721	97.24%
2016	2014	39.49	49,446,015	48,320,489	97.72%
2017	2015	40.46	52,309,151	51,370,348	98.21%
2018	2016	43.17	56,138,026	55,084,705	98.12%
2019	2017	43.17	58,584,430	57,446,337	98.06%
2020	2018	39.90	58,430,064	57,031,925	97.61%
2021	2019	38.19	57,300,148	55,735,720	97.27%
2022	2020	37.95	58,277,569	57,081,266	97.95%

Source: Current and prior year financial statements.

Notes:

(1) Tax levy is per \$1,000 of the assessed value of taxable property.

There is no overlapping tax rate for the City.

City of New London, Connecticut
Schedule of Debt Limitation
Connecticut Statutes, Section 7-374(b)
For the Year Ended June 30, 2022
(Unaudited)

Tax Base:

Tax collections (including interest and lien fees) for the prior year \$ 57,080,237

	<u>General Purpose</u>	<u>Schools</u>	<u>Sewers</u>	<u>Urban Renewal</u>	<u>Pension Deficit</u>
Debt Limitation:					
2 1/4 times base	\$ 128,430,533	\$ -	\$ -	\$ -	\$ -
4 1/2 times base	-	256,861,067	-	-	-
3 3/4 times base	-	-	214,050,889	-	-
3 1/4 times base	-	-	-	185,510,770	-
3 times base	-	-	-	-	171,240,711
Total debt limitation	<u>128,430,533</u>	<u>256,861,067</u>	<u>214,050,889</u>	<u>185,510,770</u>	<u>171,240,711</u>
Indebtedness:					
Bonds payable	41,237,000	45,987,000	-	-	3,145,000
Bond anticipation notes - long term	4,050,000	4,500,000	-	-	-
Bond anticipation notes - short term	6,000,000	21,280,000	-	-	-
Total indebtedness	<u>51,287,000</u>	<u>71,767,000</u>	<u>-</u>	<u>-</u>	<u>3,145,000</u>
Debt limitation in excess of outstanding debt	<u>\$ 77,143,533</u>	<u>\$ 185,094,067</u>	<u>\$ 214,050,889</u>	<u>\$ 185,510,770</u>	<u>\$ 168,095,711</u>
The total net indebtedness above amounts to:					<u>\$ 126,199,000</u>
In no event shall total indebtedness exceed seven times the base for debt limitation computation:					<u>\$ 399,561,659</u>

There is no overlapping debt for the City.

Source: Current and prior year financial statements.