

Annual Financial Report
of the
City of New London, Connecticut
For the Year Ended June 30, 2021

City of New London, Connecticut

**Annual Financial Report
For the Year Ended June 30, 2021**

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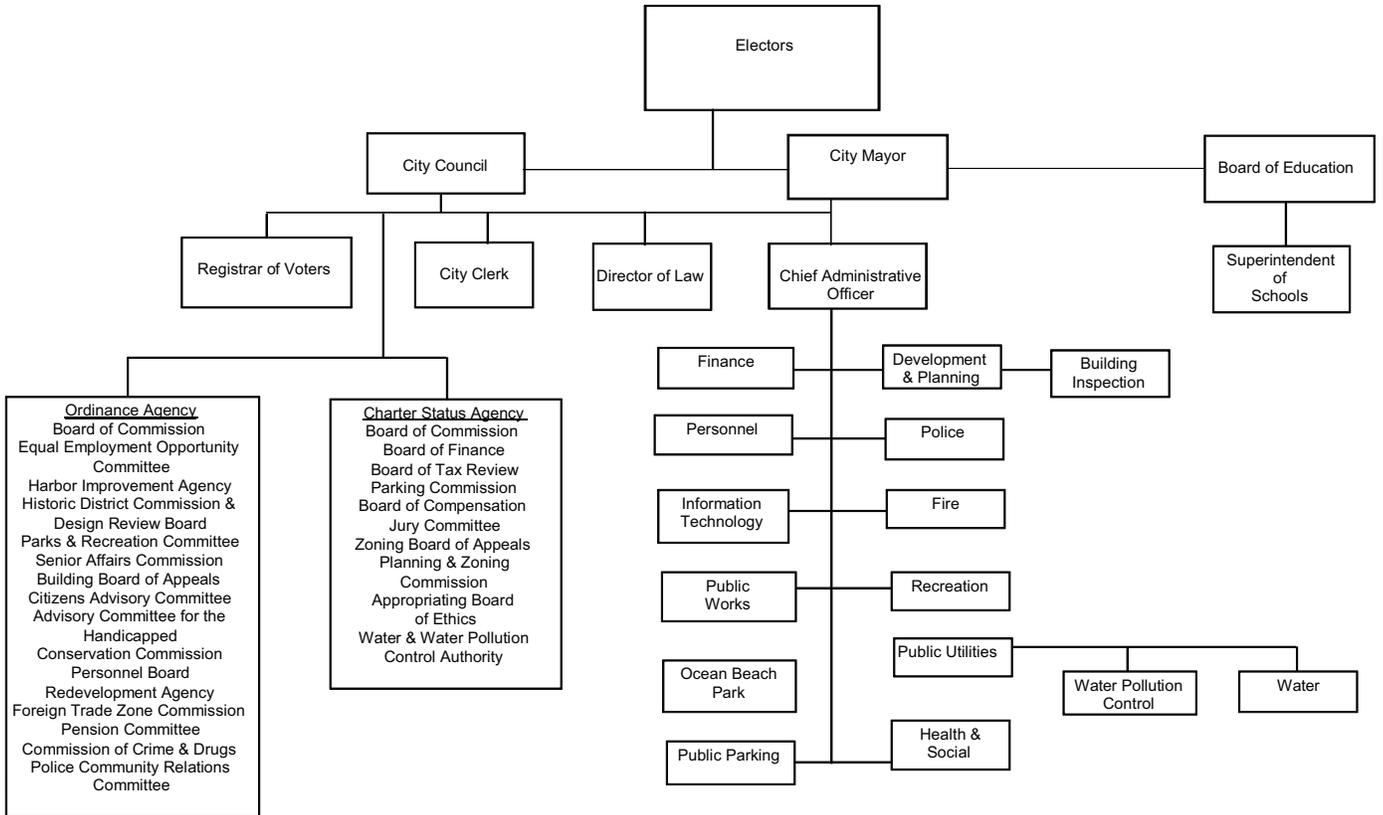
Introductory Section

City of New London, Connecticut
List of Elected and Appointed Officials
June 30, 2021

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





Independent Auditors' Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of New London, Connecticut ("City") as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

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

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Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of New London, Connecticut, as of June 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Supplementary and Other Information

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

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

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

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

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Other Reporting Required by *Government Auditing Standards*

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

PKF O'Connor Davies, LLP

Wethersfield, Connecticut
January 31, 2022



Department of Finance
 13 Masonic Street
 New London, CT 06320

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 Fax (860) 447-5297

CITY OF NEW LONDON

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

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

Financial highlights

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

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

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

Governmental and enterprise fund activity:

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

The positive operations were offset by:

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

Conversion to accrual basis on Exhibit E:

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

Management's Discussion and Analysis (continued)

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

Overview of the basic financial statements

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Government-wide financial analysis

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

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

Management's Discussion and Analysis (continued)

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

Summary Statement of Net Position
June 30,

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

Management's Discussion and Analysis (continued)

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

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

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

Management's Discussion and Analysis (continued)

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

Governmental activities

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

Revenues

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

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

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

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

Expenses

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

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

Management's Discussion and Analysis (continued)

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

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

Business-type activities

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

Revenues

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

Expenses

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

Financial analysis of the City's funds

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

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

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

Management's Discussion and Analysis (continued)

The components of fund balance were as follows:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

General Fund budgetary highlights

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

The most significant budget variances were as follows:

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

The most significant budget transfers were as follows:

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

Capital asset and debt administration

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

Management's Discussion and Analysis (continued)

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

Capital Assets (Net)
June 30,

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

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

Governmental activities:

Construction in progress additions of:

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

Land improvement additions from construction in progress:

- Green Harbor Beach drainage 5,709,136

Buildings and improvements additions of:

- Elementary school ceiling repairs 285,130

Machinery and equipment additions of:

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

Vehicles additions of:

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

Management's Discussion and Analysis (continued)

Business-type activities:

Construction in progress additions of:

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

Machinery and equipment additions of:

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

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

**Long-term Debt
June 30,**

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

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

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

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

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

Economic factors and next year's budgets and rates

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

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

Requests for information

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

Basic Financial Statements

City of New London, Connecticut

Statement of Net Position
June 30, 2021

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

(Continued)

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

City of New London, Connecticut

Statement of Net Position
June 30, 2021

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

(Concluded)

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

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

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

City of New London, Connecticut

Balance Sheet
Governmental Funds
June 30, 2021

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

City of New London, Connecticut

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

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

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

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

Total	<u>272,551,221</u>
-------	--------------------

Other long-term assets are not available resources and, therefore, are not reported in the funds:

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

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

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

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

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

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

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

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

City of New London, Connecticut

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

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

City of New London, Connecticut

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

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

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

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

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

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

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

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

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

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

(Continued)

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

City of New London, Connecticut

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

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

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

(Concluded)

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

City of New London, Connecticut

Statement of Net Position
Proprietary Funds
June 30, 2021

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

(Continued)

City of New London, Connecticut

Statement of Net Position
Proprietary Funds
June 30, 2021

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

(Concluded)

City of New London, Connecticut

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

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

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

City of New London, Connecticut

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

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

(Continued)

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

City of New London, Connecticut

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

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

(Concluded)

City of New London, Connecticut
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2021

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

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

City of New London, Connecticut

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

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

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

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

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

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

I. Summary of significant accounting policies**A. Government-wide and fund financial statements**

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

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

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

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

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

City of New London, Connecticut

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

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

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, claims and judgments, and certain other long-term liabilities are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds.

Expenditure reimbursement type grants, certain intergovernmental revenues, charges, transfers and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. For reimbursement grants, the City considers revenues to be available if they are collected within one year of the end of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items, including property taxes, are considered to be measurable and available only when cash is received by the City.

The City reports the following major governmental funds:

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

The City reports the following major proprietary funds:

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

Additionally, the City reports the following fund types:

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

City of New London, Connecticut

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

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

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

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

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

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

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

City of New London, Connecticut

Notes to Financial Statements
For the Year Ended June 30, 2021**C. Assets, liabilities, deferred outflows/inflows of resources and equity****1. Cash and investments****a. Cash**

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

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

b. Investments

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

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

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

The investment guidelines are as follows:

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

c. Method used to value investments

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

City of New London, Connecticut

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

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

Fair value of investments

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

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

d. Risk policies

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

City of New London, Connecticut

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

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “due to/from other funds” (i.e., the current portion of interfund loans) or “advances to/from other funds” (i.e., the non-current portion of interfund loans). Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances”.

b. Property taxes and other receivables

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

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

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

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

3. Prepaid items

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

4. Restricted assets

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

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

City of New London, Connecticut

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

Capital assets, which include construction in progress, property, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks and similar items), are reported in the applicable governmental or business-type activities' columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of at least \$5,000 and an estimated useful life in excess of two years. Capitalization thresholds by asset type are detailed below. Such assets are recorded at historical cost or estimated historical cost, if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

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

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

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

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

6. Deferred outflows/inflows of resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

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

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

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

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

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

7. Compensated absences

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

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

8. Long-term liabilities

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

City of New London, Connecticut

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

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

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

9. Net position and fund balances

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

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

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

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

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

City of New London, Connecticut

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

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

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

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

Minimum fund balance policy

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

10. Use of estimates

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

11. Reclassifications

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

II. Stewardship, compliance and accountability

A. Basis of budgeting

Only the General Fund has a legally adopted annual budget.

City of New London, Connecticut

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

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

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

B. Excess expenditures over appropriations

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

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

C. Capital projects authorizations

The following is a summary of certain capital projects:

Governmental Activities:

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

Business-Type Activities:

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

City of New London, Connecticut

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

III. Detailed notes

A. Cash and investments

1. Deposits – custodial credit risk

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

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

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

2. Investments

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

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

City of New London, Connecticut

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

A. Cash and investments (continued)

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

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

Level 1: Quoted prices for identical investments in active markets

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

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

City of New London, Connecticut

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

A. Cash and investments (continued)

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

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

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

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

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

City of New London, Connecticut

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

B. Receivables

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

Governmental Activities:

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

Business-Type Activities:

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

City of New London, Connecticut

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

C. Interfund accounts

1. Interfund payables and receivables

A summary of interfund balances is as follows:

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

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

City of New London, Connecticut

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

C. Interfund accounts (continued)

2. Interfund transfers

A summary of interfund transfers is as follows:

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

City of New London, Connecticut

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

C. Interfund accounts (continued)

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

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

City of New London, Connecticut

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

C. Capital assets

Capital asset activity for the year was as follows:

Governmental Activities:

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

City of New London, Connecticut

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

D. Capital assets (continued)

Business-Type Activities:

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

City of New London, Connecticut

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

Depreciation expense was charged to functions/programs as follows:

Governmental Activities:

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

Business-Type Activities:

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

D. Construction commitments

The City has the following construction commitments:

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

E. Short-term obligations - bond anticipation notes

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

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

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

City of New London, Connecticut

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

F. Changes in long-term liabilities

1. Summary of changes

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

Governmental Activities:

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

City of New London, Connecticut

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

G. Changes in long-term liabilities (continued)

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

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

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

City of New London, Connecticut

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

G. Changes in long-term liabilities (continued)

Business-Type Activities:

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

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

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

City of New London, Connecticut

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

G. Changes in long-term liabilities (continued)

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

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

City of New London, Connecticut

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

G. Changes in long-term liabilities (continued)

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

3. Assets pledged as collateral

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

City of New London, Connecticut

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

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

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

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

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

5. Authorized/unissued debt

The amount of authorized and unissued bonds as follows:

Governmental Activities:

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

Business-Type Activities:

Lake Konomoc intake pump	<u>\$ 965,372</u>
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6. Current year advance refunding

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

City of New London, Connecticut

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

G. Fund balances and restricted net position

Fund balances are classified as follows:

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

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

City of New London, Connecticut

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

IV. Other information

A. Risk management

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

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

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

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

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

City of New London, Connecticut

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

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

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

C. Contingencies*Coronavirus*

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

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

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

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

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

City of New London, Connecticut

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

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

A. Pension plans

1. Plan description

a. Plan administration

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

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

Noncontributory

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

Contributory

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

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

City of New London, Connecticut

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

A. Pension plans (continued)

b. Plan membership

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

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

2. Benefit provisions

The benefit provisions for the plans are as follows:

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

City of New London, Connecticut

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

A. Pension plans (continued)

3. Contributions

Contribution requirements for the plans are as follows:

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

4. Investments

a. Investment policy

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

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

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

b. Concentrations

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

City of New London, Connecticut

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

A. Pension plans (continued)

c. Rate of return

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

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

d. Annual money-weighted rate of return

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

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

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

5. Net pension liability

The components of the net pension liability are as follows:

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

City of New London, Connecticut

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

A. Pension plans (continued)

6. Actuarial methods and significant assumptions

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

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

7. Changes from prior year

a. Changes in assumptions

Noncontributory plan:

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

Contributory plan:

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

City of New London, Connecticut

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

A. Pension plans (continued)

b. Changes in benefit terms

There were no changes in benefit terms.

8. Discount rate

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

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

Contributory plan: 6.75%

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

9. Changes in the net pension liability

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

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

City of New London, Connecticut

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

A. Pension plans (continued)

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

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

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

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

City of New London, Connecticut

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

A. Pension plans (continued)

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The plan has 4 sub plans as follows:

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

City of New London, Connecticut

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

C. Connecticut municipal employees' retirement system (continued)

2. Benefit provisions

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 of if vested and married, the surviving spouse will receive a lifetime benefit
Cost of living increases	2.50% - 6.00% depending on retirement date and increase in CPI

City of New London, Connecticut

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

C. Connecticut municipal employees' retirement system (continued)

3. Contributions

Employer

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

Employees

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

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

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

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

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

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

City of New London, Connecticut

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

C. Connecticut municipal employees' retirement system (continued)

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

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

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

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

5. Actuarial assumptions

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

City of New London, Connecticut

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

C. Connecticut municipal employees' retirement system (continued)

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

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

Long-term expected rate of return

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

City of New London, Connecticut

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

C. Connecticut municipal employees' retirement system (continued)

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

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

6. Discount rate

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

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

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

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

City of New London, Connecticut

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

C. Connecticut municipal employees' retirement system (continued)

8. Plan fiduciary net position

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

9. Payable to the pension plan

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

D. Connecticut state teachers' retirement system

1. Plan description

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

2. Benefit provisions

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

City of New London, Connecticut

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

D. Connecticut state teachers' retirement system (continued)

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

3. Contributions

State of Connecticut

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

Employer (school districts)

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

Employees

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

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

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

City's proportionate share of the net pension liability	\$ -
State's proportionate share of the net pension liability associated with the City	<u>105,390,539</u>
Total	<u><u>\$ 105,390,539</u></u>

City of New London, Connecticut

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

D. Connecticut state teachers' retirement system (continued)

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

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

5. Actuarial assumptions

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

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

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

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

Changes in assumptions and inputs

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

City of New London, Connecticut

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

D. Connecticut state teachers' retirement system (continued)

Long-term expected rate of return

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

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

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

6. Discount rate

The discount rate used to measure the total pension liability was 6.90%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that State contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

City of New London, Connecticut

Notes to Financial Statements
For the Year Ended June 30, 2021**D. Connecticut state teachers' retirement system (continued)****7. Sensitivity of the net pension liability to changes in the discount rate**

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

8. Plan fiduciary net position

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

E. Total pension plans

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

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

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

b. Plan membership

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

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

City of New London, Connecticut

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

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

2. Benefit provisions

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

3. Contributions

Authority	Retirement Board
Amendments to contributions	Union contracts
Employer contributions	\$1,056,579
Percentage of covered payroll	2.33%
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	Contributions
Teachers and administrators	100.00%
All others	100.00%

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

4. Investments

a. Investment policy

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

City of New London, Connecticut

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

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

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

b. Concentrations

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

c. Rate of return

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

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

d. Annual money-weighted rate of return

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

City of New London, Connecticut

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

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

5. Net OPEB liability

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

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

6. Actuarial methods and significant assumptions

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

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

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

7. Changes from prior year

a. Changes in assumptions

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

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

City of New London, Connecticut

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

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

b. Changes in benefit terms

There were no changes in benefit terms.

8. Discount rate

The discount rate used to measure the total OPEB liability was 2.16%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that City contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate.

9. Changes in the net OPEB liability

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

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

City of New London, Connecticut

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

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

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

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

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

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

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

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

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

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

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

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

City of New London, Connecticut

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

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

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

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

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

1. Plan description

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

2. Benefit provisions

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

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

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

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

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

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

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

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

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

Survivor health care coverage

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

City of New London, Connecticut

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

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

3. Contributions

State of Connecticut

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

Employer (school districts)

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

Employees

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

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

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

City's proportionate share of the net OPEB liability	\$ -
State's proportionate share of the net OPEB liability associated with the City	<u>15,719,003</u>
Total	<u>\$ 15,719,003</u>

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

The City recognized OPEB expense and revenue of \$163,140 for on-behalf amounts for contributions to the plan by the State.

City of New London, Connecticut

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

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

5. Actuarial assumptions

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

Investment rate of return	3.00%
Inflation	2.50%
Health care cost trend rate (Medicare)	5.125% decreasing to 4.50% by 2023
Salary increases	3.00-6.50%, including inflation
Mortality rates	Mortality rates were based on the PubT-2010 Table, projected generationally with MP-2019
Year fund net position will be depleted	2021

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

Changes in assumptions and inputs

- The Medicare health care cost trend rate changed from 5.00% decreasing to 4.75% by 2028 to 5.125% decreasing to 4.50% by 2023.
- The salary increases assumption was decreased from 3.25% to 3.00%.
- The mortality tables were changed from the RPH-2014 White Collar Table, projected to the year 2020 using the BB improvement scale to the PubT-2010 Table, projected generationally with MP-2019.
- The discount rate was decreased from 3.50% to 2.21% to reflect the change in the Municipal Bond Index rate.

Additionally, expected annual per capita claims costs were updated to better reflect anticipated medical and prescription drug claim experience both before and after the plan change that became effective on January 1, 2019. Further, the expected rate of inflation was decreased and the real wage growth assumption was increased.

Long-term expected rate of return

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

City of New London, Connecticut

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

All the plan assets are assumed to be invested in cash equivalents due to the need for liquidity. The expected rate of return is 2.00%. Since there have not been any changes to the asset allocation and the recent economic downturn is expected to be temporary, the funding rate of 3.00% continues to be used for the long-term investment rate of return as of June 30, 2020.

6. Discount rate

The discount rate used to measure the total OPEB liability was 2.21%. The Municipal Bond Index Rate was used in the determination in the discount rate. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that annual State contributions will equal the most recent 5-year average of state contributions.

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

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

8. Plan fiduciary net position

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

City of New London, Connecticut

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

H. Pension and other post-employment benefit plan statements

Pension and Other Post-Employment Benefit Trust Funds
Combining Statement of Fiduciary Net Position
June 30, 2021

<u>Assets</u>	<u>Pension Trust Fund</u>	<u>OPEB Trust Fund</u>	<u>Total</u>
Cash	\$ 152,516	\$ -	\$ 152,516
Investments			
Mutual funds			
Money market	825,561	23,393	848,954
Equities	27,813,589	1,017,086	28,830,675
U.S. government securities	3,883,627	-	3,883,627
U.S. government agency securities	1,475,974	-	1,475,974
Corporate bonds	1,838,231	204,266	2,042,497
Real estate (equities)	1,085,686	-	1,085,686
Total investments	36,922,668	1,244,745	38,167,413
Interest receivable	51,747	-	51,747
Due from other funds	-	91,434	91,434
Total assets	37,126,931	1,336,179	38,463,110
<u>Liabilities</u>			
Accounts payable	6,050	12,026	18,076
Due to other funds	354,170	-	354,170
Total liabilities	360,220	12,026	372,246
<u>Net Position</u>			
Restricted for			
Pensions	36,766,711	-	36,766,711
OPEB	-	1,324,153	1,324,153
Total net position	\$ 36,766,711	\$ 1,324,153	\$ 38,090,864

City of New London, Connecticut

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

H. Pension and other post-employment benefit plan statements (continued)

Pension and Other Post-Employment Benefit Trust Funds
Combining Statement of Changes in Fiduciary Net Position
For the Year Ended June 30, 2021

	Pension Trust Fund	OPEB Trust Fund	Total
Additions			
Contributions			
Employer	\$ 2,183,526	\$ 1,056,579	\$ 3,240,105
Plan members	226,926	-	226,926
Total contributions	<u>2,410,452</u>	<u>1,056,579</u>	<u>3,467,031</u>
Investment income (loss)			
Interest and dividends	974,691	37,629	1,012,320
Net change in fair value of investments	<u>8,154,690</u>	<u>305,536</u>	<u>8,460,226</u>
Total investment income (loss)	9,129,381	343,165	9,472,546
Less investment expenses	<u>317,405</u>	-	<u>317,405</u>
Net investment income (loss)	<u>8,811,976</u>	<u>343,165</u>	<u>9,155,141</u>
Total additions	<u>11,222,428</u>	<u>1,399,744</u>	<u>12,622,172</u>
Deductions			
Benefits	3,671,404	904,316	4,575,720
Administration	<u>33,893</u>	<u>18,483</u>	<u>52,376</u>
Total deductions	<u>3,705,297</u>	<u>922,799</u>	<u>4,628,096</u>
Changes in net position	7,517,131	476,945	7,994,076
Net position - July 1, 2020	<u>29,249,580</u>	<u>847,208</u>	<u>30,096,788</u>
Net position - June 30, 2021	<u>\$ 36,766,711</u>	<u>\$ 1,324,153</u>	<u>\$ 38,090,864</u>

City of New London, Connecticut

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

VI. Prior period adjustment and fund reclassification

Beginning net position/fund balances were restated as a result of the implementation of GASB No. 84 and to record loan receivable balances as follows:

	Governmental Activities	Education Grants	Other Governmental Funds	Custodial Funds
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Net position/fund balance as previously reported at June 30, 2020	\$ 110,236,408	\$ 855,166	\$ 10,995,996	\$ 1,546,698
Reclassification to proper fund type	1,546,698	853,964	692,734	(1,546,698)
To record loan receivable	<u>185,331</u>	<u>-</u>	<u>185,331</u>	<u>-</u>
Net position/fund balance as restated at July 1, 2020	<u>\$ 111,968,437</u>	<u>\$ 1,709,130</u>	<u>\$ 11,874,061</u>	<u>\$ -</u>

Required Supplementary Information

Type	Description
Budgetary	Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund
	Notes to Required Supplementary Information - Budgets and Budgetary Accounting
<u>Pension Plans</u> Noncontributory Contributory Municipal Employees' Retirement System State Teachers' Retirement System	Schedule of Changes in Net Pension Liability and Related Ratios and Schedule of Investment Returns
	Schedule of Proportionate Share of the Net Pension Liability
	Schedule of Contributions
	Notes to Required Supplementary Information
<u>Other Post-Employment Benefits Plans</u> City State Teacher's Retirement Board Retiree Health Insurance Plan	Schedule of Changes in Net OPEB Liability and Related Ratios and Schedule of Investment Returns
	Schedule of Proportionate Share of the Net OPEB Liability
	Schedule of Contributions
	Notes to Required Supplementary Information

City of New London, Connecticut

Required Supplementary Information

General Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
For the Year Ended June 30, 2021

	Original Budget	Additional Appropriations and Transfers	Final Budget	Actual	Variance With Final Budget
Revenues					
Property taxes					
Real estate tax	\$ 46,455,780	\$ -	\$ 46,455,780	\$ 46,284,306	\$ (171,474)
Personal property tax	5,659,693	-	5,659,693	5,345,080	(314,613)
Motor vehicle tax	4,195,290	-	4,195,290	3,558,657	(636,633)
Supplemental motor vehicle tax	550,000	-	550,000	597,010	47,010
Prior years taxes	450,000	-	450,000	1,058,661	608,661
Collections on suspense	125,000	-	125,000	97,211	(27,789)
Delinquent tax interest	375,754	-	375,754	585,405	209,651
Telephone access line	95,000	-	95,000	99,648	4,648
Total property taxes	57,906,517	-	57,906,517	57,625,978	(280,539)
Intergovernmental					
Veterans	5,000	-	5,000	4,123	(877)
Disability exempt	3,000	-	3,000	3,119	119
Mashantucket Pequot	1,667,837	-	1,667,837	1,667,837	-
Distressed municipality	-	-	-	50,862	50,862
Municipal stabilization	1,112,913	-	1,112,913	1,112,913	-
Grants for municipal	33,160	-	33,160	33,169	9
PILOT - state-owned property	397,800	-	397,800	397,802	2
PILOT - colleges and hospitals	4,620,940	-	4,620,940	4,620,940	-
OTB share	25,000	-	25,000	6	(24,994)
PILOT - elderly state - housing	-	-	-	55,760	55,760
CT Port Authority - state pier	750,000	-	750,000	126,500	(623,500)
Education cost sharing	22,481,753	-	22,481,753	22,560,805	79,052
Nonpublic health services	-	-	-	37,219	37,219
School construction progress payments	52,000	-	52,000	-	(52,000)
Total intergovernmental	31,149,403	-	31,149,403	30,671,055	(478,348)
Charges for services					
City Council	-	-	-	100	100
Mayor	-	-	-	13,493	13,493
Finance	848,100	-	848,100	772,443	(75,657)
Law	-	-	-	111	111
Probate	28,000	-	28,000	31,519	3,519
City clerk	642,500	-	642,500	852,097	209,597
Office of development and planning	497,680	-	497,680	715,227	217,547
Public safety					
Police	35,800	-	35,800	59,967	24,167
Fire	1,697,900	-	1,697,900	1,406,758	(291,142)
Emergency management / civil preparedness	10,000	-	10,000	-	(10,000)
Public works	963,000	-	963,000	798,603	(164,397)

(Continued)

City of New London, Connecticut

Required Supplementary Information

General Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
For the Year Ended June 30, 2021

	Original Budget	Additional Appropriations and Transfers	Final Budget	Actual	Variance With Final Budget
Charges for services (continued)					
Recreation	\$ 12,000	\$ -	\$ 12,000	\$ 16,479	\$ 4,479
Education	-	-	-	45,252	45,252
Total charges for services	4,734,980	-	4,734,980	4,712,049	(22,931)
Income from investments	172,061	-	172,061	85,623	(86,438)
Total revenues	93,962,961	-	93,962,961	93,094,705	(868,256)
Expenditures					
Current					
General government					
City Council	291,921	-	291,921	227,247	64,674
Mayor	850,238	4,153	854,391	823,544	30,847
Finance	2,982,705	(24,000)	2,958,705	2,846,945	111,760
Law	355,000	-	355,000	341,439	13,561
Probate court	30,000	-	30,000	29,031	969
City clerk	303,747	-	303,747	264,149	39,598
Elections	118,734	-	118,734	103,299	15,435
Office of development and planning	1,392,137	20,000	1,412,137	1,262,171	149,966
Contingency	475,158	(230,876)	244,282	-	244,282
Total general government	6,799,640	(230,723)	6,568,917	5,897,825	671,092
Public safety					
Police	12,168,970	-	12,168,970	12,418,687	(249,717)
Fire	9,320,244	-	9,320,244	9,342,718	(22,474)
Emergency management / civil preparedness	25,500	-	25,500	27,123	(1,623)
Total public safety	21,514,714	-	21,514,714	21,788,528	(273,814)
Public works	7,898,189	-	7,898,189	7,771,682	126,507
Health and welfare	200,000	-	200,000	204,489	(4,489)
Recreation and culture					
Human services / senior center	518,812	-	518,812	440,069	78,743
Library	950,600	-	950,600	950,600	-
Recreation	549,121	-	549,121	541,088	8,033
Total recreation and culture	2,018,533	-	2,018,533	1,931,757	86,776

(Continued)

City of New London, Connecticut

Required Supplementary Information

General Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
For the Year Ended June 30, 2021

	Original Budget	Additional Appropriations and Transfers	Final Budget	Actual	Variance With Final Budget
Employee benefits	\$ 4,699,048	\$ -	\$ 4,699,048	\$ 4,699,048	\$ -
Education	44,021,759	-	44,021,759	43,037,265	984,494
Total expenditures	87,151,883	(230,723)	86,921,160	85,330,594	1,590,566
Excess (deficiency) of revenues over expenditures	6,811,078	230,723	7,041,801	7,764,111	722,310
Other financing sources (uses)					
Appropriation of fund balance	-	30,116	30,116	-	(30,116)
Transfers in	524,115	-	524,115	50,000	(474,115)
Transfers out	(7,335,193)	(260,839)	(7,596,032)	(7,496,032)	100,000
Net other financing sources (uses)	(6,811,078)	(230,723)	(7,041,801)	(7,446,032)	(404,231)
Net change in fund balance	\$ -	\$ -	\$ -	318,079	\$ 318,079
Fund balance - July 1, 2020				15,875,370	
Fund balance - June 30, 2021				\$ 16,193,449	

<u>Reconciliation to Exhibit D</u>	<u>Revenues</u>	<u>Expenditures</u>	<u>Fund balance</u>
Budgetary Basis - RSI-1	\$ 93,094,705	\$ 85,330,594	\$16,193,449
State Teachers' Pension on behalf amount	6,759,925	6,759,925	-
State Teachers' OPEB on behalf amount	163,140	163,140	-
Noncontributory pension fund included in general fund for GAAP purposes for expenditures less than general fund contribution	-	(56,498)	8,340
GAAP Basis - Exhibit D	\$ 100,017,770	\$ 92,197,161	\$16,201,789

(Concluded)

City of New London, Connecticut**Notes to Required Supplementary Information
For the Year Ended June 30, 2021****Budgets and Budgetary Accounting**

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

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

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

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

Prior to April 1, the Mayor submits to the City Council a proposed operating budget for the year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them.

The City Council holds public deliberations during the month of April and submits the proposed budget and appropriations ordinance to the Board of Finance on or before May 1.

The Board of Finance holds public deliberations for the budget and appropriations ordinance and submits its recommendations to the City Council on or before May 15.

A public hearing by the City Council and Board of Finance is conducted to obtain taxpayer comments while the appropriations ordinance is under Board of Finance review.

On or before June 1, the budget is legally enacted through passage of the appropriations ordinance.

The legal level of control, the level at which expenditures may not exceed appropriations, is at the department level for the General Fund. The City Council may transfer amounts between line items within a department.

The Board of Education, which is not a separate legal entity, is authorized under state law to make any transfers required within their budget at their discretion. Appropriation of additional funds must have Board of Education and City Council approval.

During the year, additional appropriation requests are submitted by the Finance Director to the City Council for approval.

During the year, there were additional appropriations from fund balance of \$30,116.

City of New London, Connecticut

Required Supplementary Information

Noncontributory Plan
Last Eight Years (1)

	2021	2020	2019	2018	2017	2016	2015	2014
Schedule of Changes in Net Pension Liability and Related Ratios								
Total pension liability:								
Service cost	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,103	\$ 6,830
Interest	139,024	193,562	216,374	233,939	180,561	264,692	282,631	299,650
Differences between expected and actual experience	(813,135)	484,319	203,114	(383,909)	584,300	(219,084)	-	-
Change of assumptions	(21,194)	721,514	146,404	(120,163)	(486,961)	542,846	-	-
Benefit payments, including refunds of member contributions	(615,825)	(628,683)	(655,265)	(691,728)	(685,802)	(716,518)	(804,770)	(717,176)
Net change in total pension liability	(1,311,130)	770,712	(89,373)	(961,861)	(407,902)	(128,064)	(515,036)	(410,696)
Total pension liability - July 1	6,596,913	5,826,201	5,915,574	6,877,435	7,285,337	7,413,401	7,928,437	8,339,133
Total pension liability - June 30 (a)	<u>\$5,285,783</u>	<u>\$6,596,913</u>	<u>\$5,826,201</u>	<u>\$5,915,574</u>	<u>\$6,877,435</u>	<u>\$7,285,337</u>	<u>\$7,413,401</u>	<u>\$7,928,437</u>
Plan fiduciary net position:								
Contributions - employer	\$ 615,825	\$ 628,683	\$ 655,265	\$ 691,728	\$ 685,802	\$ 716,518	\$ 804,770	\$ 717,176
Benefit payments, including refunds of member contributions	(615,825)	(628,683)	(655,265)	(691,728)	(685,802)	(716,518)	(804,770)	(717,176)
Net change in plan fiduciary net position	-	-	-	-	-	-	-	-
Plan fiduciary net position - July 1	-	-	-	-	-	-	-	-
Plan fiduciary net position - June 30 (b) (2)	<u>\$ -</u>							
Net pension liability - June 30 (a)-(b)	<u>\$5,285,783</u>	<u>\$6,596,913</u>	<u>\$5,826,201</u>	<u>\$5,915,574</u>	<u>\$6,877,435</u>	<u>\$7,285,337</u>	<u>\$7,413,401</u>	<u>\$7,928,437</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>0.00%</u>							
Covered employee payroll	<u>\$ -</u>	<u>\$ 60,000</u>	<u>\$ 56,818</u>					
Net pension liability as a percentage of covered employee payroll	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>12355.67%</u>	<u>13954.09%</u>

Schedule of Investment Returns

Annual money weighted rate of return, net investment expense	<u>N/A</u>							
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(1) These schedules are intended to present information for 10 years. Additional years will be presented as they become available.

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

N/A - Information not available or not applicable

See Notes to Required Supplementary Information.

City of New London, Connecticut

Required Supplementary Information

**Noncontributory Plan
Schedule of Contributions
Last Ten Years**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Actuarially determined contributions	\$ 968,000	\$1,008,000	\$ 909,000	\$ 857,000	\$ 877,000	\$ 819,000	\$ 604,000	\$ 633,000	\$ 661,000	\$ 694,000
Contributions in relation to the actuarially determined contribution	<u>615,825</u>	<u>628,683</u>	<u>655,265</u>	<u>691,728</u>	<u>685,802</u>	<u>716,518</u>	<u>804,770</u>	<u>717,176</u>	<u>802,125</u>	<u>777,878</u>
Contribution excess (deficiency)	<u>\$ (352,175)</u>	<u>\$ (379,317)</u>	<u>\$ (253,735)</u>	<u>\$ (165,272)</u>	<u>\$ (191,198)</u>	<u>\$ (102,482)</u>	<u>\$ 200,770</u>	<u>\$ 84,176</u>	<u>\$ 141,125</u>	<u>\$ 83,878</u>
Covered employee payroll	<u>\$ -</u>	<u>\$ 60,000</u>	<u>\$ 56,818</u>	<u>\$ 345,000</u>	<u>\$ 399,000</u>					
Contributions as a percentage of covered employee payroll	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>1341.28%</u>	<u>1262.23%</u>	<u>232.50%</u>	<u>194.96%</u>

N/A - Plan does not have any active participants

City of New London, Connecticut

Notes to Required Supplementary Information

Noncontributory Plan
Schedule of Contributions
Last Eight Years (1)

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

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

City of New London, Connecticut
Required Supplementary Information

Contributory Plan
Last Eight Years (3)

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
<u>Schedule of Changes in Net Pension Liability and Related Ratios</u>								
Total pension liability:								
Service cost	\$ 452,224	\$ 638,570	\$ 847,292	\$ 504,894	\$ 973,451	\$ 958,923	\$ 991,266	\$ 953,140
Interest	2,912,526	2,683,682	2,441,261	2,780,595	2,965,655	3,128,487	3,452,051	3,442,146
Changes of benefit terms	-	-	-	-	-	3,100,047	-	-
Differences between expected and actual experience	(409,274)	712,078	(422,812)	354,680	(3,280,839)	415,666	-	-
Change of assumptions	1,401,144	(4,071,459)	(5,355,241)	6,487,541	2,449,503	-	-	-
Benefit payments, including refunds of member contributions	<u>(3,671,404)</u>	<u>(3,805,152)</u>	<u>(3,791,753)</u>	<u>(3,752,017)</u>	<u>(3,770,293)</u>	<u>(16,374,591)</u>	<u>(3,777,054)</u>	<u>(3,787,233)</u>
Net change in total pension liability	685,216	(3,842,281)	(6,281,253)	6,375,693	(662,523)	(8,771,468)	666,263	608,053
Total pension liability - July 1	<u>42,955,812</u>	<u>46,798,093</u>	<u>53,079,346</u>	<u>46,703,653</u>	<u>47,366,176</u>	<u>56,137,644</u>	<u>55,471,381</u>	<u>54,863,328</u>
Total pension liability - June 30 (a)	<u>\$43,641,028</u>	<u>\$42,955,812</u>	<u>\$46,798,093</u>	<u>\$53,079,346</u>	<u>\$46,703,653</u>	<u>\$47,366,176</u>	<u>\$56,137,644</u>	<u>\$55,471,381</u>
Plan fiduciary net position:								
Contributions - employer	\$ 2,183,526	\$ 1,386,893	\$ 1,371,074	\$ 993,574	\$ 404,486	\$ 525,279	\$ 685,986	\$ 685,356
Contributions - member	226,926	210,811	212,306	221,821	238,894	2,237,452 (1)	433,527	395,777
Net investment income (loss)	8,811,976	1,275,393	2,262,496	2,483,722	2,559,547	(35,053)	1,958,493	6,608,248
Benefit payments, including refunds of member contributions	(3,671,404)	(3,805,152)	(3,791,753)	(3,752,017)	(3,770,293) (2)	(16,374,591) (2)	(3,777,054)	(3,787,233)
Administration	<u>(33,893)</u>	<u>(43,300)</u>	<u>(33,375)</u>	<u>(16,982)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in plan fiduciary net position	7,517,131	(975,355)	20,748	(69,882)	(567,366)	(13,646,913)	(699,048)	3,902,148
Plan fiduciary net position - July 1	<u>29,249,580</u>	<u>30,224,935</u>	<u>30,204,187</u>	<u>30,274,069</u>	<u>30,841,435</u>	<u>44,488,348</u>	<u>45,187,396</u>	<u>41,285,248</u>
Plan fiduciary net position - June 30 (b)	<u>\$36,766,711</u>	<u>\$29,249,580</u>	<u>\$30,224,935</u>	<u>\$30,204,187</u>	<u>\$30,274,069</u>	<u>\$30,841,435</u>	<u>\$44,488,348</u>	<u>\$45,187,396</u>
Net pension liability - June 30 (a)-(b)	<u>\$ 6,874,317</u>	<u>\$13,706,232</u>	<u>\$16,573,158</u>	<u>\$22,875,159</u>	<u>\$16,429,584</u>	<u>\$16,524,741</u>	<u>\$11,649,296</u>	<u>\$10,283,985</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>84.25%</u>	<u>68.09%</u>	<u>64.59%</u>	<u>56.90%</u>	<u>64.82%</u>	<u>65.11%</u>	<u>79.25%</u>	<u>81.46%</u>
Covered payroll	<u>\$ 3,576,783</u>	<u>\$ 3,289,035</u>	<u>\$ 3,657,215</u>	<u>\$ 3,595,880</u>	<u>\$ 2,809,411</u>	<u>\$ 6,353,404</u>	<u>\$ 6,804,000</u>	<u>\$ 6,348,480</u>
Net pension liability as a percentage of covered payroll	<u>192.19%</u>	<u>416.73%</u>	<u>453.16%</u>	<u>636.15%</u>	<u>584.81%</u>	<u>260.09%</u>	<u>171.21%</u>	<u>161.99%</u>

Schedule of Investment Returns

Annual money weighted rate of return, net investment expense	<u>25.55%</u>	<u>6.14%</u>	<u>6.15%</u>	<u>8.54%</u>	<u>8.70%</u>	<u>-0.09%</u>	<u>4.45%</u>	<u>16.49%</u>
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(1) Includes \$1,951,342 of buyback contributions

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

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

See Notes to Required Supplementary Information.

City of New London, Connecticut

Required Supplementary Information

Contributory Plan
Schedule of Contributions
Last Ten Years

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Actuarially determined contributions	\$1,318,000	\$1,322,000	\$1,217,000	\$1,165,000	\$ 979,000	\$ 903,000	\$ 973,000	\$1,108,000	\$ 978,000	\$1,013,000
Contributions in relation to the actuarially determined contribution	<u>2,183,526</u>	<u>1,386,893</u>	<u>1,371,074</u>	<u>993,574</u>	<u>404,486</u>	<u>525,279</u>	<u>525,279</u>	<u>685,356</u>	<u>665,031</u>	<u>753,825</u>
Contribution excess (deficiency)	<u>\$ 865,526</u>	<u>\$ 64,893</u>	<u>\$ 154,074</u>	<u>\$ (171,426)</u>	<u>\$ (574,514)</u>	<u>\$ (377,721)</u>	<u>\$ (447,721)</u>	<u>\$ (422,644)</u>	<u>\$ (312,969)</u>	<u>\$ (259,175)</u>
Covered payroll	<u>\$3,576,783</u>	<u>\$3,289,035</u>	<u>\$3,657,215</u>	<u>\$3,595,880</u>	<u>\$2,809,411</u>	<u>\$6,353,404</u>	<u>\$6,804,000</u>	<u>\$6,348,480</u>	<u>\$7,251,000</u>	<u>\$7,454,000</u>
Contributions as a percentage of covered payroll	<u>61.05%</u>	<u>42.17%</u>	<u>37.49%</u>	<u>27.63%</u>	<u>14.40%</u>	<u>8.27%</u>	<u>7.72%</u>	<u>10.80%</u>	<u>9.17%</u>	<u>10.11%</u>

City of New London, Connecticut
Notes to Required Supplementary Information

Contributory Plan
Schedule of Contributions
Last Eight Years (1)

	2021	2020	2019	2018	2017	2016	2015	2014
Changes of Benefit Terms	None							
The actuarially determined contribution rates are calculated as of	July 1, 2019	July 1, 2018	July 1, 2017	July 1, 2016	July 1, 2015	July 1, 2014	July 1, 2014	July 1, 2013
Actuarial methods and assumptions used to determine contribution rates:								
Actuarial Cost Method	Entry age normal							
Amortization Method	Level percentage							
Asset Valuation Method	5 year smoothing							
Inflation	2.40%	2.40%	2.60%	2.60%	2.75%	3.00%	2.50%	N/A
Salary Increases	Graded scale 4.40% at age 20 down to 2.40% at age 60 and beyond	Graded scale 4.40% at age 20 down to 2.40% at age 60 and beyond	Graded scale 4.60% at age 20 down to 2.60% at age 60 and beyond	Graded scale 4.60% at age 20 down to 2.60% at age 60 and beyond	Graded scale 4.60% at age 20 down to 2.75% at age 60 and beyond	Graded scale 5.00% at age 20 down to 3.00% at age 60 and beyond	Graded scale 5.00% at age 20 down to 3.00% at age 60 and beyond	Graded scale 5.00% at age 20 down to 3.00% at age 60 and beyond
Cost-of-Living Increases	Retired police - 1/2% per year starting at age 62 following retirement from active service for retirements after 7/1/1991	Retired police - 1/2% per year starting at age 62 following retirement from active service for retirements after 7/1/1991	Retired police - 1/2% per year starting at age 62 following retirement from active service for retirements after 7/1/1992	Retired police - 1/2% per year starting at age 62 following retirement from active service for retirements after 7/1/1993	Retired police - 1/2% per year starting at age 62 following retirement from active service for retirements after 7/1/1994	Retired police - 1/2% per year starting at age 62 following retirement from active service for retirements after 7/1/1995	Retired police - 1/2% per year starting at age 62 following retirement from active service for retirements after 7/1/1996	Retired police - 1/2% per year starting at age 62 following retirement from active service for retirements after 7/1/1997
	Others - cost of living adjustments as negotiated	Others - cost of living adjustments as negotiated	Others - cost of living adjustments as negotiated	Others - cost of living adjustments as negotiated	Others - cost of living adjustments as negotiated	Others - cost of living adjustments as negotiated	Others - cost of living adjustments as negotiated	Others - cost of living adjustments as negotiated
Investment Rate of Return (Net)	7.00%	7.00%	7.00%	7.00%	7.50%	7.50%	6.38%	6.38%
Mortality Rate	RP-2014 adjusted to 2006 total dataset mortality table projected to the valuation date with scale MP-2019	RP-2014 adjusted to 2006 total dataset mortality table projected to the valuation date with scale MP-2019	RP-2014 adjusted to 2006 total dataset mortality table projected to the valuation date with scale MP-2018	RP-2014 adjusted to 2006 total dataset mortality table projected to the valuation date with scale MP-2018	RP-2000 mortality table projected to the valuation date with Scale AA	RP-2000 mortality table projected to the valuation date with Scale AA	RP-2000 mortality table projected to the valuation date with Scale AA	RP-2000 mortality table projected to the valuation date with Scale AA

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

N/A - Information not available or not applicable

City of New London, Connecticut

Required Supplementary Information

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

	2021	2020	2019	2018	2017	2016	2015
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Schedule of Proportionate Share of the Net Pension Liability

City's proportion of the net pension liability for the policemen without social security sub plan	4.139489%	4.480276%	4.628183%	4.366642%	4.366642%	4.467847%	4.634080%
City's proportion of the net pension liability for the firemen without social security sub plan	3.232210%	3.242942%	3.584138%	3.440431%	3.440431%	3.587174%	N/A
City's proportion of the net pension liability for the general employees with social security sub plan	1.989673%	2.023475%	1.884750%	1.770495%	1.770495%	N/A	N/A
City's proportionate share of the net pension (asset) liability	\$32,836,914	\$32,571,549	\$29,582,420	\$ (3,066,541)	\$ (922,420)	\$ (6,778,002)	\$ (4,424,739)
Covered payroll	\$17,617,472	\$18,356,040	\$19,068,683	\$16,150,428	\$16,150,428	\$11,361,100	\$ 6,044,716
City's proportionate share of the net pension (asset) liability as a percentage of its covered payroll	186.39%	177.44%	155.14%	(18.99%)	(5.71%)	(59.66%)	(59.66%)
Plan fiduciary net position as a percentage of the total pension liability	71.18%	72.69%	73.60%	91.68%	88.29%	92.72%	90.48%

Schedule of Contributions

Contractually required contribution	\$ 3,294,222	\$ 2,694,524	\$ 2,756,612	\$ 2,267,608	\$ 2,267,608	\$ 1,018,621	\$ 967,517
Contributions in relation to the contractually required contribution	3,294,222	2,694,524	2,756,612	2,267,608	2,267,608	1,018,621	967,517
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	16,528,535	14,391,773	17,760,686	14,646,418	16,150,426	7,263,433	6,486,236
Contributions as a percentage of covered payroll	19.93%	18.72%	15.52%	15.48%	14.04%	14.02%	14.92%

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

N/A - Not available or not applicable

See Notes to Required Supplementary Information.

City of New London, Connecticut

Notes to Required Supplementary Information

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

	2021	2020	2019	2018	2017	2016	2015
Changes of Benefit Terms	None	None	None	None	None	None	None
The actuarially determined contribution rates are calculated as of	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2016	June 30, 2016	June 30, 2014	June 30, 2014
Actuarial methods and assumptions used to determine contribution rates:							
Actuarial Cost Method	Entry age	Entry age	Entry age	Entry age	Entry age	Entry age	Entry age
Amortization Method	Level dollar, closed	Level dollar, closed	Level dollar, closed	Level dollar, closed	Level dollar, closed	Level dollar, closed	Level dollar, closed
Remaining Amortization Period	19 years	20 years	21 years	23 years	23 years	25 years	25 years
Asset Valuation Method	5 year smoothing	5 year smoothing	5 year smoothing	5 year smoothing	5 year smoothing	5 year smoothing	5 year smoothing
Inflation	2.50%	2.50%	2.50%	3.25%	3.25%	3.25%	3.25%
Salary Increases	3.50%-10.00%, average, including inflation	3.50%-10.00%, average, including inflation	3.50%-10.00%, average, including inflation	4.25%-11.00%, average, including inflation	4.25%-11.00%, average, including inflation	4.25%-11.00%, average, including inflation	4.25%-11.00%, average, including inflation
Cost-of-Living Adjustments	After January 1, 2002, 2.5% minimum Prior to January 1, 2002, 2.5% up to age 65. 3.25% afterwards	After January 1, 2002, 2.5% minimum Prior to January 1, 2002, 2.5% up to age 65. 3.25% afterwards	After January 1, 2002, 2.5% minimum Prior to January 1, 2002, 2.5% up to age 65. 3.25% afterwards	After January 1, 2002, 2.5% minimum Prior to January 1, 2002, 2.5% up to age 65. 3.25% afterwards	After January 1, 2002, 2.5% minimum Prior to January 1, 2002, 2.5% up to age 65. 3.25% afterwards	After January 1, 2002, 2.5% minimum Prior to January 1, 2002, 2.5% up to age 65. 3.25% afterwards	After January 1, 2002, 2.5% minimum Prior to January 1, 2002, 2.5% up to age 65. 3.25% afterwards
Social Security Wage Base	3.00%	3.00%	3.00%	3.50%	3.50%	3.50%	3.50%
Investment Rate of Return (Net)	7.00%	7.00%	7.00%	8.00%	8.00%	8.00%	8.00%
Mortality	General Employees: RP-2014 Combined Mortality Table adjusted to 2006 and projected to 2015 with Scale MP-2017 and projected to 2022 with Scale BB Police and Fire: RP-2014 Blue Collar Mortality Table adjusted to 2006 projected to 2015 with Scale MP-2017 and projected to 2022 with Scale BB	General Employees: RP-2014 Combined Mortality Table adjusted to 2006 and projected to 2015 with Scale MP-2017 and projected to 2022 with Scale BB Police and Fire: RP-2014 Blue Collar Mortality Table adjusted to 2006 projected to 2015 with Scale MP-2017 and projected to 2022 with Scale BB	General Employees: RP-2014 Combined Mortality Table adjusted to 2006 and projected to 2015 with Scale MP-2017 and projected to 2022 with Scale BB Police and Fire: RP-2014 Blue Collar Mortality Table adjusted to 2006 projected to 2015 with Scale MP-2017 and projected to 2022 with Scale BB	RP-2000 Combined Mortality Table projected 19 years using scale AA, with a two year setback for males and females for the period after service retirement and for dependent beneficiaries	RP-2000 Combined Mortality Table projected 19 years using scale AA, with a two year setback for males and females for the period after service retirement and for dependent beneficiaries	RP-2000 Combined Mortality Table projected 19 years using scale AA, with a two year setback for males and females for the period after service retirement and for dependent beneficiaries	RP-2000 Combined Mortality Table projected 19 years using scale AA, with a two year setback for males and females for the period after service retirement and for dependent beneficiaries

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

City of New London, Connecticut

Required Supplementary Information

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

	<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	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
City's proportionate share of the net pension liability	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State of Connecticut's proportionate share of the net pension liability associated with the City	105,390,539	94,414,517	72,799,078	70,466,034	72,342,205	55,834,897	51,608,173
Total	<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>						
City's proportionate share of the net pension liability as a percentage of its covered payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	<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>
<u>Schedule of Contributions</u>							
Contractually required contribution (1)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the contractually required contribution	-	-	-	-	-	-	-
Contribution deficiency (excess)	<u>\$ -</u>						
Covered payroll	<u>(2)</u>						
Contributions as a percentage of covered payroll	<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.

See Notes to Required Supplementary Information.

City of New London, Connecticut

Notes to Required Supplementary Information

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

	2021	2020	2019	2018	2017	2016	2015
Changes of Benefit Terms	None	None	Beginning January 1, 2018, member contributions increased from 6.00% to 7.00% of salary	None	None	None	None
The actuarially determined contribution rates are calculated as of	June 30, 2020	June 30, 2018	June 30, 2018	June 30, 2016	June 30, 2016	June 30, 2014	June 30, 2014
Actuarial methods and assumptions used to determine contribution rates:							
Actuarial Cost Method	Entry age	Entry age	Entry age	Entry age	Entry age	Entry age	Entry age
Amortization Method	Level percent of salary, closed, grading to a level dollar	Level percent of salary, closed, grading to a level dollar	Level percent of salary, closed, grading to a level dollar	Level percent of salary, closed	Level percent of salary, closed	Level percent of salary, closed	Level percent of salary, closed
Remaining Amortization Period	27.8 years	30 years	30 years	20.4 years	20.4 years	21.4 years	22.4 years
Asset Valuation Method	4 year smoothing	4 year smoothing	4 year smoothing	4 year smoothing	4 year smoothing	4 year smoothing	4 year smoothing
Inflation	2.50%	2.50%	2.75%	2.75%	2.75%	3.00%	3.00%
Salary Increases	3.00%-6.50%, average, including inflation	3.25%-6.50%, average, including inflation	3.25%-6.50%, average, including inflation	3.25%-6.50%, average, including inflation	3.25%-6.50%, average, including inflation	3.75%-7.00%, average, including inflation	3.75%-7.00%, average, including inflation
Cost-of-Living Adjustments	1.75%-3.00% based on retirement date	1.75%-3.00% based on retirement date	1.75%-3.00% based on retirement date	1.75%-3.00% based on retirement date	1.75%-3.00% based on retirement date	2.00%-3.00% based on retirement date	2.00%-3.00% based on retirement date
Investment Rate of Return (Net)	6.90%	6.90%	8.00%	8.00%	8.00%	8.50%	8.50%
Mortality	PubT-2010 Table projected generationally with MP-2019	RP-2014 White Collar table projected to the year 2020 using the BB improvement scale	RP-2014 White Collar table projected to the year 2020 using the BB improvement scale	RP-2014 White Collar table projected to the year 2020 using the BB improvement scale	RP-2014 White Collar table projected to the year 2020 using the BB improvement scale	RP-2000 Combined Mortality Table projected 19 years using scale AA	RP-2000 Combined Mortality Table projected 19 years using scale AA

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

City of New London, Connecticut

Required Supplementary Information

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

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
OPEB liability					
Service cost	\$ 1,368,998	\$ 1,261,094	\$ 962,949	\$ 968,046	\$ 1,101,455
Interest	727,044	967,540	1,102,159	1,028,971	881,606
Differences between expected and actual experience	(7,425,115)	-	(6,122,515)	-	(2,785,678)
Changes in assumptions	1,290,893	3,845,182	4,013,538	(1,018,072)	-
Benefit payments, including refunds of member contributions	(904,316)	(948,139)	(1,228,031)	(1,245,630)	(1,267,017)
Net change in total OPEB liability	(4,942,496)	5,125,677	(1,271,900)	(266,685)	(2,069,634)
OPEB liability - July 1	31,978,592	26,852,915	28,124,815	28,391,500	30,461,134
OPEB liability - June 30 (a)	<u>\$ 27,036,096</u>	<u>\$ 31,978,592</u>	<u>\$ 26,852,915</u>	<u>\$ 28,124,815</u>	<u>\$ 28,391,500</u>
Plan fiduciary net position					
Contributions - employer	\$ 1,056,579	\$ 1,061,520	\$ 1,335,531	\$ 1,356,630	\$ 1,378,017
Net investment income (loss)	343,165	(13,907)	19,796	73,220	59,991
Benefit payments, including refunds of member contributions	(904,316)	(948,139)	(1,228,031)	(1,245,630)	(1,267,017)
Administration and other	(18,483)	(129,046)	-	(15,180)	(27,230)
Net change in plan fiduciary net position	476,945	(29,572)	127,296	169,040	143,761
Plan fiduciary net position - July 1	847,208	876,780	749,484	580,444	436,683
Plan fiduciary net position - June 30 (b)	<u>\$ 1,324,153</u>	<u>\$ 847,208</u>	<u>\$ 876,780</u>	<u>\$ 749,484</u>	<u>\$ 580,444</u>
Net OPEB liability - June 30 (a)-(b)	<u>\$ 25,711,943</u>	<u>\$ 31,131,384</u>	<u>\$ 25,976,135</u>	<u>\$ 27,375,331</u>	<u>\$ 27,811,056</u>
Plan fiduciary net position as a percentage of the total OPEB liability	4.90%	2.65%	3.27%	2.66%	2.04%
Covered payroll	<u>\$ 45,343,942</u>	<u>\$ 43,484,835</u>	<u>\$ 43,484,835</u>	<u>\$ 35,659,895</u>	<u>\$ 35,659,895</u>
Net OPEB liability as a percentage of covered payroll	<u>56.70%</u>	<u>71.59%</u>	<u>59.74%</u>	<u>76.77%</u>	<u>77.99%</u>

Schedule of Investment Returns

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

See Notes to Required Supplementary Information.

City of New London, Connecticut

Required Supplementary Information

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

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Actuarially determined contributions	\$ 2,700,093	\$ 2,520,055	\$ 2,420,049	\$ 2,290,779	\$ 2,120,720	\$ 2,017,079	\$ 2,623,239	\$ 2,467,000	\$ 2,289,000	\$ 2,160,000
Contributions in relation to the actuarially determined contribution	<u>1,056,579</u>	<u>1,061,520</u>	<u>1,335,531</u>	<u>1,356,630</u>	<u>1,378,017</u>	<u>1,363,311</u>	<u>1,297,277</u>	<u>1,158,000</u>	<u>1,079,000</u>	<u>1,099,000</u>
Contribution excess (deficiency)	<u>\$ (1,643,514)</u>	<u>\$ (1,458,535)</u>	<u>\$ (1,084,518)</u>	<u>\$ (934,149)</u>	<u>\$ (742,703)</u>	<u>\$ (653,768)</u>	<u>\$ (1,325,962)</u>	<u>\$ (1,309,000)</u>	<u>\$ (1,210,000)</u>	<u>\$ (1,061,000)</u>
Covered payroll	<u>\$ 45,343,942</u>	<u>\$ 43,484,835</u>	<u>\$ 43,484,835</u>	<u>\$ 35,659,895</u>	<u>\$ 35,659,895</u>	<u>\$ 33,301,669</u>	<u>\$ 42,451,000</u>	<u>\$ 42,451,000</u>	<u>N/A</u>	<u>N/A</u>
Contributions as a percentage of covered payroll	<u>2.33%</u>	<u>2.44%</u>	<u>3.07%</u>	<u>3.80%</u>	<u>3.86%</u>	<u>4.09%</u>	<u>3.06%</u>	<u>2.73%</u>	<u>N/A</u>	<u>N/A</u>

N/A - Not available.

City of New London, Connecticut

Notes to Required Supplementary Information

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

	2021	2020	2019	2018	2017	2016	2015	2014
Changes of Benefit Terms	None	None	None	None	None	None	None	None
The actuarially determined contribution rates are calculated as of	July 1, 2020	July 1, 2018	July 1, 2018	July 1, 2016	July 1, 2016	July 1, 2014	July 1, 2012	July 1, 2012
Actuarial methods and assumptions used to determine contribution rates:								
Actuarial Cost Method	Entry age normal	Entry age normal	Entry age normal	Projected unit credit				
Amortization Method	Level percentage	Level percentage	Level percentage	Level percentage	Level percentage	Level percentage	Level percentage	Level percentage
Asset Valuation Method	Fair value	Fair value	Fair value	Fair value	Fair value	Fair value	Fair value	Fair value
Healthcare Inflation Rate - Initial	5.30%	6.00%	6.00%	5.40%	5.40%	5.70%	7.20%	7.20%
Healthcare Inflation Rate - Ultimate	4.40%	4.10%	4.10%	4.40%	4.40%	4.40%	4.70%	4.70%
Investment Rate of Return (Net)	2.21%	3.87%	3.87%	4.00%	4.00%	4.00%	4.00%	4.00%
Mortality Rate	City and non-certified employees: PubG-2010 Mortality Table projected with MP-2019 ultimate scale Police and fire: PubS-2010 mortality table projected with MP-2019 ultimate scale	City and non-certified employees: PubG-2010 Mortality Table projected with MP-2014 ultimate scale Police and fire: PubS-2010 mortality table projected with MP-2014 ultimate scale	City and non-certified employees: PubG-2010 Mortality Table projected with MP-2014 ultimate scale Police and fire: PubS-2010 mortality table projected with MP-2014 ultimate scale	RP-2000 Combined Healthy Mortality Table				

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

City of New London, Connecticut

Required Supplementary Information

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

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

Schedule of Contributions

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

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

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

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

See Notes to Required Supplementary Information.

City of New London, Connecticut

Notes to Required Supplementary Information

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

	2021	2020	2019	2018
Changes of Benefit Terms	None	None	None	None
The actuarially determined contribution rates are calculated as of	June 30, 2020	June 30, 2018	June 30, 2018	June 30, 2016
Actuarial methods and assumptions used to determine contribution rates:				
Actuarial Cost Method	Entry age	Entry age	Entry age	Entry age
Amortization Method	Level percentage, closed	Level percentage, open	Level percentage, open	Level percentage, open
Amortization Period	30 years	30 years	30 years	30 years
Asset Valuation Method	Fair Value	Fair Value	Fair Value	Fair Value
Inflation	2.50%	2.75%	2.75%	2.75%
Healthcare Inflation Rate	Initial 5.125% decreasing to 4.50% (ultimate) by 2023	Initial 5.95% decreasing to 4.75% (ultimate) by 2025	Initial 5.95% decreasing to 4.75% (ultimate) by 2025	Initial 7.25% decreasing to 5.00% (ultimate) by 2022
Salary Increases	3.00% to 6.50%, including inflation	3.25% to 6.50%, including inflation	3.25% to 6.50%, including inflation	3.25% to 6.50%, including inflation
Investment Rate of Return (Net)	3.00%	3.00%	3.00%	4.25%
Mortality Rate	PubT-2010 Table projected generationally with MP-2019	RP-2014 White Collar table projected to the year 2020 using the BB improvement scale	RP-2014 White Collar table projected to the year 2020 using the BB improvement scale	RP-2014 White Collar table projected to the year 2020 using the BB improvement scale

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

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, 2021

Grand List Year	Uncollected Taxes July 1, 2020	Current Year Levy	Lawful Corrections			Adjusted Amount Collectible	Collections			Uncollected Taxes June 30, 2021
			Additions	Deductions	Transfers to Suspense		Taxes	Interest, Liens and Other Fees	Total	
2011	\$ 76	\$ -	\$ -	\$ -	\$ 76	\$ -	\$ -	\$ -	\$ -	\$ -
2012	20,353	-	-	-	-	20,353	10,156	-	10,156	10,197
2013	63,644	-	74	-	209	63,509	-	-	-	63,509
2014	4,407	-	72	-	783	3,696	-	528	528	3,696
2015	4,660	-	-	-	873	3,787	-	-	-	3,787
2016	32,023	-	120,479	2,589	2,480	147,433	64,890	31,145	96,035	82,543
2017	601,703	-	136,653	26,055	400,510	311,791	198,720	78,625	277,345	113,071
2018	1,398,139	-	126,886	108,344	-	1,416,681	788,362	172,091	960,453	628,319
Subtotal	2,125,005	-	384,164	136,988	404,931	1,967,250	1,062,128	282,389	1,344,517	905,122
2019	-	57,494,847	173,052	367,751	-	57,300,148	55,735,720	-	55,735,720	1,564,428
Totals	<u>\$2,125,005</u>	<u>\$57,494,847</u>	<u>\$557,216</u>	<u>\$ 504,739</u>	<u>\$ 404,931</u>	<u>\$59,267,398</u>	<u>\$56,797,848</u>	<u>\$ 282,389</u>	<u>\$57,080,237</u>	<u>\$ 2,469,550</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 and contributions	Public works programs
Public Safety	Grants and fees	Public safety programs
Health and Welfare	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
Miscellaneous	Grants and contributions	Miscellaneous grants and contributions received by the City for specific expenditures
School activity	Activity fees and contributions	Student activity funds and school scholarships

Debt Service Fund

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

Combining Balance Sheet
Other Governmental Funds
June 30, 2021

Special Revenue Funds

	<u>Cafeteria</u>	<u>Veolia</u>	<u>Community Development</u>	<u>General Government</u>	<u>Public Works</u>	<u>Public Safety</u>	<u>Health and Welfare</u>
<u>Assets</u>							
Cash	\$ 426,000	\$ -	\$ 367,655	\$ 825,468	\$ 272,482	\$ 826,563	\$ 109,215
Investments	22,951	513,220	-	-	-	-	-
Receivables (net)							
Property taxes	-	-	-	3,375	-	-	-
Accounts	-	-	10,558	3,740	-	282,640	-
Intergovernmental	526,240	-	374,794	-	-	320,708	-
Loans	-	-	703,374	183,362	-	-	-
Assessments	-	-	-	-	51,675	-	-
Other	64,668	-	-	-	-	-	-
Total assets	<u>\$ 1,039,859</u>	<u>\$ 513,220</u>	<u>\$ 1,456,381</u>	<u>\$ 1,015,945</u>	<u>\$ 324,157</u>	<u>\$1,429,911</u>	<u>\$ 109,215</u>
<u>Liabilities</u>							
Accounts payable	\$ 375,939	\$ -	\$ 115,614	\$ 86,531	\$ 14,872	\$ 35,315	\$ -
Accrued payroll and related liabilities	-	-	29,491	-	-	17,915	-
Unearned revenue	-	-	-	404,223	-	-	-
Total liabilities	<u>375,939</u>	<u>-</u>	<u>145,105</u>	<u>490,754</u>	<u>14,872</u>	<u>53,230</u>	<u>-</u>
<u>Deferred Inflows of Resources</u>							
Unavailable revenue							
Property taxes	-	-	-	3,375	-	-	-
Assessments	-	-	-	-	51,675	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,375</u>	<u>51,675</u>	<u>-</u>	<u>-</u>
<u>Fund Balances</u>							
Restricted	663,920	-	1,311,276	-	-	-	109,215
Committed	-	513,220	-	521,816	257,610	1,376,681	-
Assigned	-	-	-	-	-	-	-
Total fund balances	<u>663,920</u>	<u>513,220</u>	<u>1,311,276</u>	<u>521,816</u>	<u>257,610</u>	<u>1,376,681</u>	<u>109,215</u>
Total liabilities, deferred inflows of resources resources and fund balances	<u>\$ 1,039,859</u>	<u>\$ 513,220</u>	<u>\$ 1,456,381</u>	<u>\$ 1,015,945</u>	<u>\$ 324,157</u>	<u>\$1,429,911</u>	<u>\$ 109,215</u>

City of New London, Connecticut

Combining Balance Sheet
Other Governmental Funds
June 30, 2021

Special Revenue Funds

	Port Authority	Culture and Recreation	Miscellaneous	School Activity	Total Special Revenue Funds	Debt Service	Total Other Governmental Funds
<u>Assets</u>							
Cash	\$ 71,342	\$ 190,313	\$ 62,580	\$ 291,171	\$ 3,442,789	\$ -	\$ 3,442,789
Investments	-	-	-	-	536,171	6,619,348	7,155,519
Receivables (net)							
Property taxes	-	-	-	-	3,375	-	3,375
Accounts	14,212	11,358	-	-	322,508	-	322,508
Intergovernmental	-	-	-	-	1,221,742	-	1,221,742
Loans	-	-	-	-	886,736	-	886,736
Assessments	-	-	-	-	51,675	-	51,675
Other	-	-	-	-	64,668	-	64,668
Total assets	<u>\$ 85,554</u>	<u>\$ 201,671</u>	<u>\$ 62,580</u>	<u>\$ 291,171</u>	<u>\$ 6,529,664</u>	<u>\$ 6,619,348</u>	<u>\$ 13,149,012</u>
<u>Liabilities</u>							
Accounts payable	\$ 5,886	\$ 20,954	\$ -	\$ -	\$ 655,111	\$ -	\$ 655,111
Accrued payroll and related liabilities	-	18,332	-	-	65,738	-	65,738
Unearned revenue	200	6,218	-	-	410,641	-	410,641
Total liabilities	<u>6,086</u>	<u>45,504</u>	<u>-</u>	<u>-</u>	<u>1,131,490</u>	<u>-</u>	<u>1,131,490</u>
<u>Deferred Inflows of Resources</u>							
Unavailable revenue							
Property taxes	-	-	-	-	3,375	-	3,375
Assessments	-	-	-	-	51,675	-	51,675
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>55,050</u>	<u>-</u>	<u>55,050</u>
<u>Fund Balances</u>							
Restricted	-	-	-	-	2,084,411	-	2,084,411
Committed	79,468	156,167	-	291,171	3,196,133	-	3,196,133
Assigned	-	-	62,580	-	62,580	6,619,348	6,681,928
Total fund balances	<u>79,468</u>	<u>156,167</u>	<u>62,580</u>	<u>291,171</u>	<u>5,343,124</u>	<u>6,619,348</u>	<u>11,962,472</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 85,554</u>	<u>\$ 201,671</u>	<u>\$ 62,580</u>	<u>\$ 291,171</u>	<u>\$ 6,529,664</u>	<u>\$ 6,619,348</u>	<u>\$ 13,149,012</u>

(Concluded)

City of New London, Connecticut
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances
Other Governmental Funds
For the Year Ended June 30, 2021

Special Revenue Funds

	Cafeteria	Veolia	Community Development	General Government	Public Works	Public Safety	Health and Welfare
Revenues							
Property taxes	\$ -	\$ -	\$ -	\$ 105,930	\$ -	\$ -	\$ -
Intergovernmental	2,864,306	-	1,460,513	392,363	384,906	575,178	-
Charges for services	269,442	-	115,626	21,267	-	1,028,443	-
Contributions	-	100,000	-	47,475	-	508	14,000
Income from investments	11	-	210	-	-	-	42
Total revenues	3,133,759	100,000	1,576,349	567,035	384,906	1,604,129	14,042
Expenditures							
Current							
General government	-	-	-	784,091	-	-	-
Public safety	-	-	-	-	-	1,184,565	-
Public works	-	-	-	-	359,036	-	-
Health and welfare	-	-	1,364,876	-	-	-	22,181
Recreation and culture	-	-	-	-	-	-	-
Education	2,861,860	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Total expenditures	2,861,860	-	1,364,876	784,091	359,036	1,184,565	22,181
Excess (deficiency) of revenues over expenditures	271,899	100,000	211,473	(217,056)	25,870	419,564	(8,139)
Other financing sources (uses)							
Issuance of refunding debt	-	-	-	-	-	-	-
Payments to bond escrow agents	-	-	-	-	-	-	-
Premium	-	-	-	-	-	-	-
Transfers in	-	-	-	254,999	-	30,723	-
Transfers out	-	(40,000)	(212,009)	-	-	-	-
Net other financing sources (uses)	-	(40,000)	(212,009)	254,999	-	30,723	-
Net change in fund balances	271,899	60,000	(536)	37,943	25,870	450,287	(8,139)
Fund balances - July 1, 2020 (as restated)	392,021	453,220	1,311,812	483,873	231,740	926,394	117,354
Fund balances - June 30, 2021	\$ 663,920	\$ 513,220	\$ 1,311,276	\$ 521,816	\$ 257,610	\$ 1,376,681	\$ 109,215

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(Continued)

City of New London, Connecticut

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

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	Special Revenue Funds				Total Special Revenue Funds	Debt Service	Total Other Governmental Funds
	Port Authority	Culture and Recreation	Miscellaneous	School Activity			
Revenues							
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ 105,930	\$ -	\$ 105,930
Intergovernmental	-	70,780	-	-	5,748,046	-	5,748,046
Charges for services	66,670	149,952	-	406,868	2,058,268	-	2,058,268
Contributions	-	252,972	-	-	414,955	-	414,955
Income from investments	-	-	-	-	263	-	263
Total revenues	66,670	473,704	-	406,868	8,327,462	-	8,327,462
Expenditures							
Current							
General government	95,410	-	23	-	879,524	-	879,524
Public safety	-	-	-	-	1,184,565	-	1,184,565
Public works	-	-	-	-	359,036	-	359,036
Health and welfare	-	-	-	-	1,387,057	-	1,387,057
Recreation and culture	-	635,574	-	-	635,574	-	635,574
Education	-	-	-	808,431	3,670,291	-	3,670,291
Debt service	-	-	-	-	-	8,510,905	8,510,905
Total expenditures	95,410	635,574	23	808,431	8,116,047	8,510,905	16,626,952
Excess (deficiency) of revenues over expenditures	(28,740)	(161,870)	(23)	(401,563)	211,415	(8,510,905)	(8,299,490)
Other financing sources (uses)							
Issuance of refunding debt	-	-	-	-	-	8,350,000	8,350,000
Payments to bond escrow agents	-	-	-	-	-	(8,253,885)	(8,253,885)
Premium	-	-	-	-	-	1,074,225	1,074,225
Transfers in	-	100,000	-	-	385,722	7,135,193	7,520,915
Transfers out	-	-	(51,345)	-	(303,354)	-	(303,354)
Net other financing sources (uses)	-	100,000	(51,345)	-	82,368	8,305,533	8,387,901
Net change in fund balances	(28,740)	(61,870)	(51,368)	(401,563)	293,783	(205,372)	88,411
Fund balances - July 1, 2020 (as restated)	108,208	218,037	113,948	692,734	5,049,341	6,824,720	11,874,061
Fund balances - June 30, 2021	\$ 79,468	\$ 156,167	\$ 62,580	\$ 291,171	\$ 5,343,124	\$ 6,619,348	\$ 11,962,472

(Concluded)

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

	2021	2020 (as restated)	2019	2018	2017	2016	2015	2014	2013	2012
Governmental activities										
Net investment in capital assets	\$ 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	\$ 183,990,139
Restricted	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	550,323
Unrestricted	(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	20,931,037
Total governmental activities net position	149,411,453	111,968,437	103,219,867	132,964,336	140,964,884	147,489,245	184,437,624	188,882,455	210,407,729	205,471,499
Business-type activities										
Net investment in capital assets	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	119,099,897
Restricted	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	8,154,758
Unrestricted	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	4,486,240
Total business-type activities net position	119,733,864	121,245,119	123,852,715	124,491,255	125,336,481	125,533,016	126,426,381	127,711,104	129,113,231	131,740,895
Total net position										
Net investment in capital assets	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	303,090,036
Restricted	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	8,705,081
Unrestricted	(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	25,417,277
Total net position	\$ 269,145,317	\$ 233,213,556	\$ 227,072,582	\$ 257,455,591	\$ 266,301,365	\$ 273,022,261	\$ 310,864,005	\$ 316,593,559	\$ 339,520,960	\$ 337,212,394

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

	2021	2020 (as restated)	2019	2018	2017	2016	2015	2014	2013	2012
Expenses										
Governmental activities										
General government	\$ 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	\$ 8,861,595
Public safety	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	23,212,879
Public works	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	15,143,530
Health and welfare	1,496,613	1,989,518	331,109	262,412	199,556	196,947	203,900	204,868	189,355	184,360
Recreation and culture	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	2,436,909
Education	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	58,928,033
Interest	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	2,000,294
Total governmental activities expenses	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	110,767,600
Business-type activities										
Water Pollution Control Authority	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	6,460,232
Water Department	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	6,886,232
Storm Water Management	1,260,519	1,317,911	511,187	-	-	-	-	-	-	-
Ocean Beach Park	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	2,208,983
Water Street Parking Garage	910,594	1,041,944	1,159,675	980,329	856,669	626,059	542,494	558,442	455,411	621,633
Total business-type activities expenses	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	16,177,080
Total expenses	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	126,944,680
Program revenues										
Governmental activities										
Charges for services										
General government	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	1,110,889
Public safety	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	2,282,374
Public works	1,027,937	908,859	895,713	892,763	1,757,350	1,232,864	1,469,123	1,469,123	1,386,548	1,477,256
Health and welfare	115,626	231,458	30,399	154,628	224,134	123,041	84,602	84,602	119,460	106,488
Recreation and culture	166,431	169,371	484,736	563,136	592,053	550,248	144,199	144,199	123,775	7,801
Education	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	1,947,117
Operating grants and contributions	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	43,818,348
Capital grants and contributions	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	15,770,965
Total governmental activities program revenues	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	66,521,238
Business-type activities										
Charges for services										
Water Pollution Control Authority	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	5,682,279
Water Department	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	4,825,283
Storm Water Management	1,302,458	1,310,914	974,904	-	-	-	-	-	-	-
Ocean Beach Park	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	2,143,582
Water Street Parking Garage	473,482	922,227	1,622,560	1,417,681	1,094,129	759,274	622,052	622,052	547,467	506,895
Capital grants and contributions	100,000	458,596	100,000	100,000	111,485	281,665	104,000	104,000	100,000	338,625
Total business-type activities program revenues	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	13,496,664
Total program revenues	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	80,017,902

(Continued)

City of New London, Connecticut

Changes in Net Position
Last Ten Years
(Unaudited)

Fiscal Year Ended June 30

	2021	2020 (as restated)	2019	2018	2017	2016	2015	2014	2013	2012
Net revenue (expense)										
Governmental activities	\$ (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)	\$ (44,246,362)
Business-type activities	(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)	(2,680,416)
Net revenue (expense)	<u>(31,196,677)</u>	<u>(63,881,000)</u>	<u>(97,302,334)</u>	<u>(72,274,584)</u>	<u>(38,853,962)</u>	<u>(97,332,675)</u>	<u>(69,921,010)</u>	<u>(57,876,220)</u>	<u>(50,159,388)</u>	<u>(46,926,778)</u>
General revenues and transfers										
Governmental activities										
Property taxes	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	39,015,046
Grants and contributions not restricted to specific programs	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	10,235,088
Income from investments	85,910	127,985	91,121	139,279	6,095	(135)	(266)	75,604	75,604	47,664
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	1,827,794
Transfers in (out)	-	240,000	40,000	(18,010)	-	-	(87,050)	(50,500)	(50,500)	(175,500)
Total governmental activities	<u>65,916,598</u>	<u>67,460,849</u>	<u>66,205,340</u>	<u>64,296,733</u>	<u>52,574,280</u>	<u>58,918,414</u>	<u>57,104,428</u>	<u>52,262,609</u>	<u>52,262,609</u>	<u>50,950,092</u>
Business-type activities										
Income from investments	339,891	639,907	598,355	66,889	595,835	572,517	77,555	154,845	154,845	66,914
Net change in fair value of investments	871,949	43,700	155,630	426,321	-	-	-	-	-	-
Transfers	-	(240,000)	(40,000)	18,010	-	-	87,050	50,500	50,500	175,500
Total business-type activities	<u>1,211,840</u>	<u>443,607</u>	<u>713,985</u>	<u>511,220</u>	<u>595,835</u>	<u>572,517</u>	<u>164,605</u>	<u>205,345</u>	<u>205,345</u>	<u>242,414</u>
Total general revenues and transfers (net)	<u>67,128,438</u>	<u>67,904,456</u>	<u>66,919,325</u>	<u>64,807,953</u>	<u>53,170,115</u>	<u>59,490,931</u>	<u>57,269,033</u>	<u>52,467,954</u>	<u>52,467,954</u>	<u>51,192,506</u>
Change in net position										
Governmental activities	37,443,016	6,631,052	(29,744,469)	(6,621,405)	14,512,688	(36,948,379)	(11,157,327)	(4,077,252)	4,936,230	6,703,730
Business-type activities	(1,511,255)	(2,607,596)	(638,540)	(845,226)	(196,535)	(893,365)	(1,494,650)	(1,331,014)	(2,627,664)	(2,438,002)
Total change in net position	<u>\$ 35,931,761</u>	<u>\$ 4,023,456</u>	<u>\$ (30,383,009)</u>	<u>\$ (7,466,631)</u>	<u>\$ 14,316,153</u>	<u>\$ (37,841,744)</u>	<u>\$ (12,651,977)</u>	<u>\$ (5,408,266)</u>	<u>\$ 2,308,566</u>	<u>\$ 4,265,728</u>

(Concluded)

Source: Current and prior year financial statements.

City of New London, Connecticut

General Fund (Budgetary Basis)
Changes in Fund Balances
Last Ten Years
(Unaudited)

For the Year Ended June 30

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Revenues										
Property taxes	\$ 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	\$ 39,049,980
Intergovernmental	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	34,479,674
Charges for services	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	4,886,979
Income from investments	85,623	126,993	90,466	138,525	-	-	-	-	29,303	37,586
Other	-	-	516,197	54,780	741,519	487,816	281,262	326,776	702,268	868,519
Total revenues	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	79,322,738
Expenditures										
Current										
General government	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	4,817,908
Public safety	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	19,804,092
Public works	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	9,417,764
Health and welfare	204,489	199,348	198,872	200,309	199,556	196,947	193,395	189,792	189,355	179,360
Recreation and culture	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	1,752,790
Employee benefits	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	2,295,521
Education	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	39,785,439
Debt service	-	-	-	-	-	-	-	-	-	5,189,599
Total expenditures	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	83,242,473
Excess (deficiency) of revenues over expenditures	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	(3,919,735)
Other financing sources (uses)										
Issuance of refunding debt	-	-	-	-	-	-	1,100,000	-	-	-
Cancellation of prior year encumbrances	-	-	-	-	24,694	-	-	-	-	-
Transfers in	50,000	658,404	268,300	-	25,000	-	50,000	50,000	295,218	-
Transfers out	(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)	(213,153)
Net other financing sources (uses)	(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)	(213,153)
Net change in fund balances	\$ 318,079	\$ 796,485	\$ 2,257,157	\$ 4,605,241	\$ 3,490,698	\$ 480,800	\$ 7,255,430	\$ 848,163	\$ 208,169	\$ (4,132,888)

City of New London, Connecticut

**Property Tax Rates, Levies and Collections
Last Ten Years
(Unaudited)**

<u>Year Ended June 30</u>	<u>Grand List of October 1,</u>	<u>(1) Tax Rate in Mills</u>	<u>Total Adjusted Tax Levy</u>	<u>Net Tax Collections</u>	<u>Percent of Levy Collected</u>
2012	2010	25.31	\$ 39,140,385	\$ 38,412,589	98.14%
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%

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, 2021
(Unaudited)

Tax Base:

Tax collections (including interest and lien fees) for the prior year \$ 57,871,662

	General Purpose	Schools	Sewers	Urban Renewal	Pension Deficit
Debt Limitation:					
2 1/4 times base	\$130,211,240	\$ -	\$ -	\$ -	\$ -
4 1/2 times base	-	260,422,479	-	-	-
3 3/4 times base	-	-	217,018,733	-	-
3 1/4 times base	-	-	-	188,082,902	-
3 times base	-	-	-	-	173,614,986
Total debt limitation	130,211,240	260,422,479	217,018,733	188,082,902	173,614,986
Indebtedness:					
Bonds payable	40,087,000	37,233,000	-	-	3,310,000
Bond anticipation notes - short term	3,800,000	18,800,000	-	-	-
Total indebtedness	43,887,000	56,033,000	-	-	3,310,000
Debt limitation in excess of outstanding debt	\$ 86,324,240	\$ 204,389,479	\$217,018,733	\$188,082,902	\$170,304,986

The total net indebtedness above amounts to: \$103,230,000

In no event shall total indebtedness exceed seven time the base for debt limitation computation \$405,101,634

There is no overlapping debt for the City.

Source: Current and prior year financial statements.