

PRELIMINARY OFFICIAL STATEMENT DATED MARCH 11, 2025

NEW ISSUE-BOOK ENTRY ONLY

RATINGS: (See “Ratings” herein)

In the opinion of Bond Counsel, rendered in reliance upon and assuming the accuracy of and continuing compliance by the City with certain representations and covenants relating to the applicable requirements of the Internal Revenue Code of 1986 (the “Code”), under existing law, interest on the Bonds and the Notes is excluded from gross income for federal income tax purposes and is not treated as an item of tax preference for purposes of the federal alternative minimum tax under the Code; however, such interest is taken into account in determining the annual adjusted financial statement income of certain corporations for the purpose of computing the alternative minimum tax imposed on corporations. In the opinion of Bond Counsel, under existing statutes, interest on the Bonds and the Notes is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates and is excluded from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay the federal alternative minimum tax. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the Bonds and the Notes. (See “Tax Matters” herein.)



CITY OF WEST HAVEN, CONNECTICUT
\$12,450,000* GENERAL OBLIGATION BONDS, ISSUE OF 2025

Dated: Date of Delivery

Due: March 15, as shown herein

The \$12,450,000* General Obligation Bonds, Issue of 2025 (the “Bonds”) will be general obligations of the City of West Haven (the “City”) and the City will pledge its full faith and credit to pay the principal of and interest on the Bonds when due. Payment in respect of the Bonds will also be supported by a property tax intercept fund established under a Trust Indenture, dated as of November 1, 2017, as amended and supplemented by a Fourth Supplemental Indenture of Trust, dated as of March 1, 2025 (the “Trust Indenture”), between the City and U.S. Bank Trust Company, National Association, as successor trustee (the “Trustee”) (see “SECTION I- SECURITIES OFFERED - SECURITY AND REMEDIES” herein). Interest on the Bonds will be payable semiannually on September 15 and March 15 in each year until maturity, commencing September 15, 2025. **The Bonds ARE subject to redemption prior to maturity.** (See “Redemption Provisions” herein).

\$5,030,000* GENERAL OBLIGATION BOND ANTICIPATION NOTES, ISSUE OF 2025, SERIES B

Dated: Date of Delivery

Due: March 26, 2026

The \$5,030,000* General Obligation Bond Anticipation Notes, Issue of 2025, Series B (the “Notes”) will be general obligations of the City and the City will pledge its full faith and credit to pay the principal of and interest on the Notes when due. The Notes will **not** be supported by the property tax intercept fund established under the Trust Indenture. Interest on the Notes will be payable at maturity on March 26, 2026. **The Notes are NOT subject to redemption prior to maturity.**

The Bonds and the Notes will be issuable only as fully-registered obligations, without coupons, and when issued, will be registered in the name of Cede & Co., as Bondowner and Noteowner, respectively, and nominee for The Depository Trust Company (“DTC”), New York, New York. DTC will act as securities depository for the Bonds and the Notes. Purchases of the Bonds will be made in book-entry-only form, in denominations of \$5,000 and purchases of the Notes will be made in book-entry-only form, in denominations of \$100,000 and any integral multiples of \$5,000 in excess thereof. Purchasers will not receive certificates representing their ownership in the Bonds or the Notes. So long as Cede & Co. is the Bondowner and Noteowner, respectively, as nominee of DTC, reference herein to the Bondowner or Noteowner shall mean Cede & Co. as aforesaid, and shall not mean the Beneficial Owners (as described herein) of the Bonds and the Notes, respectively. (See “SECTION I – SECURITIES OFFERED - BOOK-ENTRY-ONLY TRANSFER SYSTEM” herein).

U.S. Bank Trust Company, National Association, of Hartford, Connecticut will be the Registrar, Certifying Agent, Transfer Agent, and Paying Agent for the Bonds and the Notes and shall be the Trustee for the Bonds.

RAYMOND JAMES®

The Bonds and the Notes are offered for delivery when, as and if issued and accepted by the Underwriter, subject to the final approving opinions of Pullman & Comley, LLC, Bond Counsel, of Bridgeport and Hartford, Connecticut. Certain matters will be passed upon for the Underwriter by Robinson & Cole LLP, Underwriter’s Counsel, of Hartford, Connecticut. It is expected that delivery of the Bonds and the Notes in book-entry-only form will be made on or about March 27, 2025.

* Preliminary, subject to change.

CITY OF WEST HAVEN, CONNECTICUT

\$12,450,000* GENERAL OBLIGATION BONDS, ISSUE OF 2025

Dated: Date of Delivery

Due: March 15, as shown below

MATURITY SCHEDULE AND AMOUNTS*

| Maturity | Amount* | Coupon | Yield | CUSIP ¹ | Maturity | Amount* | Coupon | Yield | CUSIP ¹ |
|----------|------------|--------|-------|--------------------|----------|------------|--------|-------|--------------------|
| 2026 | \$ 950,000 | % | % | 953140*** | 2034 | \$ 720,000 | % | % | 953140*** |
| 2027 | 925,000 | | | 953140*** | 2035 | 720,000 | | | 953140*** |
| 2028 | 925,000 | | | 953140*** | 2036 | 440,000 | | | 953140*** |
| 2029 | 925,000 | | | 953140*** | 2037 | 440,000 | | | 953140*** |
| 2030 | 925,000 | | | 953140*** | 2038 | 440,000 | | | 953140*** |
| 2031 | 720,000 | | | 953140*** | 2039 | 440,000 | | | 953140*** |
| 2032 | 720,000 | | | 953140*** | 2040 | 440,000 | | | 953140*** |
| 2033 | 720,000 | | | 953140*** | | | | | |

| TERM BOND | | | | |
|-----------------|--------------|--------|-------|--------------------|
| Maturity | Amount* | Coupon | Yield | CUSIP ¹ |
| March 15, 2045† | \$ 2,000,000 | % | % | 953140*** |

† Subject to mandatory sinking fund redemption as set forth herein.

\$5,030,000* GENERAL OBLIGATION BOND ANTICIPATION NOTES, ISSUE OF 2025, SERIES B

Dated: Date of Delivery

Due: March 26, 2026

MATURITY SCHEDULE AND AMOUNTS*

| Coupon | Yield | CUSIP ¹ |
|--------|-------|--------------------|
| % | % | 953140*** |

¹ CUSIP® is a registered trademark of the American Bankers Association. CUSIP data herein are provided by CUSIP Global Services, managed on behalf of the American Bankers Association by FactSet Research Systems, Inc, which are numbers have been assigned by an independent company not affiliated with the City and are included solely for the convenience of the holders of the Bonds and the Notes. The City is not responsible for the selection or use of these CUSIP numbers, does not undertake any responsibility for their accuracy, and makes no representation as to their correctness on the Bonds and the Notes or as indicated above. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Bonds and the Notes as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of such maturity or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Bonds and the Notes.

*Preliminary, subject to change.

No dealer, broker, salesperson or other person has been authorized by the City or the Underwriter to give any information or to make any representations, other than those contained in this Official Statement, in connection with the offering made hereby, and, if given or made, such other information or representations must not be relied upon as having been authorized by the City or the Underwriter. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds and the Notes by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. This Official Statement is not to be construed as a contract with purchasers or registered owners of the Bonds and the Notes.

The information set forth herein has been obtained by the City from sources which are believed to be reliable but it is not guaranteed as to accuracy or completeness. Certain information in this Official Statement has been obtained by the City from other sources. Neither the City, nor the Municipal Advisor guarantee the accuracy or completeness of such information, however, and such information is not to be construed as a representation of any of the foregoing.

This Official Statement has been prepared only in connection with the initial offering and sale of the Bonds and the Notes and may not be reproduced or used, in whole or in part, for any other purpose.

The information, estimates and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale of the Bonds and the Notes made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the City since the date of this Official Statement.

Other than as to matters expressly set forth in Appendix A – “Audited Financial Statements” herein, the independent auditors for the City are not passing on and do not assume any responsibility for the accuracy or adequacy of the financial information presented in this Official Statement and make no representation that they have independently verified the same. The independent auditor has not been engaged to perform and has not performed, since the date of its report included herein, any procedures on the financial statements addressed in that report. The independent auditor also has not performed any procedures relating to this Official Statement.

Other than as to matters expressly set forth as its opinions in Appendices B and C herein, Bond Counsel is not passing on and does not assume any responsibility for the accuracy or adequacy of the statements made in this Official Statement and makes no representation that it has independently verified the same.

This Official Statement may include “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Without limiting the foregoing, the words “may,” “believe,” “could,” “might,” “possible,” “potential,” “project,” “will,” “should,” “expect,” “intend,” “plan,” “predict,” “anticipate,” “estimate,” “approximate,” “contemplate,” “continue,” “target,” “goal” and similar expressions are intended to identify forward-looking statements, although not all forward-looking statements contain these words. All forward-looking statements included in this Official Statement are based on information available to the City up to the date as of which such statements are to be made, or otherwise up to, and including, the date of this document, and the City assumes no obligation to update any such forward-looking statements to reflect events or circumstances that arise after the date hereof or after the date of any report containing such forward-looking statement, as applicable. Actual results could differ materially from those anticipated in these forward-looking statements as a result of certain important factors, including, but not limited to (i) the effect of and from, future municipal, state and federal budgetary matters, including state and federal grants and other forms of financial aid to the City; (ii) federal tax policy, including the deductibility of state and local taxes for federal tax purposes; (iii) macroeconomic economic and business developments, both for the country as a whole and particularly affecting the City; (iv) financial services industry developments; (v) litigation or arbitration; (vi) climate and weather related developments, natural disasters and other acts of God; (vii) factors used in estimating future obligations of the City; (viii) the effects of epidemics and pandemics, including economic effects; (ix) foreign hostilities or wars; (x) foreign or domestic terrorism or domestic violent extremism; and (xi) other factors contained in this Official Statement.

The Bonds and the Notes have not been registered under the Securities Act of 1933, as amended, nor have the Bonds or the Notes been registered under any state securities laws.

The City deems this Official Statement to be “final” for purposes of Securities and Exchange Commission Rule 15c2-12(b)(1), but it is subject to revision or amendment.

The Underwriter has provided the following sentence for inclusion in this Official Statement. The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information, however, and such information is not to be construed as a representation of any of the foregoing.

Any references to website addresses presented herein are for informational purposes only and may be in the form of a hyperlink solely for the reader’s convenience. Unless specified otherwise, any such websites and the information or links contained therein are not incorporated into, and are not part of, this offering document.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVER ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE BONDS AND THE NOTES AT LEVELS ABOVE THOSE WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME. THE UNDERWRITER MAY OFFER AND SELL THE BONDS AND THE NOTES TO CERTAIN DEALERS AND DEALER BANKS AND OTHERS AT PRICES LOWER THAN THE PUBLIC OFFERING PRICES STATED ON THE INSIDE COVER PAGE HEREOF, AND SAID PUBLIC OFFERING PRICES MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITER.

TABLE OF CONTENTS

| | <u>Page</u> | | <u>Page</u> |
|--|-------------|--|-------------|
| Bond Issue Summary..... | i | V. Financial Information..... | 31 |
| Note Issue Summary..... | ii | Fiscal Year | 31 |
| I. Securities Offered..... | 1 | Accounting Policies..... | 31 |
| Introduction | 1 | Basis of Accounting | 31 |
| City Finances..... | 1 | Annual Audit | 31 |
| Description of the Bonds | 2 | Budgetary Procedure..... | 31 |
| Redemption Provisions..... | 2 | City Financial Operations..... | 32 |
| Notice of Redemption..... | 3 | Misappropriation of Coronavirus Relief | |
| Description of the Notes | 3 | Funds and CohnReznick Investigation | 33 |
| Ratings..... | 4 | Municipal Accountability Review Board and | |
| Bond Insurance..... | 4 | Designated Tier Legislation | 34 |
| Book-Entry-Only Transfer System..... | 4 | Five-Year Recovery Plan Summary | 37 |
| Replacement Bonds and Notes | 5 | Risk Management..... | 38 |
| DTC Practices..... | 5 | Employee Pension Systems..... | 38 |
| Securities and Remedies..... | 6 | Other Post-Employment Benefits | 41 |
| Bond and Note Owners Risk | 6 | Investment Policies and Procedures | 43 |
| Qualification for Financial Institutions..... | 10 | Property Tax Revenues | 43 |
| Availability of Continuing Disclosure..... | 10 | Intergovernmental Revenues | 44 |
| Authorization and Purpose | 11 | Municipal Budget Expenditure Cap | 44 |
| Sources and Uses of Note Proceeds | 11 | Expenditures..... | 45 |
| Tax Matters | 11 | Comparative General Fund Operating Statements | |
| Underwriting | 13 | FY 2023-24 and FY 2023-24 Adopted Budget..... | 46 |
| II. The Issuer | 14 | Comparative General Fund Balance Sheet | 47 |
| Description of the City | 14 | Statement of Revenues, Expenditures and Changes | |
| Form of Government | 15 | in Fund Balance - General Fund..... | 48 |
| Municipal Officials..... | 16 | VI. Debt Summary | 49 |
| Municipal Employees..... | 16 | Principal Amount of Indebtedness | 49 |
| Municipal Employees Bargaining Units..... | 17 | Combined Schedule of Long-Term Debt..... | 50 |
| Summary of Municipal Services | 18 | Schedule of Bonded Debt..... | 51 |
| Educational Facilities | 20 | Schedule of Clean Water Fund Loans | 52 |
| School Enrollments | 20 | Calculation of Net Direct Debt..... | 53 |
| Economic Development | 21 | Current Debt Ratios | 53 |
| III. Economic and Demographic Information..... | 23 | Computation of Statutory Debt Limitation..... | 54 |
| Population Trends..... | 23 | Historical Debt Statement..... | 55 |
| Age Characteristics of Population | 23 | Historical Debt Ratios | 55 |
| Selected Wealth and Income Indicators..... | 23 | Clean Water Fund Program | 55 |
| Income Distribution..... | 24 | Outstanding Short-term Indebtedness..... | 56 |
| Educational Attainment | 24 | Capital Leases | 56 |
| Employment by Industry | 24 | Underlying Indebtedness | 56 |
| Major Employers..... | 25 | School Construction Projects | 56 |
| Unemployment Rate Statistics..... | 25 | Debt Authorization | 57 |
| Housing Inventory | 26 | Debt Authorized But Unissued..... | 57 |
| Owner Occupied Housing Values | 26 | Five-Year Capital Plan | 58 |
| Age Distribution of Housing | 27 | Maturities | 58 |
| Number and Value of Building Permits..... | 27 | Temporary Financing | 58 |
| Breakdown of Land Use..... | 27 | VII. Legal and Other Litigation | 60 |
| IV. Tax Base Data..... | 28 | Litigation..... | 60 |
| Assessment Practices..... | 28 | Municipal Advisor..... | 60 |
| Tax Collection Procedures..... | 28 | Transcript and Closing Documents | 60 |
| Motor Vehicle Property Tax Rate..... | 28 | Concluding Statement | 60 |
| Property Tax Lien Sales | 28 | Appendix A – Audited Financial Statements | |
| Comparative Assessed Valuations..... | 29 | Appendix B – Form of Opinion of Bond Counsel for the Bonds | |
| Property Tax Levies and Collections..... | 29 | Appendix C – Form of Opinion of Bond Counsel for the Notes | |
| Largest Taxpayers | 30 | Appendix D – Form of Continuing Disclosure Agreement for | |
| Equalized Net Grand List | 30 | the Bonds | |
| | | Appendix E – Form of Continuing Disclosure Agreement for the | |
| | | Notes | |
| | | Appendix F – Summary of the Trust Indenture | |

BOND ISSUE SUMMARY

The information in this Bond Issue Summary, cover page and inside cover page is qualified in its entirety by the detailed information and financial statements appearing elsewhere in this Official Statement. The Official Statement speaks only as of its date and the information herein is subject to change.

| | |
|---|--|
| Issuer: | City of West Haven, Connecticut (the “City”). |
| Issue: | \$12,450,000* General Obligation Bonds, Issue of 2025 (the “Bonds”). |
| Dated Date: | Date of Delivery. |
| Principal Due: | Annually on March 15, 2026-2045, as shown on the inside cover page of this Official Statement. |
| Interest Due: | September 15 and March 15 in each year until maturity, commencing September 15, 2025. |
| Denominations: | \$5,000 or integral multiples thereof. |
| Purpose and Authority: | The Bonds are being issued to finance public improvement projects undertaken by the City and authorized pursuant to Title 7 of the General Statutes of Connecticut, as amended, the Charter of the City and bond ordinances adopted by the City Council. (See “Authorization and Purpose” herein.) |
| Redemption: | The Bonds are subject to redemption prior to maturity. (See “Redemption Provisions” herein.) |
| Security: | The Bonds will be general obligations of the City, and the City will pledge its full faith and credit to the payment of the principal of and interest on the Bonds when due. The Bonds will be supported by the property tax intercept fund established under the Trust Indenture. |
| Credit Rating: | The Bonds have been rated A- with a positive outlook by S&P Global Ratings (“S&P”) and upgraded to Baa2 by Moody's Ratings (“Moody's”). The underlying ratings on the City’s outstanding bonds have been upgraded to Baa2 by Moody’s and affirmed as A- with a positive outlook by S&P. |
| Bond Insurance: | The City has made an application to both Assured Guaranty Inc. and Build America Mutual Assurance Co. for municipal bond insurance on the Bonds. |
| Tax Status: | Refer to Appendix B, “Form of Opinion of Bond Counsel for the Bonds” and “Tax Matters” herein. |
| Continuing Disclosure Agreement: | See Appendix D to this Official Statement. |
| Bank Qualification: | The Bonds shall NOT be designated by the City as qualified tax-exempt obligations under the provisions of Section 265(b) of the Internal Revenue Code of 1986, for purposes of the deduction by financial institutions for interest expense allocable to the Bonds. |
| Registrar, Certifying Agent, Transfer Agent, Paying Agent and Trustee: | U.S. Bank Trust Company, National Association, of Hartford, Connecticut. |
| Legal Opinion: | Pullman & Comley, LLC, of Hartford and Bridgeport, Connecticut will act as Bond Counsel. |
| Delivery and Payment: | It is expected that delivery of the Bonds in book-entry-only form will be made on or about March 27, 2025 against payment in Federal Funds. |
| Issuer Official: | Questions regarding the City and this Official Statement should be directed to Mr. Michael Gormany, Finance Director, City of West Haven, 355 Main Street, West Haven, Connecticut 06516. Telephone: (203) 937-3626. |
| Municipal Advisor: | Munistat Services, Inc., 129 Samson Rock Drive, Suite A, Madison, Connecticut 06443, Attention: William N. Lindsay, Managing Director, Telephone: (203) 421-2880. |

*Preliminary, subject to change.

NOTE ISSUE SUMMARY

The information in this Note Issue Summary, cover page and inside cover page is qualified in its entirety by the detailed information and financial statements appearing elsewhere in this Official Statement. The Official Statement speaks only as of its date and the information herein is subject to change.

| | |
|--|--|
| Issuer: | City of West Haven, Connecticut (the “City”). |
| Issue: | \$5,030,000* General Obligation Bond Anticipation Notes, Issue of 2025, Series B (the “Notes”). |
| Dated Date: | Date of Delivery. |
| Principal Due: | At maturity on March 26, 2026. |
| Interest Due: | At maturity on March 26, 2026. |
| Denominations: | \$100,000 and any integral multiples of \$5,000 in excess thereof. |
| Purpose and Authority: | The Notes are being issued to refund outstanding notes of the City, maturing on March 27, 2025, which were issued to finance the high school renovation project and are authorized pursuant to Title 7 of the General Statutes of Connecticut, as amended, the Charter of the City and a bond ordinance adopted by the City Council. (See “Authorization and Purpose” herein.) |
| Redemption: | The Notes are not subject to redemption prior to maturity. |
| Security: | The Notes will be general obligations of the City and the City will pledge its full faith and credit to the payment of the principal of and interest on the Notes when due. The Notes will not be supported by the property tax intercept fund established under the Trust Indenture. |
| Credit Rating: | The Notes have been rated SP-1 by S&P. The underlying ratings on the City’s outstanding bonds have been upgraded to Baa2 by Moody’s and affirmed at A- with a positive outlook by S&P. |
| Tax Status: | Refer to Appendix C, “Form of Opinion of Bond Counsel for the Notes” and “Tax Matters” herein. |
| Continuing Disclosure Agreement: | See Appendix E to this Official Statement. |
| Bank Qualification: | The Notes shall NOT be designated by the City as qualified tax-exempt obligations under the provisions of Section 265(b) of the Internal Revenue Code of 1986, for purposes of the deduction by financial institutions for interest expense allocable to the Notes. |
| Registrar, Certifying Agent, Transfer Agent and Paying Agent: | U.S. Bank Trust Company, National Association, of Hartford, Connecticut. |
| Legal Opinion: | Pullman & Comley, LLC, of Hartford and Bridgeport, Connecticut will act as Bond Counsel. |
| Delivery and Payment: | It is expected that delivery of the Notes in book-entry-only form will be made on or about March 27, 2025 against payment in Federal Funds. |
| Issuer Official: | Questions regarding the City and this Official Statement should be directed to Mr. Michael Gormany, Finance Director, City of West Haven, 355 Main Street, West Haven, Connecticut 06516. Telephone: (203) 937-3626. |
| Municipal Advisor: | Munistat Services, Inc., 129 Samson Rock Drive, Suite A, Madison, Connecticut 06443, Attention: William N. Lindsay, Managing Director, Telephone: (203) 421-2880. |

*Preliminary, subject to change.

I. SECURITIES OFFERED

INTRODUCTION

This Official Statement, including the cover page, inside cover and appendices, is provided for the purpose of presenting certain information relating to the City of West Haven, Connecticut (the “City”) in connection with the issuance and sale of the City’s \$12,450,000* General Obligation Bonds, Issue of 2025, (the “Bonds”) and \$5,030,000* General Obligation Bond Anticipation Notes, Issue of 2025, Series B (the “Notes”).

The presentation of information in this Official Statement is intended to show recent historic trends and is not intended to indicate future or continuing trends in financial or other positions of the City. No representation is made that past experience, as might be shown by financial or other information herein, will necessarily continue to be repeated in the future. The information, estimates and expressions of opinion in this Official Statement are subject to change without notice.

All quotations from and summaries and explanations of provisions of statutes, charters, or other laws and acts and proceedings of the City contained herein do not purport to be complete, are subject to repeal or amendment, and are qualified in their entirety by reference to such laws and the original official documents. All references to the Bonds and the Notes and the proceedings of the City relating thereto are qualified in their entirety by reference to the definitive form of the Bonds and the Notes and the records of such proceedings. The information set forth herein has been obtained by the City from sources which are believed to be reliable, but it is not guaranteed as to sufficiency, accuracy or completeness.

The Bonds will be issued pursuant to a Trust Indenture dated as of November 1, 2017, as amended and supplemented by a Fourth Supplemental Indenture of Trust dated as of March 1, 2025 (the “Trust Indenture”) between the City and U.S. Bank Trust Company, National Association (the “Trustee”), and, along with additional long-term general obligation debt of the City, will be supported by a property tax intercept fund that requires the City to deposit into such fund an amount at least equal to the aggregate amount of principal, sinking fund installments, if any, and interest during the then current fiscal year as the same shall become due and payable on all outstanding general obligations of the municipality that are supported by the property tax intercept fund. See “SECTION I – SECURITIES OFFERED - DESCRIPTION OF THE BONDS”. The Trust Indenture requires the City to deposit into the Debt Service Account held under the Trust Indenture, on or prior to the first business day of each month, an amount equal to the principal, sinking fund installments, if any, and interest coming due on all Outstanding Supported General Obligations (as defined in the Trust Indenture), including the Bonds, during the ensuing month. See “SECTION I – SECURITIES OFFERED – DESCRIPTION OF THE BONDS”. The Notes will **not** be supported by the Trust Indenture.

CITY FINANCES

During Fiscal Years 2005 through 2017, the City experienced reduced financial flexibility and illiquidity resulting from a cumulative negative fund balance in its General Fund. This period began with the restatement of the City’s Fiscal Year 2005 financial statements when it was determined that the City had misclassified State of Connecticut (the “State”) school construction grants as general fund revenues instead of revenues of capital project funds established for school building projects. At the peak in Fiscal Year 2017, the City’s negative General Fund balance reached a negative \$18.1 million. In November 2017, the City issued \$16.1 million in deficit financing obligations in accordance with the Connecticut General Statutes, as amended (“CGS” or the “Connecticut General Statutes”) Sections 7-560 to 7-579, to fund the audited cumulative general fund deficit through June 30, 2016. CGS Section 7-560, restricts a municipality to funding only the undesignated fund balance as reflected in the most recent audited financial statements, which for the City was the Fiscal Year ending June 30, 2016.

In June 2017, Public Act 17-2 (“the Act”) established a Municipal Accountability Review Board (the “MARB”) to provide fiscal oversight and technical assistance to municipalities experiencing fiscal stress and in need of state assistance. Such municipalities can seek designation or be designated into one of four tiers, where progressively higher levels of distress and State oversight are associated with a higher numbered tier, from Tier I through Tier IV. A municipality’s designation is a function of its bond rating; the percentage of its operating revenue that it receives from the State; its equalized mill rate; the amount of fund balance it maintains; and whether it has issued deficit obligations or restructuring bonds which meet certain criteria regarding term and savings thresholds. Additionally, the Act provides that municipalities designated as Tier II, III or IV can apply for Municipal Restructuring Funds (“Restructuring Funds”) if such funds are included in the adopted State budget. In accordance with the Act, because the City previously issued deficit financing bonds, it was automatically designated as a Tier III municipality and became subject to oversight by the MARB in January 2018. The City received Restructuring Funds for the four Fiscal Years ending June 30, 2018 through June 30, 2021. For Fiscal Years ending June 30, 2022 through and including and June 30, 2025, the City has adopted balanced budgets without the need for Restructuring Funds.

*Preliminary, subject to change.

As required by the Act, the City submitted and the MARB originally approved a five-year fiscal recovery plan in November 2018. The five-year fiscal recovery plan has been updated annually, and the most recent version was approved by the MARB on May 16, 2024. Based on recommendations of the MARB, the City has established a number of financial and operational control measures in the areas of budgeting and budget monitoring; personnel; and employee benefit design and management to name a few. As a result of the use of the Restructuring Funds, improved budget practices, incremental mill rate increases, cost savings realized from operating efficiencies including the transition to the Connecticut Partnership Plan 2.0, the State’s multi-employer healthcare plan, and increases to the City’s grand list, the City has improved its financial position and liquidity such that it has achieved and maintained a positive general fund balance since Fiscal Year 2018. Additionally, the City generated an operating surplus of approximately \$6.4 million for the Fiscal Year ended June 30, 2024 which cumulatively increased the unassigned fund balance to \$21.2 million or 11.4% of general fund expenditures. See “SECTION V – FINANCIAL INFORMATION – CITY FINANCIAL OPERATIONS” and “SECTION V – FINANCIAL INFORMATION – MUNICIPAL ACCOUNTABILITY REVIEW BOARD AND TIER LEGISLATION” herein.

Following the discovery by the City of the misuse and misappropriation of Coronavirus Relief Funds (“CRF”) by two City employees and a subsequent State commissioned forensic audit of the City’s CRF expenditures the MARB voted to recommend to move the City to Tier IV at a special meeting held on April 14, 2022. In accordance with the Act, a 30-day notice and public comment period was provided until May 14, 2022. Subsequently, Governor Lamont approved the MARB’s Tier IV recommendation on May 17, 2022. See “SECTION V – FINANCIAL INFORMATION – ALLEGED MISAPPROPRIATION OF CORONAVIRUS RELIEF FUNDS AND COHNREZNICK INVESTIGATION” and “SECTION V – FINANCIAL INFORMATION – MUNICIPAL ACCOUNTABILITY REVIEW BOARD AND TIER LEGISLATION” herein.

DESCRIPTION OF THE BONDS

The Bonds will be dated the date of delivery and will mature in annual installments on March 15 in each of the years and in the principal amounts set forth on the inside cover page of this Official Statement. Interest on the Bonds will be payable semiannually on September 15 and March 15 in each year until maturity, commencing on September 15, 2025. Interest on the Bonds will be calculated on the basis of a 360-day year consisting of twelve 30-day months and will be payable to the registered owners of the Bonds as of the last business day in August and February of each year. A book-entry system will be employed evidencing ownership of the Bonds in principal amounts of \$5,000 or integral multiples thereof, with transfers of ownership effected on the records of The Depository Trust Company, New York, New York (“DTC”), and its participants pursuant to rules and procedures established by DTC and its participants. (See “Book-Entry Transfer System” herein). **The Bonds ARE subject to redemption prior to maturity.**

The Bonds will be general obligations of the City and the City will pledge its full faith and credit to pay the principal of and the interest on the Bonds when due. The Bonds will be issued pursuant to the Trust Indenture, which establishes a property tax intercept fund and a debt service account, as authorized by Chapter 117 of the Connecticut General Statutes. Chapter 117 requires the City to assure that the property taxes deposited with the Trustee for credit to the debt service account will be in amounts at least equal to, and deposited by such dates so as to satisfy, the City’s debt service requirements on an ongoing basis for those obligations supported by the Trust Indenture. The Trust Indenture requires that following the issuance of the Bonds, the City deposit into the debt service account held under the Trust Indenture the amount of debt service on or prior to the first business day of each month an amount equal to the principal, sinking fund installments, if any, and interest coming due on all Outstanding Supported General Obligations (as defined in the Trust Indenture) during the ensuing month. (See “SECTION I – SECURITIES OFFERED – SECURITY AND REMEDIES – Trust Indenture” and “Appendix F – Summary of the Trust Indenture” herein.)

The Registrar, Certifying Agent, Transfer Agent, Paying Agent and Trustee for the Bonds will be U.S. Bank Trust Company, National Association, of Hartford, Connecticut. The legal opinion on the Bonds will be rendered by Pullman & Comley, LLC of Bridgeport and Hartford, Connecticut. (See Appendix B – “Form of Opinion of Bond Counsel for the Bonds” to this Official Statement).

REDEMPTION PROVISIONS

Optional Redemption

The Bonds maturing on or before March 15, 2035 are not subject to redemption prior to maturity. The Bonds maturing on or after March 15, 2036 are subject to redemption prior to maturity, at the option of the City, on or after March 15, 2035, at any time, in whole or in part, and by lot within a maturity, in such amounts and in such order of maturity as the City may determine at the redemption prices (expressed as a percentage of principal amount of the Bonds to be redeemed) set forth in the following table, together with interest accrued and unpaid to the redemption date:

Redemption Date
March 15, 2035 and thereafter

Redemption Price
100%

Mandatory Sinking Fund Redemption

The Bonds maturing on March 15, 2045 (the "Term Bond") are subject to mandatory sinking fund redemption in part by lot at a redemption price equal to one hundred percent (100%) of the principal amount of the Bonds to be redeemed, plus accrued interest thereon to the date specified for redemption, on March 15 in each of the years set forth in the following table, in the principal amounts specified in each of such years:

| Term Bond due March 15, 2045* | | | |
|--------------------------------------|----------------|-----------------|----------------|
| <u>Maturity</u> | <u>Amount*</u> | <u>Maturity</u> | <u>Amount*</u> |
| 2041 | \$400,000 | 2044 | \$400,000 |
| 2042 | 400,000 | 2045 | 400,000 † |
| 2043 | 400,000 | | |

*Preliminary, subject to change.

† Final Maturity.

NOTICE OF REDEMPTION

Notice of redemption shall be mailed not less than thirty (30) nor more than (45) days prior to the redemption date to the registered owner as the same shall last appear on the registration books for the Bonds kept for such purpose. Failure to give such notice by mailing to any registered owner, or any defect therein, shall not affect the validity of the redemption of any other Bonds. Upon the giving of such notice, if sufficient funds available solely for redemption are on deposit with the Trustee, the Bonds, or portions thereof so called for redemption will cease to bear interest after the specified redemption date. So long as Cede & Co., as nominee for DTC is the registered owner of the Bonds, all notices of redemption will be sent only to DTC or its successor nominee.

If less than all the Bonds of any one maturity shall be called for redemption, the particular Bonds or portions of Bonds of such maturity to be redeemed shall be selected by lot in such manner as the City in its discretion may determine, provided, however, that the portion of any Bonds to be redeemed shall be in the principal amount of \$5,000 or multiple thereof and that, in selecting Bonds for redemption, each Bond shall be considered as representing that number of Bonds which is obtained by dividing the principal amount of such Bond by \$5,000.

The City, so long as a book-entry-only system is used for the Bonds, will send any notice of redemption only to DTC (or a successor securities depository) or its nominee. Any failure of DTC to advise any DTC Participant, or of any DTC Participant or Indirect Participant to notify any Indirect Participant or Beneficial Owner, of any such notice and its content or effect will not affect the validity of the redemption of such Bonds called for redemption.

Redemption of a portion of the Bonds of any maturity by the City will reduce the outstanding principal amount of Bonds of such maturity held by DTC. In such event it is the current practice of DTC to allocate by lot, through its book-entry-only system, among the interests held by DTC Participants in the Bonds to be redeemed, the interest to be reduced by such redemptions in accordance with its own rules or other agreements with DTC Participants. The DTC Participants and Indirect Participants may allocate reductions of the interest in the Bonds to be redeemed held by the Beneficial Owners. Any such allocation of interest in the Bonds to be redeemed will not be governed by the determination of the City authorizing the issuance of the Bonds and will not be conducted by the City, or be the responsibility.

DESCRIPTION OF THE NOTES

The Notes will be the Date of Delivery and will be due and payable as to both principal and interest at maturity, on March 26, 2026. Interest will be calculated on the basis of a 360-day year consisting of twelve 30-day months. **The Notes are NOT subject to redemption as described herein.**

The Notes will be general obligations of the City and the City will pledge its full faith and credit to pay the principal of and the interest on the Notes when due. The Notes will **not** be supported by the property tax intercept fund established under the Trust Indenture. A book-entry system will be employed evidencing ownership of the Notes in principal amounts of \$100,000 and any integral multiples of \$5,000 in excess thereof, with transfers of ownership effected on the records of The Depository Trust

Company, New York, New York (“DTC”), and its participants pursuant to rules and procedures established by DTC and its participants. (See “Book-Entry Transfer System” herein).

The Registrar, Certifying Agent, Transfer Agent and Paying Agent for the Notes will be U.S. Bank Trust Company, National Association, of Hartford, Connecticut. The legal opinion on the Notes will be rendered by Pullman & Comley, LLC of Bridgeport and Hartford, Connecticut. (See “Appendix C –Form of Opinion of Bond Counsel for the Notes” to this Official Statement).

RATINGS

The Bonds have been rated A- with a positive outlook by S&P Global Ratings (“S&P”) and upgraded to Baa2 by Moody's Ratings (“Moody's”). The underlying ratings on the City's outstanding bonds have been upgraded to Baa2 by Moody's and affirmed as A- with a positive outlook by S&P. The Notes have been rated SP-1 by S&P. The City can give no assurance as to any future rating action that Moody's or S&P may take. Such ratings reflect only the views of such rating agencies and any explanation of the significance of such ratings may be obtained from Moody's and S&P at the following addresses: Moody's Investors Service, Inc., 7 World Trade Center, 250 Greenwich Street, New York, New York 10007; S&P Global Ratings, 55 Water Street, New York, New York 10041. Generally, a rating agency bases its ratings on the information and materials furnished to it and on investigations, studies and assumptions of its own. There is no assurance that such rating will continue for any given period of time or that it will not be revised or withdrawn entirely by the agency if, in the judgment of such rating agency, circumstances so warrant. A revision or withdrawal of the ratings on the City's outstanding bonds may have an effect on the market price for and the marketability of the Bonds and the Notes.

BOND INSURANCE

The City has made an application to both Assured Guaranty Inc. and Build America Mutual Assurance Co. for municipal bond insurance on the Bonds.

BOOK-ENTRY-ONLY TRANSFER SYSTEM

The Depository Trust Company (“DTC”), New York, NY, will act as securities depository for the Bonds and the Notes. The Bonds and the Notes will be issued as fully-registered bonds and notes registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each maturity of the Bonds, in the aggregate principal amount of such maturity and for each interest rate, and will be deposited with DTC. One fully-registered Note certificate will be issued for each interest rate on the Notes, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of bond certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has an S&P Global Ratings rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of the Bonds and the Notes under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds and the Notes on DTC's records. The ownership interest of each actual purchaser of each Bond and Note (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds and

the Notes are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds and the Notes, except in the event that use of the book-entry system for the Bonds and the Notes is discontinued.

To facilitate subsequent transfers, all Bonds and Notes deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds and Notes with DTC and their registration in the name of Cede & Co. or such other DTC nominee does not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds and the Notes; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds and Notes are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds and the Notes unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the City as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Bonds and Notes are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal, redemption premium and interest payments on the Bonds and the Notes will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the City or Paying Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, Paying Agent, or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City or Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds and the Notes at any time by giving reasonable notice to Issuer or Agent. Under such circumstances, in the event that a successor depository is not obtained, bond and note certificates are required to be printed and delivered.

The City may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, bond and note certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the City believes to be reliable, but the City takes no responsibility for the accuracy thereof.

REPLACEMENT BONDS AND NOTES

The determination of the City authorizing the Bonds and the Notes provides for issuance of fully registered security certificates directly to Beneficial Owners of the Bonds and the Notes or their nominees in the event that: (a) DTC determines not to continue to act as securities depository for the Bonds and the Notes, and the City fails to identify another qualified securities depository for the Bonds and the Notes to replace DTC; or (b) the City determines to discontinue the book-entry system of evidence and transfer of ownership of the Bonds and the Notes. A Beneficial Owner of the Bonds and the Notes, upon registration of certificates held in such Beneficial Owner's name, will become the registered owner of the Bonds and the Notes.

DTC PRACTICES

The City can make no assurances that DTC, Direct Participants, Indirect Participants or other nominees of the Beneficial Owners of the Bonds and the Notes will act in a manner described in this Official Statement. DTC is required to act according to rules and procedures established by DTC and its participants which are on file with the Securities and Exchange Commission.

SECURITY AND REMEDIES

The Bonds and the Notes will be general obligations of the City and the City will pledge its full faith and credit to pay the principal of and interest on the Bonds and the Notes when due. Unless paid from other sources, the Bonds and the Notes are payable from ad valorem taxes which may be levied on all taxable property in the City without limit as to rate or amount, except as to certain classified property such as certified forest lands taxable at a limited rate and dwelling houses of qualified elderly persons of low income or of qualified disabled persons taxable at limited amounts. There was, however, no such certified forest land on the last completed grand list of the City, and, under existing statutes, the State of Connecticut is obligated to pay, subject to appropriation, the amount of tax revenue which the City would have received except for the limitation upon its power to tax such dwelling houses of qualified elderly persons of low income.

Payment of the Bonds and the Notes is not limited to property tax revenues or any other revenue source, but certain revenues of the City may be restricted as to use and therefore may not be available to pay debt service on the Bonds and the Notes.

There are no statutory provisions for priorities in the payment of general obligations of the City. Other than as provided by Chapter 117 of the Connecticut General Statutes (as hereafter defined), there are no statutory provisions for a lien on any portion of the tax levy or other revenues to secure the Bonds and the Notes, or judgments thereon, in priority to other claims.

The City is subject to suit on its general obligation bonds and notes and a court of competent jurisdiction has the power in appropriate proceedings to render a judgment against the City. Courts of competent jurisdiction have the power in appropriate proceedings to order payment of a judgment on such bonds and notes from funds lawfully available therefore, or, in the absence thereof, to order the City to take all lawful action to obtain the same, including the raising of the required amount in the next tax levy. In exercising their discretion as to whether to enter such an order, courts may take into account all relevant factors including the current operating needs of the City and the availability and adequacy of other remedies.

Trust Indenture

The Bonds will be issued pursuant to the Trust Indenture which establishes a property tax intercept fund and debt service account (the "Debt Service Account"), as authorized by Chapter 117 of the Connecticut General Statutes, Sections 7-560 to 7-569 ("Chapter 117"). Chapter 117 requires the City to assure that the property taxes deposited with the Trustee for credit to the Debt Service Account will be in amounts at least equal to, and deposited by such dates so as to satisfy, the City's debt service requirements on an ongoing basis. Pursuant to the terms of the Trust Indenture: i) all outstanding Supported General Obligations (as defined in the Trust Indenture), including the Bonds; ii) all outstanding long-term general obligation debt of the City; and iii) any future long-term general obligation debt of the City which the City determines, shall be supported by the pledge of property taxes and the Debt Service Account under the Trust Indenture. The covenants and agreements to be performed by or on behalf of the City under the Trust Indenture shall be for the equal and ratable benefit, protection and security of all owners of any and all of the Supported General Obligations, all of which, regardless of the time or times of their authentication and delivery or maturity, shall be of equal rank without preference, priority or distinction of any of the Supported General Obligations over any other Supported General Obligations or series of Supported General Obligations except as expressly provided for in the Trust Indenture. See "Appendix F – Summary of the Trust Indenture" to this Official Statement. A copy of the Trust Indenture is on file at the office of the City's Director of Finance, 355 Main Street, 3rd Floor, West Haven Connecticut, 06516.

BOND AND NOTE OWNERS' RISK

In making an investment decision with respect to the Bonds and the Notes, investors should consider carefully the information in this Official Statement and, in addition to those investment characteristics of fixed-rate municipal debt obligations, consider the following information.

Purchase of the Bonds and the Notes involves a degree of risk. Potential investors should be thoroughly familiar with this entire Official Statement (including the appendices hereto) in order to make a judgment as to whether the Bonds and the Notes are an appropriate investment, to identify risk factors and to make an informed investment decision. The discussion herein of risks that could affect payment to be made by the City with respect to the Bonds and the Notes and the market value of the Bonds and the Notes is not intended to be comprehensive or definitive, but rather is to summarize certain matters which could affect the ability of the City to make such payments and the market value of the Bonds and the Notes.

The COVID-19 Outbreak and Future Pandemics

On January 30, 2020, the outbreak of COVID-19 was declared a Public Health Emergency of International Concern by the World Health Organization. On March 13, 2020, the President of the United States declared a national emergency as a result of the COVID-19 outbreak. On March 10, 2020, Governor Lamont declared a state of emergency throughout the State of Connecticut (the “State”) and took steps to mitigate the spread and impacts of COVID-19. As of May 11, 2023, the federal and State public health emergency declarations have been terminated.

In response to the COVID-19 pandemic, on March 11, 2021, President Biden signed into law the \$1.9 trillion American Rescue Plan Act of 2021 (the “Rescue Plan”) that provided various forms of financial assistance and other relief to state and local governments. The City received \$29.6 million from the Rescue Plan. The City developed a plan for the use of such funds which focuses on infrastructure improvements and other initiatives that comply with the program eligibility criteria.

For information concerning the State’s actions in response to COVID-19, see <https://portal.ct.gov/coronavirus>. Neither the City, nor the parties involved with the issuance of the Bonds and the Notes, has reviewed the information provided by the State on its website and such parties take no responsibility for the accuracy thereof.

To date, the COVID-19 outbreak has had no material adverse effect on the finances of the City.

Pandemics, epidemics and other public health emergencies, may adversely impact the City and its revenues, expenses and financial condition. The City cannot predict the duration and extent of such pandemics, epidemics and other health emergencies, or quantify the magnitude of their ultimate impact on the State and regional economy, or on the revenues and expenses of the City. Pandemics, epidemics and other health emergencies may be ongoing, and their dynamic nature may lead to many uncertainties, including (i) the geographic spread as they evolve; (ii) the severity as they mutate; (iii) the duration of the outbreak; (iv) actions that may be taken by governmental authorities to contain or mitigate future outbreaks; (v) the development of medical therapeutics or vaccinations; (vi) travel restrictions; (vii) the impact of the outbreak on the local, State or global economy; (viii) whether and to what extent the State Governor may order additional public health measures; and (ix) the impact of the outbreak and actions taken in response to the outbreak on City revenues, expenses and financial condition.

Prospective investors should assume that restrictions and limitations related to COVID-19 and any future variants or pandemics may be instituted by the State or federal government.

Risks Related to City Operations

The ability of the City to meet its payment obligations under the Bonds and the Notes will depend upon the continued availability to the City of revenues from a variety of sources sufficient to meet obligations such as the City’s operating expenses, debt service on outstanding debt of the City and extraordinary costs or expenses which may occur from time to time. Revenues and expenses of the City will be affected by future events and conditions which will include the City’s ability to control expenses, the City’s ability to maintain or increase property tax rates and other sources of revenue, and the City’s access to other sources of revenue, including without limitation, the receipt of revenues from the State. Under the State’s 2024-25 biennial budget, in Fiscal Year 2024 the City received a total of \$57.2 million in State aid or \$310 thousand less than in it received in Fiscal Year 2023. As of January 2, 2025, the State Comptroller estimated a \$178.8 million surplus for Fiscal Year 2024-2025 after transfers of excess volatile revenue to the State retirement funds in the amount of \$1.4 billion made possible because the State’s Budget Reserve Fund was expected to exceed the statutory cap at the end of the fiscal year. However, no assurances can be given that these or other sources of revenues will be adequate to meet the expenses of the City. Additionally, the availability of future restructuring funds is subject to appropriation by the legislature in future biennial State budgets.

Future revenues and expenses of the City will be subject to conditions which may differ from current conditions to an extent that cannot be determined at this time. Descriptions of the City’s current finances and operations as well as certain projected financial and operating results of the City are contained in “SECTION I – INTRODUCTION” and “SECTION V – FINANCIAL DATA” in this Official Statement.

Marketability

No assurance can be given that a secondary market for the Bonds and the Notes will develop or continue following the completion of the offering of the Bonds and the Notes. Consequently, prospective purchasers should be prepared to hold their Bonds and Notes to maturity or prior redemption. No assurance can be given that the initial offering price for the Bonds and the Notes will continue for any period of time following issuance of the Bonds and the Notes. The Underwriter is not obligated to make a secondary market in the Bonds and the Notes.

The Bonds and the Notes are Not Suitable Investments for All Investors

The Bonds and the Notes are complex investments that should be considered only by investors who, either alone or with their financial, tax and legal advisors, have the expertise to analyze the prepayment, reinvestment, default and market risk, the tax consequences of such an investment, and the interaction of these factors.

Legal Matters and Future Changes in Law

Various state and federal laws, regulations and constitutional provisions apply to the obligations created by the Bonds and the Notes. There is no assurance that there will not be any change in, interpretation of, or addition to such applicable laws, regulations and provisions. Any such change, interpretation or addition could have a material adverse effect, either directly or indirectly, on the City or the taxing authority of the City, which could materially adversely affect the City's ability to repay the Bonds and the Notes and the market value of the Bonds and the Notes.

Repayment of the Bonds and the Notes and Potential Effects of Bankruptcy

The Bonds and the Notes will be general obligations of the City, and the City will pledge its full faith and credit to pay the principal of and interest on the Bonds and the Notes when due. There are no statutory provisions for priorities in the payment of general obligations of the City. Other than as provided in Chapter 117, there are no statutory provisions for a lien on any portion of the tax levy or other revenues to secure the Bonds and the Notes, or judgments thereon, in priority to other claims. Enforcement of a claim for payment of principal of or interest on the Bonds and the Notes would also be subject to the applicable provisions of federal bankruptcy laws as well as other bankruptcy, insolvency, reorganization, receivership, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted and to the exercise of judicial discretion. Under the Federal Bankruptcy Code, the City may seek relief only, among other requirements, if it is specifically authorized, in its capacity as a municipality or by name, to be a debtor under Chapter 9, Title 11 of the United States Code, or by state law or by a governmental officer or organization empowered by state law to authorize such entity to become a debtor under such Chapter. In the event of a restructuring of the City's debt under Chapter 9 of the Federal Bankruptcy Code, the rights of the owners of the Bonds and the Notes to receive interest, principal payments and redemption premiums, if any, from the City could be adversely affected. No assurance can be given that any priority of holders of City securities (including the Bonds and the Notes) to payment from monies in the Debt Service Account or from other resources of the City would be recognized if a petition were filed by or on behalf of the City under the Federal Bankruptcy Code or pursuant to other subsequently enacted laws relating to creditors' rights; such monies might under such circumstances, be paid to satisfy the claims of all City creditors generally. Judicial enforcement of the City's obligation to make payment of property taxes to the Trustee for deposit in the Debt Service Account, of the Trustee's obligation to retain certain monies in the Debt Service Account and of the obligations of the City under its covenants in the Trust Indenture may, under certain circumstances, be within the discretion of a court.

Section 7-566 of the Connecticut General Statutes, as amended, provides that no Connecticut municipality shall file a petition in bankruptcy without the express prior written consent of the Governor. Under the Federal Bankruptcy Code, an involuntary petition cannot be filed against the City. This prohibition applies to any town, city, borough, metropolitan district and to any other political subdivision of the State having the power to levy taxes and issue bonds or other obligations.

Limitations on Enforcement of Remedies

The remedies available to the Registered Owners of the Bonds and the Notes upon an event of default on the Bonds or the Notes when due are in many respects dependent upon judicial actions which are often subject to discretion and delay. Under existing constitutional and statutory law and judicial decisions, effective remedies may not be readily available or may be limited. The various legal opinions to be delivered concurrently with the delivery of the Bonds and the Notes will be qualified as to the enforceability of the various legal instruments by limitations imposed by the valid exercise of the sovereign powers of the State, and the constitutional powers of the United States of America, bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors generally.

Tax-Exempt Status

The exclusion from federal gross income of interest on the Bonds and the Notes is based on the continued compliance of the City with certain covenants relating generally to certain restrictions on the use of bond and note proceeds, arbitrage limitations and rebate of certain excess investment earnings to the federal government. Failure to comply with such covenants could cause interest on the Bonds and the Notes to become subject to federal income taxation retroactive to the date of issuance of the Bonds and the Notes. See "Tax Matters"; "APPENDIX B – FORM OF OPINION OF BOND COUNSEL FOR THE BONDS"; and "APPENDIX C – FORM OF OPINION OF BOND COUNSEL FOR THE NOTES" herein.

Change in Tax Treatment

Legislation affecting the tax treatment of municipal debt is regularly under consideration by the United States Congress. For example, the President of the United States has submitted proposals to Congress that would, among other things, limit the value of tax-exempt interest for higher-income taxpayers. Such proposals, or other proposals, could affect the tax exemption of interest on, or the market price for or the marketability of tax-exempt debt, such as the Bonds and the Notes. No assurance can be given that federal legislation enacted or proposed after the date of issuance of the Bonds and the Notes will not have an adverse effect on the tax-exempt status or market value of the Bonds and the Notes or will not change the effect of other federal tax law consequences of owning and disposing of the Bonds and the Notes. No assurance can be given that future legislation, or amendments to the income tax law of the State of Connecticut, if enacted into law, will not contain provisions that could, directly or indirectly, reduce the benefit of the exclusion of the interest on the Bonds and the Notes or any gain made on the sale or exchange thereof from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts, and estates.

Cybersecurity

The City like many other public and private entities, relies on technology to conduct its operations. The City and its departments face cyber threats from time to time, including but not limited to hacking, viruses, malware, phishing, and other attacks on computers and other sensitive digital networks and systems. To mitigate the risk of business operations impact and/or damage from cyber incidents or cyber-attacks, the City invests in various forms of cybersecurity and operational controls, including a comprehensive policy relating to the security of the City's government networks. No assurances can be given, however, that such security and operational control measures will be completely successful to guard against cyber threats and attacks. The results of any such attack could impact business operations and/or damage the City's digital networks and systems and the costs of remedying any such damage could be substantial.

In October 2018, the City experienced a ransomware cyber-attack executed by unidentified threat actors from various locations. This incident resulted in the compromise of critical systems, leading to extensive disruptions of both internal and public services and the loss of access to crucial data. As is common in ransomware incidents, the attackers employed encryption to hold systems and data hostage, seeking a ransom in exchange for their release. Ultimately, the City opted to make a nominal payment to regain access to the affected systems and data. Following this security breach, a comprehensive vulnerability assessment was conducted to determine weaknesses within the Information Technology infrastructure. Subsequently, the City has proactively implemented a series of measures to address the identified vulnerabilities. These measures include introducing additional security protocols, including patch management software, support contracts, hardware upgrades, and identifying and rectifying potential misconfigurations that might expose vulnerabilities. Since then, the City has continued to fortify its access controls, enhance overall security, and has maintain vigilant monitoring and ongoing improvements to strengthen its defenses against prospective cyber threats. Further example of improvements to the City's information technology protocols include the following:

- Implemented Security Awareness program featuring training, assessment and phishing campaigns
- Deployed Next Gen Firewall w/ Advance Intrusion Prevention System (IPS)
- Increased bandwidth to comply with the requirements of cloud computing
- Maintained Cyber Insurance coverage
- Cyber training for employees
- Adopted an Acceptable (Internet) Use policy
- Created Information Technology Action Plan
- Created cloud-based Business Continuity / Disaster Recovery site
- Moved to cloud-based version of MUNIS
- Migrated Email Exchange server to Office 365 & Drive to Microsoft SharePoint
- Upgraded servers to Windows 2019 and OS to Windows 10
- Implemented Multi-Factor Authentication (MFA)

Additionally, the MARB's management consultant, Whittlesey & Hadley, PC ("Whittlesey"), recommended certain information technology improvements which the City has implemented. See "SECTION V – FINANCIAL INFORMATION – MUNICIPAL ACCOUNTABILITY REVIEW BOARD AND TIER LEGISLATION" herein.

On or about December 25, 2024, as a result of previously established security protocols, the City's Information Technology Department was alerted of, and identified, a cyber security incident impacting the City. Out of an abundance of caution, the City temporarily shut down its systems to investigate, alert appropriate authorities, and engage external professionals to assess what City data may have been impacted. The disruption to operations was limited as the City was well prepared to rely on its

back up systems which enabled all systems to be fully operational within a few days. After investigating, the City determined that employee personal information may have been impacted and as a result the City has provided immediate notice to its employees and has offered free credit monitoring for a period of 2 years. The City has since engaged an outside team of security experts who have implemented additional layers of Information Technology protections. The City will continue to work with its team of Information Technology security experts to further assess if any other data may have been impacted, and will conduct periodic risk and threat assessments to prevent future cyber-attacks.

Climate Change

Numerous scientific studies have detailed changing global weather patterns and the potential for increasing extreme weather events across the world. The City's location in southern Connecticut on the Long Island Sound increases its vulnerability to flooding. In addition to flooding, the City faces other threats due to climate change, including damaging wind that could become more severe and frequent. The City cannot predict the timing, extent or severity of climate change and its impact on its operations and finances.

In an effort to mitigate damage from future storms, local flooding and rising sea levels, the City has undertaken a number of improvement projects including obtaining a \$5.2 million State grant to raise the road elevation of Beach Street in the coastal area of the City; obtaining a \$3.5 million grant from HUD for phase 1 of the elevation change for Beach Street and the dredging of Old Field Creek to reduce flooding and provide access to the City's Water Pollution Control facility during storm events; obtaining a \$3.9 million grant to construct self-regulating tide gates on the Cover River; obtaining a \$1.1 million grant from the National Resource Conservation Service to buy and demolish homes in flood prone areas in the City; and securing a \$250,000 grant from the Department of Economic and Community Development for boardwalk improvements and renovations. Additionally, the City has obtained a \$600,000 grant for the creation of an "Eco-Park" to restore a 1.5-acre strip of shoreline to its natural coastal environment utilizing only native plants from the region. The resiliency project will incorporate 22,000 native trees, shrubs, and perennials to create a natural buffer zone.

QUALIFICATION FOR FINANCIAL INSTITUTIONS

The Bonds and the Notes shall NOT be designated as qualified tax-exempt obligations under the provisions of Section 265(b) of the Internal Revenue Code of 1986, for purposes of the deduction by financial institutions for interest expense allocable to the Bonds and the Notes.

AVAILABILITY OF CONTINUING DISCLOSURE INFORMATION

The City will enter into Continuing Disclosure Agreements with respect to the Bonds and the Notes, substantially in the forms attached as Appendices D and E to this Official Statement (the "Continuing Disclosure Agreements"), to provide or cause to be provided, in accordance with the requirements of SEC Rule 15c2-12, (i) annual financial information and operating data with respect to the Bonds, (ii) timely notice of the occurrence of certain events not later than ten (10) business days after such occurrence with respect to the Bonds and the Notes and (iii) timely notice of a failure by the City to provide the required annual financial information on or before the date specified in the Continuing Disclosure Agreement with respect to the Bonds. The Underwriter's obligation to purchase the Bonds and the Notes shall be conditioned upon its receiving, at or prior to the delivery of the Bonds and the Notes, executed copies of the Continuing Disclosure Agreements for the Bonds and the Notes.

The City has previously entered into continuing disclosure agreements for the benefit of holders of certain general obligation bonds and notes and has agreed to provide certain annual financial information and certain event notices pursuant to Rule 15c2-12(b)(5). Due to a combination of change in the City's auditors, delays in year-end adjustments and receipt of information from third-party vendors, over the last five fiscal years the City has failed to make timely submission of certain audited financial statements and operating data and certain notices of material events. Specifically, the City failed to timely submit its audited financial statements and operating data for Fiscal Years ending June 30, 2019, 2021, 2022 and 2023 as required in its continuing disclosure agreements. For Fiscal Year 2019, the City made timely filings of a notice of the failure to file on March 3, 2020 and subsequently filed audited financial statements and operating data on April 14, 2020. For Fiscal Year 2021, the City made timely filings of a notice of the failure to file on February 28, 2022 and subsequently filed audited financial statements and certain operating data on February 28, 2023. However, the City determined that not all of the required operating data was included in its Fiscal Year 2021 audited financial statements and subsequently made a separate submission of the previously omitted operating data for Fiscal Year 2021 on October 26, 2023. For Fiscal Year 2022, the City made timely filings of a notice of the failure to file on February 28, 2023 and subsequently filed audited financial statements on November 29, 2023 and financial information and operating data for Fiscal Year 2022 on December 6, 2023. For Fiscal Year 2023, the City made timely filings of a notice of the failure to file on February 27, 2024 and subsequently filed audited financial statements on June 3, 2024 and financial information and operating data for Fiscal Year 2023 on June 12, 2024. The audited financial information and operating data for the Fiscal Years ending June 30, 2020 and June 30, 2024 were filed on time.

Additionally, the City failed to timely file notice of a change in the name of the trustee in September 2022. When the City was made aware of the missed filing, it promptly filed a notice reflecting the change in trustee with the MSRB’s EMMA system on October 24, 2023.

The City has taken steps including the adoption of post-issuance compliance procedures and hiring Munistat Services, Inc. as continuing disclosure agent to ensure that year-end adjustments are completed in a timely manner so that future audits will be completed in time to meet the filing deadline described in its continuing disclosure agreements. Additionally, the City is working with the MARB appointed Financial Manager, Protiviti, to improve year-end closing and reconciliation procedures which the City believes should improve timely completion of annual audits. The City’s Fiscal Year ending June 30, 2024 audited financial statements were completed on February 14, 2025 and were submitted to the MSRB’s EMMA system on February 17, 2025. The City’s financial information and operating data for Fiscal Year ending June 30, 2024 were submitted to the MSRB’s EMMA system on February 19, 2025.

AUTHORIZATION AND PURPOSE

The Bonds and the Notes are authorized and are being issued pursuant to Title 7 of the Connecticut General Statutes, as amended, and ordinances and resolutions adopted by the City Council (the “Resolutions”).

| <u>Project</u> | <u>Total Amount of Authorization</u> | <u>Notes Maturing 3/27/2025</u> | <u>Additions/ Reductions</u> | <u>The Bonds (This Issue)</u> | <u>The Notes (This Issue)</u> |
|---------------------------------------|--|---|----------------------------------|-----------------------------------|-----------------------------------|
| West Haven High School Renovations... | \$133,250,000 | \$ 5,030,000 | \$ - | \$ - | \$ 5,030,000 * |
| FY 2023-24 Capital Ordinance..... | 12,450,900 | - | 12,450,000 | 12,450,000 * | - |
| Total | <u>\$145,700,900</u> | <u>\$ 5,030,000</u> | <u>\$12,450,000</u> | <u>\$12,450,000</u> | <u>\$ 5,030,000</u> |

SOURCES AND USES OF BOND AND NOTE PROCEEDS

| Sources: | <u>The Bonds</u> | <u>The Notes</u> |
|---------------------------------|---------------------------|--------------------------|
| Par Amount..... | \$ 12,450,000.00 * | \$ 5,030,000.00 * |
| Net Original Issue Premium..... | - | - |
| Total Sources..... | <u>\$ 12,450,000.00 *</u> | <u>\$ 5,030,000.00 *</u> |
| Uses: | | |
| Repayment of Prior Notes..... | \$ - | \$ - |
| Project Fund Deposit..... | - | - |
| Underwriter's Discount..... | - | - |
| Cost of Issuance..... | - | - |
| Total Uses..... | <u>\$ -</u> | <u>\$ -</u> |

*Preliminary, subject to change.

TAX MATTERS

Federal Taxes. In the opinion of Bond Counsel, under existing law, (i) interest on the Bonds and the Notes is excluded from gross income for federal income tax purposes, and (ii) such interest is not an item of tax preference for purposes of the federal alternative minimum tax; however, such interest is taken into account in determining the annual adjusted financial statement income of certain corporations for the purpose of computing the alternative minimum tax imposed on corporations.

Bond Counsel’s opinion with respect to the Bonds and the Notes will be rendered in reliance upon and assuming the accuracy of and continuing compliance by the City with its representations and covenants relating to certain requirements of the Internal Revenue Code of 1986 (the “Code”). The Code and regulations promulgated thereunder establish certain requirements which must be satisfied at and subsequent to the issuance of the Bonds and the Notes in order that interest on the Bonds and the Notes be and remain excludable from gross income for federal income tax purposes. Failure to comply with such requirements may cause interest on the Bonds and the Notes to be included in gross income for federal income tax purposes retroactively to the date of issuance of the Bonds and the Notes irrespective of the date on which such noncompliance occurs. In the Tax Regulatory Agreement, which will be delivered concurrently with the issuance of the Bonds and the Notes, the City will covenant to

comply with certain provisions of the Code and will make certain representations designed to assure compliance with such requirements of the Code including, but not limited to, investment restrictions, periodic payments of arbitrage profits to the United States, requirements regarding the proper use of the Bond and the Note proceeds and certain other matters. The opinion of Bond Counsel delivered on the date of issuance of the Bonds and the Notes is conditioned upon compliance by the City with such requirements.

No other opinion is expressed by Bond Counsel regarding the federal tax consequences of the ownership of, or the receipt or accrual of interest on, the Bonds and the Notes.

Original Issue Discount. The initial public offering prices of certain maturities of the Bonds may be less than the stated principal amount (the “OID Bonds”). Under existing law, the difference between the stated principal amount and the initial offering price of each maturity of the OID Bonds will constitute original issue discount. The offering prices relating to the yields set forth on the inside cover page of this Official Statement for such OID Bonds are expected to be the initial offering prices to the public (excluding bond houses and brokers) at which a substantial amount of the OID Bonds are sold. Under existing law, original issue discount on the OID Bonds accrued and properly allocable to the owners thereof under the Code is excludable from gross income for federal income tax purposes if interest on the OID Bonds is excludable from gross income for federal income tax purposes.

Under the Code, for purposes of determining an owner’s adjusted basis in an OID Bond purchased at an original issue discount, original issue discount is treated as having accrued while the owner holds such OID Bond and will be added to the owner’s basis. The owner’s adjusted basis will be used to determine taxable gain or loss upon the sale or other disposition (including redemption or payment at maturity) of such an OID Bond.

Prospective purchasers of OID Bonds should consult their own tax advisors as to the calculation of accrued original issue discount, the accrual of original issue discount in the case of owners of OID Bonds purchasing such OID Bonds after the initial offering and sale, and the state and local tax consequences of owning or disposing of such OID Bonds.

Original Issue Premium. The initial public offering prices of certain maturities of the Bonds and the Notes may be more than their stated principal amounts payable at maturity (the “OIP Bonds and Notes”). In general, an owner who purchases an OIP Bond or Note must amortize the original issue premium as provided in the applicable Treasury Regulations, and amortized premium reduces the owner’s basis in the OIP Bond and Note for federal income tax purposes. Prospective purchasers of OIP Bonds or Notes at a premium to its principal amount should consult their tax advisors regarding the amortization of premium and its effect upon basis.

Other Federal Tax Matters. Prospective purchasers of the Bonds and the Notes should be aware that ownership of the Bonds and the Notes may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, financial institutions, certain insurance companies, recipients of Social Security or Railroad Retirement benefits, certain S corporations, foreign corporations subject to the branch profits tax, taxpayers eligible for the earned income credit, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations. Bond Counsel does not express any opinion regarding such collateral tax consequences. Prospective purchasers of the Bonds and the Notes should consult their tax advisors regarding collateral federal income tax consequences. Prospective purchasers of the Bonds and the Notes may also wish to consult with their tax advisors with respect to the need to furnish certain taxpayer information in order to avoid backup withholding.

State Taxes. In the opinion of Bond Counsel, under existing statutes, interest on the Bonds and the Notes is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates and is excluded from amounts on which the net Connecticut minimum tax is based for individuals, trusts and estates required to pay the federal alternative minimum tax.

Interest on the Bonds and the Notes is included in gross income for purposes of the Connecticut corporation business tax.

Accrued original issue discount on an OID Bond is also excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates and is excluded from amounts on which the net Connecticut minimum tax is based for individuals, trusts and estates required to pay the federal alternative minimum tax.

Owners of the Bonds and the Notes should consult their own tax advisors with respect to the determination for state and local income tax purposes of original issue discount or original issue premium accrued upon sale or redemption thereof, and with respect to the state and local tax consequences of owning or disposing of such Bonds or Notes.

Changes in Federal and State Tax Law. Legislation affecting tax-exempt obligations is regularly considered by the United States Congress. Court proceedings may also be filed, the outcome of which could modify the tax treatment of obligations such as the Bonds and the Notes. There can be no assurance that legislation enacted or proposed, or actions by a court, after the issuance of the Bonds and the Notes will not have an adverse effect on the tax status of interest on the Bonds and the Notes or the market value or marketability of the Bonds and the Notes. These adverse effects could result, for example, from changes to federal or state income tax rates, changes in the structure of federal or state income taxes (including replacement with another type of tax), or repeal (or reduction in the benefit) of the exclusion of interest on the Bonds and the Notes from gross income for federal or state income tax purposes for all or certain taxpayers.

Investors in the Bonds and the Notes should be aware that future legislative actions may increase, reduce or otherwise change (including retroactively) the financial benefits and the treatment of all or a portion of the interest on the Bonds and the Notes for federal income tax purposes for all or certain taxpayers. In all such events, the market value of the Bonds and the Notes may be adversely affected and the ability of holders to sell their Bonds or Notes in the secondary market may be reduced. The Bonds and the Notes are not subject to special mandatory redemption, and the interest rates on the Bonds and the Notes are not subject to adjustment, in the event of any such change in the tax treatment of interest on the Bonds and the Notes.

General. The opinion of Bond Counsel is rendered as of its date, and Bond Counsel assumes no obligation to update or supplement its opinion to reflect any facts or circumstances that may come to its attention or any changes in law that may occur after the date of its opinion. Bond Counsel's opinion is based on existing law, which is subject to change. Such opinion is further based on factual representations made to Bond Counsel as of the date of issuance. Moreover, Bond Counsel's opinion is not a guarantee of a particular result, and is not binding on the Internal Revenue Service or the courts; rather, such opinion represents Bond Counsel's professional judgment based on its review of existing law, and in reliance on the representations and covenants that it deems relevant to such opinion.

The discussion above does not purport to deal with all aspects of federal or state or local taxation that may be relevant to a particular owner of the Bonds and the Notes. Prospective owners of the Bonds and the Notes, particularly those who may be subject to special rules, are advised to consult their own tax advisors regarding the federal, state and local tax consequences of owning and disposing of the Bonds and the Notes.

UNDERWRITING

The Bonds and the Notes are being purchased by Raymond James & Associates, Inc., (the "Underwriter"), pursuant to the terms of a bond and note purchase agreement for the Bonds and the Notes with the City (the "Bond and Note Purchase Agreement"). Pursuant to the Bond and Note Purchase Agreement, the Underwriter has agreed, subject to certain conditions, to purchase the Bonds from the City at the net aggregate purchase price of \$_____ (consisting of the par amount of \$_____, plus net original issue premium of \$_____, less an underwriter's discount of \$_____) and to purchase the Notes from the City at the net aggregate purchase price of _____ (consisting of the par amount of \$_____, plus original issue premium of \$_____, less an underwriter's discount of \$_____).

The Bonds and the Notes may be offered and sold to certain dealers (including unit investment trusts and other affiliated portfolios and other dealers depositing the Bonds and the Notes into investment trusts) at prices lower than such public offering prices, and such public offering prices may be changed, from time to time, by the Underwriter.

[The remainder of this page intentionally left blank]

II. THE ISSUER



The following is a brief description of the City of West Haven (the “City” or “West Haven”) together with certain information concerning its economy, governmental organization, indebtedness, current major revenue sources, and general and specific funds.

DESCRIPTION OF CITY

West Haven was first settled in the mid 1640's as part of the New Haven Colony. In 1719, West Haven became the separate parish of West Haven, and remained as such until 1822, when it joined North Milford to form the Town of Orange. In 1921 it was incorporated as a separate town. In 1961, it was incorporated as a city under a charter establishing the Mayor/Council form of government. The City covers an area of 10.6 square miles. It is located in New Haven County approximately 58 miles east of New York City, and 40 miles south of Hartford, Connecticut. It is bounded on the north and east by the City of New Haven and the New Haven Harbor, on the south by Long Island Sound, and on the west by the Town of Orange and the City of Milford.

West Haven is an established, suburban residential community with an extensive retail, commercial and industrial base. According to the 2023 American Community Survey, as compiled by the U.S. Census Bureau, the City's population was 55,147.

The City supports and encourages a balance of industrial, commercial and residential properties and the City's Economic Development Commission and Planning and Zoning Commission have worked together to reach this objective.

The City is traversed by Interstate 95 and State Routes 1 (the Boston Post Road), 34, 122, and 162. The central area of the City is easily accessible to Interstate 95 which is close to the Merritt Parkway and Interstate 91 junctions. Air transportation is available in New Haven or Bridgeport, as is rail transportation, via Amtrak and Metro North Service; bus passenger transportation is provided by the Connecticut Department of Transportation through the Greater New Haven Transit District. Freight service is furnished by various motor common carriers.

West Haven has a diversified tax base which incorporates a variety of industries. The Veterans Administration of Connecticut and Health Care System employs approximately 2,000 people and the University of New Haven employs approximately 850 people. The City has had building regulations since 1931 and zoning regulations since March 1, 1967, with updates from time to time.

FORM OF GOVERNMENT

The City operates under a Mayor-Council form of government. The Mayor, who acts as the Chief Executive Officer, is directly responsible to the City Council for planning, organizing and directing all routine municipal activities. The Mayor is responsible for all appointments to boards and commissions with the exception of those board members or officers who are elected to office. Appointments are supported by a policy which ensures minority party representation on all non-elected boards and commissions. The Mayor manages department heads, sees that law and ordinances governing the City are enforced, makes recommendations and reports to the City Council, prepares the annual budget, prepares the annual report, keeps the City Council advised on the City's financial condition and performs other duties prescribed by Charter, ordinance or City Council resolution.

General City elections are held on the first Tuesday after the first Monday in November of each odd numbered year to elect the Mayor, City Treasurer, City Clerk, City Tax Collector and City Council. Their terms of office are for two years and commence at twelve noon on the first Sunday of December following their election.

The 13-member City Council is made up of three members elected at large and one member elected from each of the ten voting districts. The members of the Council choose one of its members to be Chairman of the Council to preside over all its meetings.

The legislative power of the City is vested exclusively in the City Council, except as otherwise provided for by the Charter. The City Council has the power to enact, amend, or repeal ordinances not inconsistent with the Charter or the General Statutes of the State and to provide for the preservation of good order, peace, health, and safety of the City and its inhabitants. At least one public hearing shall be held before any ordinance shall be passed. The electors have the power to approve or reject an ordinance by referendum, as provided in the Charter. The City Council adopts the budget and levies the tax rate in mills. If the City Council has not adopted the budget by the first Thursday in May, the Mayor's recommended budget is deemed to have been adopted by the City Council and the Mayor fixes the tax rate. In accordance with Special Act 17-2, as amended, as a Tier IV municipality, the MARB must approve the budget before it becomes operative. See "MUNICIPAL ACCOUNTABILITY REVIEW BOARD AND DESIGNATED TIER LEGISLATION" herein.

[The remainder of this page intentionally left blank]

MUNICIPAL OFFICIALS

| <u>Office</u> | <u>Name</u> | <u>Manner of Selection & Term</u> | <u>Years of Service</u> |
|--------------------------------------|----------------------|---------------------------------------|-------------------------|
| Mayor ¹ | Dorinda Borer | Elected - 2 years | 2 years |
| Town and City Clerk..... | John Lewis | Elected - 2 years | 2 years |
| Tax Collector..... | C. Eric Murillo | Elected - 2 years | 2 years |
| Treasurer ² | Ronald Quagliani | Elected - 2 years | 10 Years |
| City Council: | | | |
| Councilmember at Large, Chair..... | Nicholas A. Pascale | Elected - 2 years | 2 years |
| Councilmember at Large..... | Brian Laucks | Elected - 2 years | 2 years |
| Councilmember at Large..... | Meli Garthwait | Elected - 2 years | 4 Years |
| Councilmember - 1st District..... | Anne Heffernan | Elected - 2 years | 2 years |
| Councilmember - 2nd District..... | Ruby Melton | Elected - 2 years | 2 years |
| Councilmember - 3rd District..... | Sarah J. Ackbarali | Elected - 2 years | 2 years |
| Councilmember - 4th District..... | Gary Donovan | Elected - 2 years | 2 years |
| Councilmember - 5th District..... | Mackie McMillian | Elected - 2 years | 2 years |
| Councilmember - 6th District..... | Dawn Callahan | Elected - 2 years | 2 years |
| Councilmember - 7th District..... | Katherine Tucker | Elected - 2 years | 4 Years |
| Councilmember - 8th District..... | Christopher E. Vargo | Elected - 2 years | 2 years |
| Councilmember - 9th District..... | Kathleen Mueller | Elected - 2 years | 2 years |
| Councilmember - 10th District.... | Steven J. Johnstone | Elected - 2 years | 4 Years |
| Superintendent of Schools..... | Neil C. Cavallaro | Appointed - Indefinite | 23 Years |
| Chief of Staff..... | Richard Spreyer | Appointed - Indefinite | 2 years |
| Director of Finance..... | Michael Gormany | Appointed - Indefinite | Less than 1 year |
| Corporation Counsel..... | Paul Dorsi | Appointed - Indefinite | 2 years |
| Acting Director of Public Works..... | Robert Sandella | Appointed - Indefinite | 2 years |
| Chief of Police ³ | Joseph S. Perno | Appointed - Indefinite | 5 Years |
| Economic Development Director..... | Stephen Fontana | Appointed - Indefinite | Less than 1 year |

¹ Mayor Borer previously represented the City in the Connecticut State Legislature for six years where she served as Deputy Speaker of the House and was a member of the Finance, Revenue and Bonding Committee. Mayor Borer has over 30 years of professional experience including internal auditing.

² Ronald Quagliani had previously served 9 years on the City Council including 6 years as Council Chair.

³ Joseph Perno was appointed as chief in June 2019 but he has served in the West Haven Police Department for a total of 37 years.

Source: City Officials

MUNICIPAL EMPLOYEES

The following is a breakdown by category of General Fund supported City and Board of Education employees as of December 31, 2024:

| <u>Department</u> | <u>Employees</u> |
|-------------------------------|---------------------|
| General Government | |
| Full-Time..... | 326 |
| Total General Government..... | <u>326</u> |
| Board of Education | |
| Administration..... | 27 |
| Instructional..... | 580 |
| Other..... | <u>340</u> |
| Total Board of Education..... | <u>947</u> |
| Total City Employees..... | <u><u>1,273</u></u> |

Source: City Officials.

The following table reflects full time General Fund supported employees for the current and past four fiscal years:

| <u>Fiscal Year</u> | <u>General Government</u> | <u>Board of Education</u> | <u>Total</u> |
|--------------------|---------------------------|---------------------------|--------------|
| 2025 | 326 | 947 | 1,273 |
| 2024 | 322 | 910 | 1,232 |
| 2023 | 309 | 881 | 1,190 |
| 2022 | 297 | 851 | 1,148 |
| 2021 | 294 | 881 | 1,175 |

Source: City Officials

MUNICIPAL EMPLOYEE BARGAINING ORGANIZATIONS

| <u>Employees</u> | <u>Organization</u> | <u>Number of Employees</u> | <u>Contract Expiration Date</u> |
|--------------------------------------|---|----------------------------|---------------------------------|
| <u>General Government</u> | | | |
| Management | Communication Workers of America, Local #1103 | 50 | 6/30/2024 ¹ |
| Dispatchers, ERS | International Association of Fire Fighters & UPFFA of CT, Local # 5127 | 15 | 6/30/2026 |
| Municipal | AFSCME, AFL-CIO, Council #4, Local #681 | 110 | 6/30/2026 |
| Police Department | AFSCME, AFL-CIO, Council #4, Local #895 | 127 | 6/30/2025 |
| Fire Department ² | International Association of Fire Fighters Local # 5127 | 27 | 6/30/2026 |
| Water Pollution Control ² | AFSCME, Local # 1303-345 | 29 | 6/30/2025 |
| Non-Union Employees | Non-Union Employees | 24 | n/a |
| Total General Government | | <u>382</u> | |
| <u>Board of Education</u> | | | |
| Certified Administrators | West Haven School Administrators Association | 25 | 8/31/2026 |
| Teachers | West Haven Federation of Teachers, Local #1547, AFT | 576 | 8/31/2027 |
| Paraprofessionals | West Haven Federation of Paraprofessionals, Local #2262, AFT | 143 | 8/31/2027 |
| Non-certified Administrators | Communication Workers of America, Local #1103 | 11 | 6/30/2027 |
| Non-Certified | Non-Certified School Employees, AFSCME Council #4, Local #2706 | 96 | 6/30/2026 |
| Nurses | West Haven Federation of Nurses | 13 | 8/31/2027 |
| Cafeteria Workers | United Public Service Employees, Local #424, Unit # 100 | 25 | 6/30/2025 |
| Non-Union Employees | Non-Union Employees | 58 | n/a |
| Total Board of Education | | <u>947</u> | |
| Total City Employees | | <u>1,329</u> | |

¹ In negotiations.

² Enterprise fund employees not supported by the General Fund.

Source: City Officials

Connecticut General Statutes Sections 7-473c, 7-474 and 10-153a to 10-153n provide a procedure for binding arbitration of collective bargaining agreements between municipal employers and organizations representing municipal employees, including certificated teachers and certain other employees. The legislative body of a municipality may reject an arbitration panel's decision by a two-thirds majority vote. The State and the employee organization must be advised in writing of the reasons for rejection. The State then appoints a new panel of either one or three arbitrators to review the decisions on each of the rejected issues. The panel must accept the last best offer of either party. In reaching its determination, the arbitration panel gives priority to the public interest and the financial capability of the municipal employer, including consideration of other demands on the financial capability of the municipal employer. For binding arbitration, in assessing the financial capability of a municipality, there is an irrebuttable presumption that 15% of the municipality's budget reserve (a budget reserve of 5% or less for teacher's contracts) is not available for payment of the cost of any item subject to arbitration. In light of the employer's financial capability, the panel considers prior negotiations between the parties, the interests and welfare of the employee group, changes in the cost of living, existing employment conditions, and the wages, salaries, fringe benefits, and other conditions of employment prevailing in the labor market, including developments in private sector wages and benefits.

SUMMARY OF MUNICIPAL SERVICES

Police: The Police Department provides full-time police protection, complete with the latest crime prevention computer systems and a state-of-the-art computerized radio communications center to serve all emergency agencies. The Police Department is manned by a staff of 125 professionals, including a Chief of Police, one Deputy Chief and a supporting staff of 4 captains, 5 lieutenants, 3 detective sergeants, 18 sergeants, 16 detectives, 77 patrolmen, 9 civilians and 4 humane officers. The City has an emergency "911" system that was installed in 1971 and upgraded in 1994. The City has a revolving vehicle replacement program within its capital improvement program. The traffic section maintains traffic signs and signals. In addition, there is a staff of 40 part-time crossing guards for school safety. The Police Department also includes a Tactical Unit and a S.W.A.T. team.

Fire: Fire protection is provided by three fire districts in the City, two of which are bodies politic and political subdivisions of the State of Connecticut and are authorized to levy their own taxes to support operations. The two subdivision districts, the First Fire Taxation and West Shore Fire Districts, are staffed by full-time and volunteer fire fighters who are employees of the respective districts. The City is not liable to pay the Districts' debt nor their pension liabilities. The City estimates that the two subdivision fire districts have a combined net pension liability of approximately \$111.9 million as of June 30, 2023. The defined benefit pension plans for both the First Fire Taxation and West Shore Fire Districts have been closed to new hires and both districts now participate in the State of Connecticut Municipal Employees Retirement Fund plan. The City is not responsible for funding the pension plans of the First Fire Taxation or West Shore Fire Districts. In Fiscal Year 2011-12, the City assumed responsibility for the Third Fire District, the Allingtown Fire District, and has since operated it as a department of the City. (See "Allingtown Fire District" below).

Allingtown Fire Department

On April 30, 2012, the City Council approved the takeover of and the future management of the Allingtown Fire District as a City department. As a result of the takeover, the City is now responsible for the obligations of the new Allingtown Fire Department, including its operating deficit and pension and OPEB liabilities. Subsequently, on May 2, 2012, the City Council approved the Fiscal Year 2012-13 operating budget for the new Allingtown Fire Department ("AFD" or the "Department").

Beginning in Fiscal Year 2012-13, operations of the Department are supported by a separate mill rate and tax levy on the taxable property within the former district's boundaries and are accounted for in an enterprise fund, outside of the City's general fund.

As of June 30, 2023., the Department reported a Net Pension Liability of \$21.0 million and a Fiduciary Net Position as a percentage of Total Pension Liability of 39.2%.

For the Fiscal Year ending June 30, 2023, the Department had a \$1.2 million operating surplus due to positive revenue variances from intergovernmental revenues and property taxes and positive expenditure variances in departmental administration. The City applied \$1.1 million of the surplus to make an additional contribution to the AFD pension fund. The fund balance increased by \$15 thousand, bringing the total to \$4.15 million as of June 30, 2023.

For the Fiscal Year ending June 30, 2024, the Department had a \$1.1 million operating surplus resulting from positive revenue variances from intergovernmental revenues and property taxes and positive expenditure variances in departmental administration. The City again applied the \$1.1 million of the surplus towards a supplemental contribution to the AFD pension fund. Following supplemental appropriations and transfers, the Department ended the fiscal year with a \$49 thousand surplus, bringing the total to \$4.2 million as of June 30, 2024.

The Fiscal Year 2024-25 operating budget for the Allingtown Fire Department includes a \$6.4 million increase in the grand list and a decrease in the mill rate from 11.61 to 11.32 mills for real estate and personal property. The budget included \$2.7 million towards the Actuary Determined Contribution and pre-funding of unfunded pension liability and \$100K toward the advance funding of the OPEB Trust.

Public Works: The Public Works Department provides the City with professional, technical service-oriented activities which are necessary to operate and service the community. The Public Works Department operates the highway division, central garage, park maintenance, building maintenance, solid waste collection and disposal together with a bureau of engineering. Major public improvements of an ongoing nature are provided by the Public Works Department. Recent improvements include major renovations to City Hall, improvements to Veterans Memorial Complex, Veterans Walk of Honor, Pavilions at Painter Park and the installation of lights at the West Haven Little League Complex. The City performs paving and road repair work annually. For further information regarding the City's Capital Improvement Plan, see "Five Year Capital Plan" herein.

Water Pollution Control: The Water Pollution Control Commission was created for the purpose of overseeing the operations of the water pollution control facilities and establishing a user charge system for sewer services. The user charge system took effect on July 1, 1994. The Commission is comprised of the City Engineer, City Attorney, Director of Finance, Director of Public Works (ex officio), a City Council representative (ex officio) and five at-large members appointed by the Mayor. The at-large members serve for a term of two years concurrent with the Mayor's term. Major sewer projects completed since 1993 include: the upgrade of all 13 Pump Stations; over 400 repairs to the collection system; the upgrade of approximately 10 miles of the 140 miles of sewer lines using trench-less technology; and an upgrade of the Water Pollution Control Facility and Main Pump Station to achieve low levels of Total Suspended Solids, Biological Oxygen Demand and Biological Nitrogen Removal. The City's Five-Year Capital Plan includes borrowing \$111.9 million for significant improvements for Water Pollution Control. For more information regarding the Water Pollution Control Facility Improvements, see "Clean Water Fund Program" herein. For further information regarding the City's Capital Improvement Plan, see "Five Year Capital Plan" herein.

Parks and Recreation: The West Haven Parks and Recreation Department provides and maintains numerous parks, playgrounds, waterfront, and field and court facilities for its residents. It sponsors special events, provides programs for special interest groups of all ages, assists community groups in planning recreational activities, conducts workshops, clinics, special playgrounds and camps during the summer, and provides lifeguards and beach constables for the waterfront facilities. It also offers a wide variety of programs such as softball, tennis, aerobics fitness, indoor and outdoor volleyball, basketball, skiing and after-school programs for youth in the City.

Solid Waste: The City disposes its solid waste at the Bridgeport Resource Recovery Plant operated by Waste Management Company, which operates the Bridgeport plant located in Bridgeport, Connecticut. The City has an annual contract at the facility and paid a Consumer Price Indexed price of \$70.49 a ton for the Fiscal Year ending June 30, 2024. For the Fiscal Year 2024-25, the City expects to pay a Consumer Price Indexed price of \$85.25 per ton.

Library: West Haven's two library branches and book van offer over 140,000 items for the public including books for both children and adults, magazines, DVDs, e-books, e-magazines, computers, and hot spots, along with digital video and music and a variety of educational databases including Ancestry.com, access to the NY Times digitally, and real time job and home-work help. There are 30 staff members, consisting of 17 full-time and 13 part-time members. In addition to material lending the library offers access to computers, Wi-Fi and a host of programming including story times, author talks, and instructional classes ranging from craft classes, help with applying for Medicare to technology help. The library is a part of the LION consortium along with 29 other libraries sharing a catalog system and services such as Overdrive (Libby) and delivery of materials. In addition to services in the library, the book van does regular outreach throughout the City and delivers books to the homebound of West Haven and senior housing.

Planning and Zoning Commission: The City has a combined Planning and Zoning Commission, working with the City Director of Public Works and the City Engineer, whose duties are to guide, control, and approve all design work and site development to conform with City and State codes.

Water: The South-Central Connecticut Regional Water Authority (the "Authority") was created by Special Act 78-24 of the Connecticut General Assembly. The Authority acquired the New Haven Water Company and provides water services to the City and the New Haven region. Under the legislation creating the Authority, the Authority is required to pay the City an annual payment in lieu of taxes for water authority property within the City boundaries.

Electric: The City is served by the United Illuminating Company, a privately owned utility.

Financial Institutions: Major financial institutions in the City include Bank of America, KeyBank, M&T Bank, USAlliance Federal Credit Union, Wells Fargo, Webster Bank and New Haven Bank.

Education: The West Haven School District (the “District”) offers a comprehensive educational program to students in grades Kindergarten through twelve. Curriculum is developed to meet the needs of a diverse student population. The main goal of the district is to produce productive members of a global society. Its classrooms are equipped with the latest technology, and all students have access to a personal learning device (computer). New courses are continually being developed with a focus on STEM and other areas that will lead to career opportunities for its graduates. To enhance the student experience, a wide variety of extracurricular activities that include interscholastic athletics at the middle and high school level are offered. The District also features a number of fine arts programs at all grade levels. The District is governed by a nine-member Board of Education who sets policy and a Superintendent of Schools, who manages the day-to-day operations of the school system.

The District currently consists of six elementary schools for students in grades kindergarten through four, an intermediate school for grades five and six, one seventh and eighth grade middle school, and West Haven High School for all students from grades nine through twelve.

EDUCATIONAL FACILITIES

| <u>School</u> | <u>Grades</u> | <u>Date of Construction (Additions, Remodeling)</u> | <u>No. of Classrooms</u> | <u>10/01/24 Enrollment</u> | <u>Capacity</u> |
|------------------|---------------|---|------------------------------|--------------------------------|-----------------|
| Forest..... | PK-4 | 1971(2004) | 26 | 435 | 700 |
| Haley..... | PK-4 | 1952 (1954, 2005) | 20 | 337 | 530 |
| Mackrille..... | PK-4 | 1954 (1988, 2004) | 16 | 320 | 440 |
| Pagels..... | PK-4 | 1954 (1958, 2001) | 21 | 366 | 555 |
| Savin Rock..... | PK-4 | 1976 | 28 | 449 | 750 |
| Washington..... | PK-4 | 1909 (1966,1988) | 22 | 328 | 630 |
| Carrigan..... | 5-6 | 1969 | 40 | 855 | 1,200 |
| Bailey..... | 7-8 | 1957 (2002) | 28 | 891 | 910 |
| Senior High..... | 9-12 | 1963 (2021) | 97 | 1,952 | 2,170 |
| Totals | | | <u>298</u> | <u>5,933</u> | <u>7,885</u> |

Source: Board of Education School Business Administrator

SCHOOL ENROLLMENT

Actual

| <u>As of October 1</u> | <u>PK-4</u> | <u>5-6</u> | <u>7-8</u> | <u>9 - 12</u> | <u>Total</u> |
|----------------------------|-------------|------------|------------|---------------|--------------|
| 2015-16 | 2,470 | 910 | 849 | 1,526 | 5,755 |
| 2016-17 | 2,421 | 963 | 821 | 1,486 | 5,691 |
| 2017-18 | 2,383 | 922 | 930 | 1,522 | 5,757 |
| 2018-19 | 2,379 | 925 | 971 | 1,535 | 5,810 |
| 2019-20 | 2,385 | 836 | 942 | 1,593 | 5,756 |
| 2020-21 | 2,282 | 826 | 936 | 1,631 | 5,675 |
| 2021-22 | 2,337 | 836 | 853 | 1,730 | 5,756 |
| 2022-23 | 2,315 | 882 | 864 | 1,841 | 5,902 |
| 2023-24 | 2,333 | 895 | 873 | 1,870 | 5,971 |
| 2024-25 | 2,235 | 855 | 891 | 1,952 | 5,933 |
| Projections | | | | | |
| 2025-26 | 2,178 | 805 | 923 | 1,982 | 5,888 |
| 2026-27 | 2,133 | 865 | 876 | 1,955 | 5,829 |
| 2027-28 | 2,097 | 862 | 844 | 2,013 | 5,816 |
| 2028-29 | 2,051 | 805 | 909 | 1,984 | 5,749 |

Note: Special education included in grade totals.

Source: School Business Administrator - Board of Education

ECONOMIC DEVELOPMENT

Over the past decade or so, the City of West Haven, has implemented a number of infrastructure and economic development projects to facilitate investment and growth. Selected highlights include:

- In 2008, Yale University acquired the former Bayer Pharmaceutical campus on the West Haven/Orange line and dubbed the property its “West Campus.” Over time, Yale University has enhanced both its operations and footprint on the site. The Yale School of Nursing is now located at West Campus and includes more than 400 students and 100 faculty/administrators. Yale University continues to expand its research capacity and storage of various art and other collections at West Campus.
- In 2013, the State of Connecticut constructed a new 3,000-square-foot Metro North train station in the center of West Haven near Sawmill Road and Interstate 95’s Exit 42. The station includes a surface parking lot with 650 spaces and two train platforms, along with a pedestrian overpass and streetscape improvements to link the train station with downtown.
- In the mid-2010s, the Acorn Group completed a pair of mixed-use developments in the center of Allingtown, near the University of New Haven’s campus. The developments were designed to attract young professionals who work at the University of New Haven and nearby Veterans Affairs Medical Center and to support the University of New Haven’s expansion efforts. The first development, The Atwood, is a four-story, 90,000-square-foot building with 67 market-rate residential units and 15,000 square feet of ground floor retail space. The second development, Park View, includes 50 market-rate residential units along with 18,000 square feet of ground floor retail/office space.
- In 2017, Yale New Haven Health purchased 117 acres of land on Derby Avenue (State Route 34) and subsequently constructed a Regional Operations Center (“ROC”) on the site. The ROC is the strategic operations center and distribution facility for medical supplies that serves the entire Yale New Haven Health network. The ROC consists of a one story, 165,000-square-foot facility and is staffed by approximately 100 employees.
- In 2022, the City sold the former Thompson School to a developer who is converting the former school into residential apartments. The developer secured approvals to move forward in 2023, and anticipates completion of the project in 2025.

In 2024, the following projects were completed or are underway:

- The City applied more than \$8 million in outstanding federal and state grants to complete a multi-phase Beach Street Sustainability Improvement project along the City’s shoreline. This project raised Beach Street’s elevation to eleven feet above sea level to prevent flooding and protect public and private property on the inland side of the street.
- A developer demolished the former Chick’s Drive-In on Beach Street and received approvals to construct in its place a new family-style restaurant with a rooftop beer garden called Riva. The restaurant is scheduled to open in mid-2025.
- A developer secured approvals to redevelop the former Debonair Beach Motel on Beach Street into a four-story luxury condominium building. The developer expects to begin construction in late 2025, with completion and occupancy scheduled for spring 2026.
- A developer acquired a former bait and tackle shop on Beach Street and has begun work on expanding it and converting it into a coffee-shop and café with rooftop seating. Opening is planned for late 2025.
- The City agreed to lease the former Savin Rock Conference Center to a developer to renovate the facility into an upscale restaurant and event venue which will be named The Kelsey @ Savin Rock. The developer anticipates to receive City approvals in early 2025 and complete work by May 2026.
- The City allocated nearly \$400,000 in federal ARPA funds to provide three dozen small West Haven businesses with façade/HVAC improvement project grants and issued them in late 2025. The City expects work on these projects to conclude by mid-2025.
- The City plans to sell the former Stiles School on Main Street to a developer that will convert the former school into residential apartments. The City expects to close with the developer on the property in spring 2025, with project completion anticipated in late 2026.

- The City plans to use a \$1.8 million State grant to renovate the former Masonic Temple on Center Street into a multipurpose community facility. The design/build work is currently out for bid and the City anticipates completion of the work by late 2025.
- The University of New Haven recently announced that it intends to acquire the current Railroad Salvage site, a roughly 12-acre parcel in the center of Allingtown across from its main campus. The University intends to redevelop the site into a combined research and development center and to relocate its business school there.

[The remainder of this page intentionally left blank]

III. ECONOMIC AND DEMOGRAPHIC INFORMATION

POPULATION TRENDS

| Year | City of West Haven | New Haven County | South Central Planning Region ¹ | State of Connecticut |
|------|-----------------------|---------------------|---|-------------------------|
| 1980 | 53,184 | 761,337 | n/a | 3,107,576 |
| 1990 | 54,021 | 804,219 | n/a | 3,287,116 |
| 2000 | 52,360 | 824,008 | n/a | 3,405,565 |
| 2010 | 55,564 | 862,477 | n/a | 3,574,097 |
| 2023 | 55,147 | n/a | 568,158 | 3,598,348 |

¹ Beginning with the 2018-22 American Community Survey, the county level area was changed to the South Central Planning Region.
Source: U.S. Census Bureau.

AGE CHARACTERISTICS OF POPULATION

| Age | City of West Haven | | South Central Planning Region | | State of Connecticut | |
|-----------------|--------------------|--------------|----------------------------------|--------------|----------------------|--------------|
| | Number | Percent | Number | Percent | Number | Percent |
| Under 5..... | 2,962 | 5.4 | 28,336 | 5.0 | 181,240 | 5.0 |
| 5 - 9..... | 3,310 | 6.0 | 28,509 | 5.0 | 195,390 | 5.4 |
| 10 - 14..... | 3,494 | 6.3 | 32,419 | 5.7 | 217,297 | 6.0 |
| 15 - 19..... | 4,572 | 8.3 | 39,901 | 7.0 | 238,145 | 6.6 |
| 20 - 24..... | 4,996 | 9.1 | 39,981 | 7.0 | 233,423 | 6.5 |
| 25 - 34..... | 7,557 | 13.7 | 74,615 | 13.1 | 449,771 | 12.5 |
| 35 - 44..... | 6,942 | 12.6 | 70,860 | 12.5 | 451,461 | 12.5 |
| 45 - 54..... | 6,058 | 11.0 | 67,377 | 11.9 | 462,543 | 12.9 |
| 55 - 59..... | 3,301 | 6.0 | 33,575 | 5.9 | 260,758 | 7.2 |
| 60 - 64..... | 3,582 | 6.5 | 43,737 | 7.7 | 257,548 | 7.2 |
| 65 - 74..... | 5,149 | 9.3 | 62,469 | 11.0 | 376,023 | 10.4 |
| 75 - 84..... | 2,369 | 4.3 | 32,308 | 5.7 | 187,378 | 5.2 |
| 85 and over.... | 855 | 1.6 | 14,071 | 2.5 | 87,371 | 2.4 |
| Total..... | <u>55,147</u> | <u>100.0</u> | <u>568,158</u> | <u>100.0</u> | <u>3,598,348</u> | <u>100.0</u> |
| Median Age... | 36.0 | | 40.5 | | 41.2 | |

Source: U.S. Census Bureau, American Community Survey, 2019-23.

SELECTED WEALTH AND INCOME INDICATORS

| | Median Family Income | | Per Capita Income | |
|--|----------------------|-----------|-------------------|-----------|
| | (2000) | (2023) | (2000) | (2023) |
| City of West Haven..... | \$ 51,631 | \$ 91,336 | \$ 21,121 | \$ 35,483 |
| New Haven County..... | 60,549 | n/a | 24,439 | n/a |
| South Central Planning Region ¹ | n/a | 104,757 | n/a | 45,854 |
| Connecticut..... | 65,521 | 120,011 | 28,766 | 54,409 |
| United States..... | 49,600 | 96,922 | 21,690 | 43,289 |

Source: U.S. Census Bureau.

INCOME DISTRIBUTION

| | South Central | | | | | |
|-------------------------|--------------------|--------------|-----------------|--------------|----------------------|--------------|
| | City of West Haven | | Planning Region | | State of Connecticut | |
| | Families | Percent | Families | Percent | Families | Percent |
| Less than \$10,000..... | 390 | 3.0 | 5,467 | 3.9 | 22,973 | 2.5 |
| 10,000 to 14,999..... | 191 | 1.5 | 1,497 | 1.1 | 12,547 | 1.4 |
| 15,000 to 24,999..... | 555 | 4.3 | 4,734 | 3.4 | 29,893 | 3.3 |
| 25,000 to 34,999..... | 705 | 5.4 | 6,841 | 4.9 | 35,598 | 3.9 |
| 35,000 to 49,999..... | 1,311 | 10.1 | 11,400 | 8.1 | 61,793 | 6.7 |
| 50,000 to 74,999..... | 2,106 | 16.2 | 17,602 | 12.6 | 108,046 | 11.8 |
| 75,000 to 99,999..... | 1,749 | 13.5 | 18,845 | 13.4 | 108,216 | 11.8 |
| 100,000 to 149,999.... | 2,923 | 22.5 | 26,749 | 19.1 | 185,242 | 20.2 |
| 150,000 to 199,999.... | 1,569 | 12.1 | 18,757 | 13.4 | 128,574 | 14.0 |
| 200,000 or more..... | 1,484 | 11.4 | 28,251 | 20.2 | 224,258 | 24.5 |
| Total..... | 12,983 | 100.0 | 140,143 | 100.0 | 917,140 | 100.0 |

Source: U.S. Census Bureau, American Community Survey, 2019-23.

EDUCATIONAL ATTAINMENT

| Educational Attainment Group | South Central | | | | | |
|--------------------------------------|--------------------|--------------|-----------------|--------------|----------------------|--------------|
| | City of West Haven | | Planning Region | | State of Connecticut | |
| | Number | Percent | Number | Percent | Number | Percent |
| Less than 9th grade..... | 2,266 | 6.3 | 14,954 | 3.8 | 101,530 | 4.0 |
| 9th to 12th grade..... | 2,127 | 5.9 | 18,123 | 4.6 | 118,019 | 4.7 |
| High School graduate..... | 11,879 | 33.2 | 110,944 | 28.0 | 647,094 | 25.5 |
| Some college, no degree..... | 6,714 | 18.7 | 61,963 | 15.6 | 410,591 | 16.2 |
| Associates degree..... | 2,428 | 6.8 | 27,918 | 7.0 | 193,216 | 7.6 |
| Bachelor's degree..... | 6,193 | 17.3 | 84,323 | 21.2 | 581,935 | 23.0 |
| Graduate or professional degree..... | 4,206 | 11.7 | 78,700 | 19.8 | 480,468 | 19.0 |
| Total..... | 35,813 | 100.0 | 396,925 | 100.0 | 2,532,853 | 100.0 |
| Percent of High School Graduates.... | | 87.7% | | 91.7% | | 91.3% |
| Percent of College Graduates..... | | 29.0% | | 41.1% | | 41.9% |

Source: U.S. Census Bureau, American Community Survey, 2019-23.

EMPLOYMENT BY INDUSTRY

| Employment Sector | South Central | | | | | |
|--|--------------------|--------------|-----------------|--------------|----------------------|--------------|
| | City of West Haven | | Planning Region | | State of Connecticut | |
| | Number | Percent | Number | Percent | Number | Percent |
| Agriculture, Forestry, Fishing, Hunting & Mining.. | 72 | 0.3 | 385 | 0.1 | 7,261 | 0.4 |
| Construction..... | 1,372 | 5.1 | 16,614 | 5.6 | 112,821 | 6.1 |
| Manufacturing..... | 2,396 | 9.0 | 27,994 | 9.4 | 195,355 | 10.6 |
| Wholesale Trade..... | 443 | 1.7 | 3,819 | 1.3 | 37,294 | 2.0 |
| Retail Trade..... | 2,550 | 9.5 | 27,619 | 9.3 | 192,535 | 10.5 |
| Transportation, Warehousing & Utilities..... | 1,885 | 7.0 | 15,268 | 5.1 | 84,571 | 4.6 |
| Information..... | 316 | 1.2 | 5,936 | 2.0 | 36,631 | 2.0 |
| Finance, Insurance & Real Estate..... | 1,058 | 4.0 | 17,482 | 5.9 | 162,724 | 8.9 |
| Professional, Scientific & Management..... | 2,347 | 8.8 | 30,538 | 10.3 | 223,982 | 12.2 |
| Educational Services & Health Care..... | 8,632 | 32.3 | 110,011 | 37.0 | 490,839 | 26.7 |
| Arts, Entertainment, Recreation & Food Services.. | 3,529 | 13.2 | 21,860 | 7.4 | 145,445 | 7.9 |
| Service (including nonprofit)..... | 1,452 | 5.4 | 11,834 | 4.0 | 78,662 | 4.3 |
| Public Administration..... | 710 | 2.7 | 7,978 | 2.7 | 67,335 | 3.7 |
| Total..... | 26,762 | 100.0 | 297,338 | 100.0 | 1,835,455 | 100.0 |

Source: U.S. Census Bureau, American Community Survey, 2019-23.

MAJOR EMPLOYERS

| <u>Name of Employer</u> | <u>Nature of Entity</u> | <u>Estimated Number of Employees</u> |
|--------------------------------------|----------------------------------|--|
| Veterans' Administration Hospital... | Healthcare..... | 1,000-4,999 |
| City of West Haven..... | Municipality..... | 1,273 |
| University of New Haven..... | Education..... | 750-1,000 |
| Elm City Livery, Inc..... | Transportation Services..... | 250-499 |
| Watson Inc..... | Food Products..... | 250-499 |
| Yale University..... | Education & Research Facility... | 100-249 |
| Walmart..... | Retail..... | 100-249 |
| City Line Distributors..... | Food Distributor..... | 100-249 |
| Texas Roadhouse..... | Restaurant..... | 100-249 |
| KX Technologies..... | Water Filtration..... | 100-249 |
| | Total..... | <u>4,023-9,515</u> |

Source: Department of Finance and Mayor's Office, City of West Haven.

UNEMPLOYMENT RATE STATISTICS

| <u>Period</u> | <u>City of West Haven</u> | | <u>Percentage Unemployed</u> | | |
|-----------------------|------------------------------|--------------------------------|--|--|--|
| | <u>Employed</u> ¹ | <u>Unemployed</u> ¹ | <u>City of West Haven (%)</u> ¹ | <u>New Haven Labor Market (%)</u> ¹ | <u>State of Connecticut (%)</u> ¹ |
| <u>Annual Average</u> | | | | | |
| 2024..... | 30,070 | 1,175 | 3.8 | 3.3 | 3.5 |
| 2023..... | 29,654 | 1,184 | 3.8 | 3.5 | 3.8 |
| 2022..... | 29,847 | 1,346 | 4.3 | 3.9 | 4.1 |
| 2021..... | 27,954 | 2,058 | 6.9 | 6.1 | 6.4 |
| 2020..... | 27,955 | 2,664 | 8.7 | 7.4 | 8.0 |
| 2019..... | 29,705 | 1,219 | 3.9 | 3.5 | 3.6 |
| 2018..... | 29,424 | 1,365 | 4.4 | 3.8 | 3.9 |
| 2017..... | 29,125 | 1,562 | 5.1 | 4.4 | 4.4 |
| 2016..... | 28,350 | 1,638 | 5.5 | 4.8 | 4.8 |
| 2015 | 28,157 | 1,981 | 6.6 | 5.6 | 5.6 |

¹ Non-seasonally adjusted.

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

[The remainder of this page intentionally left blank]

HOUSING INVENTORY

| <u>Type</u> | <u>City of West Haven</u> | |
|--------------------------------|---------------------------|----------------|
| | <u>Units</u> | <u>Percent</u> |
| 1-unit detached | 10,331 | 47.2 |
| 1-unit attached | 693 | 3.2 |
| 2 to 4 units | 4,801 | 21.9 |
| 5 to 9 units | 984 | 4.5 |
| 10 or more units | 4,947 | 22.6 |
| Mobile home, trailer, other .. | 128 | 0.6 |
| Total Inventory | 21,884 | 100.0 |

Source: U.S. Census Bureau, American Community Survey, 2019-23.

OWNER OCCUPIED HOUSING VALUES

| <u>Value of Owner Occupied Units</u> | <u>City of West Haven</u> | | <u>South Central Planning Region</u> | | <u>State of Connecticut</u> | |
|--------------------------------------|---------------------------|----------------|--|----------------|-----------------------------|----------------|
| | <u>Number</u> | <u>Percent</u> | <u>Number</u> | <u>Percent</u> | <u>Number</u> | <u>Percent</u> |
| Less than \$50,000..... | 364 | 3.4 | 5,183 | 3.8 | 22,174 | 2.4 |
| \$50,000 to \$99,999..... | 188 | 1.8 | 1,317 | 1.0 | 15,116 | 1.6 |
| \$100,000 to \$149,999..... | 959 | 9.1 | 4,817 | 3.5 | 38,832 | 4.1 |
| \$150,000 to \$199,999..... | 995 | 9.4 | 7,429 | 5.4 | 77,152 | 8.2 |
| \$200,000 to \$299,999..... | 4,403 | 41.6 | 33,398 | 24.4 | 233,824 | 24.9 |
| \$300,000 to \$499,999..... | 3,271 | 30.9 | 54,017 | 39.4 | 319,703 | 34.0 |
| \$500,000 to \$999,999..... | 401 | 3.8 | 26,415 | 19.3 | 173,643 | 18.5 |
| \$1,000,000 or more..... | 8 | 0.1 | 4,414 | 3.2 | 59,468 | 6.3 |
| Total..... | 10,589 | 100.0 | 136,990 | 100.0 | 939,912 | 100.0 |
| Median Value | \$265,200 | | \$349,200 | | \$343,200 | |

Source: U.S. Census Bureau, American Community Survey, 2019-23.

AGE DISTRIBUTION OF HOUSING

| <u>Year Structure Built</u> | <u>City of West Haven</u> | | <u>South Central Planning Region</u> | | <u>State of Connecticut</u> | |
|---------------------------------|---------------------------|----------------|--|----------------|-----------------------------|----------------|
| | <u>Number</u> | <u>Percent</u> | <u>Number</u> | <u>Percent</u> | <u>Number</u> | <u>Percent</u> |
| Built 2020 or later..... | 0 | 0.0 | 1,696 | 0.7 | 6,350 | 0.4 |
| Built 2010 to 2019..... | 504 | 2.3 | 9,256 | 3.7 | 66,546 | 4.3 |
| Built 2000 to 2009..... | 813 | 3.7 | 14,232 | 5.7 | 108,430 | 7.1 |
| Built 1990 to 1999..... | 1,077 | 4.9 | 15,512 | 6.2 | 116,617 | 7.6 |
| Built 1980 to 1989..... | 2,432 | 11.1 | 33,030 | 13.3 | 197,533 | 12.9 |
| Built 1970 to 1979..... | 3,490 | 15.9 | 31,196 | 12.5 | 210,611 | 13.7 |
| Built 1960 to 1969..... | 2,941 | 13.4 | 28,203 | 11.3 | 198,807 | 12.9 |
| Built 1950 to 1959..... | 3,917 | 17.9 | 40,082 | 16.1 | 221,879 | 14.4 |
| Built 1940 to 1949..... | 1,544 | 7.1 | 16,045 | 6.4 | 95,842 | 6.2 |
| Built 1939 or earlier..... | 5,166 | 23.6 | 59,848 | 24.0 | 313,434 | 20.4 |
| Total housing units..... | 21,884 | 100.0 | 249,100 | 100.0 | 1,536,049 | 100.0 |

Source: U.S. Census Bureau, American Community Survey, 2019-23.

NUMBER AND VALUE OF BUILDING PERMITS

| Fiscal Year Ending 6/30 | Permits | |
|--|----------------|---------------|
| | Number | Value |
| 2024 ¹ | 2,250 | \$132,454,287 |
| 2023 | 1,797 | 112,502,345 |
| 2022 | 2,138 | 52,237,980 |
| 2021 | 2,435 | 71,049,592 |
| 2020 | 1,910 | 62,285,093 |
| 2019 | 2,624 | 64,728,009 |
| 2018 | 2,729 | 94,563,971 |
| 2017 | 2,547 | 66,845,041 |
| 2016 | 2,621 | 74,017,828 |
| 2015 | 2,504 | 204,612,681 |

¹ As of October 1, 2023.

Source: Building Department, City of West Haven.

BREAKDOWN OF LAND USE

| Category | # of Acres | % of Total | % of Developed / Committed Land |
|--|-----------------------|-----------------------|--|
| Residential..... | 2,914 | 44.3% | 45.8% |
| Commercial / Industrial | 1,116 | 17.0% | 17.5% |
| Community Facilities / Institutional.... | 623 | 9.5% | 9.8% |
| Open Space..... | 884 | 13.4% | 13.9% |
| Right-of-Way / Utilities..... | 825 | 12.5% | 13.0% |
| Vacant..... | 221 | 3.4% | - |
| Total | 6,583 | 100.0% | 100.0% |

Source: City Plan of Conservation & Development

[The remainder of this page intentionally left blank]

IV. TAX BASE DATA

ASSESSMENT PRACTICES

The City last revalued its real property on October 1, 2020 which was effective for Fiscal Year 2021-22. Section 12-62 of the Connecticut General Statutes establishes the revaluation cycle for Connecticut municipalities. Generally, Section 12-62, as amended in 2006, requires a revaluation every five years and requires the assessor to fully inspect each parcel, including measuring or verifying the exterior dimensions of a building and entering and examining the interior of the building, once every ten years. Section 12-62 also imposes a penalty on municipalities that fail to effect revaluations as required, with certain exceptions. Municipalities may choose to phase-in real property assessment increases resulting from a revaluation, but such phase-in must be implemented in less than five assessment years. The maintenance of an equitable tax base by locating and appraising all real and personal property within the City for inclusion onto the grand list is the responsibility of the Assessor's Office. The grand list represents the total assessed value for all taxable and tax-exempt real estate and taxable personal property and motor vehicles located within the City on October 1. Assessments for real estate are computed at 70% of the estimated market value at the time of the last revaluation, while assessments for motor vehicles and personal property are computed at 70% of the current fair market value. Each year a Board of Assessment Appeals determines whether taxpayer petitions for assessment reductions on the current grand list are warranted.

TAX COLLECTION PROCEDURE

Taxes for the fiscal year are paid on the grand list of the prior October 1, and are due and payable in two installments, July 1 and January 1. Payments not received one month after the due date become delinquent, with interest charged at a rate of 1.5% per month from the due date of the tax. Real estate is liened for delinquent taxes within one year after the tax due date. Legal demands and alias tax warrants are used in the collection of personal property and motor vehicle tax bills. Delinquent motor vehicle and personal property accounts are transferred to a suspense account after three years at which time they cease to be receivables. Real estate accounts are transferred to suspense 15 years after the due date in accordance with Connecticut General Statutes.

MOTOR VEHICLE PROPERTY TAX RATE

Section 12-71e(a) of the Connecticut General Statutes (the "General Statutes") was amended whereby the mill rate for motor vehicles shall not exceed 32.46 mills for the assessment year commencing October 1, 2021, and each assessment year thereafter. Section 12-71e(b) of the Connecticut General Statutes has been amended to state that no district or borough may set a motor vehicle mill rate that if combined with the motor vehicle mill rate of the town, city, consolidated town and city or consolidated town and borough in which such district or borough is located would result in a combined motor vehicle mill rate above 32.46 mills for the assessment year commencing October 1, 2021, and each assessment year thereafter. The City's mill rate for motor vehicles for the assessment year commencing October 1, 2023 (the Fiscal Year June 30, 2025) is 29.35 mills. Section 4-661 of the General Statutes, as amended, diverts a portion of State collected sales tax revenue to provide funding to municipalities to mitigate the revenue loss attributed to the motor vehicle property tax cap.

PROPERTY TAX LIEN SALES

In June 2024, the City sold approximately \$945,000 of tax liens on the then current fiscal year's delinquent taxes. As a result of the lien sale, including premium, the City received approximately \$1.45 million in revenue. It is the City's practice to budget for tax lien sales annually and to record the receipts of the sale in the fiscal year in which the sale occurred.

[The remainder of this page intentionally left blank]

COMPARATIVE ASSESSED VALUATIONS

| Grand List Dated | Residential Real Property | Industrial & Commercial Real Property | Vacant Land | Motor Vehicle | Personal Property | Gross Taxable Grand List | Exemptions | Net Taxable Grand List |
|-------------------------|----------------------------------|--|--------------------|----------------------|--------------------------|---------------------------------|-------------------|-------------------------------|
| 10/01/23 | 63.1 % | 16.4 % | 0.6 % | 11.7 % | 8.1 % | \$3,257,849,391 | \$52,494,381 | \$3,205,355,010 |
| 10/01/22 | 63.5 | 16.8 | 0.6 | 12.6 | 6.5 | 3,225,259,908 | 51,343,832 | 3,173,916,076 |
| 10/01/21 | 64.5 | 17.0 | 0.5 | 11.8 | 6.1 | 3,173,941,152 | 48,314,739 | 3,125,626,413 |
| 10/01/20 ¹ | 66.8 | 17.6 | 0.6 | 9.4 | 5.5 | 3,086,049,892 | 54,420,229 | 3,031,629,663 |
| 10/01/19 | 65.2 | 16.7 | 0.6 | 10.1 | 5.9 | 2,775,199,403 | 56,251,168 | 2,718,948,235 |
| 10/01/18 | 65.9 | 16.7 | 0.6 | 10.0 | 5.6 | 2,739,571,598 | 56,563,429 | 2,683,008,169 |
| 10/01/17 | 66.6 | 17.0 | 0.8 | 10.0 | 5.6 | 2,707,712,095 | 54,270,378 | 2,653,441,717 |
| 10/01/16 | 66.7 | 17.1 | 0.8 | 10.0 | 5.4 | 2,698,997,289 | 50,509,051 | 2,648,488,238 |
| 10/01/15 ¹ | 67.2 | 17.0 | 0.7 | 10.0 | 5.1 | 2,679,692,404 | 49,185,621 | 2,630,506,783 |
| 10/01/14 | 69.0 | 16.8 | 0.7 | 8.9 | 4.6 | 2,901,586,624 | 47,635,899 | 2,853,950,725 |

¹ Revaluation.

Source: Assessor's Office, City of West Haven.

PROPERTY TAX LEVIES AND COLLECTIONS

| FY Ending 6/30 | Net Taxable Grand List | Tax Rate (In Mills) | Total Adjusted Tax Levy | % Collected End of Each FY | Uncollected End of Each FY | Uncollected As of 6/30/2024 |
|-----------------------|-------------------------------|----------------------------|--------------------------------|-----------------------------------|-----------------------------------|------------------------------------|
| 2025 ¹ | \$3,205,355,010 | 36.57 | \$ 114,197,942 | In process | In process | In process |
| 2024 | 3,173,916,076 | 34.81 | 108,972,545 | 98.0% | \$ 2,131,752 | \$ 2,184,170 |
| 2023 | 3,125,626,413 | 34.00 | 106,607,588 | 97.0% | 3,215,916 | 1,210,718 |
| 2022 ² | 3,031,629,663 | 34.00 | 105,045,752 | 98.2% | 1,848,614 | 135,069 |
| 2021 | 2,718,948,235 | 37.48 | 102,396,455 | 98.3% | 1,692,409 | 114,065 |
| 2020 | 2,683,008,169 | 36.68 | 99,474,011 | 97.9% | 2,141,189 | 97,371 |
| 2019 | 2,653,441,717 | 36.25 | 97,161,771 | 98.4% | 1,601,514 | 97,656 |
| 2018 | 2,648,488,238 | 35.26 | 94,716,954 | 98.4% | 1,490,978 | 150,745 |
| 2017 ² | 2,630,506,783 | 31.25 | 94,194,456 | 98.2% | 1,674,130 | 105,730 |
| 2016 | 2,853,950,725 | 31.25 | 89,720,548 | 98.7% | 1,165,270 | 161,127 |
| 2015 | 2,819,190,324 | 31.25 | 88,651,979 | 98.5% | 1,311,167 | 146,034 |

¹ Adopted budget.

² Revaluation.

Source: Tax Collector, City of West Haven.

LARGEST TAXPAYERS
(October 1, 2023 Grand List)

| <u>Name of Taxpayer</u> | <u>Nature of Property</u> | <u>Grand List Amount</u> | <u>Rank</u> | <u>Percent of Total</u> |
|--|---------------------------|------------------------------|-------------|-----------------------------|
| United Illuminating Company..... | Utility..... | \$ 50,104,750 | 1 | 1.56% |
| Cellco Partnership DBA (Verizon Wireless)... | Communications..... | 48,721,580 | 2 | 1.52% |
| Southern Conn Gas Company..... | Utility..... | 34,599,510 | 3 | 1.08% |
| Yale New Haven Health Services..... | Medical..... | 18,111,380 | 4 | 0.57% |
| Wal-Mart Real Estate Business Trust..... | Retail..... | 10,796,800 | 5 | 0.34% |
| Meadow Landing I Limited..... | Apartments..... | 8,614,060 | 6 | 0.27% |
| West Haven Property Development LLC..... | Real Estate..... | 8,461,180 | 7 | 0.26% |
| Marlake Company LLC..... | Real Estate..... | 8,321,320 | 8 | 0.26% |
| Par Edgewater Owner LLC..... | Real Estate..... | 7,358,750 | 9 | 0.23% |
| Rolling Ridge CT LLC..... | Real Estate..... | 7,311,010 | 10 | 0.23% |
| Total | | <u><u>\$ 202,400,340</u></u> | | <u><u>6.31%</u></u> |

Source: Assessor's Office, City of West Haven.

EQUALIZED NET GRAND LISTS

| <u>Grand List of 10/1</u> | <u>Equalized Net Grand List</u> | <u>% Growth</u> |
|-------------------------------|-------------------------------------|---------------------|
| 2022 | \$ 6,481,720,224 | 49.52% |
| 2021 | 5,879,553,409 | 26.33% |
| 2020 ¹ | 4,334,933,975 | -1.99% |
| 2019 | 4,653,954,120 | 10.15% |
| 2018 | 4,422,795,404 | 4.68% |
| 2017 | 4,224,962,528 | 7.54% |
| 2016 | 3,928,816,873 | 4.45% |
| 2015 ¹ | 3,761,443,254 | -5.12% |
| 2014 | 3,964,415,227 | 3.22% |
| 2013 | 3,840,876,745 | -2.02% |

¹ Revaluation.

Source: State of Connecticut, Office of Policy and Management.

[The remainder of this page intentionally left blank]

V. FINANCIAL INFORMATION

FISCAL YEAR

The City's fiscal year begins July 1 and ends June 30.

ACCOUNTING POLICIES

The City's accounting policies are summarized in Note 1 "Summary of Significant Account Policies" in the "Notes to General Purpose Financial Statements" in Appendix A herein.

BASIS OF ACCOUNTING

See Note 1 of "Notes to General Purpose Financial Statements" in Appendix A herein.

ANNUAL AUDIT

The City, pursuant to local ordinance and provisions of Chapter 111 of the Connecticut General Statutes (Sec. 7-391 through 397), is required to undergo an annual audit by an independent public accountant. The auditor is required to conduct the audit under the guidelines outlined by the Office of Policy and Management, which also receives a copy of the audit report. For the Fiscal Year ended June 30, 2024, the financial statements of the various funds of the City were audited by PKF O'Connor Davies, LLP, independent certified public accountants, of Wethersfield, Connecticut.

BUDGETARY PROCEDURES

The City Charter, adopted June 27, 1961, as amended, defines the City's budgetary policy. The following is the budgetary sequence and time schedule followed by the City:

Not later than the first Thursday of February, the Director of Finance and heads of each department, office or agency, including the Chairman of the Board of Education, file estimates of expenditures and non-tax revenues for the ensuing year with the Mayor. The Mayor may grant extensions of up to 30 days.

Not later than the third Thursday of March, the Mayor presents to the City Council: (a) a budget message outlining the financial policy of the City; (b) revenue estimates; and (c) expenditure estimates. The Chairman of the Board of Education follows the same procedures as any other City department head.

Not later than the first Thursday of April, the City Council holds one or more public hearings which must be advertised at least five days in advance of said public hearing.

Not later than the first Thursday in May, the budget must be adopted by a majority of the City Council. Any increase or decrease to the Mayor's budget requires a minimum of two-thirds approval by the City Council. At the time the budget is approved, the City Council also sets the tax rate in mills for the coming year.

Should the City Council fail to adopt a budget by the first Thursday in May, the budget as transmitted by the Mayor to the Council shall be deemed to have been adopted by the Council. The Mayor sets the tax rate based on the proposed budget.

All unencumbered appropriations lapse at year-end, except those for the Capital Projects Fund and certain special revenue funds. Appropriations for capital projects are continued until completion, even when projects extend beyond one or more fiscal years.

The intergovernmental and property tax revenue assumptions used in the operating budget are subject to MARB approval and the entire operating budget is subject to review and comment by the MARB prior to adoption by the City Council. See "MUNICIPAL ACCOUNTABILITY REVIEW BOARD AND DESIGNATED TIER LEGISLATION" herein.

CITY FINANCIAL OPERATIONS

The City, through its elected and appointed officials and based on recommendations of the Municipal Accountability Review Board (the “MARB”), has taken and continues to take steps to review, redefine and in some cases, restructure various approaches in policy and management in order to more effectively manage critical issues facing the City. The following are some of the fiscal issues the City has faced in the recent past.

Fiscal Year Ending June 30, 2021

For Fiscal Year 2020-21, the City’s Adopted General Fund Operating Budget totaled \$165.4 million in spending which represented an increase of 1.5% over the revised Fiscal Year 2019-20 budget. On a budgetary basis of accounting, the City ended the year with a \$2.1 million surplus despite a \$3.4 million negative variance primarily from a substantial reduction in MARB Restructuring Funds. The City had originally budgeted \$4.0 million in Restructuring Funds from the MARB, however, due to an estimated operating surplus obtained through the enactment of operating efficiencies which resulted in the reduction of certain expenditures, the MARB reduced the Restructuring Funds allocation from \$4.0 million to \$100 thousand. Expenditures ended the year with a positive variance of \$6.3 million, primarily due to a \$2.6 million positive variance from the Board of Education. The surplus incorporates an approximate \$1 million casualty loss due the misappropriation of Corona Virus Relief Funds. See “MISAPPROPRIATION OF CORONAVIRUS RELIEF FUNDS AND COHNREZNICK INVESTIGATION” herein for more information. The City ended the year with a \$2.1 million surplus on a GAAP basis of accounting. The surplus increased the total General Fund balance from \$3.6 million to \$5.7 million.

On a budgetary basis of accounting, the Allingtown Fire Department ended Fiscal Year ending June 30, 2021 with an operating surplus of approximately \$0.57 million. Revenues ended the Fiscal Year on a break-even basis and expenditures ended the year with a \$0.57 million positive variance. On a GAAP basis of accounting Allingtown Fire Department ended the Fiscal Year with a \$0.57 million surplus which increased total fund balance from \$2.0 million to approximately \$2.5 million.

On a GAAP basis of accounting, the City ended Fiscal Year 2021 with a \$1.5 million surplus in the Sewer Fund which increased the total fund balance from \$4.9 million to \$6.4 million.

Fiscal Year Ending June 30, 2022

For Fiscal Year 2021-22, the City’s Adopted General Fund Operating Budget totaled \$165.5 million in spending which represented an increase of 0.6% over the adopted Fiscal Year 2020-21 budget. The Adopted Budget was balanced without the use of any Municipal Restructuring Funds. On a budgetary basis of accounting, the City ended fiscal year ending 2022 with a \$2.3 million operating surplus. The surplus was driven by a \$3.7 million positive revenue variance, primarily from conservatively budgeting for intergovernmental revenues as well as a \$80 thousand positive expenditure variance. The surplus incorporates an approximate \$265 thousand casualty loss due the misappropriation of Corona Virus Relief Funds. See “MISAPPROPRIATION OF CORONAVIRUS RELIEF FUNDS AND COHNREZNICK INVESTIGATION” herein for more information. On a GAAP basis of accounting, the City ended the Fiscal Year with a \$2.3 million operating surplus which increased the total General Fund Balance to \$8.0 million.

On a budgetary basis of accounting, the Allingtown Fire Department ended Fiscal Year ending June 30, 2022 with an operating surplus of approximately \$1.7 million. Revenues ended the Fiscal Year with a \$1.3 million positive variance primarily from intergovernmental revenues. Expenditures ended the year with a \$365 thousand positive variance. On a GAAP basis of accounting Allingtown Fire Department ended the Fiscal Year with a \$1.7 million surplus which increased total fund balance from \$2.5 million to \$4.1 million.

Fiscal Year Ending June 30, 2023

For Fiscal Year 2022-23, the City’s Adopted General Fund Operating Budget totaled \$168.4 million in spending which represented an increase of 1.7% over the adopted Fiscal Year 2021-22 budget. The Adopted Budget was balanced without the use of any Municipal Restructuring Funds. On a budgetary basis of accounting, the City ended Fiscal Year ending 2023 with a \$6.8 million operating surplus. The surplus was driven by a \$829 thousand positive revenue variance, primarily from conservatively budgeting for intergovernmental revenues, and a \$5.9 million positive expenditure variance. On a GAAP basis of accounting, the City ended the fiscal year with a \$6.8 million operating surplus which increased the total General Fund Balance to \$14.8 million.

The Allingtown Fire Department budget totaled \$9.2 million in spending or a 6.1% increase. The budget contained an expenditure line item of an additional \$840 thousand pension contribution in excess of the Actuarially Determined Contribution; \$50 thousand for advance funding of an OPEB Trust; and an unallocated contingency of \$175 thousand. On a budgetary basis of accounting, Allingtown Fire Department fund ended the year with a \$15 thousand surplus. On a GAAP

basis of accounting, Allingtown Fire Department ended the Fiscal Year with a \$15 thousand surplus which increased total fund balance to \$4.2 million.

Fiscal Year Ending June 30, 2024

For Fiscal Year 2023-24, the City's Adopted General Fund Operating Budget totaled \$173.9 million in spending which represented an increase of 3.3% over the prior year adopted budget. The Adopted Budget was balanced without the use of any Municipal Restructuring Funds. On a budgetary basis of accounting, the City ended Fiscal Year ending 2023-24 with a \$6.4 million surplus due to a \$1.5 million positive variance for investment income, a \$849 thousand positive variance in charges for services, a \$681 thousand positive variance in intergovernmental revenues and a \$4.0 million positive expenditure variance. On a GAAP basis of accounting, the City ended the fiscal year with a \$6.4 million operating surplus which increased the total General Fund Balance to \$21.2 million.

The Allingtown Fire Department budget totaled \$9.2 million in spending or a \$2 thousand decrease over the prior fiscal year. The budget contained an expenditure line item of \$415 thousand toward the unfunded pension liability in addition to funding 100% of the Actuarially Determined Contribution; \$118 thousand for advance funding of an OPEB Trust; and an unallocated contingency of \$175 thousand. On a budgetary basis of accounting, Allingtown Fire Department fund ended the Fiscal Year with a \$50 thousand surplus due to a positive revenue variance of \$231 thousand for property taxes which partially off-set a \$307 thousand negative variance for intergovernmental revenue. The total revenue variance was negative \$17 thousand but that was off-set by a \$66 thousand positive expenditure variance. On a GAAP basis of accounting, Allingtown Fire Department ended the Fiscal Year with a \$50 thousand surplus which increased total fund balance to \$4.2 million.

Fiscal Year 2024-25 Adopted Budget

For Fiscal Year 2024-25, the City's Adopted General Fund Operating Budget totals \$182.6 million in spending which represents an increase of 5.0% over the prior fiscal year's adopted budget. Spending for City Operational Charges increased by \$3.5 million (8.3%) including a \$2.5 million increase for public safety which was driven by an increase for police retention salary increases; a \$872 thousand increase in General Government driven by new positions in Planning & Development and Finance; and a \$397 thousand increase in Human Resources due to new positions and an increase in minimum wage for part-time Parks & Recreation summer positions. Spending for the Library increased by \$208 thousand or 12.8%. Spending for Education increased by \$2 million (2.2%). Spending for debt service increased by \$530 thousand (3.7%). The budget also includes an expenditure line item of \$500 thousand to pre-fund the OPEB Trust. Year to date, the City reports that General Fund revenues are tracking to budget estimates and expenditures are trending favorably.

The Allingtown Fire Department Adopted Operating Budget totaled \$9.0 million in spending for a 1.9% decrease over the prior fiscal year. The Adopted Budget contains an expenditure line item of \$2.7 million towards the Actuarially Determined Contribution and pre-funding of the unfunded pension liability; \$160 thousand for unallocated contingency; and \$100 thousand toward the advance funding of the OPEB Trust.

MISAPPROPRIATION OF CORONAVIRUS RELIEF FUNDS AND COHNREZNICK INVESTIGATION

In October 2021, the City's administration announced that it had discovered suspicious invoices for services in connection with COVID-19 spending. The City immediately notified local, State and federal authorities of the suspicious activity and brought in an outside auditor who confirmed the potentially fraudulent activity. It was later determined by the Federal Bureau of Investigation that two City employees, including an individual who had been tasked with overseeing the spending of the federal Coronavirus Relief Funds ("CRF"), had been involved in a conspiracy to defraud the City. Federal authorities allege that beginning in February 2021 these City employees formed a limited liability company which was used to fraudulently bill the City for consulting services which were ultimately not performed. The federal authorities estimated that an amount in excess of \$1 million was paid to the fraudulent limited liability company and to a third-party vendor for goods and services that were not delivered to the City. To date, the two City employees were terminated and a total of four individuals have been arrested, tried and convicted in connection with the alleged fraudulent activity. All four individuals convicted have been ordered to pay restitution to the City. The City recently settled with its insurance company and has received a \$1 million payment which, when combined with restitution from the convicted individuals, fully reimburses the City for the misappropriated funds.

Concurrently with the announcement by the City of the discovery of the fraudulent activity, the Secretary of the Office of Policy and Management (the "Secretary") announced that their office would hire a specialist to undertake a forensic audit of the City's CRF program and its overall accounting policies, procedures and internal controls. On April 1, 2022 the accounting firm CohnReznick LLP ("CohnReznick") produced an initial Summary of Findings of their investigation into the City's use of Coronavirus Relief Funds (the "Initial CRF Report"). Their investigation included the review of relevant City financial records and documentation including a City interim report on CRF expenditures; copies of payable checks; invoice for services; payroll

records; the City's internal policies and procedures related to governance, finance management, vendor controls; and the City's external auditor's management letters and internal control weakness reports. The findings of the Initial CRF report were summarized as follows: 1) based on documentation supplied by the City, over 78% of the \$1.1 million in CRF expenditures examined did not meet the federal CRF requirements as eligible expenses; 2) the City lacks adequate controls and safeguards to ensure proper accounting and reporting of CRF expenditures; 3) the City's accounting policies, procedures and internal controls were in need of improvements; 4) that additional testing procedures should be conducted on certain City employees and officials where potential conflicts of interest may exist; and 5) testing procedures should be expanded to other non-CRF related expenditure areas to identify the impact of governance and internal control issues identified in the report. The Initial CRF report also provided a number of non-binding recommendations which included: 1) establishment of a segregated bank account for all future grant funds received in order to ensure proper reporting and accounting; 2) elimination of the use of one centralized credit card; 3) that all future expenditures follow purchasing procedures including utilization of purchase orders or vouchers; 4) that the City not release any additional checks which have not been properly reviewed and authorized; 5) that the City implement policies and procedures to properly capture overtime and compensatory time in a timely manner and that tracking should not be conducted by the individual employee; and 6) the enforcement of policies requiring employees and officials to submit updated ethics disclosure forms on an annual basis. Subsequent to the publishing of the Initial CRF Report, the City provided additional documentation, including detailed payroll records, to OPM supporting its CRF expenditures.

CohnReznick was subsequently tasked by the Secretary to undertake a review and assessment of the use of CRF by all 169 Connecticut municipalities. The engagement included reviewing and recommending changes and enhancements to OPM's monitoring systems and processes, as well as developing additional support for the municipalities to assist them in submitting their final CRF expenditures. CohnReznick also developed an audit plan to identify irregularities in reporting by municipalities; and to undertake a detailed assessment of certain municipalities flagged for non-compliance. CohnReznick ultimately selected fifteen (15) municipalities, including the City, for a more detailed review. In late January 2023, CohnReznick submitted its final report (the "Final CRF Report"), which determined that the revised amount of City CRF expenditures that did not meet federal requirements had been reduced to approximately \$100 thousand. In connection with the Final CRF Report, OPM contacted the fifteen (15) selected municipalities, including the City, to provide them with a time-limited opportunity to reassign any questioned expenditures to other allowable CRF expense categories. The City elected to reassign its questioned expenditures to allowable COVID-19 related public safety overtime and at this time, the City does not expect to be required to repay any CRF to the State.

MUNICIPAL ACCOUNTABILITY REVIEW BOARD AND DESIGNATED TIER LEGISLATION

Connecticut General Statutes Chapter 117, Sections 7-560 to 7-579, as amended by the Special Act 17-2 (the "Act"), provides a process through which municipalities can access additional state aid and issue certain types of bonds in return for submitting to state fiscal oversight and control. The Act's process allows a municipality to request that the Secretary classify it as a designated Tier I, II, III, or IV municipality based on certain criteria, with each tier subjecting the municipality to a differing degree of state fiscal oversight and control. The criteria include the municipality's bond rating, along with several budgetary measures, such as fund balance, state aid as a percentage of total revenue, and equalized mill rates. The requirements, processes and designation of tiers to municipalities are administered by the Municipal Accountability Review Board (the "MARB") created under the legislation.

Under the Act, because the City had previously issued deficit obligations, it was automatically designated a Tier III municipality and became subject to certain oversight by the MARB. The powers of the MARB with respect to a designated Tier III municipality include: 1) the ability to require the City to prepare and present for the MARB's review and approval a three-year financial plan and to submit monthly financial reports to the MARB; 2) the ability to review and comment on the City's annual budget prior to adoption by the City Council; 3) the ability to approve the state revenue and property tax revenue assumptions used by the City in preparing and adopting the annual budget; 4) the ability to approve municipal bonds supported by a State of Connecticut special capital reserve fund as defined under the statute; 5) the ability to review and comment on other debt obligations proposed by the City; 6) the ability to approve or disapprove any City contract over \$50,000; 7) the ability to review and reject, on not more than two occasions, any City employee collective bargaining agreement; 8) the ability to review and reject, on not more than two occasions, any arbitration award; 9) the ability to monitor compliance with the City's three-year financial plan and annual budget and recommend that the City make any changes necessary to ensure budgetary balance; 10) the ability to recommend steps, as it deems appropriate, that the City can take related to the efficiency and productivity of the City's operations and management to reduce costs and improve services; 11) the ability to obtain information on the financial condition and needs of the City; and 12) the ability to, in consultation with the City, retain staff and hire consultants experienced in municipal finance and law, government operation and administration, or governmental accounting, as it deems necessary or desirable to accomplish the MARB's purposes. The Act authorizes the Attorney General to apply for a writ of mandamus on the MARB's behalf requiring a municipal official or agent to implement the MARB's orders and authorizes the Hartford judicial district, upon application, to enforce the MARB'S statutory powers.

In April 2022, the MARB recommended designating the City as a Tier IV municipality due to a number of factors including the findings in the CohnReznick Report. See “FINANCIAL INFORMATION – ALLEGED MISAPPROPRIATION OF CORONAVIRUS RELIEF FUNDS AND COHNREZNICK INVESTIGATION” herein. The Governor subsequently approved the recommendation to designate the City a Tier IV municipality in May 2022. The powers of the MARB with respect to a designated Tier IV municipality shall be the same as those with respect to a designated Tier III municipality in addition to the following: 1) the ability to review and approve or disapprove the City's annual budget, including, but not limited to, the general fund, other governmental funds, enterprise funds and internal service funds. No annual budget, annual tax levy or user fee for the municipality shall become operative until it has been approved by the MARB; 2) the ability to review and approve all bond ordinances and bond resolutions of City; 3) the ability to monitor compliance with the City's three-year financial plan and annual budget and require that the City make such changes as are necessary to ensure budgetary balance in such plan and budget; 4) the ability to approve or reject all collective bargaining agreements for a new term, other than modifications, amendments or reopening of an agreement, to be entered into by City, including the board of education. If the MARB rejects an agreement and the parties cannot reach a modified agreement, the MARB can impose binding arbitration; 5) the ability to impose binding arbitration upon the parties any time after the seventy-fifth day following the commencement of negotiations or to reject any arbitration award pending municipal or board of education action; 6) the ability to require approval of proposed transfers of a municipality's appropriations in excess of \$50,000; 7) the ability to review, approve, disapprove or modify the budget of the board of education of the City municipality on a line-item basis and to require the board of education to submit to it any budget transfers; 8) to appoint a financial manager and delegate to such manager, in writing, such powers as the board deems necessary or appropriate for the purpose of managing the financial and administrative affairs of the City for the period of time during which the City is subject to the powers of the board; 9) the ability to require the City and its board of education to notify and submit to the MARB all City or board of education contracts that exceed \$50,000, not less than thirty days prior to execution of such contract; 10) the ability to approve and authorize the issuance of debt obligations under CGS section 7-575, as amended by the Act, including issuing general obligations for purposes of deficit financing, addressing pension liabilities in accordance with CGS section 7-374c, debt restructuring and other purposes allowed for which municipal obligations are authorized by the general statutes; 11) the ability to authorize the City to issue refunding bonds for which the provisions of CGS section 7-371 regarding such limitations shall not apply, regardless of whether or not such refunding bonds achieve net present value savings, with respect to the refunded bonds. The MARB shall only approve the issue of such refunding bonds if the MARB determines that the issue of such bonds will improve the financial condition of the City; 12) the ability to authorize the City to issue bonds for which the last installment of any series of such bonds shall mature, or the last sinking fund payment for such series of bonds shall be due, not later than forty years from the date of issue of such bonds if the MARB determines that, in its judgment, such issuance will improve the financial condition of such municipality. Additionally, the City may not enact a property tax levy in its annual budget that is more than three per cent greater than the property tax levy contained in its annual budget for the prior fiscal year. However, the City can apply to the MARB for exceptions to the property tax levy limitation if necessary. Factors to be considered by the MARB board in approving or disapproving such exception include the need to address critical matters impacting the health and welfare of the citizens, funding needed to reduce a municipality's long-term obligations and the implementation of court orders or legal settlements.

Under the Act, the City must retain its Tier IV designation until the following conditions have been satisfied: 1) there are no annual operating budgetary deficits in the City's general fund for two consecutive fiscal years following designation; 2) the City's bond rating has either improved or remained unchanged since its most current designation, provided the City has no bond rating that is below investment grade; 3) the City has presented and the MARB has approved a financial plan that projects a positive unreserved fund balance for the three succeeding fiscal years covered by the financial plan and the unreserved fund balance of at least five (5) percent is projected in the third such fiscal year; 4) the audits for three consecutive fiscal years have been completed and contain no general fund deficits; and 5) there is no evidence that the municipality has engaged in unsound or irregular financial practices in relation to commonly accepted standards in municipal finance.

Under the Act, any designated Tier II, III or IV municipality is eligible to receive funding from a newly established Municipal Restructuring Fund. A designated Tier II, III or IV municipality seeking funds must provide the Secretary a plan detailing its overall restructuring plan, including local actions and the proposed use of the funds. The distribution of such assistance shall be at the discretion of the Secretary based on the relative fiscal needs of the requesting municipalities. Any municipality receiving such funds will be subject to the requirements of the MARB including the approval of annual operating budgets. The commitment by the State to provide the Municipal Restructuring Funds is provided annually in a Memo of Agreement between the State and the City.

For the Fiscal Years ending June 30, 2018, June 30, 2019 and June 30, 2020, the City received \$8 million, \$5 million and \$3.1 million in Municipal Restructuring Funds, respectively, from the MARB. For the Fiscal Year ending June 30, 2021, the MARB did not provide any Municipal Restructuring Funds. For the City's Fiscal Year 2021-22, 2022-23, 2023-24 and 2024-25 adopted budgets, the City did not include the use of any Municipal Restructuring Funds and under the City's current Five-Year Recovery Plan, no additional funding is anticipated. See “FIVE-YEAR RECOVERY PLAN SUMMARY” herein.

In September 2022, the MARB engaged Whittlesey, to perform a financial organizational assessment of the City's financial systems and operations. Representatives of Whittlesey began meeting with the City in October 2022. Whittlesey delivered its assessment report to the MARB in May 2023. Whittlesey developed a set of recommendations which MARB staff has turned into an action plan identifying short-term, medium term and long-term items intended to reduce the risk of financial losses. The City continues to incorporate the recommendations from the Whittlesey report in the areas of accounting policies and procedures, procurement and informational technology.

Additionally, pursuant to the Act, the MARB developed an RFP for a Financial Manager which, per the Act, would be responsible for monitoring the City's compliance with Tier IV requirements and reporting to the MARB regarding the City's compliance. In August 2023, the MARB hired the firm Protiviti to serve as Financial Manager. Protiviti has been embedded at the City since September 2023 and continues to work with the City to implement the recommendations from the Whittlesey report. To date, Protiviti has assisted the City in implementing a number of improvements to internal controls and policies and procedures in the areas of accounts payable, purchasing and vendor management, payroll, audit trail reporting, bank reconciliation, and information systems. Protiviti's contract with the City end on March 31, 2025.

[The remainder of this page intentionally left blank]

FIVE-YEAR RECOVERY PLAN SUMMARY

The following represents a summary of the City’s Five-Year Financial Recovery Plan for the General Fund. The most recent version of the plan was approved by the MARB on May 16, 2024. The City will be required to update the plan annually as long as it remains under MARB oversight. A complete copy of the adopted Five-Year Recovery Plan is on file at the office of the Director of Finance, 355 Main Street, 3rd Floor, West Haven, Connecticut, 06516.

| | GENERAL FUND FINANCIAL PLAN | | | | |
|---|------------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| | FY2025 | FY2026 | FY2027 | FY2028 | FY2029 |
| | ADOPTED | FORECAST | FORECAST | FORECAST | FORECAST |
| REVENUES | | | | | |
| Current Property Tax Levy | \$ 112,370,775 | \$ 115,169,717 | \$ 118,604,168 | \$ 122,395,265 | \$ 124,908,924 |
| Non-Current Taxes..... | 2,140,000 | 2,140,000 | 2,140,000 | 2,140,000 | 2,140,000 |
| Interest & Liens..... | 958,000 | 958,000 | 958,000 | 958,000 | 958,000 |
| Licenses & Permits..... | 2,626,250 | 2,625,763 | 2,629,082 | 2,631,354 | 2,632,260 |
| Fines, Forfeits & Penalties..... | 249,924 | 250,159 | 250,205 | 252,349 | 253,181 |
| Use of Money/Property..... | 2,319,000 | 2,027,878 | 1,526,749 | 1,528,919 | 1,529,241 |
| From Other Agencies..... | 56,710,418 | 56,710,418 | 56,710,418 | 56,710,418 | 56,710,418 |
| Charges - Current Services..... | 1,855,900 | 1,855,900 | 1,857,900 | 1,857,900 | 1,857,900 |
| Other Revenues..... | 2,763,803 | 2,651,476 | 2,679,970 | 2,732,322 | 2,786,101 |
| Other Financing Sources..... | 603,850 | 495,000 | 478,875 | 469,925 | 460,975 |
| TOTAL REVENUE..... | \$ 182,597,920 | \$ 184,884,311 | \$ 187,835,367 | \$ 191,676,452 | \$ 194,237,000 |
| EXPENDITURES | | | | | |
| General Government..... | 2,605,291 | 2,648,937 | 2,729,470 | 2,813,017 | 2,899,704 |
| Planning & Development..... | 1,662,358 | 1,658,265 | 1,696,690 | 1,736,138 | 1,776,645 |
| Finance..... | 3,879,742 | 3,974,044 | 4,089,666 | 4,209,383 | 4,333,365 |
| Public Safety..... | 20,465,580 | 20,750,699 | 21,293,280 | 21,852,281 | 22,428,324 |
| Public Works..... | 14,164,789 | 14,432,626 | 14,919,459 | 15,427,070 | 15,956,386 |
| Human Resources..... | 3,021,518 | 3,177,342 | 3,252,605 | 3,330,034 | 3,409,706 |
| Library..... | 1,833,089 | 1,833,089 | 1,833,089 | 1,833,089 | 1,833,089 |
| Board of Education..... | 91,960,421 | 92,960,421 | 93,960,421 | 94,960,421 | 95,960,421 |
| Operating Charges..... | 25,748,234 | 27,699,879 | 29,417,951 | 30,409,448 | 31,494,249 |
| Debt Service..... | 14,888,446 | 13,378,201 | 12,259,463 | 12,729,709 | 11,967,061 |
| Contingency..... | 2,368,453 | 2,370,807 | 2,383,275 | 2,375,863 | 2,178,049 |
| TOTAL EXPENDITURES..... | 182,597,920 | 184,884,311 | 187,835,367 | 191,676,452 | 194,237,000 |
| SURPLUS (DEFICIT)..... | - | - | - | - | - |
| MUNICIPAL RESTRUCTURING FUNDS..... | - | - | - | - | - |
| CHANGE IN FUND BALANCE..... | - | - | - | - | - |
| BEGINNING FUND BALANCE..... | 19,245,433 | 19,245,433 | 19,245,433 | 19,245,433 | 19,245,433 |
| ENDING FUND BALANCE..... | 19,245,433 | 19,245,433 | 19,245,433 | 19,245,433 | 19,245,433 |
| Fund Balance as a % of Total Expenditures..... | 10.54% | 10.41% | 10.25% | 10.04% | 9.91% |
| Net Grand List - Motor Vehicles..... | 373,547,775 | 377,283,253 | 381,056,086 | 384,866,647 | 388,715,313 |
| Net Grand List - Real Estate/Personal Property... | 2,831,807,235 | 2,839,989,374 | 2,841,830,116 | 2,843,247,436 | 2,844,665,465 |
| Net Grand List..... | 3,205,355,010 | 3,217,272,627 | 3,222,886,202 | 3,228,114,083 | 3,233,380,778 |
| Gross Tax Levy - MV..... | 10,963,627.20 | 11,084,581.97 | 11,210,670.05 | 11,280,441.42 | 11,436,004.51 |
| Gross Tax Levy - Real Estate/Personal Property.. | 103,234,314.92 | 105,957,813.40 | 109,322,021.22 | 113,104,990.02 | 115,503,958.66 |
| Gross Tax Levy..... | 114,197,942 | 117,042,395 | 120,532,691 | 124,385,431 | 126,939,963 |
| Assumed Collection rate..... | 98.4% | 98.4% | 98.4% | 98.4% | 98.4% |
| Total Current Taxes..... | 112,370,775 | 115,169,717 | 118,604,168 | 122,395,265 | 124,908,924 |
| Mill Rate - Motor Vehicle..... | 29.35 | 29.38 | 29.42 | 29.31 | 29.42 |
| Mill Rate - Real Estate/Personal Property..... | 36.46 | 37.31 | 38.47 | 39.78 | 40.60 |
| Mill Rate - Capital-Non-Recurring..... | 0.11 | 0.08 | 0.04 | 0.15 | 0.04 |
| Total Mill Rate - Motor Vehicles..... | 29.46 | 29.46 | 29.46 | 29.46 | 29.46 |
| Total Mill Rate - RE/PP..... | 36.57 | 37.39 | 38.51 | 39.93 | 40.64 |
| Annual Mill Rate Change..... | 1.76 | 0.82 | 1.12 | 1.42 | 0.71 |

The City's Five-Year Recovery Plan is forward-looking and as such is subject to uncertainty and risks that could cause actual results to differ, possibly materially, from those contemplated. Inevitably, some assumptions used to develop the Five-Year Recovery Plan will not be realized or unanticipated events and circumstances may occur. The City makes no guarantee that the estimates in the Five-Year Recovery Plan will ultimately be realized.

RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft or damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Generally, the City obtains commercial insurance for these risks, but has chosen to retain limited risks for workers compensation claims, general liability claims and vision and dental coverage. The City contracts with outside organizations to pay claims and provide administrative services, such as risk consultation services to assist with OSHA training, compliance and risk mitigation. Additionally, stop-loss insurance coverage has been obtained to limit the City's liability for workers compensation, general liability, heart and hypertension and medical claims. In January 2020, the City and WPCA employees joined the Connecticut Partnership Plan 2.0 ("State Plan"), a multi-employer healthcare plan administered by the State of Connecticut's Office of the Comptroller for employee medical coverage. Board of Education employees joined the Connecticut Partnership Plan 2.0 ("State Plan") on July 1, 2021 and the Allingtown Fire Department joined the State Plan on July 01, 2023 and

The City purchases Property insurance coverage to consist of Boiler & Machinery, Flood, Earthquake, and Inland Marine for City buildings and contents with a blanket limit of \$432,035,313 and a deductible of \$25,000. The City also purchases General Liability, Educators Legal Liability, Sexual Abuse Liability, Public Officials Liability and Employment Practices Liability with a \$10,000,000 per occurrence and a self-insured retention of \$500,000. The City also purchases Law Enforcement Liability with a \$5,000,000 per occurrence with a \$1,000,000 self-insured retention and Cyber Liability with \$2,000,000 aggregate and \$100,000 deductible. Additionally, the City maintains an excess Workers' Compensation policy with a retention limit of \$750,000 per occurrence for fire/police employees, and \$600,000 per occurrence for all other employee classes and \$1,000,000 per occurrence for Employer's Liability. Other insurance policies the City carries is Pollution Liability UST with an aggregate of \$2,000,000 and \$1,000,000 per occurrence and a Crime Policy with a \$2,500,000 limit and a \$200,000 deductible. The City also maintains an employee group medical claims stop loss policy for individual claims in excess of \$250,000 per incident.

As of June 30, 2023, the maximum loss potential of the City, including the Board of Education and Allingtown Fire Department, is approximately \$10.6 million, including accruals for claims incurred but not reported and estimates of the costs of future settlements. The City has \$5.7 million in assets to offset those liabilities. As of June 30, 2024, the City currently estimates that its maximum loss potential is approximately \$11 million, including accruals for claims incurred but not reported and estimates of the costs of future settlements. The City currently estimates that as of June 30, 2024 offsetting assets totaled \$10.5 million. See Notes to the Financial Statements, Note 8 in Appendix A, for more information regarding Risk Management.

EMPLOYEE PENSION SYSTEMS

The City has three pension plans covering substantially all City employees and administrative employees of the Board of Education except certified educational employees, who participate in a contributory plan administered by the Connecticut State Teachers Retirement Board. The first plan is a single-employer Public Employee Retirement System (PERS) established and administered by the City to provide pension benefits for officers and members of the West Haven Police Department hired prior to November 2009. In September 2002, the City issued \$67,305,000 in Taxable General Obligation Pension Bonds to fully fund the unfunded actuarial liability in the Police retirement system. Beginning in November 2009, all new Police Department employees participate in a defined contribution pension plan. The second plan is a single-employer PERS established and administered by the City to provide pension benefits for members of the former Allingtown Fire District, now the Allingtown Fire Department, hired prior to June 30, 2013. All new Allingtown Fire Department employees hired after June 30, 2013 participate in a defined contribution pension plan. The third plan is a contributory, defined contribution pension plan which covers all full-time employees of the City, Allingtown Fire Department and the Board of Education, except certified educational employees.

The City has implemented Government Accounting Standards Board's ("GASB") Statement No. 67. Per GASB Statement No. 67, the Plan's net position is based on fair market value as of the end of the fiscal year and the Total Pension Liability is based on the actuarial assumptions as of the prior valuation date updated to the end of the fiscal year. The components of the net pension liability of the City's Pension Plans as of June 30, 2024 were as follows:

| | Police Pension Plan | | | | |
|---|----------------------------|----------------------|----------------------|----------------------|----------------------|
| | 2024 | 2023 | 2022 | 2021 | 2020 |
| Total pension liability..... | \$172,527,857 | \$169,180,754 | \$155,298,143 | \$151,850,643 | \$143,010,785 |
| Plan fiduciary net position..... | 131,788,238 | 119,550,576 | 114,177,565 | 139,659,201 | 114,047,331 |
| Net pension liability..... | <u>\$ 40,739,619</u> | <u>\$ 49,630,178</u> | <u>\$ 41,120,578</u> | <u>\$ 12,191,442</u> | <u>\$ 28,963,454</u> |
| Plan fiduciary net position as a % of total pension liability..... | 76.4% | 70.7% | 73.5% | 92.0% | 79.7% |

The following represents the net pension liability of the City's Plan, calculated using the discount rate of each plan, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

| | 1% Decrease | Current | 1% Increase |
|-----------------------------------|-----------------------------|-----------------------------|-----------------------------|
| | (5.90%) | Discount Rate | (7.90%) |
| | <u> </u> | <u> </u> | <u> </u> |
| Police Net Pension Liability..... | \$ 62,403,862 | \$ 40,739,619 | \$ 22,892,381 |

The following represents a historic trend of the pension assets and liabilities for the City's Police Pension Plan.

Schedule of Funding Progress

| Actuarial Valuation Date | Actuarial Value of Assets (a) | Actuarial Accrued Liability (AAL) (b) | (Over)/Under Funded (AAL)/UAAL (b) - (a) | Funded Ratio (a)/(b) | Covered Payroll (c) | UAAL as a Percentage Covered Payroll [(b) - (a)/(c)] |
|---|--|--|---|-------------------------------------|------------------------------------|---|
| 7/1/2022 | \$ 129,341,428 | \$162,358,388 | \$ 33,016,960 | 79.7 % | \$ 5,033,228 | 656.0 % |
| 7/1/2020 | 123,710,083 | 138,498,201 | 14,788,118 | 89.3 | 4,995,379 | 296.0 |
| 7/1/2018 | 120,548,475 | 133,125,807 | 12,577,332 | 90.6 | 5,765,537 | 218.1 |
| 1/1/2016 | 117,864,576 | 128,519,161 | 10,654,585 | 91.7 | 6,588,354 | 161.7 |
| 1/1/2014 | 113,076,769 | 123,147,731 | 10,070,962 | 91.8 | 7,160,460 | 140.6 |

Schedule of Employer Contributions

| Fiscal Year | Actuarial Determined Contribution | Actual Contribution | Percentage Contributed |
|------------------------|--|--------------------------------|-----------------------------------|
| 2025 ¹ | \$ 5,000,000 | \$ 5,000,000 | 100.0% |
| 2024 | 3,951,680 | 4,023,000 | 101.8% |
| 2023 | 2,396,000 | 2,396,000 | 100.0% |
| 2022 | 2,598,048 | 2,430,000 | 93.5% |
| 2021 | 2,412,000 | 2,412,000 | 100.0% |

¹ Adopted Budget.

For the City's Police PERS valuation dated July 1, 2022, the Projected Unit Credit actuarial cost method was used. The Unfunded Accrued Liability was amortized as a level percent of pay over a closed period of 17 years beginning on January 1, 2014. The actuarial assumptions include a 7.125% investment rate of return and a payroll growth rate of 3.5% as well as a cost-of-living increase of 3% for employees hired before July 1, 1993 and 1.75% for employees hired after June 30, 1993. Employee contributions are 9.5% of pay.

In an effort to address outward migration within the Police Department, the City recently reached a tentative agreement with its police union to re-open the Defined Benefit Pension Plan ("DB Police Plan") which was closed to new hires in November

2009. The changes to the DP Police Plan include for all eligible employees hired after November 1, 2009: 1) a 9% employee contribution; 2) normal retirement eligibility of age 55 with 25 years of services or a maximum age of 65; 3) a pension multiplier of 2.00%; 4) a final salary for pension calculations based on the participant's annual compensation on the final day of employment; and 5) and no cost-of-living adjustments. Employees who had participated in the City's Defined Contribution Plan ("DC Plan") who are over forty years of age as of July 1, 2023 can elect to remain in the DC Plan. Additionally, the changes to the DB Plan also included: 1) establishment of a Deferred Retirement Option Plan (DROP) for eligible employees hire prior to November 1, 2009; 2) an increase in the pension calculation from 60% to 65% for all eligible employees with 25 years of service hired prior to November 1, 2009; 3) a 9.5% contribution for eligible employees hired prior to November 1, 2009; and 4) eligible employees with 30 years of service would receive retiree medical benefits with no premium cost sharing. At its September 2023 meeting the MARB voted against the proposed changes to the DB Police Plan. The police union has sued the MARB over that decision and the two parties are currently in mediation. The City is currently in negotiations with the police union on a revised agreement.

Allingtown Fire Pension Plan

Allingtown Fire Department's Pension Plan has implemented Government Accounting Standards Board's ("GASB") Statement No. 67. Per GASB Statement No. 67, the Plan's net position is based on fair market value as of the end of the fiscal year and the Total Pension Liability is based on the actuarial assumptions as of the prior valuation date updated to the end of the fiscal year. The components of the net pension liability of the Department's Pension Plans as of June 30, 2024 were as follows:

| | Allingtown Fire Pension Plan | | | | |
|--|-------------------------------------|---------------------|---------------------|---------------------|---------------------|
| | 2024 | 2023 | 2022 | 2021 | 2020 |
| Total pension liability..... | \$36,261,601 | \$34,647,774 | \$33,987,650 | \$33,457,698 | \$32,679,323 |
| Plan fiduciary net postion..... | 17,179,809 | 13,570,469 | 11,656,340 | 11,755,582 | 9,216,890 |
| Net pension liability..... | <u>\$19,081,792</u> | <u>\$21,077,305</u> | <u>\$22,331,310</u> | <u>\$21,702,116</u> | <u>\$23,462,433</u> |
| Plan fiduciary net position as a % of total pension liability.... | 47.4% | 39.2% | 34.3% | 35.1% | 28.2% |

The following represents the net pension liability of the Department's Plan, calculated using the discount rate of each plan, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

| | 1% Decrease | Current | 1% Increase |
|--|-----------------------------|-----------------------------|-----------------------------|
| | (5.25%) | Discount Rate | (7.25%) |
| | <u> </u> | <u> </u> | <u> </u> |
| Allingtown Fire Net Pension Liability..... | \$ 23,423,418 | \$ 19,081,792 | \$ 15,530,460 |

[The remainder of this page intentionally left blank]

The following represents a historic trend of the pension assets and liabilities for the Department's Plan.

Schedule of Funding Progress

| Actuarial Valuation Date | Actuarial Value of Assets (a) | Actuarial Accrued Liability (AAL) (b) | (Over)/Under Funded (AAL) / UAAL (b) - (a) | Funded Ratio (a)/(b) | Covered Payroll (c) | UAAL as a Percentage Covered Payroll [(b) - (a)/(c)] |
|---------------------------------|--------------------------------------|--|---|-----------------------------|----------------------------|---|
| 7/1/2023 | \$11,657,277 | \$33,987,650 | \$ 22,330,373 | 34.3 % | \$ 973,137 | 2,294.7 % |
| 7/1/2021 | 11,755,582 | 33,231,110 | 21,475,528 | 35.4 | 973,137 | 2,206.8 |
| 7/1/2019 | 8,106,124 | 31,996,436 | 23,890,312 | 25.3 | 984,212 | 2,427.4 |
| 7/1/2017 | 6,498,293 | 29,699,940 | 23,201,647 | 21.9 | 1,275,933 | 1,818.4 |
| 7/1/2015 | 5,329,960 | 27,321,401 | 21,991,441 | 19.5 | 1,689,604 | 1,301.6 |

Schedule of Employer Contributions

| Fiscal Year | Actuarial Determined Contribution | Actual Contribution | Percentage Contributed |
|--------------------|--|----------------------------|-------------------------------|
| 2025 ¹ | \$ 2,700,000 | \$ 2,700,000 | 100.0% |
| 2024 | 2,125,280 | 3,739,196 | 175.9% |
| 2023 | 2,053,411 | 2,943,412 | 143.3% |
| 2022 | 2,488,867 | 3,113,800 | 125.1% |
| 2021 | 2,404,702 | 3,138,868 | 130.5% |

¹ Adopted budget.

For the July 1, 2023 actuarial valuation of the Allingtown Fire Department's Plan, the Entry Age Normal method was used. The actuarial assumptions include a 6.25% investment rate of return and a payroll growth rate of 3.50% as well as a cost-of-living increase of 1.75% to 2.75% depending on the hiring date of the employee. The Unfunded Accrued Liability is amortized as a level percent of pay. The amortization period was 15 years and the amortization period will decrease each year until it reaches 10 years, after which point it will remain at 10 years. Employee contributions to the plan have increased to 11.0% of pay for Plan 1 employees (hired prior to July 1, 1998) and to 13.0% of pay for Plan 2, 3 and 4 employees (hired between July 1, 1998 and June 30, 2013).

OTHER POST-EMPLOYMENT BENEFITS

The City provides other post-employment benefits ("OPEB") for retired employees. A substantial number of the City's employees are eligible for these benefits when they become eligible for retirement. On June 11, 2019, the City created an irrevocable trust to account for assets of the City employees' OPEB Plan. In Fiscal Years ending 2022 through and including 2025 the City budgeted to pre-fund OPEB, however for the Fiscal Year ending 2022, there were not enough assets being accumulated in the trust to meet the criteria in GASB Statement No. 75 to pay benefits. As of June 30, 2024 the City's OPEB liability decreased from \$228.9 million to \$157.4 million primarily due to an increase in the discount rate. As of June 30, 2024, the trust held \$925 thousand in assets. For Fiscal Year 2024-25, the City budgeted \$5.4 million for pay-go retiree benefits and pre-funding of \$0.65 million.

The City implemented Government Accounting Standards Board's ("GASB") Statement No. 75. In accordance with GASB Statement 75, the net position is based on fair market value as of June 30th and OPEB liability is based on the actuarial assumptions as of the prior valuation date updated to the end of the fiscal year. The components of the net OPEB liability of the City were as follows:

[The remainder of this page intentionally left blank]

| | <u>June 30, 2024</u> | <u>June 30, 2023</u> | <u>June 30, 2022</u> | <u>June 30, 2021</u> | <u>June 30, 2020</u> |
|--|----------------------|----------------------|----------------------|-----------------------|-----------------------|
| Beginning Balance..... | \$228,865,531 | \$224,691,736 | \$321,172,844 | \$ 308,130,567 | \$ 198,567,331 |
| Changes for the year: | | | | | |
| Service cost..... | 4,744,179 | 6,806,957 | 10,813,464 | 11,080,550 | 7,360,854 |
| Interest on total OPEB liability..... | 8,404,775 | 8,067,835 | 7,098,495 | 6,970,456 | 7,085,244 |
| Changes of benefit terms..... | 660,837 | - | - | - | (1,191,970) |
| Difference between expected and..... | | | | | |
| actual experience..... | (42,390,226) | - | (27,385,705) | - | 44,337,855 |
| Changes in assumptions or other inputs.. | (35,224,057) | (3,450,435) | (80,266,789) | 2,644,827 | 59,017,168 |
| Benefit payments..... | (7,669,295) | (7,250,562) | (6,740,573) | (7,653,556) | (7,045,915) |
| Net investment income..... | (238) | - | - | - | - |
| Net changes..... | <u>(71,474,025)</u> | <u>4,173,795</u> | <u>(96,481,108)</u> | <u>13,042,277</u> | <u>109,563,236</u> |
| Ending Balance..... | <u>\$157,391,506</u> | <u>\$228,865,531</u> | <u>\$224,691,736</u> | <u>\$ 321,172,844</u> | <u>\$ 308,130,567</u> |

The most recent GASB Statement 75 report available is from June 30, 2024. The following represents the net OPEB liability of the City, calculated using the current discount rate of 6.50%, as well as what the City's net OPEB liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current discount rate as of June 30, 2024:

| | <u>1% Decrease</u> | <u>Current Discount Rate</u> | <u>1% Increase</u> |
|--------------------------------|--------------------|------------------------------|--------------------|
| | <u>5.50%</u> | <u>6.50%</u> | <u>7.50%</u> |
| City's Net OPEB Liability..... | \$ 176,622,844 | \$ 157,391,506 | \$ 141,321,616 |

The following represents the net OPEB liability of the City, calculated using the current healthcare cost trend rates, as well as what the City's net OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1% lower or 1% higher than the current healthcare cost trend rate:

| | <u>1% Decrease</u> | <u>Current Healthcare Cost Trend Rate</u> | <u>1% Increase</u> |
|--------------------------------|--------------------|---|--------------------|
| City's Net OPEB Liability..... | \$ 139,082,004 | \$ 157,391,506 | \$ 179,671,777 |

The Allingtown Fire Department implemented Government Accounting Standards Board's (GASB) Statement No. 75. In accordance with GASB Statement 75, the net position is based on fair market value as of June 30th and OPEB liability is based on the actuarial assumptions as of the prior valuation date updated to the end of the fiscal year. The components of the net OPEB liability of the Allingtown Fire Department were as follows:

| | <u>June 30, 2024</u> | <u>June 30, 2023</u> | <u>June 30, 2022</u> | <u>June 30, 2021</u> | <u>June 30, 2020</u> |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|
| Beginning Balance..... | \$ 24,915,076 | \$ 24,653,017 | \$ 30,727,026 | \$ 29,465,016 | \$ 28,164,607 |
| Changes for the year: | | | | | |
| Service cost..... | 334,126 | 769,872 | 1,201,059 | 1,094,843 | 775,734 |
| Interest on total OPEB liability..... | 907,028 | 884,476 | 680,490 | 666,669 | 999,677 |
| Effect of plan changes..... | - | - | (373,777) | | |
| Difference between expected and..... | | | | | |
| actual experience..... | 3,962,417 | - | (162,527) | - | (4,782,737) |
| Changes in assumptions or other inputs.. | (7,590,426) | (509,241) | (6,566,832) | 292,562 | 5,070,555 |
| Benefit payments..... | (1,022,940) | (883,048) | (852,422) | (792,064) | (762,820) |
| Net investment income..... | (56) | - | - | - | - |
| Net changes..... | <u>(3,409,851)</u> | <u>262,059</u> | <u>(6,074,009)</u> | <u>1,262,010</u> | <u>1,300,409</u> |
| Ending Balance..... | <u>\$21,505,225</u> | <u>\$24,915,076</u> | <u>\$24,653,017</u> | <u>\$30,727,026</u> | <u>\$29,465,016</u> |

The following represents the net OPEB liability of the Allingtown Fire Department, calculated using the current discount rate of 6.50%, as well as what the Allingtown Fire Department's net OPEB liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current discount rate as of June 30, 2024:

| | 1% Decrease | Current Discount Rate | 1% Increase |
|-------------------------------|--------------------|----------------------------------|--------------------|
| | <u>5.50%</u> | <u>6.50%</u> | <u>7.50%</u> |
| AFD's Net OPEB Liability..... | \$ 24,482,049 | \$ 21,505,225 | \$ 19,069,081 |

The following represents the net OPEB liability of the Allingtown Fire Department, calculated using the current healthcare cost trend rates, as well as what the Allingtown Fire Department's net OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1% lower or 1% higher than the current healthcare cost trend rate as of June 30, 2024:

| | 1% Decrease | Current Healthcare Cost Trend Rate | 1% Increase |
|-------------------------------|--------------------|---|--------------------|
| AFD's Net OPEB Liability..... | \$ 18,753,341 | \$ 21,505,225 | \$ 24,848,521 |

INVESTMENT POLICIES AND PROCEDURES

Under Chapter VI, Section 2 of the City Charter and under Connecticut General Statutes Section 7-400 and 7-402, the City may invest in certificate of deposits, repurchase agreements, municipal notes and bonds, obligations of the United States of America, including joint and several obligations of the Federal Home Loan Mortgage Association, the Federal Savings and Loan Insurance Corporation, obligations of the United States Postal Service, all the federal home loan banks, all federal land banks, the Tennessee Valley Authority, or any other agency of the United States government, mutual funds and money market mutual funds.

The City's investment practices have been to invest in certificates of deposit, repurchase agreements, U.S. Treasury bonds, bills and notes, demand accounts and the State of Connecticut Short Term Investment Fund ("STIF").

The City is currently in process of updating the investment policy. The City maintains a formal Investment Policy that restricts the types of investments that the City can invest in, defines investment maturity guidelines and the percentage investment mix of the investment portfolio. A copy of the Investment Policy is available upon request from the Director of Finance.

PROPERTY TAX REVENUES

| Fiscal Year | General Fund Revenues & Transfers In | Tax Revenues | Tax Revenues as % Total Revenues |
|------------------------|---|---------------------|---|
| 2025 ¹ | \$ 182,597,920 | \$115,468,774 | 63.2% |
| 2024 | 192,756,798 | 109,715,942 | 56.9% |
| 2023 | 186,242,917 | 105,440,569 | 56.6% |
| 2022 | 181,151,213 | 105,419,834 | 58.2% |
| 2021 | 174,637,027 | 103,334,930 | 59.2% |
| 2020 | 175,453,561 | 99,858,280 | 56.9% |
| 2019 | 176,339,688 | 97,509,642 | 55.3% |
| 2018 | 181,107,055 | 95,880,234 | 52.9% |
| 2017 | 171,123,181 | 94,300,417 | 55.1% |
| 2016 | 170,488,849 | 90,455,343 | 53.1% |

¹ Adopted Budget. Budgetary basis, excludes Teacher's Pension on-behalf payments.

Source: Annual audited financial statements; Fiscal Year 2024-25 adopted budget.

INTERGOVERNMENTAL REVENUES

| Fiscal Year | General Fund Revenues & Transfers In | Federal/ State Aid | Aid As a % of General Fund Revenue |
|--------------------|---|---------------------------|---|
| 2025 ¹ | \$182,597,920 | \$ 56,710,418 | 31.1% |
| 2024 | 192,756,798 | 73,580,828 | 38.2% |
| 2023 | 186,242,917 | 72,702,392 | 39.0% |
| 2022 | 181,151,213 | 68,945,245 | 38.1% |
| 2021 | 174,637,027 | 65,597,247 | 37.6% |
| 2020 | 175,453,561 | 69,625,590 | 39.7% |
| 2019 | 176,339,688 | 71,622,880 | 40.6% |
| 2018 | 181,107,055 | 78,704,977 | 43.5% |
| 2017 | 171,123,181 | 70,810,696 | 41.4% |
| 2016 | 170,488,849 | 74,083,784 | 43.5% |

¹ Adopted Budget. Budgetary basis, excludes Teacher’s Pension on-behalf payments.

Source: Annual audited financial statements; Fiscal Year 2024-25 adopted budget.

MUNICIPAL BUDGET EXPENDITURE CAP

Section 4-66/(h) (the “Act”), as amended, reduces a municipality’s revenue sharing grant if its general budget expenditures (as modified by the Act) in any fiscal year exceeds a threshold set forth in the Act. As a result of utilizing modified budget growth to reduce a municipality’s revenue sharing grant, the Act is sometimes popularly referred to as imposing a “spending cap”. Beginning in Fiscal Year 2018, the Office of Policy and Management (“OPM”) must reduce the municipal revenue sharing grant amount for those municipalities whose spending, with certain exceptions, exceeds the spending limits specified in the Act. Each fiscal year, OPM must determine the municipality’s percentage growth in spending over the prior fiscal year and reduce the grant if the growth rate is equal to or greater than 2.5% or the inflation rate, whichever is greater. The reduction is generally equal to 50 cents for every dollar the municipality spends over this cap.

The Act requires that each municipality annually certify to the Secretary of OPM whether the municipality exceeded the spending cap and if so, the amount over the cap.

Under the Act, municipal spending does not include expenditures: (1) for debt service, special education, costs to implement court orders or arbitration awards, budgeting for an audited deficit, nonrecurring grants, capital expenditures of \$100,000 or more, or payments on unfunded pension liabilities; (2) associated with a major disaster or emergency declaration by the President or disaster emergency declaration issued by the Governor under the civil preparedness law; or (3) for any municipal revenue sharing grant the municipality disburses to a special taxing district, up to the difference between the amount of property taxes the district levied on motor vehicles in the 2013 assessment year and the amount the levy would have been had the motor vehicle mill rate been 32 mills, for Fiscal Year 2017 disbursements, or 29.63 mills, for Fiscal Year 2018 disbursements and thereafter. In addition, if budget expenditures exceed the 2.5% cap, but are proportional to population growth from the previous year, the municipal revenue sharing grant will not be reduced.

In Fiscal Years 2022-23, 2023-24 and 2024-25, the City received \$1,084,924, \$1,552,735 and \$0.00, respectively, in municipal revenue sharing grants. In Fiscal Year 2024-25 the City had budgeted \$147,516 for municipal revenue sharing grants but the State has informed municipalities that no disbursements will be made this fiscal year.

[The remainder of this page intentionally left blank]

EXPENDITURES

| Fiscal Year | Education | Debt Service | Benefits & Insurance | Public Safety | Public Works |
|------------------------|------------------|-------------------------|-------------------------------------|--------------------------|-------------------------|
| 2025 ¹ | 50.36 % | 8.15 % | 14.10 % | 11.21 | 7.76 % |
| 2024 | 57.08 | 6.63 | 12.56 | 10.20 | 6.60 |
| 2023 | 58.50 | 6.92 | 12.08 | 10.19 | 6.08 |
| 2022 | 57.63 | 10.01 | 10.55 | 9.40 | 6.65 |
| 2021 | 58.22 | 10.57 | 10.12 | 9.31 | 6.55 |
| 2020 | 59.47 | 10.68 | 9.40 | 8.97 | 5.95 |
| 2019 | 59.97 | 10.89 | 9.30 | 8.75 | 5.81 |
| 2018 | 60.58 | 9.78 | 9.63 | 8.72 | 5.85 |
| 2017 | 60.50 | 9.72 | 9.46 | 8.73 | 6.24 |
| 2016 | 61.49 | 9.15 | 9.52 | 8.47 | 6.09 |

¹ Adopted Budget. Budgetary basis, excludes Teacher's Pension on-behalf payments.

Source: Annual audited financial statements; Fiscal Year 2024-25 adopted budget.

[The remainder of this page intentionally left blank]

COMPARATIVE GENERAL FUND OPERATING STATEMENTS
FISCAL YEAR 2023-24 AUDITED AND FY 2024-25 ADOPTED BUDGET
 Budget and Actual (Budgetary Basis)

| | Fiscal Year 2023-24 | | | Fiscal Year 2024-25 |
|---|----------------------------|--------------------|------------------------------------|--------------------------------|
| | Amended Budget | Actual | Favorable (Unfavorable) | Adopted Budget |
| REVENUES | | | | |
| Property taxes..... | \$109,538,316 | \$109,143,106 | \$ (395,210) | \$ 115,468,774 |
| Intergovernmental..... | 56,498,193 | 57,179,658 | 681,465 | 56,710,418 |
| Investment income..... | 1,286,000 | 2,823,612 | 1,537,612 | 2,319,000 |
| Licenses, Permits & Fines..... | 1,815,800 | 2,526,248 | 710,448 | 2,876,174 |
| Charges for services..... | 1,704,000 | 1,801,787 | 97,787 | 1,855,900 |
| Other revenues..... | 2,302,319 | 2,571,792 | 269,473 | 2,463,804 |
| TOTAL REVENUES..... | 173,144,628 | 176,046,203 | 2,901,575 | \$ 181,694,070 |
| EXPENDITURES | | | | |
| Current: | | | | |
| General government..... | 8,660,761 | 7,948,565 | 712,196 | 8,147,392 |
| Public safety..... | 19,262,645 | 18,996,978 | 265,667 | 20,465,580 |
| Public works..... | 12,906,063 | 12,288,904 | 617,159 | 14,164,788 |
| Operating Charges..... | 23,621,195 | 23,407,135 | 214,060 | 25,748,234 |
| Health and welfare..... | 1,354,594 | 1,300,476 | 54,118 | 3,021,517 |
| Parks and Recreation..... | 1,164,449 | 1,053,876 | 110,573 | |
| Library..... | 1,625,000 | 1,625,000 | - | 1,833,089 |
| Education..... | 89,960,421 | 89,960,421 | - | 91,960,421 |
| Debt service..... | 14,358,925 | 12,349,639 | 2,009,286 | 14,888,446 |
| Contingency Fund..... | - | - | - | 2,368,453 |
| TOTAL EXPENDITURES..... | 172,914,053 | 168,930,994 | 3,983,059 | 182,597,920 |
| Excess (deficiency) of revenues over expenditures..... | 230,575 | 7,115,209 | 6,884,634 | (903,850) |
| Other financing sources (uses): | | | | |
| Sale of assets..... | 250,000 | 15,000 | (235,000) | 300,000 |
| Operating transfers in..... | 509,425 | 309,425 | (200,000) | 603,850 |
| Operating transfers out..... | (990,000) | (990,000) | - | - |
| Total other financing sources..... | (230,575) | (665,575) | (435,000) | 903,850 |
| Excess (deficiency) of revenues other financing sources over expenditures and other financing sources..... | \$ - | \$ 6,449,634 | \$ 6,449,634 | \$ - |

Source: Fiscal Year 2023-24 audited financial statements and Fiscal Year 2024-25 Adopted Budget.

COMPARATIVE BALANCE SHEETS - GENERAL FUND

| Fiscal Year Ended: | <u>2020</u> | <u>2021</u> | <u>2022</u> | <u>2023</u> | <u>2024</u> |
|---|---------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| ASSETS: | | | | | |
| Cash and cash equivalents..... | \$19,639,738 | \$13,284,744 | \$ 4,893,729 | \$23,222,984 | \$ 7,128,100 |
| Investments..... | - | 19,305,702 ¹ | 21,792,452 ¹ | 13,605,900 ¹ | 55,500,919 ¹ |
| Receivables (net)..... | 7,827,814 | 4,377,039 | 4,461,168 | 6,201,220 | 5,524,969 |
| Due from other funds..... | 3,030,281 | 17,900,569 | 23,335,467 | 27,037,454 | 12,683,587 |
| Prepaid assets..... | 346,540 | - | - | - | - |
| TOTAL ASSETS..... | <u>\$30,844,373</u> | <u>\$54,868,054</u> | <u>\$54,482,816</u> | <u>\$70,067,558</u> | <u>\$80,837,575</u> |
| LIABILITIES: | | | | | |
| Accounts payable..... | \$14,947,723 | \$10,140,307 | \$ 7,518,245 | \$ 9,223,928 | \$ 9,584,949 |
| Accrued payroll..... | - | 8,956,557 | 4,911,567 | 5,490,164 | 9,992,075 |
| Unearned revenue..... | 176,255 | 43,142 | 239,600 | 89,918 | 94,769 |
| Due to other funds..... | 2,428,055 | 18,948,904 | 29,166,640 | 34,149,813 | 31,225,461 |
| Other..... | - | 580,269 | 517,037 | 517,289 | 425,425 |
| TOTAL LIABILITIES..... | <u>17,552,033</u> | <u>38,669,179</u> | <u>42,353,089</u> | <u>49,471,112</u> | <u>51,322,679</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | | |
| Unavailable revenue - property taxes..... | 3,913,448 | 3,562,776 | 3,639,555 | 5,450,872 | 4,731,767 |
| Advance property tax collections..... | 5,803,221 | 6,969,732 | 507,038 | 386,628 | 3,574,549 |
| TOTAL DEFERRED INFLOWS OF RESOURCES..... | <u>9,716,669</u> | <u>10,532,508</u> | <u>4,146,593</u> | <u>5,837,500</u> | <u>8,306,316</u> |
| FUND BALANCES (DEFICITS): | | | | | |
| Nonspendable..... | 346,540 | - | - | - | - |
| Restricted..... | - | - | - | - | - |
| Committed..... | - | - | - | - | - |
| Assigned..... | 27,720 | - | - | - | - |
| Unassigned..... | 3,201,411 | 5,666,367 | 7,983,134 | 14,758,946 | 21,208,580 |
| TOTAL FUND BALANCES (DEFICITS)..... | <u>3,575,671</u> | <u>5,666,367</u> | <u>7,983,134</u> | <u>14,758,946</u> | <u>21,208,580</u> |
| TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES (DEFICITS)..... | <u>\$30,844,373</u> | <u>\$54,868,054</u> | <u>\$54,482,816</u> | <u>\$70,067,558</u> | <u>\$80,837,575</u> |

¹ Includes ARPA funds pooled with other funds for investment purposes.

Source: Annual audited financial statements.

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - GENERAL FUND

| Fiscal Year Ended: | 2020 | 2021 | 2022 | 2023 | 2024 |
|---|---------------------|------------------------|------------------------|----------------------|----------------------|
| REVENUES | | | | | |
| Property taxes..... | \$ 99,858,280 | \$103,334,930 | \$105,419,834 | \$105,440,569 | \$109,715,942 |
| Intergovernmental..... | 69,625,590 | 65,597,247 | 68,945,245 | 72,702,392 | 73,580,828 |
| Charges for services..... | 3,676,119 | 4,258,037 | 4,950,862 | 5,189,267 | 5,616,636 |
| Contributions..... | 444,561 | 444,796 | 466,715 | 505,015 | 526,523 |
| Investment income..... | 348,190 | 44,064 | 120,555 | 1,765,716 | 2,806,112 |
| Other revenues..... | 216,699 | 54,640 | 148,417 | 160,754 | 201,332 |
| TOTAL REVENUES..... | 174,169,439 | 173,733,714 | 180,051,628 | 185,763,713 | 192,447,373 |
| EXPENDITURES | | | | | |
| Current: | | | | | |
| General government..... | 5,628,028 | 6,293,655 | 6,517,569 | 7,434,019 | 7,948,565 |
| Public safety..... | 15,545,783 | 15,876,544 | 16,818,097 | 18,324,256 | 18,996,978 |
| Public works..... | 10,307,368 | 11,235,174 | 11,898,139 | 10,927,390 | 12,288,904 |
| Benefits and insurance..... | 16,284,924 | 17,368,172 | 18,864,103 | 21,716,873 | 23,407,135 |
| Health and welfare..... | 1,072,935 | 799,012 | 1,171,481 | 1,212,239 | 1,300,476 |
| Library..... | 1,421,000 | 667,981 | 874,536 | 978,940 | 1,053,876 |
| Parks and recreation..... | 759,459 | 1,321,680 | 1,435,692 | 1,575,374 | 1,625,000 |
| Education..... | 103,023,483 | 99,908,328 | 103,067,126 | 105,172,011 | 106,361,591 |
| Debt Services..... | 18,498,828 | 18,132,932 | 17,900,579 | 12,443,434 | 12,349,639 |
| TOTAL EXPENDITURES..... | 172,541,808 | 171,603,478 | 178,547,322 | 179,784,536 | 185,332,164 |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES..... | 1,627,631 | 2,130,236 | 1,504,306 | 5,979,177 | 7,115,209 |
| OTHER FINANCING SOURCES | | | | | |
| SOURCES (USES): | | | | | |
| Operating transfers in..... | 1,284,122 | 903,313 | 548,785 | 479,204 | 309,425 |
| Operating transfers out..... | (695,000) | (273,526) | (21,867) | - | (990,000) |
| Proceeds from the sale of assets..... | - | 309,608 | 550,800 | 317,431 | 15,000 |
| Issuance of debt..... | - | - | - | - | - |
| Deposit to refunding escrow..... | - | - | - | - | - |
| TOTAL OTHER FINANCING SOURCES (USES):..... | 589,122 | 939,395 | 1,077,718 | 796,635 | (665,575) |
| EXTRAORDINARY ITEM: | | | | | |
| Casualty Loss..... | - | (978,935) ¹ | (265,257) ¹ | - | - |
| NET CHANGE IN FUND BALANCE | 2,216,753 | 2,090,696 | 2,316,767 | 6,775,812 | 6,449,634 |
| Fund Balance - Beginning of year..... | 1,358,918 | 3,575,671 | 5,666,367 | 7,983,134 | 14,758,946 |
| Fund Balance - End of year..... | \$ 3,575,671 | \$ 5,666,367 | \$ 7,983,134 | \$ 14,758,946 | \$ 21,208,580 |

¹ Represents fraudulent disbursements to multiple vendors for COVID related goods and services. See "MISAPPROPRIATION OF CORONA VIRUS RELIEF FUNDS AND COHNREZNICK INVESTIGATION" herein.

Source: Annual audited financial statements.

VI. DEBT SUMMARY

PRINCIPAL AMOUNT OF INDEBTEDNESS

As of March 27, 2025 (Pro Forma)

Long-Term Debt

| <u>Date of Issue</u> | <u>Issue</u> | <u>Coupon Rate %</u> | <u>Original Issue Amount</u> | <u>Debt Outstanding Including This Issue</u> | <u>Fiscal Maturity Date</u> |
|--------------------------|---|----------------------|------------------------------|--|-----------------------------|
| 05/31/12 | General Obligation Refunding Bonds..... | 3.00-5.00 | \$ 47,620,000 | \$ 1,985,000 | 2026 |
| 05/31/12 | General Obligation Bonds..... | 3.00-5.00 | 3,475,000 | 645,000 | 2027 |
| 12/28/12 | State of Connecticut, CWF PLO, 549-C..... | 2.00 | 28,250,103 | 11,579,772 | 2033 |
| 09/03/14 | General Obligation Bonds..... | 3.00-5.00 | 9,100,000 | 3,850,000 | 2035 |
| 06/30/15 | State of Connecticut, CWF PLO, 549-CD2... | 2.00 | 1,425,544 | 667,531 | 2032 |
| 11/29/17 | General Obligation Bonds, Series A..... | 3.00-5.00 | 16,135,000 | 4,830,000 | 2028 |
| 11/29/17 | General Obligation Bonds, Series B..... | 3.00-5.00 | 9,635,000 | 5,115,000 | 2038 |
| 10/02/20 | General Obligation Bonds..... | 3.00-4.00 | 19,173,000 | 13,415,000 | 2040 |
| 09/30/21 | General Obligation Bonds..... | 4.00 | 20,545,000 | 15,935,000 | 2042 |
| 10/29/21 | State of Connecticut, CWF PLO 223-CSL.... | 2.00 | 588,849 | 504,600 | 2041 |
| 06/30/22 | State of Connecticut, CWF PLO 222-CSL.... | 2.00 | 3,925,943 | 3,287,615 | 2041 |
| 01/31/23 | State of Connecticut, CWF PLO 225-CSL.... | 2.00 | 781,774 | 709,178 | 2042 |
| 02/15/24 | General Obligation Bonds..... | 4.00-5.00 | 18,250,000 | 16,990,000 | 2044 |
| 03/31/24 | State of Connecticut CWF IFO 228-CSL..... | 2.000 | 760,961 | 728,727 | 2044 |
| 07/31/24 | State of Connecticut CWF IFO 226-CSL..... | 2.000 | 643,858 | 625,734 | 2044 |
| 03/27/25 | <i>General Obligation Bonds (This Issue).....</i> | TBD | 12,450,000 * | 12,450,000 * | 2045 |
| Grand Total | | | <u>\$192,760,033</u> | <u>\$ 93,318,156</u> | |

Short-Term Debt

| <u>Issue</u> | <u>Issue</u> | <u>Coupon Rate %</u> | <u>Original Issue Amount</u> | <u>Debt Outstanding Including This Issue</u> | <u>Final Maturity</u> |
|--------------------|--|----------------------|------------------------------|--|-----------------------|
| 02/16/24 | State of Connecticut CWF IFO 748-CSL..... | 2.000 | 6,891,752 | 6,891,752 | 02/27/26 |
| 10/29/24 | State of Connecticut CWF IFO 760-DC..... | 2.000 | 902,358 | 902,358 | 10/29/26 |
| 03/27/25 | <i>Bond Anticipation Notes (This Issue).....</i> | TBD | 5,030,000 * | 5,030,000 * | 03/26/26 |
| Total | | | | <u>\$ 12,824,110</u> | |

*Preliminary, subject to change.

COMBINED SCHEDULE OF LONG-TERM DEBT

As of March 27, 2025 (Pro Forma)

| Fiscal Year | Principal Payments | Interest Payments | Total Debt Service | The Bonds Principal | Principal All Issues |
|----------------------|---------------------------|--------------------------|---------------------------|----------------------------|-----------------------------|
| 2024-25 ¹ | \$ 486,065 | \$ 349,230 | \$ 835,294 | \$ - | \$ 486,065 |
| 2025-26 | 10,580,590 | 2,950,763 | 13,531,353 | 950,000 | 11,530,590 |
| 2026-27 | 8,643,347 | 2,557,062 | 11,200,409 | 925,000 | 9,568,347 |
| 2027-28 | 7,806,866 | 2,234,481 | 10,041,347 | 925,000 | 8,731,866 |
| 2028-29 | 5,916,162 | 1,976,676 | 7,892,837 | 925,000 | 6,841,162 |
| 2029-30 | 5,671,251 | 1,765,908 | 7,437,159 | 925,000 | 6,596,251 |
| 2030-31 | 5,587,150 | 1,567,397 | 7,154,547 | 720,000 | 6,307,150 |
| 2031-32 | 5,628,874 | 1,371,773 | 7,000,647 | 720,000 | 6,348,874 |
| 2032-33 | 3,831,081 | 1,192,663 | 5,023,743 | 720,000 | 4,551,081 |
| 2033-34 | 3,696,590 | 1,038,470 | 4,735,060 | 720,000 | 4,416,590 |
| 2034-35 | 3,423,586 | 884,874 | 4,308,460 | 720,000 | 4,143,586 |
| 2035-36 | 3,070,723 | 751,487 | 3,822,210 | 440,000 | 3,510,723 |
| 2036-37 | 3,078,004 | 625,306 | 3,703,310 | 440,000 | 3,518,004 |
| 2037-38 | 3,065,432 | 499,378 | 3,564,810 | 440,000 | 3,505,432 |
| 2038-39 | 2,753,010 | 381,700 | 3,134,710 | 440,000 | 3,193,010 |
| 2039-40 | 2,705,740 | 271,870 | 2,977,610 | 440,000 | 3,145,740 |
| 2040-41 | 1,863,627 | 164,633 | 2,028,260 | 400,000 | 2,263,627 |
| 2041-42 | 1,596,812 | 100,497 | 1,697,309 | 400,000 | 1,996,812 |
| 2042-43 | 760,577 | 55,483 | 816,060 | 400,000 | 1,160,577 |
| 2043-44 | 702,671 | 27,135 | 729,807 | 400,000 | 1,102,671 |
| 2044-45 | - | - | - | 400,000 | 400,000 |
| Total | \$ 80,868,156 | \$ 20,766,787 | \$101,634,943 | \$ 12,450,000* | \$ 93,318,156 |

¹ Excludes \$12,627,519 in principal payments and \$3,137,193 in interest payments paid as of March 27, 2025.

Source: City annual audit reports, City finance office.

Note: Totals may not sum due to rounding.

*Preliminary, subject to change.

THE CITY OF WEST HAVEN, CONNECTICUT HAS NEVER DEFAULTED IN THE PAYMENT OF PRINCIPAL OR INTEREST ON ITS BONDS OR NOTES.

[The remainder of this page intentionally left blank]

SCHEDULE OF BONDED DEBT
As of March 27, 2025 (Pro Forma)

| Fiscal Year | Principal Payments ¹ | Interest Payments ¹ | Total Debt Service ¹ | The Bonds Principal | Principal All Issues |
|----------------------|--|---------------------------------------|--|----------------------------|-----------------------------|
| 2024-25 ² | \$ - | \$ 248,625 | \$ 248,625 | \$ - | \$ - |
| 2025-26 | 8,710,000 | 2,615,506 | 11,325,506 | 950,000 | 9,660,000 |
| 2026-27 | 6,735,000 | 2,259,563 | 8,994,563 | 925,000 | 7,660,000 |
| 2027-28 | 5,860,000 | 1,975,500 | 7,835,500 | 925,000 | 6,785,000 |
| 2028-29 | 3,930,000 | 1,756,991 | 5,686,991 | 925,000 | 4,855,000 |
| 2029-30 | 3,645,000 | 1,586,313 | 5,231,313 | 925,000 | 4,570,000 |
| 2030-31 | 3,520,000 | 1,428,700 | 4,948,700 | 720,000 | 4,240,000 |
| 2031-32 | 3,520,000 | 1,274,800 | 4,794,800 | 720,000 | 4,240,000 |
| 2032-33 | 3,350,000 | 1,124,300 | 4,474,300 | 720,000 | 4,070,000 |
| 2033-34 | 3,350,000 | 977,200 | 4,327,200 | 720,000 | 4,070,000 |
| 2034-35 | 3,070,000 | 830,600 | 3,900,600 | 720,000 | 3,790,000 |
| 2035-36 | 2,710,000 | 704,350 | 3,414,350 | 440,000 | 3,150,000 |
| 2036-37 | 2,710,000 | 585,450 | 3,295,450 | 440,000 | 3,150,000 |
| 2037-38 | 2,690,000 | 466,950 | 3,156,950 | 440,000 | 3,130,000 |
| 2038-39 | 2,370,000 | 356,850 | 2,726,850 | 440,000 | 2,810,000 |
| 2039-40 | 2,315,000 | 254,750 | 2,569,750 | 440,000 | 2,755,000 |
| 2040-41 | 1,465,000 | 155,400 | 1,620,400 | 400,000 | 1,865,000 |
| 2041-42 | 1,465,000 | 96,800 | 1,561,800 | 400,000 | 1,865,000 |
| 2042-43 | 675,000 | 54,000 | 729,000 | 400,000 | 1,075,000 |
| 2043-44 | 675,000 | 27,000 | 702,000 | 400,000 | 1,075,000 |
| 2044-45 | - | - | - | 400,000 | 400,000 |
| Total | \$ 62,765,000 | \$ 18,779,647 | \$ 81,544,647 | \$ 12,450,000* | \$ 75,215,000 |

¹ Excludes Clean Water Fund Project Loan Obligations in the amount \$18,103,156 in principal payments and \$1,987,140 in interest payments as of March 27, 2025.

² Excludes \$11,280,000 in principal payments and \$2,855,886 in interest payments paid as of March 27, 2025.

Source: City annual audit reports, City finance office.

*Preliminary, subject to change.

[The remainder of this page intentionally left blank]

SCHEDULE OF STATE OF CONNECTICUT CLEAN WATER LOANS

As of March 27, 2025 (Pro Forma)

| <u>Fiscal Year</u> | <u>Principal Payments</u> | <u>Interest Payments</u> | <u>Total Debt Service</u> |
|----------------------|----------------------------|---------------------------|----------------------------|
| 2024-25 ¹ | \$ 486,065 | \$ 100,605 | \$ 586,669 |
| 2025-26 | 1,870,590 | 335,257 | 2,205,847 |
| 2026-27 | 1,908,347 | 297,500 | 2,205,847 |
| 2027-28 | 1,946,866 | 258,981 | 2,205,847 |
| 2028-29 | 1,986,162 | 219,685 | 2,205,847 |
| 2029-30 | 2,026,251 | 179,596 | 2,205,847 |
| 2030-31 | 2,067,150 | 138,697 | 2,205,847 |
| 2031-32 | 2,108,874 | 96,973 | 2,205,847 |
| 2032-33 | 481,081 | 68,363 | 549,443 |
| 2033-34 | 346,590 | 61,270 | 407,860 |
| 2034-35 | 353,586 | 54,274 | 407,860 |
| 2035-36 | 360,723 | 47,137 | 407,860 |
| 2036-37 | 368,004 | 39,856 | 407,860 |
| 2037-38 | 375,432 | 32,428 | 407,860 |
| 2038-39 | 383,010 | 24,850 | 407,860 |
| 2039-40 | 390,740 | 17,120 | 407,860 |
| 2040-41 | 398,627 | 9,233 | 407,860 |
| 2041-42 | 131,812 | 3,697 | 135,509 |
| 2042-43 | 85,577 | 1,483 | 87,060 |
| 2043-44 | 27,671 | 135 | 27,807 |
| Total | <u>\$18,103,156</u> | <u>\$1,987,140</u> | <u>\$20,090,296</u> |

¹ Excludes \$1,347,519 in principal payments and \$281,307 in interest payments paid as of March 27, 2025.

Source: City annual audit reports, City finance office.

[The remainder of this page intentionally left blank]

CALCULATION OF NET DIRECT DEBT

As of March 27, 2025 (Pro Forma)

| | |
|---|-------------------------------|
| Long-Term Indebtedness ¹ | |
| <i>The Bonds (This Issue)</i> | \$ 12,450,000 * |
| General Purpose..... | 21,066,000 |
| Schools..... | 39,612,000 |
| Sewers..... | 2,087,000 |
| State of Connecticut PLO..... | <u>18,103,156</u> |
| Total Long-Term Debt | <u>93,318,156</u> * |
| Short-Term Indebtedness ² | |
| <i>The Notes (This Issue)</i> | 5,030,000 * |
| State of Connecticut IFO..... | <u>7,794,110</u> |
| Total Short-Term Debt | <u>12,824,110</u> * |
| Gross Direct Debt | <u>106,142,266</u> * |
| Exclusions: | |
| Self-Supporting Debt | <u>(25,897,266)</u> |
| Total Net Direct Debt | <u>\$ 80,245,000</u> * |

¹ Does not include authorized but unissued debt of \$48,675,714.

CURRENT DEBT RATIOS

As of March 27, 2025 (Pro Forma)

| | |
|---|-----------------|
| Gross Direct Debt..... | \$106,142,266 * |
| Net Direct Debt..... | \$80,245,000 * |
| Net Direct and Underlying Debt..... | \$80,245,000 * |
| Population ¹ | 55,147 |
| Net Taxable Grand List (10/1/23)..... | \$3,205,355,010 |
| Estimated Full Value..... | \$4,579,078,586 |
| Equalized Net Taxable Grand List (2022) ² | \$6,481,720,224 |
| Per Capita Income ¹ | \$35,483 |
| Total Direct Indebtedness: | |
| Per Capita..... | \$1,925 * |
| To Net Taxable Grand List | 3.31% * |
| To Estimated Full Value | 2.32% * |
| To Equalized Net Taxable Grand List..... | 1.64% * |
| Per Capita to Per Capita Income..... | 5.42% * |
| Net Direct Indebtedness: | |
| Per Capita..... | \$1,455 * |
| To Net Taxable Grand List..... | 2.50% * |
| To Estimated Full Value..... | 1.75% * |
| To Equalized Net Taxable Grand List..... | 1.24% * |
| Per Capita to Per Capita Income..... | 4.10% * |

¹ U.S. Census Bureau, American Community Survey, 2019-23.

² Office of Policy and Management, State of Connecticut.

*Preliminary, subject to change.

COMPUTATION OF STATUTORY DEBT LIMITATION
As of March 27, 2025 (Pro Forma)

| | |
|---|-----------------------|
| Total fiscal year 2024 tax collections (including interest and lien fees) | \$ 142,622,355 |
| City of West Haven & Fire Districts | |
| State Reimbursement for Revenue Loss on: | |
| Tax Relief for the Elderly | - |
| Base for Establishing Debt Limit | <u>\$ 142,622,355</u> |

| Debt Limit ¹ | General Purpose | Schools | Sewers | Urban Renewal | Unfunded Pension Obligation | Total Debt |
|--|-------------------------|-------------------------|-------------------------|-----------------------|------------------------------------|-------------------------|
| (2.25 times base)..... | \$ 320,900,299 | | | | | |
| (4.50 times base)..... | | \$ 641,800,598 | | | | |
| (3.75 times base)..... | | | \$ 534,833,831 | | | |
| (3.25 times base)..... | | | | \$ 463,522,654 | | |
| (3.00 times base)..... | | | | | \$ 427,867,065 | |
| (7.00 times base)..... | | | | | | \$ 998,356,485 |
| Indebtedness (Including this issue) | | | | | | |
| Bonds Payable..... | \$ 21,066,000 | \$ 39,612,000 | \$ 2,087,000 | \$ - | \$ - | \$ 62,765,000 |
| <i>The Bonds (This Issue)</i> | 3,371,000 * | 8,829,000 * | 250,000 * | - | - | 12,450,000 * |
| <i>The Notes (This Issue)</i> | - | 5,030,000 * | - | - | - | 5,030,000 * |
| State of Connecticut | | | | | | |
| Clean Water Fund PLO ² | - | - | 18,103,156 | - | - | 18,103,156 |
| Clean Water Fund IFO ² | - | - | 7,794,110 | - | - | 7,794,110 |
| Authorized but | | | | | | |
| Unissued Debt..... | 17,434,605 | 25,267,504 | 5,973,606 | - | - | 48,675,714 |
| Total Indebtedness..... | 41,871,605 * | 78,738,504 * | 34,207,872 * | - | - | 154,817,980 * |
| School construction grants receivable ³ ... | - | (23,835,406) | - | - | - | (23,835,406) |
| Self-Supporting Sewer debt..... | - | - | (25,897,266) | - | - | (25,897,266) |
| Total Net Indebtedness..... | 41,871,605 | 54,903,098 | 8,310,606 | - | - | 105,085,308 * |
| Excess of Limit Over Outstanding and Authorized Debt..... | <u>\$ 279,028,694 *</u> | <u>\$ 586,897,500 *</u> | <u>\$ 526,523,225 *</u> | <u>\$ 463,522,654</u> | <u>\$ 427,867,065</u> | <u>\$ 893,271,177 *</u> |

¹ Under Chapter 109 of the Connecticut General Statutes, the total of all indebtedness shall not exceed seven times the base or \$998,356,485.

² Under the State of Connecticut's Clean Water Fund Program, the City has issued Project Loan Obligations ("PLO") totaling \$39,708,863 of which \$18,103,156 is currently outstanding. (See "Clean Water Fund Program" herein.)

³ The City approved a \$133,250,000 "like new" renovation to its high school. The City expects to receive school construction progress payment grants from the State of Connecticut of approximately \$93,526,476 or 75.36% of eligible costs. The grants will reduce the authorized but unissued debt by a similar amount. To date, the City has received progress payments in the amount of \$82,007,099 for this project. See "School Construction Projects" herein.

Source: City Officials

*Preliminary, subject to change.

[The remainder of this page intentionally left blank]

HISTORICAL DEBT STATEMENT

| | <u>2023-24</u> | <u>2022-23</u> | <u>2021-22</u> | <u>2020-21</u> | <u>2019-20</u> |
|--|-----------------|-----------------|-----------------|-----------------|-----------------|
| Population ¹ | 55,147 | 55,147 | 55,336 | 55,518 | 54,666 |
| Net taxable grand list..... | \$3,173,916,076 | \$3,125,626,413 | \$3,031,629,663 | \$2,718,948,235 | \$2,683,008,169 |
| Estimated full value..... | \$4,534,165,823 | \$4,465,180,590 | \$4,330,899,519 | \$3,884,211,764 | \$3,832,868,813 |
| Equalized net taxable grand list ² .. | \$6,481,720,224 | \$5,879,553,409 | \$4,334,933,975 | \$4,653,954,120 | \$4,422,795,404 |
| Per capita income ¹ | \$35,483 | \$35,483 | \$34,740 | \$31,600 | \$30,103 |
| Short-term debt..... | \$ 17,026,752 | \$ 6,716,241 | \$ 6,500,000 | \$ 24,030,392 | \$ 37,030,392 |
| Long-term debt..... | \$ 74,045,000 | \$ 85,390,810 | \$ 95,102,928 | \$ 86,670,509 | \$ 83,893,144 |
| Total Direct debt..... | \$ 91,071,752 | \$ 92,107,051 | \$ 101,602,928 | \$ 110,700,901 | \$ 120,923,536 |
| Net Direct debt..... | \$ 91,071,752 | \$ 92,107,051 | \$ 101,602,928 | \$ 110,700,901 | \$ 120,923,536 |

¹ U.S. Census Bureau, American Community Survey.

² Office of Policy and Management, State of Connecticut.

HISTORICAL DEBT RATIOS

| | <u>2023-24</u> | <u>2022-23</u> | <u>2021-22</u> | <u>2020-21</u> | <u>2019-20</u> |
|--|----------------|----------------|----------------|----------------|----------------|
| Total Direct debt: | | | | | |
| Per capita..... | \$1,651.44 | \$1,670.21 | \$1,836.11 | \$1,993.96 | \$2,212.04 |
| To net taxable grand list..... | 2.87% | 2.95% | 3.35% | 4.07% | 4.51% |
| To estimated full value..... | 2.01% | 2.06% | 2.35% | 2.85% | 3.15% |
| To equalized net taxable..... grand list..... | 1.41% | 1.57% | 2.34% | 2.38% | 2.73% |
| Debt per capita to per capita income..... | 4.65% | 4.71% | 5.29% | 6.31% | 7.35% |
| Net direct debt: | | | | | |
| Per capita..... | \$1,651.44 | \$1,670.21 | \$1,836.11 | \$1,993.96 | \$2,212.04 |
| To net taxable grand list..... | 2.87% | 2.95% | 3.35% | 4.07% | 4.51% |
| To estimated full value..... | 2.01% | 2.06% | 2.35% | 2.85% | 3.15% |
| To equalized net taxable grand list..... | 1.41% | 1.57% | 2.34% | 2.38% | 2.73% |
| Debt per capita to per capita income..... | 4.65% | 4.71% | 5.29% | 6.31% | 7.35% |

CLEAN WATER FUND PROGRAM

The City is a participant in the State of Connecticut Clean Water Fund Program (Connecticut General Statutes Section 22a-475 et seq., as amended) which provides financial assistance through a combination of grants and loans bearing interest at a rate of 2% per annum. All participating municipalities receive a grant of 20% and a loan of 80% of total eligible costs (with the exception of combined sewer overflow correction projects which are financed with a 50% grant and a 50% loan.)

Loans to each municipality are made pursuant to Project Grant and Project Loan Agreements (“Loan Agreements”). Each municipality is obligated to repay only that loan amount which it draws down for the payment of project costs. Each municipality must deliver to the State an obligation secured by the full faith and credit of the municipality, and/or a dedicated source of revenue of such municipality.

Amortization of each loan is required to begin one year from the earlier of the scheduled completion date specified in the Loan Agreements or the actual project completion date. The final maturity of each loan is twenty years from the scheduled completion date. Principal and interest payments are made (1) in equal monthly installments commencing one month after the scheduled completion date, or (2) in single annual installments representing 1/20 of total principal not later than one year from the scheduled completion date specified in the Loan Agreement repayable thereafter in monthly installments. Borrowers may

elect to make level debt service payments or level principal payments. Borrowers may prepay their loans at any time prior to maturity without penalty.

The City has the following Clean Water Fund Project Loan Obligations (“PLO’s”) outstanding:

| <u>Project</u> | <u>Date of Issue</u> | <u>Original Loan Amount</u> | <u>Amount Outstanding as of 3/27/2025</u> |
|----------------------|----------------------|---------------------------------|---|
| CWF PLO 549-C..... | 12/28/2012 | 28,250,103 | \$ 11,579,772 |
| CWF PLO 549-CD2..... | 6/30/2015 | 1,425,544 | 667,531 |
| CWF PLO 223-CSL..... | 10/31/2021 | 588,849 | 504,600 |
| CWF PLO 222-CSL..... | 6/30/2022 | 3,925,943 | 3,287,615 |
| CWF PLO 225-CSL..... | 1/31/2023 | 781,774 | 709,178 |
| CWF PLO 228-CSL..... | 3/31/2024 | 760,961 | 728,727 |
| CWF PLO 226-CSL..... | 7/31/2024 | 643,858 | 625,734 |
| | | <u>\$ 39,708,863</u> | <u>\$ 18,103,156</u> |

OUTSTANDING SHORT-TERM INDEBTEDNESS

The City currently has \$5,030,000 in Bond Anticipation Notes (the “BANs”) which mature on March 27, 2025.

The City currently has two State of Connecticut Clean Water Fund Interim Funding Obligations outstanding in the amount of \$7,794,110.

CAPITAL LEASES

The City has previously entered into a capital lease agreement for the purchase of various pieces of equipment. However, as of December 31, 2024 all prior capital leases have been retired.

UNDERLYING INDEBTEDNESS

Other political subdivisions within the geographic boundary of the City which have the power to issue debt or cause taxes to be levied on taxable property in the City include the First Fire Taxation District and the West Shore Fire District. The City is not liable to pay the fire districts' debt, however, the debt of the fire districts constitutes underlying debt of the City. Currently, none of the political subdivisions have any outstanding debt that constitutes underlying indebtedness.

SCHOOL CONSTRUCTION PROJECTS

Pursuant to Section 10-287i of the Connecticut General Statutes, the State of Connecticut provides proportional progress payments for eligible school construction expenses on projects approved after July 1, 1996. State grants are paid directly to the municipality after it submits its request for progress payments, and accordingly, the municipality will issue its bonds only for the net share of project costs. The State of Connecticut will make proportional progress payments for eligible construction costs during the construction of the following projects at the estimated reimbursement rates shown below:

| <u>Project</u> | <u>Estimated Eligible Cost</u> | <u>Estimated Reimbursement Rate (%)</u> | <u>Total Estimated Grant ¹</u> |
|---------------------------------|------------------------------------|---|---|
| West Haven High School..... | \$ 124,106,258 | 75.36 | \$ 93,526,476 |
| Washington Elementary School... | 38,803,926 | 77.14 | 26,052,956 |
| | <u>\$ 162,910,184</u> | | <u>\$ 119,579,432</u> |

¹ Estimated grants receivable are based upon eligibility of project costs. Eligible costs are to be determined at completion of a post-project audit. To date, the City has received \$95,744,026 in grants for the above projects.

DEBT AUTHORIZATION

Under Chapter IV, Section 7 of the City Charter, bonds are authorized by ordinance adopted by the City Council. An ordinance, introduced by any Council member, Council committee member, or the Mayor is read and a public hearing date is set, notice of which must be published. The Council must approve the bond ordinance and the Mayor must sign it, whereon it becomes effective on the date as set forth in the ordinance. A vote of nine council members is required to override the Mayor's disapproval of an ordinance. The electorate may overturn approval of an ordinance by referendum upon presentation of a petition signed by not less than 10% of the registered voters of the City.

In the case of refunding bonds, the City, in accordance with Section 7-370c of the Connecticut General Statutes, which supersedes the City Charter, authorizes the issuance of refunding bonds by the passage of a resolution by the City Council.

While under oversight of the MARB, all debt obligations proposed by the City are subject to review and comment by the MARB. See "SECTION V – FINANCIAL INFORMATION – MUNICIPAL ACCOUNTABILITY REVIEW BOARD AND DESIGNATED TIER LEGISLATION" herein.

DEBT AUTHORIZED BUT UNISSUED

| Department | Total Authorization | Prior Debt & Grants | The Bonds (This Issue) | The Notes (This Issue) | Authorized But Unissued |
|---------------------------------------|--------------------------------|------------------------------------|-----------------------------------|-----------------------------------|------------------------------------|
| Board of Education ¹ | \$ 196,664,548 | \$157,538,044 | \$ 8,829,000 * | \$ 5,030,000 * | \$ 25,267,504 |
| General Government..... | 24,503,038 | 22,354,960 | 295,000 | - | 1,853,078 |
| Parks and Recreation..... | 6,742,325 | 3,723,760 | 100,000 | - | 2,918,565 |
| Economic Development..... | 8,465,282 | 5,105,470 | - | - | 3,359,812 |
| Police Department..... | 2,122,368 | 1,415,909 | 634,000 | - | 72,459 |
| Public Works..... | 42,307,721 | 31,810,690 | 2,342,000 | - | 8,155,031 |
| Village Improvement District.. | 3,144,460 | 2,068,800 | - | - | 1,075,660 |
| Sewers..... | 97,860,000 | 91,636,394 | 250,000 | - | 5,973,606 |
| Total..... | \$ 381,809,742 | \$315,654,028 | \$ 12,450,000 * | \$ 5,030,000 * | \$ 48,675,714 ² |

¹ The City expects to receive school construction progress payment grants from the State of Connecticut of approximately \$23,835,406 for two significant school construction projects. The grants will reduce the authorized but unissued debt by a similar amount. See "School Construction Projects" herein.

² Includes outstanding authorizations for older projects which have been completed. The City does not expect to issue future debt against approximately \$35,549,000 of the outstanding authorizations. The City will be seeking to de-authorize those projects in the future.

*Preliminary, subject to change.

[The remainder of this page intentionally left blank]

FIVE-YEAR CAPITAL PLAN

The City Council annually adopts a five-year capital plan. The objectives of the capital plan are to stabilize the City's debt service requirements by prioritizing projects based on fiscal and civic necessity, while reducing total indebtedness over a five-year period. The current fiscal year is the only year of the five-year capital plan that is funded. The remaining years are comprised of proposed projects for which bonds have not been authorized.

| Project Expenditures | 2024-25 | 2025-26 | 2026-27 | 2027-28 | 2028-29 | Total |
|---------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|----------------------|
| Allingtown Fire Department..... | \$ - | \$ 2,650,000 | \$ 1,500,000 | \$ 1,500,000 | \$ 1,500,000 | \$ 7,150,000 |
| Board of Education..... | 3,228,000 | 3,346,000 | 2,048,000 | 2,268,000 | 2,050,000 | \$ 12,940,000 |
| Building..... | 180,000 | 680,000 | 1,500,000 | 1,500,000 | 1,500,000 | 5,360,000 |
| General Government..... | 50,000 | 100,000 | 100,000 | 100,000 | 100,000 | 450,000 |
| Information Technology..... | 405,200 | 183,000 | 86,000 | 430,000 | 51,000 | 1,155,200 |
| Parks & Recreation..... | 150,000 | 300,000 | 400,000 | 400,000 | 400,000 | 1,650,000 |
| Police..... | 726,000 | 738,780 | 1,001,943 | 1,015,502 | 1,029,467 | 4,511,692 |
| Public Works..... | 4,405,000 | 4,770,000 | 5,935,000 | 4,067,500 | 3,889,500 | 23,067,000 |
| Water Pollution Control..... | 22,360,900 | 85,790,000 | 56,290,000 | 11,100,000 | 8,100,000 | 183,640,900 |
| Total | \$31,505,100 | \$98,557,780 | \$68,860,943 | \$22,381,002 | \$18,619,967 | \$239,924,792 |

| Project Revenues | 2024-25 | 2025-26 | 2026-27 | 2027-28 | 2028-29 | Total |
|--|---------------------|---------------------|---------------------|---------------------|---------------------|----------------------|
| LOCIP..... | \$ 570,000 | \$ 300,000 | \$ 300,000 | \$ 300,000 | \$ 300,000 | \$ 1,770,000 |
| Capital Non-Recurring..... | 360,200 | 253,000 | 141,000 | 485,000 | 131,000 | 1,370,200 |
| Bonded Debt..... | 13,839,000 | 52,214,780 | 21,754,943 | 10,496,002 | 10,088,967 | 108,393,692 |
| Clean Water Fund Loan..... | 9,048,000 | 12,750,000 | 15,140,000 | 9,732,000 | 7,453,900 | 54,123,900 |
| Clean Water Fund Grant..... | 1,432,000 | 2,788,000 | 2,128,000 | 1,020,000 | 620,000 | 7,988,000 |
| FEMA Grant (WPCA) ¹ | 4,875,000 | 30,000,000 | 28,875,000 | - | - | 63,750,000 |
| Town of Orange Reimbursement ² .. | 1,380,900 | 252,000 | 522,000 | 348,000 | 26,100 | 2,529,000 |
| Total | \$31,505,100 | \$98,557,780 | \$68,860,943 | \$22,381,002 | \$18,619,967 | \$239,924,792 |

¹ The City has applied for Federal Emergency Management Association (“FEMA”) grant reimbursement for replacement of the City’s Water Pollution Control Treatment facility outfall pipe that was exposed and damaged during Hurricane Irene and Super Storm Sandy.

² Represents reimbursement for the Town of Orange’s share of costs for improvements to the City’s Water Pollution Control Treatment facility.

MATURITIES

General obligation bonds (serial and term), with the exception of refunding bonds, are required to be payable in maturities wherein a succeeding maturity may not exceed any prior maturity by more than 50% or aggregate annual principal and interest payments must be substantially equal. The first installment of any series of bonds shall mature not later than three years from the date of the issue of such series. Pursuant to state law, all bonds issued on or after July 1, 2017, shall be due not later than thirty years from the date of their issuance.

TEMPORARY FINANCING

The Connecticut General Statutes (“CGS”) provide that when general obligation bonds have been authorized, bond anticipation notes may be issued maturing in not more than two years (CGS Sec. 7-378). Temporary notes may be renewed up to ten years from their original date of issue as long as all project grant payments are applied toward payment of project costs or temporary notes when they become due and payable, and the legislative body schedules principal reductions by the end of the third year and for each subsequent year during which such temporary notes remain outstanding, in an amount equal to a minimum of 1/20th (1/30th for sewer projects and certain school building projects) of the estimated net project cost (CGS Sec. 7-378a) subject to the exception set forth in CGS Sec. 10-278f. The term of the bond issue is reduced by the amount of time temporary financing exceeds two years.

Temporary notes must be permanently funded no later than ten years from their initial borrowing date, except sewer notes issued in anticipation of State and/or Federal grants. If written commitment exists, the municipality may renew the sewer notes from time to time in terms not to exceed six months until such time that the final grant payments are received (CGS Sec. 7-378b).

Temporary notes may also be issued for up to 15 years for certain capital projects associated with the operation of a waterworks system (CGS Sec. 7-244a) or a sewage system (CGS Sec. 7-264a). In the first year following the completion of the project(s), or in the sixth year following the original date of issue (whichever is sooner), and in each year thereafter, the notes must be reduced by 1/15th of the total amount of the notes issued by funds derived from sources of payment specified by statute. Temporary notes may be issued in one-year maturities for up to 15 years in anticipation of sewer assessments receivable, such notes to be reduced annually by the amount of assessments received during the preceding year (CGS Sec. 7-269a).

[The remainder of this page intentionally left blank]

VII. LEGAL AND OTHER LITIGATION

LITIGATION

The City, its officers, employees, boards and commissions are defendants in various lawsuits. It is the opinion of the Corporation Counsel that such pending litigation will not be finally determined so as to result individually or in the aggregate in a final judgment against the City which would materially adversely affect its financial position. Additionally, Corporation Council is not aware of any lawsuits, administrative proceedings or other claims threatened to be filed or instituted against the City that would, in the opinion of the Corporation Counsel, have a material adverse effect on the City's financial position.

MUNICIPAL ADVISOR

The City has retained Munistat Services, Inc. (the "Municipal Advisor") to serve as its municipal advisor in connection with the issuance of the Bonds and the Notes. The Municipal Advisor has not independently verified any of the information contained in this Official Statement and makes no guarantee as to its completeness or accuracy. The City may engage the Municipal Advisor to perform other services, including without limitation, providing certain investment services with regard to the investment of bond or note proceeds.

TRANSCRIPT AND CLOSING DOCUMENTS

Upon the delivery of the Bonds and the Notes, the Underwriter will be furnished with the following:

1. Signature and No Litigation Certificates stating that at the time of delivery no litigation is pending or threatened affecting the validity of the Bonds or the Notes or the levy or collection of taxes to pay them;
2. A certificate on behalf of the City signed by the Mayor, Treasurer and the Director of Finance, which will be dated the date of delivery and which will certify, to the best of said officials' knowledge and belief as of the date of the execution of the Bond and Note Purchase Agreement, the descriptions and statements in the Official Statement relating to the City and its finances were true and correct in all material respects and did not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, and that there has been no material adverse change in the financial condition of the City from that set forth in or contemplated by the Official Statement;
3. Receipts for the purchase price of the Bonds and the Notes;
4. The approving opinions of Pullman & Comley, LLC, Bond Counsel in substantially the forms attached as Appendices B and C to this Official Statement;
5. Executed Continuing Disclosure Agreements for the Bonds and the Notes in substantially the forms attached as Appendices D and E to this Official Statement; and
6. Any other documents required by the Bond and Note Purchase Agreement.

A transcript of the proceedings taken by the City in authorizing the Bonds and the Notes will be kept on file at the offices of U.S. Bank Trust Company, National Association, CityPlace I, 185 Asylum Street, 27th Floor Hartford, Connecticut and will be available for examination upon request.

CONCLUDING STATEMENT

Additional information may be obtained upon request from the Office of the Director of Finance at (203) 937-3620 or from Munistat Services, Inc. at (203) 421-2880.

The City has prepared this Preliminary Official Statement for the Bonds and the Notes which is dated March 11, 2025. The City deems such Official Statement final as of its date for the purposes of SEC Rule 15c2-12(b)(1), but it is subject to revision or amendment. Within seven business days of the execution of the Bond and Note Purchase Agreement, the City will furnish the Underwriter with copies of the final Official Statement, as prepared for this issue at the City's expense.

This Official Statement is submitted only in connection with the sale of the Bonds and the Notes by the City and may not be reproduced or used in whole or part for any other purpose.

Any statements in this Official Statement involving matters of opinion or estimates, whether or not expressly so stated, are intended as such and not as representations of fact. No representation is made that any of such statements will be realized. This Official Statement is not to be constructed as a contract or agreement between the City and the purchasers or holders of any of the Bonds and the Notes.

CITY OF WEST HAVEN, CONNECTICUT

By: _____
Dorinda Borer
Mayor

By: _____
Ronald Quagliani
Treasurer

By: _____
Michael Gormany
Director of Finance

Dated: March __, 2025

[THIS PAGE INTENTIONALLY LEFT BLANK]

Appendix A – Audited Financial Statements

CITY OF WEST HAVEN, CONNECTICUT

TABLE OF CONTENTS

JUNE 30, 2024

| | <u>Page</u> |
|--|--|
| <i>Independent Auditors' Report</i> | 2-4 |
| <i>Management's Discussion and Analysis</i> | 5-16 |
| <i>Basic Financial Statements:</i> | |
| <u>EXHIBITS</u> | |
| Government-Wide Financial Statements: | |
| A | Statement of Net Position 17-18 |
| B | Statement of Activities 19 |
| Fund Financial Statements: | |
| <i>Governmental Funds</i> | |
| C | Balance Sheet 20-21 |
| D | Statement of Revenues, Expenditures and Changes in Fund Balance 22 |
| E | Reconciliation of Statement of Revenues, Expenditures and Changes in Fund Balance to the Statement of Activities 23-24 |
| <i>Proprietary Funds</i> | |
| F | Statement of Fund Net Position 25 |
| G | Statement of Revenues, Expenses and Changes in Net Position 26 |
| H | Statement of Cash Flows 27 |
| <i>Fiduciary Funds</i> | |
| I | Statement of Fiduciary Net Position 28 |
| J | Statement of Changes in Fiduciary Net Position 29 |
| K | Notes to Financial Statements 30-90 |
| | Required Supplemental Information 91-113 |

Appendix A - Audited Financial Statements - is taken from the Annual Financial Report of the City of West Haven for the Fiscal Year ending June 30, 2024 as presented by the Auditors at that time and does not include all of the schedules or management letter made in such report. A copy of the complete report is available upon request to the Director of Finance, City of West Haven, Connecticut.

[THIS PAGE INTENTIONALLY LEFT BLANK]



Independent Auditors' Report

**City Council
City of West Haven, Connecticut**

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the City of West Haven, Connecticut ("City"), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the City, as of June 30, 2024, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

**City Council
City of West Haven, Connecticut**

Page 2

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

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

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

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

Required Supplementary Information

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

**City Council
City of West Haven, Connecticut**

Page 3

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 12, 2025 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

PKF O'Connor Davies, LLP

Wethersfield, Connecticut
February 12, 2025



Finance
Department

Office of the Finance Director

City of West Haven
355 Main Street
West Haven, Connecticut 06516
Telephone: 203-937-3510 ° Facsimile: 203-937-3705

Management’s Discussion and Analysis For the Year Ended June 30, 2024

As management of the City of West Haven, Connecticut (“City”), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2024. Please read it in conjunction with the City’s financial statements immediately following this section.

Financial highlights

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

| | |
|---------------------------|---------------|
| Change in net position | \$ 24,794,182 |
| Total net position | (75,652,934) |
| Unrestricted net position | (339,155,264) |

- The significant factors for the change are as follows:

Fund level activity:

| | |
|---|--------------|
| ➤ positive operations of the general fund of | \$ 6,449,634 |
| ➤ negative operations of the capital improvement fund of | (3,456,583) |
| ➤ negative operations of the school lunch program fund of | (620,063) |
| ➤ negative operations of the capital and nonrecurring fund of | (519,816) |
| ➤ positive operations of the internal service funds of | 4,748,777 |

Conversion to accrual basis on Exhibit E:

| | |
|---|--------------|
| ➤ capital outlay net of depreciation/amortization expense of | 23,919,215 |
| ➤ net long-term debt activity of | (2,391,220) |
| ➤ change in net pension liability of | 10,886,072 |
| ➤ change in net OPEB liability of | 74,883,876 |
| ➤ change in deferred outflows of resources related to pension and OPEB of | (29,879,569) |
| ➤ change in deferred inflows of resources related to pension and OPEB of | (58,002,920) |

- As of the close of the current fiscal year, the City’s governmental funds reported combined ending fund balance of \$13,211,204, an increase of \$2,146,452 in comparison with the prior year. The majority of the increase is due to the operations of the governmental funds activity referenced above. Additional details regarding the operations are discussed in the governmental funds section.

Management's Discussion and Analysis (continued)

- General fund unassigned fund balance was \$21,208,580, an increase of \$6,449,634 in comparison with the prior year. This unassigned fund balance represents 12.48% of total budgetary basis general fund expenditures and transfers out as compared to 8.97% in the prior year.
- Net capital assets increased by \$23,846,477 or 7.06%
- Total long-term debt increased by \$843,353 or 0.90%

Overview of the basic financial statements

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements comprise three components:

- Government-wide financial statements
- Fund financial statements
- Notes to financial statements

Government-wide financial statements

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

The statement of net position presents information on all of the City's assets, deferred outflows of resources, liabilities and deferred inflows of resources with the difference between these accounts reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The statement of activities presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses reported in this statement are for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

The government-wide financial statements present the functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities). The governmental activities of the City include general government, public safety, public works, human resources and health and welfare, parks and recreation, library, and education.

Fund financial statements

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

Management's Discussion and Analysis (continued)

Governmental funds

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

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

Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for each major fund. The funds reported as major funds are as follows:

- General fund
- Allingtown Fire Department fund
- ARPA fund
- Sewer fund
- Education grants fund
- Capital improvement fund

Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these other governmental funds is provided in the form of combining statements on Schedules 5 and 6.

Proprietary funds

The City reports one type of proprietary fund. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for its self-insured medical insurance benefits, general liability, and workers' compensation. Because these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financials.

Fiduciary funds

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

Notes to financial statements

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

Management's Discussion and Analysis (continued)

Required supplementary information

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

- A budgetary comparison schedule for the general fund and Allingtown Fire Department fund to demonstrate compliance with these budgets
- Schedules to demonstrate the City's progress in funding its obligation to provide pension benefits
- Schedules to demonstrate the City's progress in funding its obligation to provide other post-employment benefits

Other information

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

Government-wide financial analysis

The analysis below focuses on the net position and the changes in net position. Unrestricted net position at year end totaled \$(339,155,264). This is an increase of \$10,235,618 from the prior year.

Summary Statement of Net Position June 30

| | <u>2024</u> | <u>2023</u> |
|----------------------------------|------------------------|-------------------------|
| Current and other assets | \$ 94,172,355 | \$ 73,315,105 |
| Capital assets (net) | 361,816,860 | 337,970,383 |
| Total assets | <u>455,989,215</u> | <u>411,285,488</u> |
| Deferred outflows of resources | 43,664,201 | 73,543,770 |
| Current liabilities | 86,969,500 | 73,678,091 |
| Long-term liabilities | 335,856,842 | 420,738,788 |
| Total liabilities | <u>422,826,342</u> | <u>494,416,879</u> |
| Deferred inflows of resources | 152,480,008 | 90,859,495 |
| Net position: | | |
| Net investment in capital assets | 249,959,383 | 234,676,427 |
| Restricted | 13,542,947 | 14,267,339 |
| Unrestricted | <u>(339,155,264)</u> | <u>(349,390,882)</u> |
| Total net position | <u>\$ (75,652,934)</u> | <u>\$ (100,447,116)</u> |

The largest portion of net position of the City reflects its investment in capital assets, less any related debt and liabilities used to acquire those assets that are still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

Management's Discussion and Analysis (continued)

Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

A portion of the City's net position, \$13,542,947, represents resources that are subject to external restrictions on how they may be used.

Net position may serve over time as a useful indicator of a government's financial position. In the case of the City, the liabilities and deferred inflows of resources of the City exceeded its assets and deferred outflows of resources at the close of the most recent fiscal year by \$(75,652,934).

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

| | 2024 | 2023 |
|---|------------------------|-------------------------|
| Revenues: | | |
| Program revenues: | | |
| Charges for services | \$ 22,052,664 | \$ 21,397,779 |
| Operating grants and contributions | 104,829,306 | 96,885,476 |
| Capital grants and contributions | 18,457,718 | 10,507,612 |
| General revenues: | | |
| Property taxes | 116,224,002 | 114,633,763 |
| Grants and contributions not restricted to specific programs | 12,260,809 | 11,645,101 |
| Income from investments | 2,817,765 | 1,780,291 |
| Gain on sale of assets | 14,999 | 317,431 |
| Other general revenues | 351,803 | - |
| Total revenues | <u>277,009,066</u> | <u>257,167,453</u> |
| Expenses: | | |
| General government | 13,914,002 | 16,207,996 |
| Public safety | 44,616,291 | 49,534,573 |
| Public works | 34,230,206 | 28,877,021 |
| Human resources and health and welfare | 4,884,351 | 4,339,986 |
| Parks and recreation | 2,016,880 | 2,121,692 |
| Library | 1,678,980 | 1,171,323 |
| Education | 148,083,111 | 150,320,467 |
| Interest | 2,791,063 | 2,729,918 |
| Total expenses | <u>252,214,884</u> | <u>255,302,976</u> |
| Change in net position | 24,794,182 | 1,864,477 |
| Net position - July 1 | <u>(100,447,116)</u> | <u>(102,311,593)</u> |
| Net position - June 30 | <u>\$ (75,652,934)</u> | <u>\$ (100,447,116)</u> |

Management's Discussion and Analysis (continued)

Key elements of the change in net position of \$24,794,182 are as follows:

Revenues

Governmental activities revenues totaled \$277,009,066. This represents an increase of \$19,841,613 from the prior year. Property taxes are the largest revenue source for the City and represent 41.96% of revenues. Details for the other categories are as follows:

| | |
|---|----------------|
| Charges for services | 7.96% |
| Operating grants and contributions | 37.83% |
| Capital grants and contributions | 6.66% |
| Property taxes | 41.96% |
| Grants and contributions not restricted to specific programs | 4.43% |
| Income from investments | 1.02% |
| Gain on sale of assets | 0.01% |
| Other general revenues | 0.13% |
| Total | 100.00% |

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

| Revenue category | Amount | Description |
|--|--------------|--|
| Operating grants and contributions increased by: | \$ 7,943,830 | Due to increases in education grants of \$6.06 million, ARPA operating related revenues recognized of \$1.41 million and teachers retirement pension and OPEB on-behalf payments of \$1.19 million |
| Capital grants and contributions increased by: | 7,950,106 | Due to increases in the school construction grant of \$6.45 million and ARPA capital related revenues recognized of \$2.52 million, offset by a decrease in public works grants of \$1.72 million for various improvement projects |
| Property taxes increased by: | 1,590,239 | Due to an increase in the budget and the amount required to be funded with property taxes |
| Income from investments increased by: | 1,037,474 | Due to positive operations of the general fund and continued higher interest rates |

Management's Discussion and Analysis (continued)

Expenses

Governmental activity expenses totaled \$252,214,884, a decrease of \$3,088,092. Of the total expenses, \$148,083,11 or 58.71% is related to education. Details for the other categories are as follows:

| | |
|--|----------------|
| General government | 5.52% |
| Public safety | 17.69% |
| Public works | 13.57% |
| Human resources and health and welfare | 1.94% |
| Parks and recreation | 0.80% |
| Library | 0.67% |
| Education | 58.71% |
| Interest | 1.10% |
| Total | <u>100.00%</u> |

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

| Expense category | Amount | Description |
|--|----------------|--|
| General government expenses decreased by: | \$ (2,293,994) | Change was due to the following: |
| | | Decrease in OPEB expense of \$0.46 million |
| | | Decrease in claims expense of \$0.58 million |
| | | Prior year write off development project of \$1.33 million |
| Public safety expenses decreased by: | (4,918,282) | Change was due to the following: |
| | | Decrease in pension expense of \$5.53 million |
| | | Decrease in OPEB expense of \$2.90 million |
| | | Increase in employee benefits of \$0.67 million |
| | | Increase in public safety operations of \$0.67 million due to overtime costs |
| Increase in Allingtown Fire Department's pension contribution of \$0.75 million and insurance benefits of \$0.47 million | | |
| Public works expenses increased by: | 5,353,185 | Change was due to the following: |
| | | Increase in sewer expenses of \$2.99 million |
| | | Decrease in ARPA grant expenses of \$3.89 million |

Management's Discussion and Analysis (continued)

| Expense category | Amount | Description |
|----------------------------------|----------------|---|
| Education expenses decreased by: | \$ (2,237,356) | Change was due to the following: |
| | | Decrease in OPEB expense of \$6.42 million |
| | | Decrease in loss on disposals of \$4.99 million |
| | | Increase in education grant expenses of \$3.00 million |
| | | Decrease in capital project related activity that was not recorded as a capital asset of \$1.59 million |
| | | Increase in depreciation expense of \$1.42 million |
| | | Increase in teachers retirement pension and OPEB on-behalf payments of \$1.19 million |
| | | Increase in claims expense of \$0.87 million |
| | | Increase in cafeteria expenses of \$0.77 million |

Financial analysis of the City's funds

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

Governmental funds

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

The City's governmental funds reported a combined ending fund balance of \$13,211,204.

The components of fund balance were as follows:

| | |
|--------------|----------------------|
| Nonspendable | \$ 149,832 |
| Restricted | 13,542,947 |
| Committed | 35,784,244 |
| Unassigned | <u>(36,265,819)</u> |
| Total | <u>\$ 13,211,204</u> |

The total fund balance increased by \$2,146,452. The increase is a result of the following activity:

General fund. The general fund is the operating fund of the City. The total fund balance of the general fund of \$21,208,580 was unassigned. This unassigned fund balance represents 12.48% of total budgetary basis general fund expenditures and transfers out. During the current fiscal year, the fund balance of the City's general fund increased by \$6,449,634. The increase was substantially attributable to revenues and other financing sources being higher than the budget by \$2,466,575 and the expenditure budget being underspent by \$3,983,059. See additional discussion in the budgetary highlights section below.

Management's Discussion and Analysis (continued)

General fund budgetary highlights

The significant budget transfers during the year were as follows:

- Finance/comptroller budget was increased by \$509,874 due to more than expected costs for consulting and professional services due to MARB requirements
- Public safety operations budget was increased by \$1,126,217 substantially due to the increased need for overtime due to open positions
- Highways and park maintenance budget was decreased by \$845,549 due to lower-than-expected utility rates and unfilled positions.
- Transfers out was increased by \$990,000 for funding for certain projects in the sewer fund

The most significant budget variances were as follows:

Revenues

- Intergovernmental revenues were in excess of the amount budgeted by \$681,465 primarily due to the municipal revenue sharing grant received of \$1,405,219 was not budgeted, offset by the education cost sharing grant being lower than the amount budgeted by \$886,731
- Charges for services were in excess of the amount budgeted by \$849,517 primarily due to building and electrical permits being greater than budgeted by \$627,496 as a result of multiple new construction projects during the year and park and recreation revenues were higher than budgeted by \$270,602 as a result of conservative budgeting
- Income from investments were in excess of the amount budgeted of \$1,548,112 due to the positive operations of the general fund and continued higher interest rates

Expenditures

- General government expenditures were underspent by \$712,196 primarily due to:
 - Planning and development costs being underspent by \$97,735 as a result of timing to fill open positions
 - Consulting services underspent by \$339,323 as a result of bringing services in-house by filling permanent roles
- Public works expenditures were underspent by \$617,159 due to:
 - Central garage expenditures being underspent by \$173,768 as a result of the automotive fuel budget which was increased for expected increase in gas prices
 - Grounds and building maintenance budget savings of \$102,382 as a result of lower-than-expected utility rates
 - Highways and park maintenance expenditures of \$176,137 as a result of lower-than-expected utility rates
- Debt service expenditures were underspent by \$2,009,286 mainly due to the change in timing of a bond issue from the late fall to February 2024

Allingtown Fire Department. The activities of the Fire Department are required to be accounted for separately since the City has two other Fire Departments that are legally separate taxing districts. Fund balance was \$4,200,685. This was the result of positive operations of \$49,727 due to expenditure savings of \$66,258, offset by revenue being under budgeted by \$16,531. See additional discussion in the budgetary highlights section below.

Management's Discussion and Analysis (continued)

Allingtown Fire Department budgetary highlights

The significant budget transfers during the year were as follows:

- The pension contribution budget was increased by \$1,107,947 from additional appropriations from revenue of \$403,093 and the following budget transfers:
 - Capital and nonrecurring fund budget of: \$500,000
 - Contingency budget of: 143,000
 - Telephone budget of: 61,854

The most significant budget variances were as follows:

- Property taxes were greater than the amount budgeted by \$230,876 primarily due to current collections greater than budget by \$152,663 due to conservative budgeting
- Intergovernmental revenues were lower than the amount budgeted by \$307,445 primarily due to the City not receiving FEMA grants of \$271,429 that was budgeted
- Personnel was overspent by \$120,452 due to overtime and vacation pay being overspent by \$80,549 and insurance being overspent by \$58,719 due to higher-than-expected premiums
- Capital outlay was underspent by \$121,064 due to certain capital purchases determined not to be necessary

ARPA fund. The City has approved projects to be funded with ARPA monies and had expended \$9,966,313 during the year, including \$2.00 million to fund the workers compensation fund. The remaining \$12,995,427 will be spent in future fiscal years.

Sewer fund. During the year, revenues and transfers in exceeded expenditures and transfers out by \$26,740. This increased the fund balance to \$6,209,865.

Education grants fund. The education grants fund accounts for financial resources received from the federal government and the State of Connecticut to be used in accordance with each grant award. The education grants fund expended \$33,310,917 during the year.

Capital improvement fund. The capital improvement fund accounts for financial resources to be used for various construction projects. The fund balance has decreased by \$3,456,583, which primarily resulted from the timing of expenditures offset by the issuance of debt of \$12,987,202 to fund school and City construction projects. The deficit fund balance of \$23,375,302 is a result of the timing of the receipt of grants and financing as compared to expenditures for the High School renovation project, as well as the use of bond anticipation notes and interim funding obligations to finance the projects.

Proprietary funds

The City's proprietary fund provides the same type of information found in the government-wide financial statements, but in more detail. The City has one proprietary fund: the internal service fund.

Internal service fund. The internal service fund is used to account for medical claims, general claim liabilities, and workers' compensation. The internal service fund ended the year with a total net position of \$(409,182). The fund had an increase in net position of \$4,748,777 due to an increase in workers' compensation funding during the year both from the general fund and a transfer of \$2.00 million from the ARPA fund.

Management's Discussion and Analysis (continued)

Capital assets and debt administration

Capital assets

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

Capital Assets
(Net of Accumulated Depreciation/Amortization)
June 30

| <u>Category</u> | <u>2024</u> | <u>2023</u> |
|--------------------------------|-----------------------|-----------------------|
| Land | \$ 16,400,388 | \$ 16,400,389 |
| Construction in progress | 28,363,850 | 18,860,243 |
| Intangible right-to-use assets | 1,270,329 | 1,865,302 |
| Land improvements | 12,071,851 | 9,708,967 |
| Buildings and improvements | 209,910,883 | 212,723,905 |
| Machinery and equipment | 12,000,941 | 10,373,748 |
| Vehicles | 7,989,947 | 6,958,226 |
| Infrastructure | <u>73,808,671</u> | <u>61,079,603</u> |
| Total | <u>\$ 361,816,860</u> | <u>\$ 337,970,383</u> |
| Dollar change | <u>\$ 23,846,477</u> | |
| Percentage change | <u>7.06%</u> | |

The increase in net capital assets is due to capital additions exceeding disposals and depreciation/ amortization expense. In the current year, the City had net capital asset additions totaling \$35,379,078.

The significant capital asset additions consisted of the following:

| Category | Description | Amount |
|--------------------------|--------------------------------------|---------------|
| Construction in progress | Washington Elementary School rebuild | \$ 11,242,503 |
| Land improvements | West Haven High School field | 2,599,150 |
| Building improvements | West Haven High School lecture hall | 3,480,256 |
| Machinery and equipment | Online education program | 997,440 |
| | Technology equipment | 937,290 |
| Vehicles | Public safety vehicles | 1,148,022 |
| Infrastructure | Beach Street improvements | 8,916,145 |
| | Dawson Avenue rehabilitation | 1,898,450 |
| | Chestnut Street sewer | 1,272,489 |

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

Management's Discussion and Analysis (continued)

Long-term debt

At the end of the fiscal year, the City had total long-term debt outstanding as detailed in the table below. All debt is backed by the full faith and credit of the City.

| Long-Term Debt | | |
|--|----------------------|----------------------|
| June 30 | | |
| Category | 2024 | 2023 |
| General obligation bonds | \$ 74,045,000 | \$ 71,665,000 |
| Clean water notes payable - interim funding obligation | - | 516,241 |
| Clean water notes payable | 19,450,675 | 19,792,987 |
| Equipment financing notes payable | 61,227 | 132,823 |
| Leases | 536,348 | 725,328 |
| Subscriptions | 793,621 | 1,211,139 |
| Total | <u>\$ 94,886,871</u> | <u>\$ 94,043,518</u> |
| Dollar change | <u>\$ 843,353</u> | |
| Percentage change | <u>0.90%</u> | |

During the current fiscal year, the City's total debt increased due to the issuance of bonds and notes of \$12,938,578 and leases of \$48,624, offset by scheduled principal payments of \$12,143,849.

The City's current credit rating is "AA" from Standard and Poor's Investor Service.

State Statutes limit the amount of general obligation debt a governmental entity may issue to 7 times total prior year tax collections including interest and lien fees and the tax relief for elderly freeze grant. The current debt limitation for the City is \$972,009,563, which is significantly in excess of the City's outstanding general obligation debt.

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

Economic factors and next year's budgets and rates

The 2024-2025 general fund adopted budget totaled \$182,597,920. The following economic factors currently affect the City of West Haven and were considered in developing the 2024-2025 fiscal year budget:

As of June 2024, the unemployment rate for the City was at 3.2%, which is lower than the State average unemployment rate of 3.9% and lower than the national unemployment rate of 4.1%.

The City is designated as a Tier IV Municipality. Under Tier IV, the membership of the MARB expands to include the Mayor, a selected City Council member and the City Treasurer as non-voting members. Under Tier IV, the MARB has to approve of the annual budget and related tax levy.

Requests for information

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Director, City of West Haven, 355 Main Street, West Haven, Connecticut 06516.

**Basic
Financial
Statements**

City of West Haven, Connecticut

Governmental Activities
Statement of Net Position
June 30, 2024

Assets

| | |
|---|---------------|
| Current assets: | |
| Cash | \$ 21,814,595 |
| Investments | 55,500,919 |
| Receivables (net): | |
| Property taxes | 1,916,451 |
| Sewer use | 96,989 |
| Intergovernmental | 6,816,532 |
| Loans | 65,000 |
| Other | 1,196,292 |
| Prepays | 149,832 |
| | <hr/> |
| Total current assets | 87,556,610 |
| Noncurrent assets: | |
| Receivables (net): | |
| Property taxes | 3,662,401 |
| Sewer use | 1,702,909 |
| Loans | 1,250,435 |
| | <hr/> |
| Total receivables (net) | 6,615,745 |
| Capital assets (net of accumulated depreciation/amortization): | |
| Land | 16,400,388 |
| Construction in progress | 28,363,850 |
| Intangible right-to-use assets | 1,270,329 |
| Land improvements | 12,071,851 |
| Buildings and improvements | 209,910,883 |
| Machinery and equipment | 12,000,941 |
| Vehicles | 7,989,947 |
| Infrastructure | 73,808,671 |
| | <hr/> |
| Total capital assets (net of accumulated depreciation/amortization) | 361,816,860 |
| Total noncurrent assets | 368,432,605 |
| | <hr/> |
| Total assets | 455,989,215 |

Deferred Outflows of Resources

| | |
|--------------------------------------|------------|
| Pension related | 1,829,943 |
| OPEB related | 41,834,258 |
| | <hr/> |
| Total deferred outflows of resources | 43,664,201 |

(Continued)

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

City of West Haven, Connecticut

Governmental Activities
Statement of Net Position
June 30, 2024

Liabilities

| | |
|---|--------------------|
| Current liabilities: | |
| Accounts payable | \$ 23,146,310 |
| Accrued payroll and related liabilities | 10,006,447 |
| Accrued interest payable | 503,313 |
| Retainage payable | 726,903 |
| Unearned revenue | 14,264,073 |
| Notes payable | 11,017,103 |
| Other | 450,128 |
| Long-term debt | 13,721,006 |
| Compensated absences | 2,282,120 |
| Heart and hypertension | 96,266 |
| Claims payable | 3,204,831 |
| Net OPEB liability | 7,551,000 |
| Total current liabilities | <u>86,969,500</u> |
| Noncurrent liabilities: | |
| Long-term debt and related liabilities | 87,938,314 |
| Compensated absences | 9,128,477 |
| Heart and hypertension | 1,238,642 |
| Claims payable | 6,384,267 |
| Net pension liability | 59,821,411 |
| Net OPEB liability | 171,345,731 |
| Total noncurrent liabilities | <u>335,856,842</u> |
| Total liabilities | <u>422,826,342</u> |

Deferred Inflows of Resources

| | |
|-------------------------------------|--------------------|
| Advance property tax collections | 4,063,471 |
| Pension related | 1,574,103 |
| OPEB related | 146,842,434 |
| Total deferred inflows of resources | <u>152,480,008</u> |

Net Position

| | |
|---------------------------------------|------------------------|
| Net investment in capital assets | 249,959,383 |
| Restricted: | |
| General government | 161,515 |
| Allingtown fire department operations | 4,200,685 |
| Public safety programs | 271,838 |
| Sewer operations | 6,060,033 |
| Housing rehabilitation | 2,135,836 |
| Education | 713,040 |
| Unrestricted | <u>(339,155,264)</u> |
| Total net position | <u>\$ (75,652,934)</u> |

(Concluded)

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

City of West Haven, Connecticut

Governmental Activities
Statement of Activities
For the Year Ended June 30, 2024

| Functions/Programs | Expenses | Program Revenues | | | Net (Expenses) Revenues and Changes in Net Position |
|--|-----------------------|-------------------------|--|--|--|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | |
| General government | \$ 13,914,002 | \$ 3,780,071 | \$ 2,976,889 | \$ 418,283 | \$ (6,738,759) |
| Public safety | 44,616,291 | 2,749,275 | 3,515,948 | 1,042,084 | (37,308,984) |
| Public works | 34,230,206 | 13,544,643 | 28,750 | 3,597,139 | (17,059,674) |
| Human resources and health and welfare | 4,884,351 | 138,109 | 2,777,522 | 595,102 | (1,373,618) |
| Parks and recreation | 2,016,880 | 341,602 | 276,353 | 549,431 | (849,494) |
| Library | 1,678,980 | - | 31,450 | - | (1,647,530) |
| Education | 148,083,111 | 1,498,964 | 95,222,394 | 12,255,679 | (39,106,074) |
| Interest | 2,791,063 | - | - | - | (2,791,063) |
| Total | \$ 252,214,884 | \$ 22,052,664 | \$104,829,306 | \$ 18,457,718 | (106,875,196) |
| General revenues: | | | | | |
| Property taxes | | | | | 116,224,002 |
| Grants and contributions not restricted to specific programs | | | | | 12,260,809 |
| Income from investments | | | | | 2,817,765 |
| Gain on sale of assets | | | | | 14,999 |
| Other | | | | | 351,803 |
| Total general revenues | | | | | 131,669,378 |
| Change in net position | | | | | 24,794,182 |
| Net position - July 1, 2023 | | | | | (100,447,116) |
| Net position - June 30, 2024 | | | | | \$ (75,652,934) |

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

City of West Haven, Connecticut

Governmental Funds
Balance Sheet
June 30, 2024

| | General Fund | Allingtown Fire Department Fund | ARPA Fund | Sewer Fund | Education Grants Fund | Capital Improvement Fund | Other Governmental Funds | Total Governmental Funds |
|---|---------------------|---------------------------------|---------------------|--------------------|-----------------------|--------------------------|--------------------------|--------------------------|
| <u>Assets</u> | | | | | | | | |
| Cash | \$ 7,128,100 | \$ 6,908,445 | \$ - | \$ 6,415,251 | \$ - | \$ 510 | \$ 1,362,289 | \$ 21,814,595 |
| Investments | 55,500,919 | - | - | - | - | - | - | 55,500,919 |
| Receivables (net): | | | | | | | | |
| Property taxes | 5,144,227 | 434,625 | - | - | - | - | - | 5,578,852 |
| Sewer use | - | - | - | 1,799,898 | - | - | - | 1,799,898 |
| Intergovernmental | - | - | - | - | 191,415 | 2,517,880 | 4,107,237 | 6,816,532 |
| Loans | - | - | - | - | - | - | 1,315,435 | 1,315,435 |
| Other | 380,742 | 102,408 | - | 204,844 | 61,987 | 198 | 446,113 | 1,196,292 |
| Due from other funds | 12,683,587 | - | 14,332,352 | 990,000 | 1,799,118 | 571,429 | 3,933,446 | 34,309,932 |
| Prepays | - | - | - | 149,832 | - | - | - | 149,832 |
| Total assets | \$80,837,575 | \$ 7,445,478 | \$14,332,352 | \$9,559,825 | \$ 2,052,520 | \$ 3,090,017 | \$ 11,164,520 | \$128,482,287 |
| <u>Liabilities</u> | | | | | | | | |
| Accounts payable | \$ 9,584,949 | \$ 1,758,669 | \$ 1,309,667 | \$ 1,178,757 | \$ 2,036,095 | \$ 4,869,476 | \$ 1,048,816 | \$ 21,786,429 |
| Accrued payroll and related liabilities | 9,992,075 | 14,372 | - | - | - | - | - | 10,006,447 |
| Retainage payable | - | - | 27,258 | - | - | 699,645 | - | 726,903 |
| Due to other funds | 31,225,461 | 940,681 | - | - | - | 8,705,130 | 3,978,457 | 44,849,729 |
| Unearned revenue | 94,769 | - | 12,995,427 | - | 16,425 | 926,919 | 230,533 | 14,264,073 |
| Notes payable | - | - | - | - | - | 11,017,103 | - | 11,017,103 |
| Other | 425,425 | - | - | 24,703 | - | - | - | 450,128 |
| Total liabilities | 51,322,679 | 2,713,722 | 14,332,352 | 1,203,460 | 2,052,520 | 26,218,273 | 5,257,806 | 103,100,812 |
| <u>Deferred Inflows of Resources</u> | | | | | | | | |
| Unavailable revenue: | | | | | | | | |
| Property taxes | 4,731,767 | 388,751 | - | - | - | - | - | 5,120,518 |
| Sewer use | - | - | - | 1,799,898 | - | - | - | 1,799,898 |
| Intergovernmental | - | - | - | - | - | 247,046 | 939,338 | 1,186,384 |
| Advance collections | 3,574,549 | 142,320 | - | 346,602 | - | - | - | 4,063,471 |
| Total deferred inflows of resources | 8,306,316 | 531,071 | - | 2,146,500 | - | 247,046 | 939,338 | 12,170,271 |
| <u>Fund Balances</u> | | | | | | | | |
| Nonspendable | - | - | - | 149,832 | - | - | - | 149,832 |
| Restricted | - | 4,200,685 | - | 6,060,033 | - | - | 3,282,229 | 13,542,947 |
| Committed | - | - | - | - | - | 32,027,954 | 3,756,290 | 35,784,244 |
| Unassigned | 21,208,580 | - | - | - | - | (55,403,256) | (2,071,143) | (36,265,819) |
| Total fund balances | 21,208,580 | 4,200,685 | - | 6,209,865 | - | (23,375,302) | 4,967,376 | 13,211,204 |
| Total liabilities, deferred inflows of resources and fund balances | \$80,837,575 | \$ 7,445,478 | \$14,332,352 | \$9,559,825 | \$ 2,052,520 | \$ 3,090,017 | \$ 11,164,520 | \$128,482,287 |

(Continued)

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

City of West Haven, Connecticut
Reconciliation of Fund Balance
to Net Position of Governmental Activities
June 30, 2024

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

| | |
|--|----------------------|
| Total fund balance (Exhibit C, Page 1) | <u>\$ 13,211,204</u> |
|--|----------------------|

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:

| | |
|---|------------------------|
| Beginning capital assets (net) | 337,970,383 |
| Current year additions (net of construction in progress): | |
| City | 35,191,528 |
| Allingtown Fire Department | 187,550 |
| Depreciation/amortization expense | (11,459,863) |
| Disposal of capital assets | <u>(72,738)</u> |
| Total | <u>361,816,860</u> |

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

| | |
|---------------------------------------|-----------------------|
| Deferred outflows related to pensions | 1,829,943 |
| Deferred outflows related to OPEB | <u>41,834,258</u> |
| Total | <u>43,664,201</u> |

Other long-term assets are not available to pay for current period expenditures and, therefore, are unavailable in the funds:

| | |
|---|----------------------|
| Property taxes and sewer use revenue - accrual basis change | 6,920,416 |
| Intergovernmental revenue - accrual basis change | <u>1,186,384</u> |
| Total | <u>8,106,800</u> |

Internal service funds are used by management for risk financing activities:

| | |
|--|------------------|
| The assets and liabilities of the internal service funds are included in the statement of net position | <u>(409,182)</u> |
|--|------------------|

Some liabilities and deferred inflows of resources, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds:

| | |
|--------------------------------------|--------------------------|
| Accrued interest payable | (503,313) |
| Bonds and notes payable | (93,556,902) |
| Premium | (6,772,449) |
| Leases payable | (536,348) |
| Subscription payable | (793,621) |
| Compensated absences | (11,410,597) |
| Heart and hypertension | (1,334,908) |
| Net pension liability | (59,821,411) |
| Net OPEB liability | (178,896,731) |
| Deferred inflows related to pensions | (1,574,103) |
| Deferred inflows related to OPEB | <u>(146,842,434)</u> |
| Total | <u>(502,042,817)</u> |

| | |
|--------------------------|------------------------|
| Net position (Exhibit A) | <u>\$ (75,652,934)</u> |
|--------------------------|------------------------|

(Concluded)

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

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

| | General Fund | Allingtown Fire Department Fund | ARPA Fund | Sewer Fund | Education Grants Fund | Capital Improvement Fund | Other Governmental Funds | Total Governmental Funds |
|--|----------------------|--|--------------------|---------------------|-----------------------------|--------------------------------|--------------------------------|--------------------------------|
| Revenues: | | | | | | | | |
| Property taxes | \$ 109,715,942 | \$ 7,184,489 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 116,900,431 |
| Intergovernmental | 73,580,828 | 2,058,525 | 9,966,313 | - | 33,160,446 | 7,869,509 | 7,290,817 | 133,926,438 |
| Charges for services | 5,616,636 | 225,131 | - | 12,869,850 | - | 403,701 | 2,750,400 | 21,865,718 |
| Contributions | 526,523 | 100,000 | - | - | - | 405,245 | 726,883 | 1,758,651 |
| Income from investments | 2,806,112 | - | - | - | - | - | 11,653 | 2,817,765 |
| Other | 201,332 | - | - | - | 150,471 | - | - | 351,803 |
| Total revenues | 192,447,373 | 9,568,145 | 9,966,313 | 12,869,850 | 33,310,917 | 8,678,455 | 10,779,753 | 277,620,806 |
| Expenditures: | | | | | | | | |
| Current: | | | | | | | | |
| General government | 7,948,565 | - | 450,366 | - | - | 503,752 | 57,478 | 8,960,161 |
| Public safety | 18,996,978 | 9,374,482 | 1,136,783 | - | - | 255,835 | 1,119,194 | 30,883,272 |
| Public works | 12,288,904 | - | 28,750 | 11,000,218 | - | 875,548 | 448,986 | 24,642,406 |
| Benefits and insurance | 23,407,135 | - | - | - | - | - | - | 23,407,135 |
| Human resources and health and welfare | 1,300,476 | - | 372,385 | - | - | - | 1,929,867 | 3,602,728 |
| Parks and recreation | 1,053,876 | - | 274,353 | - | - | - | 437,645 | 1,765,874 |
| Library | 1,625,000 | - | 31,450 | - | - | - | 3,594 | 1,660,044 |
| Education | 106,361,591 | - | - | - | 30,105,567 | - | 6,250,671 | 142,717,829 |
| Capital outlay | - | 143,936 | 5,672,226 | 385,190 | 3,205,350 | 25,021,528 | 1,342,917 | 35,771,147 |
| Debt service | 12,349,639 | - | - | 2,134,506 | - | 129,682 | - | 14,613,827 |
| Total expenditures | 185,332,164 | 9,518,418 | 7,966,313 | 13,519,914 | 33,310,917 | 26,786,345 | 11,590,352 | 288,024,423 |
| Excess (deficiency) of revenues over expenditures | 7,115,209 | 49,727 | 2,000,000 | (650,064) | - | (18,107,890) | (810,599) | (10,403,617) |
| Other financing sources (uses): | | | | | | | | |
| Issuance of debt | - | - | - | - | - | 12,987,202 | - | 12,987,202 |
| Premium | - | - | - | - | - | 1,547,867 | - | 1,547,867 |
| Sale of assets | 15,000 | - | - | - | - | - | - | 15,000 |
| Transfers in | 309,425 | - | - | 990,000 | - | 116,238 | - | 1,415,663 |
| Transfers out | (990,000) | - | (2,000,000) | (313,196) | - | - | (112,467) | (3,415,663) |
| Net other financing sources (uses) | (665,575) | - | (2,000,000) | 676,804 | - | 14,651,307 | (112,467) | 12,550,069 |
| Net change in fund balances | 6,449,634 | 49,727 | - | 26,740 | - | (3,456,583) | (923,066) | 2,146,452 |
| Fund balances - July 1, 2023 | 14,758,946 | 4,150,958 | - | 6,183,125 | - | (19,918,719) | 5,890,442 | 11,064,752 |
| Fund balances - June 30, 2024 | \$ 21,208,580 | \$ 4,200,685 | \$ - | \$ 6,209,865 | \$ - | \$(23,375,302) | \$ 4,967,376 | \$ 13,211,204 |

22

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

City of West Haven, Connecticut

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

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

Net change in fund balances - total governmental funds (Exhibit D) \$ 2,146,452

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

| | |
|-----------------------------------|---------------------|
| Capital outlay | 35,379,078 |
| Depreciation/amortization expense | <u>(11,459,863)</u> |

| | |
|-------|-------------------|
| Total | <u>23,919,215</u> |
|-------|-------------------|

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

| | |
|------------------------------------|-----------------|
| Loss on disposal of capital assets | <u>(72,738)</u> |
|------------------------------------|-----------------|

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds:

| | |
|---|------------------|
| Change in property taxes and sewer use revenue - accrual basis change | (489,483) |
| Change in intergovernmental revenue - accrual basis change | <u>(137,256)</u> |

| | |
|-------|------------------|
| Total | <u>(626,739)</u> |
|-------|------------------|

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

| | |
|--------------------------|--------------|
| Debt issued or incurred: | |
| Bonds | (12,050,000) |
| Notes payable | (888,578) |
| Leases | (48,624) |
| Premium | (1,547,867) |

| | |
|-----------------------|----------------|
| Principal repayments: | |
| Bonds | 9,670,000 |
| Notes | 1,818,727 |
| Leases | 237,604 |
| Subscriptions | <u>417,518</u> |

| | |
|-------|--------------------|
| Total | <u>(2,391,220)</u> |
|-------|--------------------|

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

(Continued)

City of West Haven, Connecticut

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

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

| | |
|--------------------------------------|---------------------|
| Change in/amortization of: | |
| Accrued interest payable | \$ (86,780) |
| Premium | 492,413 |
| Compensated absences | (1,546,524) |
| Heart and hypertension | 323,867 |
| Net pension liability | 10,886,072 |
| Net OPEB liability | 74,883,876 |
| Deferred outflows related to pension | (13,448,146) |
| Deferred inflows related to pension | (1,574,103) |
| Deferred outflows related to OPEB | (16,431,423) |
| Deferred inflows related to OPEB | <u>(56,428,817)</u> |
| Total | <u>(2,929,565)</u> |

Internal service funds are used by management for risk financing activities:

| | |
|--|----------------------|
| The net revenue (expense) of the activities of the internal service funds is reported with governmental activities | <u>4,748,777</u> |
| Change in net position (Exhibit B) | <u>\$ 24,794,182</u> |

(Concluded)

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

City of West Haven, Connecticut

Proprietary Funds
Statement of Net Position
June 30, 2024

| | <u>Governmental Activities</u> |
|---------------------------|---------------------------------------|
| | <u>Internal Service Funds</u> |
| <u>Assets</u> | |
| Current assets: | |
| Due from other funds | <u>\$ 10,539,797</u> |
| <u>Liabilities</u> | |
| Current liabilities: | |
| Accounts payable | 1,359,881 |
| Claims payable | <u>3,204,831</u> |
| Total current liabilities | 4,564,712 |
| Noncurrent liabilities: | |
| Claims payable | <u>6,384,267</u> |
| Total liabilities | <u>10,948,979</u> |
| <u>Net Position</u> | |
| Unrestricted | <u>\$ (409,182)</u> |

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

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

| | Governmental Activities |
|--|------------------------------|
| | Internal Service Funds |
| Operating revenues: | |
| Charges for services | \$ 17,419,174 |
| Operating expenses: | |
| Claims | 12,878,257 |
| Administration | 1,267,140 |
| OPEB contribution | 525,000 |
| Total operating expenses | 14,670,397 |
| Operating income (loss) before transfers | 2,748,777 |
| Transfers in | 2,000,000 |
| Change in net position | 4,748,777 |
| Net position - July 1, 2023 | (5,157,959) |
| Net position - June 30, 2024 | \$ (409,182) |

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

City of West Haven, Connecticut

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

| | Governmental Activities |
|--|------------------------------|
| | Internal Service Funds |
| Cash flows from (used in) operating activities: | |
| Cash received for charges | \$ 12,535,587 |
| Cash paid for claims and other | (13,936,479) |
| Cash paid for OPEB contributions | (525,000) |
| Cash paid for administration | (75,164) |
| Cash paid for insurance | 1,056 |
| | <hr/> |
| Net cash from (used in) operating activities | (2,000,000) |
| Cash flows from noncapital activities: | |
| Transfer in | 2,000,000 |
| | <hr/> |
| Net increase (decrease) in cash | - |
| Cash - July 1, 2023 | - |
| | <hr/> |
| Cash - June 30, 2024 | \$ - |
| | <hr/> <hr/> |
| Reconciliation of operating income (loss) to net cash from (used in) operating activities: | |
| Operating income (loss) | \$ 2,748,777 |
| Adjustments to reconcile operating income (loss) to net cash from (used in) operating activities: | |
| (Increase) decrease in: | |
| Due from other funds | (4,883,587) |
| Increase (decrease) in: | |
| Accounts payable | 1,193,032 |
| Claims payable | (1,058,222) |
| | <hr/> |
| Net cash from (used in) operating activities | <u>\$ (2,000,000)</u> |

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

City of West Haven, Connecticut
Fiduciary Funds
Statement of Fiduciary Net Position
June 30, 2024

| <u>Assets</u> | <u>Pension and OPEB Trust Funds</u> |
|------------------------------|---|
| Investments: | |
| Bank money market | \$ 3,029,379 |
| Mutual funds: | |
| Money market | 2,973,328 |
| Equity | 25,180,095 |
| U.S. government securities | 3,019,621 |
| Exchange traded funds | 50,822,107 |
| Equity - domestic | 23,176,603 |
| Real estate investment trust | 440,923 |
| Corporate bonds | 8,526,393 |
| Alternative investments: | |
| Private equity funds | 10,524,319 |
| Real estate LLC/LP | 8,671,731 |
| Annuities | 9,534,142 |
| Variable rate note | 3,013,200 |
| | <hr/> |
| Total investments | 148,911,841 |
| Contribution receivable | 1,199,000 |
| | <hr/> |
| Total assets | 150,110,841 |
| | <hr/> |
| <u>Net Position</u> | |
| Restricted for: | |
| Pensions | 148,968,047 |
| OPEB | 1,142,794 |
| | <hr/> |
| Total net position | <u>\$ 150,110,841</u> |

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

City of West Haven, Connecticut
Fiduciary Funds
Statement of Changes in Fiduciary Net Position
For the Year Ended June 30, 2024

| | <u>Pension and OPEB Trust Funds</u> |
|-------------------------------------|---|
| Additions: | |
| Contributions: | |
| Employer | \$ 16,454,431 |
| Plan members | <u>491,532</u> |
| Total contributions | <u>16,945,963</u> |
| Investment income (loss): | |
| Change in fair value of investments | 16,094,133 |
| Interest and dividends | <u>3,304,442</u> |
| Total investment income (loss) | 19,398,575 |
| Less investment expenses | <u>414,818</u> |
| Net investment income (loss) | <u>18,983,757</u> |
| Total additions | <u>35,929,720</u> |
| Deductions: | |
| Benefits | 18,857,622 |
| Administration | <u>82,302</u> |
| Total deductions | <u>18,939,924</u> |
| Changes in net position | 16,989,796 |
| Net position - July 1, 2023 | <u>133,121,045</u> |
| Net position - June 30, 2024 | <u><u>\$150,110,841</u></u> |

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

City of West Haven, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2024**History and organization**

The City of West Haven, Connecticut (“City”) operates under a Mayor-Council form of government established by a charter and adopted by a referendum of voters on June 27, 1961. The City offers a full range of services authorized by the charter, including public safety, public works, social services, parks and recreation, education, planning, zoning and general administrative services to its residents.

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

As of July 1, 2012, the City Council voted to absorb the Allingtown Fire District into the reporting entity as a department of the City. Since the fire department has a separate tax rate and the City has two other fire departments with separate tax rates that are not part of the City, State statutes require that all costs related to the fire department be charged to the Allingtown Fire Department fund and that City funds cannot be used to support the department’s operations.

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

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the City. *Governmental activities* are normally supported by taxes and intergovernmental revenues.

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.

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

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

City of West Haven, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2024

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

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. 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. In addition, the City considers reimbursement grants to be available if they are collected within one year of the end 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 compensated absences, pension and OPEB benefits, certain other employee benefits, and certain other long-term liabilities are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in the governmental funds.

Property taxes, charges and fees, 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 by the City.

The City reports the following major governmental funds:

| | |
|---------------------------------|---|
| General Fund | The City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. |
| Allingtown Fire Department Fund | Accounts for all the financial resources and expenditures of the Allingtown Fire Department. The types of revenues recorded in this fund are taxes, grants, and charges for services. |
| ARPA Fund | Accounts for and reports the proceeds and expenditures of the American Rescue Plan Act ("ARPA") grant. |
| Sewer Fund | Accounts for and report resources and expenditures that are restricted, committed or assigned for the acquisition and construction of capital facilities, including those that are financed through special assessments. In addition, the fund accounts for the operating activity of the sewer operations. |
| Education Grants Fund | Accounts for specially financed school programs under education grants and tuition. |
| Capital Improvement Fund | Accounts for and report resources and expenditures that are restricted, committed or assigned for the acquisition and construction of capital facilities. |

The City reports the following proprietary fund:

| | |
|------------------------|--|
| Internal Service Funds | Accounts for risk financing activities for medical insurance benefits, general liability, and workers' compensation. |
|------------------------|--|

City of West Haven, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2024

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

Additionally, the City reports the following fund types:

| | |
|--|---|
| Special Revenue Funds | Accounts for and report the proceeds of specific revenue resources that are restricted or committed to expenditures for specified purposes other than debt. |
| Capital Project Funds | Accounts for resources and expenditures that are restricted, committed or assigned for the acquisition and construction of capital facilities, including those that are financed through special assessments. |
| Pension Trust Funds | Accounts for the activities of the Police Retirement Plan and Allingtown Fire Department Retirement Plan, which accumulate resources for pension benefit payments to qualified employees. |
| Other Post-Employment Benefit ("OPEB") Trust Funds | Accounts for the activities of the City and Allingtown Fire Department OPEB Plans, which accumulate resources for retiree medical and life insurance benefits. |

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

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

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's internal service funds are charges for services. 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.

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

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

1. Cash and investments

a. Cash

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

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

City of West Haven, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2024

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

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

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

The Police Pension and Allingtown Fire Department Pension trust funds and the City and Allingtown Fire Department OPEB trust funds allow for investments in certain alternative investments and commingled funds. Such investments may include private equity partnerships, hedge and absolute return funds for which there may be no readily available market to determine fair value. These investments are valued using the most recent valuation available from the external fund manager and is based on net asset value. These estimated values do not necessarily represent the amounts that will ultimately be realized upon the disposition of those assets, which may be materially higher or lower than values determined if a readily available market for the securities existed.

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

The investment guidelines are as follows:

| Asset Class | Pension | | OPEB | |
|------------------------|-------------------|------------|-------------------|------------|
| | Target Allocation | | Target Allocation | |
| | Police | Allingtown | City | Allingtown |
| Equities | 52.50% | 14.50% | 47.00% | 47.00% |
| Fixed income | 20.00% | 85.23% | 35.00% | 35.00% |
| Alternatives | 19.00% | 0.00% | 10.00% | 10.00% |
| Real estate and REIT's | 5.00% | 0.00% | 3.00% | 3.00% |
| Cash | 3.50% | 0.27% | 5.00% | 5.00% |
| Total | 100.00% | 100.00% | 100.00% | 100.00% |

City of West Haven, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2024

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

c. Method used to value investments

Investments for the City are reported at fair value except as described below. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Certain pension investments are valued using the most recent valuation available from the external fund manager and is based on net asset value. These estimated values do not necessarily represent the amounts that will ultimately be realized upon the disposition of those assets, which may be materially higher or lower than values determined if a readily available market for the securities existed.

Fair value of investments

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

| | |
|---------|--|
| Level 1 | Quoted prices for identical investments in active markets |
| Level 2 | Quoted prices for identical investments in markets that are not active. Fair values are primarily obtained from third party pricing services for identical comparable assets |
| Level 3 | Unobservable inputs |

d. Risk policies

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

City of West Haven, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2024

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

| | |
|-----------------------|--|
| Custodial credit risk | Custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. The City does not have a formal policy with respect to custodial credit risk. |
| Foreign currency risk | Foreign currency risk is the risk that the value of the investment may be affected by changes in the rate of exchange. The City does not have a formal policy with respect to the foreign currency risk. |

2. Receivables and payables

a. Interfunds

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans).

b. Property taxes and other receivables

In the fund financial and government-wide financial statements, all trade, loans and property tax receivables are shown net of an allowance for uncollectibles. Allowance percentages range from 8.50% to 44.50% of outstanding receivable balances and are calculated based upon prior collections.

In the fund financial statements, property taxes receivable which have not been collected within 60 days of June 30, have been recorded as deferred inflows of resources, since they are not considered to be available to finance expenditures of the current year. Taxes collected during the 60-day period have been recorded as revenue.

Property taxes are assessed on property as of October 1. Taxes are billed in the following July and are due in two installments, July 1 and January 1. Personal property and motor vehicle taxes are billed in July and are due in one installment, on July 1, and supplemental motor vehicle taxes are due in full January 1. Liens are effective on the assessment date and are continued by filing before the end of the year following the due date.

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

3. Prepaid items

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

City of West Haven, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2024

C. Assets, liabilities, deferred outflows/inflows of resources and equity (continued)**4. Capital assets**

Capital assets are reported in the applicable governmental columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost as noted in the table below and an estimated useful life in excess of 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 at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

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

| Category | Years | | Capitalization Threshold |
|---|-------------------|-------------------|-----------------------------|
| | City | Allingtown | |
| Intangible right-to-use leased assets | Lease term | Lease term | \$ 25,000 |
| Intangible right-to-use subscription assets | Subscription term | Subscription term | 25,000 |
| Land improvements | 50-75 | N/A | 50,000 |
| Buildings and improvements | 40 | 15-20 | 100,000 |
| Machinery and equipment | 7-50 | 5-10 | 10,000 |
| Vehicles | 5-25 | 5-20 | 10,000 |
| Infrastructure | 25-100 | 10-39 | 100,000 |

5. Deferred outflows/inflows of resources

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

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

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

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

City of West Haven, Connecticut

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

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

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

6. Compensated absences

City employees accumulate vacation and sick leave hours for subsequent use or for payment upon termination or retirement. Sick leave and vacation leave expenditures are recognized in the governmental funds in the current year to the extent they are paid during the year or the vested amount is expected to be paid with available resources. A liability for these amounts has been recorded in the government-wide financial statements.

7. Long-term liabilities

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

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

8. Lease and subscription liabilities

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

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

City of West Haven, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2024

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

Key estimates and judgments related to leases and subscription include:

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

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

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

9. Net position and fund balances

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

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

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

City of West Haven, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2024

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

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

| | |
|--------------|--|
| Nonspendable | This category presents amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact |
| Restricted | This category presents amounts that can be spent only for specific purposes because of enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments |
| Committed | This category presents amounts that can be used only for specific purposes determined by a formal action at the highest level of decision-making authority for the City. Commitments may be established, modified, or rescinded only through resolutions approved by the City Council. |
| Assigned | This category presents amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Intent is expressed by the passage of a resolution by the City Council or by a properly approved purchase order. |
| Unassigned | This category presents amounts that do not meet the criteria above and are available for any purpose. This category is only reported in the general fund for positive amounts and in any other fund that has a fund balance deficit. |

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

10. Use of estimates

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

11. Reclassifications

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

City of West Haven, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2024

II. Stewardship, compliance and accountability**Capital projects authorizations**

Generally, aside from the Capital Improvement Fund, all unencumbered appropriations lapse at year end. Appropriations for capital projects are continued until completion of applicable projects, even when projects extend more than one fiscal year.

The following is a summary of certain capital projects:

| Project | Project Authorization | Cumulative Expenditures | Balance |
|---|--------------------------|----------------------------|----------------------|
| WHHS expansion and renovation | \$ 133,250,000 | \$ 125,751,177 | \$ 7,498,823 |
| Washington Elementary School | 41,745,795 | 16,525,251 | 25,220,544 |
| Oyster River wastewater pumping station | 6,950,000 | 788,111 | 6,161,889 |
| Beach Street reconstruction project | 8,700,000 | 8,221,291 | 478,709 |
| Dawson Avenue | 1,125,000 | 83,236 | 1,041,764 |
| Totals | <u>\$ 191,770,795</u> | <u>\$ 151,369,066</u> | <u>\$ 40,401,729</u> |

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

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

| | |
|--|----------------------|
| Bank balance | <u>\$ 29,267,501</u> |
| Uninsured and uncollateralized | \$ 20,619,818 |
| Uninsured and collateral held by the pledging bank's trust department, not in the City's name | <u>7,124,563</u> |
| Total amount subject to custodial credit risk | <u>\$ 27,744,381</u> |

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

City of West Haven, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2024

A. Cash and investments (continued)**2. Investments**

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

| Type of Investment | Fair Value | Investment Maturities (In Years) | | | | |
|-------------------------------|----------------------|----------------------------------|---------------------|---------------------|--------------------|--------------------|
| | | N/A | Less Than 1 | 1-5 Years | 5-10 Years | Greater than 10 |
| Bank money market | \$ 3,029,379 | \$ - | \$ 3,029,379 | \$ - | \$ - | \$ - |
| Pooled fixed income | 55,500,919 | - | 55,500,919 | - | - | - |
| Mutual funds: | | | | | | |
| Money market | 2,973,328 | - | 2,973,328 | - | - | - |
| Equity | 25,180,095 | 25,180,095 | - | - | - | - |
| U.S. government securities | 3,019,621 | - | 3,019,621 | - | - | - |
| Exchange traded funds | 50,822,107 | 50,822,107 | - | - | - | - |
| Equity - domestic | 23,176,603 | 23,176,603 | - | - | - | - |
| Real estate investment trusts | 440,923 | 440,923 | - | - | - | - |
| Corporate bonds | 8,526,393 | - | 140,774 | 4,330,790 | 3,793,196 | 261,633 |
| Alternative investments: | | | | | | |
| Private equity funds | 10,524,319 | 10,524,319 | - | - | - | - |
| Real estate LLC/LP | 8,671,731 | 8,671,731 | - | - | - | - |
| Annuities | 9,534,142 | - | - | 7,646,770 | - | 1,887,372 |
| Variable rate note | 3,013,200 | - | - | 3,013,200 | - | - |
| Total | 204,412,760 | \$118,815,778 | \$64,664,021 | \$14,990,760 | \$3,793,196 | \$2,149,005 |
| Less fiduciary funds | <u>(148,911,841)</u> | | | | | |
| Other funds | <u>\$ 55,500,919</u> | | | | | |

City of West Haven, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2024

A. Cash and investments (continued)

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

| | Amount | Quoted Market | Significant | Significant |
|--|----------------|------------------|---------------|--------------|
| | | Prices in Active | Observable | Unobservable |
| | | Markets | Inputs | Inputs |
| | | Level 1 | Level 2 | Level 3 |
| <u>Investments by fair value level</u> | | | | |
| Mutual funds: | | | | |
| Money market | \$ 2,973,328 | \$ 2,973,328 | \$ - | \$ - |
| Equity | 25,180,095 | 25,180,095 | - | - |
| U.S. government securities | 3,019,621 | 3,019,621 | - | - |
| Exchange traded funds | 50,822,107 | 50,822,107 | - | - |
| Equity - domestic | 23,176,603 | 23,176,603 | - | - |
| Real estate investment trusts | 440,923 | 440,923 | - | - |
| Corporate bonds | 8,526,393 | - | 8,526,393 | - |
| Annuities | 9,534,142 | - | - | 9,534,142 |
| Variable rate note | 3,013,200 | - | 3,013,200 | - |
| Total investments by fair value level | 126,686,412 | \$ 105,612,677 | \$ 11,539,593 | \$ 9,534,142 |
| <u>Investments measured at the net asset value (NAV)</u> | | | | |
| Alternative investments: | | | | |
| Private equity funds | 10,524,319 | | | |
| Real estate LLC/LP | 8,671,731 | | | |
| Total investments measured at the NAV | 19,196,050 | | | |
| <u>Other investments not subject to fair value measurement</u> | | | | |
| Bank money market | 3,029,379 | | | |
| Pooled fixed income | 55,500,919 | | | |
| Total other investments | 58,530,298 | | | |
| Total investments | \$ 204,412,760 | | | |

Level 1: Quoted prices for identical investments in active markets;

Level 2: Observable inputs: quoted prices for identical securities in markets that are not active. Fair values are determined based upon quoted prices in less active, dealer or broker markets. Fair values are primarily obtained from third-party pricing service for identical or comparable assets.

Level 3: Unobservable inputs. Fair value is based upon the carrying value or fair value of the underlying investments as available.

City of West Haven, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2024

A. Cash and investments (continued)

c. Investments measured at the net asset value (NAV)

Investments valued using the net asset value (NAV) per share (or its equivalent) are considered “alternative investments” and, unlike more traditional investments, generally do not have readily obtainable market values and take the form of limited partnerships. The City values these investments based on the partnerships’ audited financial statements. If June 30 statements are available, those values are used preferentially. However, some partnerships have fiscal years ending at other than June 30. If June 30 valuations are not available, the value is estimated from the most recently available valuation taking into account subsequent calls and distributions. The following table represents the unfunded commitments, redemption frequency (if currently eligible), and the redemption notice period for the City’s alternative investments measured at NAV:

| Investment Description | | Fair Value | Unfunded Commitments | Redemption Frequency (If Currently Eligible) | Redemption Notice Period |
|---------------------------------------|---|---------------|----------------------|--|--------------------------|
| Alternative investments: | | | | | |
| Private equity funds | 1 | \$ 10,524,319 | \$ - | Quarterly | 90 days |
| Real estate LLC/LP | 2 | 8,671,731 | - | N/A | N/A |
| Total investments measured at the NAV | | \$ 19,196,050 | \$ - | | |

1. Private equity funds - This type includes limited partnership funds. These investments have various redemption frequencies and notice periods. The nature of the investments in this type is that distributions are received through the liquidation of the underlying assets of the fund capital. It is probable that all of the investments in this type will be sold at an amount different from the NAV per share (or its equivalent) of the Plan’s ownership interest in partner’s capital. Therefore, the fair values of the investments in this type have been determined using recent observable transaction information for similar investments and nonbinding bids received from potential buyers of the investments.
2. Real estate LLC/LP - This type includes 4 real estate LLC/LP’s that invest primarily in U.S. commercial real estate. The LLC/LP’s permit redemptions as determined by the general partner. Distributions from the LLC/LP will be received as the underlying investments of the LLC/LP are liquidated. The fair values of the investments in this type have been determined using the NAV per share (or its equivalent) of the Plan’s ownership interest in partners’ capital.

City of West Haven, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2024

A. Cash and investments (continued)

- d. The City's investments subject to credit risk had average ratings by Standard & Poor's and AM Best (annuities) as follows:

| Type of Investment | Ratings | | | | | | | Total |
|----------------------------|----------------------|-------------------|----------------------|---------------------|---------------------|-------------------|---------------------|----------------------|
| | AAA | AA | A | BBB | BB | B | Unrated | |
| Pooled fixed income | \$ 55,500,919 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 55,500,919 |
| Mutual funds: | | | | | | | | |
| Money market | - | - | - | - | - | - | 2,973,328 | 2,973,328 |
| U.S. government securities | - | - | - | - | - | - | 3,019,621 | 3,019,621 |
| Corporate bonds | - | 473,439 | 3,583,941 | 2,082,857 | 1,925,955 | 412,951 | 47,250 | 8,526,393 |
| Annuities | - | - | 9,534,142 | - | - | - | - | 9,534,142 |
| Variable rate note | - | - | - | - | - | - | 3,013,200 | 3,013,200 |
| Total | \$ 55,500,919 | \$ 473,439 | \$ 13,118,083 | \$ 2,082,857 | \$ 1,925,955 | \$ 412,951 | \$ 9,053,399 | \$ 82,567,603 |

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

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

| | Total | Less Insured Amounts | Amount Subject to Custodial Credit Risk |
|-------------------------------|----------------------|----------------------|---|
| Exchange traded funds | \$ 50,822,107 | \$ 500,000 | \$ 50,322,107 |
| Equity - domestic | 23,176,603 | 500,000 | 22,676,603 |
| Real estate investment trusts | 440,923 | - | 440,923 |
| Corporate bonds | 8,526,393 | - | 8,526,393 |
| Variable rate note | 3,013,200 | - | 3,013,200 |
| Total | \$ 85,979,226 | \$ 1,000,000 | \$ 84,979,226 |

City of West Haven, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2024

B. Receivables

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

| | City Property Taxes | | |
|-----------------------------------|---------------------|---------------------------|--------------|
| | Taxes | Interest and Lien Fees | Total |
| Current portion | \$1,322,179 | \$ 498,388 | \$ 1,820,567 |
| Long-term portion | 3,526,294 | 2,537,161 | 6,063,455 |
| Less allowance for uncollectibles | (1,450,000) | (1,289,795) | (2,739,795) |
| Net long-term portion | 2,076,294 | 1,247,366 | 3,323,660 |
| Total receivable (net) | \$3,398,473 | \$ 1,745,754 | \$ 5,144,227 |

| | Allingtown Property Taxes | | |
|-----------------------------------|---------------------------|---------------------------|------------|
| | Taxes | Interest and Lien Fees | Total |
| Current portion | \$ 74,834 | \$ 21,050 | \$ 95,884 |
| Long-term portion | 295,813 | 334,279 | 630,092 |
| Less allowance for uncollectibles | (148,749) | (142,602) | (291,351) |
| Net long-term portion | 147,064 | 191,677 | 338,741 |
| Total receivable (net) | \$ 221,898 | \$ 212,727 | \$ 434,625 |

| | Total Property Taxes | | |
|------------------------|----------------------|---------------------------|--------------|
| | Taxes | Interest and Lien Fees | Total |
| Current portion | \$1,397,013 | \$ 519,438 | \$ 1,916,451 |
| Net long-term portion | 2,223,358 | 1,439,043 | 3,662,401 |
| Total receivable (net) | \$3,620,371 | \$ 1,958,481 | \$ 5,578,852 |

City of West Haven, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2024

B. Receivables (continued)

| | Sewer Use | | | | Police Private Duty |
|-----------------------------------|------------|---------------------------|--------------|---------------|------------------------|
| | Use | Interest and Lien Fees | Total | CDBG Loans | |
| Current portion | \$ 59,357 | \$ 37,632 | \$ 96,989 | \$ 65,000 | \$ 273,209 |
| Long-term portion | 929,925 | 947,984 | 1,877,909 | 1,390,435 | - |
| Less allowance for uncollectibles | (88,000) | (87,000) | (175,000) | (140,000) | (121,262) |
| Net long-term portion | 841,925 | 860,984 | 1,702,909 | 1,250,435 | ██████████ |
| Total receivable (net) | \$ 901,282 | \$ 898,616 | \$ 1,799,898 | \$ 1,315,435 | \$ 151,947 |

C. Interfund accounts**1. Interfund payables and receivables**

A summary of interfund balances is as follows:

| | Corresponding Fund | Due From | Due To |
|-----------------------------------|-----------------------|------------|---------------|
| General fund: | | | |
| ARPA | N/A | \$ - | \$ 14,332,352 |
| Sewer | N/A | - | 990,000 |
| Education grants | N/A | - | 1,799,118 |
| Capital improvement | N/A | 8,705,130 | - |
| Community development block grant | N/A | - | 60,744 |
| Document preservation | N/A | - | 161,303 |
| Sports facilities | N/A | - | 314,988 |
| Miscellaneous grants | N/A | 3,978,457 | - |
| Public safety | N/A | - | 1,541,287 |
| Health and welfare | N/A | - | 77,278 |
| Savin Rock | N/A | - | 47,227 |
| School lunch program | N/A | - | 99,868 |
| Career and adult education | N/A | - | 221,674 |
| Capital and nonrecurring | N/A | - | 1,159,077 |
| Medical | N/A | - | 4,190,717 |
| General liability | N/A | - | 437,244 |
| Workers' compensation | N/A | - | 5,792,584 |
| Total general fund | | 12,683,587 | 31,225,461 |

City of West Haven, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2024

C. Interfund accounts (continued)

| | Corresponding Fund | Due From | Due To |
|------------------------------|----------------------------|----------------------|----------------------|
| Internal service funds: | | | |
| Medical | General fund | \$ 4,190,717 | \$ - |
| Medical | Allingtown fire department | 50,000 | - |
| General liability | General fund | 437,244 | - |
| Workers' compensation | General fund | 5,792,584 | - |
| Workers' compensation | Allingtown fire department | 69,252 | - |
| Total internal service funds | | <u>10,539,797</u> | <u>-</u> |
| Totals | | <u>\$ 44,849,729</u> | <u>\$ 44,849,729</u> |

All interfund balances resulted from the time lag between the dates payments occurred between funds for interfund goods, payroll and services provided or in instances where certain funds do not have a bank account.

2. Interfund transfers

A summary of interfund transfers for the fiscal year is as follows:

| | Corresponding Fund | Transfers In | Transfers Out |
|--------------------------------|-----------------------|--------------------|--------------------|
| General fund: | | | |
| Sewer | N/A | \$ 309,425 | \$ 990,000 |
| ARPA: | | | |
| Workers' compensation | N/A | - | 2,000,000 |
| Sewer: | | | |
| General fund | N/A | 990,000 | 309,425 |
| Capital improvement | N/A | - | 3,771 |
| Total sewer | | <u>990,000</u> | <u>313,196</u> |
| Capital improvement: | | | |
| Sewer | N/A | 3,771 | - |
| Public safety | N/A | 112,467 | - |
| Total capital improvement fund | | <u>116,238</u> | <u>-</u> |
| Other governmental funds: | | | |
| Public safety | Capital improvement | - | 112,467 |
| Total governmental funds | | <u>1,415,663</u> | <u>3,415,663</u> |
| Internal service funds: | | | |
| Workers' compensation | ARPA | 2,000,000 | - |
| Totals | | <u>\$3,415,663</u> | <u>\$3,415,663</u> |

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

City of West Haven, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2024

D. Capital assets

Capital asset activity for the fiscal year was as follows:

| City | Balance July 1, 2023 | Increases | Decreases | Balance June 30, 2024 |
|--|-------------------------|----------------------|----------------------|--------------------------|
| Capital assets, not being depreciated/ amortized: | | | | |
| Land | \$ 16,363,486 | \$ - | \$ 1 | \$ 16,363,485 |
| Construction in progress | 18,860,243 | 30,876,602 | 21,476,992 | 28,259,853 |
| Total capital assets, not being depreciated/ amortized | <u>35,223,729</u> | <u>30,876,602</u> | <u>21,476,993</u> | <u>44,623,338</u> |
| Capital assets, being depreciated/amortized: | | | | |
| Intangible right-to-use assets | 2,780,683 | - | - | 2,780,683 |
| Land improvements | 20,049,493 | 2,953,943 | - | 23,003,436 |
| Buildings and improvements | 316,006,097 | 3,508,008 | - | 319,514,105 |
| Machinery and equipment | 35,042,435 | 3,078,032 | 97,093 | 38,023,374 |
| Vehicles | 10,430,906 | 1,563,447 | 261,729 | 11,732,624 |
| Infrastructure | 114,809,769 | 14,688,488 | - | 129,498,257 |
| Total capital assets, being depreciated/ amortized | <u>499,119,383</u> | <u>25,791,918</u> | <u>358,822</u> | <u>524,552,479</u> |
| Total capital assets | <u>534,343,112</u> | <u>56,668,520</u> | <u>21,835,815</u> | <u>569,175,817</u> |
| Less accumulated depreciation/ amortization for: | | | | |
| Intangible right-to-use assets | 915,381 | 594,973 | - | 1,510,354 |
| Land improvements | 10,340,526 | 591,059 | - | 10,931,585 |
| Buildings and improvements | 103,621,005 | 6,298,048 | - | 109,919,053 |
| Machinery and equipment | 25,013,170 | 1,446,827 | 72,649 | 26,387,348 |
| Vehicles | 4,595,190 | 352,640 | 213,436 | 4,734,394 |
| Infrastructure | 53,783,150 | 1,950,699 | - | 55,733,849 |
| Total accumulated depreciation/amortization | <u>198,268,422</u> | <u>11,234,246</u> | <u>286,085</u> | <u>209,216,583</u> |
| Total capital assets, being depreciated/ amortized, net | <u>300,850,961</u> | <u>14,557,672</u> | <u>72,737</u> | <u>315,335,896</u> |
| Capital assets, net | <u>\$ 336,074,690</u> | <u>\$ 45,434,274</u> | <u>\$ 21,549,730</u> | <u>\$ 359,959,234</u> |

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

| Type | Asset | Accumulated Amortization |
|---|---------------------|-----------------------------|
| Intangible right-to-use building and improvements | \$ 590,666 | \$ 219,207 |
| Intangible right-to-use machinery and equipment | 579,339 | 403,387 |
| Intangible right-to-use subscription assets | 1,610,678 | 887,760 |
| Total intangible right-to-use assets | <u>\$ 2,780,683</u> | <u>\$ 1,510,354</u> |

City of West Haven, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2024

D. Capital assets (continued)

| Allingtown Fire Department | Balance July 1, 2023 | Increases | Decreases | Balance June 30, 2024 |
|--|-------------------------|--------------------|-------------|--------------------------|
| Capital assets, not being depreciated/amortized: | | | | |
| Land | \$ 36,903 | \$ - | \$ - | \$ 36,903 |
| Construction in progress | - | 103,997 | - | 103,997 |
| Total capital assets, not being depreciated/amortized | <u>36,903</u> | <u>103,997</u> | <u>-</u> | <u>140,900</u> |
| Capital assets, being depreciated/amortized: | | | | |
| Buildings and improvements | 765,680 | - | - | 765,680 |
| Machinery and equipment: | | | | |
| Fire equipment | 1,351,197 | 59,690 | - | 1,410,887 |
| Other | 133,160 | - | - | 133,160 |
| Vehicles and fire trucks | 3,062,643 | 23,863 | - | 3,086,506 |
| Infrastructure - hydrants | 367,097 | - | - | 367,097 |
| Total capital assets, being depreciated/ amortized | <u>5,679,777</u> | <u>83,553</u> | <u>-</u> | <u>5,763,330</u> |
| Total capital assets | <u>5,716,680</u> | <u>187,550</u> | <u>-</u> | <u>5,904,230</u> |
| Less accumulated depreciation/amortization for: | | | | |
| Buildings and improvements | 426,867 | 22,982 | - | 449,849 |
| Machinery and equipment: | | | | |
| Fire equipment | 1,017,908 | 38,612 | - | 1,056,520 |
| Other | 121,966 | 646 | - | 122,612 |
| Vehicles and fire trucks | 1,940,133 | 154,656 | - | 2,094,789 |
| Infrastructure - hydrants | 314,113 | 8,721 | - | 322,834 |
| Total accumulated depreciation/amortization | <u>3,820,987</u> | <u>225,617</u> | <u>-</u> | <u>4,046,604</u> |
| Total capital assets, being depreciated/ amortized, net | <u>1,858,790</u> | <u>(142,064)</u> | <u>-</u> | <u>1,716,726</u> |
| Capital assets, net | <u>\$ 1,895,693</u> | <u>\$ (38,067)</u> | <u>\$ -</u> | <u>\$ 1,857,626</u> |

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

| | City | Allingtown | Total |
|---|----------------------|-------------------|----------------------|
| General government | \$ 1,277,107 | \$ - | \$ 1,277,107 |
| Public safety | 1,144,766 | 225,617 | 1,370,383 |
| Public works | 3,031,970 | - | 3,031,970 |
| Health and welfare | 129,203 | - | 129,203 |
| Parks and recreation | 260,292 | - | 260,292 |
| Education | 5,390,908 | - | 5,390,908 |
| Total depreciation/amortization expense | <u>\$ 11,234,246</u> | <u>\$ 225,617</u> | <u>\$ 11,459,863</u> |

City of West Haven, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2024

D. Capital assets (continued)

Total capital assets, net, are as follows:

| | |
|------------|-----------------------|
| City | \$ 359,959,234 |
| Allingtown | <u>1,857,626</u> |
| Total | <u>\$ 361,816,860</u> |

E. Construction commitments

The City has the following construction commitments:

| | |
|---|----------------------|
| Washington Elementary School | \$ 26,213,723 |
| Oyster River wastewater pumping station project | 4,879,323 |
| Carrigan boilers piping | <u>934,908</u> |
| Total | <u>\$ 32,027,954</u> |

F. Short-term liabilities

The City uses bond anticipation notes (“BANs”) during the construction period of various public projects prior to the issuance of the bonds at the completion of the project.

Short-term liability activity for the fiscal year was as follows:

| Type of Obligation/ Purpose | Issue Date | Maturity Date | Interest Rate | Balance July 1, 2023 | Additions | Deductions | Balance June 30, 2024 |
|---------------------------------|---------------|------------------|------------------|-------------------------|----------------------|---------------------|--------------------------|
| <u>Bond anticipation notes:</u> | | | | | | | |
| High School | 3/28/2023 | 9/28/2023 | 5.00% | \$ 330,000 | \$ - | \$ 330,000 | \$ - |
| High School | 9/28/2023 | 2/15/2024 | 5.00% | - | 6,555,000 | 6,555,000 | - |
| High School | 2/1/2024 | 2/13/2025 | 5.00% | - | 10,135,000 | - | 10,135,000 |
| <u>Clean water fund notes:</u> | | | | | | | |
| CWF 226-CSL | 6/9/2023 | 6/30/2024 | 2.00% | 530,901 | 112,957 | 643,858 | - |
| CWF 748-CSL | (1) | (1) | 2.00% | - | 815,514 | - | 815,514 |
| CWF 760-DC | (1) | (1) | 2.00% | - | 66,589 | - | 66,589 |
| Total | | | | <u>\$ 860,901</u> | <u>\$ 17,685,060</u> | <u>\$ 7,528,858</u> | <u>\$ 11,017,103</u> |

(1) This loan is currently an interim funding obligation

Subsequent debt issuance

In October 2024, the City issued \$902,358 of interim funding obligation notes at an interest rate of 2.00% maturing in January 2026.

In February 2025, the City issued \$5,030,000 of bond anticipation notes for the high school project at an interest rate of 5.00% and true interest cost of 3.72% maturing in March 2025.

City of West Haven, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2024

G. Changes in long-term liabilities

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

1. Summary of changes

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

52

| Description | Original Amount | Date of Issue | Date of Maturity | Interest Rate | Balance July 1, 2023 | Additions | Deductions | Balance June 30, 2024 | Current Portion | Long-Term Portion |
|------------------------------|--------------------|---------------|------------------|---------------|----------------------|-------------------|------------------|-----------------------|-------------------|-------------------|
| Bonds: | | | | | | | | | | |
| General purpose: | | | | | | | | | | |
| Debt issue | \$ 7,435,994 | 03/31/10 | 02/15/25 | 5.10% | \$ 990,112 | \$ - | \$ 495,056 | \$ 495,056 | \$ 495,056 | \$ - |
| Refunding issue | 38,380,000 | 05/31/12 | 08/01/26 | 3.00-5.00% | 5,387,000 | - | 2,091,000 | 3,296,000 | 2,110,000 | 1,186,000 |
| Debt issue | 1,225,000 | 05/31/12 | 08/01/26 | 3.00-5.00% | 435,000 | - | 101,000 | 334,000 | 106,000 | 228,000 |
| Debt issue | 7,865,000 | 09/03/14 | 09/01/34 | 3.00-5.00% | 4,164,000 | - | 462,000 | 3,702,000 | 462,000 | 3,240,000 |
| Debt issue (deficit) | 16,135,000 | 11/01/17 | 11/01/27 | 3.00-5.00% | 8,060,000 | - | 1,615,000 | 6,445,000 | 1,615,000 | 4,830,000 |
| Debt issue | 5,815,000 | 11/01/17 | 11/01/37 | 3.00-5.00% | 3,510,000 | - | 440,000 | 3,070,000 | 435,000 | 2,635,000 |
| Debt issue | 5,543,000 | 10/02/20 | 03/15/40 | 3.00-4.00% | 4,271,000 | - | 342,000 | 3,929,000 | 402,000 | 3,527,000 |
| Debt issue | 4,367,000 | 09/15/21 | 09/15/41 | 4.00% | 3,715,000 | - | 650,000 | 3,065,000 | 650,000 | 2,415,000 |
| Debt issue | 3,420,000 | 02/15/24 | 02/15/44 | 4.00% | - | 3,420,000 | - | 3,420,000 | 415,000 | 3,005,000 |
| Total general purpose | 90,185,994 | | | | 30,532,112 | 3,420,000 | 6,196,056 | 27,756,056 | 6,690,056 | 21,066,000 |
| School bonds: | | | | | | | | | | |
| Debt issue | 4,280,006 | 03/31/10 | 02/15/25 | 5.10% | 569,888 | - | 284,944 | 284,944 | 284,944 | - |
| Refunding issue | 7,260,000 | 05/31/12 | 08/01/26 | 3.00-5.00% | 3,299,000 | - | 1,242,000 | 2,057,000 | 1,258,000 | 799,000 |
| Debt issue | 2,250,000 | 05/31/12 | 08/01/26 | 3.00-5.00% | 795,000 | - | 184,000 | 611,000 | 194,000 | 417,000 |
| Debt issue | 1,235,000 | 09/03/14 | 09/01/34 | 3.00-5.00% | 736,000 | - | 63,000 | 673,000 | 63,000 | 610,000 |
| Debt issue | 600,000 | 11/01/17 | 11/01/37 | 3.00-5.00% | 455,000 | - | 31,000 | 424,000 | 31,000 | 393,000 |
| Debt issue | 13,630,000 | 10/02/20 | 03/15/40 | 3.00-4.00% | 11,324,000 | - | 593,000 | 10,731,000 | 843,000 | 9,888,000 |
| Debt issue | 16,178,000 | 09/15/21 | 09/15/41 | 4.00% | 15,290,000 | - | 885,000 | 14,405,000 | 885,000 | 13,520,000 |
| Debt issue | 14,830,000 | 02/15/24 | 02/15/44 | 4.00% | 6,200,000 | 8,630,000 | - | 14,830,000 | 845,000 | 13,985,000 |
| Total school bonds | 60,263,006 | | | | 38,668,888 | 8,630,000 | 3,282,944 | 44,015,944 | 4,403,944 | 39,612,000 |
| Sewer bonds: | | | | | | | | | | |
| Refunding issue | 1,980,000 | 05/31/12 | 08/01/26 | 3.00-5.00% | 14,000 | - | 7,000 | 7,000 | 7,000 | - |
| Debt issue | 3,220,000 | 11/01/17 | 11/01/37 | 3.00-5.00% | 2,450,000 | - | 184,000 | 2,266,000 | 179,000 | 2,087,000 |
| Total sewer bonds | 5,200,000 | | | | 2,464,000 | - | 191,000 | 2,273,000 | 186,000 | 2,087,000 |
| Total bonds | 155,649,000 | | | | 71,665,000 | 12,050,000 | 9,670,000 | 74,045,000 | 11,280,000 | 62,765,000 |

City of West Haven, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2024

G. Changes in long-term liabilities (continued)

| Description | Original Amount | Date of Issue | Date of Maturity | Interest Rate | Balance July 1, 2023 | Additions | Deductions | Balance June 30, 2024 | Current Portion | Long-Term Portion |
|---|----------------------|---------------|------------------|---------------|-----------------------|----------------------|-----------------------|-----------------------|----------------------|----------------------|
| Notes (direct borrowings): | | | | | | | | | | |
| Clean water: | | | | | | | | | | |
| CWF 549-C | \$ 28,250,103 | 07/01/13 | 07/01/32 | 2.00% | \$ 14,101,246 | \$ - | \$ 1,430,037 | \$ 12,671,209 | \$ 1,458,901 | \$ 11,212,308 |
| CWF 549-CD2 | 1,425,544 | 06/30/15 | 07/01/32 | 2.00% | 814,682 | - | 83,455 | 731,227 | 85,140 | 646,087 |
| CWF 223-CSL | 588,849 | 11/30/21 | 06/30/41 | 2.00% | 545,121 | - | 23,220 | 521,901 | 26,040 | 495,861 |
| CWF 222-CSL | 3,925,943 | 06/30/22 | 06/30/41 | 2.00% | 3,566,639 | - | 166,298 | 3,400,341 | 169,654 | 3,230,687 |
| CWF 225-CSL | 781,774 | 01/31/23 | 06/30/42 | 2.00% | 765,299 | - | 33,448 | 731,851 | 34,123 | 697,728 |
| CWF 228-CSL | 760,961 | 02/29/24 | 08/30/43 | 2.00% | 516,241 | 244,720 | 10,673 | 750,288 | 32,449 | 717,839 |
| CWF 226-CSL | 643,858 | 06/28/24 | 12/31/43 | 2.00% | - | 643,858 | - | 643,858 | 27,276 | 616,582 |
| Equipment financing notes: | | | | | | | | | | |
| Police SUV | 234,463 | 09/14/20 | 07/01/24 | 3.00% | 120,389 | - | 59,162 | 61,227 | 61,227 | - |
| Transit van | 48,774 | 05/21/20 | 07/01/23 | 4.00% | 12,434 | - | 12,434 | - | - | - |
| Total notes | 36,660,269 | | | | 20,442,051 | 888,578 | 1,818,727 | 19,511,902 | 1,894,810 | 17,617,092 |
| Total bonds and notes | 192,309,269 | | | | 92,107,051 | 12,938,578 | 11,488,727 | 93,556,902 | 13,174,810 | 80,382,092 |
| Leases | 1,067,762 | | | | 725,328 | 48,624 | 237,604 | 536,348 | 132,389 | 403,959 |
| Subscriptions | 1,610,678 | | | | 1,211,139 | - | 417,518 | 793,621 | 413,807 | 379,814 |
| Total long-term debt | \$194,987,709 | | | | 94,043,518 | 12,987,202 | 12,143,849 | 94,886,871 | 13,721,006 | 81,165,865 |
| Premium | | | | | 5,716,995 | 1,547,867 | 492,413 | 6,772,449 | - | 6,772,449 |
| Total long-term debt and related liabilities | | | | | 99,760,513 | 14,535,069 | 12,636,262 | 101,659,320 | 13,721,006 | 87,938,314 |
| Compensated absences (net change) | | | | | 9,263,138 | 1,508,720 | - | 10,771,858 | 2,154,372 | 8,617,486 |
| Heart and hypertension | | | | | 1,658,775 | - | 323,867 | 1,334,908 | 96,266 | 1,238,642 |
| Claims payable | | | | | 10,085,805 | 1,300,197 | 3,001,991 | 8,384,011 | 2,433,136 | 5,950,875 |
| Net pension liability | | | | | 49,630,178 | 12,788,431 | 21,678,990 | 40,739,619 | - | 40,739,619 |
| Net OPEB liability | | | | | 228,865,531 | 13,809,791 | 85,283,816 | 157,391,506 | 6,745,000 | 150,646,506 |
| Total long term liabilities | | | | | \$ 399,263,940 | \$ 43,942,208 | \$ 122,924,926 | \$ 320,281,222 | \$ 25,149,780 | \$295,131,442 |

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

City of West Haven, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2024

G. Changes in long-term liabilities (continued)

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

| Description | Original Amount | Date of Issue | Date of Maturity | Interest Rate | Balance July 1, 2023 | Additions | Deductions | Balance June 30, 2024 | Current Portion | Long-Term Portion |
|-----------------------------------|-----------------|---------------|------------------|---------------|----------------------|---------------------|----------------------|-----------------------|---------------------|----------------------|
| Compensated absences (net change) | | | | | \$ 600,935 | \$ 37,804 | \$ - | \$ 638,739 | \$ 127,748 | \$ 510,991 |
| Claims payable | | | | | 190,515 | 565,126 | 157,554 | 598,087 | 164,695 | 433,392 |
| Net pension liability | | | | | 21,077,305 | 3,856,771 | 5,852,284 | 19,081,792 | - | 19,081,792 |
| Net OPEB liability | | | | | 24,915,076 | 5,203,571 | 8,613,422 | 21,505,225 | 806,000 | 20,699,225 |
| Total long term liabilities | | | | | <u>\$ 46,783,831</u> | <u>\$ 9,663,272</u> | <u>\$ 14,623,260</u> | <u>\$ 41,823,843</u> | <u>\$ 1,098,443</u> | <u>\$ 40,725,400</u> |

Total of long-term liabilities:

| Description | Original Amount | Date of Issue | Date of Maturity | Interest Rate | Balance July 1, 2023 | Additions | Deductions | Balance June 30, 2024 | Current Portion | Long-Term Portion |
|--|-----------------|---------------|------------------|---------------|-----------------------|----------------------|-----------------------|-----------------------|----------------------|-----------------------|
| Total long-term debt and related liabilities | | | | | \$ 99,760,513 | \$ 14,535,069 | \$ 12,636,262 | \$ 101,659,320 | \$ 13,721,006 | \$ 87,938,314 |
| Compensated absences (net change) | | | | | 9,864,073 | 1,546,524 | - | 11,410,597 | 2,282,120 | 9,128,477 |
| Heart and hypertension | | | | | 1,658,775 | - | 323,867 | 1,334,908 | 96,266 | 1,238,642 |
| Claims payable | | | | | 10,276,320 | 1,865,323 | 3,159,545 | 8,982,098 | 2,597,831 | 6,384,267 |
| Net pension liability | | | | | 70,707,483 | 16,645,202 | 27,531,274 | 59,821,411 | - | 59,821,411 |
| Net OPEB liability | | | | | <u>253,780,607</u> | <u>19,013,362</u> | <u>93,897,238</u> | <u>178,896,731</u> | <u>7,551,000</u> | <u>171,345,731</u> |
| Total long term liabilities | | | | | <u>\$ 446,047,771</u> | <u>\$ 53,605,480</u> | <u>\$ 137,548,186</u> | <u>\$ 362,105,065</u> | <u>\$ 26,248,223</u> | <u>\$ 335,856,842</u> |

City of West Haven, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2024

G. Changes in long-term liabilities (continued)

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

City:

| Debt Maturities | | | | |
|-------------------------|-------------------|------------------|--------------------|-------------------|
| Year Ending June 30, | Bond Principal | Bond Interest | Notes Principal | Notes Interest |
| 2025 | \$ 11,280,000 | \$ 3,104,510 | \$ 1,894,810 | \$ 374,401 |
| 2026 | 8,710,000 | 2,615,506 | 1,870,590 | 335,256 |
| 2027 | 6,735,000 | 2,259,563 | 1,908,348 | 297,499 |
| 2028 | 5,860,000 | 1,975,500 | 1,946,870 | 258,983 |
| 2029 | 3,930,000 | 1,756,991 | 1,986,161 | 219,684 |
| 2030 | 3,645,000 | 1,586,313 | 2,026,251 | 179,596 |
| 2031 | 3,520,000 | 1,428,700 | 2,067,149 | 138,700 |
| 2032 | 3,520,000 | 1,274,800 | 2,108,874 | 96,970 |
| 2033 | 3,350,000 | 1,124,300 | 481,082 | 68,362 |
| 2034 | 3,350,000 | 977,200 | 346,589 | 61,271 |
| 2035 | 3,070,000 | 830,600 | 353,588 | 54,274 |
| 2036 | 2,710,000 | 704,350 | 360,723 | 47,138 |
| 2037 | 2,710,000 | 585,450 | 368,001 | 39,855 |
| 2038 | 2,690,000 | 466,950 | 375,431 | 32,429 |
| 2039 | 2,370,000 | 356,850 | 383,010 | 24,850 |
| 2040 | 2,315,000 | 254,750 | 390,740 | 17,120 |
| 2041 | 1,465,000 | 155,400 | 398,626 | 9,233 |
| 2042 | 1,465,000 | 96,800 | 131,810 | 3,697 |
| 2043 | 675,000 | 54,000 | 85,577 | 1,483 |
| 2044 | 675,000 | 27,000 | 27,672 | 135 |
| Totals | \$ 74,045,000 | \$ 21,635,533 | \$ 19,511,902 | \$ 2,260,936 |

City of West Haven, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2024

G. Changes in long-term liabilities (continued)**3. Assets pledged as collateral**

The City's outstanding equipment financing notes are secured with collateral of the equipment purchased of:

City \$ 61,227

4. Statutory debt limitations

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

| Category | Debit Limit | Net Indebtedness | Balance |
|-----------------|----------------|---------------------|----------------|
| General purpose | \$ 312,431,645 | \$ 27,756,056 | \$ 284,675,589 |
| Schools | 624,863,291 | 54,150,944 | 570,712,347 |
| Sewers | 520,719,409 | 2,273,000 | 518,446,409 |
| Urban renewal | 451,290,154 | - | 451,290,154 |
| Pension deficit | 416,575,527 | - | 416,575,527 |

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

\$ 972,009,563

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

Debt of the fire districts located within the City is legally considered underlying debt of the City. At year end, the fire districts had no outstanding debt.

5. Authorized/unissued bonds

The amount of authorized, unissued bonds are as follows:

| | |
|-----------------|----------------------|
| General purpose | \$ 13,066,700 |
| Schools | 63,639,014 |
| Sewers | <u>15,421,000</u> |
| Total | <u>\$ 92,126,714</u> |

City of West Haven, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2024

G. Changes in long-term liabilities (continued)

6. Leases

City lease agreements are summarized as follows:

| Description | Year | Lease Term (years) | Interest Rate* | Original Amount | Balance |
|----------------------|-----------|--------------------|----------------|--------------------|-------------------|
| City building | 2022 | 12 | 2.50% | \$ 292,904 | \$ 238,287 |
| City cell tower | 2022 | 8 | 2.50% | 213,560 | 153,336 |
| City postage machine | 2023 | 5 | 4.50% | 16,080 | 9,477 |
| City copiers | 2022-2024 | 4-5 | 2.50%/4.50% | 141,627 | 61,306 |
| Education copiers | 2022-2024 | 3-4 | 2.50%/4.50% | 403,591 | 73,942 |
| Total | | | | <u>\$1,067,762</u> | <u>\$ 536,348</u> |

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

| Description | Terms |
|----------------------|--|
| City building | This lease includes three additional 3-year extension terms that the City intends to exercise. |
| City cell tower | This lease does include an option to extend, but either party can elect not to renew. |
| City postage machine | This lease is not renewable and the City will not acquire the equipment at the end of the term. |
| City copiers | These leases are not renewable and the City will not acquire the equipment at the end of the term. |
| Education copiers | These leases are not renewable and the City will not acquire the equipment at the end of the term. |

City of West Haven, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2024

G. Changes in long-term liabilities (continued)

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

| Year Ending June 30 | Principal | Interest |
|---------------------------|-------------------|------------------|
| 2025 | \$ 132,389 | \$ 29,273 |
| 2026 | 94,116 | 25,566 |
| 2027 | 67,778 | 16,598 |
| 2028 | 59,019 | 6,078 |
| 2029 | 61,766 | 4,576 |
| 2030 | 27,820 | 3,032 |
| 2031 | 29,441 | 2,337 |
| 2032 | 31,130 | 1,601 |
| 2033 | 32,889 | 822 |
| Totals | <u>\$ 536,348</u> | <u>\$ 89,883</u> |

7. Subscription arrangements

City subscription arrangements are summarized as follows:

| Description | Year | Subscription Term (years) | Interest Rate* | Original Amount | Balance |
|---|------|---------------------------------|-------------------|---------------------|-------------------|
| Police body camera software | 2023 | 4 | 4.50% | \$ 853,418 | \$ 445,479 |
| Police and fire dispatch management software | 2023 | 4 | 4.50% | 570,492 | 297,794 |
| Digital learning software licenses | 2023 | 3 | 4.50% | 186,768 | 50,348 |
| Total | | | | <u>\$ 1,610,678</u> | <u>\$ 793,621</u> |

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

| Description | Terms |
|--|--|
| Police body camera software | The City has a subscription arrangement for the police body camera software, tasers and cloud storage of camera footage. This arrangement does not include extension or termination terms. |
| Police and fire dispatch management software | The City has a subscription arrangement for police and fire dispatch management software. This arrangement does not include extension or termination terms. |
| Digital learning software licenses | The City has a subscription arrangement for digital learning licenses. These arrangements do not include extension or termination terms. |

City of West Haven, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2024

G. Changes in long-term liabilities (continued)

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

| Year Ending June 30 | Principal | Interest |
|---------------------------|-------------------|------------------|
| 2025 | \$ 413,807 | \$ 74,612 |
| 2026 | 379,814 | 17,092 |
| Totals | <u>\$ 793,621</u> | <u>\$ 91,704</u> |

H. Fund balance classifications and restricted net position

Fund balances are composed of the following:

| | General Fund | Allingtown Fire Department Fund | Sewer Fund | Capital Improvement Fund | Other Governmental Funds | Total |
|---|----------------------|---------------------------------------|---------------------|--------------------------------|--------------------------------|----------------------|
| Nonspendable | | | | | | |
| Prepays | \$ - | \$ - | \$ 149,832 | \$ - | \$ - | \$ 149,832 |
| Restricted | | | | | | |
| Allingtown Fire Department operations * | - | 4,200,685 | - | - | - | 4,200,685 |
| Document preservation * | - | - | - | - | 161,515 | 161,515 |
| Public safety programs | - | - | - | - | 271,838 | 271,838 |
| Sewer operations * | - | - | 6,060,033 | - | - | 6,060,033 |
| Housing rehabilitation | - | - | - | - | 2,135,836 | 2,135,836 |
| Cafeteria operations * | - | - | - | - | 566,922 | 566,922 |
| School activity programs | - | - | - | - | 146,118 | 146,118 |
| Total restricted | - | 4,200,685 | 6,060,033 | - | 3,282,229 | 13,542,947 |
| Committed | | | | | | |
| Construction contracts | - | - | - | 32,027,954 | - | 32,027,954 |
| Public safety programs | - | - | - | - | 1,402,221 | 1,402,221 |
| Health and welfare programs | - | - | - | - | 53,983 | 53,983 |
| Culture and recreation | - | - | - | - | 398,033 | 398,033 |
| Education programs | - | - | - | - | 75,037 | 75,037 |
| School activity programs | - | - | - | - | 447,614 | 447,614 |
| Approved projects | - | - | - | - | 1,379,402 | 1,379,402 |
| Total committed | - | - | - | 32,027,954 | 3,756,290 | 35,784,244 |
| Unassigned | 21,208,580 | - | - | (55,403,256) | (2,071,143) | (36,265,819) |
| Total | <u>\$ 21,208,580</u> | <u>\$ 4,200,685</u> | <u>\$ 6,209,865</u> | <u>\$ (23,375,302)</u> | <u>\$ 4,967,376</u> | <u>\$ 13,211,204</u> |

* The amount of net position restricted by enabling legislation totaled: \$ 10,989,155

City of West Haven, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2024

I. Deficit equity

The City had deficit equity balances in the following funds, which will be eliminated by future charges, employer premiums or transfers from the General Fund:

| | |
|---------------------------|-------------|
| Other governmental funds: | |
| Miscellaneous grants | \$2,071,143 |
| Internal service funds: | |
| Workers' compensation | 2,748,663 |

IV. Other information

A. Risk management

The City is exposed to various risks of loss including torts, theft of, damage to and destruction of assets; errors or omissions; injuries to employees and natural disasters. Generally, the City obtains commercial insurance for these risks, but has chosen to retain limited risks for workers' compensation claims, general liability claims, heart and hypertension claims, and employee medical and prescriptions claims. The City contracts with outside organizations to pay claims and provide administrative services. Additionally, insurance coverage has been purchased to limit the City's liability for workers' compensation, general liability, and medical claims. Settled claims have not exceeded commercial coverage in any of the past three years, and there has not been any significant reductions in insurance coverage from amounts held in prior years.

The City purchases commercial insurance coverage for all City buildings (flood, fire, and casualty), errors and omissions, and general liability. The City's policies have the following deductibles and claim limits:

| Policy Type | Deductible | Claim limit |
|-----------------------------|-------------|--------------|
| General liability | \$500,000 | \$10,000,000 |
| Automobile liability | \$500,000 | \$10,000,000 |
| Law enforcement liability | \$1,000,000 | \$10,000,000 |
| Workers' compensation | \$500,000 | \$10,000,000 |
| Medical (individual claims) | \$250,000 | |

The City records all claim expenditures and liabilities when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated in the government-wide statements.

The claims liability reported is based upon accounting principles which require that a liability for estimated claims incurred but not reported be accrued. The amount of claim accrual is based on the ultimate costs of settling the claim, which include past experience data, inflation and other future economic and social factors and incremental claim adjustment expenses, net of estimated subrogation recoveries. The claim accrual does not include other allocated or unallocated claims adjustment expenses.

City of West Haven, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2024

A. Risk management (continued)

Changes in the balances of claim liabilities during the past two years are as follows:

| | Claims Payable July 1 | Current year Claims and Changes in Estimates | Claims Paid | Claims Payable June 30 | Current Portion | Long-Term Portion |
|------------------------------|-----------------------------|---|----------------|------------------------------|--------------------|----------------------|
| <u>General Liability</u> | | | | | | |
| 2022-2023 | \$ 504,033 | \$ 545,744 | \$ 621,559 | \$ 428,218 | \$ 253,542 | \$ 174,676 |
| 2023-2024 | 428,218 | 535,851 | 569,547 | 394,522 | 233,073 | 161,449 |
| <u>Workers' Compensation</u> | | | | | | |
| 2022-2023 | 9,859,219 | 1,987,428 | 1,998,545 | 9,848,102 | 2,711,868 | 7,136,234 |
| 2023-2024 | 9,848,102 | 1,329,472 | 2,589,998 | 8,587,576 | 2,364,758 | 6,222,818 |
| <u>Subtotal</u> | | | | | | |
| 2022-2023 | 10,363,252 | 2,533,172 | 2,620,104 | 10,276,320 | 2,965,410 | 7,310,910 |
| 2023-2024 | 10,276,320 | 1,865,323 | 3,159,545 | 8,982,098 | 2,597,831 | 6,384,267 |
| <u>Medical</u> | | | | | | |
| 2022-2023 | 525,000 | 9,547,493 | 9,701,493 | 371,000 | 371,000 | - |
| 2023-2024 | 371,000 | 11,012,934 | 10,776,934 | 607,000 | 607,000 | - |
| <u>Totals</u> | | | | | | |
| 2022-2023 | 10,888,252 | 12,080,665 | 12,321,597 | 10,647,320 | 3,336,410 | 7,310,910 |
| 2023-2024 | \$10,647,320 | \$12,878,257 | \$13,936,479 | \$ 9,589,098 | \$ 3,204,831 | \$ 6,384,267 |

B. Commitments and litigation

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

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

C. Tax abatements

The City established an economic development tax incentive program pursuant to Section 12-65b of the Connecticut General Statutes. This program is intended to attract new businesses to the City and encourage the expansion of existing businesses to strengthen the City's tax base.

City of West Haven, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2024

C. Tax abatements (continued)

The economic development tax incentive amount is based upon the total cost of improvements to real property. The form of the adjustment or reduction in the assessed value of that portion of the real property is comprised of the qualifying new construction or expansion. The level of improvements that qualify are determined by individual agreements between the City and the entity and will qualify for a 3 to 7-year phase-in.

There are currently 2 companies participating in the economic development tax incentive program. The amount of the tax abatement under this program was as follows:

| | <u>Amount</u> |
|--------------------------|-------------------|
| City | \$ 111,278 |
| Allingtown Fire District | <u>37,114</u> |
| Total | <u>\$ 148,392</u> |

D. State oversight

In November 2018, the City was identified as a Tier III municipality by the State of Connecticut Municipal Accountability Review Board (MARB). As a Tier III municipality, the City is subject to significant accountability and oversight by the MARB. Under MARB oversight, the City is required to submit and present at a public meeting monthly financial reports to ensure the City is operating with fiscal diligence in conformity with the annual budget and five-year recovery plan. The City's General Fund budget, including the revenue budget, must be reviewed by the MARB on an annual basis. Union contracts must also be reviewed by the MARB. The City may also be eligible to receive municipal restructuring funds from the State of Connecticut's Office of Policy and Management.

The City was required to provide a five-year recovery plan for fiscal years 2021-2025, and other various reports and corrective action plans to the MARB and a subcommittee for review. The City will resubmit an updated municipal recovery plan annually along with the Mayor's recommended general fund budget.

In May 2022, the City was designated as a Tier IV Municipality. Under Tier IV, the membership of the MARB expands to include the Mayor, a selected City Council member and the City Treasurer as non-voting members.

Under Tier IV, the MARB has the following additional responsibilities:

- Approval of annual budget and related tax levy
- Approval of bond ordinances
- Approve collective bargaining agreements
- Approval of transfers over \$50,000
- Appointment of a financial manager
- Submit all contracts \$50,000 or more to MARB for review and approval

City of West Haven, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2024

V. Pensions and other post-employment benefit plans

A. Pension plans

1. Plan description

a. Plan administration

The City administers two single-employer, contributory, defined benefit pension plans (City of West Haven Police and Allingtown Fire Department). The City benefits and contribution requirements are established by plan documents adopted July 1, 2010, by approval of the City Council. Allingtown Fire Department benefits and contribution requirements are established by plan documents adopted July 1, 1998, by approval of the Board of Fire Commissioners. Both plans are considered to be part of the City's reporting entity and are included in the financial report as a pension trust fund. The plans do not issue separate standalone financial reports.

The plans are closed to new participants as follows:

| | |
|------------|----------------------------|
| Police | Effective November 1, 2009 |
| Allingtown | Effective July 1, 2013 |

The Police Pension Plan and Allingtown Fire Department Pension Plan are separately administered by their own respective pension board. The Mayor, Finance Director and a City Council member serve as permanent members on all pension boards. The non-permanent Pension Board members are appointed by the Mayor and must be an active employee of their respective pension plan. The pension boards typically meet monthly or as needed to review retirement/disability requests and/or investment recommendations. The joint pension board which is comprised of members from all pension boards meets at least quarterly with the City's Investment Advisor to review and modify investments accordingly. Changes in investments are not effective until voted favorably by each of the pension boards.

b. Plan membership

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

| | <u>July 1, 2022</u> | <u>July 1, 2023</u> |
|---|---------------------|---------------------|
| | <u>Police</u> | <u>Allingtown</u> |
| Retirees and beneficiaries currently receiving benefits | 158 | 30 |
| Active members | 56 | 11 |
| Vested terminated employees | <u>2</u> | <u>-</u> |
| Total | <u>216</u> | <u>41</u> |

City of West Haven, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2024

A. Pension plans (continued)

2. Benefit provisions

| | Police | Allingtown |
|---------------------|--|---|
| Normal retirement | The earlier of attaining age 65 or 20 years of service | 20 years from initial date of appointment |
| Benefit calculation | Equal to 2.25% of basic annual salary at retirement for each year of service up through 20 years of service, plus an additional 3.00% of salary for each year in excess of 20 years up to a maximum of 75% of such annual salary | 50% of salary base, plus 2.00% of salary base for each year over 20 years up to 25 years, plus 3.00% of salary base for each year over 25 years; maximum benefit 75% of salary base |
| Vesting service | Occurs when a participant has accumulated a minimum of 10 years of active service | 15 years |

The Police Plan provides for disability and death benefits in addition to retirement benefits.

Each employee may enter the Allingtown Fire Department on their date of employment. The plan provides retirement benefits for substantially all full-time employees of the Department.

3. Contributions

Required contributions to the plan are as follows:

| | Police | Allingtown |
|---|-----------------------------|------------------------------|
| Employer average contribution rate as a percentage of covered payroll | 79.93% of pensionable wages | 384.24% of pensionable wages |
| Employee contributions | 9.50% of pensionable wages | |
| Hired before July 1, 1998 | | 9.50% of pensionable wages |
| Hired after June 30, 1998 | | 11.50% of pensionable wages |

4. Investments

a. Investment policy and rate of return

The Plans' trustees have developed and approved an investment policy which specifies investment target allocations. Investments are stated at fair value, based on quoted market prices, except as disclosed below.

City of West Haven, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2024

A. Pension plans (continued)

The Police Pension and Allingtown Fire Department Pension trust funds allow for investments in certain alternative investments and commingled funds. Such investments may include private equity partnerships, hedge and absolute return funds for which there may be no readily available market to determine fair value. These investments are valued using the most recent valuation available from the external fund manager and is based on net asset value. These estimated values do not necessarily represent the amounts that will ultimately be realized upon the disposition of those assets, which may be materially higher or lower than values determined if a readily available market for the securities existed.

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

The long-term expected real 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.

The following was the Board's adopted asset allocation policy and long-term expected real rate of return for the Police and Allingtown Fire Department plans:

| <u>Police</u> | Long-Term | Long-Term |
|-----------------------------------|----------------------|---------------------------------|
| Asset Class | Target Allocation | Expected Real Rate of Return |
| U.S. large caps | 12.50% | 5.39% |
| U.S. equity market | 10.00% | 5.52% |
| U.S. small caps | 5.00% | 6.99% |
| U.S. mid caps | 10.00% | 5.98% |
| Global equity | 15.00% | 6.18% |
| U.S. high yield bonds | 20.00% | 4.43% |
| U.S. REITs (real estate) | 5.00% | 6.91% |
| Private equity | 10.00% | 10.45% |
| Hedge funds - multistrategy | 9.00% | 4.18% |
| Cash | <u>3.50%</u> | <u>0.94%</u> |
| Total/weighted average | <u>100.00%</u> | 5.79% |
| Long-term inflation expectation | | <u>2.75%</u> |
| Portfolio nominal mean return | | <u>8.54%</u> |
| Long-term expected rate of return | | <u>6.90%</u> |

Annual money-weighted rate of return

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

14.65%

City of West Haven, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2024

A. Pension plans (continued)

| Allingtown | Long-Term Target Allocation | Long-Term Expected Real Rate of Return |
|-----------------------------------|-----------------------------------|--|
| Asset Class | | |
| U.S. equity market | 14.50% | 5.52% |
| U.S. fixed income | 9.62% | 2.52% |
| U.S. long credit bonds | 75.61% | 3.57% |
| Cash | 0.27% | 0.94% |
| Total/weighted average | <u>100.00%</u> | 3.74% |
| Long-term inflation expectation | | <u>2.75%</u> |
| Portfolio nominal mean return | | <u>6.49%</u> |
| Long-term expected rate of return | | <u>6.25%</u> |

Annual money-weighted rate of return

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

6.13%

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

b. Concentrations

The investments in any one organization that represented 5.00% or more of the pension plan's net position follows:

| Asset Class | Police |
|--------------------------|--------|
| Alternative investments: | |
| Private equity funds | 6.01% |
| Real estate - LLC | 5.15% |

5. Net pension liability

The components of the net pension liability were as follows:

| | Police | Allingtown |
|--|----------------------|----------------------|
| Total pension liability | \$ 172,527,857 | \$ 36,261,601 |
| Plan fiduciary net position | <u>131,788,238</u> | <u>17,179,809</u> |
| Net pension liability | <u>\$ 40,739,619</u> | <u>\$ 19,081,792</u> |
| Plan fiduciary net position as a percentage of the total pension liability | <u>76.39%</u> | <u>47.38%</u> |

City of West Haven, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2024

A. Pension plans (continued)

6. Actuarial methods and significant assumptions

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

| | Police | Allingtown |
|---------------------------|---|--|
| Valuation date | July 1, 2022 | July 1, 2023 |
| Actuarial cost method | Entry age normal | Entry age normal |
| Amortization method | Level percentage | Level percentage |
| Asset valuation method | Fair value | Fair value |
| Salary increases | 3.50% | 3.50% |
| Inflation | 2.75% | 2.75% |
| Investment rate of return | 6.90% | 6.25% |
| Mortality rates | PubS-2010 Mortality Table with generational projection per the MP-2021 ultimate scale | PubS-2010 Mortality Table with generational projection per the MP-2021 ultimate scale |
| Cost of living increases | 3.00% for members hired before 7/1/1993 and 1.75% for members hired after 7/1/1993 | Plans 1 & 2: 1.75% for retirements on or before 11/27/13. Plans 3 & 4: 1.01% for retirements on or before 11/27/13. 2.75% for all retirements after 11/27/13 |

7. Changes from prior year

a. Changes in assumptions

| Description | Allingtown | |
|----------------|------------------------|------------------------|
| | From | To |
| Mortality rate | MP-2019 ultimate scale | MP-2021 ultimate scale |

b. Changes in benefit terms

There were no changes in benefit terms.

City of West Haven, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2024

A. Pension plans (continued)**8. Discount rate**

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

| | Police | Allingtown |
|---------------|--------|------------|
| Discount rate | 6.90% | 6.25% |

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 projected fiduciary net position will be sufficient to cover projected benefit payments and administrative expenses indefinitely. Therefore, the long-term expected rate of return on pension plan investments was used to discount plan liabilities.

9. Changes in the net pension liability

The Police plan's net pension liability was measured on June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation noted below. The changes in net pension liability were as follows:

| | Increase (Decrease) | | |
|--|----------------------------|--------------------------------|--------------------------|
| <u>Valuation Date: July 1, 2022</u> | Total Pension Liability | Plan Fiduciary Net Position | Net Pension Liability |
| Police | (a) | (b) | (a) - (b) |
| Balance at July 1, 2023 | \$ 169,180,754 | \$ 119,550,576 | \$ 49,630,178 |
| Service cost | 1,328,961 | - | 1,328,961 |
| Interest | 11,445,356 | - | 11,445,356 |
| Contributions - employer | - | 4,023,000 | (4,023,000) |
| Contributions - member | - | 393,604 | (393,604) |
| Net investment income | - | 17,262,386 | (17,262,386) |
| Benefit payments, including refunds of member contributions | (9,427,214) | (9,427,214) | - |
| Administration | - | (14,114) | 14,114 |
| Net change | 3,347,103 | 12,237,662 | (8,890,559) |
| Balance at June 30, 2024 | \$ 172,527,857 | \$ 131,788,238 | \$ 40,739,619 |

City of West Haven, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2024

A. Pension plans (continued)

Allingtown's net pension liability was measured on June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as noted below.

The changes in net pension liability were as follows:

| Valuation Date: July 1, 2023 | Increase (Decrease) | | |
|--|-----------------------------------|---------------------------------------|---------------------------------------|
| | Total Pension Liability (a) | Plan Fiduciary Net Position (b) | Net Pension Liability (a) - (b) |
| Allingtown | | | |
| Balance at July 1, 2023 | \$ 34,647,774 | \$ 13,570,469 | \$21,077,305 |
| Service cost | 332,428 | - | 332,428 |
| Interest | 2,128,383 | - | 2,128,383 |
| Differences between expected and actual experience | 1,327,772 | - | 1,327,772 |
| Changes in assumptions | (294,083) | - | (294,083) |
| Contributions - employer | - | 3,739,196 | (3,739,196) |
| Contributions - member | - | 97,928 | (97,928) |
| Net investment income | - | 1,721,077 | (1,721,077) |
| Benefit payments, including refunds of member contributions | (1,880,673) | (1,880,673) | - |
| Administration | - | (68,188) | 68,188 |
| Net change | 1,613,827 | 3,609,340 | (1,995,513) |
| Balance at June 30, 2024 | \$ 36,261,601 | \$ 17,179,809 | \$19,081,792 |

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

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

| Plan | Discount Rate | 1% Decrease | Current Discount Rate | 1% Increase |
|------------|------------------|----------------|--------------------------|----------------|
| Police | 6.90% | \$ 62,403,862 | \$ 40,739,619 | \$ 22,892,381 |
| Allingtown | 6.25% | \$ 23,423,418 | \$ 19,081,792 | \$ 15,530,460 |

City of West Haven, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2024

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

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

| <u>Police</u> | Deferred Outflows of Resources | Deferred Inflows of Resources | Net |
|--|--------------------------------------|-------------------------------------|----------------------|
| Description of Outflows/Inflows | | | |
| Differences between expected and actual experience | \$ 370,254 | \$ - | \$ 370,254 |
| Changes in assumptions | 145,667 | - | 145,667 |
| Net difference between projected and actual earnings on pension plan investments | - | 1,463,822 | (1,463,822) |
| Total | \$ 515,921 | \$ 1,463,822 | \$ (947,901) |
| <u>Pension Expense</u> | | | |
| The plan recognized pension expense of: | | | <u>\$ 10,198,657</u> |
| | | | |
| <u>Allingtown</u> | Deferred Outflows of Resources | Deferred Inflows of Resources | Net |
| Description of Outflows/Inflows | | | |
| Differences between expected and actual experience | \$ 497,914 | \$ - | \$ 497,914 |
| Changes in assumptions | - | 110,281 | (110,281) |
| Net difference between projected and actual earnings on pension plan investments | 816,108 | - | 816,108 |
| Total | \$ 1,314,022 | \$ 110,281 | \$ 1,203,741 |
| <u>Pension Expense</u> | | | |
| The plan recognized pension expense of: | | | <u>\$ 1,699,716</u> |

City of West Haven, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2024

A. Pension plans (continued)

Actual investment earnings below (or above) projected earnings are amortized over 5.00 years. Changes of assumptions and experience losses (gains) are amortized over the average remaining service period of actives and inactive employees, which were as follows:

| | <u>Years</u> |
|------------|--------------|
| Police | 2.10 |
| Allingtown | 1.60 |

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

| <u>Year Ending</u> <u>June 30,</u> | <u>Police</u> | <u>Allingtown</u> |
|---------------------------------------|---------------------|---------------------|
| 2025 | \$ (391,811) | \$ 767,301 |
| 2026 | 3,592,824 | 443,372 |
| 2027 | (2,356,585) | (16,899) |
| 2028 | <u>(1,792,329)</u> | <u>9,967</u> |
| Total | <u>\$ (947,901)</u> | <u>\$ 1,203,741</u> |

B. Defined contribution retirement savings plan

City employees are eligible to participate in a defined contribution retirement savings plan administered by the City. The benefits and contribution requirements are established by approval of the City Council. In a defined contribution plan, benefits depend solely on amounts contributed to the Plan plus investment earnings. Employer contributions are based on union contracts. Employees may make additional contributions subject to IRS regulations. The Plan is not reported as a fiduciary fund by the City as it does not meet the reporting criterion.

The Plan requires the City to contribute an amount equal to 5.00% of the employee's annual salary. The City contributions for each employee (and interest allocated to the employee's account) are vested as follows:

| <u>Years of Credited Service</u> | <u>Vesting Percentage</u> |
|----------------------------------|---------------------------|
| Under 2 | 0% |
| 2 | 20% |
| 3 | 40% |
| 4 | 60% |
| 5 | 80% |
| 6 or more | 100% |

Voluntary contributions of up to 25.00% of compensation for all participating years of service may be made by employees. These contributions may be withdrawn at any time, although earned interest will not be paid until such time as benefits are otherwise payable to the employee.

City of West Haven, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2024

B. Defined contribution retirement savings plan (continued)

Upon termination of employment, for any reason other than death or retirement, an employee shall be entitled to a deferred vested benefit based upon the number of years of credit service completed. Payment of benefits is deferred until the later of the employee’s normal retirement date, the seventh anniversary of the Plan year in which participation commenced or the date of termination. The unvested accrued benefit of the employee is forfeited and allocated to each participant.

During the year, the contributions were as follows:

| | |
|------------------------|--------------|
| Employee contributions | \$ 2,691,841 |
| Employer contributions | \$ 1,971,552 |

C. Connecticut state teachers’ retirement system

1. Plan description

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

2. Benefit provisions

| | |
|-------------------------|---|
| Normal retirement | Age 60 with 20 years of credited service in Connecticut, or 35 years of credited service including at least 25 years of service in Connecticut |
| Benefit calculation | 2.00% of the average annual salary times the years of credited service (maximum benefit is 75% of average annual salary during the 3 years of highest salary) |
| Minimum benefit | Effective January 1, 1999, Public Act 98-251 provides a minimum monthly completed at least 25 years of full time Connecticut service at retirement. |
| Early retirement | 25 years of credited service including 20 years of Connecticut service, or age 55 with 20 years of credited service including 15 years of Connecticut service |
| Early retirement amount | Benefit amounts are reduced by 6.00% per year for the first 5 years preceding normal retirement age and 4.00% per year for the next 5 years preceding the normal retirement age. Effective July 1, 1999, the reduction for individuals with 30 or more years of service is 3.00% per year by which retirement precedes normal retirement date |

City of West Haven, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2024

C. Connecticut state teachers' retirement system (continued)

| | |
|--|--|
| Service connected disability amount | 2.00% of average annual salary times credited service to date of disability, but not less than 15% of average annual salary, nor more than 50% of average annual salary. In addition, disability benefits under this plan (without regard to cost-of-living adjustments) plus any initial award of social security benefits and workers' compensation cannot exceed 75% of annual average salary |
| Non-service connected disability service requirement | 5 years of credited service |
| Vesting - service | 10 years of service |
| Vesting - amount | 100% |
| Pre-retirement death benefit amount | Lump-sum return of contributions with interest or surviving spouse benefit depending on length of service |

3. Contributions

State of Connecticut

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

Employer (school districts)

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

Employees

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

City of West Haven, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2024

C. Connecticut state teachers' retirement system (continued)

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

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

| | |
|--|-----------------------|
| City's proportionate share of the collective net pension liability | \$ - |
| State's proportionate share of the collective net pension liability associated with the City | <u>174,390,422</u> |
| Total | <u>\$ 174,390,422</u> |
| The plan recognized pension expense and revenue for on-behalf amounts for contributions to the plan by the State of: | <u>\$ 16,180,979</u> |

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

5. Actuarial assumptions

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

| | |
|---------------------------|--|
| Valuation date | June 30, 2023 |
| Investment rate of return | 6.90% |
| Inflation | 2.50% |
| Salary increases | 3.00-6.50%, including inflation |
| Mortality rates | Mortality rates were based on the PubT-2010 Table, projected generationally with MP-2019 |

City of West Haven, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2024

C. Connecticut state teachers' retirement system (continued)

Future cost-of-living increases are as follows:

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

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

Changes in assumptions and inputs

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

Long-term expected rate of return

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

City of West Haven, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2024

C. Connecticut state teachers' retirement system (continued)

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

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

6. Discount rate

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

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

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

8. Plan fiduciary net position

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

City of West Haven, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2024

D. Total pension plans

| <u>Plan</u> | <u>Net Pension Liability</u> | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> | <u>Pension Expense</u> |
|-------------|------------------------------|---------------------------------------|--------------------------------------|------------------------|
| Police | \$ 40,739,619 | \$ 515,921 | \$ 1,463,822 | \$ 10,198,657 |
| Allingtown | 19,081,792 | 1,314,022 | 110,281 | 1,699,716 |
| Total | <u>\$ 59,821,411</u> | <u>\$ 1,829,943</u> | <u>\$ 1,574,103</u> | <u>\$ 11,898,373</u> |

E. Other post-employment benefit plan**1. Plan description****a. Plan administration**

The City currently provides to certain former employees Other Post-Employment Benefits (OPEB). The plan provides medical, dental and life insurance benefits for eligible retirees and their spouses. The plan does not issue a stand alone financial report.

The Allingtown Fire Department currently provides to certain former employees Other Post-Employment Benefits (OPEB). The plan provides health and life insurance benefits for eligible retirees and their spouses. The plan does not issue a stand alone financial report.

b. Employees covered by benefit terms

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

| <u>Valuation date: July 1, 2023</u> | <u>City</u> | <u>Allingtown</u> |
|---|--------------|-------------------|
| Retirees and beneficiaries currently receiving benefits | 591 | 51 |
| Active members | 1,044 | 20 |
| Total | <u>1,635</u> | <u>71</u> |

2. Benefit provisions

The City's Plan provides for medical, dental and life insurance benefits for all eligible City and Board of Education retirees and their spouses. Benefits are established by contract and may be amended by union negotiations.

The Allingtown Fire Department's Plan provides for health and life insurance benefits for all eligible Department retirees and their spouses. Benefits are established by contract and may be amended by union negotiations.

City of West Haven, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2024

E. Other post-employment benefit plan (continued)

3. Contributions

a. Employer contributions

Required contributions to the plan are as follows:

| | City | Allingtown |
|---|----------------------------|-----------------------------|
| Employer average contribution rate as a percentage of covered payroll | 6.22% of pensionable wages | 69.17% of pensionable wages |

The City's recommended contributions are actuarially determined on an annual basis using the entry age normal method. Contributions are established by contract and may be amended by union negotiations.

The Allingtown Fire Department's recommended contributions are actuarially determined on an annual basis using the projected unit credit method. Contributions are established and may be amended by the Department.

b. Employee contributions

There are no employee contributions to the plan.

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

4. Investments

Investment policy and rate of return

The Plans' trustees have developed and approved an investment policy which specifies investment target allocations. Investments are stated at fair value, based on quoted market prices, except as disclosed below.

The City and Allingtown Fire Department OPEB trust funds allow for investments in certain alternative investments and commingled funds. Such investments may include private equity partnerships, hedge and absolute return funds for which there may be no readily available market to determine fair value. These investments are valued using the most recent valuation available from the external fund manager and is based on net asset value. These estimated values do not necessarily represent the amounts that will ultimately be realized upon the disposition of those assets, which may be materially higher or lower than values determined if a readily available market for the securities existed.

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

City of West Haven, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2024

E. Other post-employment benefit plan (continued)

The long-term expected real 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.

The following was the Board's adopted asset allocation policy and long-term expected real rate of return for the City and Allingtown Fire Department plans:

| <u>Asset Class</u> | <u>Long-Term Target Allocation</u> | <u>Long-Term Expected Real Rate of Return</u> |
|-----------------------------------|--|---|
| U.S. large cap | 10.00% | 5.39% |
| U.S. mid cap | 15.00% | 5.98% |
| International - developed | 15.00% | 7.62% |
| Emerging markets | 7.00% | 9.34% |
| International developed bond | 10.00% | 0.88% |
| Emerging market bonds | 5.00% | 4.93% |
| Investment grade | 15.00% | 2.52% |
| High yield | 5.00% | 4.43% |
| Real estate | 3.00% | 6.91% |
| Alternatives | 10.00% | 2.55% |
| Cash | 5.00% | 0.94% |
| Total/weighted average | <u>100.00%</u> | 4.68% |
| Long-term inflation expectation | | <u>2.50%</u> |
| Portfolio nominal mean return | | <u>7.18%</u> |
| Long-term expected rate of return | | <u>6.50%</u> |

Annual money-weighted rate of return

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

0.32%

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

City of West Haven, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2024

E. Other post-employment benefit plan (continued)

5. Net OPEB liability

The components of the net OPEB liability were as follows:

| | City | Allingtown |
|---|-----------------------|----------------------|
| Total OPEB liability | \$ 158,316,744 | \$ 21,722,781 |
| Plan fiduciary net position | 925,238 | 217,556 |
| Net OPEB liability | <u>\$ 157,391,506</u> | <u>\$ 21,505,225</u> |
| Plan fiduciary net position as a percentage of the total OPEB liability | <u>0.58%</u> | <u>1.00%</u> |

6. Actuarial methods and significant assumptions

The total OPEB liability for the City Plan and the Allingtown Fire Department Plan was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

| | City | Allingtown |
|------------------------------|---|---|
| Valuation date | July 1, 2023 | July 1, 2023 |
| Discount rate | 6.50% | 6.50% |
| Inflation | 2.50% | 2.50% |
| Healthcare cost trend rates: | | |
| City | 6.40% - 4.00% over 55 years | |
| Education | 6.30% - 3.90% over 51 years | |
| Allingtown | | 6.30% - 3.90% over 51 years |
| Mortality: | | |
| Police | PubS-2010 mortality table with generational projection per the MP-2021 ultimate scale | |
| Teachers and administrators | PubT-2010 mortality table with generational projection per the MP-2021 ultimate scale | |
| All others | PubG-2010 mortality table with generational projection per the MP-2021 ultimate scale | Pub-2010 mortality tables with generational projection per the MP-2021 ultimate scale |

City of West Haven, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2024

E. Other post-employment benefit plan (continued)

7. Changes from prior year

a. Changes in assumptions

| Description | City | | Allingtown | |
|-----------------------------|-------|-------|---------------------------|---------------------------|
| | From | To | From | To |
| Discount rate | 3.65% | 6.50% | 3.65% | 6.50% |
| Mortality rate | | | MP-2019 ultimate scale | MP-2021 ultimate scale |
| Healthcare cost trend rates | | | 6.10% - 3.90% | 6.30% - 3.90% |

b. Changes in benefit terms

For the City plan, all employees hired before July 1, 2023 will receive 100% reimbursement for Medicare Part B.

8. Discount rate

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

| | City | Allingtown |
|---------------|-------|------------|
| Discount rate | 6.50% | 6.50% |

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 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.

9. Changes in the net OPEB liability

The City's and Allingtown Fire Department's net OPEB liabilities were measured as of June 30, 2024, and the total OPEB liabilities used to calculate the net OPEB liabilities were determined by an actuarial valuation dated as noted below.

City of West Haven, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2024

E. Other post-employment benefit plan (continued)

The changes in the net OPEB liabilities were as follows:

| <u>Valuation Date: July 1, 2023</u> | <u>Increase (Decrease)</u> | | |
|--|--------------------------------|---------------------------------------|------------------------------------|
| | Total OPEB Liability (a) | Plan Fiduciary Net Position (b) | Net OPEB Liability (a) - (b) |
| <u>City</u> | | | |
| Balance at July 1, 2023 | \$228,865,531 | \$ - | \$ 228,865,531 |
| Service cost | 4,744,179 | - | 4,744,179 |
| Interest | 8,404,775 | - | 8,404,775 |
| Change of benefit terms | 660,837 | - | 660,837 |
| Differences between expected and actual experience | (42,390,226) | - | (42,390,226) |
| Changes in assumptions | (35,224,057) | - | (35,224,057) |
| Contributions - employer | - | 7,669,295 | (7,669,295) |
| Net investment income | - | 238 | (238) |
| Benefit payments, including refunds of member contributions | (6,744,295) | (6,744,295) | - |
| Net change | (70,548,787) | 925,238 | (71,474,025) |
| Balance at June 30, 2024 | <u>\$158,316,744</u> | <u>\$ 925,238</u> | <u>\$ 157,391,506</u> |

| <u>Valuation Date: July 1, 2023</u> | <u>Increase (Decrease)</u> | | |
|--|--------------------------------|---------------------------------------|------------------------------------|
| | Total OPEB Liability (a) | Plan Fiduciary Net Position (b) | Net OPEB Liability (a) - (b) |
| <u>Allingtown</u> | | | |
| Balance at July 1, 2023 | \$ 24,915,076 | \$ - | \$ 24,915,076 |
| Service cost | 334,126 | - | 334,126 |
| Interest | 907,028 | - | 907,028 |
| Differences between expected and actual experience | 3,962,417 | - | 3,962,417 |
| Changes in assumptions | (7,590,426) | - | (7,590,426) |
| Contributions - employer | - | 1,022,940 | (1,022,940) |
| Net investment income | - | 56 | (56) |
| Benefit payments, including refunds of member contributions | (805,440) | (805,440) | - |
| Net change | (3,192,295) | 217,556 | (3,409,851) |
| Balance at June 30, 2024 | <u>\$ 21,722,781</u> | <u>\$ 217,556</u> | <u>\$ 21,505,225</u> |

City of West Haven, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2024

E. Other post-employment benefit plan (continued)**10. Sensitivity of the net OPEB liability to changes in the discount rate**

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

| Plan | Discount Rate | 1% Decrease | Current Discount Rate | 1% Increase |
|------------|------------------|----------------|--------------------------|----------------|
| City | 6.50% | \$ 176,622,844 | \$ 157,391,506 | \$ 141,321,616 |
| Allingtown | 6.50% | \$ 24,482,049 | \$ 21,505,225 | \$ 19,069,081 |

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

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

| Plan | Current Trend Rate Plan | Rate | 1% Decrease | Current Trend Rate | 1% Increase |
|------------|----------------------------|-------------|----------------|-----------------------|----------------|
| City | City | 6.40%-4.00% | | | |
| City | Education | 6.30%-3.90% | \$ 139,082,004 | \$ 157,391,506 | \$ 179,671,777 |
| Allingtown | Allingtown | 6.30%-3.90% | \$ 18,753,341 | \$ 21,505,225 | \$ 24,848,521 |

12. OPEB expense and deferred outflows and inflows of resources

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

| City | Deferred Outflows of Resources | Deferred Inflows of Resources | Net |
|--|--------------------------------------|-------------------------------------|-----------------|
| Description of Outflows/Inflows | | | |
| Differences between expected and actual experience | \$ 15,916,153 | \$ 54,463,538 | \$ (38,547,385) |
| Changes in assumptions | 22,960,267 | 83,984,674 | (61,024,407) |
| Total | \$ 38,876,420 | \$ 138,448,212 | \$ (99,571,792) |
| OPEB Expense | | | |
| The plan recognized OPEB expense of: | | | \$ 7,778,765 |

City of West Haven, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2024

E. Other post-employment benefit plan (continued)

| <u>Allingtown</u> | Deferred Outflows of Resources | Deferred Inflows of Resources | Net |
|--|--------------------------------------|-------------------------------------|-----------------------|
| Description of Outflows/Inflows | | | |
| Differences between expected and actual experience | \$ 2,919,676 | \$ 60,948 | \$ 2,858,728 |
| Changes in assumptions | <u>38,162</u> | <u>8,333,274</u> | <u>(8,295,112)</u> |
| Total | <u>\$ 2,957,838</u> | <u>\$ 8,394,222</u> | <u>\$ (5,436,384)</u> |
| <u>OPEB Expense</u> | | | |
| The plan recognized OPEB expense of: | | | <u>\$ (1,110,166)</u> |

Differences between expected and actual experience and changes in assumptions are recognized over the average remaining service life for all active and inactive members, which were as follows:

| | <u>Years</u> |
|------------|--------------|
| City | 8.2 |
| Allingtown | 3.8 |

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

| Year Ending June 30, | City | Allingtown |
|-------------------------|------------------------|-----------------------|
| 2025 | \$ (8,978,875) | \$ (2,434,265) |
| 2026 | (9,598,708) | (2,192,037) |
| 2027 | (12,248,837) | (810,082) |
| 2028 | (23,184,612) | - |
| 2029 | (23,221,863) | - |
| Thereafter | <u>(22,338,897)</u> | <u>-</u> |
| Total | <u>\$ (99,571,792)</u> | <u>\$ (5,436,384)</u> |

City of West Haven, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2024

F. Connecticut state teachers' retirement board retiree health insurance plan

1. Plan description

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

2. Benefit provisions

The Plan provides for retiree health insurance benefits to retired teachers and administrators of public schools. Eligibility is as follows:

| | |
|--|---|
| Normal retirement | Age 60 with 20 years of credited service in Connecticut, or 35 years of credited service including at least 25 years of service in Connecticut |
| Early retirement | 25 years of credited service including 20 years of Connecticut service, or age 55 with 20 years of credited service including 15 years of Connecticut service |
| Service connected disability service requirement | No service requirement |
| Non-service connected disability service requirement | 5 years of credited service |
| Vesting - service | 10 years of service |

Retiree health care coverage

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

Any member that is not currently participating in Medicare Parts A & B is eligible to continue health care coverage with their former employer.

City of West Haven, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2024

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

The subsidy amounts are set by State statutes as follows:

| | |
|---|--|
| Members that are not currently participating in Medicare Parts A & B | A subsidy of up to \$220 per month for a retired member plus an additional \$220 per month for a spouse enrolled in a local school district plan is provided to the school district to first offset the retiree's share of the cost of coverage, any remaining portion is used to offset the district's cost |
| Members who has attained the normal retirement age to participate in Medicare but is not eligible for Part A of Medicare without cost | A subsidy amount of \$440 per month may be paid for a retired member, spouse or the surviving spouse of a member who has attained the normal retirement age to participate in Medicare, is not eligible for Part A of Medicare without cost and contributes at least \$440 per month towards coverage under a local school district plan |

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

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

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

3. Contributions

State of Connecticut

Per Connecticut General Statutes Section 10-183z, contribution requirements of active employees and the State of Connecticut are amended and certified by the State Teachers' Retirement Board and appropriated by the General Assembly. The State pays for one third of plan costs through an annual appropriation in the General Fund.

Employer (school districts)

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

Employees/retirees

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

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

City of West Haven, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2024

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

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

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

| | |
|---|----------------------|
| City's proportionate share of the collective net OPEB liability | \$ - |
| State's proportionate share of the collective net OPEB liability associated with the City | <u>16,337,988</u> |
| Total | <u>\$ 16,337,988</u> |
| The plan recognized OPEB expense and revenue for on-behalf amounts for contributions to the plan by the State of: | <u>\$ 220,191</u> |

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

5. Actuarial assumptions

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

| | |
|---|--|
| Valuation date | June 30, 2023 |
| Investment rate of return | 3.00% |
| Discount rate | 3.64% |
| Inflation | 2.50% |
| Health care cost trend rate (Medicare) | 5.125% decreasing to 4.50% by 2031 |
| Salary increases | 3.00-6.50%, including inflation |
| Mortality rates | Mortality rates were based on the PubT-2010 Table, projected generationally with MP-2019 |
| Year fund net position will be depleted | 2028 |

City of West Haven, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2024

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

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

Changes in assumptions and inputs

- The discount rate was increased from 3.53% to 3.64% to reflect the change in the Municipal Bond Index rate.

Long-term expected rate of return

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

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

6. Discount rate

The discount rate used to measure the collective total OPEB liability was the Municipal Bond Index rate of 3.64%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that annual State contributions will equal the most recent 5-year average of state contributions.

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

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

8. Plan fiduciary net position

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

G. Total OPEB plans

| Plan | Net OPEB Liability | Deferred Outflows of Resources | Deferred Inflows of Resources | OPEB Expense |
|-----------|-----------------------|--------------------------------------|-------------------------------------|---------------------|
| City | \$ 157,391,506 | \$ 38,876,420 | \$ 138,448,212 | \$ 7,778,765 |
| Allintown | 21,505,225 | 2,957,838 | 8,394,222 | (1,110,166) |
| Total | <u>\$ 178,896,731</u> | <u>\$ 41,834,258</u> | <u>\$ 146,842,434</u> | <u>\$ 6,668,599</u> |

City of West Haven, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2024

H. Plan statements

Pension and OPEB Trust Funds
Combining Statement of Fiduciary Net Position
June 30, 2024

| <u>Assets</u> | <u>Police Pension Plan</u> | <u>Allingtown Fire Department Pension Plan</u> | <u>City OPEB Trust Fund</u> | <u>Allingtown Fire Department OPEB Fund</u> | <u>Total</u> |
|------------------------------|--------------------------------|--|---------------------------------|---|-----------------------|
| Investments: | | | | | |
| Bank money market | \$ 1,874,162 | \$ 12,423 | \$ 925,238 | \$ 217,556 | \$ 3,029,379 |
| Mutual funds: | | | | | |
| Money market | 803,971 | 2,169,357 | - | - | 2,973,328 |
| Equity | 25,180,095 | - | - | - | 25,180,095 |
| U.S. government securities | 3,019,621 | - | - | - | 3,019,621 |
| Exchange traded funds | 48,960,731 | 1,861,376 | - | - | 50,822,107 |
| Equity - domestic | 22,676,603 | 500,000 | - | - | 23,176,603 |
| Real estate investment trust | 440,923 | - | - | - | 440,923 |
| Corporate bonds | 8,526,393 | - | - | - | 8,526,393 |
| Alternative investments: | | | | | |
| Private equity funds | 10,524,319 | - | - | - | 10,524,319 |
| Real estate LLC/LP | 6,768,220 | 1,903,511 | - | - | 8,671,731 |
| Annuities | - | 9,534,142 | - | - | 9,534,142 |
| Variable rate note | 3,013,200 | - | - | - | 3,013,200 |
| Total investments | 131,788,238 | 15,980,809 | 925,238 | 217,556 | 148,911,841 |
| Contribution receivable | - | 1,199,000 | - | - | 1,199,000 |
| Total assets | 131,788,238 | 17,179,809 | 925,238 | 217,556 | 150,110,841 |
| <u>Net Position</u> | | | | | |
| Restricted for: | | | | | |
| Pensions | 131,788,238 | 17,179,809 | - | - | 148,968,047 |
| OPEB | - | - | 925,238 | 217,556 | 1,142,794 |
| Total net position | <u>\$ 131,788,238</u> | <u>\$ 17,179,809</u> | <u>\$ 925,238</u> | <u>\$ 217,556</u> | <u>\$ 150,110,841</u> |

City of West Haven, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2024

H. Plan statements (continued)

Pension and OPEB Trust Funds
Combining Statement of Changes in Fiduciary Net Position
For the Year Ended June 30, 2024

| | Police Pension Plan | Allingtown Fire Department Pension Plan | City OPEB Trust Fund | Allingtown Fire Department OPEB Fund | Total |
|-------------------------------------|------------------------|--|-------------------------|---|-----------------------|
| Additions: | | | | | |
| Contributions: | | | | | |
| Employer | \$ 4,023,000 | \$ 3,739,196 | \$ 7,669,295 | \$ 1,022,940 | \$ 16,454,431 |
| Plan members | 393,604 | 97,928 | - | - | 491,532 |
| Total contributions | <u>4,416,604</u> | <u>3,837,124</u> | <u>7,669,295</u> | <u>1,022,940</u> | <u>16,945,963</u> |
| Investment income (loss): | | | | | |
| Change in fair value of investments | 14,723,902 | 1,370,231 | - | - | 16,094,133 |
| Interest and dividends | 2,900,115 | 404,033 | 238 | 56 | 3,304,442 |
| Total investment income (loss) | <u>17,624,017</u> | <u>1,774,264</u> | <u>238</u> | <u>56</u> | <u>19,398,575</u> |
| Less investment expenses | <u>361,631</u> | <u>53,187</u> | <u>-</u> | <u>-</u> | <u>414,818</u> |
| Net investment income (loss) | <u>17,262,386</u> | <u>1,721,077</u> | <u>238</u> | <u>56</u> | <u>18,983,757</u> |
| Total additions | <u>21,678,990</u> | <u>5,558,201</u> | <u>7,669,533</u> | <u>1,022,996</u> | <u>35,929,720</u> |
| Deductions: | | | | | |
| Benefits | 9,427,214 | 1,880,673 | 6,744,295 | 805,440 | 18,857,622 |
| Administration | 14,114 | 68,188 | - | - | 82,302 |
| Total deductions | <u>9,441,328</u> | <u>1,948,861</u> | <u>6,744,295</u> | <u>805,440</u> | <u>18,939,924</u> |
| Changes in net position | 12,237,662 | 3,609,340 | 925,238 | 217,556 | 16,989,796 |
| Net position - July 1, 2023 | <u>119,550,576</u> | <u>13,570,469</u> | <u>-</u> | <u>-</u> | <u>133,121,045</u> |
| Net position - June 30, 2024 | <u>\$ 131,788,238</u> | <u>\$ 17,179,809</u> | <u>\$ 925,238</u> | <u>\$ 217,556</u> | <u>\$ 150,110,841</u> |

Required Supplementary Information

| Type | Description |
|--|---|
| Budgetary | Schedule of Revenues and Other Financing Sources - Budget and Actual - General Fund |
| | Schedule of Expenditures and Other Financing Uses - Budget and Actual - General Fund |
| | Schedule of Revenues - Budget and Actual - Allingtown Fire Department Fund |
| | Schedule of Expenditures and Other Financing Uses - Budget and Actual - Allingtown Fire Department Fund |
| | Notes to Required Supplementary Information - Budgets and Budgetary Accounting |
| <hr/> | |
| <u>Pension Plans</u> Police Allingtown Fire Department State Teachers' Retirement System | Schedule of Changes in Net Pension Liability and Related Ratios and Schedule of Investment Returns |
| | Schedule of Proportionate Share of the Collective Net Pension Liability |
| | Schedule of Contributions |
| | Notes to Required Supplementary Information |
| <hr/> | |
| <u>Other Post-Employment Benefits Plans</u> City Allingtown Fire Department State Teachers' Retirement Board Retiree Health Insurance Plan | Schedule of Changes in Net OPEB Liability and Related Ratios and Schedule of Investment Returns |
| | Schedule of Proportionate Share of the Collective Net OPEB Liability |
| | Schedule of Contributions |
| | Notes to Required Supplementary Information |

City of West Haven, Connecticut
Required Supplementary Information
General Fund
Schedule of Revenues and Other Financing Sources
Budget and Actual
For the Year Ended June 30, 2024

| | Original Budget | Additional Appropriations and Transfers | Final Budget | Actual | Variance with Final Budget |
|--|--------------------|---|--------------------|--------------------|----------------------------------|
| Property taxes: | | | | | |
| Current levy | \$ 106,622,316 | \$ - | \$ 106,622,316 | \$ 105,628,886 | \$ (993,430) |
| Motor vehicle supplement | 1,300,000 | - | 1,300,000 | 1,201,792 | (98,208) |
| Prior year levies | 500,000 | - | 500,000 | 993,194 | 493,194 |
| Suspense taxes | 150,000 | - | 150,000 | 235,996 | 85,996 |
| Interest and lien fees | 966,000 | - | 966,000 | 1,083,238 | 117,238 |
| Telephone access line | 79,000 | - | 79,000 | 113,438 | 34,438 |
| PILOT- SCCRWA water grant | 285,000 | - | 285,000 | 288,755 | 3,755 |
| PILOT- housing authority | 148,000 | - | 148,000 | 170,643 | 22,643 |
| Total property taxes | 110,050,316 | - | 110,050,316 | 109,715,942 | (334,374) |
| Intergovernmental: | | | | | |
| Education cost sharing | 45,140,487 | - | 45,140,487 | 44,253,756 | (886,731) |
| Health/welfare services - parochial school | 73,000 | - | 73,000 | 46,291 | (26,709) |
| Tiered pilot | 8,756,669 | - | 8,756,669 | 8,974,220 | 217,551 |
| Municipal revenue sharing | 147,516 | - | 147,516 | 1,552,735 | 1,405,219 |
| Mashantucket Pequot | 807,097 | - | 807,097 | 807,097 | - |
| Property tax relief - totally disabled | 4,600 | - | 4,600 | 3,779 | (821) |
| Property tax relief - veterans reimbursement | 110,000 | - | 110,000 | 100,509 | (9,491) |
| Town aid road | 621,029 | - | 621,029 | 618,802 | (2,227) |
| Motor vehicle tax reimbursement | 672,795 | - | 672,795 | 672,795 | - |
| State miscellaneous grants | 165,000 | - | 165,000 | 149,674 | (15,326) |
| Total intergovernmental | 56,498,193 | - | 56,498,193 | 57,179,658 | 681,465 |
| Charges for services: | | | | | |
| Animal licenses | 6,000 | - | 6,000 | 9,093 | 3,093 |
| Marriage licenses | 10,000 | - | 10,000 | 17,266 | 7,266 |
| Sporting licenses | 250 | - | 250 | - | (250) |
| Building permits | 1,100,000 | - | 1,100,000 | 1,605,483 | 505,483 |
| Electrical permits | 190,000 | - | 190,000 | 312,013 | 122,013 |
| Excavation permits | 6,000 | - | 6,000 | 15,205 | 9,205 |
| Plumbing and heating permits | 91,000 | - | 91,000 | 125,109 | 34,109 |
| Zoning permits | 103,000 | - | 103,000 | 100,387 | (2,613) |
| Alcoholic beverage licenses | 1,000 | - | 1,000 | 1,270 | 270 |
| Police licenses and protection permits | 27,000 | - | 27,000 | 20,830 | (6,170) |
| City clerk fees collected | 6,500 | - | 6,500 | 4,952 | (1,548) |
| Dog pound releases | 1,000 | - | 1,000 | 3,568 | 2,568 |
| Health licenses and restaurant permits | 105,000 | - | 105,000 | 114,950 | 9,950 |
| Parking tags | 100,000 | - | 100,000 | 103,579 | 3,579 |
| Fines and penalties | 60,000 | - | 60,000 | 85,551 | 25,551 |
| Building code violations | 9,000 | - | 9,000 | 1,352 | (7,648) |
| Blight liens | - | - | - | 5,640 | 5,640 |
| Rents from City facilities | 28,000 | - | 28,000 | 17,500 | (10,500) |
| Record legal instruments fee | 1,555,000 | - | 1,555,000 | 1,302,751 | (252,249) |
| Police charges - public safety | 12,900 | - | 12,900 | 12,675 | (225) |
| Miscellaneous public works/sewer-orange | 2,100 | - | 2,100 | - | (2,100) |
| Miscellaneous general government-all other | 50,000 | - | 50,000 | 127,094 | 77,094 |
| Miscellaneous parks and recreation | 71,000 | - | 71,000 | 341,602 | 270,602 |

(Continued)

See Notes to Required Supplementary Information.

City of West Haven, Connecticut
Required Supplementary Information
General Fund
Schedule of Revenues and Other Financing Sources
Budget and Actual
For the Year Ended June 30, 2024

| | Original Budget | Additional Appropriations and Transfers | Final Budget | Actual | Variance with Final Budget |
|--|-----------------------|---|-----------------------|-----------------------|----------------------------------|
| Charges for services (continued): | | | | | |
| Public works | \$ 13,000 | \$ - | \$ 13,000 | \$ 17,665 | \$ 4,665 |
| Parking meter revenue | 300,000 | - | 300,000 | 252,815 | (47,185) |
| Sewer collection fee | 55,166 | - | 55,166 | 55,166 | - |
| Insurance reimbursement | 4,000 | - | 4,000 | - | (4,000) |
| Quigley / Yale parking | 43,603 | - | 43,603 | 43,603 | - |
| Fire district share of ERS | 806,000 | - | 806,000 | 908,202 | 102,202 |
| Organic recycling/compost | 10,600 | - | 10,600 | 11,315 | 715 |
| Total charges for services | <u>4,767,119</u> | <u>-</u> | <u>4,767,119</u> | <u>5,616,636</u> | <u>849,517</u> |
| Contributions (Yale) | <u>506,000</u> | <u>-</u> | <u>506,000</u> | <u>526,523</u> | <u>20,523</u> |
| Income from investments | <u>1,258,000</u> | <u>-</u> | <u>1,258,000</u> | <u>2,806,112</u> | <u>1,548,112</u> |
| Other | <u>65,000</u> | <u>-</u> | <u>65,000</u> | <u>201,332</u> | <u>136,332</u> |
| Total revenues | <u>173,144,628</u> | <u>-</u> | <u>173,144,628</u> | <u>176,046,203</u> | <u>2,901,575</u> |
| Other financing sources: | | | | | |
| Sale of assets | <u>250,000</u> | <u>-</u> | <u>250,000</u> | <u>15,000</u> | <u>(235,000)</u> |
| Transfers in: | | | | | |
| Public safety fund | <u>200,000</u> | <u>-</u> | <u>200,000</u> | <u>-</u> | <u>(200,000)</u> |
| Sewer fund | <u>309,425</u> | <u>-</u> | <u>309,425</u> | <u>309,425</u> | <u>-</u> |
| Total transfers in | <u>509,425</u> | <u>-</u> | <u>509,425</u> | <u>309,425</u> | <u>(200,000)</u> |
| Total other financing sources | <u>759,425</u> | <u>-</u> | <u>759,425</u> | <u>324,425</u> | <u>(435,000)</u> |
| Total revenues and other financing sources | <u>\$ 173,904,053</u> | <u>\$ -</u> | <u>\$ 173,904,053</u> | <u>\$ 176,370,628</u> | <u>\$ 2,466,575</u> |

(Concluded)

See Notes to Required Supplementary Information.

City of West Haven, Connecticut
Required Supplementary Information
General Fund
Schedule of Expenditures and Other Financing Uses
Budget and Actual
For the Year Ended June 30, 2024

| | Original Budget | Additional Appropriations and Transfers | Final Budget | Actual | Variance with Final Budget |
|--|--------------------|---|-------------------|-------------------|----------------------------------|
| General government: | | | | | |
| City council | \$ 98,589 | \$ 15,703 | \$ 114,292 | \$ 110,478 | \$ 3,814 |
| Mayor's office | 350,191 | 8,927 | 359,118 | 317,579 | 41,539 |
| Corporate counsel | 746,626 | 36,401 | 783,027 | 778,809 | 4,218 |
| Labor relations and personnel | 458,162 | (95,007) | 363,155 | 356,302 | 6,853 |
| Communications | 285,644 | 53,352 | 338,996 | 338,996 | - |
| Town and city clerk | 431,175 | 42,049 | 473,224 | 437,049 | 36,175 |
| Registrar of voters | 179,104 | 5,103 | 184,207 | 172,511 | 11,696 |
| Probate court | 9,658 | - | 9,658 | 5,830 | 3,828 |
| Planning and development | 516,075 | (62,465) | 453,610 | 355,875 | 97,735 |
| Grants administration | 281,234 | (104,435) | 176,799 | 167,200 | 9,599 |
| Building department | 568,616 | (36,484) | 532,132 | 513,265 | 18,867 |
| Treasurer | 7,600 | - | 7,600 | 7,600 | - |
| Finance/comptroller | 1,133,322 | 509,874 | 1,643,196 | 1,632,996 | 10,200 |
| Purchasing department | 289,454 | (15,666) | 273,788 | 273,786 | 2 |
| Information and technology/data processing | 782,273 | (24,744) | 757,529 | 704,768 | 52,761 |
| Central services | 150,900 | 47,436 | 198,336 | 172,907 | 25,429 |
| Department of assessment | 494,254 | 14,100 | 508,354 | 504,353 | 4,001 |
| Board of assessment appeals | 3,600 | - | 3,600 | 3,540 | 60 |
| Department of tax collections | 488,851 | 508 | 489,359 | 474,138 | 15,221 |
| Primary and elections | 85,805 | 26,249 | 112,054 | 89,252 | 22,802 |
| Payroll processing | 200,000 | (56,065) | 143,935 | 143,935 | - |
| Security | - | 46,257 | 46,257 | 46,257 | - |
| Consulting services | 600,000 | 21,302 | 621,302 | 281,979 | 339,323 |
| Unallocated | 61,765 | 5,468 | 67,233 | 59,160 | 8,073 |
| Contingency | 1,157,000 | (1,157,000) | - | - | - |
| Total general government | 9,379,898 | (719,137) | 8,660,761 | 7,948,565 | 712,196 |
| Public safety: | | | | | |
| Emergency reporting system | 2,112,308 | 206,254 | 2,318,562 | 2,179,859 | 138,703 |
| Public safety administration | 1,216,416 | 49,973 | 1,266,389 | 1,187,349 | 79,040 |
| Public safety operations | 13,171,725 | 1,126,217 | 14,297,942 | 13,933,065 | 364,877 |
| Public safety support | 1,095,727 | (109,441) | 986,286 | 1,334,375 | (348,089) |
| Animal control | 306,900 | 33,066 | 339,966 | 311,183 | 28,783 |
| Emergency management | 53,500 | - | 53,500 | 51,147 | 2,353 |
| Total public safety | 17,956,576 | 1,306,069 | 19,262,645 | 18,996,978 | 265,667 |
| Public works: | | | | | |
| Administration | 810,697 | (141,820) | 668,877 | 662,968 | 5,909 |
| Bureau of engineering | 513,449 | (55,425) | 458,024 | 425,518 | 32,506 |
| Central garage | 1,626,391 | (243,342) | 1,383,049 | 1,209,281 | 173,768 |
| Compost site | 127,200 | - | 127,200 | 88,916 | 38,284 |
| Disposal of solid waste | 4,241,700 | 5,078 | 4,246,778 | 4,158,605 | 88,173 |
| Grounds and building maintenance | 1,792,375 | (251,763) | 1,540,612 | 1,438,230 | 102,382 |
| Highways and park maintenance | 5,327,072 | (845,549) | 4,481,523 | 4,305,386 | 176,137 |
| Total public works | 14,438,884 | (1,532,821) | 12,906,063 | 12,288,904 | 617,159 |

(Continued)

See Notes to Required Supplementary Information.

City of West Haven, Connecticut

Required Supplementary Information

General Fund
Schedule of Expenditures and Other Financing Uses
Budget and Actual
For the Year Ended June 30, 2024

| | Original Budget | Additional Appropriations and Transfers | Final Budget | Actual | Variance with Final Budget |
|--|----------------------|---|----------------------|----------------------|----------------------------------|
| Benefits and insurance: | | | | | |
| Insurance | \$ 1,460,000 | \$ 176,671 | \$ 1,636,671 | \$ 1,571,062 | \$ 65,609 |
| Pensions and hospitalizations | 21,556,499 | (114,998) | 21,441,501 | 21,295,164 | 146,337 |
| OPEB contribution | 500,000 | - | 500,000 | 500,000 | - |
| C-Med programs | 43,023 | - | 43,023 | 40,909 | 2,114 |
| Total benefits and insurance | <u>23,559,522</u> | <u>61,673</u> | <u>23,621,195</u> | <u>23,407,135</u> | <u>214,060</u> |
| Human resources and health and welfare: | | | | | |
| Department of human resources | 465,052 | (52,832) | 412,220 | 400,436 | 11,784 |
| Department of elderly services | 439,201 | 213 | 439,414 | 401,627 | 37,787 |
| Health department | 588,116 | (85,156) | 502,960 | 498,413 | 4,547 |
| Total human resources and health and welfare | <u>1,492,369</u> | <u>(137,775)</u> | <u>1,354,594</u> | <u>1,300,476</u> | <u>54,118</u> |
| Parks and recreation | <u>1,132,458</u> | <u>31,991</u> | <u>1,164,449</u> | <u>1,053,876</u> | <u>110,573</u> |
| Library | <u>1,625,000</u> | <u>-</u> | <u>1,625,000</u> | <u>1,625,000</u> | <u>-</u> |
| Education | <u>89,960,421</u> | <u>-</u> | <u>89,960,421</u> | <u>89,960,421</u> | <u>-</u> |
| Debt service | <u>14,358,925</u> | <u>-</u> | <u>14,358,925</u> | <u>12,349,639</u> | <u>2,009,286</u> |
| Total expenditures | <u>173,904,053</u> | <u>(990,000)</u> | <u>172,914,053</u> | <u>168,930,994</u> | <u>3,983,059</u> |
| Other financing uses: | | | | | |
| Transfers out | <u>-</u> | <u>990,000</u> | <u>990,000</u> | <u>990,000</u> | <u>-</u> |
| Total expenditures and other financing uses | <u>\$173,904,053</u> | <u>\$ -</u> | <u>\$173,904,053</u> | <u>\$169,920,994</u> | <u>\$3,983,059</u> |

(Concluded)

See Notes to Required Supplementary Information.

City of West Haven, Connecticut
Required Supplementary Information
Allingtown Fire Department Fund
Schedule of Revenues
Budget and Actual
For the Year Ended June 30, 2024

| | Original Budget | Additional Appropriations and Transfers | Final Budget | Actual | Variance with Final Budget |
|--|---------------------|---|---------------------|---------------------|----------------------------------|
| Property taxes: | | | | | |
| Current property taxes | \$ 6,788,447 | \$ - | \$ 6,788,447 | \$ 6,941,110 | \$ 152,663 |
| Prior year property taxes | 72,000 | - | 72,000 | 110,850 | 38,850 |
| Interest and lien fees | 44,000 | - | 44,000 | 83,412 | 39,412 |
| PILOT - regional water authority | 49,166 | - | 49,166 | 49,117 | (49) |
| Total property taxes | 6,953,613 | - | 6,953,613 | 7,184,489 | 230,876 |
| Intergovernmental: | | | | | |
| Tiered PILOT | 770,501 | - | 770,501 | 733,961 | (36,540) |
| Motor vehicle tax allocation | 960,525 | 342,000 | 1,302,525 | 1,302,849 | 324 |
| FEMA grants | 271,429 | - | 271,429 | - | (271,429) |
| State miscellaneous grants | 21,515 | - | 21,515 | 21,715 | 200 |
| Total intergovernmental | 2,023,970 | 342,000 | 2,365,970 | 2,058,525 | (307,445) |
| Charges for services: | | | | | |
| Bundle billing | 40,000 | - | 40,000 | 9,656 | (30,344) |
| Police/fire outside services | 4,000 | - | 4,000 | 11,935 | 7,935 |
| Fire department transportation fees | - | - | - | 57,401 | 57,401 |
| Insurance reimbursement | - | - | - | 15,360 | 15,360 |
| Other fees | 60,000 | 61,093 | 121,093 | 130,779 | 9,686 |
| Total charges for services | 104,000 | 61,093 | 165,093 | 225,131 | 60,038 |
| Contributions: | | | | | |
| University of New Haven and Yale donations | 100,000 | - | 100,000 | 100,000 | - |
| Total revenues | \$ 9,181,583 | \$ 403,093 | \$ 9,584,676 | \$ 9,568,145 | \$ (16,531) |

See Notes to Required Supplementary Information.

City of West Haven, Connecticut
Required Supplementary Information
Allington Fire Department Fund
Schedule of Expenditures and Other Financing Uses
Budget and Actual
For the Year Ended June 30, 2024

| | Original Budget | Additional Appropriations and Transfers | Final Budget | Actual | Variance with Final Budget |
|--|--------------------|---|---------------------|--------------------|----------------------------------|
| Personnel: | | | | | |
| Salaries | \$1,809,574 | \$ - | \$ 1,809,574 | \$ 1,813,063 | \$ (3,489) |
| Overtime and vacation pay | 525,000 | - | 525,000 | 605,549 | (80,549) |
| Uniforms | 26,000 | - | 26,000 | 26,287 | (287) |
| Life insurance | 31,000 | - | 31,000 | 26,387 | 4,613 |
| Pension contribution | 2,706,196 | 1,107,947 | 3,814,143 | 3,814,142 | 1 |
| OPEB contribution | 117,500 | - | 117,500 | 117,500 | - |
| Heart and hypertension | 35,000 | - | 35,000 | 35,000 | - |
| Workers' compensation insurance | 125,000 | - | 125,000 | 125,000 | - |
| Insurance | 1,666,842 | - | 1,666,842 | 1,725,561 | (58,719) |
| Education incentive (EMT-certification) | 115,250 | - | 115,250 | 90,225 | 25,025 |
| Social security and medicare (FICA) | 81,721 | - | 81,721 | 88,768 | (7,047) |
| Total personnel | 7,239,083 | 1,107,947 | 8,347,030 | 8,467,482 | (120,452) |
| Maintenance: | | | | | |
| Building maintenance | 20,000 | - | 20,000 | 12,008 | 7,992 |
| Equipment purchase/maintenance | 60,000 | 25,000 | 85,000 | 127,292 | (42,292) |
| Tools | 70,000 | - | 70,000 | 49,833 | 20,167 |
| Radio | 40,000 | - | 40,000 | 3,641 | 36,359 |
| Total maintenance | 190,000 | 25,000 | 215,000 | 192,774 | 22,226 |
| Administration: | | | | | |
| Training | 31,000 | - | 31,000 | 43,004 | (12,004) |
| Business | 16,000 | - | 16,000 | 22,105 | (6,105) |
| Financial services | 20,000 | - | 20,000 | - | 20,000 |
| Total administration | 67,000 | - | 67,000 | 65,109 | 1,891 |
| Utilities, insurance and equipment: | | | | | |
| Heating | 15,000 | - | 15,000 | 10,143 | 4,857 |
| Electricity | 17,000 | - | 17,000 | 15,597 | 1,403 |
| Water | 198,000 | - | 198,000 | 206,208 | (8,208) |
| Telephone | 14,000 | (54,854) | (40,854) | 22,415 | (63,269) |
| Emergency reporting system | 305,000 | - | 305,000 | 219,187 | 85,813 |
| Medical testing and equipment | 54,000 | - | 54,000 | 44,294 | 9,706 |
| Office supplies | 6,000 | - | 6,000 | 5,091 | 909 |
| Gasoline and diesel | 18,000 | - | 18,000 | 20,389 | (2,389) |
| General liability insurance | 60,000 | - | 60,000 | 60,063 | (63) |
| Workers' compensation | - | - | - | 3,356 | (3,356) |
| Personal computers | 42,500 | - | 42,500 | 39,242 | 3,258 |
| Contingency | 175,000 | (175,000) | - | - | - |
| Professional services | 16,000 | - | 16,000 | 3,132 | 12,868 |
| Total utilities, insurance and equipment | 920,500 | (229,854) | 690,646 | 649,117 | 41,529 |
| Capital outlay | 265,000 | - | 265,000 | 143,936 | 121,064 |
| Total expenditures | 8,681,583 | 903,093 | 9,584,676 | 9,518,418 | 66,258 |
| Other financing uses: | | | | | |
| Transfer out - capital and nonrecurring fund | 500,000 | (500,000) | - | - | - |
| Total expenditures and other financing uses | \$9,181,583 | \$ 403,093 | \$ 9,584,676 | \$9,518,418 | \$ 66,258 |

See Notes to Required Supplementary Information.

City of West Haven, Connecticut

Notes to Required Supplementary Information

**Budgets and Budgetary Accounting
For the Year Ended June 30, 2024**

The City adheres to the following procedures in establishing the budgetary data included in the General Fund and Allingtown Fire Department financial statements. The operating budget, which is prepared by function and department, includes proposed expenditures and the means of financing them.

General Fund

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

- The City does not budget for as revenue or expenditures payments made for the State Teachers' pension and OPEB by the State of Connecticut on the City's behalf.

Reconciliation to Exhibit D

| | Revenues | Expenditures |
|--|---------------|---------------|
| Budgetary Basis - RSI-1 | \$176,046,203 | \$168,930,994 |
| State Teachers' pension on behalf amount | 16,180,979 | 16,180,979 |
| State Teachers' OPEB on behalf amount | 220,191 | 220,191 |
| GAAP Basis - Exhibit D | \$192,447,373 | \$185,332,164 |

By Charter, the Mayor's recommended budget for the fiscal year beginning July 1 is presented to the City Council no later than the third Thursday in March, with Council action mandated on or before the first Thursday in May.

After adoption of the original budget, budget transfer amounts less than \$1,500 within departments require the approval of both the Mayor and the Director of Finance. Budget transfer amounts exceeding \$1,500 require the approval of the City Council.

See Note IV.D for additional current approvals required by the Municipal Accountability Review Board (MARB).

The legal level of control (the level at which expenditures may not legally exceed appropriations) is the department level for the general fund.

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

The Board of Education, which is not a separate legal entity but a function of the City, is authorized under State law to make any transfers required within their budget at their discretion.

The City Council can approve additional appropriations on recommendation of the Mayor and certification from the Director of Finance that there is available fund balance.

Allingtown Fire Department Fund

The legal level of control (the level at which expenditures may not legally exceed appropriations) is the fund level for the Allingtown Fire Department.

During the year, there were additional appropriations from revenue of: \$ 403,093

Town of West Haven, Connecticut

Required Supplementary Information

Police Pension Plan
Last Ten Years

| | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
|--|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Schedule of Changes in Net Pension Liability and Related Ratios | | | | | | | | | | |
| Total pension liability: | | | | | | | | | | |
| Service cost | \$ 1,328,961 | \$ 1,212,535 | \$ 785,814 | \$ 1,148,323 | \$ 1,392,240 | \$ 1,259,486 | \$ 1,557,421 | \$ 1,456,995 | \$ 1,734,676 | \$ 1,615,531 |
| Interest | 11,445,356 | 10,836,258 | 10,597,499 | 10,001,560 | 9,775,544 | 10,276,337 | 9,998,157 | 9,985,109 | 9,687,559 | 9,377,636 |
| Differences between expected and actual experience | - | 7,775,336 | - | (8,754,588) | - | (9,950,205) | - | (3,803,033) | - | (1,106,768) |
| Changes in assumptions | - | 3,059,023 | - | 14,149,801 | - | 3,856,902 | - | (311,559) | - | - |
| Benefit payments, including refunds of member contributions | (9,427,214) | (9,000,541) | (7,935,813) | (7,705,238) | (7,796,598) | (7,631,461) | (7,345,028) | (7,160,318) | (7,064,026) | (6,758,653) |
| Net change in total pension liability | 3,347,103 | 13,882,611 | 3,447,500 | 8,839,858 | 3,371,186 | (2,188,941) | 4,210,550 | 167,194 | 4,358,209 | 3,127,746 |
| Total pension liability - July 1 | 169,180,754 | 155,298,143 | 151,850,643 | 143,010,785 | 139,639,599 | 141,828,540 | 137,617,990 | 137,450,796 | 133,092,587 | 129,964,841 |
| Total pension liability - June 30 (a) | <u>\$ 172,527,857</u> | <u>\$ 169,180,754</u> | <u>\$ 155,298,143</u> | <u>\$ 151,850,643</u> | <u>\$ 143,010,785</u> | <u>\$ 139,639,599</u> | <u>\$ 141,828,540</u> | <u>\$ 137,617,990</u> | <u>\$ 137,450,796</u> | <u>\$ 133,092,587</u> |
| Plan fiduciary net position: | | | | | | | | | | |
| Contributions - employer | \$ 4,023,000 | \$ 2,396,000 | \$ 2,430,000 | \$ 2,412,000 | \$ 2,203,317 | \$ 1,994,500 | \$ 2,091,000 | \$ 1,850,000 | \$ 1,850,000 | \$ 1,274,950 |
| Contributions - member | 393,604 | 464,214 | 436,179 | 462,875 | 473,136 | 522,344 | 566,567 | 580,520 | 571,774 | 590,403 |
| Net investment income (loss) | 17,262,386 | 11,533,635 | (20,598,365) | 31,437,890 | (894,112) | 4,655,627 | 9,468,710 | 11,560,855 | (2,589,880) | 2,067,404 |
| Benefit payments, including refunds of member contributions | (9,427,214) | (9,000,541) | (7,935,813) | (7,705,238) | (7,796,598) | (7,631,461) | (7,345,028) | (7,160,318) | (7,064,026) | (6,758,653) |
| Administration | (14,114) | (20,297) | (324,395) | (484,899) | (14,030) | (13,867) | (16,843) | (23,123) | (14,646) | (26,720) |
| Net change in plan fiduciary net position | 12,237,662 | 5,373,011 | (25,992,394) | 26,122,628 | (6,028,287) | (472,857) | 4,764,406 | 6,807,934 | (7,246,778) | (2,852,616) |
| Plan fiduciary net position - July 1 | 119,550,576 | 114,177,565 | 140,169,959 | 114,047,331 | 120,075,618 | 120,548,475 | 115,784,069 | 108,976,135 | 116,222,913 | 119,075,529 |
| Plan fiduciary net position - June 30 (b) | <u>\$ 131,788,238</u> | <u>\$ 119,550,576</u> | <u>\$ 114,177,565</u> | <u>\$ 140,169,959</u> | <u>\$ 114,047,331</u> | <u>\$ 120,075,618</u> | <u>\$ 120,548,475</u> | <u>\$ 115,784,069</u> | <u>\$ 108,976,135</u> | <u>\$ 116,222,913</u> |
| Net pension liability - June 30 (a)-(b) | <u>\$ 40,739,619</u> | <u>\$ 49,630,178</u> | <u>\$ 41,120,578</u> | <u>\$ 11,680,684</u> | <u>\$ 28,963,454</u> | <u>\$ 19,563,981</u> | <u>\$ 21,280,065</u> | <u>\$ 21,833,921</u> | <u>\$ 28,474,661</u> | <u>\$ 16,869,674</u> |
| Plan fiduciary net position as a percentage of the total pension liability | 76.39% | 70.66% | 73.52% | 92.31% | 79.75% | 85.99% | 85.00% | 84.13% | 79.28% | 87.32% |
| Covered payroll | <u>\$ 5,033,228</u> | <u>\$ 4,995,379</u> | <u>\$ 4,995,379</u> | <u>\$ 5,765,537</u> | <u>\$ 5,765,537</u> | <u>\$ 6,588,354</u> | <u>\$ 6,588,354</u> | <u>\$ 6,588,354</u> | <u>\$ 7,160,460</u> | <u>\$ 7,160,460</u> |
| Net pension liability as a percentage of covered payroll | 809.41% | 993.52% | 823.17% | 202.59% | 502.35% | 296.95% | 323.00% | 331.40% | 397.67% | 235.59% |
| Schedule of Investment Returns | | | | | | | | | | |
| Annual money weighted rate of return, net of investment expense | 14.65% | 9.68% | (14.60%) | 27.31% | (0.76%) | 3.95% | 8.60% | 10.64% | (1.87%) | 1.43% |

See Notes to Required Supplementary Information.

City of West Haven, Connecticut
Required Supplementary Information

Police Pension Plan
Schedule of Contributions
Last Ten Years

| | <u>2024</u> | <u>2023</u> | <u>2022</u> | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> |
|--|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|-----------------------|
| Actuarially determined contributions | \$ 3,951,680 | \$ 2,396,000 | \$ 2,598,048 | \$ 2,411,601 | \$ 2,203,317 | \$ 1,994,500 | \$ 1,927,100 | \$ 1,861,931 | \$ 1,848,528 | \$ 2,342,798 |
| Contributions in relation to the actuarially determined contribution | 4,023,000 | 2,396,000 | 2,430,000 | 2,412,000 | 2,203,317 | 1,994,500 | 2,091,000 | 1,850,000 | 1,850,000 | 1,274,950 |
| Contribution excess (deficiency) | <u>\$ 71,320</u> | <u>\$ -</u> | <u>\$ (168,048)</u> | <u>\$ 399</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 163,900</u> | <u>\$ (11,931)</u> | <u>\$ 1,472</u> | <u>\$ (1,067,848)</u> |
| Covered payroll | <u>\$ 5,033,228</u> | <u>\$ 4,995,379</u> | <u>\$ 4,995,379</u> | <u>\$ 5,765,537</u> | <u>\$ 5,765,537</u> | <u>\$ 6,588,354</u> | <u>\$ 6,588,354</u> | <u>\$ 6,588,354</u> | <u>\$ 7,160,460</u> | <u>\$ 7,160,460</u> |
| Contributions as a percentage of covered payroll | <u>79.93%</u> | <u>47.96%</u> | <u>48.64%</u> | <u>41.83%</u> | <u>38.22%</u> | <u>30.27%</u> | <u>31.74%</u> | <u>28.08%</u> | <u>25.84%</u> | <u>17.81%</u> |

City of West Haven, Connecticut
Notes to Required Supplementary Information

Police Pension Plan
Schedule of Contributions
Last Ten Years

| | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
|---|---|---|---|---|--|--|--|--|--|--|
| Changes of benefit terms | None | None | None | None | None | None | None | None | None | None |
| The actuarially determined contribution rates are calculated as of | July 1, 2022 | July 1, 2022 | July 1, 2020 | July 1, 2020 | July 1, 2018 | July 1, 2018 | January 1, 2016 | January 1, 2016 | January 1, 2014 | January 1, 2014 |
| Actuarial methods and assumptions used to determine contribution rates: | | | | | | | | | | |
| Actuarial cost method | Projected unit credit | Projected unit credit | Projected unit credit | Projected unit credit | Projected unit credit | Projected unit credit | Projected unit credit | Projected unit credit | Projected unit credit | Projected unit credit |
| Amortization method | Level percentage, closed | Level percentage, closed | Level percentage, closed | Level percentage, closed | Level percentage, closed | Level percentage, closed | Level percentage, closed | Level percentage, closed | Level percentage, closed | Level percentage, closed |
| Asset valuation method | 5 year smoothing | 5 year smoothing | 5 year smoothing | 5 year smoothing | 5 year smoothing | 5 year smoothing | 5 year smoothing | 5 year smoothing | 5 year smoothing | 5 year smoothing |
| Inflation rate | 2.75% | 2.75% | 2.75% | 2.75% | 2.75% | 2.75% | 2.75% | 2.75% | 2.75% | 2.75% |
| Salary increases | 3.50% | 3.50% | 3.50% | 3.50% | 3.50% | 3.50% | 3.50% | 3.50% | 3.50% | 3.50% |
| Investment rate of return (net) | 6.90% | 6.90% | 7.13% | 7.13% | 7.13% | 7.13% | 7.38% | 7.38% | 7.38% | 7.38% |
| Mortality rate | PubS-2010 Mortality Table with generational projection per the MP-2021 ultimate scale | PubS-2010 Mortality Table with generational projection per the MP-2021 ultimate scale | PubS-2010 Mortality Table with generational projection per the MP-2019 ultimate scale | PubS-2010 Mortality Table with generational projection per the MP-2019 ultimate scale | RP-2000 Mortality Table projected to 2020 per Scale AA | RP-2000 Mortality Table projected to 2020 per Scale AA | RP-2000 Mortality Table projected to 2020 per Scale AA | RP-2000 Mortality Table projected to 2020 per Scale AA | RP-2000 Mortality Table projected to 2020 per Scale AA | RP-2000 Mortality Table projected to 2020 per Scale AA |

City of West Haven, Connecticut

Required Supplementary Information

Allingtown Fire Department Pension Plan
Last Ten Years

| | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| Schedule of Changes in Net Pension Liability and Related Ratios | | | | | | | | | | |
| Total pension liability: | | | | | | | | | | |
| Service cost | \$ 332,428 | \$ 354,848 | \$ 300,800 | \$ 308,556 | \$ 285,870 | \$ 386,203 | \$ 373,143 | \$ 524,520 | \$ 491,354 | \$ 462,468 |
| Interest | 2,128,383 | 2,091,434 | 2,224,428 | 2,170,227 | 2,035,642 | 2,005,277 | 1,936,364 | 1,894,119 | 1,832,169 | 1,838,710 |
| Differences between expected and actual experience | 1,327,772 | - | (2,368,752) | - | (360,338) | - | 551,655 | - | (1,272,361) | - |
| Effect of plan changes | - | - | - | - | - | - | - | - | 1,419,497 | - |
| Changes in assumptions | (294,083) | - | 2,008,196 | - | 1,729,217 | - | - | - | 1,515,081 | - |
| Benefit payments, including refunds of member contributions | (1,880,673) | (1,786,158) | (1,634,720) | (1,700,317) | (1,737,525) | (1,941,719) | (1,767,724) | (1,519,142) | (1,361,295) | (1,366,522) |
| Net change in total pension liability | 1,613,827 | 660,124 | 529,952 | 778,466 | 1,952,866 | 449,761 | 1,093,438 | 899,497 | 2,624,445 | 934,656 |
| Total pension liability - July 1 | 34,647,774 | 33,987,650 | 33,457,698 | 32,679,232 | 30,726,366 | 30,276,605 | 29,183,167 | 28,283,670 | 25,659,225 | 24,724,569 |
| Total pension liability - June 30 (a) | <u>\$ 36,261,601</u> | <u>\$ 34,647,774</u> | <u>\$ 33,987,650</u> | <u>\$ 33,457,698</u> | <u>\$ 32,679,232</u> | <u>\$ 30,726,366</u> | <u>\$ 30,276,605</u> | <u>\$ 29,183,167</u> | <u>\$ 28,283,670</u> | <u>\$ 25,659,225</u> |
| Plan fiduciary net position: | | | | | | | | | | |
| Contributions - employer | \$ 3,739,196 | \$ 2,943,412 | \$ 3,113,800 | \$ 3,138,868 | \$ 2,250,737 | \$ 2,150,220 | \$ 1,894,851 | \$ 1,691,815 | \$ 1,559,866 | \$ 1,571,325 |
| Contributions - member | 97,928 | 145,700 | 107,081 | 110,639 | 99,374 | 102,602 | 121,477 | 145,266 | 164,437 | 161,935 |
| Net investment income (loss) | 1,721,077 | 686,877 | (1,354,196) | 1,065,826 | 498,305 | 610,128 | 515,517 | 454,693 | 71,139 | (89,385) |
| Benefit payments, including refunds of member contributions | (1,880,673) | (1,786,158) | (1,634,720) | (1,700,317) | (1,737,525) | (1,941,719) | (1,767,724) | (1,519,142) | (1,361,295) | (1,366,522) |
| Administration | (68,188) | (76,639) | (328,556) | (78,038) | (125) | (77,486) | (35) | (9,551) | (28,895) | (100) |
| Net change in plan fiduciary net position | 3,609,340 | 1,913,192 | (96,591) | 2,536,978 | 1,110,766 | 843,745 | 764,086 | 763,081 | 405,252 | 277,253 |
| Plan fiduciary net position - July 1 | 13,570,469 | 11,657,277 | 11,753,868 | 9,216,890 | 8,106,124 | 7,262,379 | 6,498,293 | 5,735,212 | 5,329,960 | 5,052,707 |
| Plan fiduciary net position - June 30 (b) | <u>\$ 17,179,809</u> | <u>\$ 13,570,469</u> | <u>\$ 11,657,277</u> | <u>\$ 11,753,868</u> | <u>\$ 9,216,890</u> | <u>\$ 8,106,124</u> | <u>\$ 7,262,379</u> | <u>\$ 6,498,293</u> | <u>\$ 5,735,212</u> | <u>\$ 5,329,960</u> |
| Net pension liability - June 30 (a)-(b) | <u>\$ 19,081,792</u> | <u>\$ 21,077,305</u> | <u>\$ 22,330,373</u> | <u>\$ 21,703,830</u> | <u>\$ 23,462,342</u> | <u>\$ 22,620,242</u> | <u>\$ 23,014,226</u> | <u>\$ 22,684,874</u> | <u>\$ 22,548,458</u> | <u>\$ 20,329,265</u> |
| Plan fiduciary net position as a percentage of the total pension liability | <u>47.38%</u> | <u>39.17%</u> | <u>34.30%</u> | <u>35.13%</u> | <u>28.20%</u> | <u>26.38%</u> | <u>23.99%</u> | <u>22.27%</u> | <u>20.28%</u> | <u>20.77%</u> |
| Covered payroll | <u>\$ 973,137</u> | <u>\$ 973,137</u> | <u>\$ 984,212</u> | <u>\$ 984,212</u> | <u>\$ 1,275,933</u> | <u>\$ 1,275,933</u> | <u>\$ 1,689,604</u> | <u>\$ 1,689,604</u> | <u>\$ 1,678,136</u> | <u>\$ 1,678,136</u> |
| Net pension liability as a percentage of covered payroll | <u>1960.85%</u> | <u>2165.91%</u> | <u>2268.86%</u> | <u>2205.20%</u> | <u>1838.84%</u> | <u>1772.84%</u> | <u>1362.11%</u> | <u>1342.61%</u> | <u>1343.66%</u> | <u>1211.42%</u> |
| Schedule of Investment Returns | | | | | | | | | | |
| Annual money weighted rate of return, net of investment expense | <u>6.13%</u> | <u>7.38%</u> | <u>(11.36%)</u> | <u>9.45%</u> | <u>5.79%</u> | <u>8.22%</u> | <u>7.77%</u> | <u>7.53%</u> | <u>1.29%</u> | <u>(1.70%)</u> |

City of West Haven, Connecticut

Required Supplementary Information

Allingtown Fire Department Pension Plan
Schedule of Contributions
Last Ten Years

| | <u>2024</u> | <u>2023</u> | <u>2022</u> | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> |
|--|---------------------|-------------------|-------------------|-------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Actuarially determined contributions | \$ 2,125,280 | \$ 2,053,411 | \$ 2,488,867 | \$ 2,404,702 | \$ 2,250,737 | \$ 2,174,625 | \$ 2,080,270 | \$ 2,009,923 | \$ 1,597,526 | \$ 1,536,083 |
| Contributions in relation to the actuarially determined contribution | <u>3,739,196</u> | <u>2,943,412</u> | <u>3,113,800</u> | <u>3,138,868</u> | <u>2,250,737</u> | <u>2,150,220</u> | <u>1,894,851</u> | <u>1,691,815</u> | <u>1,559,866</u> | <u>1,571,325</u> |
| Contribution excess (deficiency) | <u>\$ 1,613,916</u> | <u>\$ 890,001</u> | <u>\$ 624,933</u> | <u>\$ 734,166</u> | <u>\$ -</u> | <u>\$ (24,405)</u> | <u>\$ (185,419)</u> | <u>\$ (318,108)</u> | <u>\$ (37,660)</u> | <u>\$ 35,242</u> |
| Covered payroll | <u>\$ 973,137</u> | <u>\$ 973,137</u> | <u>\$ 984,212</u> | <u>\$ 984,212</u> | <u>\$ 1,275,933</u> | <u>\$ 1,275,933</u> | <u>\$ 1,689,604</u> | <u>\$ 1,689,604</u> | <u>\$ 1,678,136</u> | <u>\$ 1,678,136</u> |
| Contributions as a percentage of covered payroll | <u>384.24%</u> | <u>302.47%</u> | <u>316.37%</u> | <u>318.92%</u> | <u>176.40%</u> | <u>168.52%</u> | <u>112.15%</u> | <u>100.13%</u> | <u>92.95%</u> | <u>93.64%</u> |

City of West Haven, Connecticut

Notes to Required Supplementary Information

Allingtown Fire Department Pension Plan
Schedule of Contributions
Last Ten Years

| | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
|---|---|---|--|--|---|---|---|---|---|---|
| Changes of benefit terms | None | None | None | None | None | None | None | None | None | None |
| The actuarially determined contribution rates are calculated as of | July 1, 2021 | July 1, 2021 | July 1, 2019 | July 1, 2019 | July 1, 2017 | July 1, 2017 | July 1, 2016 | July 1, 2016 | July 1, 2015 | July 1, 2013 |
| Actuarial methods and assumptions used to determine contribution rates: | | | | | | | | | | |
| Actuarial cost method | Entry age normal | Entry age normal | Entry age normal | Entry age normal | Entry age normal | Entry age normal | Entry age normal | Entry age normal | Entry age normal | Entry age normal |
| Amortization method | Level percentage, closed | Level percentage, closed | Level percentage, closed | Level percentage, closed | Level percentage, closed | Level percentage, closed | Level percentage, closed | Level percentage, closed | Level percentage, closed | Level percentage, closed |
| Asset valuation method | 5 year smoothing | 5 year smoothing | 5 year smoothing | 5 year smoothing | 5 year smoothing | 5 year smoothing | 5 year smoothing | 5 year smoothing | 5 year smoothing | 5 year smoothing |
| Inflation rate | 2.75% | 2.75% | 2.75% | 2.75% | 2.75% | 2.75% | 2.75% | 2.75% | 2.75% | 2.00% |
| Salary increases | 3.50% | 3.50% | 3.50% | 3.50% | 3.50% | 3.50% | 3.50% | 3.50% | 3.50% | 2.00% |
| Investment rate of return (net) | 6.25% | 6.25% | 6.75% | 6.75% | 6.75% | 6.75% | 6.75% | 6.75% | 6.75% | 7.50% |
| Mortality rate | PubS-2010 Mortality Table with generational projection per the MP-2019 Ultimate scale | PubS-2010 Mortality Table with generational projection per the MP-2019 Ultimate scale | PubS-2010 Mortality Table with generational projection per the MP Ultimate Scale | PubS-2010 Mortality Table with generational projection per the MP Ultimate Scale | RP-2000 Mortality Table with generational projection per Scale AA | RP-2000 Mortality Table with generational projection per Scale AA | RP-2000 Mortality Table with generational projection per Scale AA | RP-2000 Mortality Table with generational projection per Scale AA | RP-2000 Mortality Table with generational projection per Scale AA | RP-2000 Mortality Table with generational projection per Scale AA |

City of West Haven, Connecticut
Required Supplementary Information
Connecticut State Teachers' Retirement System
Last Ten Years

| | <u>2024</u> | <u>2023</u> | <u>2022</u> | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> |
|---|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| <u>Schedule of Proportionate Share of the Collective Net Pension Liability</u> | | | | | | | | | | |
| City's proportion of the collective net pension liability | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| City's proportionate share of the collective net pension liability | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| State of Connecticut's proportionate share of the collective net pension liability associated with the City | 174,390,422 | 190,244,877 | 152,929,267 | 193,090,442 | 178,544,596 | 137,668,256 | 142,269,191 | 150,095,086 | 113,727,170 | 105,117,977 |
| Total | \$ 174,390,422 | \$ 190,244,877 | \$ 152,929,267 | \$ 193,090,442 | \$ 178,544,596 | \$ 137,668,256 | \$ 142,269,191 | \$ 150,095,086 | \$ 113,727,170 | \$ 105,117,977 |
| City's covered payroll | (2) | (2) | (2) | (2) | (2) | (2) | (2) | (2) | (2) | (2) |
| City's proportionate share of the collective net pension liability as a percentage of covered payroll | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| Plan fiduciary net position as a percentage of the collective total pension liability | 58.39% | 54.06% | 60.77% | 49.24% | 52.00% | 57.69% | 55.93% | 52.26% | 59.50% | 61.51% |
| <u>Schedule of Contributions</u> | | | | | | | | | | |
| Contractually required contribution (1) | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Contributions in relation to the contractually required contribution | - | - | - | - | - | - | - | - | - | - |
| Contribution deficiency (excess) | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| City's covered payroll | (2) | (2) | (2) | (2) | (2) | (2) | (2) | (2) | (2) | (2) |
| Contributions as a percentage of covered payroll | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |

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

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

City of West Haven, Connecticut

Notes to Required Supplementary Information

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

| | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
|---|--|--|--|--|--|---|--|--|--|--|
| Changes of benefit terms | None | None | None | None | None | Beginning January 1, 2018, member contributions increased from 6.00% to 7.00% of salary | None | None | None | None |
| The actuarially determined contribution rates are calculated as of | June 30, 2020 | June 30, 2020 | June 30, 2018 | June 30, 2018 | June 30, 2016 | June 30, 2016 | June 30, 2014 | June 30, 2014 | June 30, 2012 | June 30, 2012 |
| Actuarial methods and assumptions used to determine contribution rates: | | | | | | | | | | |
| Actuarial cost method | Entry age | Entry age | Entry age | Entry age | Entry age | Entry age | Entry age | Entry age | Entry age | Entry age |
| Amortization method | Level percent of salary, closed, grading to a level dollar | Level percent of salary, closed, grading to a level dollar | Level percent of salary, closed, grading to a level dollar | Level percent of salary, closed, grading to a level dollar | Level percent of salary, closed | Level percent of salary, closed | Level percent of salary, closed | Level percent of salary, closed | Level percent of salary, closed | Level percent of salary, closed |
| Remaining amortization period (equivalent single period) | 26.8 years | 27.8 years | 28.8 years | 29.8 years | 30 years | 30 years | 20.4 years | 21.4 years | 22.4 years | 23.4 years |
| Asset valuation method | 4 year smoothing | 4 year smoothing | 4 year smoothing | 4 year smoothing | 4 year smoothing | 4 year smoothing | 4 year smoothing | 4 year smoothing | 4 year smoothing | 4 year smoothing |
| Inflation rate | 2.50% | 2.50% | 2.50% | 2.50% | 2.75% | 2.75% | 3.00% | 3.00% | 3.00% | 3.00% |
| Salary increases | 3.00%-6.50%, average, including inflation | 3.00%-6.50%, average, including inflation | 3.25%-6.50%, average, including inflation | 3.25%-6.50%, average, including inflation | 3.25%-6.50%, average, including inflation | 3.25%-6.50%, average, including inflation | 3.75%-7.00%, average, including inflation | 3.75%-7.00%, average, including inflation | 3.75%-7.00%, average, including inflation | 3.75%-7.00%, average, including inflation |
| Cost-of-living adjustments | 1.75%-3.00% based on retirement date | 1.75%-3.00% based on retirement date | 1.75%-3.00% based on retirement date | 1.75%-3.00% based on retirement date | 1.75%-3.00% based on retirement date | 1.75%-3.00% based on retirement date | 2.00%-3.00% based on retirement date | 2.00%-3.00% based on retirement date | 2.00%-3.00% based on retirement date | 2.00%-3.00% based on retirement date |
| Investment rate of return (net) | 6.90% | 6.90% | 6.90% | 6.90% | 8.00% | 8.00% | 8.50% | 8.50% | 8.50% | 8.50% |
| Mortality rate | PubT-2010 Table projected generationally with MP-2019 | PubT-2010 Table projected generationally with MP-2019 | RP-2014 White Collar table projected to the year 2020 using the BB improvement scale | RP-2014 White Collar table projected to the year 2020 using the BB improvement scale | RP-2014 White Collar table projected to the year 2020 using the BB improvement scale | RP-2014 White Collar table projected to the year 2020 using the BB improvement scale | RP-2000 Combined Mortality Table projected 19 years using scale AA | RP-2000 Combined Mortality Table projected 19 years using scale AA | RP-2000 Combined Mortality Table projected 19 years using scale AA | RP-2000 Combined Mortality Table projected 19 years using scale AA |

City of West Haven, Connecticut
Required Supplementary Information
City Other Post-Employment Benefit (OPEB) Plan
Last Eight Years (1)

| | <u>2024</u> | <u>2023</u> | <u>2022</u> | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> |
|--|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| <u>Schedule of Changes in Net OPEB Liability and Related Ratios</u> | | | | | | | | |
| OPEB liability: | | | | | | | | |
| Service cost | \$ 4,744,179 | \$ 6,806,957 | \$ 10,813,464 | \$ 11,080,550 | \$ 7,360,854 | \$ 5,120,818 | \$ 5,336,119 | \$ 5,146,556 |
| Interest | 8,404,775 | 8,067,835 | 7,098,495 | 6,970,456 | 7,085,244 | 7,156,576 | 5,961,628 | 5,137,998 |
| Changes of benefit terms | 660,837 | - | - | - | (1,191,970) | - | (318,736) | - |
| Differences between expected and actual experience | (42,390,226) | - | (27,385,705) | - | 44,337,855 | - | 21,704,481 | - |
| Changes in assumptions | (35,224,057) | (3,450,435) | (80,266,789) | 2,644,827 | 59,017,168 | 9,917,381 | (7,576,180) | (17,603,501) |
| Benefit payments, including refunds of member contributions | <u>(6,744,295)</u> | <u>(7,250,562)</u> | <u>(6,740,573)</u> | <u>(7,653,556)</u> | <u>(7,045,915)</u> | <u>(6,797,571)</u> | <u>(6,199,457)</u> | <u>(7,056,148)</u> |
| Net change in OPEB liability | (70,548,787) | 4,173,795 | (96,481,108) | 13,042,277 | 109,563,236 | 15,397,204 | 18,907,855 | (14,375,095) |
| OPEB liability - July 1 | <u>228,865,531</u> | <u>224,691,736</u> | <u>321,172,844</u> | <u>308,130,567</u> | <u>198,567,331</u> | <u>183,170,127</u> | <u>164,262,272</u> | <u>178,637,367</u> |
| OPEB liability - June 30 | <u>\$ 158,316,744</u> | <u>\$ 228,865,531</u> | <u>\$ 224,691,736</u> | <u>\$ 321,172,844</u> | <u>\$ 308,130,567</u> | <u>\$ 198,567,331</u> | <u>\$ 183,170,127</u> | <u>\$ 164,262,272</u> |
| Plan fiduciary net position: (2) | | | | | | | | |
| Contributions - employer | \$ 7,669,295 | | | | | | | |
| Net investment income (loss) | 238 | | | | | | | |
| Benefit payments, including refunds of member contributions | <u>(6,744,295)</u> | | | | | | | |
| Net change in plan fiduciary net position | 925,238 | | | | | | | |
| Plan fiduciary net position - July 1 | <u>-</u> | | | | | | | |
| Plan fiduciary net position - June 30 (b) | <u>\$ 925,238</u> | | | | | | | |
| Net OPEB liability - June 30 (a)-(b) | <u>\$ 157,391,506</u> | | | | | | | |
| Plan fiduciary net position as a percentage of the total OPEB liability | <u>0.58%</u> | <u>N/A</u> | <u>N/A</u> | <u>N/A</u> | <u>N/A</u> | <u>N/A</u> | <u>N/A</u> | <u>N/A</u> |
| Covered payroll | <u>\$ 123,206,770</u> | <u>\$ 112,066,977</u> | <u>\$ 112,066,977</u> | <u>\$ 78,710,730</u> | <u>\$ 78,710,730</u> | <u>\$ 59,634,262</u> | <u>\$ 59,634,262</u> | <u>\$ 61,793,967</u> |
| OPEB liability as a percentage of covered payroll | <u>128.50%</u> | <u>204.22%</u> | <u>200.50%</u> | <u>408.04%</u> | <u>391.47%</u> | <u>332.98%</u> | <u>307.16%</u> | <u>265.82%</u> |
| <u>Schedule of Investment Returns</u> | | | | | | | | |
| Annual money weighted rate of return, net of investment expense | <u>0.32%</u> | <u>N/A</u> | <u>N/A</u> | <u>N/A</u> | <u>N/A</u> | <u>N/A</u> | <u>N/A</u> | <u>N/A</u> |

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

(2) Trust established during fiscal year 2024.

N/A - Not available or not applicable

See Notes to Required Supplementary Information.

City of West Haven, Connecticut
Required Supplementary Information
City Other Post-Employment Benefit (OPEB) Plan
Schedule of Contributions
June 30, 2024 (1)

| | |
|--|----------------------|
| Actuarially determined contributions | N/A |
| Contributions in relation to the actuarially determined contribution | <u>\$ 7,669,295</u> |
| Contribution excess (deficiency) | <u>N/A</u> |
| Covered payroll | <u>\$123,206,770</u> |
| Contributions as a percentage of covered payroll | <u>6.22%</u> |

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

N/A - As of the latest actuarial valuation, the plan has been pay-as-you-go. The last actuarial valuation was as of July 1, 2023, therefore, no actuarially determined contribution has been calculated.

See Notes to Required Supplementary Information.

City of West Haven, Connecticut

Notes to Required Supplementary Information

**City Other Post-Employment Benefit (OPEB) Plan
Schedule of Contributions
June 30, 2024 (1)**

| | |
|---|---|
| Changes of benefit terms | None |
| The actuarially determined contribution rates are calculated as of | July 1, 2023 |
| Actuarial methods and assumptions used to determine contribution rates: | |
| Actuarial cost method | Entry age normal |
| Amortization method | Level percentage |
| Asset valuation method | 5 year smoothing |
| Inflation rate | 2.50% |
| Salary increases | 3.50% |
| Investment rate of return (net) | 6.50% |
| Mortality rate | PubS-2010 Mortality Table with generational projection per the MP-2021 Ultimate scale |

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

City of West Haven, Connecticut
Required Supplementary Information
Allingtown Fire Department Other Post-Employment Benefit (OPEB) Plan
Last Eight Years (1)

| | <u>2024</u> | <u>2023</u> | <u>2022</u> | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> |
|--|---------------------|----------------------|----------------------|---------------------|---------------------|----------------------|---------------------|---------------------|
| <u>Schedule of Changes in Net OPEB Liability and Related Ratios</u> | | | | | | | | |
| OPEB liability: | | | | | | | | |
| Service cost | \$ 334,126 | \$ 769,872 | \$ 1,201,059 | \$ 1,094,843 | \$ 775,734 | \$ 824,372 | \$ 868,068 | \$ 958,243 |
| Interest | 907,028 | 884,476 | 680,490 | 666,669 | 999,677 | 997,948 | 932,668 | 818,437 |
| Change of benefit terms | - | - | (373,777) | - | - | - | - | - |
| Differences between expected and actual experience | 3,962,417 | - | (162,527) | - | (4,782,737) | - | (26,980) | - |
| Changes in assumptions | (7,590,426) | (509,241) | (6,566,832) | 292,562 | 5,070,555 | 1,736,228 | (1,298,327) | (3,655,785) |
| Benefit payments, including refunds of member contributions | (805,440) | (883,048) | (852,422) | (792,064) | (762,820) | (705,950) | (688,973) | (703,461) |
| Net change in OPEB liability | (3,192,295) | 262,059 | (6,074,009) | 1,262,010 | 1,300,409 | 2,852,598 | (213,544) | (2,582,566) |
| OPEB liability - July 1 | <u>24,915,076</u> | <u>24,653,017</u> | <u>30,727,026</u> | <u>29,465,016</u> | <u>28,164,607</u> | <u>25,312,009</u> | <u>25,525,553</u> | <u>28,108,119</u> |
| OPEB liability - June 30 | <u>\$21,722,781</u> | <u>\$ 24,915,076</u> | <u>\$ 24,653,017</u> | <u>\$30,727,026</u> | <u>\$29,465,016</u> | <u>\$ 28,164,607</u> | <u>\$25,312,009</u> | <u>\$25,525,553</u> |
| Plan fiduciary net position: (2) | | | | | | | | |
| Contributions - employer | \$ 1,022,940 | | | | | | | |
| Net investment income (loss) | 56 | | | | | | | |
| Benefit payments, including refunds of member contributions | (805,440) | | | | | | | |
| Net change in plan fiduciary net position | 217,556 | | | | | | | |
| Plan fiduciary net position - July 1 | - | | | | | | | |
| Plan fiduciary net position - June 30 (b) | <u>\$ 217,556</u> | | | | | | | |
| Net OPEB liability - June 30 (a)-(b) | <u>\$21,505,225</u> | | | | | | | |
| Plan fiduciary net position as a percentage of the total OPEB liability | <u>1.00%</u> | <u>N/A</u> | <u>N/A</u> | <u>N/A</u> | <u>N/A</u> | <u>N/A</u> | <u>N/A</u> | <u>N/A</u> |
| Covered payroll | <u>\$ 1,478,931</u> | <u>N/A</u> | <u>N/A</u> | <u>N/A</u> | <u>N/A</u> | <u>N/A</u> | <u>N/A</u> | <u>N/A</u> |
| OPEB liability as a percentage of covered payroll | <u>1468.82%</u> | <u>N/A</u> | <u>N/A</u> | <u>N/A</u> | <u>N/A</u> | <u>N/A</u> | <u>N/A</u> | <u>N/A</u> |
| <u>Schedule of Investment Returns</u> | | | | | | | | |
| Annual money weighted rate of return, net of investment expense | <u>0.32%</u> | <u>N/A</u> | <u>N/A</u> | <u>N/A</u> | <u>N/A</u> | <u>N/A</u> | <u>N/A</u> | <u>N/A</u> |

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

(2) Trust established during fiscal year 2024.

N/A - Not available or not applicable

See Notes to Required Supplementary Information

City of West Haven, Connecticut

Required Supplementary Information

**Allingtown Fire Department Other Post-Employment Benefit (OPEB) Plan
Schedule of Contributions
June 30, 2024 (1)**

| | |
|--|---------------------|
| Actuarially determined contributions | N/A |
| Contributions in relation to the actuarially determined contribution | <u>\$ 1,022,940</u> |
| Contribution excess (deficiency) | <u>N/A</u> |
| Covered payroll | <u>\$ 1,478,931</u> |
| Contributions as a percentage of covered payroll | <u>69.17%</u> |

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

N/A - As of the latest actuarial valuation, the plan has been pay-as-you-go. The last actuarial valuation was as of July 1, 2023, therefore, no actuarially determined contribution has been calculated.

See Notes to Required Supplementary Information.

City of West Haven, Connecticut

Notes to Required Supplementary Information

**Allingtown Other Post-Employment Benefit (OPEB) Plan
Schedule of Contributions
June 30, 2024 (1)**

| | |
|---|---|
| Changes of benefit terms | None |
| The actuarially determined contribution rates are calculated as of | July 1, 2023 |
| Actuarial methods and assumptions used to determine contribution rates: | |
| Actuarial cost method | Entry age normal |
| Amortization method | Level percentage |
| Asset valuation method | 5 year smoothing |
| Inflation rate | 2.50% |
| Salary increases | 3.50% |
| Investment rate of return (net) | 6.50% |
| Mortality rate | PubS-2010 Mortality Table with generational projection per the MP-2021 Ultimate scale |

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

City of West Haven, Connecticut
Required Supplementary Information

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

| | <u>2024</u> | <u>2023</u> | <u>2022</u> | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| <u>Schedule of Proportionate Share of the Collective Net OPEB Liability</u> | | | | | | | |
| City's proportion of the collective net OPEB liability | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| City's proportionate share of the collective net OPEB liability | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| State of Connecticut's proportionate share of the collective net OPEB liability associated with the City | 16,337,988 | 16,661,088 | 16,661,363 | 28,799,446 | 27,845,037 | 27,520,758 | 36,618,483 |
| Total | <u>\$ 16,337,988</u> | <u>\$ 16,661,088</u> | <u>\$ 16,661,363</u> | <u>\$ 28,799,446</u> | <u>\$ 27,845,037</u> | <u>\$ 27,520,758</u> | <u>\$ 36,618,483</u> |
| City's covered payroll | <u>(2)</u> | <u>(2)</u> | <u>(2)</u> | <u>(2)</u> | <u>(2)</u> | <u>(2)</u> | <u>(2)</u> |
| City's proportionate share of the collective net OPEB liability as a percentage of its covered payroll | <u>0.00%</u> | <u>0.00%</u> | <u>0.00%</u> | <u>0.00%</u> | <u>0.00%</u> | <u>0.00%</u> | <u>0.00%</u> |
| Plan fiduciary net position as a percentage of the collective total OPEB liability | <u>11.92%</u> | <u>9.46%</u> | <u>6.11%</u> | <u>2.50%</u> | <u>2.08%</u> | <u>1.49%</u> | <u>1.79%</u> |
| <u>Schedule of Contributions</u> | | | | | | | |
| Contractually required contribution (1) | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Contributions in relation to the contractually required contribution | - | - | - | - | - | - | - |
| Contribution deficiency (excess) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| City's covered payroll | <u>(2)</u> | <u>(2)</u> | <u>(2)</u> | <u>(2)</u> | <u>(2)</u> | <u>(2)</u> | <u>(2)</u> |
| Contributions as a percentage of covered payroll | <u>0.00%</u> | <u>0.00%</u> | <u>0.00%</u> | <u>0.00%</u> | <u>0.00%</u> | <u>0.00%</u> | <u>0.00%</u> |

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

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

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

See Notes to Required Supplementary Information.

City of West Haven, Connecticut

Notes to Required Supplementary Information

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

| | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 |
|---|--|---|---|--|--|--|--|
| Changes of benefit terms | Increase in maximum monthly subsidy amount for retiree and dependent from \$110/\$220 to \$220/\$440 | None | None | None | None | None | None |
| The actuarially determined contribution rates are calculated as of | June 30, 2022 | June 30, 2020 | June 30, 2020 | June 30, 2018 | June 30, 2018 | June 30, 2016 | June 30, 2016 |
| Actuarial methods and assumptions used to determine contribution rates: | | | | | | | |
| Actuarial cost method | Entry age | Entry age | Entry age | Entry age | Entry age | Entry age | Entry age |
| Amortization method | Level percentage, open | Level percentage, closed | Level percentage, closed | Level percentage, closed | Level percentage, open | Level percentage, open | Level percentage, open |
| Amortization period | 30 years | 30 years | 30 years | 30 years | 30 years | 30 years | 30 years |
| Asset valuation method | Fair value | Fair value | Fair value | Fair value | Fair value | Fair value | Fair value |
| Inflation rate | 2.50% | 2.50% | 2.50% | 2.75% | 2.75% | 2.75% | 2.75% |
| Healthcare inflation rate | Initial 6.75% decreasing to 4.50% (ultimate) by 2031 | Initial 5.125% decreasing to 4.50% (ultimate) by 2023 | Initial 5.125% decreasing to 4.50% (ultimate) by 2023 | Initial 5.95% decreasing to 4.75% (ultimate) by 2025 | Initial 5.95% decreasing to 4.75% (ultimate) by 2025 | Initial 7.25% decreasing to 5.00% (ultimate) by 2022 | Initial 7.25% decreasing to 5.00% (ultimate) by 2022 |
| Salary increases | 3.00% to 6.50%, including inflation | 3.00% to 6.50%, including inflation | 3.00% to 6.50%, including inflation | 3.25% to 6.50%, including inflation | 3.25% to 6.50%, including inflation | 3.25% to 6.50%, including inflation | 3.25% to 6.50%, including inflation |
| Investment rate of return (net) | 3.00% | 3.00% | 3.00% | 3.00% | 3.00% | 4.25% | 4.25% |
| Mortality rate | PubT-2010 Table projected generationally with MP-2019 | PubT-2010 Table projected generationally with MP-2019 | PubT-2010 Table projected generationally with MP-2019 | RP-2014 White Collar table projected to the year 2020 using the BB improvement scale | RP-2014 White Collar table projected to the year 2020 using the BB improvement scale | RP-2014 White Collar table projected to the year 2020 using the BB improvement scale | RP-2014 White Collar table projected to the year 2020 using the BB improvement scale |

113

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

Appendix B – Form of Opinion of Bond Counsel for The Bonds

[THIS PAGE INTENTIONALLY LEFT BLANK]

APPENDIX B – FORM OF OPINION OF BOND COUNSEL – THE BONDS

March __, 2025

City of West Haven
355 Main Street
West Haven, CT 06516

We have acted as Bond Counsel in connection with the issuance by the City of West Haven, Connecticut (the “City”), of its \$_____ General Obligation Bonds, Issue of 2025, dated March __, 2025 (the “Bonds”).

The Bonds are issued in the form of registered bonds without coupons in denominations of \$5,000 or any integral multiple thereof. The Bonds are originally registered in the name of Cede & Co., as nominee of the Depository Trust Company, for the purpose of affecting a book-entry system for ownership and transfer of the Bonds.

The Bonds are issued pursuant to various ordinances adopted by the West Haven City Council (the “Proceedings”). The Bonds are subject to a Trust Indenture (the “Trust Indenture”) dated as of November 1, 2017, by and between the City and U.S. Bank Trust Company, National Association, as successor in interest to U.S. Bank National Association, as trustee (the “Trustee”), as amended and supplemented by that Fourth Supplemental Indenture of Trust, dated as of March __, 2025 by and between the City and Trustee (the “Fourth Supplement”). Such Trust Indenture, as supplemented by the Fourth Supplement, is hereinafter referred to as the “Indenture.”

The Indenture is authorized by Chapter 117 (the "Act") of the Connecticut General Statutes. The Act permits a Connecticut municipality, at its option, to support its general obligations by the establishment of a property tax intercept procedure and debt service payment fund. Pursuant to the Indenture, the City has established a property tax intercept procedure and a debt service payment fund. Under the Indenture, the Tax Collector of the City will deposit with the Trustee certain property taxes to fund the Debt Service Account, which constitutes a debt service payment fund under the Act. The funds in the Debt Service Account will be used to pay all amounts due on the Bonds and any other bonds and notes issued pursuant to the Indenture from time to time and certain other general obligations of the City (collectively, the "Supported General Obligations"). Earnings on the investments of the Debt Service Account are to be remitted to the City periodically for its general operating purposes. Any capitalized terms used herein and not otherwise defined shall have the meanings set forth in the Indenture.

The City has covenanted in the Indenture that it will establish and maintain the Debt Service Account, make payments to the Trustee as required to provide sufficient funds in the Debt Service Account to meet required debt service payments on all Supported General Obligations, and duly and punctually pay all such debt service. Pursuant to the Indenture, the Trustee shall hold monies in the Debt Service Account in trust for the benefit of the holders of all Supported General Obligations and is directed to pay required debt service payments out of the Debt Service Account on all Supported General Obligations as and when the same become due on a pro-rata basis and without regard to the different nature of any such Supported General Obligations.

The Internal Revenue Code of 1986 (the “Code”), establishes certain requirements that must be satisfied at and subsequent to the issuance and delivery of the Bonds in order that interest on the Bonds be

excluded from gross income under Section 103 of the Code. In the Tax Regulatory Agreement dated the date hereof (the "Tax Regulatory Agreement"), the City has made covenants and representations designed to assure compliance with such requirements of the Code. The City has covenanted in the Tax Regulatory Agreement that it will at all times comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Bonds to ensure that interest on the Bonds shall not be included in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds, including covenants regarding, among other matters, the use, expenditure and investment of the proceeds of the Bonds.

In connection herewith, we have examined the applicable law and such other materials as we have deemed necessary in order to render this opinion and have relied upon originals or copies, certified or otherwise, identified to our satisfaction, of such public records, certificates and correspondence of public officials, including certificates of officials of the City, and such other documents as were provided to us. In making such examinations, we have assumed the genuineness of all signatures, the authenticity of all documents submitted to us as originals and the conformity to original documents of documents submitted as certified or photostatic copies, and the capacity of all persons executing documents. As to questions of fact material to our opinion, we have relied upon representations of the City contained in the certified Proceedings of the City, including the Continuing Disclosure Agreement (the "Disclosure Agreement") and the Tax Regulatory Agreement, and other certifications received from the City, all dated of even date herewith, in connection with the issuance and delivery of the Bonds, without undertaking to verify the same by independent investigation. After reasonable diligence, no facts have come to our attention which would lead us to believe that the certificates, documents, correspondence or public records, as supplied to us by the City, contain an untrue statement of a material fact.

Further, in rendering the below opinions regarding the federal treatment of interest on the Bonds, we have relied upon and assumed (i) the material accuracy of the representations, statements of intention and reasonable expectations, and certifications of fact contained in the Tax Regulatory Agreement, and (ii) continuing compliance by the City with the covenants set forth in the Tax Regulatory Agreement as to such tax matters.

Based upon the foregoing, we are of the opinion:

1. That the Indenture has been duly authorized, executed and delivered by the City and constitutes the valid and binding agreement of the City enforceable upon the City in accordance with its terms, and establishes a valid property tax intercept procedure and debt service payment fund in accordance with Chapter 117 of the Connecticut General Statutes, as amended.
2. That the Indenture, authorizing the issuance of the Bonds, has been duly authorized, executed and delivered by the City and all applicable conditions in the Indenture for the Trustee's execution and delivery of the Indenture have been satisfied.
3. That the Bonds have been duly authorized and issued under the Charter of the City, the laws of the State of Connecticut and the Proceedings duly had and taken in conformity therewith.
4. That the Bonds, when executed by the City and authenticated and delivered by the Trustee and when issued by the City, will be Supported General Obligations of the City (i) entitled to the benefits of and secured by the Indenture equally and ratably with all other outstanding Supported General Obligations, and (ii) payable as to both principal and interest from ad valorem taxes which may be levied on all taxable property subject to taxation by the City without limitation as to rate or amount except as to classified property such as certified forest lands taxable at a limited rate and dwelling houses of qualified

elderly persons of low income or of qualified disabled persons taxable at limited amounts pursuant to Connecticut statutes.

5. That the Tax Regulatory Agreement and the Disclosure Agreement are valid, binding and enforceable agreements of the City.

6. In our opinion, under existing statutes and court decisions, (i) interest on the Bonds is excluded from gross income for federal income tax purposes; and (ii) such interest is not an item of tax preference for purposes of the federal alternative minimum tax; however, such interest is taken into account in determining the annual adjusted financial statement income of certain corporations for the purpose of computing the alternative minimum tax imposed on corporations. We express no opinion regarding other federal income tax consequences caused by ownership or disposition of, or receipt of interest on the Bonds.

7. We are further of the opinion that, under existing statutes, interest on the Bonds is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates and is excluded from amounts on which the net Connecticut minimum tax is based for individuals, trusts and estates required to pay the federal alternative minimum tax. We express no opinion regarding other state income tax consequences caused by ownership or disposition of, or receipt of interest on the Bonds.

It is to be understood that the rights of the holders of the Bonds and the enforceability of the Bonds and the Indenture may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable, and that their enforcement may be subject to the exercise of judicial discretion in accordance with general principles of equity.

We express no opinion herein regarding the accuracy, adequacy, or completeness of the Preliminary Official Statement, the Official Statement and other offering material relating to the Bonds.

The foregoing opinion is based upon existing laws, regulations, rules and court decisions. We undertake no responsibility to inform you of changes in law or fact occurring after the date hereof which may affect the conclusions herein. In addition, we have not undertaken to advise in the future whether any events after the date of issuance of the Bonds, including the adoption of federal tax legislation, may affect the tax status of interest on the Bonds.

Respectfully,

PULLMAN & COMLEY, LLC

MJA/JXG

[THIS PAGE INTENTIONALLY LEFT BLANK]

Appendix C – Form of Opinion of Bond Counsel for The Notes

[THIS PAGE INTENTIONALLY LEFT BLANK]

APPENDIX C - FORM OF OPINION OF BOND COUNSEL – THE NOTES

March __, 2025

City of West Haven
355 Main Street
West Haven, CT 06516

We have acted as Bond Counsel in connection with the issuance by the City of West Haven, Connecticut (the “City”), of its \$ _____ General Obligation Bond Anticipation Notes, Issue of 2025, Series B, dated March __, 2025 and maturing March __, 2026 (the “Notes”). In such capacity, we have examined a record of proceedings of the City authorizing the Notes, a Tax Regulatory Agreement of the City dated March __, 2025 (the “Agreement”), such law and such other proceedings, certifications, and documents as we have deemed necessary to render this opinion.

As to questions of fact material to our opinion, we have relied upon the certified proceedings and other certifications of public officials furnished to us without undertaking to verify the same by independent investigation.

We are of the opinion that when the Notes are duly certified by U.S. Bank Trust Company, National Association, they will be valid and legally binding general obligations of the City payable as to both principal and interest from ad valorem taxes which may be levied on all taxable property subject to taxation by the City without limitation as to rate or amount except as to classified property such as certified forest lands taxable at a limited rate and dwelling houses of qualified elderly persons of low income or of qualified disabled persons taxable at limited amounts pursuant to Connecticut statutes. We are further of the opinion that the Agreement is a valid and binding agreement of the City and was duly authorized by the City.

The rights of the holders of the Notes and the enforceability thereof may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors’ rights generally and by equitable principles, whether considered at law or in equity.

The Internal Revenue Code of 1986 (the “Code”) establishes certain requirements that must be satisfied at and subsequent to the issuance and delivery of the Notes in order that interest on the Notes be excluded from gross income under Section 103 of the Code. In the Agreement, the City has made covenants and representations designed to assure compliance with such requirements of the Code. The City has covenanted in the Agreement that it will at all times comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Notes to ensure that interest on the Notes shall not be included in gross income for federal income tax purposes retroactive to the date of issuance of the Notes, including covenants regarding, among other matters, the use, expenditure and investment of the proceeds of the Notes.

In rendering the below opinions regarding the federal treatment of interest on the Notes, we have relied upon and assumed (i) the material accuracy of the representations, statements of intention and reasonable expectations, and certifications of fact contained in the Agreement, and (ii) continuing compliance by the City with the covenants set forth in the Agreement as to such tax matters.

In our opinion, under existing statutes and court decisions, (i) interest on the Notes is excluded from gross income for federal income tax purposes; and (ii) such interest is not an item of tax preference for purposes of the federal alternative minimum tax; however, such interest is taken into account in determining the annual adjusted financial statement income of certain corporations for the purpose of

computing the alternative minimum tax imposed on corporations. We express no opinion regarding other federal income tax consequences caused by ownership or disposition of, or receipt of interest on the Notes.

We are further of the opinion that, under existing statutes, interest on the Notes is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates and is excluded from amounts on which the net Connecticut minimum tax is based for individuals, trusts and estates required to pay the federal alternative minimum tax. We express no opinion regarding other state income tax consequences caused by ownership or disposition of, or receipt of interest on the Notes.

We express no opinion herein regarding the accuracy, adequacy, or completeness of the Preliminary Official Statement, the Official Statement and other offering material relating to the Notes.

The foregoing opinion is based upon existing laws, regulations, rules and court decisions. We undertake no responsibility to inform you of changes in law or fact occurring after the date hereof which may affect the conclusions herein. In addition, we have not undertaken to advise in the future whether any events after the date of issuance of the Notes, including the adoption of federal tax legislation, may affect the tax status of interest on the Notes.

Respectfully,

PULLMAN & COMLEY, LLC

MJA/JXG

Appendix D – Form of Continuing Disclosure Agreement for the Bonds

[THIS PAGE INTENTIONALLY LEFT BLANK]

APPENDIX D - FORM OF CONTINUING DISCLOSURE AGREEMENT – THE BONDS

CONTINUING DISCLOSURE AGREEMENT

**In Connection With The Issuance and Sale of
City of West Haven, Connecticut
\$ _____ General Obligation Bonds, Issue of 2025**

This Continuing Disclosure Agreement (“Agreement”) is made as of March __, 2025, by the City of West Haven, Connecticut (the “Issuer”) acting by its undersigned officers, duly authorized, in connection with the issuance of its \$ _____ General Obligation Bonds, Issue of 2025, dated March __, 2025 (the “Bonds”).

Section 1. Definitions. In addition to the terms defined above, the following capitalized terms shall have the meanings ascribed thereto:

“Annual Report” shall mean any Annual Report provided by the Issuer pursuant to, and as described in, Section 2 of this Agreement.

“EMMA” means the Electronic Municipal Market Access System as described in the 1934 Act Release #59062 and maintained by the Municipal Securities Rulemaking Board for the purposes of the Rule and as further described in Section 12 hereof.

“Final Official Statement” means the official statement of the Issuer dated March __, 2025 prepared in connection with the issuance of the Bonds.

“Fiscal Year End” shall mean the last day of the Issuer’s fiscal year, currently June 30.

“Listed Events” shall mean any of the events listed in Section 4 of this Agreement.

“MSRB” shall mean the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934, as amended, or any successor thereto.

“Rule” means rule 15c2-12 under the Securities Exchange Act of 1934, as of the date of this Agreement.

“SEC” means the Securities and Exchange Commission of the United States, or any successor thereto.

Section 2. Annual Reports.

(a) The Issuer shall provide or cause to be provided to the MSRB, in accordance with the provisions of the Rule and of this Agreement, the following annual financial information and operating data regarding the Issuer:

(i) Audited financial statements as of and for the year ending on its Fiscal Year End for the general fund, capital projects funds and special revenue funds, prepared in accordance with generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board from time to time or mandated state statutory principles as in effect from time to time; and

(ii) Financial information and operating data as of and for the year ending on its Fiscal Year End of the following type to the extent not included in the audited financial statements described in (i) above:

- (A) the amounts of the gross and net taxable grand list;
- (B) a listing of the ten largest taxpayers on the grand list, together with each such taxpayer's taxable valuation thereon;
- (C) the percentage and amount of the annual property tax levy collected and uncollected;
- (D) a schedule of the annual debt service on outstanding long-term bonded indebtedness;
- (E) a calculation of the net direct debt, total direct debt, and total overall net debt (reflecting overlapping and underlying debt);
- (F) the total direct debt, total net direct debt and total overall net debt of the Issuer per capita;
- (G) the ratios of total direct debt and total overall net debt of the Issuer to the Issuer's net taxable grand list;
- (H) a statement of statutory debt limitations and debt margins; and
- (I) the funding status of the Issuer's pension benefit obligations.

(b) The above-referenced information is expected to be provided by the filing of and cross reference to the Issuer's audited financial statements. The information may be provided in whole or in part by cross-reference to other documents provided to the MSRB, including official statements of the Issuer which will be available from the MSRB's internet web site or filed with the SEC. All or a portion of the financial information and operating data may be provided in the form of a comprehensive annual financial report or the annual adopted budget.

(c) Subject to the requirements of Section 8 hereof, the Issuer reserves the right to modify from time to time the specific types of information or data provided or the format of the presentation of such information or data, to the extent necessary or appropriate; provided that the Issuer agrees that any such modification will be done in a manner consistent with the Rule. The Issuer also reserves the right to modify the preparation and presentation of financial statements described herein as may be required to conform with changes in Connecticut law applicable to municipalities or any changes in generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board from time to time.

Section 3. Timing. The Issuer shall provide the information and data referenced in Section 2(a) not later than eight months after each Fiscal Year End subsequent to the date of issuance of the Bonds, provided, however, that if such financial information and data for the Fiscal Year End preceding the date of issuance of the Bonds is not contained in the Final Official Statement for the Bonds or has not otherwise been previously provided, the Issuer shall provide such information and data no later than eight months after the close of such preceding Fiscal Year End. The Issuer agrees that if audited information is not available eight months after the close of any Fiscal Year End, it shall submit unaudited information by such time and will submit audited information when available.

Section 4. Event Notices.

(a) The Issuer agrees to provide or cause to be provided to the MSRB, within ten (10) business days of the occurrence of any of the following events with respect to the Bonds, notice of the occurrence of such event:

- (i) principal and interest payment delinquencies;
- (ii) unscheduled draws on debt service reserves reflecting financial difficulties;
- (iii) unscheduled draws on credit enhancements reflecting financial difficulties;
- (iv) substitution of credit or liquidity providers, or their failure to perform;
- (v) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB), or other material notices or determinations with respect to the tax status of the Bonds, or other events affecting the tax status of the Bonds;
- (vi) tender offers;
- (vii) bankruptcy, insolvency, receivership, or a similar proceeding by the Issuer;

Note to clause (a)(vii): For the purposes of the event identified in clause (a)(vii) above, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Issuer in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or government authority has assumed jurisdiction over substantially all of the assets or business of the Issuer, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Issuer.

- (viii) Bond defeasances;
- (ix) rating changes; and
- (x) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the Issuer, any of which reflect financial difficulties.

(b) The Issuer agrees to provide or cause to be provided to the MSRB, within ten (10) business days of the occurrence of any of the following events with respect to the Bonds, notice of the occurrence of such event, if material:

- (i) non-payment related defaults;
- (ii) modifications to rights of Bondholders;
- (iii) Bond calls;

- (iv) release, substitution, or sale of property securing repayment of the Bonds;
- (v) consummation of a merger, consolidation, acquisition involving the Issuer, other than the ordinary course of business, or the sale of all or substantially all the assets of the Issuer, or the entry into a definitive agreement to engage in such a transaction, or a termination of such an agreement, other than in accordance with its terms;
- (vi) appointment of a successor or additional trustee, or the change in the name of the trustee; and
- (vii) incurrence of a financial obligation of the Issuer or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the Issuer, any of which affect security holders.

Note to clauses (a)(x) and (b)(vii): For purposes of the events identified in clauses (a)(x) and (b)(vii), the term "financial obligation" means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term "financial obligation" shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

Section 5. Notice of Failure. The Issuer agrees to provide or cause to be provided, in a timely manner to the MSRB, notice of any failure by the Issuer to provide the annual financial information described in Section 2(a) of this Agreement on or before the date set forth in Section 3 hereof.

Section 6. Termination of Reporting Obligation. The Issuer's obligations under this Agreement shall terminate upon the defeasance, prior redemption or payment in full of all of the Bonds.

Section 7. Agent. The Issuer may, from time to time, appoint or engage an agent to assist it in carrying out its obligations under this Agreement, and may discharge any such agent, with or without appointing a successor agent.

Section 8. Amendment; Waiver. Notwithstanding any other provision of this Agreement, the Issuer may amend this Agreement, and any provision of this Agreement may be waived, if such amendment or waiver is made in connection with a change in circumstances that arises from a change in legal requirements, a change in law, or a change in the identity, nature or status of the Issuer, and is supported by an opinion of counsel expert in federal securities laws, to the effect that (i) such amendment or waiver would not materially adversely affect the beneficial owners of the Bonds and (ii) the Agreement as so amended would have complied with the requirements of the Rule as of the date of the Agreement, taking in account any amendments or interpretations of the Rule as well as any changes in circumstances. A copy of any such amendment will be filed in a timely manner with the MSRB. The annual financial information provided on the first date following adoption of any such amendment will explain, in narrative form, the reasons for the amendment and the impact of the change in the type of operating or financial information provided.

Section 9. Additional Information. Nothing in this Agreement shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Agreement or any other means of communications, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Agreement. If the Issuer chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Agreement, the Issuer shall have no obligation under this

Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 10. Enforceability. The Issuer agrees that its undertaking pursuant to the Rule set forth in this Agreement is intended to be for the benefit of and enforceable by the beneficial owners of the Bonds. In the event the Issuer shall fail to perform its duties hereunder, the Issuer shall have the option to cure such failure after its receipt of written notice from any beneficial owner of the Bonds of such failure. The present address of the Issuer is 355 Main Street, West Haven, Connecticut 06516. In the event the Issuer does not cure such failure, the right of any beneficial owner of the Bonds to enforce the provisions of this undertaking shall be limited to a right to obtain specific enforcement of the Issuer's obligations hereunder. No monetary damages shall arise or be payable hereunder nor shall any failure to comply with this Agreement constitute default of the Issuer with respect to the Bonds.

Section 11. Governing Law. This Agreement shall be governed by the laws of the State of Connecticut.

Section 12. Method of Filing. To the extent filings are required to be made to the MSRB under this Agreement, the Issuer shall transmit such filings or notices in an electronic format to the continuing disclosure service portal provided through MSRB's EMMA as provided at <http://emma.msrb.org/> or any similar system that is acceptable to the SEC.

IN WITNESS WHEREOF, the Issuer has caused this Agreement to be executed in its name by its undersigned officers, duly authorized, all as of the date first above written.

CITY OF WEST HAVEN, CONNECTICUT

By: _____
Dorinda Borer
Mayor

By: _____
Ronald Quagliani
Treasurer

By: _____
Michael Gormany
Director of Finance

[THIS PAGE INTENTIONALLY LEFT BLANK]

Appendix E – Form of Continuing Disclosure Agreement for the Notes

[THIS PAGE INTENTIONALLY LEFT BLANK]

APPENDIX E- FORM OF CONTINUING DISCLOSURE AGREEMENT – THE NOTES

CONTINUING DISCLOSURE AGREEMENT

**In Connection With The Issuance and Sale of City of West Haven, Connecticut
\$ _____ General Obligation Bond Anticipation Notes, Issue of 2025, Series B
Dated March __, 2025**

This Continuing Disclosure Agreement (“Agreement”) is made as of March __, 2025, by the City of West Haven, Connecticut (the “Issuer”) acting by its undersigned officers, duly authorized, in connection with the issuance of its \$ _____ General Obligation Bond Anticipation Notes, Issue of 2025, Series B dated March __, 2025 (the “Notes”).

Section 1. Definitions. In addition to the terms defined above, the following capitalized terms shall have the meanings ascribed thereto:

“EMMA” means the Electronic Municipal Market Access System as described in the 1934 Act Release #59062 and maintained by the Municipal Securities Rulemaking Board for the purposes of the Rule and as further described in Section 10 hereof.

“Final Official Statement” means the official statement of the Issuer dated March __, 2025 prepared in connection with the issuance of the Notes.

“Listed Events” shall mean any of the events listed in Section 2 of this Agreement.

“MSRB” shall mean the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934, as amended, or any successor thereto.

“Rule” means rule 15c2-12 under the Securities Exchange Act of 1934, as of the date of this Agreement.

“SEC” means the Securities and Exchange Commission of the United States, or any successor thereto.

Section 2. Event Notices.

(a) The Issuer agrees to provide or cause to be provided to the MSRB, within ten (10) business days of the occurrence of any of the following events with respect to the Notes, notice of the occurrence of such event:

- (i) principal and interest payment delinquencies;
- (ii) unscheduled draws on debt service reserves reflecting financial difficulties;
- (iii) unscheduled draws on credit enhancements reflecting financial difficulties;
- (iv) substitution of credit or liquidity providers, or their failure to perform;

(v) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB), or other material notices or determinations with respect to the tax status of the Notes, or other events affecting the tax status of the Notes;

(vi) tender offers;

(vii) bankruptcy, insolvency, receivership, or a similar proceeding by the Issuer;

Note to clause (a)(vii): For the purposes of the event identified in clause (a)(vii) above, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Issuer in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or government authority has assumed jurisdiction over substantially all of the assets or business of the Issuer, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Issuer.

(viii) Note defeasances;

(ix) rating changes; and

(x) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the Issuer, any of which reflect financial difficulties.

(b) The Issuer agrees to provide or cause to be provided to the MSRB, within ten (10) business days of the occurrence of any of the following events with respect to the Notes, notice of the occurrence of such event, if material:

(i) non-payment related defaults;

(ii) modifications to rights of Noteholders;

(iii) Note calls;

(iv) release, substitution, or sale of property securing repayment of the Notes;

(v) consummation of a merger, consolidation, acquisition involving the Issuer, other than the ordinary course of business, or the sale of all or substantially all the assets of the Issuer, or the entry into a definitive agreement to engage in such a transaction, or a termination of such an agreement, other than in accordance with its terms;

(vi) appointment of a successor or additional trustee, or the change in the name of the trustee; and

(vii) incurrence of a financial obligation of the Issuer or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the Issuer, any of which affect security holders.

Note to clauses (a)(x) and (b)(vii): For purposes of the events identified in clauses (a)(x) and (b)(vii), the term “financial obligation” means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term “financial obligation” shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

Section 3. Termination of Reporting Obligation. The Issuer’s obligations under this Agreement shall terminate upon the defeasance, prior redemption or payment in full of all of the Notes.

Section 4. Agent. The Issuer may, from time to time, appoint or engage an agent to assist it in carrying out its obligations under this Agreement, and may discharge any such agent, with or without appointing a successor agent.

Section 5. Amendment; Waiver. Notwithstanding any other provision of this Agreement, the Issuer may amend this Agreement, and any provision of this Agreement may be waived, if such amendment or waiver is made in connection with a change in circumstances that arises from a change in legal requirements, a change in law, or a change in the identity, nature or status of the Issuer, and is supported by an opinion of counsel expert in federal securities laws, to the effect that (i) such amendment or waiver would not materially adversely affect the beneficial owners of the Notes and (ii) the Agreement as so amended would have complied with the requirements of the Rule as of the date of the Agreement, taking in account any amendments or interpretations of the Rule as well as any changes in circumstances. A copy of any such amendment will be filed in a timely manner with the MSRB. The annual financial information provided on the first date following adoption of any such amendment will explain, in narrative form, the reasons for the amendment and the impact of the change in the type of operating or financial information provided.

Section 6. Additional Information. Nothing in this Agreement shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Agreement or any other means of communications, or including any other information in any annual report or notice of occurrence of a Listed Event, in addition to that which is required by this Agreement. If the Issuer chooses to include any information in any annual report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Agreement, the Issuer shall have no obligation under this Agreement to update such information or include it in any future annual report or notice of occurrence of a Listed Event.

Section 7. Indemnification. The Issuer agrees to indemnify and save its officials, officers and employees harmless against any loss, expense and liabilities which they may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorney’s fees) of defending against any claim of liability hereunder, but excluding any such liabilities due to any such person’s malicious, wanton, or willful act. The obligations of the Issuer under this Section shall survive, notwithstanding that such person may no longer be serving in such capacity.

Section 8. Enforceability. The Issuer agrees that its undertaking pursuant to the Rule set forth in this Agreement is intended to be for the benefit of and enforceable by the beneficial owners of the Notes. In the event the Issuer shall fail to perform its duties hereunder, the Issuer shall have the option to cure such failure after its receipt of written notice from any beneficial owner of the Notes of such failure. The present

address of the Issuer is 355 Main Street, West Haven, Connecticut 06516. In the event the Issuer does not cure such failure, the right of any beneficial owner of the Notes to enforce the provisions of this undertaking shall be limited to a right to obtain specific enforcement of the Issuer's obligations hereunder. No monetary damages shall arise or be payable hereunder nor shall any failure to comply with this Agreement constitute default of the Issuer with respect to the Notes.

Section 9. Governing Law. This Agreement shall be governed by the laws of the State of Connecticut.

Section 10. Method of Filing. To the extent filings are required to be made to the MSRB under this Agreement, the Issuer shall transmit such filings or notices in an electronic format to the continuing disclosure service portal provided through MSRB's EMMA as provided at <http://emma.msrb.org/> or any similar system that is acceptable to the SEC.

IN WITNESS WHEREOF, the Issuer has caused this Agreement to be executed in its name by its undersigned officers, duly authorized, all as of the date first above written.

CITY OF WEST HAVEN, CONNECTICUT

By: _____
Dorinda Borer
Mayor

By: _____
Ronald Quagliani
Treasurer

By: _____
Michael Gormany
Director of Finance

Appendix F – Summary of the Trust Indenture

[THIS PAGE INTENTIONALLY LEFT BLANK]

SUMMARY OF THE INDENTURE

The following Summary of the Indenture provides a brief description of the terms and provisions of the Indenture (as defined herein). This summary does not purport to be complete and reference is made to the Indenture for full and complete statements of such and all provisions.

The following, in addition to the information contained in the Official Statement under the caption “SECTION II – SECURITIES OFFERED” herein, summarizes certain provisions of the Indenture. This summary is qualified in its entirety by reference to the Trust Indenture (“Trust Indenture”) dated as of November 1, 2017, by and between the City of West Haven (the “City”) and U.S. Bank Trust Company, National Association, as successor in interest to U.S. Bank National Association, as trustee (the “Trustee”), as amended and supplemented by that Fourth Supplemental Indenture of Trust, dated as of March __, 2025 by and between the City and Trustee (the “Fourth Supplement”). Such Trust Indenture, as supplemented by the Fourth Supplement, is hereinafter referred to as the “Indenture.” A copy of the Indenture is on file at the office of the Director of Finance, City of West Haven, 355 Main Street, West Haven, CT 06516 and the Connecticut office of the Trustee at City Place I, 185 Asylum Street, 27th Floor, Hartford, CT 06103.

1. Definitions (Section 1.1 of the Indenture)

“**2025 Series Bonds**” means the City’s General Obligation Bonds, Issue of 2025, dated March __, 2025.

“**Act**” means Chapter 117 of the Connecticut General Statutes, §7-560 et. seq. which Chapter establishes the authority for the property tax intercept procedures set forth in the Indenture.

“**Additional Bonds**” means a bond or bonds, note or notes or other evidences of indebtedness, as the case may be, issued as provided for in Section 4 of the Indenture.

“**Bond**” or “**Bonds**” means the 2017 Series A Bonds, the 2017 Series B Bonds, the 2020 Series Bonds, the 2021 Series Bonds and any Additional Bonds issued under the Indenture.

“**Bondholders**”, “**Owners**” or “**Holders**” means any Registered Holder of a Registered Bond.

“**Business Day**” means each day which is neither a Saturday, Sunday or other day on which banking institutions in the pertinent Place of Payment are authorized or required by law or executive order to be closed.

“**Certificate of Debt Service**” means the certificate required to be delivered by the City pursuant to Section 7.2 of the Indenture.

“**Debt Service**” means the payments due on Supported General Obligations within a given period of time.

“**Debt Service Account**” means the account established pursuant to Article 7 and Section 8.1 of the Indenture.

“**Defeasance Obligation**” means (i) non-callable direct obligations of, or obligations the timely payment of principal of and interest on which are unconditionally guaranteed by, the United

States of America (including State and Local Government Series securities); and (ii) any bonds or other obligations of any state of the United States of America or of any agency, instrumentality or local government unit of any such state (a) which are not callable prior to maturity and rated “AAA” by S&P Global Ratings or “Aaa” by Moody’s Investors Service, or (b) as to which irrevocable instructions have been given to the trustee of such bonds or other obligations by the obligor to give due notice of redemption and to call such bonds for redemption on the date or dates specified in such instructions, which bonds or other obligations are (I) secured as to principal and interest and redemption premium by a fund consisting only of cash or bonds or other obligations of the character described in clause (i) hereof which fund may be applied only to the payment of such principal of and interest and redemption premium, if any, on such bonds or other obligations on the maturity date or dates thereof or the redemption date or dates specified in the irrevocable instructions referred to in subclause (b) of this clause (ii), as applicable, and (II) rated “AAA” by S&P Global Ratings or “Aaa” by Moody’s Investors Service.

“Designated Payments” means the amount of the Property Taxes to be deposited with the Trustee by the Tax Collector on a periodic basis in accordance with Article 7 of the Indenture and the Certificate of Debt Service.

“Event of Default” shall have the meaning given to such term in Section 10.1 of the Indenture.

“Excluded Obligations” means: (i) debt obligations of the City assumed by the WPCA on its formation and all other general obligations of both the City and the WPCA which are payable from sewer fees or other revenues of the WPCA and which are not in default; and (ii) any other general obligations of the City which are payable from or secured by payments other than Property Taxes.

“Excluded Taxes” means any of the following: (i) any property or other tax collected for any special taxing district; (ii) any property or other tax specially pledged to support any revenue bonds or any tax incremental financing that are not general obligations; and (iii) any proceeds or taxes which are credited or payable on property tax liens which have been sold by the City provided that the proceeds of such sale are or have been treated as Property Taxes.

“Fiduciary” or **“Fiduciaries”** means the Trustee, the Paying Agents, the Bond Registrar, or any of them, as may be appropriate; provided, however, that the use of the term Fiduciary herein is for convenience only and shall not implicitly or explicitly refer to a standard of care owed

“General Obligation” means (i) any Obligation issued by the City and secured by the full faith and credit and taxing power of the City, and (ii) any contingent obligation which is payable from the general fund and is subject to annual appropriation.

“Obligation” means any bond, bond anticipation note, or other interim funding obligation, certificate of participation, security, financing lease, installment purchase agreement, capital lease, and any other transaction which constitutes debt in accordance with both the municipal reporting standards in Section 7-394a of the Connecticut General Statutes and the regulations prescribing municipal financial reporting adopted by the Secretary and which is not an Excluded Obligation.

“Paying Agent” means, initially, U.S. Bank National Association, its successors or assigns, including U.S. Bank Trust Company, National Association, or any bank or trust company organized under the laws of any state of the United States of America or any national banking

association designated as paying agent for the Supported General Obligations of any series, and its successor or successors hereafter appointed in the manner provided herein.

“Place of Payment” means, with respect to any Obligation, the place designated for the payment of principal and interest on the Obligation.

“Property Taxes” means all taxes on real and personal property levied by the City in accordance with the Connecticut General Statutes including any interest, penalties and other related charges, except for Excluded Taxes and interest, penalties and charges related thereto.

“Qualified Investments” or **“Permitted Investments”** or **“Authorized Investments”** means the following:

1. Defeasance Obligations.
2. (A) the obligations of the United States of America, including the joint and several obligations of the United States of America, including the joint and several obligations of the Federal Home Loan Mortgage Corporation, The Federal National Mortgage Association, the Government National Mortgage Association, the Federal Savings and Loan Insurance Corporation, obligations of the United States Postal Service, all the federal home loan banks, all the federal land banks, all the federal intermediate credit banks, the Central Bank for Cooperatives, The Tennessee Valley Authority, or any other agency of the United States government, or (B) shares or other interests in any custodial arrangement, pool or no-load, open-end management-type investment company or investment trust registered or exempt under the Investment Company Act of 1940, 15 USC Section 80a-1 et seq. as from time to time amended, provided (i) the portfolio of such custodial arrangement, pool, investment company or investment trust is limited to obligations described in subparagraph (A) of this subdivision and repurchase agreements fully collateralized by any such obligations; (ii) such custodial arrangement, pool, investment company or investment trust takes delivery of such collateral either directly or through an authorized custodian; (iii) such custodial arrangement or pool is managed to maintain its shares at a constant net asset value or; such investment company or investment trust is rated within one of the two top credit rating categories and for any investment company or investment trust not managed to maintain its shares at a constant net asset value or thin one of the top two risk rating categories of any nationally recognized rating service or of any rating service recognized by the Commission of Banking of the State of Connecticut; and (iv) the Trustee only purchases and redeems shares or other interests in such investment company or investment trust (are purchased and redeemed only) through the use of, or the custodian of such custodial arrangement or pool is, a bank as defined in Section 36a-2 of the Connecticut General Statutes or an out-of-state bank as defined in said section, having one or more branches in this Connecticut.
3. The obligations of any state of the United States or of any political subdivision, authority or agency thereof, provided that at the time of investment such obligations are rated within one of the top two rating categories of any nationally recognized rating service or of any rating service recognized by the Connecticut Commissioner of Banking.

4. The obligations of the state of Connecticut, or any regional school district, town, city, borough or metropolitan district in the state of Connecticut, provided that at the time of investment the obligations of such government entity are rated within one of the top three rating categories of any nationally recognized rating service or of any rating service recognized by the Connecticut Commissioner of Banking.
5. The Short Term Investment Fund established pursuant to Section 3-27a of the Connecticut General Statutes.
6. Other investments in which the proceeds received on the sale of Supported General Obligations may be invested under the Connecticut General Statutes, as amended from time to time.
7. If otherwise qualified as obligations in items 1. through 6. above, obligations of the Trustee or any of its affiliates.
8. If otherwise qualified as obligations in items 1. through 7. above, investments readily available to the Trustee.

“Redemption Price” shall mean with respect to any Supported General Obligation the principal amount thereof plus the applicable premium, if any, payable upon redemption thereof pursuant to such Supported General Obligation or the Indenture.

“Secretary” means the Secretary of the Office of Policy and Management of the State of Connecticut.

“State” means the State of Connecticut.

“Supported General Obligations” means (i) the Bonds, (ii) any Additional Bonds, (iii) any General Obligation that is Outstanding as of the Effective Date which has a term longer than one year, and (iv) any other General Obligation which has a term longer than one year and which the City determines is to be supported hereby, other than any Excluded Obligation.

“Tax Collector” means the Tax Collector or the Assistant Tax Collector of the City.

“Treasurer” means the Treasurer of the State of Connecticut.

“WPCA” means the Water Pollution Control Authority of the City

2. Establishment of Debt Service Account

The City shall establish a Debt Service Account to be held by the Trustee for the payment of Debt Service. The Debt Service Account shall be the debt service payment fund authorized pursuant to and shall be subject to the Act. (*Section 7.1 of the Indenture*)

3. Certification of Debt Service

Pursuant to the Indenture, at least twenty (20) days prior to the commencement of each Fiscal Year, the City shall deliver to the Trustee and the Tax Collector, the Certificate of Debt Service executed by the Mayor and the Director of Finance setting forth the following:

- (a) Each scheduled payment of Debt Service maturing in that Fiscal Year, with all relevant detail including with respect to all Supported General Obligations: (a) the principal amount and date or dates of maturity thereof and the due dates of any installment of principal or mandatory sinking fund payments or redemption payments; (b) the interest thereon and the date or dates of payment thereof; (c) the place or places where, and the Persons to whom, such Supported General Obligations are payable, and where applicable the Paying Agent; and (d) if such Supported General Obligations are subject to redemption, the terms and conditions of such redemption.
- (b) The amount of the Debt Service for each month of the Fiscal Year and for the first month of the following Fiscal Year.
- (c) The estimated balance in the Debt Service Account at the beginning of each month during such Fiscal Year.
- (d) The Designated Payments for each month of the Fiscal Year and for the first month of the following year. If the budgeted Property Tax collection for any month is less than the Debt Service for the following month, then the Designated Payments for the preceding month shall be increased so that at the commencement of the month in which the Debt Service is due there will be sufficient funds to pay the Debt Service for such month. *(Section 7.2 of the Indenture)*

4. Payments Into Debt Service Account

Prior to the first Business Day of each Fiscal Year and based on the Certificate of Debt Service (in substantially the form attached as Exhibit C to the Indenture), the City shall determine the amount of the monthly Designated Payments and the time that the monthly Designated Payments and any other payments that may be required shall be deposited in the Debt Service Account to assure that sufficient moneys are available in the Debt Service Account to pay Debt Service when due. *(Section 7.3 of the Indenture)*

On or prior to the first Business Day of each month, the Tax Collector shall deposit with the Trustee, for credit to the Debt Service Account, all Property Taxes collected until there has been deposited with the Trustee an amount equal to the Designated Payment for the ensuing month as reflected on the Certificate of Debt Service or such greater amount as set forth on the Certificate of Debt Service. *(Section 7.4 of the Indenture)*

In the event the City determines that there will not be sufficient funds in the Debt Service Account to pay the Debt Service as it becomes due, it shall cause payments to be made to the Debt Service Account or cause the Tax Collector to pay all Property Taxes collected by the City to the Trustee for deposit in the Debt Service Account until there are sufficient funds in the Debt Service Account to pay the Debt Service. *(Section 7.5 of the Indenture)*

If five (5) Business Days prior to a Debt Service payment date, the amount held in the Debt Service Account is insufficient to make such payment, the Trustee shall give written notice to the Mayor,

the Finance Director and the Tax Collector of such insufficiency. The City shall immediately upon receipt of such notice deposit with Trustee the amount of the insufficiency and until such amount is paid and the Tax Collector has received notice from the Trustee that it has sufficient funds to pay the Debt Service becoming due, the Tax Collector shall deposit with the Trustee all Property Taxes collected. If two (2) Business Days prior to a Debt Service payment date, the amount held in the Debt Service Account is insufficient to make such payment, the Trustee shall give written notice by Electronic Means to the Mayor, the Finance Director, the Tax Collector, the Secretary and the Treasurer of such insufficiency. The City shall immediately upon receipt of such notice deposit with the Trustee the amount of the insufficiency and until such amount is paid and the Tax Collector has received notice from the Trustee that it has sufficient funds to pay the Debt Service becoming due, the Tax Collector shall continue to deposit with the Trustee all Property Taxes collected. (*Section 7.6 of the Indenture*)

During each Fiscal Year, the City shall update the Certificate of Debt Service upon the incurrence of additional Supported General Obligations or change of circumstances affecting Property Tax collections. The City shall set and readjust during the Fiscal Year the Designated Payments so that at the beginning of each month sufficient funds are available to pay the Debt Service for that month. (*Section 7.7 of the Indenture*)

Upon the determination by the Finance Director that the Debt Service Account holds sufficient assets to pay the Debt Service when due for the remainder of any Fiscal Year, upon written notice from the Finance Director to the Trustee and the Tax Collector of that fact, the Tax Collector shall not be required to make further payments of Property Taxes for such Fiscal Year to the Debt Service Account. The determination by the Finance Director shall be solely based upon the Certificate of Debt Service and the deposits then held in the Debt Service Account. (*Section 7.9 of the Indenture*)

5. Debt Service Account

The Trustee shall hold moneys in the Debt Service Account in trust for the benefit of the holders of all Supported General Obligations.

The Trustee shall pay out of the Debt Service Account to the Paying Agents in accordance with the Certificate of Debt Service (i) on or before each Interest Payment Date for any series of Supported General Obligations, the amount required for the interest payable on such date; (ii) on or before the due date for each Principal Installment, including any sinking fund installment, the amount required for the Principal Installment payable on such due date; and (iii) on or before any Redemption Date for any Supported General Obligations, the amount required for the payment of principal, interest and premium, if any on such Supported General Obligations, then to be redeemed. Such amounts shall be applied by the Paying Agent on the due dates thereof.

The Trustee shall from time to time pay from the Debt Service Account all amounts required for the payment as the same becomes due on all Supported General Obligations pursuant to instructions set forth in the Certificate of Debt Service prepared by the City.

Earnings received by the Trustee on investments of the Debt Service Account shall be accounted for by the Trustee in a sub-account of the Debt Service Account. (*Section 8.3 of the Indenture*)

6. Covenants of the City

The City covenants for the benefit of the Trustee and the Bondholders to (1) punctually pay or cause to be paid the principal, mandatory sinking fund payment or Redemption Price, if any, of every Supported General Obligation, and the interest thereon at the dates and place, and in the manner provided in the Supported General Obligation, (2) except to the extent otherwise provided in the Indenture, the City shall not enter into any contract or take any action by which the rights of the Trustee or the Bondholders may be impaired, and shall, from time to time, execute and deliver such further instruments and take such further action as may be required to carry out the purposes of the Indenture, (3) comply with the terms of the Tax Compliance Agreement delivered in connection with the issuance of the Bonds and the Bonds which shall require the City to make no use of the proceeds of the Bonds or of other amounts which would cause the Bonds to be treated as “arbitrage bonds” within the meaning of the Internal Revenue Code of 1986, as amended and applicable regulations (the “Code”), and that the City will not take any action, or fail to take any action with respect to the proceeds of the Bonds that would result in a loss of the exemption from federal income taxation pursuant to the Section 103(a) of the Code of interest paid on the Bonds; and (4) comply with the requirements of the Act and the applicable laws of the State. (*Article 9 of the Indenture*)

7. Events of Default

Each of the following constitutes an Event of Default under the Indenture:

- (a) the City shall default in the payment of the principal or Redemption Price of any Supported General Obligation when and as the same shall become due and payable, whether at maturity or upon call for redemption, or the unsatisfied balance of any sinking fund installment therefor (except when such installment is due on the maturity of such Supported General Obligation), when and as such sinking fund installment shall become due and payable, and such default shall continue for a period of thirty (30) days; or
- (b) the City shall default in the payment of any installment of interest on any Supported General Obligation, when and as such interest installment shall become due and payable and such default shall continue for a period of thirty (30) days; or
- (c) the City shall fail or refuse to perform or observe any covenant, agreement or condition on its part in the Indenture or in the Supported General Obligation, and such default shall continue for a period of sixty (60) days after written notice thereof to the City by the Trustee or to the City and to the Trustee by the owners of not less than twenty-five percent (25%) in aggregate principal amount of the Supported General Obligations Outstanding. (*Section 10.1 of the Indenture*)

8. Remedies of Bondholders

If an Event of Default shall occur and shall not have been remedied, then and in every such case, the Trustee, by its agents and attorneys, may proceed within applicable law, and upon written request of the owners of not less than twenty-five percent (25%) in aggregate principal amount of the Supported General Obligations Outstanding shall proceed, to protect and enforce its rights and the rights of the owners of the Supported General Obligations under the Indenture forthwith by a suit or suits in equity or at law, whether for the specific performance of any covenant herein contained, or in aid of the execution of any power herein granted, or for an accounting against the City as if the City were the trustee of an express trust, or in the enforcement of any other legal or equitable right as the Trustee, being advised by counsel, shall deem most effectual to enforce any of its rights or to perform any of its duties under the

Indenture.

All rights of action under the Indenture may be enforced by the Trustee without the possession of any of the Supported General Obligations or the production thereof at the trial or other proceedings, and any such suit or proceedings instituted by the Trustee shall be brought in its name.

The owners of not less than twenty-five percent (25%) in aggregate principal amount of the Outstanding Supported General Obligations may direct the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee, provided that the Trustee shall have the right to decline to follow any such direction if the Trustee shall be advised by counsel that the action or proceeding so directed may not lawfully be taken, or if the Trustee shall determine that the action or proceeding so directed would involve the Trustee in personal liability or be unjustly prejudicial to the Bondholders not parties to such direction.

Upon commencing a suit in equity or upon other commencement of judicial proceedings by the Trustee to enforce any right under the Indenture, the Trustee shall be entitled to exercise any and all rights and powers conferred in the Indenture and provided to be exercised by the Trustee upon the occurrence of any Event of Default.

Regardless of the occurrence of an Event of Default, the Trustee shall have power to, but unless requested in writing by the owners of twenty-five percent (25%) in aggregate principal amount of the Outstanding Supported General Obligations to the extent provided in subsection (1) of Section 10.4 of the Indenture, and furnished with adequate security, indemnity and arrangements in advance for the periodic payment of its fees, expenses and liabilities, shall be under no obligation to, institute and maintain suits and proceedings as the Trustee may be advised shall be necessary or expedient to prevent any impairment of the security under the Indenture by any acts which may be unlawful or in violation of the Indenture, or suits and proceedings as the Trustee may be advised shall be necessary or expedient to preserve or protect its interests and the interests of the Bondholders.

No owner of any Supported General Obligation shall have any right to institute any suit, action or proceeding at law or in equity for the enforcement of any provision of the Indenture or the execution of any trust under the Indenture or for any remedy under the Indenture, unless such Owner shall have previously given to the Trustee written notice of the occurrence of an Event of Default and the Owners of at least twenty-five percent (25%) in aggregate principal amount of the Supported General Obligations then Outstanding, to the extent provided above, shall have filed a written request with the Trustee and shall have offered it reasonable opportunity, either to exercise the powers granted in the Indenture or by the Act or by the laws of the State or to institute such action, suit or proceeding in its own name, and unless such owners shall have offered to the Trustee adequate security and indemnity against the costs, expenses and liabilities to be incurred therein or thereby, and the Trustee shall have refused to comply with such request for a period of sixty (60) days after receipt by it of such notice, request and offer of indemnity, it being understood and intended that no owners of Supported General Obligations shall have any right in any manner whatever by his or their action to affect, disturb or prejudice the pledge created by the Indenture, or to enforce any right under the Indenture, except in the manner herein provided; and that all proceedings at law or in equity to enforce any provision of the Indenture shall be instituted, had and maintained in the manner provided in the Indenture and for the equal benefit of all owners of the Outstanding Supported General Obligation, subject only to the provisions of Article 10 of the Indenture.

Nothing contained in the Indenture shall affect or impair the obligation of the City, which is absolute and unconditional, to pay at the respective dates of Maturity and places therein expressed the principal of (and premium, if any), sinking fund installments, and interest on the Supported General Obligations to the respective owners thereof, or affect or impair the right of action, which is also absolute

and unconditional, of any owner to enforce such payment of such Owner's Supported General Obligation.

No remedy by the terms of the Indenture conferred upon or reserved to the Trustee, or the Bondholders is intended to be exclusive of any other remedy, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under the Indenture or existing at law or in equity or by statute on or after the date of execution and delivery of the Indenture.

No delay or omission of the Trustee or any Bondholder to exercise any right or power arising upon the occurrence of an Event of Default shall impair any right or power or shall be construed to be a waiver of any such Event or Default or be an acquiescence therein; and every power and remedy given by Article 10 of the Indenture to the Trustee or to the Bondholders may be exercised from time to time and as often as may be deemed expedient by the Trustee or by the Bondholders.

Prior to the institution of proceedings as provided in the Indenture, the Owners of not less than twenty-five percent (25%) in aggregate principal amount of the Supported General Obligations at the time Outstanding, or their attorneys-in-fact duly authorized may, on behalf of the Owners of all of the Supported General Obligations, waive any past default under the Indenture and its consequences, except a default in the payment of interest on or principal of or premium (if any) on any of the Supported General Obligations. No such waiver shall extend to any subsequent or other default or impair any right consequent thereon. (*Sections 10.4, 10.5, 10.6 and 10.7 of the Indenture*)

9. Notice to of Default and Requests Regarding Remedies

Within ninety (90) days after the occurrence of, or the receipt of notice of the occurrence of, any Event of Default, the Trustee shall promptly mail written notice of such occurrence to each Owner of the Supported General Obligations then Outstanding at such Owner's address, if any, appearing on the Bond Register. (*Section 10.8 of the Indenture*)

10. Application of Taxes and Other Moneys After Default

During the continuance of an Event of Default, the Trustee shall apply all moneys, securities, funds, taxes and revenues received by the Trustee pursuant to any right given or action taken under the provisions of Article 10 of the Indenture as follows and in the following order:

- (a) Expenses of Fiduciaries – to the payment of the reasonable and proper charges, expenses and liabilities of the Fiduciaries.
- (b) Principal or Redemption Price and Interest – to the payment of the interest and principal or Redemption Price then due on the Supported General Obligations, as follows:

First: Interest – to the payment to the Persons entitled thereto of all installments of interest then due in the order of the maturity of such installments, together with accrued and unpaid interest on the Supported General Obligations theretofore called for redemption, and, if the amount available shall not be sufficient to pay in full any installment or installments maturing on the same date, then to the payment thereof ratably, according to the amounts due thereon, to the Persons entitled thereto, without any discrimination or preference; and

Second: Principal or Redemption Price – to the payment to the Persons entitled thereto of the unpaid principal, unsatisfied balance of any sinking fund installment or Redemption Price of any Supported General Obligations which shall have become due,

whether at maturity or by call for redemption, in the order of their dates, and, if the amount available shall not be sufficient to pay in full all the Supported General Obligation due on any date, then to the payment thereof ratably, according to the amounts of principal or Redemption Price due on such date, to the Persons entitled thereto, without any discrimination or preference.

If and whenever all overdue installments of interest on all Supported General Obligations, together with the reasonable and proper charges, expenses and liabilities of the Trustee under the Indenture or any other agreement and all other sums payable by the City under the Indenture, including the principal and Redemption Price of and accrued unpaid interest on all Bonds which shall then be payable by declaration or otherwise, shall either be paid by or for the account of the City, or provisions satisfactory to the Trustee shall be made for such payment, and all defaults under the Indenture or the Bonds shall be made good or secured to the satisfaction of the Trustee or provision deemed by the Trustee to be adequate shall be made therefor, the City, and the Trustee shall be restored, respectively, to their former positions and rights under the Indenture. No such restoration of the City and the Trustee, to their former positions and rights shall extend to or affect any subsequent default under the Indenture or impair any right consequent thereon. *(Section 10.3 of the Indenture)*

11. Additional Bonds

The City may issue Additional Bonds on a parity with all Outstanding Supported General Obligations and secured by an equal charge and lien on and payable equally and ratably from the Property Taxes for any purpose. *(Section 4.1 of the Indenture)*

Prior to the delivery of Additional Bonds, there shall be filed with the Trustee (i) a supplemental indenture duly executed by the City; (ii) an opinion of recognized bond counsel to the effect that the Additional Bonds, when executed by the City and authenticated and delivered by the Trustee and when issued by the City, will be Supported General Obligations of the City entitled to the benefits of and secured by the Indenture equally and ratably with all other Outstanding Supported General Obligations and that the supplemental indenture has been duly executed and delivered by the City and all applicable conditions for the Trustee's execution and delivery of such supplemental indenture have been satisfied; and (iii) instructions from the City to the Trustee to authenticate and deliver such Additional Bonds. *(Section 4.4 of the Indenture)*

12. Fiduciaries

No Fiduciary shall be under any responsibility or duty with respect to the application of any moneys paid by such Fiduciary in accordance with the provisions of the Indenture to the City or to any other Fiduciary. No Fiduciary shall be under any obligation or duty to perform any act which would involve it in expense or liability or to institute or defend any suit in respect thereof, or to advance any of its own moneys, unless properly indemnified. Subject to the paragraph below, no Fiduciary shall be liable in connection with the performance of its duties under the Indenture except for its own gross negligence or willful misconduct.

The Trustee, prior to the occurrence of an Event of Default and after the curing of all Events of Default which may have occurred, undertakes to perform such duties and only such duties as are specifically set forth in the Indenture and no implied covenants or obligations shall be read into the Indenture against the Trustee. In case an Event of Default has occurred (which has not been cured within the applicable grace period), the Trustee shall not be liable in connection with the performance of its duties under the Indenture except for its own gross negligence or willful misconduct.

Any Fiduciary may become the Owner of any Supported General Obligation with the same rights it would have if it were not a Fiduciary. To the extent permitted by law, any Fiduciary may act as depositary for, and permit any of its officers or directors to act as a member of, or in any other capacity with respect to, any committee formed to protect the rights of Bondholders or to effect or aid in any reorganization growing out of the enforcement of the Supported General Obligations or the Indenture, whether or not any such committee shall represent the Owners of a majority in principal amount of the Supported General Obligations then Outstanding.

No resignation or removal of the Trustee and no appointment of a successor Trustee pursuant to Article 11 of the Indenture shall become effective until the acceptance of appointment by the successor Trustee.

The Trustee may, with no less than sixty (60) days' prior written notice to the City, resign at any time. If an instrument of acceptance by a successor Trustee shall not have been delivered to the Trustee within sixty (60) days after the giving of such notice of resignation, the resigning Trustee may petition any court of competent jurisdiction for the appointment of a successor Trustee.

Prior to the occurrence and continuance of an Event of Default under the Indenture, or after the curing or waiver of any such Event of Default, the City or the Holders of not less than twenty-five percent (25%) in aggregate principal amount of the Outstanding Supported General Obligations may, with no less than sixty (60) days' prior written notice to the Trustee, remove the Trustee and shall appoint a successor Trustee. In the event there shall have occurred and be continuing an Event of Default under the Indenture, the Holders of not less than twenty-five percent (25%) in aggregate principal amount of the Outstanding Supported General Obligations may, with no less than sixty (60) days' prior written notice to the Trustee, remove the Trustee and shall appoint a successor Trustee. In each instance such removal and appointment shall be accomplished by an instrument or concurrent instruments in writing signed by the City or such Holders, as the case may be, and delivered to the Trustee and the City and Holders of the Outstanding Supported General Obligations.

If the Trustee shall give notice of its resignation, be removed or become incapable of acting hereunder: (1) the City shall promptly appoint a successor Trustee; or (2) any holder of a Supported General Obligation then Outstanding may, on behalf of the Holders of all Outstanding Supported General Obligations, petition a court of competent jurisdiction for removal of the Trustee and appointment of a successor Trustee. Such successor Trustee shall accept such appointment by delivering a written acceptance to the City and the predecessor Trustee.

The Trustee or any successor thereof, may, with no less than ten (10) days' prior written notice to the Trustee or such successor, be removed at any time by the City or by the Owners of not less than twenty-five percent (25%) in aggregate principal amount of Outstanding Supported General Obligations, excluding any Supported General Obligations held by or for the account of the City, for any breach of its duties and obligations under the Indenture by an instrument or concurrent instruments in writing signed and acknowledged by such Bondholders or by their attorneys-in-fact duly authorized and delivered to the City. Copies of each instrument providing for any such removal shall be delivered by the City to the Trustee and any successor thereof. (*Article 11 of the Indenture*)

13. Amendments and Supplemental Indentures

Without the consent of any Bondholders, the City, when authorized by a City Council resolution, and the Trustee at any time and from time to time, may enter into one or more amendments or indentures supplemental hereto, in form satisfactory to the Trustee, for any of the following purposes:

- (a) to evidence and provide for the acceptance of appointment by another bank or trust company as a successor Trustee hereunder with respect to one or more series of Supported General Obligation and to add to or change any of the provisions of the Indenture as shall be necessary to provide for or facilitate the administration of the trusts hereunder by more than one Trustee, pursuant to the Indenture;
- (b) to add to the covenants of the City, for the benefit of the holders of Bonds of all or any series, or to surrender any right or power herein conferred upon the City, provided that such action shall not adversely affect the interests of the Bondholders; or
- (c) to cure any ambiguity, to correct or supplement any provision herein which may be *inconsistent with any other provision herein, or to make any other provisions with respect* to matters or questions arising under the Indenture, provided that such action shall not materially and adversely affect the interests of the Bondholders of any series; or
- (d) to establish any additional form of Bond, as permitted hereunder and to provide for the issuance of any additional series of Bonds, as permitted under the Indenture, and to set forth the terms thereof; or
- (e) to confirm, as further assurance, any security interest, pledge or assignment under, and the subjection to any security interest, pledge or assignment created or to be created by, the Indenture of the Property Taxes, or of any other moneys, or securities; or
- (f) to modify, supplement or amend the Indenture to effect qualification under the Trust Indenture Act of 1939, as amended, or under any similar federal statute hereinafter enacted, and to add to the Indenture such other provisions as may be expressly permitted by the Trust Indenture Act of 1939, as amended, and to permit the qualification of any series of Bonds for sale under the securities laws of any state or the United States; or
- (g) to modify, supplement or amend the Indenture to effect its compliance with the Act; or
- (h) to appoint a trustee or any paying agent; or
- (i) to satisfy the requirements of the providers of credit enhancement for, or any rating agency in connection with, any of the series of Bonds if such requirements do not materially and adversely affect the rights of the Bondholders; or
- (j) to grant to or confer upon the Trustee for the benefit of the Bondholders any additional rights, remedies, powers or authority that may lawfully be granted to or conferred upon the Bondholders or the Trustee or either of them which are not contrary to or inconsistent with the Indenture as theretofore in effect, or to grant or pledge to the Trustee for the benefit of the Bondholders any additional security other than that granted or pledged under the Indenture.

With the consent of the Holders of not less than twenty-five percent (25%) in aggregate principal

amount of the Outstanding Supported General Obligations of each series affected by such amendment or amendments or supplemental indenture or indentures, by act of said Holders delivered to the City and the Trustee, the City, when authorized by a City Council resolution, and the Trustee may enter into amendments or indentures supplemental hereto for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of the Indenture or of modifying in any manner the rights of the Bondholders of each such series under the Indenture; provided, however, that no such amendment or supplemental indenture shall, without the consent of the Holder of each Outstanding Supported General Obligation affected thereby:

- (a) change the maturity of the principal of, or the stated maturity of the premium, if any, on, or any installment of interest on, any Supported General Obligation, or reduce the principal amount thereof or any premium thereon or the rate of interest thereon, or change the method of computing the amount of principal thereof on any date or change the coin or currency in which any Supported General Obligation or any premium or interest thereon is payable, or impair the right to institute suit for the enforcement of any such payment on or after the maturity thereof, as the case may be, (or, in the case of redemption or repayment, on or after the redemption date or the repayment date, as the case may be); or
- (b) reduce the percentage in principal amount of the Outstanding Supported General Obligation of any series, the consent of whose Holders is required for any such amendment or supplemental indenture or the consent of whose Holders is required for any waiver (of compliance with certain provisions of the Indenture or of certain defaults thereunder and their consequences) provided for in the Indenture; or
- (c) modify any of the provisions of Section 12.2 of the Indenture, except to increase any such percentage or to provide that certain other provisions of the Indenture cannot be modified or waived without the consent of the holder of each Outstanding Supported General Obligation affected thereby.

Prior to the adoption of any such supplemental indenture under Section 12.2 of the Indenture, the City shall give at least fifteen (15) business days written notice thereof to the Bondholders.

It shall not be necessary for any act of Bondholders under Section 12.2 to approve the particular form of any proposed amendment or supplemental indenture, but it shall be sufficient if such act shall approve the substance thereof.

Notwithstanding the provisions above, the Indenture may be amended by the City without the approval of the Bondholders or Trustee upon the request of the Secretary or the Treasurer provided such amendment does not impair the rights of the Bondholders.

Supported General Obligations owned or held by or for the account of the City shall not be deemed Outstanding for the purpose of consent or other action or any calculation of Outstanding Supported General Obligations provided for in Article 12 of the Indenture, and the City shall not be entitled with respect to such Supported General Obligations to give any consent or take any other action provided for in Article 12 of the Indenture. The City shall furnish the Trustee a certificate of an Officer, upon which the Trustee may rely, describing all Supported General Obligations so to be excluded. *(Article 12 of the Indenture)*

14. Defeasance

If the City shall pay or cause to be paid, or there shall be otherwise paid or provision made for payment, to the Holders of all or any of the Supported General Obligations of a series then Outstanding, the principal or Redemption Price of and interest thereon, at the times and in the manner stipulated therein and in the Indenture and any supplemental indenture, and all fees and expenses of the Trustee, the Paying Agent and the City, then the pledge of any Property Taxes or other moneys and securities hereby pledged to such Supported General Obligations or such series of Supported General Obligations and all other rights granted hereby to such Supported General Obligations or such series of Supported General Obligations shall be discharged and satisfied. In such event, the Trustee shall, upon the request of the City, execute and deliver to the City all such instruments as may be desirable to evidence such discharge and satisfaction and the Trustee or other fiduciary shall pay or deliver to the City all moneys or securities held by it pursuant to the Indenture and any supplemental indenture which are not required for the payment or redemption of Supported General Obligations of such series not theretofore surrendered for such payment or redemption to be used by the City.

Any Supported General Obligations of a series for which moneys shall then be held by a trustee, which may be the Trustee (through deposit by the City of funds for such payment or redemption or otherwise), whether at or prior to the maturity or the redemption date of such Supported General Obligations, shall be deemed to have been paid within the meaning and with the effect expressed in Section 13.3 of the Indenture. Any Outstanding Supported General Obligations of any series shall, prior to the maturity or redemption date thereof, be deemed to have been paid within the meaning and with the effect expressed in Section 13.3 of the Indenture if:

- (a) in case any of such Supported General Obligations are to be redeemed on any date prior to their maturity, the City shall have given to a trustee, which may be the Trustee, in form satisfactory to such trustee, irrevocable instructions to give notice of redemption on such date of such Supported General Obligations;
- (b) there shall have been deposited with such trustee either moneys in an amount which shall be sufficient, or Defeasance Obligations the principal of and the interest on which when due will provide moneys which, together with the moneys, if any, deposited with such trustee at the same time, shall be sufficient to pay when due the principal or Redemption Price, if applicable, and interest due and to become due on such Supported General Obligations on and prior to the redemption date or maturity date thereof, as the case may be; and
- (c) in the event such Supported General Obligations are not by their terms subject to redemption within the next succeeding sixty (60) days, the City shall have given a trustee, which may be the Trustee, in form satisfactory to such trustee, irrevocable instructions to mail, as soon as practicable, a notice to the Owners of such Supported General Obligations that the deposit required by (b) above has been made with such trustee and that such Supported General Obligations are deemed to have been paid in accordance with the Indenture and stating such maturity or redemption date upon which moneys are to be available for the payment of the principal or Redemption Price, if applicable, on such Supported General Obligations.

In the event of an advance refunding of any series of Supported General Obligations:

- (a) the City shall cause to be delivered, on the deposit date and upon any reinvestment of the defeasance amount, a verification report of an accountant.

- (b) any escrow deposit agreement shall provide that no (A) substitution of a Defeasance Obligations shall be permitted except with another Defeasance Obligation and upon delivery of a new verification report and (B) reinvestment of Defeasance Obligations shall be permitted except as contemplated by the original verification report or upon delivery of a new verification report; and
- (c) there shall be delivered an opinion of recognized bond counsel to the effect that the payment of such series of Supported General Obligations has been provided for in the manner set forth herein and that such series of Supported General Obligations are no longer “Outstanding” under the Indenture. *(Section 13.3 of the Indenture)*

No recourse shall be had for the payment of the principal or Redemption Price of and interest on the Bonds or for any claims based thereon or on the Indenture against any official, employee or other officer of the City or any person executing the Bonds, all such liability, if any, being expressly waived and released by every Bondholder by the acceptance of the Bond. *(Section 13.8 of the Indenture)*

In any case where any payment date of principal, sinking fund installment, or interest on the Bonds, or the date fixed for redemption of any Bonds, shall be a day other than a Business Day, then payment of such principal, sinking fund installment, or interest, or the Redemption Price, if applicable, need not be made on such date but may be made on the next succeeding Business Day with the same force and effect as if made on the principal, sinking fund installment, or interest payment date, or the date fixed for redemption, as the case may be, except that interest shall continue to accrue on any unpaid principal. *(Section 13.12 of the Indenture)*

The effect and meaning of the Indenture and the rights of all parties under the Indenture shall be governed by, and construed in accordance with, the laws of the State of Connecticut. *(Section 13.15 of the Indenture)*

[THIS PAGE INTENTIONALLY LEFT BLANK]

