

Annual Comprehensive Financial Report

City of Middletown Connecticut

Fiscal Year Ended June 30, 2024



Office of the Director of Finance

CITY OF MIDDLETOWN, CONNECTICUT
ANNUAL COMPREHENSIVE FINANCIAL REPORT
YEAR ENDED JUNE 30, 2024

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

July 18, 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, 2024. 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, 2024, 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 2, 2021. 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:

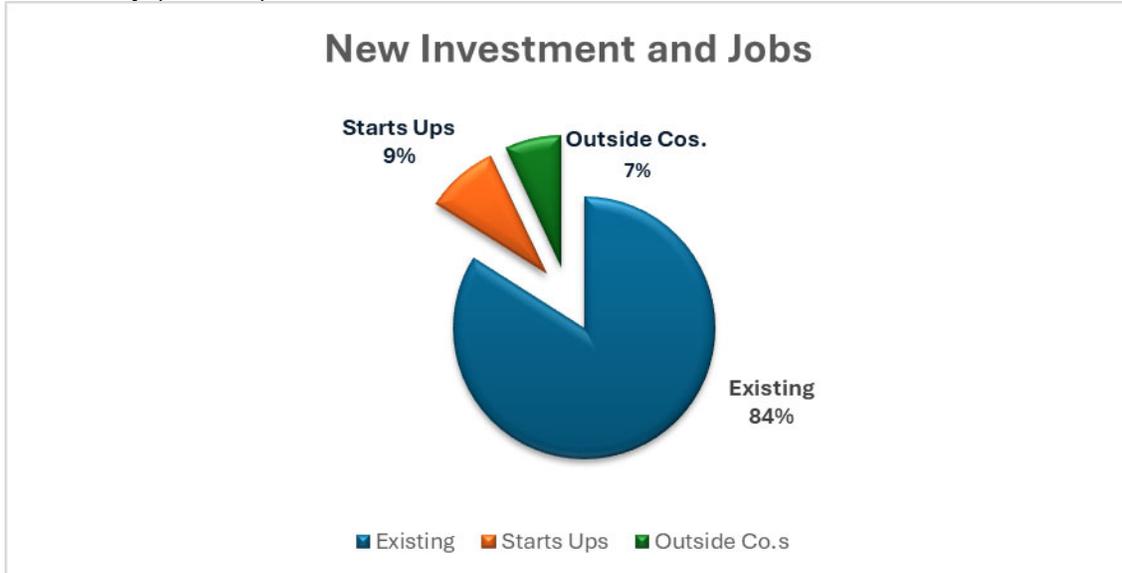
- The Middlesex County Chamber of Commerce - Connecticut's largest
- Middletown Small Business Development Center
- Connecticut Department of Economic and Community Development
- Connecticut Department of Labor
- Workforce Alliance
- Wesleyan University
- Middlesex Community College
- Eversource Energy
- 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 2025.

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.

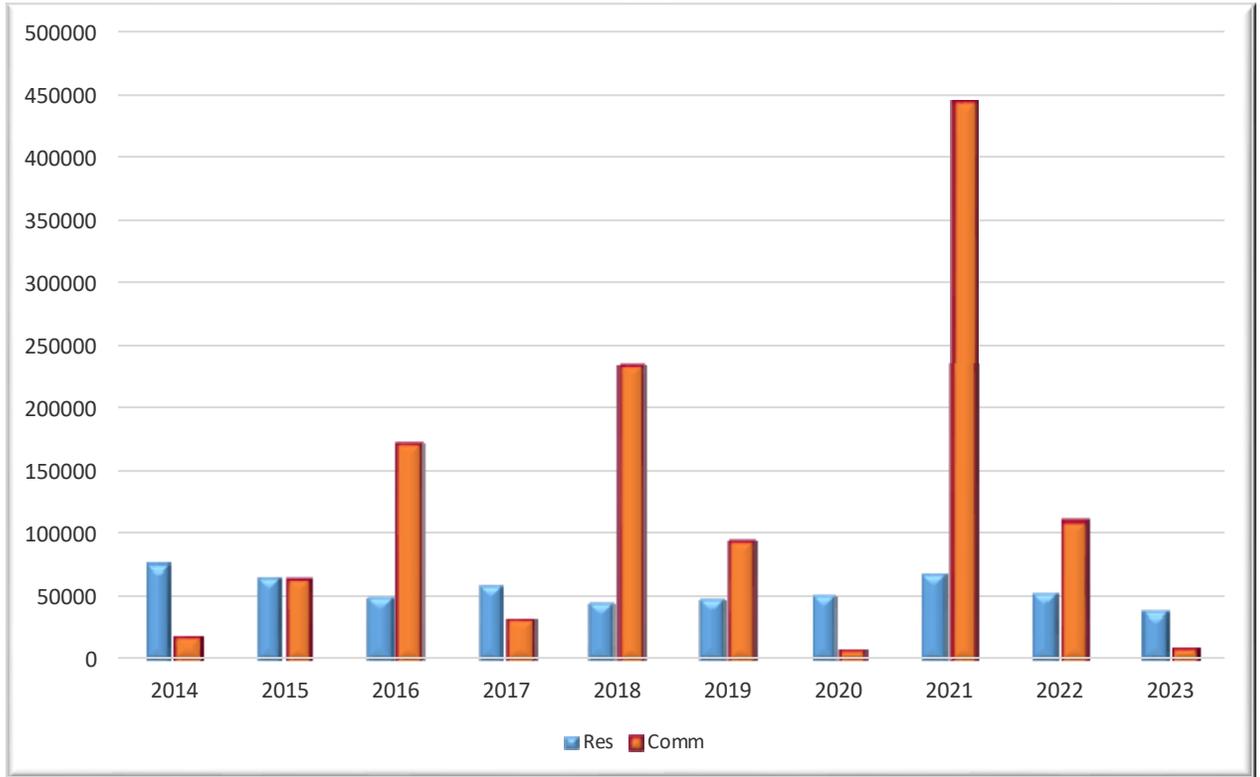
Financing Development

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.

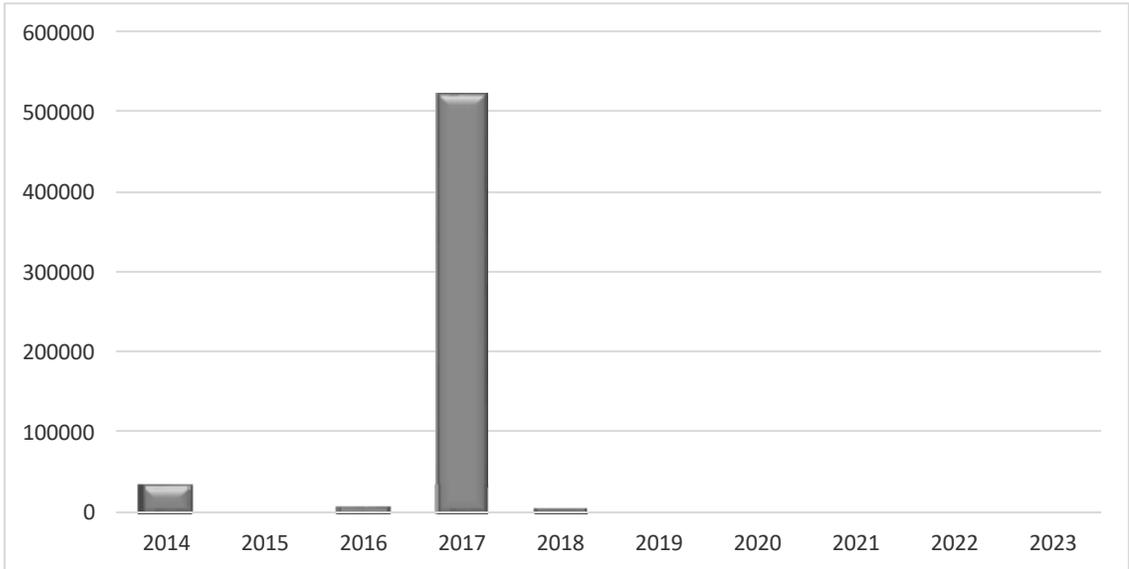
Results

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



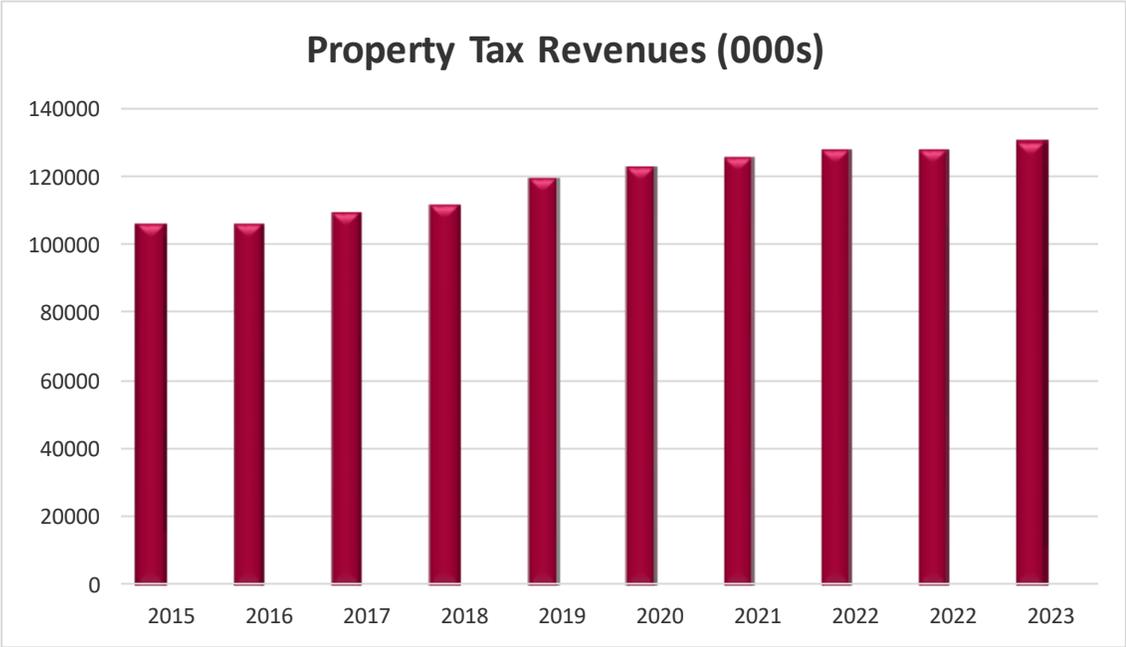
New Industrial Construction (Sq Ft) by Year



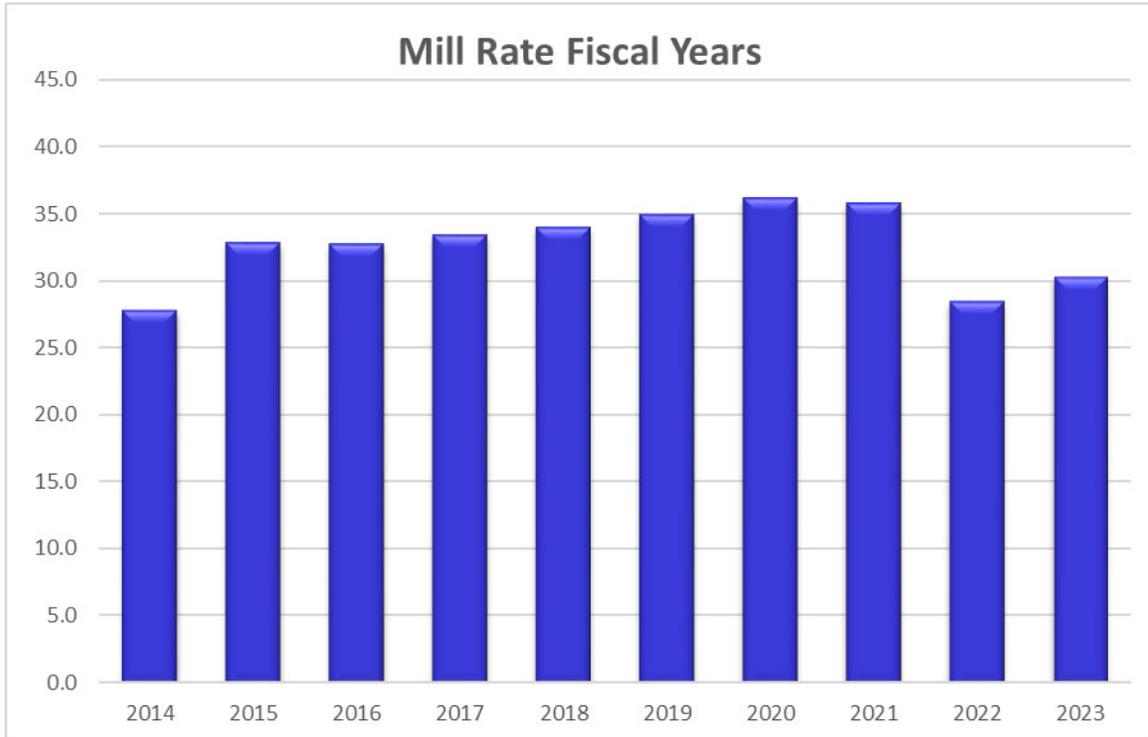
Residential has grown at a steady pace, commercial has trended up since 2014. The City of Middletown recently completed the construction of a new middle school. Industrial has shown major swings due to large projects such as FedEx's 535,000 sq. ft. distribution hub built in 2017. There has been no new 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, 2024.

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, 2024, 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, 2024, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City 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, 2024, 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, 2024, 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, 2024, 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, 2024.

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, 2023 (not presented herein), and have issued our report thereon dated March 28, 2025, 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 General Fund comparative balance sheet and the summarized Combining Internal Service Fund 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 related directly to the underlying accounting and other records used to prepare the 2023 basic financial statements.

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

The information was subjected to the audit procedures applied in the audit of the 2023 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, the General Fund comparative balance sheet and the 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, 2023.

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 July 18, 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
July 18, 2025

**CITY OF MIDDLETOWN, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2024
(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, 2024. 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 \$28.1 million, or 15.4%.
- During the year, the City had expenses that were \$28.1 million less than the \$289.9 million generated in tax and other revenues for governmental programs.
- Total cost of all of the City's programs was \$261.8 million with no new programs added this year.
- The General Fund reported a fund balance this year of \$45.8 million.
- The resources available for appropriation were less than budgetary estimates by \$4.2 million for the General Fund. Expenditures were kept within spending limits by \$2.4 million.

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, 2024
(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, 2024
(IN THOUSANDS)**

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The City's combined net position increased from a year ago from \$182.7 million to \$210.8 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	
	2024	2023
ASSETS		
Current Assets	\$ 128,934	\$ 124,802
Capital Assets, Net of Accumulated Depreciation	528,180	525,533
Total Assets	<u>657,114</u>	<u>650,335</u>
Deferred Outflows of Resources	54,239	81,650
LIABILITIES		
Long-Term Liabilities Outstanding	364,346	374,306
Other Liabilities	22,344	30,278
Total Liabilities	<u>386,690</u>	<u>404,584</u>
Deferred Inflows of Resources	113,901	144,743
NET POSITION		
Net Investment in Capital Assets	358,426	358,347
Restricted	14,612	5,702
Unrestricted	<u>(162,276)</u>	<u>(181,391)</u>
Total Net Position	<u>\$ 210,762</u>	<u>\$ 182,658</u>

Net position of the City's governmental activities increased by 15.4% (\$210.8 million compared to \$182.7 million). Increase in net position is mainly attributable to the increase in property taxes, grants and contributions, investment earnings and reduction in overall expenses. Capital assets increased by \$2.6 million while long-term liabilities decreased by \$10 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, 2024
(IN THOUSANDS)**

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

	Governmental Activities	
	2024	2023
REVENUES		
Program Revenues:		
Charges for Services	\$ 32,048	\$ 31,661
Operating Grants and Contributions	67,574	67,794
Capital Grants and Contributions	5,174	6,185
General Revenues:		
Property Taxes	144,222	142,141
Grants and Contributions Not Restricted to Specific Programs	24,263	22,376
Unrestricted Investment Earnings	5,513	3,692
Other General Revenues	11,117	11,017
Total Revenues	289,911	284,866
PROGRAM EXPENSES		
General Government	12,859	19,154
Public Safety	31,439	31,362
Public Works	15,164	14,696
Health and Human Services	2,309	2,156
Culture and Recreation	8,028	7,546
Employee Benefits and Insurance	21,775	21,183
Education	152,054	153,362
Sewer	8,026	7,647
Water	5,205	5,020
Sanitation	1,873	1,852
Interest on Long-Term Debt	3,075	2,693
Total Program Expenses	261,807	266,671
Net Increase in Net Position	28,104	18,195
Net Position - Beginning of Year	182,658	164,463
NET POSITION - END OF YEAR	\$ 210,762	\$ 182,658

The City's total revenues were \$289.9 million. The total cost of all programs and services was \$261.8 million. Our analysis below considers the operations of governmental activities.

**CITY OF MIDDLETOWN, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2024
(IN THOUSANDS)**

Governmental Activities

More than 49.7% of the revenues were derived from property taxes, followed by 25.1% from operating and capital grants, then 11.1% from charges for services.

Major revenue factors included:

- Property tax revenues recorded for fiscal year 2024 reflects an increase in the total assessed value of all taxable property of 24.9%. The City's property tax rate (mill rate) decreased from 44 to 35.1.
- Operating Grants and contributions of \$67.6 million were virtually the same as prior year.
- Capital grants decreased by \$1 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, 58.1% of the City's expenses relate to education, 12.0% relate to public safety, general government (4.9%), employee benefits and insurance (8.3%), and public works (5.8%).

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 and general government 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 \$52.8 million, which is an increase from last year's total of \$41.4 million.

The City reports five major funds individually in the governmental fund financial statements, the General Fund, the Debt Service Fund, the Capital Projects Fund, the Special Grants Fund (a special revenue fund) and Educational Grants (a special revenue fund).

General Fund. At the end of the current fiscal year, the total fund balance of General Fund was \$45.8 million, while unassigned fund balance was \$40.2 million. In total, the fund balance decreased by \$4.2 million. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total General Fund expenditures. Unassigned fund balance represents 20.6 percent of total general fund budgetary expenditures, while total fund balance represents 23.5 percent of that same amount.

**CITY OF MIDDLETOWN, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2024
(IN THOUSANDS)**

General Fund Budgetary Highlights. Total tax collections were favorable by \$16 thousand. Charges for services were favorable by \$2.0 million with the majority of this coming from building permits.

Under the intergovernmental section, the City experienced a favorable revenue variance of \$3.2 million which is mainly due to state municipal projects and PILOT grants.

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, 2024 fiscal year with an unassigned fund balance of \$40.2 million.

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	\$ 392
Public safety	69
Public works	87
Recreation and community service	18
Sundry Municipal Services	636

Debt Service Fund. The Debt service fund had an increase in fund balance during the current year of \$642 thousand to bring the year end fund balance to 5.8 million. The increase primarily resulted from premium of \$1.9 million on general obligation bonds issued during the year, which was reduced by transfer to general fund of \$1.5 million.

Capital Projects Fund. The fund balance for the Capital Project's Fund increased by \$15.4 million mainly due to the issuance of \$28.0 million in general obligation bonds.

Special Grants Fund. The Special Grants Fund is used to account for resources for the City's state and federal grant related programs and activities. The fund had a decrease of fund balance of \$762 thousand to bring the year end fund balance to a deficit of \$0.4 million. The deficit will be eliminated with future grant reimbursements. The intergovernmental revenue of \$13 million represents state, and federal grants for the programs.

Educational Grants. The Educational Grants Fund is used to account for resources for the Board of Education's state and federal grant related programs and activities. This is the first year that Education Grants fund qualified as a major fund. This fund had an increase of fund balance of \$717 thousand. The fund ended the year with a fund balance of \$7 thousand. The intergovernmental revenue of \$23.2 million represents state, and federal grants for the educational programs.

**CITY OF MIDDLETOWN, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2024
(IN THOUSANDS)**

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2024, the City had \$528.2 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	
	2024	2023
Land	\$ 23.3	\$ 23.3
Infrastructure	222.4	222.4
Buildings and Improvements	115.6	114.1
Machinery, Equipment and Building Contents	20.7	16.0
Right-to-Use Asset	0.9	1.0
Construction in Progress	145.3	148.7
Total	<u>\$ 528.2</u>	<u>\$ 525.5</u>

The City's capital assets increase for 2024 is mainly attributable to continued clean water projects 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.

Long-Term Debt

At June 30, 2024, the City had \$152.0 million in bonds outstanding versus \$145.6 million last year, an increase of 4.4% - as shown in Table 4.

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

	Governmental Activities	
	2024	2023
General Obligation Bonds and Notes	<u>\$ 152.0</u>	<u>\$ 145.6</u>

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.

**CITY OF MIDDLETOWN, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2024
(IN THOUSANDS)**

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 2.5% compared with the prior year of 3.7%.

The appropriation for expenditures totaled \$201.3 million in the adopted budget for the 2024-2025 fiscal year representing an increase of 2.0% compared to the final amended budget for fiscal year ended June 30, 2024. The City is anticipating using \$4.7 million of assigned General Fund fund balance to balance budgeted operations for the 2024-2025 fiscal year.

The City's elected and appointed officials considered many factors when establishing the tax mill rate of 36.8 for the adopted budget for the 2024-2025 fiscal year. There was an increase in mill rate from the 35.1 mill rate established for the 2023-2024 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 2025.

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, 2024
(IN THOUSANDS)

	Primary Government Governmental Activities	Component Unit ECRRA
ASSETS		
Cash and Cash Equivalents	\$ 95,569	\$ 1,997
Investments	1,210	-
Receivables, Net	31,819	32
Due From Fiduciary Funds	268	-
Supplies	68	-
Capital Assets:		
Assets Not Being Depreciated/Amortized	168,567	-
Assets Being Depreciated/Amortized, Net	359,613	20,431
Total Assets	657,114	22,460
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Outflows Related to Pension	37,313	-
Deferred Outflows Related to OPEB	16,926	-
Total Deferred Outflows of Resources	54,239	-
LIABILITIES		
Accounts and Other Payables	12,912	-
Unearned Revenue	9,432	-
Noncurrent Liabilities:		
Due Within One Year	27,767	-
Due in More than One Year	336,579	-
Total Liabilities	386,690	-
DEFERRED INFLOWS OF RESOURCES		
Property Taxes	-	-
Deferred Inflows Related to Leases	1,039	-
Deferred Inflows Related to Pension	12,630	-
Deferred Inflows Related to OPEB	100,232	-
Total Deferred Inflows of Resources	113,901	-
NET POSITION		
Net Investment in Capital Assets	358,426	20,431
Restricted for:		
Debt Service	4,365	-
Grants	7,854	-
Other	1,018	-
Trust Purposes:		
Expendable	74	-
Nonexpendable	1,301	-
Unrestricted	(162,276)	2,029
Total Net Position	\$ 210,762	\$ 22,460

See accompanying Notes to Financial Statements.

**CITY OF MIDDLETOWN, CONNECTICUT
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2024
(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
					Governmental Activities	Unit ECRRA
PRIMARY GOVERNMENT						
Governmental Activities:						
General Government	\$ 12,859	\$ 4,891	\$ 8,213	\$ -	\$ 245	\$ -
Public Safety	31,439	2,943	2,363	1,464	(24,669)	-
Public Works	15,164	553	85	3,633	(10,893)	-
Health and Human Resources	2,309	184	874	52	(1,199)	-
Culture And Recreation	8,028	584	81	25	(7,338)	-
Employee Benefits and Insurance	21,775	-	-	-	(21,775)	-
Education	152,054	2,327	55,958	-	(93,769)	-
Sewer	8,026	12,276	-	-	4,250	-
Water	5,205	6,608	-	-	1,403	-
Sanitation	1,873	1,682	-	-	(191)	-
Interest on Long-Term Debt	3,075	-	-	-	(3,075)	-
Total Primary Government - Governmental Activities	<u>\$ 261,807</u>	<u>\$ 32,048</u>	<u>\$ 67,574</u>	<u>\$ 5,174</u>	<u>\$ (157,011)</u>	<u>\$ -</u>
COMPONENT UNITS						
ECRRA	<u>\$ 3,238</u>	<u>\$ 792</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (2,446)</u>
Total Component Units	<u>\$ 3,238</u>	<u>\$ 792</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (2,446)</u>
GENERAL REVENUES						
Property Taxes					\$ 144,222	\$ -
Grants and Contributions Not Restricted to Specific Programs					24,263	-
Unrestricted Investment Earnings					5,513	35
Miscellaneous					11,117	-
Total General Revenues					<u>185,115</u>	<u>35</u>
CHANGE IN NET POSITION						
					28,104	(2,411)
Net Position - Beginning of Year					<u>182,658</u>	<u>24,871</u>
NET POSITION - END OF YEAR						
					<u>\$ 210,762</u>	<u>\$ 22,460</u>

See accompanying Notes to Financial Statements.

**CITY OF MIDDLETOWN, CONNECTICUT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2024
(IN THOUSANDS)**

	General	Debt Service	Capital Projects	Special Grants	Educational Grants	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS							
Cash and Cash Equivalents	\$ 36,246	\$ 5,856	\$ 6	\$ 7,693	\$ -	\$ 18,473	\$ 68,274
Investments	-	-	-	-	-	1,210	1,210
Receivables, Net	15,563	-	6,368	3,136	318	6,434	31,819
Due from Other Funds	16,663	-	-	-	931	1,300	18,894
Supplies	-	-	-	-	-	68	68
Total Assets	<u>\$ 68,472</u>	<u>\$ 5,856</u>	<u>\$ 6,374</u>	<u>\$ 10,829</u>	<u>\$ 1,249</u>	<u>\$ 27,485</u>	<u>\$ 120,265</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES							
LIABILITIES							
Accounts and Other Payables	\$ 8,207	\$ -	\$ 1,207	\$ 839	\$ -	\$ 428	\$ 10,681
Accrued Liabilities	-	-	-	-	494	242	736
Due to Other Funds	-	-	15,868	-	527	2,231	18,626
Unearned Revenue	-	-	-	9,152	221	59	9,432
Total Liabilities	<u>8,207</u>	<u>-</u>	<u>17,075</u>	<u>9,991</u>	<u>1,242</u>	<u>2,960</u>	<u>39,475</u>
DEFERRED INFLOWS OF RESOURCES							
Unavailable Revenue - Property Taxes	13,457	-	-	-	-	1,724	15,181
Deferred Inflows Related to Leases	1,039	-	-	-	-	-	1,039
Unavailable Revenue - User Charges Receivable	-	-	-	-	-	4,094	4,094
Unavailable Revenue - Grants	-	-	6,368	1,256	-	57	7,681
Total Deferred Inflows of Resources	<u>14,496</u>	<u>-</u>	<u>6,368</u>	<u>1,256</u>	<u>-</u>	<u>5,875</u>	<u>27,995</u>
FUND BALANCES							
Nonspendable	-	-	-	-	-	68	68
Restricted	-	5,856	-	-	7	2,558	8,421
Committed	-	-	-	-	-	16,539	16,539
Assigned	5,596	-	-	-	-	-	5,596
Unassigned	40,173	-	(17,069)	(418)	-	(515)	22,171
Total Fund Balances	<u>45,769</u>	<u>5,856</u>	<u>(17,069)</u>	<u>(418)</u>	<u>7</u>	<u>18,650</u>	<u>52,795</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 68,472</u>	<u>\$ 5,856</u>	<u>\$ 6,374</u>	<u>\$ 10,829</u>	<u>\$ 1,249</u>	<u>\$ 27,485</u>	<u>\$ 120,265</u>

See accompanying Notes to Financial Statements.

CITY OF MIDDLETOWN, CONNECTICUT
BALANCE SHEET (CONTINUED)
GOVERNMENTAL FUNDS
JUNE 30, 2024
(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	\$	52,795
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:		
Governmental Capital Assets		892,938
Less: Accumulated Depreciation/Amortization		<u>(364,758)</u>
Net Capital Assets		528,180
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		15,181
Interest Receivable on Water, Sewer and Sanitation		536
Water, Sewer and Sanitation Receivables		3,558
Grants		7,681
Deferred Outflows Related to Pension		37,313
Deferred Outflows Related to OPEB		16,926
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.		
		20,812
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		(152,045)
Interest Payable on Bonds and Notes		(1,490)
Lease Liability		(910)
Compensated Absences		(9,385)
Total OPEB Liability		(619)
Net OPEB Liability		(159,300)
Net Pension Liability		(20,011)
Bond Premium		(15,598)
Deferred Inflows Related to Pension		(12,630)
Deferred Inflows Related to OPEB		<u>(100,232)</u>
Net Position of Governmental Activities (Exhibit I)	\$	<u>210,762</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, 2024
(IN THOUSANDS)

	General	Debt Service	Capital Projects	Special Grants	Educational Grants	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES							
Property Taxes	\$ 131,340	\$ -	\$ -	\$ -	\$ -	\$ 12,100	\$ 143,440
Licenses and Permits	1,674	-	-	-	-	-	1,674
Intergovernmental	56,712	-	-	12,971	23,226	6,335	99,244
Charges for Services	6,504	-	-	225	1,058	22,515	30,302
Investment Income	3,104	289	-	12	-	765	4,170
Miscellaneous	4,293	-	-	79	6,350	432	11,154
Total Revenues	203,627	289	-	13,287	30,634	42,147	289,984
EXPENDITURES							
Current:							
General Government	12,988	-	-	326	-	1,040	14,354
Public Safety	21,226	-	-	181	-	14,246	35,653
Public Works	7,379	-	-	2,936	-	-	10,315
Health and Human Resources	1,994	-	-	9	-	285	2,288
Culture and Recreation	7,605	-	-	204	-	126	7,935
Employee Benefits and Insurance	21,775	-	-	-	-	-	21,775
Education	111,648	-	-	52	31,600	3,605	146,905
Sewer	-	-	-	-	-	7,970	7,970
Water	-	-	-	-	-	5,053	5,053
Sanitation	9	-	-	-	-	1,840	1,849
Capital Outlay	27	-	12,526	10,233	-	2,861	25,647
Debt Service:							
Principal Retirement	-	21,542	-	-	-	-	21,542
Interest	-	7,205	-	-	-	-	7,205
Total Expenditures	184,651	28,747	12,526	13,941	31,600	37,026	308,491
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES							
	18,976	(28,458)	(12,526)	(654)	(966)	5,121	(18,507)
OTHER FINANCING SOURCES (USES)							
Proceeds from Bonds and Serial Notes	-	-	28,000	-	-	-	28,000
Issuance of Leases	27	-	-	-	-	-	27
Bond Premium	-	1,856	-	-	-	-	1,856
Transfers In	2,196	28,744	-	-	1,683	960	33,583
Transfers Out	(25,414)	(1,500)	(99)	(108)	-	(6,407)	(33,528)
Total Other Financing Sources (Uses)	(23,191)	29,100	27,901	(108)	1,683	(5,447)	29,938
NET CHANGE IN FUND BALANCES							
	(4,215)	642	15,375	(762)	717	(326)	11,431
Fund Balances - Beginning, As Originally Reported							
	49,984	5,214	(32,444)	344	-	18,266	41,364
Adjustment							
Fund Balance - Beginning, As Adjusted	-	-	-	-	(710)	710	-
	49,984	5,214	(32,444)	344	(710)	18,976	41,364
FUND BALANCES - END OF YEAR							
	\$ 45,769	\$ 5,856	\$ (17,069)	\$ (418)	\$ 7	\$ 18,650	\$ 52,795

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, 2024
(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)	\$	11,431
---	----	--------

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		17,783
Depreciation/Amortization Expense		(15,046)

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.

(90)

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		783
Water, Sewer, Sanitation Interest Receivable - Accrual Change		-
Grants		(730)
Change In Deferred Outflows Related To Pension		(17,177)
Change In Deferred Outflows Related To OPEB		(10,234)

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		21,543
Issuance Of Bonds And Notes		(28,000)
Premium On Bonds		(1,856)
Issuance Of Leases		(27)
Lease Payments		191

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		12,544
Net OPEB Liability		(11,992)
Net Pension Liability		13,634
Bond Premium Amortization		4,037
Accrued Interest		92
Change In Deferred Inflows Related to Pension		(11,537)
Change in Deferred Inflows Related to OPEB		42,574

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.

448

Change in Net Position of Governmental Activities (Exhibit II)

\$ 28,104

See accompanying Notes to Financial Statements.

CITY OF MIDDLETOWN, CONNECTICUT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2024
(IN THOUSANDS)

		Governmental Activities
		Internal Service Funds
ASSETS		
Cash and Cash Equivalents	\$	27,295
LIABILITIES		
Current Liabilities:		
Accounts and Other Payables		5
Unpaid Claims - Current		2,113
Total Current Liabilities		2,118
NONCURRENT LIABILITIES		
Unpaid Claims - Noncurrent		4,365
Total Liabilities		6,483
NET POSITION		
Unrestricted	\$	20,812

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, 2024
(IN THOUSANDS)

	Governmental Activities
	Internal Service Funds
OPERATING REVENUES	
Charges for Services	\$ 18,165
Other	6,916
Total Operating Revenues	25,081
OPERATING EXPENSES	
Benefit Payments	8,054
Administration	536
Insurance	17,332
Total Operating Expenses	25,922
OPERATING INCOME (LOSS)	(841)
NONOPERATING REVENUE	
Income on Investments	1,344
INCOME BEFORE TRANSFERS	503
TRANSFERS OUT	(55)
CHANGE IN NET POSITION	448
Net Position - Beginning of Year	20,364
NET POSITION - END OF YEAR	\$ 20,812

See accompanying Notes to Financial Statements.

**CITY OF MIDDLETOWN, CONNECTICUT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2024
(IN THOUSANDS)**

	Governmental Activities
	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES	
Interfund Services Provided or Used	\$ 18,165
Cash Received for Insurance Reimbursements	6,916
Cash Paid to Vendors	(26,088)
Net Cash Used by Operating Activities	(1,007)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Transfers to Other Funds	(55)
CASH FLOWS FROM INVESTING ACTIVITIES	
Income on Investments	1,344
NET DECREASE IN CASH AND CASH EQUIVALENTS	282
Cash and Cash Equivalents - Beginning of Year	27,013
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 27,295
RECONCILIATION OF OPERATING LOSS USED BY OPERATING ACTIVITIES	
Operating Loss	\$ (841)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:	
Decrease in Vouchers and Other Payables	(166)
Net Cash Used by Operating Activities	\$ (1,007)

See accompanying Notes to Financial Statements.

CITY OF MIDDLETOWN, CONNECTICUT
STATEMENT OF NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2024
(IN THOUSANDS)

	Pension and Other Employee Benefit Trust Funds
ASSETS	
Cash and Cash Equivalents	\$ 6,163
Investments:	
U.S. Government Securities	34,785
U.S. Government Agencies	-
Corporate Bonds	147,519
Common Stock	174,113
Mutual Funds	158,793
Receivables:	
Accrued Investment Income	1,736
Total Assets	523,109
LIABILITIES	
Vouchers and Other Payables	228
Due To Other Funds	268
Total Liabilities	496
NET POSITION	
Net Position Restricted for Pension Benefits	485,483
Net Position Restricted for OPEB Benefits	37,130
Total Net Position	\$ 522,613

See accompanying Notes to Financial Statements.

**CITY OF MIDDLETOWN, CONNECTICUT
STATEMENT OF CHANGES IN NET POSITION
FIDUCIARY FUNDS
YEAR ENDED JUNE 30, 2024
(IN THOUSANDS)**

	<u>Pension and Other Employee Benefit Trust Funds</u>
ADDITIONS	
Contributions:	
Employer	\$ 17,877
Plan Members	3,601
Other Revenue	1,808
Total Contributions	<u>23,286</u>
Investment Income (Loss):	
Net Change in Fair Value of Investments	34,758
Interest and Dividends	10,425
Total Investment Gain	<u>45,183</u>
Investment Fees	(992)
Net Investment Income (Loss)	<u>44,191</u>
Total Additions	67,477
DEDUCTIONS	
Benefits	37,238
Other	53
Total Deductions	<u>37,291</u>
CHANGE IN NET POSITION	30,186
Net Position - Beginning of Year	<u>492,427</u>
NET POSITION - END OF YEAR	<u><u>\$ 522,613</u></u>

See accompanying Notes to Financial Statements.

CITY OF MIDDLETOWN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024
(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 develop, finance, construct and operate a solid waste resource recovery system. Under the ECRRA bylaws ECRRA's Board of Directors consists of the three members of the City's Resource Recovery Authority Commission which are appointed from time to time by the Mayor who is one of the three commission members and is, ex officio, the Chairman of the Board of ECRRA. At June 30, 2024, the City is the only member and accordingly it is under the City's control.

Blended Component Unit

The Russell Library Company, a nonprofit corporation, is included in the City's reporting entity as a component unit because the City provides significant operating subsidies. The Russell Library Company operates a free public library for the City residents. The City appoints 6 of the 13 Board of Trustees and funds approximately 95% of operations.

The Russell Library Company's audit report is on file at the Library, 123 Broad Street, Middletown Connecticut, 06457

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.

CITY OF MIDDLETOWN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024
(IN THOUSANDS)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds 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 and OPEB 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, 2024
(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.

The Educational Grants Fund - accounts for financial resources to be used for state and federal special education grant programs.

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, 2024
(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

In June 2022, the GASB issued GASB Statement No. 100, *Accounting Changes and Error Corrections*. The Educational Grants Special Revenue Fund previously met the criteria to be reported as a nonmajor governmental fund. However, effective July 1, 2023, the fund no longer met the criteria to be reported as a nonmajor fund and is reported as a major governmental fund for the fiscal year ended June 30, 2024. The effect of that change to or within the financial reporting entity is shown in the table below.

	Funds	
	Educational Grants Fund	Nonmajor Governmental
Governmental Funds:		
Fund Balance, as Previously Reported June 30, 2023	\$ -	\$ 18,266
Implementation of GASB Statement No. 100	(710)	710
Fund Balance, as Adjusted, at July 1, 2023	\$ (710)	\$ 18,976

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, 2024
(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, 2024
(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, 2024
(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, 2024
(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.

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, 2024
(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 \$9,385. 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, 2024
(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, 2024
(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.

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 select 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, 2024
(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 \$2,375. 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, 2024:

	Amount
Capital Projects Fund*	\$ 17,069
Special Grants Fund**	418
Nonmajor Governmental Funds:	
Special Revenue Funds:	
School Cafeteria Fund **	447

* 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, 2024
(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*, \$82,367 of the City’s bank balance of \$83,802 was exposed to custodial credit risk as follows:

Uninsured and Uncollateralized	\$	74,001
Uninsured and Collateral Held by the Pledging Bank’s Trust Department, Not in the City’s Name		8,366
Total Amount Subject to Custodial Credit Risk	<u>\$</u>	<u>82,367</u>

CITY OF MIDDLETOWN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024
(IN THOUSANDS)

NOTE 3 CASH, CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

Deposits (Continued)

ECRRA

As of June 30, 2024, \$1,547 of ECRRA's bank balance of \$1,997 was exposed to custodial credit risk.

Cash Equivalents

City

At June 30, 2024, the City's cash equivalents amounted to \$26,741. 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, 2024, 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 *	\$ 31	\$ 31	\$ -	\$ -
U.S. Government Securities	34,785	-	2,764	32,021
Corporate Bonds	147,519	6,592	82,204	58,723
Total	\$ 182,335	\$ 6,623	\$ 84,968	\$ 90,744
Other Investments:				
Mutual Funds	\$ 159,973			
Common Stock	174,112			
Total Investments	\$ 516,420			

*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, 2024
(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	\$ 13,593
	Aa1	3,956
	Aa2	8,980
	Aa3	5,498
	A1	14,073
	A2	17,232
	A3	21,648
	Baa1	17,042
	Baa2	7,268
	Baa3	7,647
	Ba1	448
	Ba2	1,564
	Ba3	3,421
	B1	3,059
	B2	4,650
	B3	3,613
	Caa1	519
	Caa2	646
	Ca	262
	Unrated	12,400
	Total	<u>\$ 147,519</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, 2024, 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, 2024
(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, 2024:

	<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	\$ 34,785	\$ 34,785	\$ -	\$ -
U.S. Government Agencies	-	-	-	-
Corporate Bonds	147,519	147,519	-	-
Common Stock	174,112	174,112	-	-
Mutual Funds	159,973	159,973	-	-
Total Investments				
by Fair Value Level	516,389	<u>\$ 516,389</u>	<u>\$ -</u>	<u>\$ -</u>
Investments Not Included Above				
Certificates of Deposit	31			
Total Investments	<u>\$ 516,420</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>Educational Grants</u>	<u>Nonmajor and Other Funds</u>	<u>Total</u>
Receivables:						
Taxes	\$ 9,551	\$ -	\$ -	\$ -	\$ 2,325	\$ 11,876
Interest	5,277	-	-	-	1,736	7,013
Accounts and Other	136	-	-	-	3,578	3,714
Intergovernmental	-	6,368	3,136	318	531	10,353
Leases	1,099	-	-	-	-	1,099
Gross Receivables	16,063	6,368	3,136	318	8,170	34,055
Less: Allowance for Uncollectibles	500	-	-	-	-	500
Total Net Receivables	<u>\$ 15,563</u>	<u>6,368</u>	<u>\$ 3,136</u>	<u>\$ 318</u>	<u>\$ 8,170</u>	<u>\$ 33,555</u>

CITY OF MIDDLETOWN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024
(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, 2024, the City recognized \$255 and \$22 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
2025	\$ 308	\$ 31
2026	277	22
2027	163	15
2028	152	9
2029	134	4
2029-2032	65	1
Total Minimum Lease Payments	\$ 1,099	\$ 82

CITY OF MIDDLETOWN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024
(IN THOUSANDS)

NOTE 5 CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2024, was as follows:

Primary Government

Governmental Activities	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets Not Being				
Depreciated and Amortized:				
Land	\$ 23,333	8	\$ -	\$ 23,341
Construction in Progress	148,691	15,782	(19,247)	145,226
Total Capital Assets Not Being				
Depreciated and Amortized	172,024	15,790	(19,247)	168,567
Capital Assets Being Depreciated				
and Amortized:				
Buildings	245,612	5,686	-	251,298
Machinery, Equipment and				
Building Contents	48,504	7,513	(1,040)	54,977
Infrastructure	408,664	8,014	-	416,678
Right-to-Use - Building	1,396	27	(5)	1,418
Total Capital Assets Being				
Depreciated and Amortized	704,176	21,240	(1,045)	724,371
Less Accumulated Depreciation				
and Amortization for:				
Buildings	(131,537)	(4,167)	-	(135,704)
Machinery, Equipment and Building				
Contents	(32,504)	(2,696)	950	(34,250)
Infrastructure	(186,260)	(7,987)	-	(194,247)
Right-to-Use - Building	(366)	(196)	5	(557)
Total Accumulated				
Depreciation and Amortization	(350,667)	(15,046)	955	(364,758)
Total Capital Assets Being				
Depreciated and Amortized, Net	353,509	6,194	(90)	359,613
Governmental Activities				
Capital Assets, Net	<u>\$ 525,533</u>	<u>\$ 21,984</u>	<u>\$ (19,337)</u>	<u>\$ 528,180</u>

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

Governmental Activities:	
General Government	\$ 3,439
Public Safety	2,257
Public Works	1,813
Education	7,537
Total Depreciation/Amortization Expense -	
Governmental Activities	<u>\$ 15,046</u>

CITY OF MIDDLETOWN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024
(IN THOUSANDS)

NOTE 5 CAPITAL ASSETS (CONTINUED)

Construction Commitments

The City has active construction projects as of June 30, 2024, which include roads, bridges, water and sewer lines, and school building improvements. At June 30, 2024, the City's commitments with contractors is \$63,308.

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, 2024, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital Assets, Being Depreciated:				
Buildings and Systems	\$ 109,901	\$ -	\$ -	\$ 109,901
Less Accumulated Depreciation for:				
Buildings and Systems	<u>(86,327)</u>	<u>(3,143)</u>	<u>-</u>	<u>(89,470)</u>
ECRRA Capital Assets, Net	<u>\$ 23,574</u>	<u>\$ (3,143)</u>	<u>\$ -</u>	<u>\$ 20,431</u>

NOTE 6 INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

At June 30, 2024, the amounts due to and from other funds were as follows:

	<u>Due From Other Funds</u>	<u>Due to Other Funds</u>
General Fund	\$ 16,663	\$ -
Capital Projects Fund	-	15,868
Educational Grants	931	527
Nonmajor Governmental Funds	1,300	2,231
Fiduciary Funds	-	268
Total	<u>\$ 18,894</u>	<u>\$ 18,894</u>

The above balances represent temporary advances for operating cash requirements.

CITY OF MIDDLETOWN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024
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NOTE 6 INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS (CONTINUED)

Interfund transfers:

	Transfers In				Total
	General Fund	Debt Service Fund	Educational Grants	Nonmajor Governmental	
Transfers Out:					
General Fund	\$ -	\$ 22,771	\$ 1,683	\$ 960	\$ 25,414
Nonmajor Governmental	533	5,874	-	-	6,407
Capital Projects	-	99	-	-	99
Special Grants	108	-	-	-	108
Debt Service Fund	1,500	-	-	-	1,500
Internal Service Funds	55	-	-	-	55
Total Transfers Out	\$ 2,196	\$ 28,744	\$ 1,683	\$ 960	\$ 33,583

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, 2024, was as follows:

Governmental Activities	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Bonds and Notes Payable:					
General Obligation Bonds	\$ 123,825	28,000	\$ 20,195	\$ 131,630	\$ 20,230
Direct Borrowings -					
Clean Water Notes Payable	21,763	-	1,348	20,415	1,347
Unamortized Bond Premium	17,779	1,856	4,037	15,598	-
Total Bonds and Notes Payable	163,367	29,856	25,580	167,643	21,577
Compensated Absences	9,118	377	110	9,385	3,285
Lease Liability	1,074	27	191	910	173
Net Pension Liability	33,645	-	13,634	20,011	-
Net OPEB Liability	147,308	-	239	147,069	-
Total OPEB Liability	13,163	-	313	12,850	619
Risk Management	6,631	-	153	6,478	2,113
Total Governmental Activities Long-Term Liabilities	\$ 374,306	\$ 30,260	\$ 40,220	\$ 364,346	\$ 27,767

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
JUNE 30, 2024
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NOTE 7 LONG-TERM DEBT (CONTINUED)

The annual requirements to amortize bonds payable as of June 30, 2024, are as follows:

Bonds Payable Due Fiscal Year Ending June 30,	Principal	Interest	Total
2025	\$ 20,230	\$ 6,306	\$ 26,536
2026	20,050	5,313	25,363
2027	16,840	4,344	21,184
2028	16,155	3,534	19,689
2029	14,270	2,745	17,015
2030-2034	42,970	4,884	47,854
2035-2039	1,115	48	1,163
Total	<u>\$ 131,630</u>	<u>\$ 27,174</u>	<u>\$ 158,804</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, 2024:

Clean Water Notes Payable Due Fiscal Year Ending June 30,	Principal	Interest	Total
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	1,347	288	1,635
2030-2034	6,736	1,037	7,773
2035-2039	6,736	363	7,099
2040-2044	208	2	210
Total	<u>\$ 20,415</u>	<u>\$ 3,112</u>	<u>\$ 23,527</u>

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

NOTE 7 LONG-TERM DEBT (CONTINUED)

Bonds payable at June 30, 2024, are comprised of the following:

Date	Purpose	Rate Percent	Original Issue	Debt Outstanding	Date of Fiscal Year Maturity
4/2/2015	General Purpose	2.00% to 5.00%	\$ 22,837	\$ 4,568	2026
4/2/2015	Water	2.00% to 5.00%	4,013	802	2026
4/2/2015	Sewer	2.00% to 5.00%	2,992	598	2026
4/2/2015	Schools	2.00% to 5.00%	2,459	492	2026
4/14/2016	General Purpose	3.00% to 4.00%	7,000	2,100	2027
4/12/2017	General Purpose	3.00% to 5.00%	19,000	7,600	2028
4/12/2018	General Purpose	2.00% to 5.00%	9,662	4,831	2029
4/12/2018	Schools	2.00% to 5.00%	338	169	2029
4/11/2019	General Purpose	5.00%	13,760	8,256	2030
4/11/2019	Schools	5.00%	2,700	1,620	2030
4/11/2019	Sewer	5.00%	1,087	652	2030
4/11/2019	Water	5.00%	453	272	2030
4/16/2020	General Purpose	5.00%	8,006	5,607	2031
4/16/2020	Schools	5.00%	9,052	6,335	2031
4/16/2020	Sewer	5.00%	1,650	1,155	2031
4/16/2020	Water	5.00%	792	553	2031
3/30/2021	General Purpose	5.00%	14,225	11,376	2032
3/30/2021	Schools	5.00%	24,058	19,248	2032
3/30/2021	Sewer	5.00%	3,648	2,920	2032
3/30/2021	Water	5.00%	2,069	1,656	2032
5/13/2021	General Purpose	4.00% to 5.00%	1,795	935	2036
5/13/2021	Sewer	4.00% to 5.00%	9,160	7,395	2036
3/30/2022	General Purpose	5.00%	12,431	11,195	2033
3/30/2022	Schools	5.00%	1,000	900	2033
3/30/2022	Sewer	5.00%	2,061	1,855	2033
3/30/2022	Water	5.00%	608	540	2033
11/16/2023	General Purpose	4.00% to 5.00%	23,440	23,440	2034
11/16/2023	Schools	4.00% to 5.00%	1,058	1,058	2034
11/16/2023	Sewer	4.00% to 5.00%	1,614	1,614	2034
11/16/2023	Water	4.00% to 5.00%	1,888	1,888	2034
			<u>\$ 204,856</u>	<u>\$ 131,630</u>	

Notes payable at June 30, 2024, are comprised of the following:

Principal Amount of Debt Indebtedness				Debt Outstanding	Date of Fiscal Year Maturity
Date	Purpose	Rate Percent	Original Issue		
1/29/2021	Clean Water Fund	2 %	\$ 24,531	\$ 19,000	2040
7/12/2021	Clean Water Fund	2	1,751	1,415	2040
			<u>\$ 26,282</u>	<u>\$ 20,415</u>	

Bonds authorized and unissued amounted to \$79 million at June 30, 2024.

CITY OF MIDDLETOWN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024
(IN THOUSANDS)

NOTE 7 LONG-TERM DEBT (CONTINUED)

The total of the City's indebtedness does not exceed the legal debt limitation of \$1,044 million. The limitation is seven times the base of annual receipts from taxation as defined.

Category	Debt Limit	Net Indebtedness	Balance
General Purpose	\$ 335,720	\$ 134,269	\$ 201,451
Schools	671,441	30,511	640,930
Sewer	559,534	65,178	494,356
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:

Year Ending June 30,	Governmental Activities	
	Principal	Interest
2025	\$ 173	\$ 33
2026	174	26
2027	181	19
2028	188	11
2029	194	3
Total Minimum Lease Payments	<u>\$ 910</u>	<u>\$ 92</u>

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

	Governmental Activities
Building	\$ 1,415
Equipment	3
Less: Accumulated Amortization	(557)
Total	<u>\$ 861</u>

CITY OF MIDDLETOWN, CONNECTICUT
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NOTE 8 FUND BALANCE

The component of fund balance for the governmental funds at June 30, 2024, are as follows:

	General Fund	Debt Service Fund	Capital Projects Fund	Special Grants Fund	Educational Grants Fund	Nonmajor Governmental Funds	Total
Fund Balances:							
Nonspendable:							
Inventory	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 68	\$ 68
Restricted for:							
Grants	-	-	-	-	7	1,183	1,190
Permanent Funds	-	-	-	-	-	1,375	1,375
Debt Service	-	5,856	-	-	-	-	5,856
Committed to:							
Fire District	-	-	-	-	-	1,298	1,298
Sanitary Disposal District	-	-	-	-	-	611	611
Water Distribution Operations	-	-	-	-	-	568	568
Landfill Waste and Recycling	-	-	-	-	-	919	919
Sewer Operations	-	-	-	-	-	2,747	2,747
Middletown Business Improvement	-	-	-	-	-	11	11
Sewage Disposal	-	-	-	-	-	4,124	4,124
Police Benevolence	-	-	-	-	-	3	3
Library	-	-	-	-	-	13	13
Dog Fund	-	-	-	-	-	8	8
Parking District	-	-	-	-	-	103	103
Student Activities	-	-	-	-	-	603	603
Capital Projects	-	-	-	-	-	5,531	5,531
Assigned to:							
General Government	403	-	-	-	-	-	403
Public Safety	87	-	-	-	-	-	87
Public Works	282	-	-	-	-	-	282
Health and Human Resources	18	-	-	-	-	-	18
Culture And Recreation	13	-	-	-	-	-	13
Education	53	-	-	-	-	-	53
Assigned for Subsequent Year's Budget	4,740	-	-	-	-	-	4,740
Unassigned	40,173	-	(17,069)	(418)	-	(515)	22,171
Total Fund Balances	<u>\$ 45,769</u>	<u>\$ 5,856</u>	<u>\$ (17,069)</u>	<u>\$ (418)</u>	<u>\$ 7</u>	<u>\$ 18,650</u>	<u>\$ 52,795</u>

Significant encumbrances at June 30, 2024, are contained in the above table. General Fund encumbrances amounted to \$856.

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
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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. 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, 2024, the City reported an outstanding liability of \$900 for claims incurred during the 2023-2024 fiscal year, as well as prior years' claims within the deductible and self-insured retentions.

Workers' Compensation

At the close of June 30, 2024, the City reported an outstanding liability of \$3,465 for claims incurred during the 2023-2024 fiscal year, as well as claims pending from prior years.

Employee Health Benefits

At the close of June 30, 2024, the City reported an outstanding liability of \$2,113 (medical/ dental/prescription drug) for claims incurred but not reported during the 2023-2024 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:

	Claims Payable July 1	Current Year Claims and Changes in Estimates	Claims Paid	Claims Payable June 30
<u>Health Benefits Fund</u>				
2022-23	\$ 2,117	\$ 12,656	\$ 12,499	\$ 2,274
2023-24	2,274	14,216	14,377	2,113
<u>Property and Casualty Fund</u>				
2022-23	800	576	676	700
2023-24	700	405	205	900
<u>Workers' Compensation Fund</u>				
2022-23	3,465	2,444	2,252	3,657
2023-24	3,657	1,485	1,677	3,465

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 to develop, finance, construct, and operate a solid waste resource recovery system.

At June 30, 2024, the City was the only member of ECRRA. ECRRA is empowered to issue revenue 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 ECRRA revenue bonds for the cost of a solid waste facility. In October 1993, revenue bonds amounting to \$128,150 were issued by the Authority. The City has no financial obligation regarding any of ECRRA's activities, contracts, or indebtedness. At June 30, 2024, ECRRA has no outstanding bonds.

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

On January 18, 1996 ECRRA's 500-ton per day resource recovery facility, located in Lisbon Connecticut, commenced commercial operations. Under the project documents, the City has no requirement to deliver acceptable waste to the project or to pay disposal fees to ECRRA, However the City has the option, exercisable annually, to elect to enter into a waste disposal agreement with ECRRA upon the most favorable terms provided by ECRRA to any other waste supplier. At June 30, 2024 the City has not elected to enter into a waste disposal agreement with ECRRA.

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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(IN THOUSANDS)**

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	46	818
Total Participants	1,325	545	1,870

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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(IN THOUSANDS)**

NOTE 11 POSTEMPLOYMENT BENEFITS (CONTINUED)

City and Board of Education (Continued)

C. Investments (Continued)

Rate of Return

For the year ended June 30, 2024, the annual money-weighted rate of return on investments, net of investment expense, was 5.84% 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, 2024. The components of the Net OPEB liability of the City at June 30, 2024, were as follows:

Total OPEB Liability	\$ 184,199
Plan Fiduciary Net Position	<u>37,130</u>
Net OPEB Liability	<u>\$ 147,069</u>

Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	20.16%
--	--------

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, 2024, are summarized in the following table:

City

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
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	<u>100.00 %</u>	

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)

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, 2023	\$ 177,990	\$ 30,682	\$ 147,308
Changes for the Year:			
Service Cost	3,323	-	3,323
Interest on Total OPEB Liability	12,091	-	12,091
Difference Between Expected and Actual Experience	3,177	-	3,177
Changes of Benefit Terms	-	-	-
Changes in Assumptions	-	-	-
Employer Contributions	-	13,179	(13,179)
Employee Contributions	-	57	(57)
Other Revenue	-	1,808	(1,808)
Net Investment Income (Loss)	-	3,839	(3,839)
Benefit Payments	(12,382)	(12,382)	-
Administrative Expense	-	(53)	53
Net Changes	<u>6,209</u>	<u>6,448</u>	<u>(239)</u>
Balances as of June 30, 2024	<u>\$ 184,199</u>	<u>\$ 37,130</u>	<u>\$ 147,069</u>

CITY OF MIDDLETOWN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
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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, 2023	\$ 13,163
Changes for the Year:	
Service Cost	154
Interest on Total OPEB Liability	477
Difference Between Expected and Actual Experience	(58)
Changes in Assumptions or Other Inputs	(367)
Benefit Payments	(519)
Net Changes	(313)
Balances as of June 30, 2024	\$ 12,850

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	\$ 170,982	\$ 147,069	\$ 127,443

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 (2.93%)	Current Discount Rate (3.93%)	1% Increase (4.93%)
Total OPEB Liability	\$ 14,236	\$ 12,850	\$ 11,657

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	<u>\$ 125,248</u>	<u>\$ 147,069</u>	<u>\$ 173,912</u>

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	<u>\$ 11,384</u>	<u>\$ 12,850</u>	<u>\$ 14,571</u>

CITY OF MIDDLETOWN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
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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, 2024, the City recognized OPEB expense (benefit) of (\$19,302), of which (\$18,389) was reported for the City plan and (\$913) was reported for the BOE plan. At June 30, 2024, 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	\$ 4,639	\$ 27,021	\$ -	\$ 11,766	\$ 4,639	\$ 38,787
Changes of Assumptions	8,372	53,960	3,915	6,744	12,287	60,704
Net Difference Between Projected and Actual Earning on Pension Plan Investments	-	741	-	-	-	741
Total	<u>\$ 13,011</u>	<u>\$ 81,722</u>	<u>\$ 3,915</u>	<u>\$ 18,510</u>	<u>\$ 16,926</u>	<u>\$ 100,232</u>

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
2025	\$ (23,090)	\$ (1,436)	\$ (24,526)
2026	(27,470)	(1,436)	(28,906)
2027	(13,584)	(1,436)	(15,020)
2028	(5,097)	(1,436)	(6,533)
2029	530	(1,436)	(906)
Thereafter	-	(7,415)	(7,415)
Total	<u>\$ (68,711)</u>	<u>\$ (14,595)</u>	<u>\$ (83,306)</u>

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 \$220 per month for a retired member plus an additional \$220 per month for a spouse enrolled in a local school district plan is provided to the school district to first offset the retiree's share of the cost of coverage, 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 \$440 per month may be paid for a retired member, spouse or the surviving spouse of a member who has attained the normal retirement age to participate in Medicare, is not eligible for Part A of Medicare without cost and contributes at least \$440 per month towards coverage under a local school district plan.

Any member 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 \$220 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
JUNE 30, 2024
(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, 2024, the amount of "on-behalf" contributions made by the State was \$201 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, 2024, 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		14,948
Total		\$ 14,948

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, 2023. At June 30, 2024, the City has no proportionate share of the net OPEB liability.

For the year ended June 30, 2024, the City recognized OPEB expense and revenue of (\$1,761) in Exhibit II for on-behalf amounts for the benefits provided by the State.

**CITY OF MIDDLETOWN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024
(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, 2023, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Healthcare Cost Trend Rates	Known increases until calendar year 2024, then general trend decreasing to an ultimate rate of 4.50% by 2031
Salary Increases	3.00-6.50% Including Inflation
Investment Rate of Return	3.00%, net of OPEB plan investment expense, including inflation.
Year Fund Net Position Will Be Depleted	2028

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, 2023 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 3.53% to 3.64%;
- Expected annual per capita claims costs were updated to better reflect anticipated medical and prescription drug claim experience.

CITY OF MIDDLETOWN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024
(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 (0.77%).

G. Discount Rate

The discount rate used to measure the total OPEB liability was 3.64%. 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, 2023.

In addition to the actuarial methods and assumptions of the June 30, 2023, 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 2028 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, 2024
(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, 2024
(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, 2023, PERS membership consisted of:

Retirees, Disabled, and Beneficiaries Currently Receiving Benefits	546
Terminated Employees Entitled to Benefits but Not Yet Receiving Them	35
Active Plan Members	581
Total	1,162

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, 2024
(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, 2024, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 8.86%. 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, 2024, were as follows:

Total Pension Liability	\$	505,494
Plan Fiduciary Net Position		485,483
Net Pension Liability		20,011
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability		96.04 %

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation and measurement date as of June 30, 2024, 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, 2024 (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 %	5.15 %
Mid Cap	7.00	5.73
Small Cap	6.00	6.48
International Developed Equities	13.00	6.23
International Emerging Market Equities	8.00	8.40
Real Estate	5.00	5.52
U.S. Investment Grade Bonds	35.50	1.71
U.S. High Yield Bonds	4.50	4.02
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, 2024
(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, 2023	\$ 495,390	\$ 461,745	\$ 33,645
Changes for the Year:			
Service Cost	10,172	-	10,172
Interest on Total Pension Liability	34,041	-	34,041
Differences Between Expected and Actual Experience	5,659	-	5,659
Effect of Assumptions Changes or Inputs	(14,912)	-	(14,912)
Benefit Payments	(24,856)	(24,856)	-
Employer Contributions	-	4,698	(4,698)
Member Contributions	-	3,544	(3,544)
Net Investment Income	-	40,352	(40,352)
Net Changes	10,104	23,738	(13,634)
Balances as of June 30, 2024	<u>\$ 505,494</u>	<u>\$ 485,483</u>	<u>\$ 20,011</u>

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	<u>\$ 86,293</u>	<u>\$ 20,011</u>	<u>\$ (34,673)</u>

CITY OF MIDDLETOWN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024
(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, 2024, the City recognized pension expense of \$19,779. At June 30, 2024, 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	\$ 8,924	\$ 163
Changes of Assumptions	4,294	12,467
Net Difference Between Projected and Actual Earning on Pension Plan Investments	24,095	-
Total	\$ 37,313	\$ 12,630

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

<u>Year Ending June 30,</u>	<u>Amount</u>
2025	\$ 9,885
2026	24,188
2027	(4,462)
2028	(3,259)
2029	(1,517)
Thereafter	(152)
Total	\$ 24,683

CITY OF MIDDLETOWN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024
(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	\$ 4,062	\$ 2,101	\$ 6,163
Investments:			
U.S. Government Securities	34,785	-	34,785
Corporate Bonds	147,519	-	147,519
Common Stock	167,278	6,835	174,113
Mutual Funds	130,593	28,200	158,793
Receivables:			
Accrued Investment Income	1,735	1	1,736
Total Assets	485,972	37,137	523,109
LIABILITIES			
Vouchers And Other Payables	221	7	228
Due To Other Funds	268	-	268
Total Liabilities	489	7	496
NET POSITION			
Net Position Restricted for Pension and OPEB Benefits	\$ 485,483	\$ 37,130	\$ 522,613

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 (Continued)

	Pension Trust Fund	OPEB Trust Fund	Total
	<u> </u>	<u> </u>	<u> </u>
ADDITIONS			
Contributions:			
Employer	\$ 4,698	\$ 13,179	\$ 17,877
Plan Members	3,544	57	3,601
Other Revenue	-	1,808	1,808
Total Contributions	<u>8,242</u>	<u>15,044</u>	<u>23,286</u>
Investment Income:			
Net Change in Fair Value of Investments	31,211	3,547	34,758
Interest and Dividends	<u>10,133</u>	<u>292</u>	<u>10,425</u>
Total Investment Gain (Loss)	41,344	3,839	45,183
Investment Fees	<u>(992)</u>	<u>-</u>	<u>(992)</u>
Net Investment Income (Loss)	<u>40,352</u>	<u>3,839</u>	<u>44,191</u>
Total Additions	48,594	18,883	67,477
DEDUCTIONS			
Benefits	24,856	12,382	37,238
Administrative	-	53	53
Total Deductions	<u>24,856</u>	<u>12,435</u>	<u>37,291</u>
CHANGE IN NET POSITION	23,738	6,448	30,186
Net Position - Beginning of Year	<u>461,745</u>	<u>30,682</u>	<u>492,427</u>
NET POSITION - END OF YEAR	<u>\$ 485,483</u>	<u>\$ 37,130</u>	<u>\$ 522,613</u>

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
JUNE 30, 2024
(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 with a minimum of 20 years of Connecticut service, or age 55 with 20 years of credited service with a minimum of 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, 2024, the amount of "on-behalf" contributions made by the State was \$14,805 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 pensionable 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, 2024, 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		159,557
Total		<u>159,557</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, 2023. At June 30, 2024, the City has no proportionate share of the net pension liability.

For the year ended June 30, 2024, the City recognized pension expense and revenue of \$15,277 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
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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, 2023, 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:

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

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
JUNE 30, 2024
(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:

<u>Asset Class</u>	<u>Expected Return</u>	<u>Target Allocation</u>
Global Equity	6.80 %	37.00 %
Public Credit	2.90	2.00
Core Fixed Income	0.40	13.00
Liquidity Fund	(0.40)	1.00
Risk Mitigation	0.10	5.00
Private Equity	11.20	15.00
Private Credit	6.10	10.00
Real Estate	6.20	10.00
Infrastructure and Natural Resources	7.70	7.00
Total		<u>100.00 %</u>

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
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(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, 2024, 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, 2024, taxes abated through this program total \$2,528. 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.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF MIDDLETOWN, CONNECTICUT
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES
BUDGET AND ACTUAL (NON-GAAP BASIS)
YEAR ENDED JUNE 30, 2024
(IN THOUSANDS)

	Budgeted Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Final		
REVENUES				
Taxes:				
General Property Taxes	\$ 130,717	\$ 130,717	\$ 129,884	\$ (833)
Penalties and Interest on Delinquent Taxes	607	607	1,456	849
Total Taxes	<u>131,324</u>	<u>131,324</u>	<u>131,340</u>	<u>16</u>
Licenses and Permits:				
Business Licenses and Permits	70	70	144	74
Nonbusiness Licenses and Permits	575	575	1,530	955
Total Licenses and Permits	<u>645</u>	<u>645</u>	<u>1,674</u>	<u>1,029</u>
Intergovernmental Revenues	38,483	38,483	41,706	3,223
Charges for Services:				
General Government	2,167	2,167	3,236	1,069
Public Safety	2,031	2,031	2,926	895
Culture and Recreation	240	240	342	102
Total Charges for Services	<u>4,438</u>	<u>4,438</u>	<u>6,504</u>	<u>2,066</u>
Miscellaneous Revenue:				
Interest	1,000	1,000	3,104	2,104
Other	16,754	16,754	4,283	(12,471)
Total Miscellaneous Revenue	<u>17,754</u>	<u>17,754</u>	<u>7,387</u>	<u>(10,367)</u>
Total Revenues	192,644	192,644	188,611	(4,033)
OTHER FINANCING SOURCES				
Transfers in	2,355	2,355	2,196	(159)
Total Other Financing Sources	<u>2,355</u>	<u>2,355</u>	<u>2,196</u>	<u>(159)</u>
Total	<u>\$ 194,999</u>	<u>\$ 194,999</u>	<u>\$ 190,807</u>	<u>\$ (4,192)</u>

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	\$ 14,805
OPEB	201
Lease activity not budgeted	<u>37</u>

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

\$ 205,850

CITY OF MIDDLETOWN, CONNECTICUT
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
YEAR ENDED JUNE 30, 2024
(IN THOUSANDS)

	Budgeted Amounts			Variance Favorable (Unfavorable)
	Original	Final	Actual	
EXPENDITURES				
General Government:				
Mayor's Office	\$ 1,025	\$ 1,018	\$ 761	\$ 257
Finance	3,003	3,044	3,038	6
Town Clerk	386	404	398	6
City Attorney	970	1,032	1,032	-
Tax Collector	517	421	421	-
Registrar of Voters	418	423	387	36
Tax Assessor	512	548	542	6
Common Council	252	258	230	28
Office of Equity and Diversity Management	257	283	278	5
Planning Conservation and Development	-	-	-	-
Personnel Department	412	381	378	3
Land Use	528	560	559	1
Treasurer	2	2	2	-
Computer/Telecommunication	2,423	2,397	2,353	44
Total	<u>10,705</u>	<u>10,771</u>	<u>10,379</u>	<u>392</u>
Public Safety:				
Police	17,058	17,960	17,960	-
Office of Emergency Management	95	95	69	26
Canine Control	296	289	289	-
Parking Authority/ECD	1,595	1,475	1,444	31
Fire Alarms	236	248	236	12
Central Communications	2,653	2,642	2,642	-
Total	<u>21,933</u>	<u>22,709</u>	<u>22,640</u>	<u>69</u>
Public Works:				
Administration	529	496	493	3
Inspections and Permits	398	422	415	7
Garage, Highway and Engineering	4,191	4,346	4,320	26
Building and Grounds	520	743	723	20
Sanitation Landfill	206	209	199	10
Traffic Paint	197	186	181	5
Parking Lots	1,779	1,867	1,865	2
Town Aid	586	590	588	2
Recycling	206	200	188	12
Total	<u>8,612</u>	<u>9,059</u>	<u>8,972</u>	<u>87</u>

**CITY OF MIDDLETOWN, CONNECTICUT
 SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
 BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) (CONTINUED)
 YEAR ENDED JUNE 30, 2024
 (IN THOUSANDS)**

EXPENDITURES (CONTINUED)	Budgeted Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Final		
Health	\$ 954	\$ 941	\$ 941	\$ -
Parks and Recreation	2,600	2,671	2,653	18
Russell Library	3,398	3,339	3,330	9
Education	98,204	96,521	96,521	-
Sundry Municipal Services:				
Youth Services	320	341	340	1
Human Relations	491	576	561	15
Reserve for Salaries	652	620	-	620
Total	<u>1,463</u>	<u>1,537</u>	<u>901</u>	<u>636</u>
Special Accounts	1,398	1,598	1,448	150
Employee Benefits	19,168	19,262	19,260	2
Insurance - Bonds	<u>2,548</u>	<u>2,548</u>	<u>2,548</u>	<u>-</u>
Total Expenditures	<u>170,983</u>	<u>170,956</u>	<u>169,593</u>	<u>1,363</u>
Other Financing Uses:				
Transfers Out	<u>24,016</u>	<u>26,418</u>	<u>25,414</u>	<u>1,004</u>
Total	<u>\$ 194,999</u>	<u>\$ 197,374</u>	<u>\$ 195,007</u>	<u>\$ 2,367</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	\$ 14,805
OPEB	201

Lease proceeds activity not budgeted for 27

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 25

Total Expenditures and Other Financing Uses as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds - Exhibit IV \$ 210,065

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, 2024
(IN THOUSANDS)

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total Pension Liability:										
Service Cost	\$ 10,172	\$ 10,145	\$ 9,856	\$ 9,381	\$ 8,903	\$ 8,864	\$ 8,452	\$ 8,184	\$ 7,434	\$ 6,840
Interest	34,041	32,516	30,940	29,119	27,705	26,706	25,332	24,146	23,780	23,472
Changes of Benefit Terms	-	-	-	-	-	-	-	726	-	-
Differences Between Expected and Actual Experience	5,659	3,491	4,221	1,659	(4,242)	(2,950)	3,084	995	(6,518)	(2,268)
Changes of Assumptions	(14,912)	-	6,531	6,179	6,639	-	-	4,305	9,310	(692)
Benefit Payments, Including Refunds of Member Contributions	(24,856)	(23,344)	(21,874)	(19,743)	(18,823)	(17,978)	(17,344)	(16,314)	(15,704)	(15,195)
Net Change in Total Pension Liability	10,104	22,808	29,674	26,595	20,182	14,642	19,524	22,042	18,302	12,157
Total Pension Liability - Beginning	495,390	472,582	442,908	416,313	396,131	381,489	361,965	339,923	321,621	309,464
Total Pension Liability - Ending	505,494	495,390	472,582	442,908	416,313	396,131	381,489	361,965	339,923	321,621
Plan Fiduciary Net Position:										
Contributions - Employer	4,698	4,208	4,295	4,271	4,192	4,008	3,401	2,807	2,630	2,794
Contributions - Member	3,544	3,118	3,067	2,867	2,841	2,621	2,674	2,488	2,410	2,282
Net Investment Income (Loss)	40,352	38,837	(93,224)	109,083	28,598	27,604	28,738	44,095	(758)	10,261
Benefit Payments, Including Refunds of Member Contributions	(24,856)	(23,344)	(21,874)	(19,743)	(18,823)	(17,977)	(17,344)	(16,314)	(15,704)	(15,195)
Administrative Expense	-	-	-	-	-	-	-	-	(4)	(10)
Other	-	-	-	-	-	21	-	10	-	-
Net Change in Plan Fiduciary Net Position	23,738	22,819	(107,736)	96,478	16,808	16,277	17,469	33,086	(11,426)	132
Plan Fiduciary Net Position - Beginning	461,745	438,926	546,662	450,184	433,376	417,099	399,630	366,544	377,970	377,838
Plan Fiduciary Net Position - Ending	485,483	461,745	438,926	546,662	450,184	433,376	417,099	399,630	366,544	377,970
Net Pension Liability (Asset) - Ending	\$ 20,011	\$ 33,645	\$ 33,656	\$ (103,754)	\$ (33,871)	\$ (37,245)	\$ (35,610)	\$ (37,665)	\$ (26,621)	\$ (56,349)
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset)	96.04 %	93.21 %	92.88 %	123.43 %	108.14 %	109.40 %	109.33 %	110.41 %	107.83 %	117.52 %
Covered Payroll	\$ 47,664	\$ 43,545	\$ 44,772	\$ 45,652	\$ 43,056	\$ 41,535	\$ 41,276	\$ 39,021	\$ 38,802	\$ 36,908
Net Pension Liability (Asset) as a Percentage of Covered Payroll	41.98 %	77.26 %	75.17 %	(227.27)%	(78.67)%	(89.67)%	(86.27)%	(96.52)%	(68.61)%	(152.67)%

**CITY OF MIDDLETOWN, CONNECTICUT
 SCHEDULE OF EMPLOYER CONTRIBUTIONS
 MIDDLETOWN RETIREMENT SYSTEM FUND
 LAST TEN FISCAL YEARS
 JUNE 30, 2024
 (IN THOUSANDS)**

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Actuarially Determined Contribution	\$ 4,698	\$ 4,208	\$ 4,295	\$ 4,271	\$ 4,192	\$ 4,008	\$ 3,401	\$ 2,807	\$ 2,630	\$ 2,794
Contributions in Relation to the Actuarially Determined Contribution	4,698	4,208	4,295	4,271	4,192	4,008	3,401	2,807	2,630	2,794
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Payroll	\$ 47,664	\$ 43,545	\$ 44,772	\$ 45,652	\$ 43,056	\$ 41,535	\$ 41,276	\$ 39,021	\$ 38,802	\$ 36,908
Contributions as a Percentage of Covered Payroll	9.86 %	9.66 %	9.59 %	9.36 %	9.74 %	9.65 %	8.24 %	7.19 %	6.78 %	7.57 %

Notes To Schedule:

Valuation Date: 7/1/2022
 Measurement Date: June 30, 2024
 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, 2024**

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Annual Money-Weighted Rate of Return, Net of Investment Expense	8.86 %	8.98 %	(17.25)%	24.48 %	6.67 %	6.69 %	7.27 %	12.18 %	(0.20)%	2.74 %

**CITY OF MIDDLETOWN, CONNECTICUT
 SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF NET PENSION LIABILITY
 TEACHERS' RETIREMENT PLAN
 LAST TEN FISCAL YEARS
 JUNE 30, 2024
 (IN THOUSANDS)**

	2024	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	159,557	169,943	138,030	174,279	151,698	116,968	117,815	124,296	93,951	86,839
Total	<u>\$ 159,557</u>	<u>\$ 169,943</u>	<u>\$ 138,030</u>	<u>\$ 174,279</u>	<u>\$ 151,698</u>	<u>\$ 116,968</u>	<u>\$ 117,815</u>	<u>\$ 124,296</u>	<u>\$ 93,951</u>	<u>\$ 86,839</u>
City's Covered Payroll	\$ 46,896	\$ 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	58.39 %	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	None
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:

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 EIGHT YEARS
JUNE 30, 2024
(IN THOUSANDS)

	2024	2023	2022	2021	2020	2019	2018	2017
Total OPEB Liability:								
Service Cost	\$ 3,323	\$ 4,934	\$ 7,976	\$ 13,367	\$ 9,370	\$ 11,275	\$ 11,467	\$ 5,045
Interest	12,091	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	3,177	(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	(12,382)	(11,386)	(12,625)	(10,076)	(10,056)	(9,492)	(10,001)	(8,516)
Net Change In Total OPEB Liability	6,209	(25,782)	(53,817)	(80,642)	65,696	(34,929)	(517)	118,095
Total OPEB Liability - Beginning	177,990	203,772	257,589	338,231	272,535	307,464	307,981	189,886
Total OPEB Liability - Ending	184,199	177,990	203,772	257,589	338,231	272,535	307,464	307,981
Plan Fiduciary Net Position:								
Contributions - Employer	13,179	14,558	15,076	11,276	12,156	10,096	10,601	10,124
Contributions - Member	57	44	20	18	9	-	-	-
Net Investment Income (Loss)	3,839	2,677	(4,177)	5,030	411	1,195	78	1,041
Benefit Payments	(12,382)	(11,386)	(12,624)	(10,076)	(10,056)	(9,492)	(10,001)	(8,516)
Other	1,808	936	-	1,151	(104)	-	-	-
Administrative	(53)	(42)	(24)	-	-	-	-	-
Net Change in Plan Fiduciary Net Position	6,448	6,787	(1,729)	7,399	2,416	1,799	678	2,649
Plan Fiduciary Net Position - Beginning	30,682	23,895	25,624	18,225	15,809	14,010	13,332	10,683
Plan Fiduciary Net Position - Ending	37,130	30,682	23,895	25,624	18,225	15,809	14,010	13,332
Net OPEB Liability - Ending	\$ 147,069	\$ 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	20.16 %	17.24 %	11.73 %	9.95 %	5.39 %	5.80 %	4.56 %	4.33 %
Covered Payroll	\$ 47,248	\$ 46,141	\$ 47,792	\$ 46,672	\$ 43,520	\$ 42,459	\$ 40,060	\$ 39,083
Net OPEB Liability as a Percentage of Covered Payroll	311.27 %	319.26 %	376.37 %	497.01 %	735.31 %	604.64 %	732.54 %	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, 2024
 (IN THOUSANDS)**

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Actuarially Determined Contribution (1)	\$ 13,169	\$ 14,012	\$ 13,607	\$ 14,233	\$ 13,801	\$ 16,469	\$ 16,253	\$ 13,728	\$ 13,373	\$ 11,808
Contributions in Relation to the Actuarially Determined Contribution	13,179	14,558	17,024	11,276	12,156	10,096	10,601	10,124	9,765	8,250
Contribution Deficiency (Excess)	<u>\$ (10)</u>	<u>\$ (546)</u>	<u>\$ (3,417)</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>
Covered Payroll	\$ 47,248	\$ 46,141	\$ 47,792	\$ 46,672	\$ 43,520	\$ 42,459	\$ 40,060	\$ 39,083	\$ 38,130	\$ 38,130
Contributions as a Percentage of Covered Payroll	27.89 %	31.55 %	35.62 %	24.16 %	27.93 %	23.78 %	26.46 %	25.90 %	25.61 %	21.64 %

(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, 2024
 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 EIGHT FISCAL YEARS
JUNE 30, 2024
(IN THOUSANDS)**

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Annual Money-Weighted Rate of Return, Net of Investment Expense	5.84 %	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 SEVEN FISCAL YEARS
JUNE 30, 2024
(IN THOUSANDS)

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB Liability:							
Service Cost	\$ 154	\$ 227	\$ 293	\$ 407	\$ 289	\$ 530	\$ 537
Interest	477	610	436	534	705	1,145	1,068
Changes of Benefit Terms	-	-	-	-	-	-	-
Differences Between Expected and Actual Experience	(58)	(4,729)	(78)	(6,051)	(291)	(4,800)	(305)
Changes of Assumptions and Other Inputs	(367)	276	(3,008)	1,740	3,659	(5,761)	(1,138)
Benefit Payments	(519)	(465)	(567)	(395)	(443)	(289)	(516)
Net Change in Total OPEB Liability	(313)	(4,081)	(2,924)	(3,765)	3,919	(9,175)	(354)
Total OPEB Liability - Beginning	<u>13,163</u>	<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>\$ 12,850</u>	<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	\$ 44,991	\$ 43,261	\$ 41,597	\$ 39,997	\$ 36,195	\$ 34,803	\$ 39,048
Total OPEB Liability as a Percentage of Covered Payroll	28.56 %	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 SEVEN FISCAL YEARS
 JUNE 30, 2024
 (IN THOUSANDS)**

	<u>2024</u>	<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>14,948</u>	<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>\$ 14,948</u>	<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	\$ 46,896	\$ 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	11.92 %	9.46 %	6.11 %	2.50 %	2.08 %	1.49 %	1.79 %

Notes to Schedule

Changes in Benefit Terms

There were no changes to benefit terms since the prior Measurement Date

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, 2023 was updated to equal the SEIR of 3.64% as of June 30, 2023;

Actuarial Cost Method
 Amortization Method
 Remaining Amortization Period
 Asset Valuation Method
 Investment Rate of Return
 Price Inflation

Entry age
 Level percent of payroll over an open period
 30 years
 Market value of assets
 3.00%, net of investment related expense including price inflation
 2.5

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, 2024 AND 2023
(IN THOUSANDS)

	<u>2024</u>	<u>2023</u>
ASSETS		
Cash and Cash Equivalents	\$ 36,246	\$ 22,444
Taxes Receivable	14,328	13,642
Accounts Receivable	136	94
Leases Receivable	1,099	895
Due from Other Funds	<u>16,663</u>	<u>34,179</u>
Total Assets	<u>\$ 68,472</u>	<u>\$ 71,254</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES		
LIABILITIES		
Vouchers and Other Payables	\$ 8,207	\$ 7,597
Deferred Inflows of Resources:		
Unavailable Revenue - Leases	1,039	844
Unavailable Revenue - Property Taxes	<u>13,457</u>	<u>12,829</u>
Total Deferred Inflows of Resources	<u>14,496</u>	<u>13,673</u>
FUND BALANCES		
Assigned	5,596	13,914
Unassigned	<u>40,173</u>	<u>36,070</u>
Total Fund Balances	<u>45,769</u>	<u>49,984</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 68,472</u>	<u>\$ 71,254</u>

**CITY OF MIDDLETOWN, CONNECTICUT
 REPORT OF TAX COLLECTOR
 YEAR ENDED JUNE 30, 2024
 (IN THOUSANDS)**

Grand List	Uncollected Taxes July 1, 2023	Lawful Corrections			Transfers to Suspense	Net Amount Collectible	Collections					Uncollected Taxes June 30, 2024
		Additions	Deductions	Abatements			Taxes	Interest	Lien Fees	Suspense	Total	
2022	\$ 144,087	\$ 192	\$ 2,515	\$ -		\$ 141,764	\$ 138,366	\$ 445			\$ 138,811	\$ 3,398
2021	3,897	101	134	-		3,864	1,859	369			2,234	2,005
2020	1,853	19	7	-		1,865	606	237	6		845	1,259
2019	1,227	14	7	-		1,234	284	144	1		429	950
2018	947	13	4	-		956	156	111	1	2	270	800
2017	718		4	-		714	69	66	1	5	141	645
2016	623			-		623	60	52		6	118	563
2015	437			-	85	352	27	32		7	66	325
2014	259			-	10	249	20	28		15	63	229
2013	190	-	-	-	37	153	9	15		16	40	144
2012	179	-	-	-	33	146	3	6		5	14	143
2011	89	-	-	-	14	75	4	7		6	17	71
2010	70	-	-	-	14	56	3	4		5	12	53
2009	56	-	-	-	12	44		1		4	5	44
2008	32	-	-	-	2	30		8		3	11	30
	37											
Total	\$ 154,701	\$ 339	\$ 2,671	\$ -	\$ 207	\$ 152,125	\$ 141,466	\$ 1,525	\$ 11	\$ 74	\$ 143,076	\$ 10,659

Applicable to:

General Fund	\$ 9,551
Fire District Fund	1,108
Total	\$ 10,659

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
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 Fund	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, 2024
(IN THOUSANDS)**

	Special Revenue Funds								
	Fire District	Sanitary Disposal District	Dog Fund	Economic Development Fund	Middletown Business Improvement Fund	Water Fund	Health Grants Fund	Landfill, Waste, Recycling Fund	School Cafeteria Fund
ASSETS									
Cash and Cash Equivalents	\$ 1,462	\$ 630	\$ 18	\$ 460	\$ 10	\$ 762	\$ 400	\$ 933	\$ 10
Investments	-	-	-	-	-	-	-	-	-
Receivables:									
Accounts Receivable	-	220	-	-	-	1,102	-	-	-
Taxes Receivable - Delinquent	1,788	59	-	-	1	191	-	-	-
Intergovernmental	-	-	-	-	-	-	88	-	406
Due from Other Funds	-	-	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-	-	68
Total Assets	<u>\$ 3,250</u>	<u>\$ 909</u>	<u>\$ 18</u>	<u>\$ 460</u>	<u>\$ 11</u>	<u>\$ 2,055</u>	<u>\$ 488</u>	<u>\$ 933</u>	<u>\$ 484</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES									
LIABILITIES									
Vouchers and Other Payables	\$ 72	\$ 26	\$ 10	\$ -	\$ -	\$ 147	\$ 3	\$ 14	\$ -
Accrued Liabilities	156	13	-	-	-	47	-	-	-
Due to Other Funds	-	-	-	-	-	-	-	-	931
Unearned Revenue	-	-	-	-	-	-	8	-	-
Total Liabilities	<u>228</u>	<u>39</u>	<u>10</u>	<u>-</u>	<u>-</u>	<u>194</u>	<u>11</u>	<u>14</u>	<u>931</u>
DEFERRED INFLOWS OF RESOURCES									
Unavailable Revenue - Property Taxes	1,724	-	-	-	-	-	-	-	-
Unavailable Revenue - User Charges Receivable	-	259	-	-	-	1,293	-	-	-
Unavailable Revenue - Grants	-	-	-	-	-	-	57	-	-
Total Deferred Inflows of Resources	<u>1,724</u>	<u>259</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,293</u>	<u>57</u>	<u>-</u>	<u>-</u>
FUND BALANCES									
Nonspendable	-	-	-	-	-	-	-	-	68
Restricted	-	-	-	460	-	-	420	-	-
Committed	1,298	611	8	-	11	568	-	919	-
Assigned	-	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-	(515)
Total Fund Balances	<u>1,298</u>	<u>611</u>	<u>8</u>	<u>460</u>	<u>11</u>	<u>568</u>	<u>420</u>	<u>919</u>	<u>(447)</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 3,250</u>	<u>\$ 909</u>	<u>\$ 18</u>	<u>\$ 460</u>	<u>\$ 11</u>	<u>\$ 2,055</u>	<u>\$ 488</u>	<u>\$ 933</u>	<u>\$ 484</u>

**CITY OF MIDDLETOWN, CONNECTICUT
COMBINING BALANCE SHEET (CONTINUED)
JUNE 30, 2024
(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	\$ 1,447	\$ 103	\$ 58	\$ 5,543	\$ 3	\$ 148	\$ 572	\$ 138	\$ 10	\$ 1
Investments	-	-	-	-	-	-	31	-	-	-
Receivables:										
Accounts Receivable	80	-	-	2,176	-	-	-	-	-	-
Taxes Receivable - Delinquent	-	-	-	286	-	-	-	-	-	-
Intergovernmental	-	-	12	-	-	25	-	-	-	-
Due from Other Funds	1,300	-	-	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-	-	-	-
Total Assets	\$ 2,827	\$ 103	\$ 70	\$ 8,005	\$ 3	\$ 173	\$ 603	\$ 138	\$ 10	\$ 1
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES										
LIABILITIES										
Vouchers and Other Payables	\$ -	\$ -	\$ 6	\$ 93	\$ -	\$ 8	\$ -	\$ -	\$ -	\$ -
Accrued Liabilities	-	-	-	26	-	-	-	-	-	-
Due to Other Funds	-	-	-	1,300	-	-	-	-	-	-
Unearned Revenue	-	-	51	-	-	-	-	-	-	-
Total Liabilities	-	-	57	1,419	-	8	-	-	-	-
DEFERRED INFLOWS OF RESOURCES										
Unavailable Revenue - Property Taxes	-	-	-	-	-	-	-	-	-	-
Unavailable Revenue - User Charges Receivable	80	-	-	2,462	-	-	-	-	-	-
Unavailable Revenue - Grants	-	-	-	-	-	-	-	-	-	-
Total Deferred Inflows of Resources	80	-	-	2,462	-	-	-	-	-	-
FUND BALANCES										
Nonspendable	-	-	-	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	165	-	138	10	1
Committed	2,747	103	13	4,124	3	-	603	-	-	-
Assigned	-	-	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-	-	-
Total Fund Balances	2,747	103	13	4,124	3	165	603	138	10	1
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 2,827	\$ 103	\$ 70	\$ 8,005	\$ 3	\$ 173	\$ 603	\$ 138	\$ 10	\$ 1

**CITY OF MIDDLETOWN, CONNECTICUT
COMBINING BALANCE SHEET (CONTINUED)
JUNE 30, 2024
(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	\$ 63	\$ 122	\$ 768	\$ 2,544	\$ 113	\$ 201	\$ 1,470	\$ 484	\$ -	\$ 18,473
Investments	-	1,179	-	-	-	-	-	-	-	1,210
Receivables:										
Accounts Receivable	-	-	-	-	-	-	-	-	-	3,578
Taxes Receivable - Delinquent	-	-	-	-	-	-	-	-	-	2,325
Intergovernmental	-	-	-	-	-	-	-	-	-	531
Due from Other Funds	-	-	-	-	-	-	-	-	-	1,300
Supplies	-	-	-	-	-	-	-	-	-	68
Total Assets	\$ 63	\$ 1,301	\$ 768	\$ 2,544	\$ 113	\$ 201	\$ 1,470	\$ 484	\$ -	\$ 27,485
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES										
LIABILITIES										
Vouchers and Other Payables	\$ -	\$ -	\$ 8	\$ 1	\$ 1	\$ -	\$ 24	\$ 15	\$ -	\$ 428
Accrued Liabilities	-	-	-	-	-	-	-	-	-	242
Due to Other Funds	-	-	-	-	-	-	-	-	-	2,231
Unearned Revenue	-	-	-	-	-	-	-	-	-	59
Total Liabilities	-	-	8	1	1	-	24	15	-	2,960
DEFERRED INFLOWS OF RESOURCES										
Unavailable Revenue - Property Taxes	-	-	-	-	-	-	-	-	-	1,724
Unavailable Revenue - User Charges Receivable	-	-	-	-	-	-	-	-	-	4,094
Unavailable Revenue - Grants	-	-	-	-	-	-	-	-	-	57
Total Deferred Inflows of Resources	-	-	-	-	-	-	-	-	-	5,875
FUND BALANCES										
Nonspendable	-	-	-	-	-	-	-	-	-	68
Restricted	63	1,301	-	-	-	-	-	-	-	2,558
Committed	-	-	760	2,543	112	201	1,446	469	-	16,539
Assigned	-	-	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-	-	(515)
Total Fund Balances	63	1,301	760	2,543	112	201	1,446	469	-	18,650
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 63	\$ 1,301	\$ 768	\$ 2,544	\$ 113	\$ 201	\$ 1,470	\$ 484	\$ -	\$ 27,485

**CITY OF MIDDLETOWN, CONNECTICUT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 YEAR ENDED JUNE 30, 2024
 (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	\$ 11,974	\$ -	\$ -	\$ -	\$ 126	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental Revenues	2,292	-	-	-	-	-	-	832	-	2,628
Charges for Services	-	1,673	17	166	-	6,776	-	-	553	250
Investment Income	142	29	-	-	1	65	-	-	39	-
Miscellaneous	68	70	-	-	-	199	-	-	-	-
Total Revenues	14,476	1,772	17	166	127	7,040	-	832	592	2,878
EXPENDITURES										
Current:										
General Government	-	-	-	5	139	-	-	-	498	-
Public Safety	14,199	-	11	-	-	-	-	36	-	-
Health And Human Services	-	-	-	-	-	-	-	285	-	-
Culture And Recreation	-	-	-	-	-	-	-	-	-	-
Education	-	-	-	-	-	-	-	-	-	2,837
Sewer, Water, and Sanitation	-	1,840	-	-	-	5,053	-	-	-	-
Capital Outlay	94	-	-	-	-	-	-	-	-	-
Total Expenditures	14,293	1,840	11	5	139	5,053	-	321	498	2,837
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	183	(68)	6	161	(12)	1,987	-	511	94	41
OTHER FINANCING SOURCES (USES)										
Transfers In	-	-	-	-	-	1,500	-	-	-	-
Transfers Out	(340)	(83)	-	-	-	(4,933)	-	-	-	-
Total Other Financing Sources (Uses)	(340)	(83)	-	-	-	(3,433)	-	-	-	-
NET CHANGE IN FUND BALANCES	(157)	(151)	6	161	(12)	(1,446)	-	511	94	41
Fund Balances - As Originally Reported	1,455	762	2	299	23	2,014	(710)	(91)	825	(488)
Adjustment	-	-	-	-	-	-	710	-	-	-
Fund Balance - Beginning, As Adjusted	1,455	762	2	299	23	2,014	-	(91)	825	(488)
FUND BALANCES - END OF YEAR	\$ 1,298	\$ 611	\$ 8	\$ 460	\$ 11	\$ 568	\$ -	\$ 420	\$ 919	\$ (447)

**CITY OF MIDDLETOWN, CONNECTICUT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES (CONTINUED)
 YEAR ENDED JUNE 30, 2024
 (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	-	-	34	-	-	502	-	-	-	-
Charges for Services	169	-	17	12,093	-	-	801	-	-	-
Investment Income	59	-	-	113	-	-	-	7	-	-
Miscellaneous	-	-	20	16	-	-	-	59	-	-
Total Revenues	228	-	71	12,222	-	502	801	66	-	-
EXPENDITURES										
Current:										
General Government	-	-	-	-	-	315	-	83	-	-
Public Safety	-	-	-	-	-	-	-	-	-	-
Health And Human Services	-	-	-	-	-	-	-	-	-	-
Culture And Recreation	-	-	126	-	-	-	-	-	-	-
Education	-	-	-	-	-	-	768	-	-	-
Sewer, Water, and Sanitation	1	-	-	7,969	-	-	-	-	-	-
Capital Outlay	26	-	-	-	-	-	-	-	-	-
Total Expenditures	27	-	126	7,969	-	315	768	83	-	-
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	201	-	(55)	4,253	-	187	33	(17)	-	-
OTHER FINANCING SOURCES (USES)										
Transfers In	1,300	-	35	4,300	-	-	-	-	-	-
Transfers Out	(1,300)	-	-	(7,776)	-	(75)	-	-	-	-
Total Other Financing Sources (Uses)	-	-	35	(3,476)	-	(75)	-	-	-	-
NET CHANGE IN FUND BALANCES	201	-	(20)	777	-	112	33	(17)	-	-
Fund Balances - As Originally Reported	2,546	103	33	3,347	3	53	570	155	10	1
Adjustment	-	-	-	-	-	-	-	-	-	-
Fund Balance - Beginning, As Adjusted	2,546	103	33	3,347	3	53	570	155	10	1
FUND BALANCES - END OF YEAR	\$ 2,747	\$ 103	\$ 13	\$ 4,124	\$ 3	\$ 165	\$ 603	\$ 138	\$ 10	\$ 1

**CITY OF MIDDLETOWN, CONNECTICUT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES (CONTINUED)
 YEAR ENDED JUNE 30, 2024
 (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	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 12,100
Intergovernmental Revenues	-	47	-	-	-	-	-	-	-	6,335
Charges for Services	-	-	-	-	-	-	-	-	-	22,515
Investment Income	2	141	43	-	5	26	62	31	-	765
Miscellaneous	-	-	-	-	-	-	-	-	-	432
Total Revenues	2	188	43	-	5	26	62	31	-	42,147
EXPENDITURES										
Current:										
General Government	-	-	-	-	-	-	-	-	-	1,040
Public Safety	-	-	-	-	-	-	-	-	-	14,246
Health And Human Services	-	-	-	-	-	-	-	-	-	285
Culture And Recreation	-	-	-	-	-	-	-	-	-	126
Education	-	-	-	-	-	-	-	-	-	3,605
Sewer, Water, and Sanitation	-	-	-	-	-	-	-	-	-	14,863
Capital Outlay	-	-	675	443	1	446	315	861	-	2,861
Total Expenditures	-	-	675	443	1	446	315	861	-	37,026
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	2	188	(632)	(443)	4	(420)	(253)	(830)	-	5,121
OTHER FINANCING SOURCES (USES)										
Transfers In	-	-	241	719	-	-	500	500	(8,135)	960
Transfers Out	-	(35)	-	-	-	-	-	-	8,135	(6,407)
Total Other Financing Sources (Uses)	-	(35)	241	719	-	-	500	500	-	(5,447)
NET CHANGE IN FUND BALANCES	2	153	(391)	276	4	(420)	247	(330)	-	(326)
Fund Balances - As Originally Reported	61	1,148	1,151	2,267	108	621	1,199	799	-	18,266
Adjustment	-	-	-	-	-	-	-	-	-	710
Fund Balance - Beginning, As Adjusted	61	1,148	1,151	2,267	108	621	1,199	799	-	18,976
FUND BALANCES - END OF YEAR	\$ 63	\$ 1,301	\$ 760	\$ 2,543	\$ 112	\$ 201	\$ 1,446	\$ 469	\$ -	\$ 18,650

**CITY OF MIDDLETOWN, CONNECTICUT
 COMBINING SCHEDULES OF REVENUES AND EXPENDITURES –
 ACTUAL AND BUDGET
 YEAR ENDED JUNE 30, 2024
 (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	\$ 11,974	\$ -	\$ 11,974	\$ 12,542	\$ (568)	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	2,292	-	2,292	1,232	1,060	-	-	-	-	-
Charges for Services		-	-		-	1,673	-	1,673	1,860	(187)
Investment Income	142	-	142	70	72	29	-	29	16	13
Miscellaneous	68	-	68	23	45	70	55	125	22	103
Total Revenues	14,476	-	14,476	13,867	609	1,772	55	1,827	1,898	(71)
EXPENDITURES										
Public Safety	14,293	(151)	14,142	14,277	135	-	-	-	-	-
Sewer, Water And Sanitation	-	-	-	-	-	1,840	145	1,985	2,063	78
Total Expenditures	14,293	(151)	14,142	14,277	135	1,840	145	1,985	2,063	78
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	183	151	334	(410)	744	(68)	(90)	(158)	(165)	7
Transfers In (Out)	(340)	-	(340)	(340)	-	(83)	-	(83)	(83)	-
Excess (Deficiency) of Revenues and Transfers in Over Expenditures and Transfers Out	\$ (157)	\$ 151	\$ (6)	\$ (750)	\$ 744	\$ (151)	\$ (90)	\$ (241)	\$ (248)	\$ 7

**CITY OF MIDDLETOWN, CONNECTICUT
 COMBINING SCHEDULES OF REVENUES AND EXPENDITURES –
 ACTUAL AND BUDGET (CONTINUED)
 YEAR ENDED JUNE 30, 2024
 (IN THOUSANDS)**

	Water Fund					Sewage Disposal 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	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-	-	-	-	-	-	-
Charges for Services	6,776	-	6,776	5,913	863	12,093	-	12,093	11,915	178
Investment Income	65	-	65	30	35	113	-	113	35	78
Miscellaneous	199	-	199	324	(125)	16	52	68	33	35
Total Revenues	7,040	-	7,040	6,267	773	12,222	52	12,274	11,983	291
EXPENDITURES										
Public Safety	-	-	-	-	-	-	-	-	-	-
Sewer, Water And Sanitation	5,053	65	5,118	4,852	(266)	7,969	29	7,998	8,483	485
Total Expenditures	5,053	65	5,118	4,852	(266)	7,969	29	7,998	8,483	485
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	1,987	(65)	1,922	1,415	507	4,253	23	4,276	3,500	776
Transfers In (Out)	(3,433)	-	(3,433)	(5,584)	2,151	(3,476)	-	(3,476)	(7,776)	4,300
Excess (Deficiency) of Revenues and Transfers in Over Expenditures and Transfers Out	\$ (1,446)	\$ (65)	\$ (1,511)	\$ (4,169)	\$ 2,658	\$ 777	\$ 23	\$ 800	\$ (4,276)	\$ 5,076

**CITY OF MIDDLETOWN, CONNECTICUT
 COMBINING SCHEDULES OF REVENUES AND EXPENDITURES –
 ACTUAL AND BUDGET (CONTINUED)
 YEAR ENDED JUNE 30, 2024
 (IN THOUSANDS)**

	Totals				
	Actual on a GAAP Basis	Adjustment to Budgetary Basis	Actual on a Budgetary Basis	Budget	Variance Favorable (Unfavorable)
REVENUES					
Property Taxes	\$ 11,974	\$ -	\$ 11,974	\$ 12,542	\$ (568)
Intergovernmental	2,292	-	2,292	1,232	1,060
Charges for Services	20,542	-	20,542	19,688	854
Investment Income	349	-	349	151	198
Miscellaneous	353	107	460	402	58
Total Revenues	<u>35,510</u>	<u>107</u>	<u>35,617</u>	<u>34,015</u>	<u>1,602</u>
EXPENDITURES					
Public Safety	14,293	(151)	14,142	14,277	135
Sewer, Water And Sanitation	14,862	239	15,101	15,398	297
Total Expenditures	<u>29,155</u>	<u>88</u>	<u>29,243</u>	<u>29,675</u>	<u>432</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	6,355	19	6,374	4,340	2,034
Transfers In (Out)	<u>(7,332)</u>	<u>-</u>	<u>(7,332)</u>	<u>(13,783)</u>	<u>6,451</u>
Excess (Deficiency) of Revenues and Transfers in Over Expenditures and Transfers Out	<u>\$ (977)</u>	<u>\$ 19</u>	<u>\$ (958)</u>	<u>\$ (9,443)</u>	<u>\$ 8,485</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, 2024
(WITH COMPARATIVE TOTALS FOR 2023)
(IN THOUSANDS)

	Health Benefits Fund	Property and Casualty Fund	Workers' Compensation Fund	Totals	
				2024	2023
ASSETS					
Cash and Cash Equivalents	\$ 11,959	\$ 4,520	\$ 10,816	\$ 27,295	\$ 27,013
LIABILITIES					
Current Liabilities:					
Accounts and Other Payables	1	3	1	5	18
Unpaid Claims - Current	2,113	-	-	2,113	2,274
Total Current Liabilities	2,114	3	1	2,118	2,292
NONCURRENT LIABILITIES					
Unpaid Claims - Noncurrent	-	900	3,465	4,365	4,357
Total Liabilities	2,114	903	3,466	6,483	6,649
NET POSITION	<u>\$ 9,845</u>	<u>\$ 3,617</u>	<u>\$ 7,350</u>	<u>\$ 20,812</u>	<u>\$ 20,364</u>

CITY OF MIDDLETOWN, CONNECTICUT
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEAR ENDED JUNE 30, 2024
(WITH COMPARATIVE TOTALS FOR 2023)
(IN THOUSANDS)

	Health Benefits Fund	Property and Casualty Fund	Workers' Compensation Fund	Totals	
				2024	2023
OPERATING REVENUES					
Charges for Services	\$ 14,605	\$ 1,425	\$ 2,135	\$ 18,165	\$ 16,483
Other	6,594	93	229	6,916	5,694
Total Operating Revenues	<u>21,199</u>	<u>1,518</u>	<u>2,364</u>	<u>25,081</u>	<u>22,177</u>
OPERATING EXPENSES					
Benefit Payments	6,164	405	1,485	8,054	8,107
Administration	296	20	220	536	532
Insurance	15,517	1,438	377	17,332	15,584
Total Operating Expenses	<u>21,977</u>	<u>1,863</u>	<u>2,082</u>	<u>25,922</u>	<u>24,223</u>
OPERATING INCOME (LOSS)	(778)	(345)	282	(841)	(2,046)
NONOPERATING REVENUE					
Interest Income	660	203	481	1,344	877
INCOME BEFORE TRANSFERS	(118)	(142)	763	503	(1,169)
TRANSFERS OUT	-	(55)	-	(55)	(52)
NET INCOME	(118)	(197)	763	448	(1,221)
Net Position - Beginning of Year	9,963	3,814	6,587	20,364	21,585
NET POSITION - END OF YEAR	<u>\$ 9,845</u>	<u>\$ 3,617</u>	<u>\$ 7,350</u>	<u>\$ 20,812</u>	<u>\$ 20,364</u>

CITY OF MIDDLETOWN, CONNECTICUT
COMBINING STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2024
(WITH COMPARATIVE TOTALS FOR 2023)
(IN THOUSANDS)

	Health Benefits Fund	Property and Casualty Fund	Workers' Compensation Fund	Totals	
				2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES					
Interfund Services Provided Or Used	\$ 14,605	\$ 1,425	\$ 2,135	\$ 18,165	\$ 16,483
Cash Received From Insurance Reimbursements	6,594	93	229	6,916	5,694
Cash Paid To Vendors	(22,154)	(1,660)	(2,274)	(26,088)	(23,959)
Net Cash Provided (Used) by Operating Activities	(955)	(142)	90	(1,007)	(1,782)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Transfers To Other Funds	-	(55)	-	(55)	(52)
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest Income	660	203	481	1,344	877
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(295)	6	571	282	(957)
Cash and Cash Equivalents - Beginning of Year	12,254	4,514	10,245	27,013	27,970
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 11,959</u>	<u>\$ 4,520</u>	<u>\$ 10,816</u>	<u>\$ 27,295</u>	<u>\$ 27,013</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED IN) OPERATING ACTIVITIES					
Operating Income (Loss)	\$ (778)	\$ (345)	\$ 282	\$ (841)	\$ (2,046)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used in) Operating Activities:					
Decrease (Increase) In Vouchers and Other Payable	(177)	203	(192)	(166)	264
Net Cash Provided (Used) by Operating Activities	<u>\$ (955)</u>	<u>\$ (142)</u>	<u>\$ 90</u>	<u>\$ (1,007)</u>	<u>\$ (1,782)</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									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Governmental Activities										
Net Investment In Capital Assets	\$ 358,426	\$ 358,347	\$ 332,578	\$ 307,895	\$ 307,649	\$ 278,342	\$ 276,107	\$ 263,979	\$ 269,612	\$ 267,645
Restricted	14,612	5,702	6,639	113,000	1,262	1,300	1,297	1,309	1,234	1,289
Unrestricted	(162,276)	(181,391)	(174,754)	(295,130)	(227,348)	(223,243)	(223,591)	65,712	70,552	83,008
Total Governmental Activities Net Position	<u>\$ 210,762</u>	<u>\$ 182,658</u>	<u>\$ 164,463</u>	<u>\$ 125,765</u>	<u>\$ 81,563</u>	<u>\$ 56,399</u>	<u>\$ 53,813</u>	<u>\$ 331,000</u>	<u>\$ 341,398</u>	<u>\$ 351,942</u>

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

	FISCAL YEAR									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
EXPENSES										
Governmental Activities:										
General Government	\$ 12,859	\$ 19,154	\$ 11,370	\$ 7,565	\$ 15,627	\$ 16,491	\$ 17,515	\$ 17,404	\$ 17,150	\$ 18,740
Public Safety	31,439	31,362	29,233	24,141	35,961	40,165	40,085	39,394	40,453	26,917
Public Works	15,164	14,696	9,595	12,120	4,561	14,171	15,132	14,509	13,161	10,128
Health and Human Services	2,309	2,156	1,853	1,873	1,690	1,760	1,712	1,686	1,601	1,502
Culture and Recreation	8,028	7,546	6,686	6,241	6,315	6,734	5,879	5,749	5,641	5,740
Employee Benefits and Insurance	21,775	21,183	21,174	20,496	19,619	17,412	16,834	18,980	15,781	14,908
Education	152,054	153,362	134,288	148,797	128,814	113,118	118,424	119,861	112,623	109,091
Sewer	8,026	7,647	7,446	7,401	6,413	6,322	6,261	7,561	6,073	4,885
Water	5,205	5,020	4,903	4,487	4,453	4,349	4,083	4,087	3,841	4,038
Sanitation	1,873	1,852	2,937	1,509	1,516	1,724	1,599	1,827	1,662	1,685
Interest on Long-Term Debt	3,075	2,693	2,671	1,344	2,900	2,344	1,597	2,367	2,501	2,168
Total Governmental Activities Expenses	<u>261,807</u>	<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>
PROGRAM REVENUES										
Governmental Activities:										
Charges for Services:										
General Government	4,891	6,485	4,297	4,086	3,270	4,390	4,164	4,046	4,379	3,011
Public Safety	2,943	1,420	1,547	2,252	2,106	2,928	1,628	1,715	2,041	2,013
Public Works	553	592	676	610	511	464	426	387	390	320
Health and Human Resources	184	206	201	194	175	-	-	-	-	-
Culture and Recreation	584	450	367	257	299	703	690	752	740	703
Education	2,327	2,958	5,524	509	245	304	418	541	551	619
Sewer	12,276	11,224	11,156	10,700	10,895	10,049	8,381	7,441	6,129	5,994
Water	6,608	6,409	6,331	6,073	5,970	5,769	5,334	4,527	6,637	6,430
Sanitation and Other	1,682	1,917	1,915	1,899	1,894	1,915	1,950	1,841	1,844	1,825
Operating Grants and Contributions	67,574	67,794	51,484	71,419	58,081	48,289	53,781	54,565	49,251	48,566
Capital Grants and Contributions	5,174	6,185	21,478	20,366	10,904	1,755	1,289	5,224	4,854	3,101
Total Governmental Activities Program Revenues	<u>104,796</u>	<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>
NET EXPENSE										
Governmental Activities	(157,011)	(161,031)	(127,180)	(117,609)	(133,519)	(148,024)	(151,060)	(152,386)	(143,671)	(127,220)
GENERAL REVENUES AND OTHER CHANGES IN NET POSITION										
Governmental Activities:										
Property Taxes	144,222	142,141	141,429	138,266	136,364	132,569	123,645	121,492	115,937	116,763
Grants And Contributions Not Restricted To Specific	24,263	22,376	19,668	17,293	15,072	10,001	14,007	14,019	12,650	9,828
Unrestricted Investment Earnings	5,513	3,692	53	429	1,692	1,957	1,066	495	217	143
Transfers	-	-	-	-	-	-	-	-	-	-
Miscellaneous	11,117	11,017	4,728	5,367	5,555	6,083	6,269	5,982	4,323	4,701
Total Governmental Activities	<u>185,115</u>	<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>
CHANGES IN NET POSITION										
Governmental Activities	<u>\$ 28,104</u>	<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>

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

	FISCAL YEAR									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
General Fund										
Assigned	\$ 5,596	\$ 13,914	\$ 9,022	\$ 9,835	\$ 8,784	\$ 6,107	\$ 7,944	\$ 6,230	\$ 4,829	\$ 4,741
Unassigned	40,173	36,070	41,772	40,152	36,043	31,725	25,632	24,711	22,979	21,826
Total General Fund	45,769	49,984	50,794	49,987	44,827	37,832	33,576	30,941	27,808	26,567
All Other Governmental Funds										
Nonspendable	68	55	55	55	43	20	39	32	32	32
Restricted	8,421	7,285	8,438	9,246	6,064	5,722	4,161	4,120	3,805	3,051
Committed	16,539	17,828	19,251	20,725	15,966	14,731	15,235	18,728	18,972	18,364
Assigned	-	-	-	-	-	-	-	-	-	-
Unassigned	(18,002)	(33,788)	(16,113)	(15,994)	(23,181)	(13,281)	(8,804)	(14,508)	(3,557)	(19,344)
Total Governmental Fund Balance	\$ 7,026	\$ (8,620)	\$ 11,631	\$ 14,032	\$ (1,108)	\$ 7,192	\$ 10,631	\$ 8,372	\$ 19,252	\$ 2,103

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

	FISCAL YEAR									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
REVENUES										
Property Taxes	\$ 143,440	\$ 141,427	\$ 140,158	\$ 137,737	\$ 134,661	\$ 131,811	\$ 122,668	\$ 120,799	\$ 114,974	\$ 115,731
Licenses and Permits	1,674	2,755	1,038	1,383	684	972	1,028	1,378	1,292	652
Intergovernmental	99,244	93,140	90,028	91,484	78,962	6,319	65	73,167	65,986	60,931
Charges for Services	30,302	28,478	27,781	25,155	24,664	24,557	21,434	19,060	20,829	19,711
Investment Income	4,170	2,812	(8)	386	1,187	1,433	829	466	222	176
Miscellaneous	11,154	11,052	4,787	5,362	5,545	6,261	6,337	7,302	5,563	5,720
Total Revenues	289,984	279,664	263,784	261,507	245,703	171,353	152,361	222,172	208,866	202,921
EXPENDITURES										
General Government	14,354	14,228	12,046	12,839	11,897	11,272	10,741	11,109	10,100	10,364
Public Safety	35,653	33,190	31,914	31,181	30,381	-	28,078	28,036	26,802	24,715
Public Works	10,315	6,307	5,988	5,711	5,569	5,313	5,059	4,995	4,728	5,020
Health and Human Services	2,288	2,145	1,875	1,918	1,671	1,770	1,715	1,662	1,588	1,543
Culture and Recreation	7,935	7,411	6,704	6,192	6,270	6,726	5,822	5,680	5,850	5,701
Employee Benefits and Insurance	21,775	21,183	21,174	21,132	21,456	23,059	19,413	20,680	19,046	17,380
Education	146,905	140,449	133,126	127,083	120,644	6,368	(5,913)	116,078	107,169	103,519
Sewer	7,970	7,523	7,594	7,364	6,418	6,350	6,250	7,620	6,032	4,876
Water	5,053	4,780	4,862	4,444	4,350	4,376	4,085	4,040	3,888	4,014
Sanitation	1,849	1,815	1,768	1,504	1,508	1,721	1,608	1,826	1,669	1,672
Other	-	-	-	-	-	-	-	-	-	-
Capital Outlay	25,647	34,500	35,346	66,244	48,772	33,770	34,151	20,825	24,746	22,743
Debt Service:										
Principal Retirement	21,542	25,447	16,685	18,075	12,847	13,152	15,152	12,712	11,205	12,647
Interest and Fiscal Charges	7,205	1,799	6,897	4,485	4,490	4,012	2,963	3,415	3,544	2,543
Total Expenditures	308,491	300,777	285,979	308,172	276,273	117,889	129,124	238,678	226,367	216,737
EXCESS OF REVENUE UNDER EXPENDITURES	(18,507)	(21,113)	(22,195)	(46,665)	(30,570)	53,464	23,237	(16,506)	(17,501)	(13,816)
OTHER FINANCING SOURCES (USES)										
Bonds and Serial Notes	28,000	-	16,181	68,531	19,500	18,000	25,568	19,000	7,000	32,302
Issuance of Leases	27	-	-	-	-	-	-	-	-	-
Refunding Bonds Issued	-	-	-	10,955	-	-	-	-	-	-
Transfers In	33,583	33,353	28,517	28,722	19,924	19,036	20,743	18,595	17,004	17,006
Transfers Out	(33,528)	(33,301)	(28,467)	(28,673)	(19,877)	(18,990)	(20,700)	(18,559)	(16,972)	(16,927)
Payment to Escrow Agent	-	-	-	(13,520)	-	-	-	-	-	-
Premium on Bonds	1,856	-	2,700	14,005	4,507	3,686	1,651	2,862	830	5,287
Total Other Financing Sources	29,938	52	18,931	80,020	24,054	21,732	27,262	21,898	7,862	37,668
NET CHANGE IN FUND BALANCES	\$ 11,431	\$ (21,061)	\$ (3,264)	\$ 33,355	\$ (6,516)	\$ 75,196	\$ 50,499	\$ 5,392	\$ (9,639)	\$ 23,852
Debt Service as a Percentage of Noncapital Expenditures	9.89%	9.64%	9.29%	8.02%	7.64%	8.21%	7.26%	7.13%	7.74%	6.68%

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

Fiscal Year	Real Property			Personal Property	Motor Vehicle	Less Tax-Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Taxable Assessed Value As A Percentage Of Actual Taxable Value
	Residential	Commercial	Industrial							
2024	\$ 2,515,301	\$ 941,705	\$ 404,056	\$ 864,102	\$ 435,021	\$ 526,865	\$ 4,633,320	28.3	\$ 6,619,029	70.00%
2023	1,814,559	764,828	362,902	778,473	397,540	408,596	3,709,706	35.7	7,134,050	52.00%
2022	1,804,625	762,538	333,896	748,261	311,429	365,285	3,595,464	35.7	5,992,440	60.00%
2021	1,795,037	765,340	328,873	721,975	295,567	356,095	3,550,697	35.8	5,462,611	65.00%
2020	1,788,184	757,079	327,678	645,687	288,301	341,874	3,465,055	36.0	4,950,079	70.00%
2019	1,783,811	772,461	271,655	595,083	282,624	246,349	3,459,285	34.8	4,941,836	70.00%
2018	1,801,199	656,845	223,936	598,652	283,423	229,624	3,334,431	33.9	4,763,473	70.00%
2017	1,795,611	644,322	222,646	586,277	285,835	205,407	3,329,285	33.3	4,756,121	70.00%
2016	1,787,946	649,062	222,798	557,213	279,664	200,859	3,295,824	32.6	4,708,318	70.00%
2015	1,743,041	745,506	171,978	550,100	280,619	176,602	3,314,642	32.7	4,735,202	70.00%

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

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
CITY:										
General	28.3	35.7	35.7	35.8	36.0	34.8	33.9	33.3	32.6	32.7
DISTRICTS:										
Fire Fund	6.8	8.3	8.3	8.4	8.4	8.9	8.5	7.9	7	7.3
Westfield Fire	1.744	1.817	1.726	1.683	1.683	1.55	1.55	1.463	1.416	1.416
South Fire	RE,PP/MV	5.555	5.373	5.203	5.203	4.605	4.605	4.605	4.468	4.468
Middletown Business	5.31/4.16	2.18	2.18	2.18	2.18	2.21	2.41	2.41	2.41	2.41

**CITY OF MIDDLETOWN, CONNECTICUT
PRINCIPAL PROPERTY TAXPAYERS
2023 AND 2013
(IN THOUSANDS)**

Taxpayer	October 1, 2023			October 1, 2013		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Eversource (FKA: CL&P)	\$ 228,583	1	4.79%	\$ 104,392	2	3.15%
FedEx Ground Package System Inc.	157,145	2	3.30%			
Aetna Life and Casualty	79,106	3	1.66%	137,018	1	4.13%
Kleen Energy Systems, LLC	68,041	4	1.43%	66,127	3	1.99%
United Technologies	62,377	5	1.31%	49,273	4	1.49%
Northwood Apt Assoc LLC	39,091	6	0.82%	26,398	6	0.80%
Chestnut Hill Apt Assoc LLC	37,833	7	0.79%	25,449	7	0.77%
Windshire Holdings LLC	29,292	8	0.61%	17,485	10	0.53%
JSIP Middletown Brooke LLC	28,846	9	0.60%	20,284	8	0.61%
JSIP Middletown Ridge LLC	28,228	10	0.59%	20,091	9	0.61%
Middletown Power LLC				42,428	5	1.28%
	<u>\$ 758,542</u>		<u>15.91%</u>	<u>508,945</u>		<u>15.35%</u>

Source: City of Middletown, Office of Tax Assessor

2023 Total Taxable Assessed (Net GL) \$4,768,159
 2013 Total Taxable Assessed (Net GL) \$3,314,642
JSIP Middletown Brooke LLC FKA: Fairfield Midtown Brook LP
JSIP Middletown Ridge LLC FKA: Fairfield Midtown Ridge LP
Windshire Holdings LLC FKA: Fairfield Windshire LLC

**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	
2024	36.8	\$ 141,764	\$ 138,366	97.60	\$ -	\$ 138,366	97.60	
2023	35.1	143,331	137,150	95.69	1,859	139,009	96.98	
2022	44	141,323	135,223	95.68	2,273	137,496	97.29	
2021	44.2	137,326	133,235	97.02	2,629	135,864	98.94	
2020	44.4	137,289	130,778	95.26	2,892	133,670	97.36	
2019	43.7	131,690	127,987	97.19	2,342	130,329	98.97	
2018	42.4	122,655	118,673	96.75	2,900	121,573	99.12	
2017	41.2	119,879	116,365	97.07	2,539	118,904	99.19	
2016	39.6	115,410	111,978	97.03	2,102	114,080	98.85	
2015	40	116,604	112,779	96.72	2,092	114,871	98.51	

**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 and Notes	Lease Payable				
2024	\$ 167,643	\$ 910	\$168,553	3.53%	8.01%	\$ 3,578
2023	\$ 163,367	\$ 1,074	\$164,441	3.55%	8.76%	\$ 3,499
2022	\$ 187,704	\$ 1,185	\$188,889	5.09%	10.61%	\$ 4,019
2021	\$ 188,217	\$ 1,353	\$189,570	5.36%	10.65%	\$ 4,033
2020	\$ 129,937	\$ -	\$129,937	3.83%	7.47%	\$ 2,765
2019	\$ 120,694	\$ -	\$120,694	3.68%	7.17%	\$ 2,568
2018	\$ 113,740	\$ -	\$113,740	3.48%	6.91%	\$ 2,420
2017	\$ 103,030	\$ -	\$103,030	3.14%	6.24%	\$ 2,192
2016	\$ 95,013	\$ -	\$95,013	2.85%	5.85%	\$ 2,022
2015	\$ 99,401	\$ -	\$99,401	3.02%	6.52%	\$ 2,115

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, 2024
(IN THOUSANDS)

Total Tax Collections, Including Interest and Lien Fees, Received During Last Completed Fiscal Year (Taxes are Levied for General Fund, Fire Districts and Special Parking District Fund)					\$ 149,209
Reimbursement for Loss of Revenue:					
Tax Relief for Elderly					-
Base					<u>\$ 149,209</u>
	General Purpose	Schools	Sewers	Urban Renewal	Unfunded Past Benefit Obligations
Debt Limitation:					
2-1/4 Times Base	\$ 335,720	\$ -	\$ -	\$ -	\$ -
4-1/2 Times Base	-	671,441	-	-	-
3-3/4 Times Base	-	-	559,534	-	-
3-1/4 Times Base	-	-	-	484,929	-
3 Times Base	-	-	-	-	447,627
Total Debt Limitation	<u>335,720</u>	<u>671,441</u>	<u>559,534</u>	<u>484,929</u>	<u>447,627</u>
Indebtedness:					
Bonds Payable	79,908	29,822	16,189	-	-
Bonds Authorized and Unissued	54,361	8,374	16,420	-	-
Clean Water Fund Loans	-	-	20,415	-	-
Overlapping Debt	-	-	12,154	-	-
Grant Commitments	-	(7,685)	-	-	-
Total Indebtedness	<u>134,269</u>	<u>30,511</u>	<u>65,178</u>	<u>-</u>	<u>-</u>
Debt Limitation in Excess of Outstanding and Authorized Debt	<u>\$ 201,451</u>	<u>\$ 640,930</u>	<u>\$ 494,356</u>	<u>\$ 484,929</u>	<u>\$ 447,627</u>

NOTE 1: In no event shall total debt exceed seven times annual receipts from taxation. The maximum amount permitted would be \$1,044,464.

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 include Water bonds of \$5,711, which are considered to be self-funding. Additionally, water bonds authorized and unissued of \$7,635 are not included.

NOTE 4: Overlapping debt is based on City's 31.56% share of Mattabassett Districts currently outstanding CWF project funding.

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

	FISCAL YEAR									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Debt Limitation	\$ 1,044,463	\$ 1,044,463	\$ 1,037,638	\$ 940,240	\$ 922,691	\$ 972,749	\$ 902,412	\$ 876,696	\$ 848,365	\$ 851,007
Total Net Debt Applicable to Limit	229,958	257,598	235,935	206,136	197,335	197,655	196,307	169,979	159,757	119,401
Legal Debt Margin	<u>\$ 814,505</u>	<u>\$ 786,865</u>	<u>\$ 801,703</u>	<u>\$ 734,104</u>	<u>\$ 725,356</u>	<u>\$ 775,094</u>	<u>\$ 706,105</u>	<u>\$ 706,717</u>	<u>\$ 688,608</u>	<u>\$ 731,606</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	22 %	25 %	23 %	22 %	21 %	20 %	22 %	19 %	19 %	14 %

**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)
2024	47,108	1,877,018	\$39,845	39.5	4,381	2.5%
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%

**CITY OF MIDDLETOWN, CONNECTICUT
PRINCIPAL EMPLOYERS
2024 AND 2014**

Employer	Nature of Business	2024			2015		
		Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Middlesex Health System	Private Hospital	3,126	1	12.25%	1,000	2	4.00%
Pratt & Whitney/Raytheon Technologies	Aircraft Engines	2,350	2	9.21%	2,400	1	9.60%
FedEx Ground Package System Inc.	Courier Delivery Service	1,561	3	6.12%			
Connecticut Valley Hospital	State Hospital	1,669	4	6.54%	1,000	3	4.00%
Middletown Board of Education	Education	1,237	5	4.85%	803	4	3.21%
Wesleyan University	Higher Education	1,050	6	4.11%	800	5	3.20%
Liberty Bank	Financial Banking	497	7	1.95%	600	6	2.40%
City of Middletown	Government	492	8	1.93%	567	7	2.27%
Jarvis Products	Power Tool Manufacturer	279	9	1.09%	300	9	1.20%
Kamen Aerospace	Electronics System	218	10	0.85%	400	8	1.60%
Dattco	Transportation				150	10	0.60%
TOTAL		<u>12,479</u>			<u>8,020</u>		

Source: City of Middletown, Chamber of Commerce. Department of Labor, State of Connecticut

**CITY OF MIDDLETOWN, CONNECTICUT
MISCELLANEOUS STATISTICAL DATA
JUNE 30, 2024**

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	476
Other	755
Local enrollment	4,639
Municipal employees:	
(Permanent-exclusive of library)	
Police and Fire	186
Municipal and other	256
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, 2024**

Police protection:	
Police station	1
Employees:	
Law enforcement	120
Civilian	14
Animal Control	3
School crossing guards	6
Elections:	
Number of registered voters	34,632
Number of votes cast in:	
Last state election	15,933
Last municipal election	8,637
Percentage of registered voters voting in:	
Last state election	58%
Last municipal election	32%
Municipal parking:	
Metered	625
Municipal garage	-
Other	386
Library:	
Main building	1
Employees:	
Regular	36
Part-time	10
Number of items owned	120,036
Registered borrowers	12,280
Total annual circulation	265,043
Total annual visits	175,662
Miles of streets and alleys:	
Streets - paved	199.1
Streets - unpaved	6.19
Alleys	2.1
Sidewalks	91.5