

Annual Comprehensive Financial Report

City of Middletown Connecticut

Fiscal Year Ended June 30, 2023



Office of the Director of Finance

CITY OF MIDDLETOWN, CONNECTICUT
ANNUAL COMPREHENSIVE FINANCIAL REPORT
YEAR ENDED JUNE 30, 2023

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INTRODUCTORY SECTION

ELECTED OFFICIALS

Benjamin D. Florsheim, Mayor

Patricia Alston (D)
Registrar of Voters

George Souto (R)
Registrar of Voters

COMMON COUNCIL

Jeanette Blackwell
Steven Kovach
Grady Faulkner, Jr.,
Darnell Ford
Kelly Sweeney
Anthony Gennaro, Sr.

Vincent Loffredo
Anthony Mangiafico
Leslie Spatola
Eugene Nocera
Jonathan Pulino
Linda Salafia

BOARD OF EDUCATION

Sheila Daniels
Rakim Grant
Callie Grippo
Debra Guss
Emily Jackson

Deborah Kleckowski
Susan Owens
Harold Paniera
Charles Wiltsie

Dr. Alberto Vasquez Matos, Superintendent of Schools

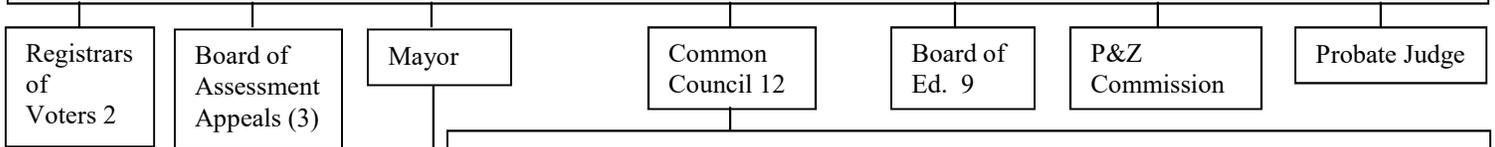
DIRECTORS

Assessor
City/Town Clerk
Economic & Community Development
Equal Opportunity and Diversity Management
Finance and Revenue Services
Fire Chief
General Counsel
Health
Land Use
Police Chief
Public Works (Acting)
Recreation and Community Services
Russell Library
Water and Sewer

Damon Braasch
Ashley Flynn-Natale
Christine Marques
Faith M. Jackson
Carl Erlacher
David Albert
Brigham Smith
Kevin Elak
Marek Kozikowski
Eric Costa
Howard Weissberg
Catherine Lechowicz
Ramona Burkey
Joseph Fazzino

City of Middletown Organization of Governance

Electors



Deputy Mayor

<u>Commissions and Committees with Council Members Only</u>	<u>Commissions, Boards, and Committees with Council Members</u>
Economic Development Finance and Government Operations General Counsel Commission Insurance and Claims Macdonough School Building Comm. Parking Advisory Committee Public Safety Public Safety 911 Center Building Committee Public Works and Facilities Commission Russell Library/City Hall Feasibility Study Committee	80 Harbor Drive Renovation Building Comm. American Rescue Plan Task Force Board of Health Charter Revision Commission Citizens Advisory Committee Clean Energy Task Force Contract Compliance Board Harbor Improvement Agency LGBTQIA+ Commission Mary Shepherd Home Advisory Comm. Mattabasset Regionalization Building Committee Middletown Commission on Arts and Culture Middletown High Track/Turf Building Committee Parking Advisory Recreation and Community Services Retirement Board Technology Advisory Committee Water Pollution Control Authority Woodrow Wilson/Keigwin Bldg. Comm. Youth Service Bureau Advisory Board

Departments/Divisions

Arts & Culture – Division of Mayor’s Office Assessor Central Communications Economic & Comm. Dev. • Parking Finance and Revenue Services • Payroll, Purchasing, Tax Collector	Fire • Emergency Management Health Land Use Department Office of Equal Opportunity and Diversity Management Office of the General Counsel • Human Resources, Legal, Risk Mgt.	Police Public Works • Building, Parks Recreation & Community Services • Recreation, Senior Svs. Technology Services Town Clerk Water and Sewer Youth Services
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Agencies, Boards, Commissions, and Committees

21 st Century Parks Anti-Racism Task Force Affirmative Action Monitoring Committee Board of Ethics Boathouse Building Committee Cable Advisory Committee Charter Revision Committee Code Enforcement Committee Commission on Conservation and Agriculture Committee Concerning People with Disabilities Community Renewal Team Complete Streets Committee Connecticut River Valley Planning Comm. CVH Advisory Council	Enterprise Zone Advisory Council Estuary Transit District Fair Rent Commission Housing Authority Housing Code Citation Hearing Officer Human Relations Commission Inland/Wetlands & Water Courses Agency Juvenile Review Board Long Hill Estate Mattabasset District Board Middletown Housing Partnership Trust Middletown Preservation and Design Review Middletown Res. Recovery Comm. to ECRRA Middletown Riverfront Redevelopment Comm. Middletown School Readiness Council Military Museum Building Committee	Municipal Agent for the Elderly Parking Violation Hearing Officers Planning and Zoning Citation Hearing Off. Planning and Zoning Commission Police Firing Range Building Comm. Public Safety Telecommunications Records Management Commission Redevelopment Agency Resource Recycling Advisory Council Russell Library Board of Trustees Sanitary Disposal District Commission South Fire District Building Comm. Standardization & Specification Comm. Urban Forestry Commission Walter C. Jones Fund Committee Zoning Board of Appeals
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* The agencies, boards, commissions, and committees listed here **do not** include those with council members, which are listed in the section above.



City of Middletown
FINANCE DEPARTMENT
245 DeKoven Drive Middletown, CT 06457
Tel: (860) 638-4880 Fax: (860) 638-1980

March 28, 2025

Honorable Mayor and Common Council
City of Middletown
Middletown, Connecticut

I am pleased to submit the Annual Comprehensive Financial Report (ACFR) of the City of Middletown (the City) for the fiscal year ended June 30, 2023. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the City. To the best of our knowledge and belief, the enclosed data are accurate in all material respects; and are reported in a manner to present fairly the financial position and results of operations of the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

The ACFR is presented in three sections: introductory, financial and statistical. The introductory section includes this transmittal letter, the City's organizational chart and a list of principal officials. The financial section includes the management's discussion and analysis (MD&A), basic financial statements, required supplementary information, and the combining and individual fund statements and schedules, as well as the auditors' report. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis.

The City is required to undergo an annual single audit in conformity with the provisions of the Federal Single Audit Act and Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Information related to this single audit, including the schedule of expenditures of federal awards, findings and recommendations, and auditors' reports on the internal control over financial reporting and compliance with applicable laws and regulations are issued under separate cover and are not included in this report. The City is also required to undergo a State single audit. Information related to this State single audit will be issued separately.

The Eastern Connecticut Regional Resource Recovery Authority (ECRRA) has been included as a discretely presented component unit in the City's report in accordance with generally accepted accounting principles. As more fully explained in Note 10, ECRRA is a regional authority formed to provide solid waste disposal and resource recovery system. At June 30, 2023, Middletown is the only member.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the MD&A. This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The City of Middletown's MD&A can be found immediately following the report of the independent auditors.

Profile of the City

Middletown was settled in 1650 and incorporated as a Town in 1651. The City and Town were consolidated in 1923 and the 1st and 2nd taxing districts and two school districts were consolidated in 1959. The City covers an area of 42.9 square miles located on the west bank of the Connecticut River, fifteen miles south of Hartford. The City is traversed by Interstate 91 and State Highways Number 9, 17, 66, 72, 155, 157 and 217. Bus transportation linking Middletown with other communities is provided by commercial companies as is an intra-city bus service. Freight service is provided by Conrail, light shipping up the Connecticut River and various motor common carriers.

The City operates under a Charter first granted in 1874 and subsequently revised. The most recent revision became effective November 4, 2014. The City is governed by a strong Mayor and twelve-member Common Council. The Mayor is the chief executive officer of the City. In addition to the City's line departments, there is a Sanitary District Commission, Water and Sewer Commission, a Parking Authority and a Housing Authority. A director of Finance administers the financial affairs of the City.

The City provides a full range of services, which include; general government services such as finance, personnel, City and Town clerk, legal; public safety, which includes fire and police protection; public works for the management, care and maintenance of all public buildings, public roadways, City vehicles and various construction activities; water treatment and distribution; sanitary sewer for the collection and treatment of wastewater, sanitation for the solid waste disposal, which includes recycling; and education, which is under the control of the elected Board of Education, operates the eleven school elementary and secondary education system with a capacity of 6,029.

City of Middletown Economic Development

The City of Middletown's Department of Economic and Community Development drives the City's development initiatives. Its mission is to stimulate economic development in the City by assisting existing businesses, helping them expand, and attracting businesses and talent from outside the City. The division's goals are to grow the tax base, facilitate job creation, attract talent and generally improve the quality of life for Middletown residents and businesses. We do this by making it easy for them to either stay, grow or locate in Middletown.

Approach

Economic development is built on the three-legged stool of business development, talent attraction and place making. The foundation is strong relationships and partnerships. This is a partial list of organizations with which we partner:

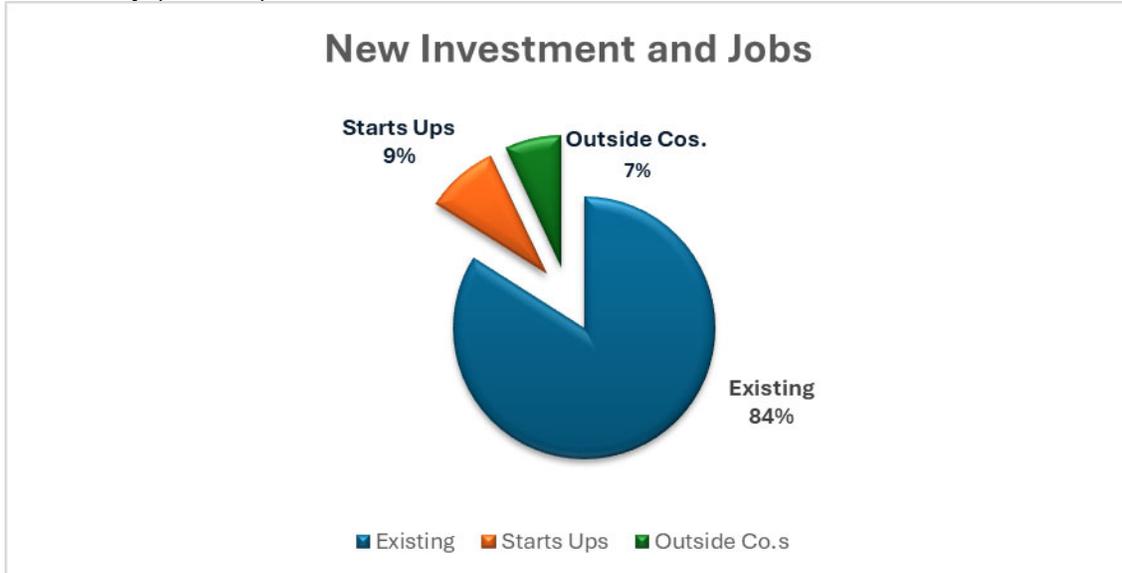
- The Middlesex County Chamber of Commerce - Connecticut's largest
- Middletown Small Business Development Center
- Connecticut Department of Economic and Community Development
- Connecticut Department of Labor
- Workforce Alliance
- Wesleyan University
- Middlesex Community College
- Eversource Energy
- Downtown Business District
- United States Small Business Administration
- Commercial Brokers, Property Owners and Developers
- AdvanceCT – The State's marketing partner
- Statewide and Regional Professional Associations

These partnerships provide services to help businesses grow. They also extend our reach to businesses and investors in Connecticut and nationwide.

The City builds relationships via memberships in professional groups such as the Middlesex County Chamber of Commerce, Connecticut Planning Association, Connecticut Economic Developers Association, International Council of Shopping Centers and CCIM, among others. These relationships help the Department's staff build a network of contacts which include real estate investors, commercial brokers, subject matter experts, site selection consultants and other professionals engaged in development and planning from whom we can learn best practices and make contacts with business and property owners and potential investors across the country.

Business Retention and Expansion

National surveys show the vast majority of new investment and jobs in any community come from existing businesses, entrepreneurs and start-ups. Few come from outside the community (Chart 1).



Given these data, City staff invests most of its time with existing businesses, entrepreneurs and start-ups. Staff visits existing businesses on a continual basis to determine how the City can address local issues or to help them grow, find space and/or talent. For entrepreneurs, staff works with our partners to help them with typical start-up issues such as business plans, hiring and marketing. The City uses its service provider network to help businesses with real estate, training, financing opportunities, utility issues among others.

The Middlesex County Chamber opened the MEWS+ co-working space in partnership with the City, Wesleyan University, Pratt & Whitney, Liberty Bank, Middlesex Health and the State of Connecticut. It has been on has been successful in giving start-ups, young companies and local entrepreneurs a place to plant and grow their businesses. The space at the Chamber allows these companies to connect with each other and access support services through Chamber members.

This past year, the MEWS' entrepreneur-in-residence held virtual presentations where entrepreneurs presented their business ideas to an audience. City, Chamber and MEWS+ staff gave the presenters the opportunity to meet to discuss their companies, business plans and exchange ideas on growing their businesses. This activity has generated interest in companies moving to Middletown. The larger impact is a growing network of entrepreneurs at the MEWS+ and the Chamber.

The City Middletown invests in the small business and entrepreneurial community. Middletown owns a former factory building which serves as a low-cost center for small businesses. The 185,000 sf building houses 20 businesses which, taken together, have more than 100 employees. Middletown collects on average, more than \$400,000 in rent annually. The business mix includes craft breweries, a cidery, LED distributor, various contractors, athletic and training facilities and other small businesses. The department routinely receives calls from interested small businesses and has a waiting list of companies wishing to locate there.

Business Recruitment

The City engages in recruiting businesses from outside the region. Our partners like the Chamber of Commerce, State agencies, commercial brokers and property owners bring businesses and developers to the City where staff actively tries to address their location needs. Once they have decided to invest in Middletown, we make our land use approval processes as easy as possible to give them a smooth transition here. The staff regularly reaches out to commercial brokers, businesses, corporate real estate professionals and property owners to inform them of development opportunities in Middletown.

The COVID pandemic has caused companies all across the world to reconsider how they operate, so recruitment activity has slowed considerably, especially for office space. The department, however, continues to receive inquiries from companies considering Middletown for a new location. The industrial and warehousing sectors are very strong right now.

Opportunity Zone

Middletown has two downtown census tracts designated by the U.S. Treasury Department as Opportunity Zones (OZ). The two contiguous tracts cover most of downtown. The City owns a 2.5-acre surface parking lot in our OZ. It is contiguous to a privately held 1-acre lot that houses an automotive business. Taken together, the lots comprise 3+ acres. It represents the only major development site in the OZ. The City is working with a developer on the property as detailed below. The other opportunities are buildings needing extensive rehabilitation. We are working with these building owners on rehabilitation plans and expect their plans to go forward late this year and into 2024.

Response to COVID

Middletown continues to grow through the pandemic. Very few Middletown companies closed their doors for good and many new businesses have opened. For example, the Chamber and the Mayor have hosted multiple Grand Openings since 2020. The Secretary of the State's office reported multiple business starts so far this year.

Middletown continues to respond to the challenges businesses faced with the pandemic. The City allocated funds from its CDBG program to offer \$5,000 grants to businesses to either keep or hire low-moderate income staff. Forty-seven companies have taken advantage of these grants. They have been instrumental in keeping businesses operating and people employed. Staff continues to monitor and visit businesses to get updates and hear concerns.

Easy Development Processes

Middletown has built a reputation across the State for being a community that has an easy approval process. To that end, on our website, for example, we have:

- Nearly all development related applications and procedures
- The City's GIS system
- Tax Assessor's database
- A history of studies and reports on the City of Middletown
- Records of City proceedings going back decades
- Information on City development incentives
- Links to partners and assistance providers
- Links to available commercial and industrial properties

Staff from all departments that review projects meet as a team with major project developers prior to their submitting applications to eliminate issues and concerns so that projects get approved in a swift and certain manner.

Transformative Projects

The City is working on two projects that will transform the City and position it for future growth. First, the Economic & Community Development Department issued an RFQ for companies interested in developing the 3-acre site mentioned above. We received proposals that included apartments, offices, mixed use and a public plaza that would overlook the Connecticut River. We chose a developer for the site, and are negotiating with the company.

This development will transform downtown by adding as many as 300 apartments, retail and office space all wrapped around a plaza overlooking the Connecticut River. We expect the development will attract visitors from all around the region. The residents there will support our downtown businesses and bring more vibrancy to our already vibrant city. The City has proposed to construct a 500-space garage on the same site to support the development. The funds will come from the \$55 million bond authorization passed last year. Any project on this site will add significantly to Middletown's tax base.

The second project is to expand and redevelop the City's riverfront. Middletown hired an experienced consulting firm and two partner firms to develop a master plan for the area. The result will be an expanded riverfront open to the public. Some of these areas had not been accessible to the public since the 1800's as until this year as they were privately held, and the major portion of it was taken by the City's wastewater treatment plant. Middletown acquired key parcels along the river to allow the riverfront's expansion. Public comments were accepted until late last year to help us understand what the public would want in an expanded riverfront park.

The City's has studied its riverfront several times since the 1970's. However, before the City decommissioned our wastewater treatment plant in 2019, it could not realistically expand the park. Now the City can expand the park because the plant can be demolished or reused which will free up 7 acres in the middle of the study area.

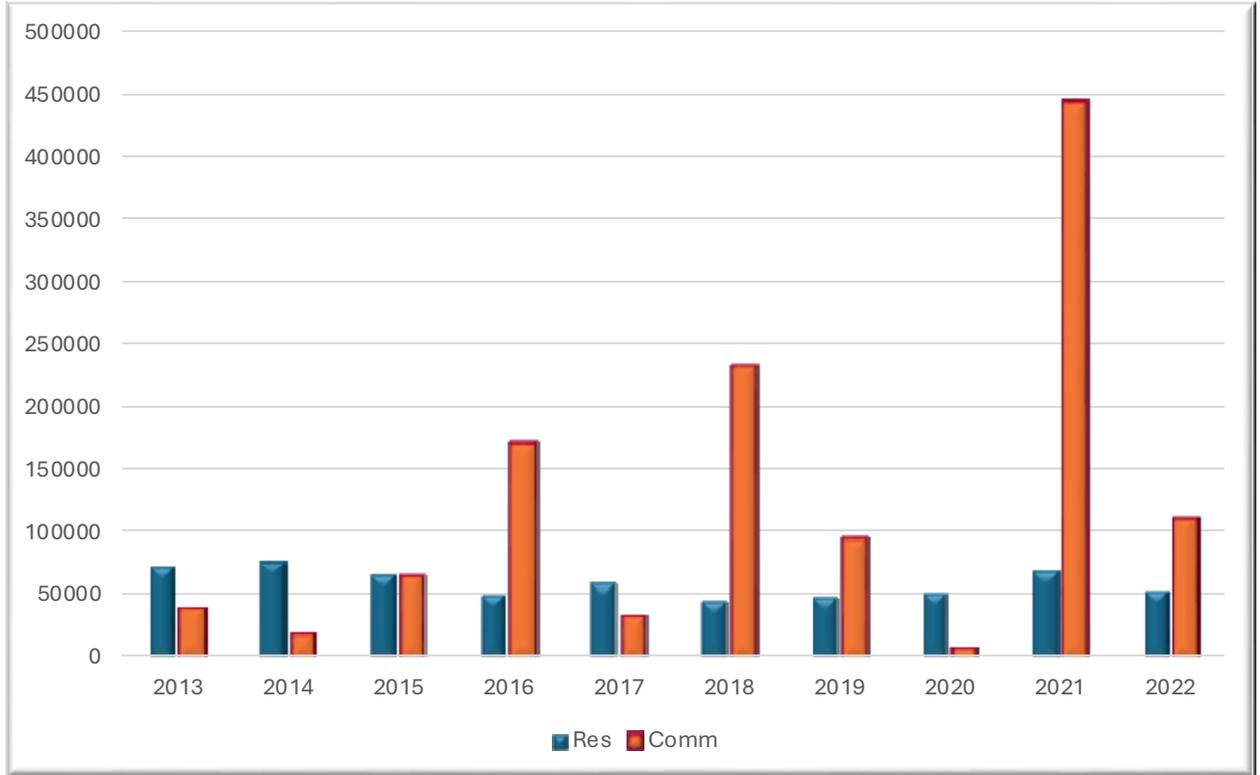
Financing Development

The City of Middletown continues to grow the tax base through marketing available land and buildings and reclaiming brownfields for redevelopment. The City of Middletown leverages Federal, State and Foundation grants with City and private sector financing to fund various economic development initiatives such as environmental assessments, brownfield clean-ups and open space purchases, which enhance the quality of life. Middletown has been awarded and invested nearly \$37 Million since 2000. Most are for planning, environmental assessment and remediation.

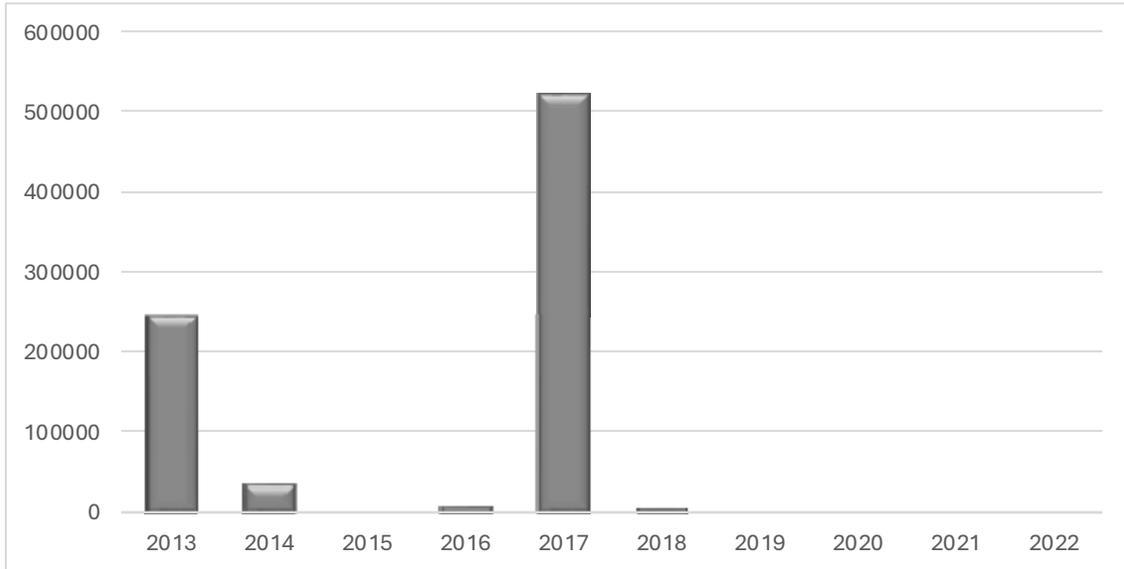
Results

The City's economic development efforts have yielded positive results over the last 10 years as seen in the following charts.

New Residential and Commercial Construction (SQ. FT.) by Year



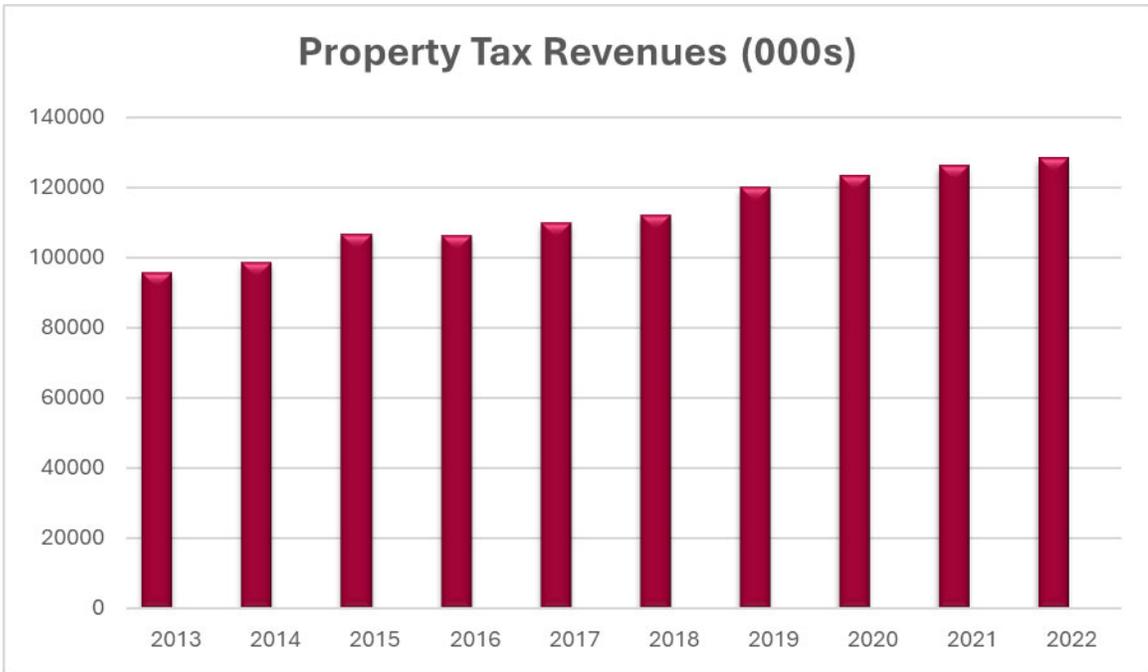
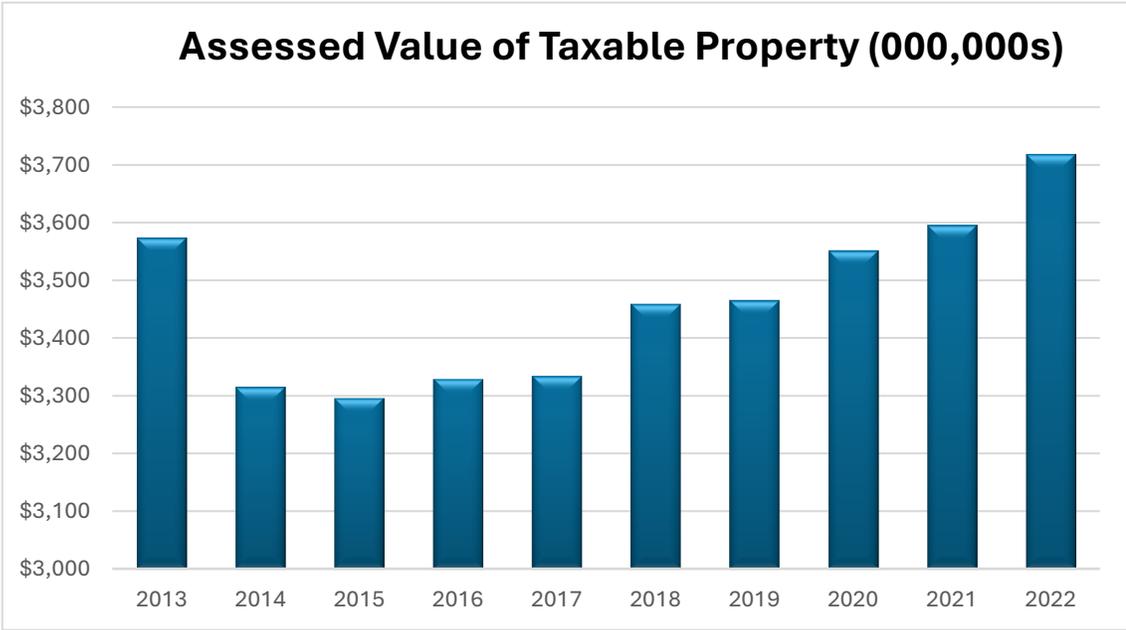
New Industrial Construction (Sq Ft) by Year



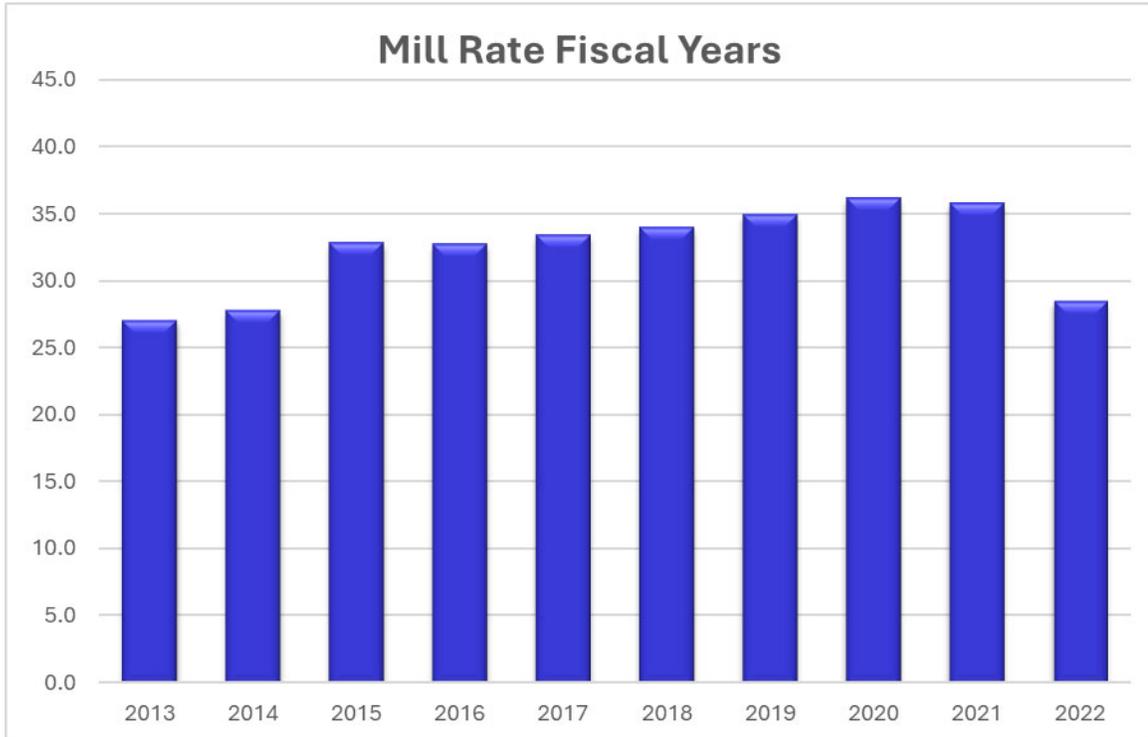
Residential has grown at a steady pace, commercial has trended up since 2014. The City of Middletown recently completed the construction of a new middle school. Industrial has shown major swings due to large projects such as FedEx's 535,000 sq. ft. distribution hub built in 2017. There has been no new industrial construction since 2018; but, companies have filled nearly all of the vacant industrial space.

Major projects in the works include two residential projects, the one mentioned above and another which comprises 414 units. The potential residential projects together comprise 600+ units and more than close to \$100 million in new investment.

The City's continuous efforts have resulted in consistent growth in the Assessed Value of Taxable Property and property tax revenues, especially since the revaluation in 2022.



The steady growth in the value of taxable property has kept mill rate increases to a minimum.



Note: The rates do not include Fire District Mill Rates. Source: Finance Department

Other Projects/Studies

The City of Middletown has on-going projects and continues to uncover new development opportunities.

They include:

- **Riverfront:** The City of Middletown, as stated above, has hired a consultant to develop a master plan for the riverfront as noted above. They conducted public outreach and received input on the plan from residents and businesses all across the City in multiple ways. A new vision can now be realized as the City has decommissioned its wastewater treatment plant in 2019 that stands in the center of the project area. The plant was always a detriment to the plans the City developed in years passed.
- **Downtown Businesses:** Several new restaurants and retailers opened downtown to bring the total restaurant and retailer counts in downtown to 60+ and 50+ respectively.
- **Opportunity Zone:** Staff continues to facilitate discussions between developers and owners of underutilized properties downtown, which are in Middletown's Opportunity Zone. The City's plan is to create more housing, expand the population and increase income downtown.

- Recruiting: Businesses and developers continue to find Middletown an attractive place to invest. Staff continues to get calls from businesses looking for space in the City of Middletown. Underway are multiple commercial projects including office, medical, commercial and industrial uses.

Financial Information

The Department of Finance is organized into six divisions: Administration, Accounting and Budgeting, Purchasing, Payroll, Tax Collection, Debt and Cash Management. The City's accounting system is an automated, integrated financial management system comprising payroll, accounts payable, general ledger, and budgetary control. It is organized and operated on a fund basis. Each fund is a distinct and self-balancing accounting entity.

Internal Controls

All financial transactions are subject to pre-audit before processing as well as to an annual post-audit by an independent auditing firm selected by the City Council. Financial policies and procedures prescribed by the Director of Finance for the various departments are monitored by the Accounting and Budgeting Division of the Department.

All internal control evaluations occur within the above framework. We believe that the City's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

Budgetary Controls

In addition, the City maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the City Council.

Activities of the general fund and certain special revenue funds are included in the annual appropriated budget. Project-length financial plans are adopted for the other special revenue funds and capital projects funds. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is made at the sub-function level by the encumbrance of estimated purchase amounts prior to the release of purchase orders to vendors. Purchase orders which result in an overrun of sub-function balances are not released until additional appropriations are made available. Open encumbrances are reported in funds statements as restricted, committed or assigned fund balance at June 30, 2023.

Other Information:

Independent Audit

The City Charter requires an annual audit of the books of account, financial records and transactions of all administrative departments of the City by independent certified public accountants selected by the City Council. This requirement has been complied with and the auditors' report has been included in this report.

Acknowledgment

The preparation of this report on a timely basis could not be accomplished without the efficient and dedicated services of the entire staff of the Finance Department. I should like to express my appreciation to all members of the Department who assisted and contributed to its preparation. I should also like to thank the Mayor, the Finance and Government Operations Commission, the members of the City Council, and the Finance Department's Staff for their interest and support in planning and conducting the financial operations of the City in a responsible and progressive manner.

Respectfully submitted,

A handwritten signature in blue ink that reads "Carl R. Erlacher, CPA". The signature is written in a cursive style with a large initial 'C'.

Carl R. Erlacher, CPA
Director of Finance and Revenue Services

FINANCIAL SECTION



INDEPENDENT AUDITORS' REPORT

Honorable Mayor and Members of the Common Council
City of Middletown, Connecticut

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Middletown, Connecticut, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the City of Middletown, Connecticut's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Middletown, Connecticut, as of June 30, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of City of Middletown, Connecticut's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about City of Middletown, Connecticut's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Supplementary Information

Our audit for the year ended June 30, 2023 was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Middletown, Connecticut's basic financial statements. The general fund balance sheet, report of tax collector, combining nonmajor fund financial statements, combining schedule of revenues and expenditures – actual and budget, and the combining internal service funds financial statements for the year ended June 30, 2023 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements for the year ended June 30, 2023 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 GAAS. In our opinion, the general fund balance sheet, report of tax collector, combining nonmajor fund financial statements, combining schedule of revenues and expenditures – actual and budget, and the combining internal service funds financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole for the year ended June 30, 2023.

We also previously audited, in accordance with GAAS, the basic financial statements of the City of Middletown, Connecticut as of and for the year ended June 30, 2022 (not presented herein), and have issued our report thereon dated October 20, 2023, which contained unmodified opinions on the respective financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information. The summarized Combining Internal Service Fund financial statements for the year ended June 30, 2022 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and related directly to the underlying accounting and other records used to prepare the 2022 basic financial statements. The information was subjected to the audit procedures applied in the audit of the 2022 basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare those financial statements or to those financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, summarized Combining Internal Service Fund financial statements are fairly stated in all material respects in relation to the basic financial statements as a whole for the year ended June 30, 2022.

Honorable Mayor and Members of the Common Council
City of Middletown, Connecticut

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 28, 2025, on our consideration of the City of Middletown, Connecticut's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 of Middletown, Connecticut'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 City of Middletown, Connecticut's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

West Hartford, Connecticut
March 28, 2025

**CITY OF MIDDLETOWN, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2023
(IN THOUSANDS)**

This discussion and analysis of the City of Middletown, Connecticut's (City) financial performance is provided by management to provide an overview of the City's financial activities for the fiscal year ended June 30, 2023. Please read this MD&A in conjunction with the transmittal letter and the City's financial statements, Exhibits I to IX.

FINANCIAL HIGHLIGHTS

- Net position of the City's governmental activities increased by \$18.2 million, or 11.1%.
- During the year, the City had expenses that were \$18.2 million less than the \$284.9 million generated in tax and other revenues for governmental programs.
- Total cost of all of the City's programs was \$266.7 million with no new programs added this year.
- The General Fund reported a fund balance this year of \$50.0 million.
- The resources available for appropriation were less than budgetary estimates by \$1.1 million for the General Fund. Expenditures were kept within spending limits by \$536 thousand.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-Wide Financial Statements

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

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

**CITY OF MIDDLETOWN, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2023
(IN THOUSANDS)**

In the statement of net position and the statement of activities, we divide the City into two types of activities:

- *Governmental activities* - Most of the City's basic services are reported here, including education, public safety, public works, human resources, culture and recreation, employee benefits and insurance, and general administration. Property taxes, charges for services, and state and federal grants finance most of these activities.
- *Component units* - The City includes a separate legal entity in its report; the Eastern Connecticut Resource Recovery Authority (ECRRA). Although legally separate, this "component unit" is important because the City is financially accountable for them.

Fund Financial Statements

The fund financial statements begin with Exhibit III and provide detailed information about the most significant funds - not the City as a whole. Some funds are required to be established by Charter. However, the City Council establishes many other funds to help control and manage financial activities for particular purposes (like the Fire District, Water Fund, Sewer Fund and Sanitation Fund) or to show that it is meeting legal responsibilities for using grants, and other money (like grants received from the Clean Water Fund, Block Grants and Special Education Grants). The City's funds are divided into three categories; governmental, proprietary and fiduciary.

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

**CITY OF MIDDLETOWN, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2023
(IN THOUSANDS)**

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The City's combined net position increased from a year ago from \$164.5 million to \$182.7 million. The analysis below focuses on the net position (Table 1) and changes in net position (Table 2) of the City's governmental activities.

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

	Governmental Activities	
	2023	2022
ASSETS		
Current Assets	\$ 124,802	\$ 139,847
Capital Assets, Net of Accumulated Depreciation	525,533	522,436
Total Assets	650,335	662,283
Deferred Outflows of Resources	81,650	115,540
LIABILITIES		
Long-Term Liabilities Outstanding	374,306	434,899
Other Liabilities	30,278	24,025
Total Liabilities	404,584	458,924
Deferred Inflows of Resources	144,743	154,436
NET POSITION		
Net Investment in Capital Assets	358,347	332,578
Restricted	5,702	6,639
Unrestricted	(181,391)	(174,754)
Total Net Position	<u>\$ 182,658</u>	<u>\$ 164,463</u>

Net position of the City's governmental activities increased by 11.1% (\$164.5 million compared to \$164.5 million). Increase in net position is mainly attributable to the increase in operating grants and contribution and reduction in overall expenses. Capital assets increased by \$3.1 million while long-term liabilities decreased by \$60.6 million. The City's has an aggressive debt repayment philosophy which results in the rapid payment for capital asset additions.

**CITY OF MIDDLETOWN, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2023
(IN THOUSANDS)**

**TABLE 2
NET POSITION
(In Thousands)**

	Governmental Activities	
	2023	2022
REVENUES		
Program Revenues:		
Charges for Services	\$ 31,661	\$ 32,014
Operating Grants and Contributions	67,794	51,484
Capital Grants and Contributions	6,185	21,478
General Revenues:		
Property Taxes	142,141	141,429
Grants and Contributions Not Restricted to Specific Programs	22,376	19,668
Unrestricted Investment Earnings	3,692	53
Other General Revenues	11,017	4,728
Total Revenues	284,866	270,854
PROGRAM EXPENSES		
General Government	19,154	11,370
Public Safety	31,362	29,233
Public Works	14,696	9,595
Health and Human Services	2,156	1,853
Culture and Recreation	7,546	6,686
Employee Benefits and Insurance	21,183	21,174
Education	153,362	134,288
Sewer	7,647	7,446
Water	5,020	4,903
Sanitation	1,852	2,937
Interest on Long-Term Debt	2,693	2,671
Total Program Expenses	266,671	232,156
Net Increase in Net Position	18,195	38,698
Net Position - Beginning of Year	164,463	125,765
NET POSITION - END OF YEAR	\$ 182,658	\$ 164,463

The City's total revenues were \$284.9 million. The total cost of all programs and services was \$266.7 million. Our analysis below considers the operations of governmental activities.

**CITY OF MIDDLETOWN, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2023
(IN THOUSANDS)**

Governmental Activities

More than 49.9% of the revenues were derived from property taxes, followed by 26.0% from operating and capital grants, then 11.1% from charges for services.

Major revenue factors included:

- Property tax revenues recorded for fiscal year 2023 reflects an increase in the total assessed value of all taxable property of 3.2%. The City's property tax rate (mill rate) decreased from 44 to 35.1.
- Operating Grants and contributions increased by \$16.3 million mainly attributable to increased education grants and ARPA grants related funds received in the prior year.
- Capital grants decreased by \$15.3 million, which is mainly due to several reimbursable capital projects in the current year, such as the new Middle School, which is being partially reimbursed from the State of Connecticut.

For governmental activities, more than 57.5% of the City's expenses relate to education, 11.8% relate to public safety, general government (7.2%), employee benefits and insurance (7.9%), and public works (5.5%).

Major expense factors include:

- Decrease in education expenses mainly due to a decrease in accruals for various liabilities including OPEB.
- Decreases in total program expenses is attributable to a decrease in educational related expenses, including pension and OPEB related items.

CITY FUNDS FINANCIAL ANALYSIS

Governmental Funds

As the City completed the year, its governmental funds (as presented in the balance sheet - Exhibit III) reported a combined fund balance of \$41.3 million, which is a decrease from last year's total of \$62.4 million. The fund balance for the Capital Project's Fund decreased by \$17.5 million mainly due to the construction of the new middle school and ongoing clean water fund projects.

General Fund Budgetary Highlights

Tax collections were unfavorable by \$1.4 million. Charges for services were favorable by \$1.3 million with the majority of this coming from activity with police extra duty.

Under the intergovernmental section, the City experienced a favorable revenue variance of \$1.6 million which is mainly due COVID related grant revenues.

The aforementioned items, when combined with the planned use of fund balance to minimize the annual tax impact to City residents, resulted in completing the June 30, 2023 fiscal year with an unassigned fund balance of \$36.0 million.

**CITY OF MIDDLETOWN, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2023
(IN THOUSANDS)**

General Fund Budgetary Highlights (Continued)

The City continues to experience a variety of favorable events, most related to a planned expenditure cut back, that favorably impacted expenses during the fiscal year.

These events include:

		(in thousands)
General government	\$	601
Public safety		119
Public works		201
Parks and recreation		55

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2023, the City had \$525.5 million invested in a broad range of capital assets, including land, buildings, park facilities, vehicles and equipment, roads, bridges, and water and sewer lines - Table 3.

**TABLE 3
CAPITAL ASSETS AT YEAR-END (Net of Depreciation)
(In Millions)**

	Governmental Activities	
	2023	2022
Land	\$ 23.3	\$ 23.3
Infrastructure	222.4	223.8
Buildings and Improvements	114.1	118.2
Machinery, Equipment and Building Contents	16.0	14.9
Right-to-Use Asset	1.0	1.2
Construction in Progress	148.7	141.0
Total	\$ 525.5	\$ 522.4

The City's capital assets increase for 2023 is mainly attributable to continued clean water projects, new middle school project and other various projects throughout the City.

More detailed information about the city's capital assets is presented in Notes 1 and 5 to the financial statements.

**CITY OF MIDDLETOWN, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2023
(IN THOUSANDS)**

Long-Term Debt

At June 30, 2023, the City had \$145.6 million in bonds outstanding versus \$165.5 million last year, an increase of .1% - as shown in Table 4.

**TABLE 4
OUTSTANDING DEBT, at Year-End
(In Millions)**

	Governmental Activities	
	2023	2022
General Obligation Bonds and Notes	\$ 145.6	\$ 165.5

The City's general obligation bond rating continues to carry a AAA rating with Standard & Poor's Rating Services. The State limits the amount of general obligation debt that towns can issue based on formula determined under State Statutes based on type of debt and tax base. The City's outstanding general obligation debt is significantly below this \$1,044 million state-imposed limit.

Other obligations include accrued vacation pay and sick leave. More detailed information about the City's long-term liabilities is presented in Note 7 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The unemployment rate for the City is currently 3.7% compared with the prior year of 4.4%.

The appropriation for expenditures totaled \$195.0 million in the adopted budget for the 2023-2024 fiscal year representing an increase of 3.4% compared to the final amended budget for fiscal year ended June 30, 2023. The City is anticipating using \$12.7 million of assigned General Fund fund balance to balance budgeted operations for the 2023-2024 fiscal year.

The City's elected and appointed officials considered many factors when establishing the tax mill rate of 35.1 for the adopted budget for the 2023-2024 fiscal year. There was a decrease in mill rate from the 44.0 mill rate established for the 2022-2023 fiscal year.

The City, while cautiously optimistic, is quite concerned about the State of Connecticut budget and the impact balancing the State budget may have on the City. Approximately one-fourth of the City's budget revenues are derived from revenues received from the State of Connecticut. The vast majority of the State revenues come to the City in the form of Educational Cost Sharing Grants (ECS) which provide a direct subsidy to the local school system.

Section 52 of Public Act 02-1 allows the Governor, on or after October 1, 2002, to reduce certain allotments, including grants to municipalities, by up to 5%. Any State reduction over \$750,000 would result in a budget revenue shortfall and would reduce the City's unassigned General Fund fund balance and/or increase the property tax rate in fiscal year 2024.

**CITY OF MIDDLETOWN, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2023
(IN THOUSANDS)**

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide citizens, taxpayers, customers, investors and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Finance Department, City of Middletown, 245 DeKoven Drive, Middletown, Connecticut 06457.

BASIC FINANCIAL STATEMENTS

CITY OF MIDDLETOWN, CONNECTICUT
STATEMENT OF NET POSITION
JUNE 30, 2023
(IN THOUSANDS)

	Primary Government <u>Governmental Activities</u>	Component Unit <u>ECRRA</u>
ASSETS		
Cash and Cash Equivalents	\$ 92,416	\$ 1,265
Investments	1,171	-
Receivables, Net	29,246	32,000
Due From Fiduciary Funds	1,914	-
Supplies	55	-
Capital Assets:		
Assets Not Being Depreciated/Amortized	172,024	-
Assets Being Depreciated/Amortized, Net	353,509	23,574
Total Assets	<u>650,335</u>	<u>24,871</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Outflows Related to Pension	54,490	-
Deferred Outflows Related to OPEB	27,160	-
Total Deferred Outflows of Resources	<u>81,650</u>	<u>-</u>
LIABILITIES		
Accounts and Other Payables	13,747	-
Unearned Revenue	16,531	-
Noncurrent Liabilities:		
Due Within One Year	27,770	-
Due in More than One Year	346,536	-
Total Liabilities	<u>404,584</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES		
Property Taxes	-	-
Deferred Inflows Related to Leases	844	-
Deferred Inflows Related to Pension	1,093	-
Deferred Inflows Related to OPEB	142,806	-
Total Deferred Inflows of Resources	<u>144,743</u>	<u>-</u>
NET POSITION		
Net Investment in Capital Assets	358,347	23,574
Restricted for:		
Debt Service	3,631	-
Grants	397	-
Other	454	-
Trust Purposes:		
Expendable	72	-
Nonexpendable	1,148	-
Unrestricted	(181,391)	1,297
Total Net Position	<u>\$ 182,658</u>	<u>\$ 24,871</u>

See accompanying Notes to Financial Statements.

**CITY OF MIDDLETOWN, CONNECTICUT
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2023
(IN THOUSANDS)**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes In Net Assets	
		Charges For Services	Operating Grants And Contributions	Capital Grants And Contributions	Primary	Component Unit
					Governmental Activities	ECRRA
PRIMARY GOVERNMENT						
Governmental Activities:						
General Government	\$ 19,154	\$ 6,485	\$ 6,518	\$ -	\$ (6,151)	\$ -
Public Safety	31,362	1,420	3,240	-	(26,702)	-
Public Works	14,696	592	34	216	(13,854)	-
Health and Human Resources	2,156	206	184	143	(1,623)	-
Culture And Recreation	7,546	450	74	-	(7,022)	-
Employee Benefits and Insurance	21,183	-	-	-	(21,183)	-
Education	153,362	2,958	57,744	5,826	(86,834)	-
Sewer	7,647	11,224	-	-	3,577	-
Water	5,020	6,409	-	-	1,389	-
Sanitation	1,852	1,917	-	-	65	-
Interest on Long-Term Debt	2,693	-	-	-	(2,693)	-
Total Primary Government - Governmental Activities	<u>\$ 266,671</u>	<u>\$ 31,661</u>	<u>\$ 67,794</u>	<u>\$ 6,185</u>	<u>\$ (161,031)</u>	<u>\$ -</u>
COMPONENT UNITS						
ECRRA	<u>\$ 3,143</u>	<u>\$ 461</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (2,682)</u>
Total Component Units	<u>\$ 3,143</u>	<u>\$ 461</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (2,682)</u>
GENERAL REVENUES						
Property Taxes					\$ 142,141	\$ -
Grants and Contributions Not Restricted to Specific Programs					22,376	-
Unrestricted Investment Earnings					3,692	-
Miscellaneous					11,017	-
Total General Revenues					<u>179,226</u>	<u>-</u>
CHANGE IN NET POSITION						
					18,195	(2,682)
Net Position - Beginning of Year					<u>164,463</u>	<u>27,553</u>
NET POSITION - END OF YEAR						
					<u>\$ 182,658</u>	<u>\$ 24,871</u>

See accompanying Notes to Financial Statements.

**CITY OF MIDDLETOWN, CONNECTICUT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2023
(IN THOUSANDS)**

	General	Debt Service	Capital Projects	Special Grants	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS						
Cash and Cash Equivalents	\$ 22,444	\$ 5,216	\$ 21	\$ 18,628	\$ 19,096	\$ 65,405
Investments	-	-	-	-	1,171	1,171
Receivables, Net	14,631	-	7,050	1,203	6,362	29,246
Due from Other Funds	34,179	-	-	-	-	34,179
Supplies	-	-	-	-	55	55
	<u>71,254</u>	<u>5,216</u>	<u>7,071</u>	<u>19,831</u>	<u>26,684</u>	<u>130,056</u>
Total Assets	<u>\$ 71,254</u>	<u>\$ 5,216</u>	<u>\$ 7,071</u>	<u>\$ 19,831</u>	<u>\$ 26,684</u>	<u>\$ 130,056</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES						
LIABILITIES						
Accounts and Other Payables	\$ 7,597	\$ 2	\$ 2,766	\$ 580	\$ 1,203	\$ 12,148
Due to Other Funds	-	-	29,699	1,180	1,386	32,265
Unearned Revenue	-	-	-	16,531	-	16,531
Total Liabilities	<u>7,597</u>	<u>2</u>	<u>32,465</u>	<u>18,291</u>	<u>2,589</u>	<u>60,944</u>
DEFERRED INFLOWS OF RESOURCES						
Unavailable Revenue -						
Property Taxes	12,829	-	-	-	1,569	14,398
Deferred Inflows Related to Leases	844	-	-	-	-	844
Unavailable Revenue -						
User Charges Receivable	-	-	-	-	4,160	4,160
Unavailable Revenue - Grants	-	-	7,050	1,196	100	8,346
Total Deferred Inflows of Resources	<u>13,673</u>	<u>-</u>	<u>7,050</u>	<u>1,196</u>	<u>5,829</u>	<u>27,748</u>
FUND BALANCES						
Nonspendable	-	-	-	-	55	55
Restricted	-	5,214	-	344	1,727	7,285
Committed	-	-	-	-	17,828	17,828
Assigned	13,914	-	-	-	-	13,914
Unassigned	36,070	-	(32,444)	-	(1,344)	2,282
Total Fund Balances	<u>49,984</u>	<u>5,214</u>	<u>(32,444)</u>	<u>344</u>	<u>18,266</u>	<u>41,364</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 71,254</u>	<u>\$ 5,216</u>	<u>\$ 7,071</u>	<u>\$ 19,831</u>	<u>\$ 26,684</u>	<u>\$ 130,056</u>

See accompanying Notes to Financial Statements.

CITY OF MIDDLETOWN, CONNECTICUT
BALANCE SHEET (CONTINUED)
GOVERNMENTAL FUNDS
JUNE 30, 2023
(IN THOUSANDS)

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

Amounts reported for governmental activities in the Statement of Net Position (Exhibit I) are different because of the following:

Fund Balances - Total Governmental Funds	\$	41,364
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:		
Governmental Capital Assets		876,200
Less Accumulated Depreciation/Amortization		<u>(350,667)</u>
Net Capital Assets		525,533
Other long-term assets and deferred outflows of resources are not available to pay for current-period expenditures and, therefore, are not recorded in the funds:		
Property Tax Receivables Greater than 60 Days		14,398
Interest Receivable on Water, Sewer and Sanitation		560
Water, Sewer and Sanitation Receivables		3,600
Grants		8,346
Deferred Outflows Related to Pension		54,490
Deferred Outflows Related to OPEB		27,160
Internal service funds are used by management to charge the costs of risk management to individual funds. The assets and liabilities of the internal service funds are reported with governmental activities in the statement of net position.		
		20,364
Long-term liabilities, including bonds payable and deferred inflows of resources, are not due and payable in the current period and, therefore, are not reported in the funds:		
Bonds and Notes Payable		(145,588)
Interest Payable on Bonds and Notes		(1,583)
Lease Liability		(1,074)
Compensated Absences		(9,118)
Total OPEB Liability		(13,163)
Net OPEB Liability		(147,308)
Net Pension Liability		(33,645)
Bond Premium		(17,779)
Deferred Inflows Related to Pension		(1,093)
Deferred Inflows Related to OPEB		<u>(142,806)</u>
Net Position of Governmental Activities (Exhibit I)	\$	<u><u>182,658</u></u>

See accompanying Notes to Financial Statements.

CITY OF MIDDLETOWN, CONNECTICUT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2023
(IN THOUSANDS)

	General	Debt Service	Capital Projects	Special Grants	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES						
Property Taxes	\$ 130,750	\$ -	\$ -	\$ -	\$ 10,677	141,427
Licenses and Permits	2,755	-	-	-	-	2,755
Intergovernmental	53,041	-	5,824	9,023	25,252	93,140
Charges for Services	5,576	-	-	216	22,686	28,478
Investment Income	2,062	190	-	7	553	2,812
Miscellaneous	5,018	-	-	58	5,976	11,052
Total Revenues	199,202	190	5,824	9,304	65,144	279,664
EXPENDITURES						
Current:						
General Government	13,033	-	-	206	989	14,228
Public Safety	20,005	-	-	30	13,155	33,190
Public Works	6,286	-	-	21	-	6,307
Health and Human Resources	1,879	-	-	2	264	2,145
Culture and Recreation	7,079	-	-	132	200	7,411
Employee Benefits and Insurance	21,183	-	-	-	-	21,183
Education	106,636	-	-	2,455	31,358	140,449
Sewer	-	-	-	-	7,523	7,523
Water	-	-	-	-	4,780	4,780
Sanitation	9	-	-	-	1,806	1,815
Capital Outlay	67	-	23,361	6,832	4,240	34,500
Debt Service:						
Principal Retirement	-	25,447	-	-	-	25,447
Interest and Fiscal Charges	-	1,799	-	-	-	1,799
Total Expenditures	176,177	27,246	23,361	9,678	64,315	300,777
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES						
	23,025	(27,056)	(17,537)	(374)	829	(21,113)
OTHER FINANCING SOURCES (USES)						
Transfers In	1,973	27,244	-	586	3,550	33,353
Transfers Out	(25,808)	(1,500)	-	(31)	(5,962)	(33,301)
Total Other Financing Sources (Uses)	(23,835)	25,744	-	555	(2,412)	52
NET CHANGE IN FUND BALANCES						
	(810)	(1,312)	(17,537)	181	(1,583)	(21,061)
Fund Balances - Beginning of Year	50,794	6,526	(14,907)	163	19,849	62,425
FUND BALANCES - END OF YEAR	\$ 49,984	\$ 5,214	\$ (32,444)	\$ 344	\$ 18,266	\$ 41,364

See accompanying Notes to Financial Statements.

CITY OF MIDDLETOWN, CONNECTICUT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (CONTINUED)
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2023
(IN THOUSANDS)

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

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

Net Change In Fund Balances - Total Governmental Funds (Exhibit IV)	\$	(21,061)
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Governmental funds report capital outlays as expenditures. In the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation/amortization expense:

Capital Outlay		18,029
Depreciation/Amortization Expense		(14,791)

The statement of activities reports losses arising from the trade-in of existing capital assets to acquire new capital assets. Conversely governmental funds do not report any gain or loss on a trade-in of capital assets.

(141)

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

Property Tax Receivable - Accrual Basis Change		713
Water, Sewer, Sanitation Interest Receivable - Accrual Change		(521)
Grants		398
Change In Deferred Outflows Related To Pension		(20,683)
Change In Deferred Outflows Related To OPEB		(13,207)

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

Bonds And Notes Principal Payments		19,912
Lease Payments		111

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.

Compensated Absences		(267)
Total OPEB Liability		4,081
Net OPEB Liability		32,569
Net Pension Liability		11
Bond Premium Amortization		4,425
Accrued Interest		216
Change In Deferred Inflows Related to Pension		1,383
Change in Deferred Inflows Related to OPEB		8,239

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

(1,221)

Change in Net Position of Governmental Activities (Exhibit II)	\$	<u>18,195</u>
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See accompanying Notes to Financial Statements.

CITY OF MIDDLETOWN, CONNECTICUT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2023
(IN THOUSANDS)

	<u>Governmental Activities</u>
	<u>Internal Service Funds</u>
ASSETS	
Cash and Cash Equivalents	\$ 27,013
LIABILITIES	
Current Liabilities:	
Accounts and Other Payables	18
Unpaid Claims - Current	<u>2,274</u>
Total Current Liabilities	2,292
NONCURRENT LIABILITIES	
Unpaid Claims - Noncurrent	<u>4,357</u>
Total Liabilities	<u>6,649</u>
NET POSITION	
Unrestricted	<u><u>\$ 20,364</u></u>

See accompanying Notes to Financial Statements.

CITY OF MIDDLETOWN, CONNECTICUT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2023
(IN THOUSANDS)

	Governmental Activities
	Internal Service Funds
OPERATING REVENUES	
Charges for Services	\$ 16,483
Other	5,694
Total Operating Revenues	22,177
OPERATING EXPENSES	
Benefit Payments	8,107
Administration	532
Insurance	15,584
Total Operating Expenses	24,223
OPERATING INCOME (LOSS)	(2,046)
NONOPERATING REVENUE	
Income on Investments	877
INCOME BEFORE TRANSFERS	(1,169)
TRANSFERS OUT	(52)
CHANGE IN NET POSITION	(1,221)
Net Position - Beginning of Year	21,585
NET POSITION - END OF YEAR	\$ 20,364

See accompanying Notes to Financial Statements.

**CITY OF MIDDLETOWN, CONNECTICUT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2023
(IN THOUSANDS)**

	<u>Governmental Activities</u> <u>Internal Service Funds</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Interfund Services Provided or Used	\$ 16,483
Cash Received for Insurance Reimbursements	5,694
Cash Paid to Vendors	<u>(23,959)</u>
Net Cash Used by Operating Activities	(1,782)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Transfers to Other Funds	(52)
CASH FLOWS FROM INVESTING ACTIVITIES	
Income on Investments	<u>877</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(957)
Cash and Cash Equivalents - Beginning of Year	<u>27,970</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u><u>\$ 27,013</u></u>
RECONCILIATION OF OPERATING LOSS USED BY OPERATING ACTIVITIES	
Operating Loss	\$ (2,046)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:	
Decrease in Vouchers and Other Payables	<u>264</u>
Net Cash Used by Operating Activities	<u><u>\$ (1,782)</u></u>

See accompanying Notes to Financial Statements.

CITY OF MIDDLETOWN, CONNECTICUT
STATEMENT OF NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2023
(IN THOUSANDS)

	Pension and Other Employee Benefit Trust Funds
ASSETS	
Cash and Cash Equivalents	\$ 7,155
Investments:	
U.S. Government Securities	33,504
U.S. Government Agencies	-
Corporate Bonds	138,211
Common Stock	166,473
Mutual Funds	147,705
Receivables:	
Accrued Investment Income	1,514
Total Assets	494,562
LIABILITIES	
Vouchers and Other Payables	221
Due To Other Funds	1,914
Total Liabilities	2,135
NET POSITION	
Net Position Restricted for Pension Benefits	461,745
Net Position Restricted for OPEB Benefits	30,682
	\$ 492,427

See accompanying Notes to Financial Statements.

**CITY OF MIDDLETOWN, CONNECTICUT
STATEMENT OF CHANGES IN NET POSITION
FIDUCIARY FUNDS
YEAR ENDED JUNE 30, 2023
(IN THOUSANDS)**

	<u>Pension and Other Employee Benefit Trust Funds</u>
ADDITIONS	
Contributions:	
Employer	\$ 18,766
Plan Members	3,162
Other Revenue	936
Total Contributions	<u>22,864</u>
Investment Income (Loss):	
Net Change in Fair Value of Investments	32,755
Interest and Dividends	9,723
Total Investment Gain	42,478
Investment Fees	<u>(964)</u>
Net Investment Income (Loss)	<u>41,514</u>
Total Additions	64,378
DEDUCTIONS	
Benefits	34,730
Other	42
Total Deductions	<u>34,772</u>
CHANGE IN NET POSITION	29,606
Net Position - Beginning of Year	<u>462,821</u>
NET POSITION - END OF YEAR	<u><u>\$ 492,427</u></u>

See accompanying Notes to Financial Statements.

CITY OF MIDDLETOWN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023
(IN THOUSANDS)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

The City was incorporated in 1651. Its legal authority is derived from a Charter granted in 1874 that has been subsequently revised, most recently in 2014. The City operates under a Council-Mayor form of government. Services provided include education, water, sewer, refuse, streets and drainage, recreation and parks, police and fire, planning and zoning, community development and human resources.

Discretely Presented Component Unit

The Eastern Connecticut Resource Recovery Authority (ECRRA) has been included in the City's reporting as a discretely presented component unit in accordance with GAAP. As more fully explained in Note 10, ECRRA is a regional authority formed to provide solid waste disposal and a resource recovery system. At June 30, 2023, the City is the only member and accordingly, ECRRA is fiscally dependent because the City is responsible for paying ECRRA's debt and it is under the City's control. Additionally, ECRRA's financial position and operations are material to the financial statements of the City.

B. Government-Wide and Fund Financial Statements

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

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.

CITY OF MIDDLETOWN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023
(IN THOUSANDS)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Government-Wide and Fund Financial Statements (Continued)

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 are reported as separate columns in the fund financial statements.

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and pension trust 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 revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers tax revenues to be available if they are collected within 60 days of the end of the current fiscal period. All other revenues are considered available if they are collected within 180 days of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to lease liabilities, compensated absences and claims and judgments, are recorded only when payment is due.

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

CITY OF MIDDLETOWN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023
(IN THOUSANDS)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

The City reports the following major governmental funds:

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

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

The Capital Project Fund – accounts for financial resources to be used for the acquisition or construction of major capital assets.

The Special Grants Fund – accounts for financial resources to be used for state and federal grant related projects.

Additionally, the City reports the following fund types:

The Internal Service Fund – accounts for the risk management activity of the City.

The Pension and Other Employee Benefit – Trust Funds account for the activities of the defined benefit pension plans and Other Postemployment Benefits Trust Fund, which accumulate resources for pension and health benefit payments to qualified employees upon retirement.

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

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

CITY OF MIDDLETOWN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023
(IN THOUSANDS)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

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 internal service funds are charges to customers for risk management. Operating expenses for internal service funds include the cost of services and administrative expenses. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

D. Adoption of New Accounting Standards

GASB Statement No. 96, Subscription-Based Information Technology Arrangements

In May 2020, the GASB issued GASB Statement No. 96, Subscription-Based Information Technology Arrangements. This standard defines a subscription-based information technology arrangement (SBITA); establishes that a SBITA results in a right-to-use subscription asset (an intangible asset) and a corresponding subscription liability; provides the capitalization criteria for outlays other than subscriptions payments, including implementation costs of a SBITA; and requires note disclosures regarding a SBITA.

The City adopted the requirements of the guidance effective July 1, 2022 and has concluded that there was no material impact on the entity's net position and changes in beginning net position as a result of adoption of this standard.

E. Deposits and Investments

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

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

Investments for the City, as well as for its component unit, are reported at fair value.

CITY OF MIDDLETOWN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023
(IN THOUSANDS)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Deposits and Investments (Continued)

Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “due to/from other funds” (i.e., the current portion of interfund loans) or “advances to/from other funds” (i.e., the noncurrent portion of interfund loans). All other outstanding balances between funds are reported as “due to/from other funds.” All trade and property tax receivables, including those for the component units, are shown net of an allowance for uncollectibles. Allowances for uncollectibles are computed based on historical data. Property taxes allowance represents 1.4% of outstanding amounts.

Real, personal and motor vehicle property taxes are levied on the assessed value at the rate enacted by the Common Council in the annual budget ordinance.

Property taxes are levied on all assessed property on the Grand List of October 1 prior to the beginning of the fiscal year and are billed on the following July 1 and January 1. Taxes are overdue on August 1 and February 1. Interest at the rate of 1-1/2% per month accrues on all overdue taxes. If taxes are unpaid as of June 30, following the payable date, a lien is placed on the real property. Property assessments are made at 70% of the market value.

Property tax revenues are recognized when they become measurable and available. Available means the revenues are presently due, or past due and collectible within 60 days of the end of the current period.

F. Leases

Lessee

The City of Middletown, Connecticut is a lessee for noncancellable leases of buildings. The City recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the applicable governmental activities in the government-wide statements. The City recognizes lease liabilities with an initial, individual value of \$10,000 or more.

At the commencement of a lease, the City initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized in a systematic and rational manner over the shorter of the lease term or the useful life of the underlying asset.

CITY OF MIDDLETOWN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023
(IN THOUSANDS)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Leases (Continued)

Lessee (Continued)

Key estimates and judgments related to leases include how the City determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The City uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the City generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease.
- Lease payments included in the measurement of the lease liability are composed of fixed payments and the purchase option price that the City is reasonably certain to exercise.

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

Lessor

The City of Middletown, Connecticut is a lessor for a noncancellable leases of related to property owned by the City. The City recognizes a lease receivable and a deferred inflow of resources in the applicable governmental activities in the government-wide and in the governmental fund financial statements.

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

Key estimates and judgments include how the City of Middletown determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

- The City uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease.
- Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

CITY OF MIDDLETOWN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023
(IN THOUSANDS)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Leases (Continued)

Lessor (Continued)

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

G. Supplies and Prepaid Items

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

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

H. Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks and similar items), are reported in the applicable governmental activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$10,000 (amount not rounded) and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value.

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.

Land and construction in progress are not depreciated. Other property, plant and equipment and right-to-use assets of the primary government, as well as the component units, are depreciated/amortized using the straight-line method over the following estimated useful lives:

Buildings	50 Years
Building Improvements	25 Years
Infrastructures	35 to 70 Years
Equipment	15 Years
Vehicles	7 Years
Office Equipment	7 Years
Computer Equipment	7 Years

CITY OF MIDDLETOWN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023
(IN THOUSANDS)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Capital Assets (Continued)

Right-to-use lease assets are initially measured at the present value of payments expected to be made during the lease term, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized in a systematic and rational manner over the shorter of the lease term or the useful life of the underlying asset.

SBITA assets are initially measured as the sum of the present value of payments expected to be made during the subscription term, payments associated with the SBITA contract made to the SBITA vendor at the commencement of the subscription term, when applicable, and capitalizable implementation costs, less any SBITA vendor incentives received from the SBITA vendor at the commencement of the SBITA term. SBITA assets are amortized in a systematic and rational manner over the shorter of the subscription term or the useful life of the underlying IT assets.

I. 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 asset or fund balance that applies to a future period or periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City reports deferred outflows related to pension and OPEB. A deferred outflow of resources related to pension and OPEB results from differences between expected and actual experience, changes in assumptions or other inputs. These amounts are deferred and included in pension and OPEB expense in a systematic and rational manner over a period equal to the average of the expected remaining service lives of all employees that are provided with benefits through the pension and OPEB plans (active employees and inactive employees).

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 asset or fund balance that applies to a future period or periods and so will not be recognized as an inflow of resources (revenue) until that time. The City reports a deferred inflow of resources related to pension and OPEB in the government-wide financial statements. A deferred inflow of resources related to pension and OPEB results from differences between expected and actual experience, changes in assumptions or other inputs and net difference between projected and actual earnings on investments. These amounts are deferred and included in pension and OPEB expense in a systematic and rational manner over a period equal to the average of the expected remaining service lives of all employees that are provided with benefits through the pension and OPEB plan (active employees and inactive employees). For governmental funds, the City reports unavailable revenue, which arises only under the modified accrual basis of accounting. The statement of net position and the governmental funds balance sheet also report a deferred inflow of resources related to leases, as explained in section F. The governmental funds balance sheet also report unavailable revenues from property taxes, user charges receivable, and grants. These amounts are deferred and recognized as an inflow of resources (revenue) in the period in which the amounts become available.

CITY OF MIDDLETOWN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023
(IN THOUSANDS)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J. Net Pension Liability

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

K. Total Other Postemployment Benefits Other than Pensions (OPEB) Liability

The total OPEB liability is measured as the portion of the actuarial present value of projected benefits that is attributed to past periods of employee service. The total OPEB liability is measured as of a date (measurement date) no earlier than the end of the employer's prior fiscal year and no later than the end of the current fiscal year, consistently applied from period to period.

L. Net OPEB Liability

The net OPEB liability is measured as the portion of the present value of projected benefit payments to be provided to current active and inactive employees that is attributed to those employees' past periods of service (total OPEB liability), less the amount of the OPEB plan's fiduciary net position. The OPEB plan's fiduciary net position is determined using the same valuation methods that are used by the OPEB plan for purposes of preparing its statement of fiduciary net position. The net OPEB liability is measured as of a date (measurement date) no earlier than the end of the employer's prior fiscal year, consistently applied from period to period.

M. Termination Benefits

Sick Leave and Vacation Benefits

Employees may accumulate a limited amount of vested vacation and unused sick leave. At year end, accumulated vacation and unused sick leave was valued at \$9,118. The General Fund generally funds the cost associated with compensated absences.

N. Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, 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 any significant applicable bond premium or discount. Bond issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditure.

CITY OF MIDDLETOWN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023
(IN THOUSANDS)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

N. Long-Term Obligations (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.

O. Fund Equity

Equity in the government-wide financial statements is defined as “net position” and is classified in the following categories:

Net Invested in Capital Assets

This component of net position consists of capital assets, net of accumulated depreciation/amortization and reduced by the outstanding balances of any bonds, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets.

Restricted

Net position is restricted because they are externally imposed by creditors (such as through debt covenants), grantors, contributors or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

Unrestricted

This component consists of net position that does not meet the definition of “restricted” or “net investment in capital assets”.

The equity of the fund financial statements is defined as “fund balance” and is classified in the following categories:

Nonspendable Fund Balance

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

Restricted Fund Balance

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

Committed Fund Balance

This represents amounts constrained for a specific purpose by a government using its highest level of decision-making authority (City of Middletown City Council). A commitment of fund balance and any subsequent modifications or rescission requires a resolution of the City of Middletown City Council.

CITY OF MIDDLETOWN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023
(IN THOUSANDS)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

O. Fund Equity (Continued)

Assigned Fund Balance

This represents amounts constrained for the intent to be used for a specific purpose by the Board of Finance, which has been delegated authority to assign amounts by City Charter.

Assigned Fund Balance

This represents amounts constrained for the intent to be used for a specific purpose by the Board of Finance, which has been delegated authority to assign amounts by City Charter.

Unassigned Fund Balance

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

P. Accounting Estimates

The preparation of 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 inflows and outflows of resources, and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses/expenditures during the reporting period. Actual results could differ from those estimates.

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

The City has an annual operating budget for the General Fund and budgets for certain Special Revenue Funds: Fire District Fund, Sanitary Disposal District Fund, Water Fund and Sewage Disposal Fund.

The City Charter requires the Mayor to submit a recommended operating budget for the General Fund and selected Special Revenue Funds to the Common Council by April 1. The only Special Revenue Funds which have legally separate budgets are the Fire District Fund, Sanitary Disposal District Fund, Water Fund and Sewage Disposal Funds. The budget provides a financial plan for the year and contains estimates of anticipated revenues and proposed expenditures. After public hearings a final budget is adopted by the Common Council by May 15.

CITY OF MIDDLETOWN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023
(IN THOUSANDS)

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)

A. Budgetary Information (Continued)

The budget allocations among the various organizational units, as revised by the Common Council through year end, are included in the budget-to-actual comparisons. Total budgeted expenditures in the budget-to-actual comparison agree with the Common Council appropriations. These budgetary comparisons are made at the sub-function level by the encumbrance of estimated purchase amounts prior to the release of purchase orders to vendors. Purchase orders which result in an overrun of sub-function balances are not released until additional appropriations are made available.

Any revisions that alter the total expenditures of any department of the General Fund must be approved by the City Council. In addition, any revisions that alter the total budget of Special Revenue funds must be approved by the City Council. During the year General Fund appropriations increased in the amount of \$1,145. All budget amendments were processed in accordance with Charter provisions.

Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders, contracts) outstanding at year end are reported as restricted, committed or assigned fund balance and do not constitute expenditures or liabilities because the commitments will be reappropriated and honored during the subsequent year.

B. Deficit Fund Equity

The City has the following fund deficits at June 30, 2023:

	Amount
Capital Projects Fund*	\$ 32,444
Nonmajor Governmental Funds:	
Special Revenue Funds:	
School Cafeteria Fund **	488
Educational Grants **	710
Health Grants Fund **	91

* Deficit will be eliminated with future bond proceeds

** Deficit will be eliminated through future appropriations

NOTE 3 CASH, CASH EQUIVALENTS AND INVESTMENTS

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

CITY OF MIDDLETOWN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023
(IN THOUSANDS)

NOTE 3 CASH, CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

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

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

Deposits

Deposit Custodial Credit Risk

Custodial credit risk is the risk that, in the event of a bank failure, the City’s deposit will not be returned. The City does not have a deposit policy for custodial credit risk. The deposit of public funds is controlled by the Connecticut General Statutes. Deposits may be placed with any qualified public depository that has its main place of business in the State of Connecticut. Connecticut General Statutes require that each depository maintain segregated collateral (not required to be based on a security agreement between the depository and the municipality and, therefore, not perfected in accordance with federal law) in an amount equal to a defined percentage of its public deposits based upon the depository’s risk-based capital ratio.

City

Based on the criteria described in GASB Statement No. 40, *Deposits and Investment Risk Disclosures*, \$69,970 of the City’s bank balance of \$77,887 was exposed to custodial credit risk as follows:

Uninsured and Uncollateralized	\$	69,970
Uninsured and Collateral Held by the Pledging Bank’s Trust Department, Not in the City’s Name		7,917
Total Amount Subject to Custodial Credit Risk	\$	77,887

CITY OF MIDDLETOWN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
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(IN THOUSANDS)

NOTE 3 CASH, CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

Deposits (Continued)

ECRRA

As of June 30, 2023, \$1,050 of ECRRA's bank balance of \$1,444 was exposed to custodial credit risk.

Cash Equivalents

City

At June 30, 2023, the City's cash equivalents amounted to \$27,130. The following table provides a summary of the City's cash equivalents (excluding U.S. government guaranteed obligations) as rated by nationally recognized statistical rating organizations. The pools all have maturities of less than one year.

	Standard & Poor's
State Short-Term Investment Fund (STIF)	AAAm
Fidelity*	

*Not rated

Investments

City

As of June 30, 2023, the City had the following investments:

Investment Type	Fair Value	Investment Maturities (Years)		
		Less than One	1-10	More than 10
Interest-Bearing Investments:				
Certificates Of Deposit *	\$ 32	\$ 32	\$ -	\$ -
U.S. Government Securities	33,643	140	560	32,943
Corporate Bonds	138,211	5,287	82,703	50,221
Total	\$ 171,886	\$ 5,459	\$ 83,263	\$ 83,164
Other Investments:				
Mutual Funds	\$ 148,705			
Common Stock	166,473			
Total Investments	\$ 487,064			

*Subject to coverage by Federal Depository Insurance and collateralization.

Interest Rate Risk

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.

CITY OF MIDDLETOWN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023
(IN THOUSANDS)

NOTE 3 CASH, CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

Credit Risk – Investments

As indicated above, State Statutes limit the investment options of cities and towns. The City has no investment policy that would further limit its investment choices. The following table provides a summary of the City's investments (excluding U.S. government guaranteed obligations) as rated by nationally recognized statistical rating organizations.

<u>City</u>	Average Rating	Corporate Bonds
	Aaa	\$ 8,021
	Aa1	4,611
	Aa2	6,873
	Aa3	3,330
	A1	15,416
	A2	16,698
	A3	19,654
	Baa1	16,620
	Baa2	8,155
	Baa3	6,990
	Ba1	453
	Ba2	2,939
	Ba3	3,225
	B1	4,708
	B2	3,222
	B3	2,797
	Caa1	1,380
	Caa2	773
	Ca	206
	Unrated	12,140
	Total	<u>\$ 138,211</u>

Concentration of Credit Risk

The City's investment policy does not allow for an investment in any one issuer that is in excess of 5% of the City's total investments.

Custodial Credit Risk

Custodial credit risk for an investment is the risk that, in the event of the failure of the counterparty (the institution that pledges collateral or repurchase agreement securities to the City or that sells investments to or buys them for the City), the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. At June 30, 2023, the City's investments, other than open-end mutual funds and other pooled accounts that are not categorized as to custodial credit risk, were uninsured and unregistered securities held by the counterparty, or by its trust department or agent, and were not in the City's name.

CITY OF MIDDLETOWN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023
(IN THOUSANDS)

NOTE 3 CASH, CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

Fair Value of Investments

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements); followed by quoted prices in inactive markets or for similar assets or with observable inputs (Level 2 measurements); and the lowest priority to unobservable inputs (Level 3 measurements). The City has the following recurring fair value measurements as of June 30, 2023:

	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Investments by Fair Value Level:				
U.S. Government Securities	\$ 33,643	\$ 33,643	\$ -	\$ -
U.S. Government Agencies	-	-	-	-
Corporate Bonds	138,211	138,211	-	-
Common Stock	166,473	166,473	-	-
Mutual Funds	148,705	148,705	-	-
Total Investments				
by Fair Value Level	487,032	<u>\$ 487,032</u>	<u>\$ -</u>	<u>\$ -</u>
 Investments Not Included Above				
Certificates of Deposit	32			
Total Investments	<u>\$ 487,064</u>			

Debt and equity securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities.

NOTE 4 RECEIVABLES

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

	<u>General</u>	<u>Capital Projects</u>	<u>Special Grants</u>	<u>Nonmajor and Other Funds</u>	<u>Total</u>
Receivables:					
Taxes	\$ 9,566	\$ -	\$ -	\$ 2,186	\$ 11,752
Interest	4,576	-	-	1,514	6,090
Accounts and Other	94	-	-	3,602	3,696
Intergovernmental	-	7,050	1,203	574	8,827
Leases	895	-	-	-	895
Gross Receivables	15,131	7,050	1,203	7,876	31,260
Less Allowance for Uncollectibles	500	-	-	-	500
Total Net Receivables	<u>\$ 14,631</u>	<u>7,050</u>	<u>\$ 1,203</u>	<u>\$ 7,876</u>	<u>\$ 30,760</u>

CITY OF MIDDLETOWN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023
(IN THOUSANDS)

NOTE 4 RECEIVABLES OPEN (CONTINUED)

Leases Receivable

The City, acting as lessor, leases various buildings under long-term, noncancelable lease agreements. The leases expire at various dates through 2032. During the year ended June 30, 2023, the City recognized \$201 and \$20 in governmental activities in lease revenue and interest revenue, respectively, pursuant to these contracts.

Total future minimum lease payments to be received under the lease agreement are as follows:

<u>Year Ending June 30,</u>	Governmental Activities	
	Principal	Interest
2024	\$ 234	\$ 19
2025	233	13
2026	193	8
2027	71	5
2028	53	3
2029-2032	111	3
Total Minimum Lease Payments	\$ 895	\$ 51

CITY OF MIDDLETOWN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023
(IN THOUSANDS)

NOTE 5 CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2023 was as follows:

Primary Government

Governmental Activities	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets Not Being Depreciated and Amortized:				
Land	\$ 23,333	\$ -	\$ -	\$ 23,333
Construction in Progress	141,054	16,968	(9,331)	148,691
Total Capital Assets Not Being Depreciated and Amortized	164,387	16,968	(9,331)	172,024
Capital Assets Being Depreciated and Amortized:				
Buildings	245,273	339	-	245,612
Machinery, Equipment and Building Contents	45,861	3,566	(923)	48,504
Infrastructure	402,305	6,420	(61)	408,664
Right-to-Use - Building	1,329	67	-	1,396
Total Capital Assets Being Depreciated and Amortized	694,768	10,392	(984)	704,176
Less Accumulated Depreciation and Amortization for:				
Buildings	(127,078)	(4,459)	-	(131,537)
Machinery, Equipment and Building Contents	(30,939)	(2,379)	814	(32,504)
Infrastructure	(178,534)	(7,755)	29	(186,260)
Right-to-Use - Building	(168)	(198)	-	(366)
Total Accumulated Depreciation and Amortization	(336,719)	(14,791)	843	(350,667)
Total Capital Assets Being Depreciated and Amortized, Net	358,049	(4,399)	(141)	353,509
Governmental Activities Capital Assets, Net	<u>\$ 522,436</u>	<u>\$ 12,569</u>	<u>\$ (9,472)</u>	<u>\$ 525,533</u>

*The beginning balance was restated due to the implementation of GASB Statement No. 96.

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

Governmental Activities:	
General Government	3,178
Public Safety	2,137
Public Works	2,241
Education	7,235
Total Depreciation/Amortization Expense - Governmental Activities	<u>14,791</u>

CITY OF MIDDLETOWN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023
(IN THOUSANDS)

NOTE 5 CAPITAL ASSETS (CONTINUED)

Construction Commitments

The City has active construction projects as of June 30, 2023 which include roads, bridges, water and sewer lines, and school building improvements. At June 30, 2023, the City's commitments with contractors is \$74,503.

The commitments are being financed as follows:

School projects are financed by bonds and grants from the State Department of Education.

Sewer projects are financed by grants and 2% loans from the State Department of Environmental Protection.

Other projects are primarily funded by City general obligation bonds.

Discretely Presented Component Units

Activity for ECRRA for the year ended June 30, 2023 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets, Being Depreciated:				
Buildings and Systems	\$ 109,901	\$ -	\$ -	\$ 109,901
Less Accumulated Depreciation for:				
Buildings and Systems	(83,185)	(3,142)	-	(86,327)
ECRRA Capital Assets, Net	<u>\$ 26,716</u>	<u>\$ (3,142)</u>	<u>\$ -</u>	<u>\$ 23,574</u>

NOTE 6 INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

At June 30, 2023, the amounts due to and from other funds were as follows:

	Due From Other Funds	Due to Other Funds
General Fund	\$ 34,179	\$ -
Capital Projects Fund	-	29,699
Special Grants	-	1,180
Nonmajor Governmental Funds	-	1,386
Fiduciary Funds	-	1,914
Total	<u>\$ 34,179</u>	<u>\$ 34,179</u>

The above balances represent temporary advances for operating cash requirements.

CITY OF MIDDLETOWN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023
(IN THOUSANDS)

NOTE 6 INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS (CONTINUED)

Interfund transfers:

	Transfers In				Total
	General Fund	Debt Service Fund	Special Grants	Nonmajor Governmental	
Transfers Out:					
General Fund	\$ -	\$ 21,672	\$ 586	\$ 3,550	\$ 25,808
Nonmajor Governmental	390	5,572	-	-	5,962
Capital Projects	-	-	-	-	-
Special Grants	31	-	-	-	31
Debt Service Fund	1,500	-	-	-	1,500
Internal Service Funds	52	-	-	-	52
	<u>\$ 1,973</u>	<u>\$ 27,244</u>	<u>\$ 586</u>	<u>\$ 3,550</u>	<u>\$ 33,353</u>
Total Transfers Out	<u>\$ 1,973</u>	<u>\$ 27,244</u>	<u>\$ 586</u>	<u>\$ 3,550</u>	<u>\$ 33,353</u>

Transfers are for regularly recurring operational transfers. Interfund transfers are used to 1) to move revenues from the General Fund, Nonmajor Governmental Funds and Capital Project Funds to the Debt Service Fund to pay for principal and interest on debt, and 2) to supplement revenues to other funds such as General Fund and Nonmajor Governmental Funds as approved by City Council.

NOTE 7 LONG-TERM DEBT

Changes in Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2023 was as follows:

Governmental Activities	Beginning Balance*	Additions	Reductions	Ending Balance	Due Within One Year
Bonds and Notes Payable:					
General Obligation Bonds	\$ 142,390	\$ -	\$ 18,565	\$ 123,825	\$ 20,195
Direct Borrowings -					
Clean Water Notes Payable	23,110	-	1,347	21,763	1,347
Unamortized Bond Premium	22,204	-	4,425	17,779	-
Total Bonds and Notes Payable	187,704	-	24,337	163,367	21,542
Compensated Absences	8,851	297	30	9,118	3,191
Lease Liability	1,185	-	111	1,074	187
Net Pension Liability	33,656	-	11	33,645	-
Net OPEB Liability	179,877	-	32,569	147,308	-
Total OPEB Liability	17,244	-	4,081	13,163	576
Risk Management	6,382	249	-	6,631	2,274
Total Governmental Activities Long-Term Liabilities	<u>\$ 434,899</u>	<u>\$ 546</u>	<u>\$ 61,139</u>	<u>\$ 374,306</u>	<u>\$ 27,770</u>

Governmental fund liabilities for bonds are liquidated by the Debt Service Fund, which is funded primarily from the General Fund. Compensated absences and other postemployment benefits of the governmental activities are liquidated primarily by the General Fund. Claims are liquidated by the Internal Service Funds, but primarily funded by the General Fund.

CITY OF MIDDLETOWN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
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(IN THOUSANDS)

NOTE 7 LONG-TERM DEBT (CONTINUED)

The annual requirements to amortize bonds payable as of June 30, 2023 are as follows:

Bonds Payable Due Fiscal Year Ending June 30,	Principal	Interest	Total
2024	\$ 20,195	\$ 6,015	\$ 26,210
2025	17,430	5,047	22,477
2026	17,250	4,193	21,443
2027	14,040	3,363	17,403
2028	13,355	2,694	16,049
2029-2033	39,745	5,176	44,921
2034-2038	1,810	121	1,931
Total	<u>\$ 123,825</u>	<u>\$ 26,609</u>	<u>\$ 150,434</u>

The City's outstanding clean water notes contains a provision that, in the event of default, the State may declare, by notice to the City, that the principal of and interest accrued on any outstanding amounts be immediately due and payable in full, automatically, without further notices or demand of any kind.

The following is a schedule of future minimum payments and the present value of the net minimum payments for the clean water note payables as of June 30, 2023:

Clean Water Notes Payable Due Fiscal Year Ending June 30,	Principal	Interest	Total
2024	\$ 1,347	\$ 423	\$ 1,770
2025	1,347	396	1,743
2026	1,347	369	1,716
2027	1,347	342	1,689
2028	1,347	315	1,662
2029-2033	6,736	1,171	7,907
2034-2038	6,736	0	6,736
2039-2043	1,556	20	1,576
Total	<u>\$ 21,763</u>	<u>\$ 3,036</u>	<u>\$ 24,799</u>

CITY OF MIDDLETOWN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023
(IN THOUSANDS)

NOTE 7 LONG-TERM DEBT (CONTINUED)

Bonds payable at June 30, 2023 are comprised of the following:

Date	Purpose	Rate Percent	Original Issue	Debt Outstanding	Date of Fiscal Year Maturity
4/10/2013	General Purpose	2.00% to 4.00%	\$ 24,323	\$ 2,431	2024
4/10/2013	Water	2.00% to 4.00%	1,787	175	2024
4/10/2013	Sewer	2.00% to 4.00%	1,030	103	2024
4/10/2013	Schools	2.00% to 4.00%	760	76	2024
4/2/2015	General Purpose	2.00% to 5.00%	22,837	6,852	2026
4/2/2015	Water	2.00% to 5.00%	4,013	1,203	2026
4/2/2015	Sewer	2.00% to 5.00%	2,992	897	2026
4/2/2015	Schools	2.00% to 5.00%	2,459	738	2026
4/14/2016	General Purpose	3.00% to 4.00%	7,000	2,800	2027
4/12/2017	General Purpose	3.00% to 5.00%	19,000	9,500	2028
4/12/2018	General Purpose	2.00% to 5.00%	10,000	6,000	2029
4/11/2019	General Purpose	5.00%	13,760	9,632	2030
4/11/2019	Schools	5.00%	2,700	1,890	2030
4/11/2019	Sewer	5.00%	1,087	761	2030
4/11/2019	Water	5.00%	453	317	2030
4/16/2020	General Purpose	5.00%	8,006	6,407	2031
4/16/2020	Schools	5.00%	9,052	7,240	2031
4/16/2020	Sewer	5.00%	1,650	1,320	2031
4/16/2020	Water	5.00%	792	633	2031
5/13/2021	Water	4.00% to 5.00%	10,955	12,798	2036
3/30/2021	General Purpose	5.00%	14,225	21,654	2032
3/30/2021	Schools	5.00%	24,058	3,285	2032
3/30/2021	Sewer	5.00%	3,648	1,863	2032
3/30/2021	Water	5.00%	2,069	9,150	2032
3/30/2022	General Purpose	5.00%	12,431	12,431	2033
3/30/2022	Schools	5.00%	1,000	1,000	2033
3/30/2022	Sewer	5.00%	2,061	2,061	2033
3/30/2022	Water	5.00%	608	608	2033
			<u>\$ 204,756</u>	<u>\$ 123,825</u>	

Notes payable at June 30, 2023 are comprised of the following:

Principal Amount of Debt Indebtedness			Original Issue	Debt Outstanding	Date of Fiscal Year Maturity
Date	Purpose	Rate Percent			
1/29/2021	Clean Water Fund	2 %	\$ 24,531	\$ 20,260	2040
7/12/2021	Clean Water Fund	2	1,751	1,503	2040
			<u>\$ 26,282</u>	<u>\$ 21,763</u>	

Bonds authorized and unissued amounted to \$104 million at June 30, 2023.

CITY OF MIDDLETOWN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
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(IN THOUSANDS)

NOTE 7 LONG-TERM DEBT (CONTINUED)

The total of the City's indebtedness does not exceed the legal debt limitation of \$1.04 billion. The limitation is seven times the base of annual receipts from taxation as defined.

Category	Debt Limit	Net Indebtedness	Balance
General Purpose	\$ 335,720	\$ 180,361	\$ 155,359
Schools	671,441	31,288	640,153
Sewer	559,534	45,949	513,585
Urban Renewal	484,929	-	484,929
Pension Deficit	447,627	-	447,627

Leases

The City leases real estate under a long-term, noncancelable lease agreement. The lease expires at various dates through 2029.

Total future minimum lease payments under lease agreements are as follows:

<u>Year Ending June 30,</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2024	\$ 187	\$ 39
2025	168	32
2026	169	25
2027	176	18
2028	183	11
2028-2032	191	4
Total Minimum Lease Payments	<u>\$ 1,074</u>	<u>\$ 129</u>

Right-to use assets acquired through outstanding leases are shown below, by underlying asset class:

	<u>Governmental Activities</u>
Real Estate	\$ 1,393
Equipment	3
Less: Accumulated Amortization	<u>(366)</u>
Total	<u>\$ 1,030</u>

CITY OF MIDDLETOWN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
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NOTE 8 FUND BALANCE

The component of fund balance for the governmental funds at June 30, 2023 are as follows:

	General Fund	Debt Service Fund	Capital Projects Fund	Special Grants Fund	Nonmajor Governmental Funds	Total
Fund Balances:						
Nonspendable:						
Inventory	\$ -	\$ -	\$ -	\$ -	\$ 55	\$ 55
Restricted For:						
Grants	-	-	-	344	507	851
Permanent Funds	-	-	-	-	1,220	1,220
Debt Service	-	5,214	-	-	-	5,214
Committed To:						
Fire District	-	-	-	-	1,455	1,455
Sanitary Disposal District	-	-	-	-	762	762
Water Distribution Operations	-	-	-	-	2,014	2,014
Landfill Waste and Recycling	-	-	-	-	825	825
Sewer Operations	-	-	-	-	2,546	2,546
Middletown Business Improvement	-	-	-	-	23	23
Sewage Disposal	-	-	-	-	3,347	3,347
Police Benevolence	-	-	-	-	3	3
Library	-	-	-	-	33	33
Dog Fund	-	-	-	-	2	2
Parking District	-	-	-	-	103	103
Student Activities	-	-	-	-	570	570
Capital Projects	-	-	-	-	6,145	6,145
Assigned To:						
General Government	392	-	-	-	-	392
Public Safety	148	-	-	-	-	148
Public Works	308	-	-	-	-	308
Health and Human Resources	45	-	-	-	-	45
Culture And Recreation	91	-	-	-	-	91
Education	250	-	-	-	-	250
Assigned for						
Subsequent Year's Budget	12,680	-	-	-	-	12,680
Unassigned	36,070	-	(32,444)	-	(1,344)	2,282
Total Fund Balances	\$ 49,984	\$ 5,214	\$ (32,444)	\$ 344	\$ 18,266	\$ 41,364

Significant encumbrances at June 30, 2023 are contained in the above table. General Fund encumbrances amounted to \$1,597.

CITY OF MIDDLETOWN, CONNECTICUT
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NOTE 9 RISK MANAGEMENT

The City is exposed to various risks of loss including, but not limited to claims for personal injury and property damage; theft, damage to City property; errors and omissions claims; employee injuries and illnesses, both work-related and nonwork-related. The City's comprehensive insurance program including property and liability, workers' compensation and employee health benefits is overseen by the Office of the General Counsel.

Property and Casualty Insurance Program (Not Rounded)

The City maintains property coverage as listed below:

Automobile Physical Damage coverage includes actual cash value, subject to a \$25,000 deductible for both comprehensive and collision.

Property Insurance totaling an amount equal to the replacement cost value of city-owned property including contents, subject to a \$50,000 deductible. Said coverage also includes specific sub-limits for fine arts, flood, earthquake, and other potential property related losses. Vacant City-owned property is insured on an actual cash value basis.

Boiler and Machinery coverage with a limit of \$100,000,000 per accident, subject to a \$50,000 deductible.

With respect to liability coverage, the City's current program provides:

\$3,000,000 general aggregate - \$1,000,000 per occurrence General Liability; \$1,000,000 per occurrence Automobile Liability; and \$1,000,000 each claim Employee Benefits Liability (claims made). This coverage is not subject to a deductible, except for Employee Benefits Liability which is subject to a \$1,000 deductible. Automobile liability uninsured/underinsured motorist coverage with a limit of \$40,000 each occurrence.

Excess Liability (excess over General Liability, Automobile Liability, Law Enforcement Liability, Public Officials, School Board Legal Liability and Employers' Liability) with a limit of \$10,000,000 each occurrence and aggregate.

School Leaders Legal (claims made) with a limit each wrongful act/aggregate of \$1,000,000 subject to a \$50,000 deductible.

Public Officials Liability (claims made) with a limit each wrongful act/aggregate of \$1,000,000 subject to a \$50,000 deductible.

Law Enforcement Liability (occurrence) with a limit each wrongful act/aggregate of \$1,000,000 subject to a \$50,000 deductible.

The City further maintains the required bonding for the Tax Collector in the amount of \$400,000 and for the Superintendent of Highways in the amount of \$50,000.

CITY OF MIDDLETOWN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
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NOTE 9 RISK MANAGEMENT (CONTINUED)

Workers' Compensation Insurance (Not Rounded)

The City self-insured its Workers' Compensation Program, which is comprised of two parts: third party claims administration and managed medical care, both of which are administered by an outside vendor hired by the City.

Workers' Compensation and Employers' Liability coverage, subject to a self-insured retention limit of \$650,000 for all employees, for each accident and each employee for disease with statutory limits for Workers' Compensation and \$1,000,000 Employers Liability.

Employee Health Benefits (Not Rounded)

The City's current employee/retiree medical benefit program is self-insured with stop-loss insurance limits of \$200,000 per individual and 120% aggregate. The City further provides employees and retirees with dental and prescription drug coverage, both of which are self-insured. The City maintains prescription drug excess loss coverage with an annual attachment point of \$9,000,000 (rounded). There is no stop-loss insurance for dental coverage. Employees and retirees also receive life insurance which is fully insured.

Outstanding Liabilities

Property and Liability

At the close of June 30, 2023, the City reported an outstanding liability of \$700 for claims incurred during the 2022-2023 fiscal year, as well as prior years' claims within the deductible and self-insured retentions.

Workers' Compensation

At the close of June 30, 2023, the City reported an outstanding liability of \$3,657 for claims incurred during the 2022-2023 fiscal year, as well as claims pending from prior years.

Employee Health Benefits

At the close of June 30, 2023, the City reported an outstanding liability of \$2,274 (medical/ dental/prescription drug) for claims incurred but not reported during the 2022-2023 fiscal year.

CITY OF MIDDLETOWN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
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NOTE 9 RISK MANAGEMENT (CONTINUED)

Outstanding Liabilities (Continued)

Employee Health Benefits (Continued)

The following schedule reflects the change in the estimated liability for the last two fiscal years:

	<u>Claims Payable July 1</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>Claims Paid</u>	<u>Claims Payable June 30</u>
<u>Health Benefits Fund</u>				
2021-22	\$ 2,189	\$ 10,340	\$ 10,412	\$ 2,117
2022-23	2,117	12,656	12,499	2,274
<u>Property and Casualty Fund</u>				
2021-22	900	197	297	800
2022-23	800	576	676	700
<u>Workers' Compensation Fund</u>				
2021-22	3,218	2,597	2,350	3,465
2022-23	3,465	2,444	2,252	3,657

NOTE 10 CONTINGENT LIABILITIES

In December 1990, ECRRA was formed. ECRRA is a public body politic and corporate of the State of Connecticut, organized and existing pursuant to the Connecticut General Statutes and an Ordinance adopted by the Common Council of the City of Middletown. ECRRA was created for the purpose of developing and implementing a solid waste disposal system, including the acquisition and ownership of a solid waste resource recovery system. At June 30, 2023, the City was the only member of ECRRA. ECRRA is empowered to issue bonds and use the proceeds to acquire and construct such systems upon approval of each member's governing body. On June 17, 1993, the Common Council of the City approved the issuance of \$150 million of bonds for the cost of a solid waste facility. In October 1993, revenue bonds amounting to \$128,150 were issued by the Authority.

ECRRA has entered into an agreement, with an indirect, wholly owned subsidiary of Wheelabrator Technologies Inc., for design, installation and equipage of a 500-ton per day solid waste disposal, electric power generation and resource recovery facility in Lisbon, Connecticut. Under a Municipal Waste Disposal Agreement, the City is required to provide minimum amounts of acceptable waste to the project and to pay disposal fees to ECRRA. The City and Wheelabrator Connecticut (the Company), as the users of the facility, are obligated to make monthly disposal fee payments that together equal ECRRA's net cost of operations, including any debt service.

CITY OF MIDDLETOWN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
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NOTE 10 CONTINGENT LIABILITIES (CONTINUED)

The City's commitment is 23,273 tons per year, effective July 1, 1995, which may be assigned to other towns, cities or other political subdivisions, under certain conditions. Any such assignment would not relieve the City of its obligation to make payments. ECRRA and the Company have further agreed that, so long as the City delivers at least 6,718 tons per year, the Company will deliver the shortfall below 23,273 tons.

The City has pledged its full faith and credit to the payment of all amounts due under the agreement and shall appropriate funds and levy taxes in an amount sufficient, together with other available revenues, to make such payments. The agreement is not a debt of the City and does not obligate the City to pay the principal of or interest on the revenue bonds.

NOTE 11 POSTEMPLOYMENT BENEFITS

City and Board of Education

A. Plan Description

The City, in accordance with various collective bargaining agreements, provides retiree medical benefits for the lifetime of the retired member and covered dependents. The plan covers City, Board of Education, Police and Fire employees as further defined in collective bargaining agreements and other written materials. Eligibility and premium sharing information is detailed in the various collective bargaining agreements. The City does not issue separate stand-alone financial statements for the plan.

The postemployment benefits plan is a single-employer plan, and is administered by the Retirement Board consisting of eight members: two members of the Common Council (with one member from each political party); the City's Director of Finance; three citizens of the City of Middletown, provided that one such seat shall be held by a former finance director, until his resignation, death or expiration of his term without reappointment; one citizen of the City of Middletown who is also a member of the Plan; and the Mayor, ex officio. In no event shall more than five of the Retirement Board's members belong to any one political party, as determined based upon each member's registered party affiliation, excluding from consideration the City's Director of Finance.

B. Funding Policy

The contribution requirements of plan members and the City are also negotiated with the various unions representing the employees. Generally, retirees and their dependents are covered for those City employees who have 15 years of service. Eligible retirees may either commence benefits immediately or defer coverage to a future date. Retired plan members and beneficiaries currently receiving benefits are required to contribute specified amounts monthly towards the cost of health insurance premiums.

CITY OF MIDDLETOWN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
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NOTE 11 POSTEMPLOYMENT BENEFITS (CONTINUED)

City and Board of Education (Continued)

B. Funding Policy (Continued)

City employees must elect one of two pension options; the options that apply vary dependent upon their union affiliation and the health insurance benefits to which they are entitled are determined based on their selected pension option. Depending on which pension option is selected, City employees who are members of Local 466, Teamsters, Police and Fire will pay the same the cost-share percentage as actives for health insurance benefits, capped at 25% for life, or pay a premium cost-share percentage for health insurance benefits based on age at retirement.

New members of the bargaining units, upon retirement, have the same pension options; however, the health insurance benefits to which they are entitled are reduced and vary by union group.

All pre-2005 retirees are under different funding rules. In addition, subject to the same premium cost-sharing contribution as active employees, a surviving spouse is covered until death or remarriage. Dental coverage is provided for all retirees, including eligible surviving spouses.

The waiver of contribution offering that applied to retirees electing coverage in the City's point-of-service plan option was discontinued as of March 1, 2009. All retirees, regardless of plan choice, now make a contribution toward the cost of coverage.

The Board of Education employees are eligible at the same time they are eligible for benefits under the plan with the State of Connecticut Teachers Retirement Board (TRB). Teachers contribute 100% of the premium less the TRB subsidy. Teachers over the age of 65 who are not eligible for Medicare, shall be allowed to purchase the coverage at no cost to the Board and are given the TRB subsidy; nonunion administration have no contribution up to the age of 65 and 20% after age 65, and union administration, pre-65 retiree pays excess over board payment. TRB subsidy is applied. If over 65 and not eligible for Medicare, retiree pays 100% of premium less the TRB subsidy.

At July 1, 2022, plan membership consisted of the following:

	City	BOE	Total
Active Plan Members	553	499	1,052
Retired and Spouses Members	772	38	810
Total Participants	1,325	537	1,862

C. Investments

Investment Policy

OPEB Benefits 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.

**CITY OF MIDDLETOWN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
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NOTE 11 POSTEMPLOYMENT BENEFITS (CONTINUED)

City and Board of Education (Continued)

C. Investments (Continued)

Rate of Return

For the year ended June 30, 2023, the annual money-weighted rate of return on investments, net of investment expense, was 28.3% for the City. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

D. Net OPEB Liability – City

The City's net OPEB liability was measured as of June 30, 2023. The components of the Net OPEB liability of the City at June 30, 2023 were as follows:

Total OPEB Liability	\$ 177,990
Plan Fiduciary Net Position	30,682
Net OPEB Liability	\$ 147,308

Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	17.24%
--	--------

Actuarial assumptions. The total OPEB liability was determined by an actuarial valuation as of July 1, 2022, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

City

Inflation	2.40% (Prior 2.40%)
Salary Increases	3.00% - 8.00%
Investment Rate of Return	6.90%
Healthcare Cost Trend Rates	6.5% for 2022, Decreasing 0.20% Per Year to an Ultimate Rate of 4.40% for 2033 and Later Years

BOE

Inflation	2.40% (Prior 2.21%)
Salary Increases	4.00%
Discount Rate	3.54% (Prior: 2.21%)
Healthcare Cost Trend Rates	6.5% for 2022, Decreasing 0.20% Per Year to an Ultimate Rate of 4.40% for 2033 and Later Years
Retirees' Share of Benefit Related Costs	There is No Retiree Cost for Medical and Dental Prior to Age 65. Retirees Pay 20% at Age 65 and Over.

CITY OF MIDDLETOWN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
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NOTE 11 POSTEMPLOYMENT BENEFITS (CONTINUED)

City and Board of Education (Continued)

D. Net OPEB Liability – City (Continued)

City

Mortality Tables were based on Pub-2010 Public Retirement Plans Amount-Weighted Mortality Tables (with separate tables for General Employees, Public Safety and Teachers), projected to the valuation date with Scale MP-2021. Prior: Mortality Tables were based on Pub-2010 Public Retirement Plans Amount-Weighted Mortality Tables (with separate tables for General Employees, Public Safety and Teachers), projected to the valuation date with Scale MP-2020.

The plan does not have sufficient credible data on which to perform an experience study.

BOE

Mortality Tables were based on Pub-2010 Public Retirement Plans Amount-Weighted Mortality Table for Teachers with separate tables for annuitants and nonannuitants, projected to the valuation date with Scale MP-2021. Prior: Mortality Tables were based on Pub-2010 Public Retirement Plans Amount-Weighted Mortality Table for Teachers with separate tables for annuitants and nonannuitants, projected to the valuation date with Scale MP-2020.

No actuarial experience study was completed.

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 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 allocation and best estimates of arithmetic real rates of return for each major asset as of June 30, 2023 are summarized in the following table:

City

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Large Cap	24.50 %	5.00 %
Mid Cap	7.50	5.30
Small Cap	7.00	5.30
International Developed Equities	16.50	6.40
International Emerging Market Equities	5.50	7.70
Real Estate	4.00	4.90
U.S. Investment Grade Bonds	30.50	2.05
U.S. High Yield Bonds	4.50	4.05
Total	100.00 %	

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NOTE 11 POSTEMPLOYMENT BENEFITS (CONTINUED)

City and Board of Education (Continued)

D. Net OPEB Liability – City (Continued)

Discount Rate

The discount rate used to measure the City net OPEB liability was 6.90%, prior 6.14%. The projection of cash flows used to determine the discount rate assumed that City contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB 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 OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

E. Changes in the Net OPEB Liability – City

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
	(a)	(b)	(a)-(b)
Balances as of July 1, 2022	\$ 203,772	\$ 23,895	\$ 179,877
Changes for the Year:			
Service Cost	4,934	-	4,934
Interest on Total OPEB Liability	12,470	-	12,470
Difference Between Expected and Actual Experience	(14,541)	-	(14,541)
Changes of Benefit Terms	-	-	-
Changes in Assumptions	(17,259)	-	(17,259)
Employer Contributions	-	14,558	(14,558)
Employee Contributions	-	44	(44)
Other Revenue	-	936	(936)
Net Investment Income (Loss)	-	2,677	(2,677)
Benefit Payments	(11,386)	(11,386)	-
Administrative Expense	-	(42)	42
Net Changes	(25,782)	6,787	(32,569)
Balances as of June 30, 2023	<u>\$ 177,990</u>	<u>\$ 30,682</u>	<u>\$ 147,308</u>

**CITY OF MIDDLETOWN, CONNECTICUT
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NOTE 11 POSTEMPLOYMENT BENEFITS (CONTINUED)

City and Board of Education (Continued)

E. Changes in the Net OPEB Liability – City (Continued)

Changes in the Total OPEB Liability - BOE

	Total OPEB Liability
Balances as of July 1, 2022	\$ 17,244
Changes for the Year:	
Service Cost	227
Interest on Total OPEB Liability	610
Changes of Benefit Terms	-
Difference Between Expected and Actual Experience	(4,729)
Changes in Assumptions or Other Inputs	276
Benefit Payments	(465)
Net Changes	(4,081)
Balances as of June 30, 2023	\$ 13,163

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

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

City

	1% Decrease (5.90%)	Current Discount Rate (6.90%)	1% Increase (7.90%)
Net OPEB Liability	\$ 170,600	\$ 147,308	\$ 128,200

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the BOE, as well as what the BOE's total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current discount rate:

BOE

	1% Decrease (2.65%)	Current Discount Rate (3.65%)	1% Increase (4.65%)
Total OPEB Liability	\$ 14,663	\$ 13,163	\$ 11,879

CITY OF MIDDLETOWN, CONNECTICUT
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NOTE 11 POSTEMPLOYMENT BENEFITS (CONTINUED)

City and Board of Education (Continued)

E. Changes in the Net OPEB Liability – City (Continued)

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the net OPEB liability of the City, as well as what the City's net OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower or one percentage point higher than the current healthcare cost trend rates:

City

	1% Decrease (5.50% Decreasing to 3.40%)	Healthcare Cost Trend Rates (6.50% Decreasing to 4.40%)	1% Increase (7.50% Decreasing to 5.40%)
Net OPEB Liability	\$ 127,428	\$ 147,308	\$ 171,677

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the total OPEB liability of the BOE, as well as what the BOE's total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower or one percentage point higher than the current healthcare cost trend rates:

BOE

	1% Decrease (5.50% Decreasing to 3.40%)	Healthcare Cost Trend Rates (6.50% Decreasing to 4.40%)	1% Increase (7.50% Decreasing to 5.40%)
Total OPEB Liability	\$ 11,712	\$ 13,163	\$ 14,866

CITY OF MIDDLETOWN, CONNECTICUT
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NOTE 11 POSTEMPLOYMENT BENEFITS (CONTINUED)

City and Board of Education (Continued)

F. OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2023, the City recognized OPEB expense of \$16,800, of which \$16,089 was reported for the City plan and \$711 was reported for the BOE plan. At June 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	City		BOE		Total	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 2,799	\$ 48,587	\$ -	\$ 12,831	\$ 2,799	\$ 61,418
Changes of Assumptions	19,505	74,310	4,302	7,078	23,807	81,388
Net Difference Between Projected and Actual Earning on Pension Plan Investments	554	-	-	-	554	-
Total	\$ 22,858	\$ 122,897	\$ 4,302	\$ 19,909	\$ 27,160	\$ 142,806

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

<u>Year Ending June 30,</u>	City	BOE	Total
2024	\$ (29,987)	\$ (1,406)	\$ (31,393)
2025	(23,293)	(1,406)	(24,699)
2026	(27,673)	(1,407)	(29,080)
2027	(13,786)	(1,407)	(15,193)
2028	(5,300)	(1,407)	(6,707)
Thereafter	-	(8,574)	(8,574)
Total	\$ (100,039)	\$ (15,607)	\$ (115,646)

CITY OF MIDDLETOWN, CONNECTICUT
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NOTE 11 POSTEMPLOYMENT BENEFITS (CONTINUED)

Connecticut Teachers Retirement Plan - Other Postemployment Benefit

A. Plan Description

Teachers, principals, superintendents or supervisors engaged in service of public schools plus professional employees at State Schools of higher education 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 postemployment benefit plan administered by the Teachers' Retirement Board (TRB), if they choose to be covered.

Chapter 167a 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.

B. Benefit Provisions (Not in Thousands)

There are two types of the health care benefits offered through the system. Subsidized Local School District Coverage provides a subsidy paid to members still receiving coverage through their former employer and the CTRB Sponsored Medicare Supplement Plans provide coverage for those participating in Medicare but not receiving Subsidized Local School District Coverage.

Any member who 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, and any remaining portion is used to offset the district's cost. The subsidy amount is set by statute and has not increased since July 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 who 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 Supplement Plans. Effective July 1, 2018, the System added a Medicare Advantage Plan option. Active members, retirees and the State pay equally toward the cost of the basic coverage (medical and prescription drug benefits) under the Medicare Advantage Plan. Retired members who choose to enroll in the Medicare Supplement Plan are responsible for the full difference in the premium cost between the two plans. Additionally, effective July 1, 2018, retired members who cancel their health care coverage or elect to not enroll in a CTRB sponsored health care coverage option, must wait two years to re-enroll.

CITY OF MIDDLETOWN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
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NOTE 11 POSTEMPLOYMENT BENEFITS (CONTINUED)

Connecticut Teachers Retirement Plan - Other Postemployment Benefit (Continued)

B. Benefit Provisions (Not in Thousands) (Continued)

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 Supplement or Medicare Advantage Plan options, as long as they do not remarry.

C. Eligibility

Any member who is currently receiving a retirement or disability benefit is eligible to participate in the plan.

Credited Service

One month for each month of service as a teacher in Connecticut public schools, maximum 10 months for each school year. Ten months of credited service constitutes one year of Credited Service. Certain other types of teaching services, State employment, or wartime military service may be purchased prior to retirement if the member pays one-half the cost.

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

Age 55 with 20 years of Credited Service including 15 years of Connecticut service, or 25 years of Credited Service including 20 years of Connecticut service.

Proratable Retirement

Age 60 with 10 years of Credited Service.

Disability Retirement

No service requirement if incurred in the performance of duty, and five years of Credited Service in Connecticut if not incurred in the performance of duty.

Termination of Employment

Ten or more years of Credited Service.

CITY OF MIDDLETOWN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
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(IN THOUSANDS)

NOTE 11 POSTEMPLOYMENT BENEFITS (CONTINUED)

Connecticut Teachers Retirement Plan - Other Postemployment Benefit (Continued)

D. Contributions

State of Connecticut

Per Connecticut General Statutes Section 10-183z, contribution requirements of active employees and the State of Connecticut are approved, amended, and certified by the State Teachers' Retirement Board and appropriated by the General Assembly. The State appropriates from the General Fund one third of the annual costs of the Plan. Administrative costs of the Plan are financed by the State. Based upon Chapter 167a, Subsection D of Section 10-183t of the Connecticut statutes, it is assumed the State will pay for any long-term shortfall arising from insufficient active member contributions.

Employer (School Districts)

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

For the year ended June 30, 2023, the amount of "on-behalf" contributions made by the State was \$189,512 and is recognized in the General Fund as intergovernmental revenues and education expenditures.

Employees/Retirees

The cost of providing plan benefits is financed on a pay-as-you-go basis as follows: active teachers' pay for one-third of the Plan costs through a contribution of 1.25% of their pensionable salaries, and retired teachers pay for one-third of the Plan costs through monthly premiums, which helps reduce the cost of health insurance for eligible retired members and dependents.

E. OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At June 30, 2023, 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 amount 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 was as follows:

City's Proportionate Share of the Net OPEB Liability	\$	-
State's Proportionate Share of the Net OPEB Liability		
Associated with the City		14,883
Total	<u>\$</u>	<u>14,883</u>

The net OPEB liability was measured as of June 30, 2023, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as June 30, 2022. At June 30, 2023, the City has no proportionate share of the net OPEB liability.

For the year ended June 30, 2023, the City recognized OPEB expense and revenue of \$897,117 in Exhibit II for on-behalf amounts for the benefits provided by the State.

**CITY OF MIDDLETOWN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023
(IN THOUSANDS)**

NOTE 11 POSTEMPLOYMENT BENEFITS (CONTINUED)

Connecticut Teachers Retirement Plan - Other Postemployment Benefit (Continued)

F. Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of June 30, 2022, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Healthcare Cost Trend Rates	5.125% for 2020, Decreasing .20% Per Year to 4.5% by 2023
Salary Increases	3.00-6.50% Including Inflation
Investment Rate of Return	Known increases until calendar year 2024, then general trend decreasing to an ultimate rate of 4.50% by 2031
Year Fund Net Position Will Be Depleted	2027

Mortality rates were based on the PubT-2010 Healthy Retiree Table (adjusted 105% for males and 103% for females at ages 82 and above), projected generationally with MP-2019 for the period after service retirement.

The actuarial assumptions used in the June 30, 2022 valuation were based on the results of an actuarial experience study for the period July 1, 2014 - June 30, 2019.

The changes in the assumptions since the prior year are as follows:

- Discount rate changed from 2.21% to 3.53%;
- Expected annual per capita claims costs were updated to better reflect anticipated medical and prescription drug claim experience;
- The assumed age related annual percentage increases in expected annual per capita health care claim costs were updated;
- Long-term health care cost trend rates were updated; and
- The percentages of participating retirees who are expected to enroll in the Medicare Supplement Plan and the Medicare Advantage Plan options were updated to better reflect anticipated plan experience.

The changes in the benefit terms since the prior year are as follows:

- There was a change in the maximum monthly subsidy amounts offered to retirees and their dependents from \$110 / \$220 to \$220 / \$440.

CITY OF MIDDLETOWN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023
(IN THOUSANDS)

NOTE 11 POSTEMPLOYMENT BENEFITS (CONTINUED)

Connecticut Teachers Retirement Plan - Other Postemployment Benefit (Continued)

F. Actuarial Assumptions (Continued)

The long-term expected rate of return on plan assets is reviewed as part of the GASB 75 valuation process. Several factors are considered in evaluating the long-term rate of return assumption, including the plan's current asset allocations and a log-normal distribution analysis using the best-estimate ranges of expected future real rates of return (expected return, net investment expense and inflation) for each major asset class. The long-term expected rate of return was determined by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The assumption is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years. The plan is 100% invested in U.S. Treasuries (Cash Equivalents) for which the expected 10-Year Geometric Real Rate of Return is (0.98%).

G. Discount Rate

The discount rate used to measure the total OPEB liability was 3.53%. The projection of cash flows used to determine the discount rate was performed in accordance with GASB 75. The projection was based on an actuarial valuation performed as of June 30, 2022.

In addition to the actuarial methods and assumptions of the June 30, 2022, actuarial valuation, the following actuarial methods and assumptions were used in the projection of cash flows:

- Total payroll for the initial projection year consists of the payroll of the active membership present on the valuation date. In subsequent projection years, total payroll was assumed to increase annually at a rate of 3.00%.
- Employee contributions were assumed to be made at the current member contribution rate. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.
- Annual State contributions were assumed to be equal to the most recent five-year average of state contributions toward the fund.

Based on those assumptions, the Plan's fiduciary net position was projected to be depleted in 2027 and, as a result, the Municipal Bond Index Rate was used in the determination of the single equivalent rate.

H. Sensitivity of the Net OPEB Liability to Changes in the Health Care Cost Trend Rate and the Discount Rate

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

CITY OF MIDDLETOWN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023
(IN THOUSANDS)

NOTE 11 POSTEMPLOYMENT BENEFITS (CONTINUED)

Connecticut Teachers Retirement Plan - Other Postemployment Benefit (Continued)

I. OPEB 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 at www.ct.gov.

J. Other Information

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

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS

Middletown Retirement System Fund

A. Plan Description and Benefits Provided (not in thousands)

The City is the administrator of the Middletown Retirement System Fund, a single-employer defined benefit Public Employee Retirement System (PERS) established and administered by the City to provide pension benefits for its nonteacher employees. The PERS provides retirement disability, and death benefits to plan members and beneficiaries. The Charter provides the City Council with the authority to establish and amend benefit provisions, by ordinance, through the Retirement Board. The PERS is considered to be part of the City of Middletown's financial reporting entity and is included in the City's financial reports as a pension trust fund. Stand-alone financial statements are not issued.

Under the plan, all full-time employees are eligible to join. Firemen are 100% vested after 20 years of continuous service, all other employees are 100% vested after 10 years of continuous service. Employees who retire at normal retirement, (20 years for police and 22 years of service for fire and general government employees at any age, or after 15 years of service having attained age 65), receive a retirement benefit of 2 1/4% (Police and Fire 2 1/2%) of average annual pay during 4 (Police 3) consecutive highest-paid years times number of years of service. The maximum benefit is 70% of pay; the minimum benefit for 20 years of service is \$100 per month.

The retirement system of the City is vested in a Retirement Board consisting of eight members, not more than five of whom shall belong to any one political party, as follows: two members of the City Council (a representative from each political party); the City Director of Finance; four citizens of the City of Middletown, one of whom shall be a member of the retirement system elected by the members thereof; and the Mayor, ex officio. All members, except the Director of Finance, the Mayor, and the member of the retirement system, shall be appointed by the Mayor with the advice and consent of the City Council.

CITY OF MIDDLETOWN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023
(IN THOUSANDS)

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (CONTINUED)

Middletown Retirement System Fund (Continued)

A. Plan Description and Benefits Provided (not in thousands) (Continued)

At July 1, 2022, PERS membership consisted of:

Retirees, Disabled and Beneficiaries currently receiving benefits	532
Terminated Employees Entitled to Benefits but not yet receiving them	45
Active Plan Members	553
Total	1,130

B. Summary of Significant Accounting Policies and Plan Asset Matters

Basis of Accounting

PERS financial statements are prepared using the accrual basis of accounting. Employee and employer contributions are recognized when due, pursuant to Plan provisions and contractual requirements. Benefit payments and refunds are payable when due and payable in accordance with terms of the Plan. Administrative costs are funded through investment earnings.

Method Used to Value Investments

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

C. Funding Status and Progress

Employees are required to contribute 6% of their earnings to the PERS. If an employee leaves employment or dies before meeting the vesting requirements, accumulated employee contributions and interest are refunded. The City is required to contribute the remaining amounts necessary to finance the benefits for its employees as determined by its actuaries; the current rate is 0% - General Government, 3.6% - Firefighters, and 3.1% - Police, of annual covered payroll. Benefits and employee contributions are fixed by contract and may be amended by the City Council subject to union negotiations. Effective July 1, 2003, police employees contribute 6.5% of their earnings to the PERS. Compensation is expanded by including longevity pay (effective July 1, 2002) and holiday pay (effective July 1, 2004).

D. Investments

Investment Policy

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

CITY OF MIDDLETOWN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023
(IN THOUSANDS)

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (CONTINUED)

Middletown Retirement System Fund (Continued)

D. Investments (Continued)

Rate of Return

For the year ended June 30, 2023, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 8.98%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

E. Net Pension Liability of the City

The components of the net pension liability of the City at June 30, 2023 were as follows:

Total Pension Liability	\$ 495,390
Plan Fiduciary Net Position	461,745
Net Pension Liability	<u>\$ 33,645</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	93.21 %

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation and measurement date as of June 30, 2023, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Salary Increases	Rates Vary by Age
Investment Rate of Return	6.90%

Mortality rates were based Pub-2010 Public Retirement Plans Amount-Weighted Mortality Tables (with separate tables for General Employees and Public Safety), projected to the valuation date with Scale MP 2021. Prior: Mortality rates were based Pub-2010 Public Retirement Plans Amount-Weighted Mortality Tables (with separate tables for General Employees and Public Safety), projected to the valuation date with Scale MP 2020.

The plan does not have sufficiently credible data to perform an experience study.

CITY OF MIDDLETOWN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
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(IN THOUSANDS)

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (CONTINUED)

Middletown Retirement System Fund (Continued)

E. Net Pension Liability of the City (Continued)

Actuarial Assumptions (Continued)

The long-term expected rate of return on pension plan investments was determined using a building block method in which best-estimate ranges of expected future real rates of return (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. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2023 (see the discussion of the pension plan's investment policy) are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Large Cap	21.00 %	4.96 %
Mid Cap	7.00	5.62
Small Cap	6.00	6.28
International Developed Equities	13.00	6.14
International Emerging Market Equities	8.00	8.23
Real Estate	5.00	5.42
U.S. Investment Grade Bonds	35.50	0.69
U.S. High Yield Bonds	4.50	2.71
Total	100.00 %	

Discount Rate

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

CITY OF MIDDLETOWN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023
(IN THOUSANDS)

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (CONTINUED)

Middletown Retirement System Fund (Continued)

E. Net Pension Liability of the City (Continued)

Discount Rate (Continued)

	Employees' Pension Plan		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a)-(b)
Balances as of July 1, 2022	\$ 472,582	\$ 438,926	\$ 33,656
Changes For The Year:			
Service Cost	10,145	-	10,145
Interest on Total Pension Liability	32,516	-	32,516
Differences Between Expected and Actual Experience	3,491	-	3,491
Benefit Payments	(23,344)	(23,344)	-
Employer Contributions	-	4,208	(4,208)
Member Contributions	-	3,118	(3,118)
Net Investment Income	-	38,837	(38,837)
Net Changes	22,808	22,819	(11)
Balances as of June 30, 2023	\$ 495,390	\$ 461,745	\$ 33,645

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

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

	1% Decrease 5.90%	Current Discount Rate 6.90%	1% Increase 7.90%
Net Pension (Asset) Liability	\$ 99,363	\$ 33,645	\$ (20,325)

CITY OF MIDDLETOWN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023
(IN THOUSANDS)

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (CONTINUED)

Middletown Retirement System Fund (Continued)

E. Net Pension Liability of the City (Continued)

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

For the year ended June 30, 2023, the City recognized pension expense of \$23,497. At June 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	Employees' Pension Plan	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 6,040	\$ 1,093
Changes of Assumptions	8,065	-
Net Difference Between Projected and Actual Earning on Pension Plan Investments	40,385	-
Total	\$ 54,490	\$ 1,093

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

Year Ending June 30,	Amount
2024	\$ 13,375
2025	13,213
2026	27,516
2027	(1,134)
2028	68
Total	\$ 53,038

CITY OF MIDDLETOWN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
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(IN THOUSANDS)

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (CONTINUED)

Middletown Retirement System Fund (Continued)

E. Net Pension Liability of the City (Continued)

Trust Fund Financial Statements

	Pension Trust Fund	OPEB Trust Fund	Total
ASSETS			
Cash And Cash Equivalents	\$ 4,819	\$ 2,336	\$ 7,155
Investments:			
U.S. Government Securities	33,504	-	33,504
Corporate Bonds	138,211	-	138,211
Common Stock	161,105	5,368	166,473
Mutual Funds	124,721	22,984	147,705
Receivables:			
Accrued Investment Income	1,514	-	1,514
Total Assets	463,874	30,688	494,562
LIABILITIES			
Vouchers And Other Payables	215	6	221
Due To Other Funds	1,914	-	1,914
Total Liabilities	2,129	6	2,135
NET POSITION			
Net Position Restricted for Pension and OPEB Benefits	\$ 461,745	\$ 30,682	\$ 492,427

CITY OF MIDDLETOWN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
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NOTE 12 EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (CONTINUED)

Middletown Retirement System Fund (Continued)

E. Net Pension Liability of the City (Continued)

Trust Fund Financial Statements (Continued)

	Pension Trust Fund	OPEB Trust Fund	Total
ADDITIONS			
Contributions:			
Employer	\$ 4,208	\$ 14,558	\$ 18,766
Plan Members	3,118	44	3,162
Other revenue		936	936
Total Contributions	7,326	15,538	22,864
Investment Income:			
Net Change in Fair Value of Investments	30,285	2,470	32,755
Interest and Dividends	9,516	207	9,723
Total Investment Gain (Loss)	39,801	2,677	42,478
Investment Fees	(964)	-	(964)
Net Investment Income (Loss)	38,837	2,677	41,514
Total Additions	46,163	18,215	64,378
DEDUCTIONS			
Benefits	23,344	11,386	34,730
Administrative	-	42	42
Total Deductions	23,344	11,428	34,772
CHANGE IN NET POSITION	22,819	6,787	29,606
Net Position - Beginning of Year	438,926	23,895	462,821
NET POSITION - END OF YEAR	\$ 461,745	\$ 30,682	\$ 492,427

Connecticut Teachers Retirement System – Pension

A. Plan Description

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

CITY OF MIDDLETOWN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
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(IN THOUSANDS)

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (CONTINUED)

Connecticut Teachers Retirement System – Pension (Continued)

B. Benefit Provisions

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

Normal Retirement

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

Early Retirement

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

Disability Retirement

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

C. Contributions

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

Employer (School Districts)

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

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

For the year ended June 30, 2023, the amount of "on-behalf" contributions made by the State was \$13,399 and is recognized in the General Fund as intergovernmental revenues and education expenditures.

CITY OF MIDDLETOWN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
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(IN THOUSANDS)

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (CONTINUED)

Connecticut Teachers Retirement System – Pension (Continued)

C. Contributions (Continued)

Employees

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

Effective January 1, 2018, the required contribution increased to 7% of pensionable salary.

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

At June 30, 2023, the City reports no amounts for its proportionate share of the net pension liability, and related deferred outflows and inflows, due to the statutory requirement that the State pay 100% of the required contribution. The amount recognized by the City as its proportionate share of the net pension liability, the related state support, and the total portion of the net pension liability that was associated with the City were as follows:

City's Proportionate Share of the Net Pension Liability	\$	-
State's Proportionate Share of the Net Pension Liability		
Associated with the City		170
Total	<u>\$</u>	<u>170</u>

The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2022. At June 30, 2023, the City has no proportionate share of the net pension liability.

For the year ended June 30, 2023, the City recognized pension expense and revenue of \$16,425 in Exhibit II for on-behalf amounts for the benefits provided by the State.

E. Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of June 30, 2023, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Salary Increases	3.00-6.50%, Including Inflation
Investment Rate of Return	6.90%, Net of Pension Plan Investment Expense, Including Inflation

Mortality rates were based on the PubT-2010 Healthy Retiree Table (adjusted 105% for males and 103% for females at ages 82 and above), projected generationally with MP-2019 for the period after service retirement.

CITY OF MIDDLETOWN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023
(IN THOUSANDS)

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (CONTINUED)

Connecticut Teachers Retirement System – Pension (Continued)

E. Actuarial Assumptions (Continued)

The actuarial assumptions used in the June 30, 2022 valuation were based on the results of an actuarial experience study for the five-year period ending June 30, 2019.

Assumption changes since the prior year are as follows:

- There were no changes in assumptions that affected the measurement of the TPL since the prior measurement date.

Benefit changes since the prior year are as follows:

- Legislation was passed restoring the 25% wear down of Plan N benefits to vested members as of June 30, 2019.

Cost-of-Living Allowance

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% and a maximum of 5% 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% per annum. If the return on assets in the previous year was less than 8.5%, the maximum increase is 1.5%.

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% per annum. If the return on assets in the previous year was less than 11.5%, the maximum increase is 3%, and if the return on the assets in the previous year was less than 8.5%, the maximum increase is 1.0%.

CITY OF MIDDLETOWN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
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(IN THOUSANDS)

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (CONTINUED)

Connecticut Teachers Retirement System – Pension (Continued)

E. Actuarial Assumptions (Continued)

Long-Term 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 current capital market assumptions and the target asset allocation as provided by the State of Connecticut Treasurer’s Office are summarized in the following table:

Asset Class	Expected Return	Target Allocation
Domestic Equity Fund	5.40 %	20.00 %
Developed Market Intl. Stock Fund	6.40	11.00
Emerging Market Intl. Stock Fund	8.60	9.00
Core Fixed Income Fund	0.80	13.00
Emerging Market Debt Fund	3.80	5.00
High Yield Bond Fund	3.40	3.00
Real Estate Fund	5.20	19.00
Private Equity	9.40	10.00
Private Credit	6.50	5.00
Alternative Investments	3.10	3.00
Liquidity Fund	(0.04)	2.00
Total		100.00 %

F. 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 the actuarially determined contribution rates in the future years. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

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

CITY OF MIDDLETOWN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023
(IN THOUSANDS)

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (CONTINUED)

Connecticut Teachers Retirement System – Pension (Continued)

H. Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued financial statements available at www.ct.gov.

I. Other Information

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

NOTE 13 LITIGATION

There are a number of suits and claims pending against the City, none of which, individually or in the aggregate, is believed by counsel to result in a judgment or judgments that would materially affect the City's financial position.

NOTE 14 TAX ABATEMENTS

As of June 30, 2023, the City provides tax abatements to attract new firms to the City and to promote expansion of existing businesses and industry and enhance the quality of life of the citizens of the City. It is the intent of the City to assist companies in creating jobs for local area residents; create long-term tax base growth through the replacement, reconstruction, expansion and remodeling of existing business and industrial facilities, where appropriate and environmentally sound; encourage the construction of new facilities, when necessary; and generating new demand for existing local businesses goods and services through a "spinoff" effect of employers' decisions to either expand or locate to the City. For the fiscal year ended June 30, 2023, taxes abated through this program total \$2,527,146. There are no provisions to recapture abated taxes under this program. No other commitments have been made by the City to the abatement recipients under this program.

NOTE 15 SUBSEQUENT EVENTS

On November 16, 2023, the City issued \$28,000,000 of General Obligation Bonds maturing in 2034 with a coupon rate between 4% and 5%. The proceeds of the bonds will be used to fund various general purpose and school construction projects authorized by the City.

REQUIRED SUPPLEMENTARY INFORMATION

**CITY OF MIDDLETOWN, CONNECTICUT
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES
BUDGET AND ACTUAL (NON-GAAP BASIS)
YEAR ENDED JUNE 30, 2023
(IN THOUSANDS)**

	Budgeted Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Final		
REVENUES				
Taxes:				
General Property Taxes	\$ 131,588	\$ 131,588	\$ 129,412	\$ (2,176)
Penalties and Interest on Delinquent Taxes	607	607	1,338	731
Total Taxes	132,195	132,195	130,750	(1,445)
Licenses and Permits:				
Business Licenses and Permits	55	55	271	216
Non-Business Licenses and Permits	550	550	2,484	1,934
Total Licenses and Permits	605	605	2,755	2,150
Intergovernmental Revenues	37,801	37,801	39,452	1,651
Charges for Services:				
General Government	2,142	2,142	3,765	1,623
Public Safety	1,981	1,981	1,403	(578)
Culture and Recreation	195	195	408	213
Total Charges for Services	4,318	4,318	5,576	1,258
Miscellaneous Revenue:				
Interest	100	100	2,062	1,962
Other	11,360	11,360	5,018	(6,342)
Total Miscellaneous Revenue	11,460	11,460	7,080	(4,380)
Total Revenues	186,379	186,379	185,613	(766)
OTHER FINANCING SOURCES				
Transfers in	2,241	2,241	1,973	(268)
Total Other Financing Sources	2,241	2,241	1,973	(268)
Total	\$ 188,620	\$ 188,620	\$ 187,586	\$ (1,034)

Budgetary Revenues are Different than GAAP Revenues Because:

State of Connecticut "On-Behalf" Contributions to the Connecticut State Teachers' Retirement System for City Teachers are not Budgeted:	
Pension	\$ 13,399
OPEB	190

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

\$ 201,175

CITY OF MIDDLETOWN, CONNECTICUT
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
YEAR ENDED JUNE 30, 2023
(IN THOUSANDS)

	Budgeted Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Final		
EXPENDITURES				
General Government:				
Mayor's Office	\$ 1,003	\$ 998	\$ 734	\$ 264
Finance	2,930	2,923	2,696	227
Town Clerk	364	406	386	20
City Attorney	879	981	981	-
Tax Collector	490	411	397	14
Registrar of Voters	347	348	328	20
Tax Assessor	635	699	699	-
Councilmen	260	265	224	41
Planning Conservation and Development	243	257	255	2
Personnel Department	350	412	405	7
Land Use	434	488	488	-
Treasurer	4	4	3	1
Computer/Telecommunication	2,778	2,832	2,827	5
Total	10,717	11,024	10,423	601
Public Safety:				
Police	15,877	16,891	16,889	2
Office of Emergency Management	94	94	75	19
Canine Control	236	254	253	1
Parking Authority/ECD	1,352	1,345	1,279	66
Fire Alarms	229	238	227	11
Central Communications	2,527	2,575	2,555	20
Total	20,315	21,397	21,278	119
Public Works:				
Administration	574	488	473	15
Inspections and Permits	365	400	394	6
Garage, Highway and Engineering	4,064	4,233	4,167	66
Building	510	519	481	38
Sanitation Landfill	197	218	179	39
Traffic Paint	188	149	141	8
Parking Lots	1,707	1,880	1,855	25
Recycling	182	196	192	4
Total	7,787	8,083	7,882	201

CITY OF MIDDLETOWN, CONNECTICUT
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) (CONTINUED)
YEAR ENDED JUNE 30, 2023
(IN THOUSANDS)

EXPENDITURES (CONTINUED)	Budgeted Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Final		
Health	\$ 890	\$ 834	\$ 832	\$ 2
Parks and Recreation	2,160	2,266	2,211	55
Russell Library	3,262	3,464	3,451	13
Education	94,949	92,899	92,899	-
Sundry Municipal Services:				
Youth Services	297	269	267	2
Human Relations	624	664	615	49
Total	<u>921</u>	<u>933</u>	<u>882</u>	<u>51</u>
Special Accounts	1,401	1,562	1,481	81
Employee Benefits	18,943	18,956	18,956	-
Insurance - Bonds	<u>2,255</u>	<u>2,255</u>	<u>2,255</u>	<u>-</u>
Total Expenditures	<u>163,600</u>	<u>163,673</u>	<u>162,550</u>	<u>1,123</u>
Other Financing Uses:				
Transfers Out	<u>21,672</u>	<u>25,221</u>	<u>25,808</u>	<u>(587)</u>
Total	<u>\$ 185,272</u>	<u>\$ 188,894</u>	<u>\$ 188,358</u>	<u>\$ 536</u>

Budgetary expenditures are different than GAAP expenditures because:

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

Pension	\$ 13,399
OPEB	190

Lease proceeds activity not budgeted for	66
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Encumbrances for purchases and commitments ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year received for financial reporting purposes

(28)

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

\$ 201,985

CITY OF MIDDLETOWN, CONNECTICUT
SCHEDULE OF CHANGES IN NET PENSION LIABILITY (ASSET) AND RELATED RATIOS
MIDDLETOWN RETIREMENT SYSTEM FUND
LAST TEN FISCAL YEARS
JUNE 30, 2023
(IN THOUSANDS)

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability:										
Service Cost	\$ 10,145	\$ 9,856	\$ 9,381	\$ 8,903	\$ 8,864	\$ 8,452	\$ 8,184	\$ 7,434	\$ 6,840	\$ 6,577
Interest	32,516	30,940	29,119	27,705	26,706	25,332	24,146	23,780	23,472	22,384
Changes of Benefit Terms	-	-	-	-	-	-	726	-	-	-
Differences Between Expected and Actual Experience	3,491	4,221	1,659	(4,242)	(2,950)	3,084	995	(6,518)	(2,268)	-
Changes of Assumptions	-	6,531	6,179	6,639	-	-	4,305	9,310	(692)	-
Benefit Payments, Including Refunds of Member Contributions	(23,344)	(21,874)	(19,743)	(18,823)	(17,978)	(17,344)	(16,314)	(15,704)	(15,195)	(14,626)
Net Change in Total Pension Liability	22,808	29,674	26,595	20,182	14,642	19,524	22,042	18,302	12,157	14,335
Total Pension Liability - Beginning	472,582	442,908	416,313	396,131	381,489	361,965	339,923	321,621	309,464	295,129
Total Pension Liability - Ending	495,390	472,582	442,908	416,313	396,131	381,489	361,965	339,923	321,621	309,464
Plan Fiduciary Net Position:										
Contributions - Employer	4,208	4,295	4,271	4,192	4,008	3,401	2,807	2,630	2,794	2,418
Contributions - Member	3,118	3,067	2,867	2,841	2,621	2,674	2,488	2,410	2,282	2,269
Net Investment Income (Loss)	38,837	(93,224)	109,083	28,598	27,604	28,738	44,095	(758)	10,261	53,223
Benefit Payments, Including Refunds of Member Contributions	(23,344)	(21,874)	(19,743)	(18,823)	(17,977)	(17,344)	(16,314)	(15,704)	(15,195)	(14,626)
Administrative Expense	-	-	-	-	-	-	-	(4)	(10)	(1)
Other	-	-	-	-	21	-	10	-	-	-
Net Change in Plan Fiduciary Net Position	22,819	(107,736)	96,478	16,808	16,277	17,469	33,086	(11,426)	132	43,283
Plan Fiduciary Net Position - Beginning	438,926	546,662	450,184	433,376	417,099	399,630	366,544	377,970	377,838	334,555
Plan Fiduciary Net Position - Ending	461,745	438,926	546,662	450,184	433,376	417,099	399,630	366,544	377,970	377,838
Net Pension Liability (Asset) - Ending	\$ 33,645	\$ 33,656	\$ (103,754)	\$ (33,871)	\$ (37,245)	\$ (35,610)	\$ (37,665)	\$ (26,621)	\$ (56,349)	\$ (68,374)
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset)	93.21 %	92.88 %	123.43 %	108.14 %	109.40 %	109.33 %	110.41 %	107.83 %	117.52 %	122.09 %
Covered Payroll	\$ 43,545	\$ 44,772	\$ 45,652	\$ 43,056	\$ 41,535	\$ 41,276	\$ 39,021	\$ 38,802	\$ 36,908	\$ 34,606
Net Pension Liability (Asset) as a Percentage of Covered Payroll	77.26 %	75.17 %	(227.27)%	(78.67)%	(96.53)%	(86.61)%	(152.68)%	(197.58)%	(197.58)%	(197.58)%

**CITY OF MIDDLETOWN, CONNECTICUT
SCHEDULE OF EMPLOYER CONTRIBUTIONS
MIDDLETOWN RETIREMENT SYSTEM FUND
LAST TEN FISCAL YEARS
JUNE 30, 2023
(IN THOUSANDS)**

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Actuarially Determined Contribution	\$ 4,208	\$ 4,295	\$ 4,271	\$ 4,192	\$ 4,008	\$ 3,401	\$ 2,807	\$ 2,630	\$ 2,794	\$ 2,418
Contributions in Relation to the Actuarially Determined Contribution	4,208	4,295	4,271	4,192	4,008	3,401	2,807	2,630	2,794	2,418
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Payroll	\$ 43,545	\$ 44,772	\$ 45,652	\$ 43,056	\$ 41,535	\$ 41,276	\$ 39,021	\$ 38,802	\$ 36,908	\$ 34,606
Contributions as a Percentage of Covered Payroll	9.66 %	9.59 %	9.36 %	9.74 %	9.65 %	8.24 %	7.19 %	6.78 %	7.57 %	6.99 %

Notes To Schedule:

Valuation Date: 7/1/2022
 Measurement Date: June 30, 2023
 Valuation Timing: Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported

Methods And Assumptions Used to Determine

Contribution Rates:

Actuarial Cost Method: Entry Age Normal (level percentage of salary)
 Amortization Method: Level dollar, open
 Remaining Amortization Period: 15 years
 Asset Valuation Method: Fair Value over a 5-year period, 20% per year.
 Inflation: 2.50%
 Salary Increases: Graded salary growth with an ultimate rate of 3.0%
 Investment Rate of Return: 6.90% (Prior: 6.90%)
 Cost of Living Adjustment: CPI with max adjustment at 3.00% per year
 Retirement Age: Rates based on age and service
 Turnover: Rates based on age
 Mortality: Pub-2010 Public Retirement Plans Amount-Weighted Mortality Tables (with separate tables for General Employees and Public Safety), projected to the valuation date with Scale MP-2021.
 Prior: Pub-2010 Public Retirement Plans Amount-Weighted Mortality Tables (with separate tables for General Employees and Public Safety), projected to the valuation date with Scale MP-2020.

**CITY OF MIDDLETOWN, CONNECTICUT
SCHEDULE OF INVESTMENT RETURNS
MIDDLETOWN RETIREMENT SYSTEM FUND
LAST TEN FISCAL YEARS
JUNE 30, 2023**

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Annual Money-Weighted Rate of Return, Net of Investment Expense	8.98 %	(17.25)%	24.48 %	6.67 %	6.69 %	7.27 %	12.18 %	(0.20)%	2.74 %	16.09 %

CITY OF MIDDLETOWN, CONNECTICUT
SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF NET PENSION LIABILITY
TEACHERS' RETIREMENT PLAN
LAST NINE FISCAL YEARS
JUNE 30, 2023
(IN THOUSANDS)

	2023	2022	2021	2020	2019	2018	2017	2016	2015
City's Proportion of the Net Pension Liability	- %	- %	- %	- %	- %	- %	- %	- %	- %
City's Proportionate Share of the Net Pension Liability	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State's Proportionate Share of the Net Pension Liability Associated With the City	169,943	138,030	174,279	151,698	116,968	117,815	124,296	93,951	86,839
Total	\$ 169,943	\$ 138,030	\$ 174,279	\$ 151,698	\$ 116,968	\$ 117,815	\$ 124,296	\$ 93,951	\$ 86,839
City's Covered Payroll	\$ 45,440	\$ 43,470	\$ 41,393	\$ 39,504	\$ 37,897	\$ 36,153	\$ 35,727	\$ 34,804	\$ 34,168
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	- %	- %	- %	- %	- %	- %	- %	- %	- %
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	54.06 %	60.77 %	49.24 %	52.00 %	57.69 %	55.93 %	52.26 %	59.50 %	61.51 %

Notes To Schedule:

Changes in Benefit Terms	Legislation was passed restoring 25% wear down of Plan N benefits to vested members as of June 30, 2019.
Changes of Assumptions	None
Actuarial Cost Method	Entry age
Amortization Method	Level percent of pay, closed, grading to a level dollar amortization method for the June 30, 2024 valuation
Single Equivalent Amortization Period	27.8 years
Asset Valuation Method	4-year smoothed market
Inflation	2.50%
Salary Increase	3.00%-6.50%, including inflation
Investment Rate of Return	6.90%, net of investment related expense

Notes:

This schedule is intended to show information for 10 years. Additional years' information will be displayed as it becomes available. The measurement date is one year earlier than the employer's reporting date.

CITY OF MIDDLETOWN, CONNECTICUT
SCHEDULE OF CHANGES IN CITY NET OPEB LIABILITY AND RELATED RATIOS
OPEB PLAN – CITY
LAST SEVEN YEARS
JUNE 30, 2023
(IN THOUSANDS)

	2023	2022	2021	2020	2019	2018	2017
Total OPEB Liability:							
Service Cost	\$ 4,934	\$ 7,976	\$ 13,367	\$ 9,370	\$ 11,275	\$ 11,467	\$ 5,045
Interest	12,470	10,788	9,428	10,662	12,844	11,919	13,352
Changes of Benefit Terms	-	-	-	-	831	-	-
Differences Between Expected and Actual Experience	(14,541)	3,859	(55,831)	840	(62,391)	333	5
Changes of Assumptions	(17,259)	(63,815)	(37,530)	54,880	12,004	(14,235)	108,209
Benefit Payments	(11,386)	(12,625)	(10,076)	(10,056)	(9,492)	(10,001)	(8,516)
Net Change In Total OPEB Liability	(25,782)	(53,817)	(80,642)	65,696	(34,929)	(517)	118,095
Total OPEB Liability - Beginning	203,772	257,589	338,231	272,535	307,464	307,981	189,886
Total OPEB Liability - Ending	177,990	203,772	257,589	338,231	272,535	307,464	307,981
Plan Fiduciary Net Position:							
Contributions - Employer	14,558	15,076	11,276	12,156	10,096	10,601	10,124
Contributions - Member	44	20	18	9	-	-	-
Net Investment Income (Loss)	2,677	(4,177)	5,030	411	1,195	78	1,041
Benefit Payments	(11,386)	(12,624)	(10,076)	(10,056)	(9,492)	(10,001)	(8,516)
Other	936	-	1,151	(104)	-	-	-
Administrative	(42)	(24)	-	-	-	-	-
Net Change in Plan Fiduciary Net Position	6,787	(1,729)	7,399	2,416	1,799	678	2,649
Plan Fiduciary Net Position - Beginning	23,895	25,624	18,225	15,809	14,010	13,332	10,683
Plan Fiduciary Net Position - Ending	30,682	23,895	25,624	18,225	15,809	14,010	13,332
Net OPEB Liability - Ending	\$ 147,308	\$ 179,877	\$ 231,965	\$ 320,006	\$ 256,726	\$ 293,454	\$ 294,649
Plan Fiduciary Net Position as A Percentage of the Total OPEB Liability	17.24 %	11.73 %	9.95 %	5.39 %	5.80 %	4.56 %	4.33 %
Covered Payroll	\$ 46,141	\$ 47,792	\$ 47,792	\$ 46,672	\$ 43,520	\$ 42,459	\$ 39,083
Net OPEB Liability as a Percentage of Covered Payroll	319.26 %	376.37 %	485.36 %	685.65 %	589.90 %	691.15 %	753.91 %

* Schedule is intended to show information for 10 years - additional years will be displayed as they become available.

**CITY OF MIDDLETOWN, CONNECTICUT
SCHEDULE OF EMPLOYER CONTRIBUTIONS
OPEB PLAN – CITY
LAST TEN FISCAL YEARS
JUNE 30, 2023
(IN THOUSANDS)**

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Actuarially Determined Contribution (1)	\$ 14,012	\$ 13,607	\$ 14,233	\$ 13,801	\$ 16,469	\$ 16,253	\$ 13,728	\$ 13,373	\$ 11,808	\$ 11,618
Contributions in Relation to the Actuarially Determined Contribution	14,558	15,076	11,276	12,156	10,096	10,601	10,124	9,765	8,250	9,238
Contribution Deficiency (Excess)	<u>\$ (546)</u>	<u>\$ (1,469)</u>	<u>\$ 2,957</u>	<u>\$ 1,645</u>	<u>\$ 6,373</u>	<u>\$ 5,652</u>	<u>\$ 3,604</u>	<u>\$ 3,608</u>	<u>\$ 3,558</u>	<u>\$ 2,380</u>
Covered Payroll	\$ 46,141	\$ 47,792	\$ 46,672	\$ 43,520	\$ 42,459	\$ 40,060	\$ 39,083	\$ 38,130	\$ 38,130	\$ 34,622
Contributions as a Percentage of Covered Payroll	31.55 %	31.55 %	24.16 %	27.93 %	23.78 %	26.46 %	25.90 %	25.61 %	21.64 %	26.68 %

(1) Actuarially Determined Contributions prior to fiscal year ending June 30, 2017 is based on the Annual Required Contribution (ARC) calculated in accordance with GASB No. 45

Notes To Schedule:

- Valuation Date: 7/1/2022
- Measurement Date: June 30, 2023
- Valuation Timing: Actuarially determined contribution rates are calculated as of June 30, for both two and three years prior to the end of the fiscal year in which contributions are reported.

Methods and Assumptions Used to Determine Contribution Rates:

- Actuarial Cost Method: Entry Age Normal (level percentage of salary)
- Amortization Method: Level percentage of salary, closed
- Amortization Period: 26 years; Prior Period: 28 years
- Asset Valuation Method: Five-year smoothed market
- Inflation: 2.40% (Prior: 2.40%)
- Healthcare Cost Trend Rates: 6.5% for 2022, decreasing 0.20% per year to an ultimate rate of 4.40% for years 2033 and later. Prior: 6.50% for 2020, decreasing 0.20% per year to 4.40% for years 2031 and later.
- Salary Increases: Graded salary growth with an ultimate rate of 3.0%
- Investment Rate of Return: 6.90% (Prior: 7.00%)
- Retirement Age: Rates based on age and service
- Mortality: Pub-2010 Public Retirement Plans Amount-Weighted Mortality Tables (with separate tables for General Employees and Public Safety), projected to the valuation date with Scale MP-2021. Prior: Pub-2010 Public Retirement Plans Amount-Weighted Mortality Tables (with separate tables for General Employees and Public Safety), projected to the valuation date with Scale MP-2020.

**CITY OF MIDDLETOWN, CONNECTICUT
 SCHEDULE OF INVESTMENT RETURNS
 OPEB PLAN – CITY
 LAST SEVEN FISCAL YEARS
 JUNE 30, 2023
 (IN THOUSANDS)**

	2023	2022	2021	2020	2019	2018	2017
Annual Money-Weighted Rate of Return, Net of Investment Expense	6.28 %	(15.60)%	28.34 %	2.57 %	6.11 %	6.73 %	7.90 %

* Schedule is intended to show information for 10 years - additional years will be displayed as they become available.

CITY OF MIDDLETOWN, CONNECTICUT
SCHEDULE OF CHANGES IN BOE TOTAL OPEB LIABILITY AND RELATED RATIOS
LAST SIX FISCAL YEARS
JUNE 30, 2023
(IN THOUSANDS)

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB Liability:						
Service Cost	\$ 227	\$ 293	\$ 407	\$ 289	\$ 530	\$ 537
Interest	610	436	534	705	1,145	1,068
Changes of Benefit Terms	-	-	-	-	-	-
Differences Between Expected and Actual Experience	(4,729)	(78)	(6,051)	(291)	(4,800)	(305)
Changes of Assumptions and Other Inputs	276	(3,008)	1,740	3,659	(5,761)	(1,138)
Benefit Payments	<u>(465)</u>	<u>(567)</u>	<u>(395)</u>	<u>(443)</u>	<u>(289)</u>	<u>(516)</u>
Net Change in Total OPEB Liability	(4,081)	(2,924)	(3,765)	3,919	(9,175)	(354)
Total OPEB Liability - Beginning	<u>17,244</u>	<u>20,168</u>	<u>23,933</u>	<u>20,014</u>	<u>29,189</u>	<u>29,543</u>
Total OPEB Liability - Ending	<u>\$ 13,163</u>	<u>\$ 17,244</u>	<u>\$ 20,168</u>	<u>\$ 23,933</u>	<u>\$ 20,014</u>	<u>\$ 29,189</u>
Covered Payroll	\$ 43,261	\$ 41,597	\$ 39,997	\$ 36,195	\$ 34,803	\$ 39,048
Total OPEB Liability as a Percentage of Covered Payroll	30.43 %	41.45 %	50.42 %	66.12 %	57.51 %	74.75 %

* Schedule is intended to show information for 10 years - additional years will be displayed as they become available.

CITY OF MIDDLETOWN, CONNECTICUT
SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
TEACHERS' RETIREMENT PLAN
LAST SIX FISCAL YEARS
JUNE 30, 2023
(IN THOUSANDS)

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
City's Proportion of the Net OPEB Liability	- %	- %	- %	- %	- %	- %
City's Proportionate Share of the Net OPEB Liability	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State's Proportionate Share of the Net OPEB Liability Associated with the City	<u>14,883</u>	<u>15,038</u>	<u>25,994</u>	<u>23,658</u>	<u>23,383</u>	<u>30,324</u>
Total	<u>\$ 14,883</u>	<u>\$ 15,038</u>	<u>\$ 25,994</u>	<u>\$ 23,658</u>	<u>\$ 23,383</u>	<u>\$ 30,324</u>
City's Covered Payroll	\$ 45,440	\$ 43,470	\$ 41,393	\$ 39,504	\$ 37,897	\$ 36,153
City's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	- %	- %	- %	- %	- %	- %
Plan Fiduciary Net Position as a Percentage of the Net OPEB Liability	- %	6.11 %	2.50 %	2.08 %	1.49 %	1.79 %

Notes to Schedule

Changes in benefit terms

There was a change in the maximum monthly subsidy amounts offered to retirees and their dependents from \$110 / \$220 to \$220 / \$440.

Changes of assumptions

Based on the procedure described in GASB 74, the discount rate used to measure Plan obligations for financial accounting purposes as of June 30, 2022 was updated to equal the SEIR of 3.53% as of June 30, 2022; Expected annual per capita claims costs were updated to better reflect anticipated medical and prescription drug claim expense; The assumed age related annual percentage increases in expected annual per capita health care claim costs were updated; Long-term health care cost trend rates were updated; and The percentages of participating retirees who are expected to enroll in the Medicare Supplement Plan and the Medicare Advantage Plan options were updated to better reflect anticipated plan experience.

Actuarial cost method

Entry age

Amortization method

Level percent of payroll over an open period

Remaining amortization period

30 years

Asset valuation method

Market value of assets

Investment rate of return

3.00%, net of investment related expense including price inflation

Price inflation

2.50 %

Notes:

- This schedule is intended to show information for 10 years. Additional years' information will be displayed as it becomes available.
- The measurement date is one year earlier than the employer's reporting date

SUPPLEMENTAL, COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

GENERAL FUND

The General Fund is the principal fund of the City and is used to account for all activities of the City not included in other specified funds. The General Fund accounts for the normal recurring activities of the City (i.e., education, police, recreation, public works, general government, etc.). These activities are funded principally by property taxes on individuals and businesses and grants from other governmental units.

CITY OF MIDDLETOWN, CONNECTICUT
COMPARATIVE BALANCE SHEET
JUNE 30, 2023
(IN THOUSANDS)

	2023
ASSETS	
Cash and Cash Equivalents	\$ 22,444
Investments	-
Taxes Receivable	13,642
Accounts Receivable	94
Leases Receivable	895
Due from Other Funds	34,179
Total Assets	\$ 71,254
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	
LIABILITIES	
Vouchers and Other Payables	\$ 7,597
Deferred Inflows of Resources:	
Unavailable Revenue - Leases	844
Unavailable Revenue - Property Taxes	12,829
Total Deferred Inflows of Resources	13,673
FUND BALANCES	
Assigned	13,914
Unassigned	36,070
Total Fund Balances	49,984
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 71,254

**CITY OF MIDDLETOWN, CONNECTICUT
 REPORT OF TAX COLLECTOR
 YEAR ENDED JUNE 30, 2023
 (IN THOUSANDS)**

Grand List	Uncollected Taxes	Lawful Corrections			Transfers to Suspense	Net Amount Collectible	Collections					Uncollected Taxes
	July 1, 2022	Additions	Deductions	Abatements			Taxes	Interest	Lien Fees	Suspense	Total	June 30, 2023
2021	\$ 143,331	\$ 587	\$ 2,907	\$ -	\$ -	\$ 141,011	\$ 137,114	\$ 505	\$ -	\$ -	\$ 137,619	\$ 3,897
2020	3,698	44	222	-	-	3,520	1,667	333	3	-	2,003	1,853
2019	1,729	36	9	-	-	1,756	529	207	4	-	740	1,227
2018	1,144	-	2	-	2	1,140	193	107	2	3	305	947
2017	822	170	170	-	5	817	99	78	1	5	183	718
2016	765	-	-	-	27	738	115	76	-	6	197	623
2015	541	-	-	-	62	479	42	48	-	3	93	437
2014	362	-	-	-	89	273	14	21	-	3	38	259
2013	250	-	-	-	52	198	8	12	-	2	22	190
2012	210	-	-	-	26	184	5	13	-	3	21	179
2011	101	-	-	-	7	94	5	14	-	3	22	89
2010	73	-	-	-	-	73	3	17	-	3	23	70
2009	59	-	-	-	-	59	3	11	-	3	17	56
2008	32	-	-	-	-	32	-	3	-	2	5	32
2007	37	-	-	-	-	37	-	4	-	1	5	37
Total	\$ 153,154	\$ 837	\$ 3,310	\$ -	\$ 270	\$ 150,411	\$ 139,797	\$ 1,449	\$ 10	\$ 37	\$ 141,293	\$ 10,614

Applicable to:	
General Fund	\$ 9,566
Fire District Fund	1,048
Total	\$ 10,614

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

The Special Revenue Funds account for resources legally restricted to expenditures for specified current operating purposes. These activities are funded principally by property taxes on individuals and businesses, grants from other governmental units and user fees.

Fund	Funding Source	Function
Fire District	Taxes - Central District	Fire Protection
Sanitary Disposal District	User Fees	Collection of Refuse from Both Residents and Businesses in the Central City Area
Dog Fund	Licensing of Dogs, Contributions of the General Fund, Fines, Fees and a State Grant	Operation of a Dog Pound and a Portion of the Salary of a Dog Warden
Economic Development	Grants and Contributions	Community Development Programs and Activities
Middletown Business Improvement	Taxes - Special Services District	Economic Revitalization and Development of Central Business District
Water	Charges for Services	Water Distribution Operations
Educational Grants	State and Federal Grants	Special Education Programs
Health Grants	State, Federal and Contributions	Health Programs
Landfill, Waste and Recycling	User Fees	Bulky Waste Operation
School Cafeteria	Sale of Food and Grants	School Lunch Programs
General Sewer Improvement	User Fees	Operation of Sewer System
Parking District	Fees from Parking	Parking Improvements
Librarian's	Fees and Trust Income	Library Support Services
Sewage Disposal	User Fees	Operation and Maintain the Sewerage Disposal System
Police Benevolence	Trust Income	Relief of Sick, Injured and Disabled Policemen
Student Activity Fund	Charges for Services	Student Programs
Community Development Block Block Grant	Federal Grant	Community Improvements
Walter C. Jones Trust	Trust Income	Care and Support of the Poor

PERMANENT FUNDS

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

Walter B. Hubbard Trust	Contributions and Trust Income	Maintain Parks and Cemeteries
Luther S. Hull Trust	Contributions and Trust Income	Education
Frank B. Weeks Trust	Contributions and Trust Income	City Parks
Russell Library Fund	Contributions and Trust Income	City Library Uses

NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)

CAPITAL PROJECTS FUNDS

The Capital Projects Funds are used to account for financial resources to be used for acquisition or construction of major capital facilities.

General Government	General Fund Budget and Special Revenue Funds	Capital Improvements and Equipment Purchase for General Government
School District	General Fund Budget and Special Revenue Funds	Capital Improvements and Equipment Purchase for School District
Fire	General Fund Budget and Special Revenue Funds	Capital Improvements and Equipment Purchase for Fire Department
Sanitation	General Fund Budget and Special Revenue Funds	Capital Improvements and Equipment Purchase for Sanitation Department
Sewer	General Fund Budget and Special Revenue Funds	Capital Improvements and Equipment Purchase for Sewer Department
Water	General Fund Budget and Special Revenue Funds	Capital Improvements and Equipment Purchase for Water Department

**CITY OF MIDDLETOWN, CONNECTICUT
COMBINING BALANCE SHEET
JUNE 30, 2023
(IN THOUSANDS)**

	Special Revenue Funds									
	Fire District	Sanitary Disposal District	Dog Fund	Economic Development Fund	Middletown Business Improvement Fund	Water Fund	Educational Grants	Health Grants Fund	Landfill, Waste, Recycling Fund	School Cafeteria Fund
ASSETS										
Cash and Cash Equivalents	\$ 1,551	\$ 862	\$ 11	\$ 299	\$ 22	\$ 2,216	\$ -	\$ 11	\$ 846	\$ 11
Investments	-	-	-	-	-	-	-	-	-	-
Receivables:										
Accounts Receivable	-	210	-	-	-	1,171	-	2	-	-
Taxes Receivable - Delinquent	1,625	41	-	-	1	190	-	-	-	-
Intergovernmental	-	-	-	-	-	-	107	-	-	377
Due from Other Funds	-	-	-	-	-	-	931	-	-	-
Supplies	-	-	-	-	-	-	-	-	-	55
Total Assets	\$ 3,176	\$ 1,113	\$ 11	\$ 299	\$ 23	\$ 3,577	\$ 931	\$ 120	\$ 846	\$ 443
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES										
LIABILITIES										
Vouchers and Other Payables	\$ 48	\$ 88	\$ 9	\$ -	\$ -	\$ 160	\$ 449	\$ 6	\$ 21	\$ -
Accrued Liabilities	104	12	-	-	-	42	-	1	-	-
Due to Other Funds	-	-	-	-	-	-	1,192	104	-	931
Unearned Revenue	-	-	-	-	-	-	-	-	-	-
Total Liabilities	152	100	9	-	-	202	1,641	111	21	931
DEFERRED INFLOWS OF RESOURCES										
Unavailable Revenue - Property Taxes	1,569	-	-	-	-	-	-	-	-	-
Unavailable Revenue - User Charges Receivable	-	251	-	-	-	1,361	-	-	-	-
Unavailable Revenue - Grants	-	-	-	-	-	-	100	-	-	-
Total Deferred Inflows of Resources	1,569	251	-	-	-	1,361	-	100	-	-
FUND BALANCES										
Nonspendable	-	-	-	-	-	-	-	-	-	55
Restricted	-	-	-	299	-	-	-	-	-	-
Committed	1,455	762	2	-	23	2,014	-	-	825	-
Assigned	-	-	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	(710)	(91)	-	(543)
Total Fund Balances	1,455	762	2	299	23	2,014	(710)	(91)	825	(488)
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 3,176	\$ 1,113	\$ 11	\$ 299	\$ 23	\$ 3,577	\$ 931	\$ 120	\$ 846	\$ 443

**CITY OF MIDDLETOWN, CONNECTICUT
COMBINING BALANCE SHEET (CONTINUED)
JUNE 30, 2023
(IN THOUSANDS)**

	Special Revenue Funds							Permanent Funds		
	General Sewer Improvement Fund	Parking District	Librarian's Fund	Sewage Disposal Fund	Police Benevolence Fund	Community Development Block Grant Fund	Student Activity Fund	Walter C. Jones Fund	Walter B. Hubbard Trust Fund	Luther S. Hull Trust Fund
ASSETS										
Cash and Cash Equivalents	\$ 2,549	\$ 103	\$ 33	\$ 3,418	\$ 3	\$ 153	\$ 538	\$ 155	\$ 10	\$ 1
Investments	-	-	-	-	-	-	32	-	-	-
Receivables:										
Accounts Receivable	100	-	-	2,119	-	-	-	-	-	-
Taxes Receivable - Delinquent	-	-	-	329	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	90	-	-	-	-
Due from Other Funds	-	-	-	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-	-	-	-
Total Assets	\$ 2,649	\$ 103	\$ 33	\$ 5,866	\$ 3	\$ 243	\$ 570	\$ 155	\$ 10	\$ 1
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES										
LIABILITIES										
Vouchers and Other Payables	\$ 3	\$ -	\$ -	\$ 45	\$ -	\$ 100	\$ -	\$ -	\$ -	\$ -
Accrued Liabilities	-	-	-	26	-	-	-	-	-	-
Due to Other Funds	-	-	-	-	-	90	-	-	-	-
Unearned Revenue	-	-	-	-	-	-	-	-	-	-
Total Liabilities	3	-	-	71	-	190	-	-	-	-
DEFERRED INFLOWS OF RESOURCES										
Unavailable Revenue - Property Taxes	-	-	-	-	-	-	-	-	-	-
Unavailable Revenue - User Charges Receivable	100	-	-	2,448	-	-	-	-	-	-
Unavailable Revenue - Grants	-	-	-	-	-	-	-	-	-	-
Total Deferred Inflows of Resources	100	-	-	2,448	-	-	-	-	-	-
FUND BALANCES										
Nonspendable	-	-	-	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	53	-	155	10	1
Committed	2,546	103	33	3,347	3	-	570	-	-	-
Assigned	-	-	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-	-	-
Total Fund Balances	2,546	103	33	3,347	3	53	570	155	10	1
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 2,649	\$ 103	\$ 33	\$ 5,866	\$ 3	\$ 243	\$ 570	\$ 155	\$ 10	\$ 1

**CITY OF MIDDLETOWN, CONNECTICUT
COMBINING BALANCE SHEET (CONTINUED)
JUNE 30, 2023
(IN THOUSANDS)**

	Permanent Funds		Capital Project Funds						Interfund Eliminations	Total Nonmajor Governmental Funds
	Frank B. Weeks Fund	Russell Library Fund	General Government	School District	Fire	Sanitation	Sewer	Water		
ASSETS										
Cash and Cash Equivalents	\$ 61	\$ 9	\$ 1,161	\$ 2,298	\$ 111	\$ 636	\$ 1,213	\$ 815	\$ -	\$ 19,096
Investments	-	1,139	-	-	-	-	-	-	-	1,171
Receivables:										
Accounts Receivable	-	-	-	-	-	-	-	-	-	3,602
Taxes Receivable - Delinquent	-	-	-	-	-	-	-	-	-	2,186
Intergovernmental	-	-	-	-	-	-	-	-	-	574
Due from Other Funds	-	-	-	-	-	-	-	-	(931)	-
Supplies	-	-	-	-	-	-	-	-	-	55
Total Assets	\$ 61	\$ 1,148	\$ 1,161	\$ 2,298	\$ 111	\$ 636	\$ 1,213	\$ 815	\$ (931)	\$ 26,684
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES										
LIABILITIES										
Vouchers and Other Payables	\$ -	\$ -	\$ 10	\$ 31	\$ 3	\$ 15	\$ 14	\$ 16	\$ -	\$ 1,018
Accrued Liabilities	-	-	-	-	-	-	-	-	-	185
Due to Other Funds	-	-	-	-	-	-	-	-	(931)	1,386
Unearned Revenue	-	-	-	-	-	-	-	-	-	-
Total Liabilities	-	-	10	31	3	15	14	16	(931)	2,589
DEFERRED INFLOWS OF RESOURCES										
Unavailable Revenue - Property Taxes	-	-	-	-	-	-	-	-	-	1,569
Unavailable Revenue - User Charges Receivable	-	-	-	-	-	-	-	-	-	4,160
Unavailable Revenue - Grants	-	-	-	-	-	-	-	-	-	100
Total Deferred Inflows of Resources	-	-	-	-	-	-	-	-	-	5,829
FUND BALANCES										
Nonspendable	-	-	-	-	-	-	-	-	-	55
Restricted	61	1,148	-	-	-	-	-	-	-	1,727
Committed	-	-	1,151	2,267	108	621	1,199	799	-	17,828
Assigned	-	-	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-	-	(1,344)
Total Fund Balances	61	1,148	1,151	2,267	108	621	1,199	799	-	18,266
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 61	\$ 1,148	\$ 1,161	\$ 2,298	\$ 111	\$ 636	\$ 1,213	\$ 815	\$ (931)	\$ 26,684

**CITY OF MIDDLETOWN, CONNECTICUT
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
YEAR ENDED JUNE 30, 2023
(IN THOUSANDS)**

	Special Revenue Funds									
	Fire District	Sanitary Disposal District	Dog Fund	Economic Development Fund	Middletown Business Improvement Fund	Water Fund	Educational Grants	Health Grants Fund	Landfill, Waste, Recycling Fund	School Cafeteria Fund
REVENUES										
Taxes	\$ 10,518	\$ -	\$ -	\$ -	\$ 159	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental Revenues	3,192	-	-	-	-	-	18,700	172	-	2,648
Charges for Services	-	1,894	18	203	-	6,315	1,735	-	592	270
Investment Income	95	34	-	-	-	49	-	-	23	-
Miscellaneous	44	-	-	15	-	286	5,503	-	-	-
Total Revenues	<u>13,849</u>	<u>1,928</u>	<u>18</u>	<u>218</u>	<u>159</u>	<u>6,650</u>	<u>25,938</u>	<u>172</u>	<u>615</u>	<u>2,918</u>
EXPENDITURES										
Current:										
General Government	-	-	-	11	142	-	-	-	512	-
Public Safety	13,082	-	10	-	-	-	-	63	-	-
Public Works	-	-	-	-	-	-	-	-	-	-
Health And Human Services	-	-	-	-	-	-	-	264	-	-
Culture And Recreation	-	-	-	-	-	-	-	-	-	-
Education	-	-	-	-	-	-	27,503	-	-	3,165
Sewer, Water And Sanitation	-	1,806	-	-	-	4,780	-	-	-	-
Capital Outlay	416	-	-	88	-	-	-	-	-	-
Total Expenditures	<u>13,498</u>	<u>1,806</u>	<u>10</u>	<u>99</u>	<u>142</u>	<u>4,780</u>	<u>27,503</u>	<u>327</u>	<u>512</u>	<u>3,165</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	351	122	8	119	17	1,870	(1,565)	(155)	103	(247)
OTHER FINANCING SOURCES (USES)										
Transfers In	-	-	-	-	-	1,000	1,765	-	-	-
Transfers Out	(245)	(479)	(6)	-	-	(2,161)	-	-	-	-
Total Other Financing Sources (Uses)	<u>(245)</u>	<u>(479)</u>	<u>(6)</u>	<u>-</u>	<u>-</u>	<u>(1,161)</u>	<u>1,765</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	106	(357)	2	119	17	709	200	(155)	103	(247)
Fund Balances - Beginning of Year	1,349	1,119	-	180	6	1,305	(910)	64	722	(241)
FUND BALANCES - END OF YEAR	<u>\$ 1,455</u>	<u>\$ 762</u>	<u>\$ 2</u>	<u>\$ 299</u>	<u>\$ 23</u>	<u>\$ 2,014</u>	<u>\$ (710)</u>	<u>\$ (91)</u>	<u>\$ 825</u>	<u>\$ (488)</u>

**CITY OF MIDDLETOWN, CONNECTICUT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES (CONTINUED)
 YEAR ENDED JUNE 30, 2023
 (IN THOUSANDS)**

	Special Revenue Funds							Permanent Funds		
	General Sewer Improvement Fund	Parking District	Librarian's Fund	Sewage Disposal Fund	Police Benevolence Fund	Community Development Block Grant Fund	Student Activity Fund	Walter C. Jones Fund	Walter B. Hubbard Trust Fund	Luther S. Hull Trust Fund
REVENUES										
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental Revenues	-	-	74	-	-	466	-	-	-	-
Charges for Services	77	-	32	10,835	-	-	715	-	-	-
Investment Income	76	-	-	61	-	-	-	5	-	-
Miscellaneous	-	-	20	30	-	-	-	78	-	-
Total Revenues	153	-	126	10,926	-	466	715	83	-	-
EXPENDITURES										
Current:										
General Government	-	-	-	-	-	238	-	86	-	-
Public Safety	-	-	-	-	-	-	-	-	-	-
Public Works	-	-	-	-	-	-	-	-	-	-
Health And Human Services	-	-	-	-	-	-	-	-	-	-
Culture And Recreation	-	-	200	-	-	-	-	-	-	-
Education	-	-	-	-	-	-	690	-	-	-
Sewer, Water And Sanitation	14	-	-	7,509	-	-	-	-	-	-
Capital Outlay	282	-	-	-	-	249	-	-	-	-
Total Expenditures	296	-	200	7,509	-	487	690	86	-	-
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(143)	-	(74)	3,417	-	(21)	25	(3)	-	-
OTHER FINANCING SOURCES (USES)										
Transfers In	-	-	71	214	-	-	-	-	-	-
Transfers Out	-	-	-	(5,779)	-	(75)	-	-	-	-
Total Other Financing Sources (Uses)	-	-	71	(5,565)	-	(75)	-	-	-	-
NET CHANGE IN FUND BALANCES	(143)	-	(3)	(2,148)	-	(96)	25	(3)	-	-
Fund Balances - Beginning of Year	2,689	103	36	5,495	3	149	545	158	10	1
FUND BALANCES - END OF YEAR	\$ 2,546	\$ 103	\$ 33	\$ 3,347	\$ 3	\$ 53	\$ 570	\$ 155	\$ 10	\$ 1

**CITY OF MIDDLETOWN, CONNECTICUT
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES (CONTINUED)
YEAR ENDED JUNE 30, 2023
(IN THOUSANDS)**

	Permanent Funds			Capital Project Funds					Interfund Eliminations	Total Nonmajor Governmental Funds
	Frank B. Weeks Fund	Russell Library Fund	General Government	School District	Fire	Sanitation	Sewer	Water		
REVENUES										
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,677
Intergovernmental Revenues	-	-	-	-	-	-	-	-	-	25,252
Charges for Services	-	-	-	-	-	-	-	-	-	22,686
Investment Income	2	92	36	-	5	7	39	29	-	553
Miscellaneous	-	-	-	-	-	-	-	-	-	5,976
Total Revenues	2	92	36	-	5	7	39	29	-	65,144
EXPENDITURES										
Current:										
General Government	-	-	-	-	-	-	-	-	-	989
Public Safety	-	-	-	-	-	-	-	-	-	13,155
Public Works	-	-	-	-	-	-	-	-	-	-
Health And Human Services	-	-	-	-	-	-	-	-	-	264
Culture And Recreation	-	-	-	-	-	-	-	-	-	200
Education	-	-	-	-	-	-	-	-	-	31,358
Sewer, Water And Sanitation	-	-	-	-	-	-	-	-	-	14,109
Capital Outlay	-	-	1,306	621	70	15	559	634	-	4,240
Total Expenditures	-	-	1,306	621	70	15	559	634	-	64,315
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	2	92	(1,270)	(621)	(65)	(8)	(520)	(605)	-	829
OTHER FINANCING SOURCES (USES)										
Transfers In	-	-	1,500	285	50	400	500	620	(2,855)	3,550
Transfers Out	(1)	(71)	-	-	-	-	-	-	2,855	(5,962)
Total Other Financing Sources (Uses)	(1)	(71)	1,500	285	50	400	500	620	-	(2,412)
NET CHANGE IN FUND BALANCES	1	21	230	(336)	(15)	392	(20)	15	-	(1,583)
Fund Balances - Beginning of Year	60	1,127	921	2,603	123	229	1,219	784	-	19,849
FUND BALANCES - END OF YEAR	\$ 61	\$ 1,148	\$ 1,151	\$ 2,267	\$ 108	\$ 621	\$ 1,199	\$ 799	\$ -	\$ 18,266

**CITY OF MIDDLETOWN, CONNECTICUT
 COMBINING SCHEDULES OF REVENUES AND EXPENDITURES –
 ACTUAL AND BUDGET
 YEAR ENDED JUNE 30, 2023
 (IN THOUSANDS)**

	Fire District Fund					Sanitary Disposal District Fund				
	Actual on a GAAP Basis	Adjustment to Budgetary Basis	Actual on a Budgetary Basis	Budget	Variance Favorable (Unfavorable)	Actual on a GAAP Basis	Adjustment to Budgetary Basis	Actual on a Budgetary Basis	Budget	Variance Favorable (Unfavorable)
REVENUES										
Property Taxes	\$ 10,518	\$ -	\$ 10,518	\$ 11,923	\$ (1,405)	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	3,192	-	3,192	2,021	1,171	-	-	-	-	-
Charges for Services		-	-		-	1,894	-	1,894	1,860	34
Investment Income	95	-	95	5	90	34	-	34	16	18
Miscellaneous	44	-	44	23	21	-	-	-	22	(22)
Total Revenues	13,849	-	13,849	13,972	(123)	1,928	-	1,928	1,898	30
EXPENDITURES										
Public Safety	13,498	-	13,498	13,727	229	-	-	-	-	-
Sewer, Water And Sanitation	-	-	-	-	-	1,806	-	1,806	1,914	108
Total Expenditures	13,498	-	13,498	13,727	229	1,806	-	1,806	1,914	108
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	351	-	351	245	106	122	-	122	(16)	138
Transfers In (Out)	(245)	-	(245)	(245)	-	(479)	-	(479)	(479)	-
Excess (Deficiency) of Revenues and Transfers in Over Expenditures and Transfers Out	\$ 106	\$ -	\$ 106	\$ -	\$ 106	\$ (357)	\$ -	\$ (357)	\$ (495)	\$ 138

**CITY OF MIDDLETOWN, CONNECTICUT
 COMBINING SCHEDULES OF REVENUES AND EXPENDITURES –
 ACTUAL AND BUDGET (CONTINUED)
 YEAR ENDED JUNE 30, 2023
 (IN THOUSANDS)**

	Water Fund					Sewage Disposal Fund				
	Actual	Adjustment to	Actual on a	Variance	Actual	Adjustment to	Actual on a	Variance		
	on a	Budgetary	Budgetary	Favorable	on a	Budgetary	Budgetary	Favorable		
GAAP Basis	Basis	Basis	(Unfavorable)	GAAP Basis	Basis	Basis	(Unfavorable)	Budget	(Unfavorable)	
REVENUES										
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-	-	-	-	-	-	-
Charges for Services	6,315	-	6,315	5,595	720	10,835	-	10,835	11,228	(393)
Investment Income	49	-	49	15	34	61	-	61	20	41
Miscellaneous	286	-	286	211	75	30	-	30	30	-
Total Revenues	6,650	-	6,650	5,821	829	10,926	-	10,926	11,278	(352)
EXPENDITURES										
Public Safety	-	-	-	-	-	-	-	-	-	-
Sewer, Water And Sanitation	4,780	-	4,780	6,086	1,306	7,509	-	7,509	7,431	(78)
Total Expenditures	4,780	-	4,780	6,086	1,306	7,509	-	7,509	7,431	(78)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	1,870	-	1,870	(265)	2,135	3,417	-	3,417	3,847	(430)
Transfers In (Out)	(1,161)	-	(1,161)	(1,161)	-	(5,565)	-	(5,565)	(5,565)	-
Excess (Deficiency) of Revenues and Transfers in Over Expenditures and Transfers Out	\$ 709	\$ -	\$ 709	\$ (1,426)	\$ 2,135	\$ (2,148)	\$ -	\$ (2,148)	\$ (1,718)	\$ (430)

**CITY OF MIDDLETOWN, CONNECTICUT
 COMBINING SCHEDULES OF REVENUES AND EXPENDITURES –
 ACTUAL AND BUDGET (CONTINUED)
 YEAR ENDED JUNE 30, 2023
 (IN THOUSANDS)**

	Totals				
	Actual on a GAAP Basis	Adjustment to Budgetary Basis	Actual on a Budgetary Basis	Budget	Variance Favorable (Unfavorable)
REVENUES					
Property Taxes	\$ 10,518	\$ -	\$ 10,518	\$ 11,923	\$ (1,405)
Intergovernmental	3,192	-	3,192	2,021	1,171
Charges for Services	19,044	-	19,044	18,683	361
Investment Income	239	-	239	56	183
Miscellaneous	360	-	360	286	74
Total Revenues	<u>33,353</u>	<u>-</u>	<u>33,353</u>	<u>32,969</u>	<u>384</u>
EXPENDITURES					
Public Safety	13,498	-	13,498	13,727	229
Sewer, Water And Sanitation	14,095	-	14,095	15,431	1,336
Total Expenditures	<u>27,593</u>	<u>-</u>	<u>27,593</u>	<u>29,158</u>	<u>1,565</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	5,760	-	5,760	3,811	1,949
Transfers In (Out)	<u>(7,450)</u>	<u>-</u>	<u>(7,450)</u>	<u>(7,450)</u>	<u>-</u>
Excess (Deficiency) of Revenues and Transfers in Over Expenditures and Transfers Out	<u>\$ (1,690)</u>	<u>\$ -</u>	<u>\$ (1,690)</u>	<u>\$ (3,639)</u>	<u>\$ 1,949</u>

INTERNAL SERVICE FUNDS

Internal Service Funds are used for the financing of goods or services provided by one department or agency to other departments or agencies of the City, or to other governments, on a cost reimbursement basis. The City has three such funds.

Health Benefits Fund - established on July 1, 1991 to account for self-insurance activity of the City relating to providing health benefits to current and retired employees.

Property and Casualty Fund - to account for self-insurance activity relating to providing property and casualty insurance benefits to the City of Middletown.

Workers Compensation Fund - to account for self-insurance activity relating to providing workers compensation benefits to eligible recipients.

CITY OF MIDDLETOWN, CONNECTICUT
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2023
(WITH COMPARATIVE TOTALS FOR 2022)
(IN THOUSANDS)

	Health Benefits Fund	Property and Casualty Fund	Workers' Compensation Fund	Totals	
				2023	2022
ASSETS					
Cash and Cash Equivalents	\$ 12,254	\$ 4,514	\$ 10,245	\$ 27,013	\$ 27,970
LIABILITIES					
Current Liabilities:					
Accounts and Other Payables	17	-	1	18	3
Unpaid Claims - Current	2,274	-	-	2,274	2,117
Total Current Liabilities	2,291	-	1	2,292	2,120
NONCURRENT LIABILITIES					
Unpaid Claims - Noncurrent	-	700	3,657	4,357	4,265
Total Liabilities	2,291	700	3,658	6,649	6,385
NET POSITION	\$ 9,963	\$ 3,814	\$ 6,587	\$ 20,364	\$ 21,585

CITY OF MIDDLETOWN, CONNECTICUT
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEAR ENDED JUNE 30, 2023
(WITH COMPARATIVE TOTALS FOR 2022)
(IN THOUSANDS)

	Health Benefits Fund	Property and Casualty Fund	Workers' Compensation Fund	Totals	
				2023	2022
OPERATING REVENUES					
Charges for Services	\$ 13,282	\$ 1,430	\$ 1,771	\$ 16,483	\$ 16,411
Other	4,185	92	1,417	5,694	3,733
Total Operating Revenues	<u>17,467</u>	<u>1,522</u>	<u>3,188</u>	<u>22,177</u>	<u>20,144</u>
OPERATING EXPENSES					
Benefit Payments	5,087	576	2,444	8,107	7,321
Administration	292	35	205	532	493
Insurance	13,971	1,298	315	15,584	13,549
Total Operating Expenses	<u>19,350</u>	<u>1,909</u>	<u>2,964</u>	<u>24,223</u>	<u>21,363</u>
OPERATING INCOME (LOSS)	(1,883)	(387)	224	(2,046)	(1,219)
NONOPERATING REVENUE					
Interest Income	<u>444</u>	<u>141</u>	<u>292</u>	<u>877</u>	<u>59</u>
INCOME BEFORE TRANSFERS	(1,439)	(246)	516	(1,169)	(1,160)
TRANSFERS OUT	<u>-</u>	<u>(52)</u>	<u>-</u>	<u>(52)</u>	<u>(50)</u>
NET INCOME	(1,439)	(298)	516	(1,221)	(1,210)
Net Position - Beginning of Year	<u>11,402</u>	<u>4,112</u>	<u>6,071</u>	<u>21,585</u>	<u>22,795</u>
NET POSITION - END OF YEAR	<u>\$ 9,963</u>	<u>\$ 3,814</u>	<u>\$ 6,587</u>	<u>\$ 20,364</u>	<u>\$ 21,585</u>

CITY OF MIDDLETOWN, CONNECTICUT
COMBINING STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2023
(WITH COMPARATIVE TOTALS FOR 2022)
(IN THOUSANDS)

	Health	Property	Workers'	Totals	
	Benefits	and	Compensation	2023	2022
	Fund	Casualty	Fund		
		Fund			
CASH FLOWS FROM OPERATING ACTIVITIES					
Interfund Services Provided Or Used	\$ 13,282	\$ 1,430	\$ 1,771	\$ 16,483	\$ 16,411
Cash Received From Insurance Reimbursements	4,185	92	1,417	5,694	3,733
Cash Paid To Vendors	(19,176)	(2,011)	(2,772)	(23,959)	(21,408)
Net Cash Provided (Used) by Operating Activities	(1,709)	(489)	416	(1,782)	(1,264)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Transfers To Other Funds	-	(52)	-	(52)	(50)
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest Income	444	141	292	877	59
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(1,265)	(400)	708	(957)	(1,255)
Cash and Cash Equivalents - Beginning of Year	13,519	4,914	9,537	27,970	29,225
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 12,254</u>	<u>\$ 4,514</u>	<u>\$ 10,245</u>	<u>\$ 27,013</u>	<u>\$ 27,970</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED IN) OPERATING ACTIVITIES					
Operating Income (Loss)	\$ (1,883)	\$ (387)	\$ 224	\$ (2,046)	\$ (1,219)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used in) Operating Activities:					
Decrease (Increase) In Vouchers and Other Payable	174	(102)	192	264	(45)
Net Cash Provided (Used) by Operating Activities	<u>\$ (1,709)</u>	<u>\$ (489)</u>	<u>\$ 416</u>	<u>\$ (1,782)</u>	<u>\$ (1,264)</u>

STATISTICAL SECTION

Statistical Section Information

The objectives of statistical section information are to provide financial statement users with additional historical perspective, context and detail to assist in using the information in the financial statements, notes to financial statements and required supplementary information to understand and assess economic condition.

Statistical section information is presented in the following categories:

- Financial trends information is intended to assist users in understanding and assessing how financial position has changed over time.
- Revenue capacity information is intended to assist users in understanding and assessing the factors affecting the ability to generate own-source revenues (property taxes, charges for services, etc.).
- Debt capacity information is intended to assist users in understanding and assessing debt burden and the ability to issue additional debt.
- Demographic and economic information is intended 1) to assist users in understanding the socioeconomic environment and 2) to provide information that facilitates comparisons of financial statement information over time and among governments.
- Operating information is intended to provide contextual information about operations and resources to assist readers in using financial statement information to understand and assess economic condition.

The accompanying tables are presented in the above order. Refer to the Table of Contents for applicable page number locations.

**STATISTICAL SECTION
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING
(IN THOUSANDS))**

	FISCAL YEAR									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Governmental Activities										
Net Investment In Capital Assets	\$ 358,347	\$ 332,578	\$ 307,895	\$ 307,649	\$ 278,342	\$ 276,107	\$ 263,979	\$ 269,612	\$ 267,645	\$ 289,881
Restricted	5,702	6,639	113,000	1,262	1,300	1,297	1,309	1,234	1,289	1,323
Unrestricted	(181,391)	(174,754)	(295,130)	(227,348)	(223,243)	(223,591)	65,712	70,552	83,008	56,523
Total Governmental Activities Net Position	\$ 182,658	\$ 164,463	\$ 125,765	\$ 81,563	\$ 56,399	\$ 53,813	\$ 331,000	\$ 341,398	\$ 351,942	\$ 347,727

*Restated for the implementation of GASB 68

Notes:

(1) Schedule prepared on the accrual basis of accounting

**CITY OF MIDDLETOWN, CONNECTICUT
CHANGE IN NET POSITION
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING
(IN THOUSANDS))**

	FISCAL YEAR									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
EXPENSES										
Governmental Activities:										
General Government	\$ 19,154	\$ 11,370	\$ 7,565	\$ 15,627	\$ 16,491	\$ 17,515	\$ 17,404	\$ 17,150	\$ 18,740	\$ 19,747
Public Safety	31,362	29,233	24,141	35,961	40,165	40,085	39,394	40,453	26,917	29,048
Public Works	14,696	9,595	12,120	4,561	14,171	15,132	14,509	13,161	10,128	11,758
Health and Human Services	2,156	1,853	1,873	1,690	1,760	1,712	1,686	1,601	1,502	802
Culture and Recreation	7,546	6,686	6,241	6,315	6,734	5,879	5,749	5,641	5,740	5,809
Employee Benefits and Insurance	21,183	21,174	20,496	19,619	17,412	16,834	18,980	15,781	14,908	16,586
Education	153,362	134,288	148,797	128,814	113,118	118,424	119,861	112,623	109,091	106,256
Sewer	7,647	7,446	7,401	6,413	6,322	6,261	7,561	6,073	4,885	4,778
Water	5,020	4,903	4,487	4,453	4,349	4,083	4,087	3,841	4,038	4,445
Sanitation	1,852	2,937	1,509	1,516	1,724	1,599	1,827	1,662	1,685	1,857
Interest on Long-Term Debt	2,693	2,671	1,344	2,900	2,344	1,597	2,367	2,501	2,168	2,347
Total Governmental Activities Expenses	<u>266,671</u>	<u>232,156</u>	<u>235,974</u>	<u>227,869</u>	<u>224,590</u>	<u>229,121</u>	<u>233,425</u>	<u>220,487</u>	<u>199,802</u>	<u>203,433</u>
PROGRAM REVENUES										
Governmental Activities:										
Charges for Services:										
General Government	6,485	4,297	4,086	3,270	4,390	4,164	4,046	4,379	3,011	2,887
Public Safety	1,420	1,547	2,252	2,106	2,928	1,628	1,715	2,041	2,013	1,379
Public Works	592	676	610	511	464	426	387	390	320	341
Health and Human Resources	206	201	194	175	-	-	-	-	-	-
Culture and Recreation	450	367	257	299	703	690	752	740	703	474
Employee Benefits And Insurance	-	-	-	-	-	-	-	-	-	-
Education	2,958	5,524	509	245	304	418	541	551	619	698
Sewer	11,224	11,156	10,700	10,895	10,049	8,381	7,441	6,129	5,994	5,114
Water	6,409	6,331	6,073	5,970	5,769	5,334	4,527	6,637	6,430	5,172
Sanitation and Other	1,917	1,915	1,899	1,894	1,915	1,950	1,841	1,844	1,825	1,840
Operating Grants and Contributions	67,794	51,484	71,419	58,081	48,289	53,781	54,565	49,251	48,566	44,949
Capital Grants and Contributions	6,185	21,478	20,366	10,904	1,755	1,289	5,224	4,854	3,101	1,965
Total Governmental Activities Program Revenues	<u>105,640</u>	<u>104,976</u>	<u>118,365</u>	<u>94,350</u>	<u>76,566</u>	<u>78,061</u>	<u>81,039</u>	<u>76,816</u>	<u>72,582</u>	<u>64,819</u>
NET EXPENSE										
Governmental Activities	(161,031)	(127,180)	(117,609)	(133,519)	(148,024)	(151,060)	(152,386)	(143,671)	(127,220)	(138,614)
GENERAL REVENUES AND OTHER CHANGES IN NET POSITION										
Governmental Activities:										
Property Taxes	142,141	141,429	138,266	136,364	132,569	123,645	121,492	115,937	116,763	106,714
Grants And Contributions Not Restricted To Specific I	22,376	19,668	17,293	15,072	10,001	14,007	14,019	12,650	9,828	9,284
Unrestricted Investment Earnings	3,692	53	429	1,692	1,957	1,066	495	217	143	302
Transfers	-	-	-	-	-	-	-	-	-	-
Miscellaneous	11,017	4,728	5,367	5,555	6,083	6,269	5,982	4,323	4,701	5,932
Total Governmental Activities	<u>179,226</u>	<u>165,878</u>	<u>161,355</u>	<u>158,683</u>	<u>150,610</u>	<u>144,987</u>	<u>141,988</u>	<u>133,127</u>	<u>131,435</u>	<u>122,232</u>
CHANGES IN NET POSITION										
Governmental Activities	\$ <u>18,195</u>	\$ <u>38,698</u>	\$ <u>43,746</u>	\$ <u>25,164</u>	\$ <u>2,586</u>	\$ <u>(6,073)</u>	\$ <u>(10,398)</u>	\$ <u>(10,544)</u>	\$ <u>4,215</u>	\$ <u>(16,382)</u>

**CITY OF MIDDLETOWN, CONNECTICUT
FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING
(IN THOUSANDS))**

	FISCAL YEAR									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
General Fund										
Assigned	\$ 13,914	\$ 9,022	\$ 9,835	\$ 8,784	\$ 6,107	\$ 7,944	\$ 6,230	\$ 4,829	\$ 4,741	\$ 3,068
Unassigned	36,070	41,772	40,152	36,043	31,725	25,632	24,711	22,979	21,826	16,796
Total General Fund	49,984	50,794	49,987	44,827	37,832	33,576	30,941	27,808	26,567	19,864
All Other Governmental Funds										
Nonspendable	55	55	55	43	20	39	32	32	32	32
Restricted	7,285	8,438	9,246	6,064	5,722	4,161	4,120	3,805	3,051	2,945
Committed	17,828	19,251	20,725	15,966	14,731	15,235	18,728	18,972	18,364	18,380
Assigned	-	-	-	-	-	-	-	-	-	-
Unassigned	(33,788)	(16,113)	(15,994)	(23,181)	(13,281)	(8,804)	(14,508)	(3,557)	(19,344)	(4,424)
Total Governmental Fund Balance	\$ (8,620)	\$ 11,631	\$ 14,032	\$ (1,108)	\$ 7,192	\$ 10,631	\$ 8,372	\$ 19,252	\$ 2,103	\$ 16,933

**CITY OF MIDDLETOWN, CONNECTICUT
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING
(IN THOUSANDS))**

	FISCAL YEAR									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
REVENUES										
Property Taxes	\$ 141,427	\$ 140,158	\$ 137,737	\$ 134,661	\$ 131,811	\$ 122,668	\$ 120,799	\$ 114,974	\$ 115,731	\$ 106,818
Licenses and Permits	2,755	1,038	1,383	684	972	1,028	1,378	1,292	652	659
Intergovernmental	93,140	90,028	91,484	78,962	6,319	65	73,167	65,986	60,931	56,197
Charges for Services	28,478	27,781	25,155	24,664	24,557	21,434	19,060	20,829	19,711	17,204
Investment Income	2,812	(8)	386	1,187	1,433	829	466	222	176	283
Miscellaneous	11,052	4,787	5,362	5,545	6,261	6,337	7,302	5,563	5,720	5,933
Total Revenues	279,664	263,784	261,507	245,703	171,353	152,361	222,172	208,866	202,921	187,094
EXPENDITURES										
General Government	14,228	12,046	12,839	11,897	11,272	10,741	11,109	10,100	10,364	8,651
Public Safety	33,190	31,914	31,181	30,381	-	28,078	28,036	26,802	24,715	23,415
Public Works	6,307	5,988	5,711	5,569	5,313	5,059	4,995	4,728	5,020	4,552
Health and Human Services	2,145	1,875	1,918	1,671	1,770	1,715	1,662	1,588	1,543	694
Culture and Recreation	7,411	6,704	6,192	6,270	6,726	5,822	5,680	5,850	5,701	4,976
Employee Benefits and Insurance	21,183	21,174	21,132	21,456	23,059	19,413	20,680	19,046	17,380	14,895
Education	140,449	133,126	127,083	120,644	6,368	(5,913)	116,078	107,169	103,519	100,511
Sewer	7,523	7,594	7,364	6,418	6,350	6,250	7,620	6,032	4,876	4,050
Water	4,780	4,862	4,444	4,350	4,376	4,085	4,040	3,888	4,014	3,855
Sanitation	1,815	1,768	1,504	1,508	1,721	1,608	1,826	1,669	1,672	1,596
Other	-	-	-	-	-	-	-	-	-	4,042
Capital Outlay	34,500	35,346	66,244	48,772	33,770	34,151	20,825	24,746	22,743	21,406
Debt Service:										
Principal Retirement	25,447	16,685	18,075	12,847	13,152	15,152	12,712	11,205	12,647	9,908
Interest and Fiscal Charges	1,799	6,897	4,485	4,490	4,012	2,963	3,415	3,544	2,543	2,958
Total Expenditures	300,777	285,979	308,172	276,273	117,889	129,124	238,678	226,367	216,737	205,509
EXCESS OF REVENUE UNDER EXPENDITURES	(21,113)	(22,195)	(46,665)	(30,570)	53,464	23,237	(16,506)	(17,501)	(13,816)	(18,415)
OTHER FINANCING SOURCES (USES)										
Bonds and Serial Notes	-	16,181	68,531	19,500	18,000	25,568	19,000	7,000	32,302	1,993
Refunding Bonds Issued	-	-	10,955	-	-	-	-	-	-	-
Transfers In	33,353	28,517	28,722	19,924	19,036	20,743	18,595	17,004	17,006	14,685
Transfers Out	(33,301)	(28,467)	(28,673)	(19,877)	(18,990)	(20,700)	(18,559)	(16,972)	(16,927)	(14,647)
Payment to Escrow Agent	-	-	(13,520)	-	-	-	-	-	-	-
Premium on Bonds	-	2,700	14,005	4,507	3,686	1,651	2,862	830	5,287	-
Total Other Financing Sources	52	18,931	80,020	24,054	21,732	27,262	21,898	7,862	37,668	2,031
NET CHANGE IN FUND BALANCES	\$ (21,061)	\$ (3,264)	\$ 33,355	\$ (6,516)	\$ 75,196	\$ 50,499	\$ 5,392	\$ (9,639)	\$ 23,852	\$ (16,384)
Debt Service as a Percentage of Noncapital Expenditures	9.64%	9.29 %	8.02 %	7.64 %	8.21 %	7.26 %	7.13 %	7.74 %	6.68 %	7.17 %

**CITY OF MIDDLETOWN, CONNECTICUT
 ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
 LAST TEN FISCAL YEARS
 (IN THOUSANDS))**

.....REAL PROPERTY.....							Total	Total	Estimated	Taxable
Fiscal	Residential	Commercial	Industrial	Personal	Motor	Less	Taxable	Direct Tax	Actual	Assessed Value
Year				Property	Vehicle	Tax-Exempt	Assessed	Rate	Taxable	As A Percentage
						Property	Value		Value	Of Actual
										Taxable Value
2023	2,515,301	941,705	404,056	864,102	435,021	526,865	4,633,320	28.3	6,619,029	70.00%
2022	1,814,559	764,828	362,902	778,473	397,540	408,596	3,709,706	35.7	7,134,050	52.00%
2021	1,804,625	762,538	333,896	748,261	311,429	365,285	3,595,464	35.7	5,992,440	60.00%
2020	1,795,037	765,340	328,873	721,975	295,567	356,095	3,550,697	35.8	5,462,611	65.00%
2019	1,788,184	757,079	327,678	645,687	288,301	341,874	3,465,055	36.0	4,950,079	70.00%
2018	1,783,811	772,461	271,655	595,083	282,624	246,349	3,459,285	34.8	4,941,836	70.00%
2017	1,801,199	656,845	223,936	598,652	283,423	229,624	3,334,431	33.9	4,763,473	70.00%
2016	1,795,611	644,322	222,646	586,277	285,835	205,407	3,329,285	33.3	4,756,121	70.00%
2015	1,787,946	649,062	222,798	557,213	279,664	200,859	3,295,823	32.6	4,708,318	70.00%
2014	2,063,276	708,280	171,978	550,100	280,619	176,613	3,314,642	32.7	4,735,202	70.00%

Source: City of Middletown Office of Tax Assessor

Notes:

- (1) The latest revaluation was completed and became effective October 1, 2022 for fiscal year 2023-2024.
- (2) Exemptions now include new machinery.
- (3) Assessed value of Kleen Energy Systems LLC power plant as per PILOT Agreement is included in total assessment.
- (4) Beginning on 2020 Grant List, penalty assessments under section 12-63c (d) are included in total assessment.

**CITY OF MIDDLETOWN, CONNECTICUT
 DIRECT AND OVERLAPPING PROPERTY TAX RATES
 LAST TEN FISCAL YEARS
 (RATE PER \$1,000 OF ASSESSED VALUE)**

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
CITY:										
General	28.3	35.7	35.8	36.0	34.8	33.9	33.3	32.6	32.7	27.7
DISTRICTS:										
Fire Fund	6.8	8.3	8.4	8.4	8.9	8.5	7.9	7	7.3	6.1
Westfield Fire	1.817	1.817	1.683	1.683	1.55	1.55	1.463	1.416	1.416	1.326
South Fire	5.555	5.555	5.203	5.203	4.605	4.605	4.605	4.468	4.468	3.648
Middletown Business	1.546	2.18	2.18	2.18	2.21	2.41	2.41	2.41	2.41	2.42

**CITY OF MIDDLETOWN, CONNECTICUT
PRINCIPAL PROPERTY TAXPAYERS
2021 AND 2011
(IN THOUSANDS)**

TAXPAYER	October 1, 2021			October 1, 2011		
	TAXABLE ASSESSED VALUE	RANK	PERCENTAGE OF TOTAL CITY TAXABLE ASSESSED VALUE	TAXABLE ASSESSED VALUE	RANK	PERCENTAGE OF TOTAL CITY TAXABLE ASSESSED VALUE
Eversource (CL&P)	219,335	1	4.73%	102,336	2	2.86%
Aetna Life and Casualty	74,584	2	1.61%	122,838	1	3.44%
Kleen Energy Systems, LLC	66,042	3	1.43%	66,779	3	1.87%
United Technologies	63,404	4	1.37%	55,543	4	1.55%
FedEx Ground Package System Inc.	46,946	5	1.01%			
Northwood Apt Assoc LLC	39,094	6	0.84%	23,383	6	0.65%
Chestnut Hill Apt Assoc LLC	37,835	7	0.82%	21,667	7	0.61%
Windshire Holdings LLC	32,213	8	0.70%	17,959	10	0.50%
Middletown Power LLC	30,272	9	0.65%	44,877	5	1.26%
KJS Middletown Brooke LLC	28,829	10	0.62%	21,662	8	0.61%
Northwood nApt Assoc LLC	-			23,382	6	0.65%
Fairfield Midtown Ridge LP	-	-		21,318	9	0.60%
	<u>638,554</u>		<u>13.78%</u>	<u>521,744</u>		<u>14.60%</u>

Source: City of Middletown, Office of Tax Assessor

2022 Total Taxable Assessed (Net GL) \$4,633,320
 2012 Total Taxable Assessed (Net GL) \$3,573,042
KJS Middletown Brooke LLC FKA: Fairfield Midtown Brook L.P.
Windshire Holdings LLC FKA: New Boston Windshire

**CITY OF MIDDLETOWN, CONNECTICUT
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS
(IN THOUSANDS)**

FISCAL YEAR ENDED JUNE 30,	TAX RATE IN MILLS	COLLECTED WITHIN THE FISCAL YEAR OF THE LEVY			TOTAL COLLECTIONS TO DATE			
		TAXES LEVIED FOR THE FISCAL YEAR	AMOUNT	PERCENTAGE OF LEVY	COLLECTION IN SUBSEQUENT YEARS	AMOUNT	PERCENTAGE OF LEVY	
2023	35.1	\$ 143,331	\$ 137,150	95.69	\$ 2,682	139,832	97.56	
2022	44	141,323	135,223	95.68	3,210	138,433	97.96	
2021	44.2	137,326	133,235	97.02	3,037	136,272	99.23	
2020	44.4	137,289	130,778	95.26	2,327	133,105	96.95	
2019	43.7	131,690	127,987	97.19	2,504	130,491	99.09	
2018	42.4	122,655	118,673	96.75	2,322	120,995	98.65	
2017	41.2	119,879	116,365	97.07	1,817	118,182	98.58	
2016	39.6	115,410	111,978	97.03	1,883	113,861	98.66	
2015	40	116,604	112,779	96.72	1,738	114,517	98.21	
2014	33.8	106,360	103,804	97.60	1,904	105,708	99.39	
2013	32.7	105,112	100,977	96.07	1,586	102,563	97.57	
2012	31.6	101,532	99,672	98.17	1,797	101,469	99.94	
2011	31.9	101,860	99,118	97.31	1,829	100,947	99.10	

**CITY OF MIDDLETOWN, CONNECTICUT
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS
(IN THOUSANDS, EXCEPT PER CAPITA RATIO)**

FISCAL YEAR	GOVERNMENTAL ACTIVITIES		TOTAL PRIMARY GOVERNMENT	RATIO OF DEBT TO TAXABLE ASSESSED VALUE	Bonded Debt as Percentage of Personal Income	DEBT PER CAPITA
	GENERAL OBLIGATION BONDS	CAPITAL LEASES				
2023	\$ 145,588		\$145,588	3.14%	7.76%	\$ 3,098
2022	\$ 165,500		\$165,500	4.46%	9.30%	\$ 3,521
2021	\$ 177,638		\$177,638	5.02%	9.98%	\$ 3,780
2020	\$ 114,552		\$114,552	3.38%	6.59%	\$ 2,437
2019	\$ 107,900		\$107,900	3.29%	6.41%	\$ 2,296
2018	\$ 103,053		\$103,053	3.15%	6.26%	\$ 2,193
2017	\$ 107,105		\$107,105	3.27%	6.48%	\$ 2,279
2016	\$ 86,352		\$86,352	2.59%	5.32%	\$ 1,837
2015	\$ 90,557		\$90,557	2.75%	5.94%	\$ 1,927
2014	\$ 70,905		\$70,905	2.14%	4.65%	\$ 1,509
2013	\$ 78,815		\$78,815	2.21%	5.21%	\$ 1,677
2012	\$ 61,769		\$61,769	1.72%	4.96%	\$ 1,287
2011	\$ 71,851		\$71,851	2.01%	5.77%	\$ 1,497
2010	\$ 73,024		\$73,024	2.08%	5.91%	\$ 1,520
2009	\$ 73,846		\$73,846	2.11%	6.04%	\$ 1,554

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

CITY OF MIDDLETOWN, CONNECTICUT
SCHEDULE OF DEBT LIMITATION
JUNE 30, 2023
(IN THOUSANDS)

TOTAL TAX COLLECTIONS

received by the Tax Collector for the year ended
 June 30, 2023.....

149,209,117

Reimbursement for Revenue Loss on:

Tax Relief of elderly.....

-

Local Property Tax Relief Fund Trust.....

 149,209,117

	General Purpose	Schools	Sewers	Urban Renewal	Unfunded Past Benefit Obligations
Debt Limitations:					
2-1/4 Times Base..	335,720,513				
4-1/2 Times Base..		671,441,027			
3-3/4 Times Base..			559,534,189		
3-1/4 Times Base..				484,929,630	
3 Times Base ..					447,627,351
Total Debt Limitation	<u>335,720,513</u>	<u>671,441,027</u>	<u>559,534,189</u>	<u>484,929,630</u>	<u>447,627,351</u>

INDEBTEDNESS:

Bonds Payable.....	69,846,768	32,802,500	16,377,141	-	-
Bonds Authorized and unissued.....	77,770,143	9,374,115	17,181,331		
Clean Water Fund Loans..	-		21,762,715		
Grant Commitments.....	-	(7,684,681)	-		
Total Indebtedness	<u>147,616,911</u>	<u>34,491,934</u>	<u>55,321,187</u>	<u>-</u>	<u>-</u>

DEBT LIMITATION IN EXCESS

NET INDEBTEDNESS 188,103,602 636,949,093 504,213,002 484,929,630 447,627,351

NOTE 1: In no event shall total debt exceed seven times annual receipts from taxation. The maximum amount permitted would be \$1,044,463,819.

NOTE 2: Bonds authorized and unissued represent bond authorizations for which bonds have been issued to partially finance the project or bond anticipation notes have been issued.

NOTE 3: Bonds payable do not included Water bonds of \$4,798,592. which are considered to be self-funding. Additionally, water bonds authorized and unissued of \$7,955,352 are not included.

**CITY OF MIDDLETOWN, CONNECTICUT
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS
(IN THOUSANDS)**

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Debt limitation	\$ 1,044,464	\$ 1,037,635	\$ 1,018,500	\$ 992,750	\$ 972,749	\$ 902,412	\$ 876,696	\$ 848,365	\$ 851,007	\$ 787,112
Total net debt applicable to limit	\$ 237,430	\$ 267,806	\$ 293,187	\$ 192,492	\$ 197,655	\$ 196,307	\$ 169,979	\$ 159,757	\$ 119,401	\$ 165,234
Legal debt margin	<u>\$807,034</u>	<u>\$769,829</u>	<u>\$725,313</u>	<u>\$800,258</u>	<u>\$775,094</u>	<u>\$706,105</u>	<u>\$706,717</u>	<u>\$688,608</u>	<u>\$731,606</u>	<u>\$621,878</u>
Total net debt applicable to the limit as a percentage of debt limit	23%	26%	29%	19%	20%	22%	19%	19%	14%	21%

Source: Comprehensive annual financial reports - Schedule of Debt Limitation

Note: See Table 10 for calculation of current year debt limitation.

**CITY OF MIDDLETOWN, CONNECTICUT
DEMOGRAPHIC STATISTICS
LAST TEN FISCAL YEARS**

CALENDAR YEAR	POPULATION(1)	Total Personal Income (expressed in thousands)	PER CAPITA INCOME(2)	MEDIAN AGE(2)	SCHOOL ENROLLMENT(3)	UNEMPLOYMENT RATE(4)
2023	47,108	1,877,019	\$39,845	39.5	4,469	3.7%
2022	46,511	1,779,743	\$38,265	37.0	4,455	4.4%
2021	46,511	1,779,743	\$38,265	37.0	4,413	7.2%
2020	46,473	1,738,648	\$37,412	36.6	4,590	9.2%
2019	46,747	1,682,518	\$35,992	37.0	4,621	3.8%
2018	46,933	1,646,129	\$35,074	36.4	4,582	4.7%
2017	47,218	1,652,252	\$34,992	36.3	4,762	5.3%
2016	47,424	1,623,134	\$34,226	37.1	4,698	6.2%
2015	47,489	1,590,454	\$33,491	37.2	4,827	5.7%
2014	47,333	1,524,359	\$32,205	37.0	4,773	6.6%
2013	47,510	1,513,193	\$31,850	36.6	5,107	8.2%
2012	48,383	1,244,411	\$25,720	36.3	4,967	8.3%
2011	48,383	1,244,411	\$25,720	36.3	5,263	8.9%

**CITY OF MIDDLETOWN, CONNECTICUT
PRINCIPAL EMPLOYERS
2023 AND 2013**

EMPLOYER	NATURE OF BUSINESS	2023			2013		
		EMPLOYEES	RANK	Percentage of Total City Employment	EMPLOYEES	RANK	Percentage of Total City Employment
Middlesex Health System	Private Hospital	3,126	1	12.67%	2,300	2	9.46%
Pratt & Whitney/Raytheon Technologies	Aircraft Engines	2,350	2	9.52%	2,400	1	9.87%
FedEx Ground Package System Inc.	Courier Delivery Service	1,561	3	6.33%			
Connecticut Valley Hospital	State Hospital	1,669	4	6.76%	1,500	3	6.17%
Middletown Board of Education	Education	1,237	5	5.01%	743	5	3.05%
Wesleyan University	Higher Education	1,050	6	4.26%	1,000	4	4.11%
Liberty Bank	Financial Banking	497	7	2.01%	373	7	1.53%
City of Middletown	Government	492	8	1.99%	488	6	2.01%
Jarvis Products	Power Tool Manufacturer	279	9	1.13%	-		
Kamen Aerospace	Electronics System	218	10	0.88%	186	8	0.76%
Dattco	Transportation				140	10	0.58%
Citizens Bank	Financial Banking				140	9	0.58%
TOTAL		<u>12,479</u>			<u>9,270</u>		

Source: City of Middletown,

Chamber of Commerce. Department of Labor, State of Connecticut

**CITY OF MIDDLETOWN, CONNECTICUT
MISCELLANEOUS STATISTICAL DATA
JUNE 30, 2023**

Date of incorporation	1651
Date City Charter adopted	1874
Date present Charter adopted	2000
Form of government	Council-Mayor
Area of City	42.9 square miles
Population:	
1930	25,143
1940	27,214
1950	29,711
1960	33,250
1970	36,924
1980	39,040
1990	42,762
2000	43,217
2010	47,510
2019	46,511
Public education:	
Schools:	
High	1
Middle school complex	1
Elementary	8
Administrative personnel	36
Teachers	486
Other	732
Local enrollment	4,409
Municipal employees:	
(Permanent-exclusive of library)	
Education	1,254
Police and Fire	229
Municipal and other	260
Fire volunteers	46
Fire protection:	
Fire stations	4
Employees:	
Fire fighting	116
Civilian	10
Volunteer	46
Number of hydrants	1,479

**CITY OF MIDDLETOWN, CONNECTICUT
MISCELLANEOUS STATISTICAL DATA (CONTINUED)
JUNE 30, 2023**

Police protection:	
Police station	1
Employees:	
Law enforcement	120
Civilian	14
Animal Control	3
School crossing guards	6
Elections:	
Number of registered voters	28,132
Number of votes cast in:	
Last state election	15,933
Last municipal election	5,782
Percentage of registered voters voting in:	
Last state election	58%
Last municipal election	21%
Municipal parking:	
Metered	625
Municipal garage	-
Other	386
Library:	
Main building	1
Employees:	
Regular	36
Part-time	10
Number of items owned	136,669
Registered borrowers	11,035
Total annual circulation	295,060
Total annual visits	138,529
Miles of streets and alleys:	
Streets - paved	199.1
Streets - unpaved	6.19
Alleys	2.1
Sidewalks	91.5



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