

PRELIMINARY OFFICIAL STATEMENT DATED SEPTEMBER 13, 2021

NEW ISSUE—BOOK ENTRY ONLY

MOODY'S RATING: Baa3
S&P GLOBAL RATING: BBB
(See "Ratings" herein)

In the opinion of Bond Counsel, rendered in reliance upon and assuming the accuracy of and continuing compliance by the City of West Haven with certain representations and covenants relating to the applicable requirements of the Internal Revenue Code of 1986, as amended (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 calculating the federal alternative minimum tax under the Code. 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

\$20,545,000* GENERAL OBLIGATION BONDS, ISSUE OF 2021

Dated: Date of Delivery

Due: September 15, as shown herein

The \$20,545,000* General Obligation Bonds, Issue of 2021 (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 Second Supplemental Indenture, dated as of September 1, 2021 (the "Trust Indenture"), between the City and U.S. Bank National Association, as trustee (the "Trustee") (see "SECTION I— SECURITIES OFFERED - SECURITY AND REMEDIES" herein). Interest on the Bonds will be payable semiannually on March 15 and September 15 in each year until maturity, commencing September 15, 2022. **The Bonds ARE subject to redemption prior to maturity.** See ("Optional Redemption" herein).

\$6,500,000 GENERAL OBLIGATION BOND ANTICIPATION NOTES, ISSUE OF 2021

Dated: Date of Delivery

Due: September 29, 2022

The \$6,500,000 General Obligation Bond Anticipation Notes, Issue of 2021 (the "Notes") 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 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 September 29, 2022. **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 and the Notes will be made in book-entry-only form, in denominations of \$5,000. Purchasers will not receive certificates representing their ownership in the Bonds or the Notes. So long as Cede & Co. is the Bondowner and Noteowner, 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 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.

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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 September 30, 2021.

* Preliminary, subject to change.

CITY OF WEST HAVEN, CONNECTICUT

\$20,545,000* GENERAL OBLIGATION BONDS, ISSUE OF 2021

Dated: Date of Delivery

Due: September 15, as shown below

MATURITY SCHEDULE AND AMOUNTS*

SERIAL BONDS									
Maturity	Amount*	Coupon	Yield	CUSIP ¹	Maturity	Amount*	Coupon	Yield	CUSIP ¹
2022	\$1,540,000	%	%	953140***	2027	\$ 980,000			953140***
2023	1,535,000			953140***	2028	980,000			953140***
2024	1,535,000			953140***	2029	980,000			953140***
2025	1,520,000			953140***	2030	980,000			953140***
2026	1,515,000			953140***	2031	980,000			953140***

TERM BONDS				
Maturity	Amount*	Coupon	Yield	CUSIP ¹
September 15, 2036†	\$ 4,050,000	%	%	953140***
September 15, 2041†	3,950,000			953140***

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

\$6,500,000 GENERAL OBLIGATION BOND ANTICIPATION NOTES, ISSUE OF 2021

Dated: Date of Delivery

Due: September 29, 2022

MATURITY SCHEDULE AND AMOUNTS

Coupon	Yield	CUSIP ¹
%	%	953140***

* Preliminary, subject to change.

¹ Copyright, American Bankers Association. CUSIP® is a registered trademark of the American Bankers Association. CUSIP 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 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 or Notes or as indicated above. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Bonds and 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 Notes.

No dealer, broker, salesman 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 their 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; and (ix) 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 and 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.

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.

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MUNICIPAL ADVISOR
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BOND ISSUE SUMMARY

The information in this Bond Issue Summary 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:	\$20,545,000* General Obligation Bonds, Issue of 2021 (the “Bonds”).
Dated Date:	September 30, 2021.
Principal Due:	September 15, 2022 through September 15, 2041 as described in this Official Statement.
Interest Due:	Semiannually on March 15 and September 15 in each year, commencing September 15, 2022.
Denominations:	\$5,000 or integral multiples thereof.
Purpose and Authority:	The Bonds are being issued to i) permanently finance a portion of the \$19,500,000 Bond Anticipation Notes maturing September 30, 2021 which were used to finance public improvement projects undertaken by the City and ii) to finance various capital improvement projects of the City all of which were authorized pursuant to Title 7 of the General Statutes of Connecticut, as amended, the Charter of the City of West Haven and bond ordinances adopted by the City Council.
Redemption:	The Bonds <u>are</u> subject to redemption prior to maturity. See “Optional Redemption” herein.
Security:	The Bonds will be general obligations of the City of West Haven, Connecticut, and the City will pledge its full faith and credit to the payment of the principal of and interest on the Bonds when due. Payment in respect of the Bonds will be supported by a property tax intercept fund established under the Trust Indenture (as defined herein).
Credit Rating:	The Bonds have been rated “Baa3” with a stable outlook by Moody's Investors Service (“Moody's”) and “BBB” with a positive outlook by S&P. The underlying ratings on the City’s outstanding bonds have recently been affirmed as “Baa3” with a stable outlook by Moody's and “BBB” with a positive outlook by S&P.
Tax Exemption:	Refer to Appendix B, “Opinion of Bond Counsel – 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, as amended, for purposes of the deduction by financial institutions for interest expense allocable to the Bonds.
Certifying Bank, Registrar, Trustee, Transfer and Paying Agent:	U.S. Bank National Association, of Hartford, Connecticut.
Legal Opinion:	Pullman & Comley LLP, of Bridgeport and Hartford, 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 September 30, 2021 against payment in Federal Funds.
Issuer Official:	Questions regarding the City and this Official Statement should be directed to Mr. Frank Cieplinski, 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 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:	\$6,500,000 General Obligation Bond Anticipation Notes, Issue of 2021 (the “Notes”).
Dated Date:	September 30, 2021.
Principal Due:	At maturity on September 29, 2022.
Interest Due:	At maturity on September 29, 2022.
Denominations:	\$5,000 or integral multiples thereof.
Purpose and Authority:	The Notes are being issued to refund a portion of the \$19,500,000 of Bond Anticipation Notes maturing September 30, 2021 which were used 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 of West Haven and a bond ordinance adopted by the City Council.
Redemption:	The Notes are not subject to redemption prior to maturity.
Security:	The Notes will be general obligations of the City of West Haven, Connecticut, 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 City has not applied for a rating on the Notes. The underlying ratings on the City’s outstanding bonds has recently been affirmed as “Baa3” with a stable outlook by Moody’s and “BBB” with a positive outlook by S&P.
Tax Status:	Refer to Appendix C, “Opinion of Bond Counsel – 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, as amended, for purposes of the deduction by financial institutions for interest expense allocable to the Notes.
Certifying Bank, Registrar, Transfer and Paying Agent:	U.S. Bank National Association, of Hartford, Connecticut.
Legal Opinion:	Pullman & Comley LLP, 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 September 30, 2021 against payment in Federal Funds.
Issuer Official:	Questions regarding the City and this Official Statement should be directed to Mr. Frank Cieplinski, 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 \$20,545,000* General Obligation Bonds, Issue of 2021, (the “Bonds”) and \$6,500,000 General Obligation Bond Anticipation Notes, Issue of 2021 (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 Second Supplemental Indenture dated as of September 1, 2021 (the “Trust Indenture”) between the City and U.S. Bank 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 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 759, 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 designated as a Tier III municipality and became subject to oversight by the MARB. See “SECTION V – FINANCIAL INFORMATION – CITY FINANCIAL OPERATIONS” and “SECTION V – FINANCIAL INFORMATION – MUNICIPAL ACCOUNTABILITY REVIEW BOARD AND TIER LEGISLATION” herein.

* Preliminary, subject to change.

The City has been under the oversight of the MARB since April 2018, has received Restructuring Funds for four prior fiscal years and has adopted a balance budget without restructuring funds for the fiscal year ending June 30, 2022. 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 in June 2021. 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. As a result of the use of the Restructuring Funds, improved budget practices, incremental mill rate increases, cost savings realized from operating efficiencies, 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 \$2.2 million in the fiscal year that ended June 30, 2020 and estimates an operating surplus of approximately \$1.7 million for the fiscal year ended June 30, 2021. See “SECTION V – FINANCIAL INFORMATION – CITY FINANCIAL OPERATIONS” 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 September 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 March 15 and September 15 in each year until maturity, commencing on September 15, 2022. 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 on the last business day in February and August of each year. **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 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 – The Bonds” herein).

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).

REDEMPTION PROVISIONS

Optional Redemption

The Bonds maturing on or before September 15, 2030 are not subject to redemption prior to maturity. The Bonds maturing on or after September 15, 2031 are subject to redemption prior to maturity, at the option of the City, on or after September 15, 2030, 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:

<u>Redemption Date</u>	<u>Redemption Price</u>
September 15, 2030 and thereafter	100%

Mandatory Sinking Fund Redemption

The Bonds maturing on September 15, 2036* and September 15, 2041* (the "Term Bonds") 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 September 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 September 15, 2036*

<u>Maturity</u>	<u>Amount*</u>	<u>Maturity</u>	<u>Amount*</u>
2032	\$810,000	2035	\$810,000
2033	810,000	2036	810,000 †
2034	810,000		

Term Bond due September 15, 2041*

<u>Maturity</u>	<u>Amount*</u>	<u>Maturity</u>	<u>Amount*</u>
2037	\$790,000	2040	\$790,000
2038	790,000	2041	790,000 †
2039	790,000		

† Final Maturity.

* Preliminary, subject to change.

NOTICE OF REDEMPTION

Notice of redemption shall be mailed not less than thirty (30) nor more than forty-five (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 Paying Agent, 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 of, the City, the Registrar or Paying Agent.

DESCRIPTION OF THE NOTES

The Notes will be dated September 30, 2021 and will be due and payable as to both principal and interest at maturity, on September 29, 2022. 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 Trust Indenture.

The Registrar, Certifying Agent, Transfer Agent and Paying Agent for the Notes will be U.S. Bank 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 – The Notes” herein).

A book-entry system will be employed evidencing ownership of the Notes 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).

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 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 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 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 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 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 with DTC and their registration in the name of Cede & Co. or such other DTC nominee do 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 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 and the Notes 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 are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend 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 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, 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 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 Issuer 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 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, all outstanding Supported General Obligations (as defined in the Trust Indenture), including the Bonds, all outstanding long-term general obligation debt of the City, and 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". A copy of the Trust Indenture is on file at the office of the Director of Finance, 355 Main Street, 3rd Floor, West Haven Connecticut, 06516.

Bankruptcy

In the event that the City were to file a petition for protection under Chapter 9 of the Federal Bankruptcy Code, enforcement of a claim for payment of principal of or interest on the Bonds and the Notes would be subject to the applicable provisions of federal bankruptcy laws and to provisions of other statutes, if any, hereafter enacted by the Congress extending the time for payment or imposing other constraints upon enforcement insofar as the same may be constitutionally applied. 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. Under Section 7-566 of the Connecticut General Statutes, no Connecticut municipality can file for bankruptcy protection under Chapter 9 of the Federal Bankruptcy Code without the express written consent of the Governor. Under the Federal Bankruptcy Code, an involuntary petition cannot be filed against the City.

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 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

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. The outbreak of the virus has affected travel, commerce and financial markets globally. There can be no assurances that the continuing prevalence of COVID-19 will not materially affect local, state, national, and global activity; increase public health emergency response costs; and materially adversely impact the financial condition of the City.

State and Local Efforts to Mitigate the Ongoing Impact of COVID-19

On March 10, 2020, Governor Lamont declared a state of emergency throughout the State of Connecticut (the “State”) and took and continues to take steps designed to mitigate the spread and impacts of COVID-19. Public-schools began to operate remotely immediately following the outbreak and continued remotely through the 2019/2020 school year. For the 2020/2021 school year, schools were permitted to reopen and school districts were given the discretion to choose in-person learning, virtual learning or a hybrid model. For the 2021/2022 year, the City’s public schools have returned to full time, in-person learning.

Connecticut’s COVID-19 vaccination plan commenced on December 14, 2020. The State is currently making vaccinations available to all individuals aged 12 and over, and reports that it is preparing to make booster shots available in accordance with CDC guidelines.

The Governor regularly reviews conditions and, accordingly, expands or reduces restrictions. In response to the Spring 2021 decline in the number of positive COVID-19 cases and hospitalizations, effective May 19, 2021, all capacity restrictions related to establishments and social/recreational gatherings were eliminated. Given the increase in positive COVID-19 cases since July 2021, face-covering requirements remain in effect at this time for unvaccinated individuals. Businesses and state and local government offices have the option to require masks be worn by everyone in their establishments. Effective August 5, 2021, municipal leaders have the option of requiring that masks be worn by everyone, regardless of vaccination status, in indoor public places within their respective towns and cities. Although the City does not have such a mandate in place, all individuals entering City buildings must wear face coverings regardless of vaccination status.

The potential long-term impact of the COVID-19 pandemic on the City cannot be predicted at this time. The continued efforts to mitigate the spread of the outbreak and any prolonged effects on the national, State and local economy could have a materially adverse effect on the City’s finances, credit ratings and ability to pay debt service on its outstanding indebtedness in the future.

COVID-19 Outbreak - Municipal Tax Relief Programs

On April 1, 2020, in response to the COVID-19 emergency, Governor Ned Lamont issued Executive Order No. 7S (“Order 7S”), as amended by Executive Order No. 7W on April 9, 2020 (“Order 7W”), which creates two short-term tax relief programs and requires all towns, cities, and boroughs as well as their water pollution control authorities to adopt either or both of them by a vote of the legislative body. One program defers tax payments and benefit assessments by three months for taxpayers based on a showing of need, while the other reduces the interest chargeable on overdue tax and assessment payments for all taxpayers in the municipality for three months.

All municipalities were directed to notify the Secretary of the Office of Policy and Management (“OPM”) no later than April 25, 2020 which program or programs it intended to elect. At a City Council meeting held on April 22, 2020 the City Council elected to participate in the Low Interest Rate Program only. The “Low Interest Rate Program” lowers the interest rate to 3% per annum (0.25% monthly) on any unescrowed taxes on real estate, motor vehicles, and personal property as well as unescrowed municipal utility charges (collectively, the “Taxes and Charges”) that were due between April 1, 2020 and July 1, 2020 and were not paid on time and also those which were already delinquent before April 1, 2020.

On December 16, 2020, the Governor issued Executive Order 9R (“Order 9R”), which applied the two tax relief programs to tax deadlines for Taxes and Charges that become due and payable on January 1, 2021. As of December 30, 2020, the City was deemed to have adopted the “Low Interest Program”. The “Low Interest Program” deferred any Taxes and Charges that were due between January 1, 2021 and March 31, 2021 and are not paid on time and also those which were already delinquent before January 1, 2021.

Election by the City of the “Low Interest Program” had minimal effect on the City’s tax collections for the fiscal year ended June 30, 2020. For fiscal year ended June 30, 2020, the City collected 97.83% of the current tax levy, which equates to approximately 0.6% or \$540,000 less than the prior fiscal year.

For Fiscal Year 2021, the City did not experience a material negative financial impact as a result of the Low Interest Program. As of June 30, 2021, the City had collected approximately 98.59% of Fiscal Year 2021 budgeted taxes, which compares favorably to 97.4% collected at the same point in time in for Fiscal Year ending 2020 and 97.8% collected at the same point in time for Fiscal Year ending 2019.

Government Response to COVID-19’s Impact on the Economy

On March 27, 2020, Congress enacted the Coronavirus Aid, Relief, and Economic Stabilization Act (the “CARES Act”) that provided in excess of \$2 trillion of relief to industries and entities throughout the country, including state and local governments. Under the CARES Act, \$150 billion was appropriated to states and other units of government for activities that are directly related to COVID-19. The State received approximately \$1.4 billion in such funding, and it was given the discretion to provide those funds to local governments.

On June 4, 2020, Governor Lamont established the Connecticut Municipal Coronavirus Relief Fund Program (the “Program”) which established a process by which Connecticut municipalities can receive funds from the State to offset non-budgeted COVID-19 related expenditures that were incurred between March 1, 2020 and December 30, 2020. In Fiscal Year 2020, the City received no reimbursement from the Program for pandemic-related costs. In Fiscal Year 2021, the City has received \$1.2 million from the Program.

On December 27, 2020, the President signed into law the Coronavirus Response and Relief Supplemental Appropriations Act of 2021, which extends certain programs and benefits first authorized by the CARES Act. The relief package includes, among other items, over \$900 billion in stimulus for various COVID-19 relief programs, \$8.75 billion for vaccine distribution, \$54.3 billion of Elementary and Secondary School Emergency Relief Funds, \$4.1 billion for the Governors Emergency Education Relief Fund, and an allocation of \$284 billion of Paycheck Protection Program funds to support eligible small businesses and non-profits, and the legislation expands and modifies the program by allowing second draw loans for certain borrowers.

On March 11, 2021, President Biden signed into law the \$1.9 trillion American Rescue Plan Act of 2021 (the “Rescue Plan”). The Rescue Plan relief package includes, amongst other provisions, \$350 billion in state and local government aid. Of the \$350 billion, the State and its local governments are expected to receive approximately \$4.2 billion as a result of this legislation, with \$2.6 billion in State relief and another \$1.6 billion in relief for local governments.

The Rescue Plan relief package also includes approximately \$123 billion to allow for a return to full-time, in-person teaching at elementary and high schools, which funds may be used for numerous purposes, including but not limited to expanding testing, modifying classrooms, improving ventilation, and hiring more custodial staff. The State’s K-12 schools are expected to receive approximately \$1.1 billion.

The Rescue Plan relief package includes another \$160 billion dedicated to COVID-19 vaccination development and distribution.

Over the next two years, the City expects to receive \$29.0 million in federal funding as a result of the Rescue Plan. To date, the City received its first installment of \$9.0 million in funding from this program. The City is developing a plan for the use of such funds that will focus on infrastructure improvements and community-based programs that comply with the federal eligibility criteria.

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 the Bonds and the Notes and other 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. The City receives approximately 33% of its budgeted revenues from State aid and there can be no assurances that the State will provide the funding for municipalities as outlined in the biennium budget recently adopted by the General Assembly during the 2021 regular session. Under the State’s 2022-23 biennial budget, in Fiscal Year 2022 the City is slated to receive an additional \$1.8 million in state aid as compared to Fiscal Year 2021. However, current projections show the State running a deficit of

approximately \$1.178 billion and \$1.171 billion in fiscal years 2024 and 2025, respectively. As of April 30, 2021, the State Consensus Revenue Report projected a \$950.0 million surplus for the State for Fiscal Year 2020-2021. The State Consensus Revenue Report announced that the State's Budget Reserve Fund is expected to exceed \$4.0 billion at the end of fiscal year 2020-2021. 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. 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. 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.

The Bonds are being issued subject 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. See "Security and Remedies"; "Bond and Note Owner's Risks – Bankruptcy"; and "APPENDIX F – SUMMARY OF THE TRUST INDENTURE" herein. The Notes are not being supported by the Trust Indenture.

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 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 AND TAX STATUS – THE BONDS”; “APPENDIX C – FORM OF OPINION OF BOND COUNSEL AND TAX STATUS – 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 or 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 was the victim of a ransomware cyber-attack by unknown actors from multiple locations. As a result of the attack, certain critical systems were comprised resulting in wide-spread outages of both internal and public services and the loss of access to key data. Consistent with other ransomware incidents, the attackers used encryption to hold systems and data hostage in exchange for money. Ultimately, the City paid a nominal sum in ransom to gain access to systems and data. Subsequent to the incident, a full security audit was completed and additional hardware and software were installed to prevent a reoccurrence. Additionally, an outside consultant has been retained to conduct weekly checks on the City’s digital networks and systems.

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 any damage from future storms and water damage, the City has undertaken a number of improvement projects including utilizing a \$5.2 million State grant to raise the road elevation of Beach Street in the coastal area of the City as well as certain beach erosion and restoration projects in that area.

QUALIFICATION FOR FINANCIAL INSTITUTIONS

The Bonds and Notes shall NOT be designated as qualified tax-exempt obligations under the provisions of Section 265(b) of the Internal Revenue Code of 1986, as amended, 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 Appendix C and D 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 submit its audited financial statements and operating data for fiscal years ending June 30, 2016, 2017 and 2019 before the date required in its Continuing Disclosure Agreements. For fiscal year 2016, the City made timely filings of a notice of the failure to file on March 1, 2017 and subsequently filed audited financial statements and operating data on June 5, 2017. For fiscal year 2017, the City made timely filings of a notice of the failure to file on March 1, 2018 and subsequently filed audited financial statements and operating data on June 15, 2018. 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. The audited financial information and operating data for the fiscal years ending on June 30, 2018 and June 30, 2020 were filed on time.

Additionally, the City failed to file notice of certain 2013 rating changes related to the bond insurer on its 2002 Pension and 2002 B Series bond issues. When the City was made aware of the missed filings it promptly filed notices on September 27, 2017.

The City and the Board of Education have 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.

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”) and the Trust Indenture, and when taken together, determine the form and details of the issuance of the Bonds, directing their sale and providing for the rights of the holders thereof.

<u>Project</u>	Total	Notes	Additions/ Reductions	The Bonds	The Notes
	Amount of Authorization	Maturing 9/30/2021		(This Issue)	(This Issue)
West Haven High School Renovations...	\$133,250,000	\$19,500,000	\$ -	\$13,000,000	\$ 6,500,000
Road Paving 2020-21.....	800,000	-	800,000	800,000	-
Board of Education 2021-22.....	3,178,000	-	3,178,000	3,178,000 *	-
Public Works 2021-22.....	1,022,000	-	1,022,000	1,022,000 *	-
Parks & Recreation 2021-22.....	900,000	-	900,000	900,000 *	-
Police 2021-22.....	1,312,000	-	1,310,000	1,310,000 *	-
City Records Digitization 2021-22.....	335,695	-	335,000	335,000 *	-
Total	\$140,797,695	\$19,500,000	\$ 7,545,000	\$20,545,000 *	\$ 6,500,000

* Preliminary, subject to change.

SOURCES AND USES OF BOND AND NOTE PROCEEDS

Proceeds of the Bonds and the Notes are to be applied as follows:

Sources:	The Bonds	The Notes
Par Amount.....	\$ 20,545,000.00 *	\$ 6,500,000.00
Net Original Issue Premium.....	-	-
Total Sources.....	<u>\$ -</u>	<u>\$ -</u>
Uses:		
Deposit to General Fund.....	\$ -	\$ -
BAN Repayment (Principal & Interest).....	-	-
Capitalized Interest.....	-	-
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 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.

Bond Counsel's opinion with respect to the Bonds and 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, as amended (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 Notes in order that interest on the Bonds and 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 Notes to be included in gross income for federal income tax purposes retroactively to the date of issuance of the Bonds and 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 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 Note proceeds and certain other matters. The opinion of Bond Counsel delivered on the date of issuance of the Bonds and Notes and 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 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 the “OIP Notes”). In general, an owner who purchases an OIP Bond or an OIP 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 OIP Note for federal income tax purposes. Prospective purchasers of Bonds and 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 Notes should be aware that ownership of the Bonds and 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 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 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 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 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 and 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 Notes. There can be no assurance that legislation enacted or proposed, or actions by a court, after the issuance of the Bonds and Notes will not have an adverse effect on the tax status of interest on the Bonds and Notes or the market value or marketability of the Bonds and 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 Notes from gross income for federal or state income tax purposes for all or certain taxpayers.

Investors in the Bonds and 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 Notes for federal income tax purposes for all or certain taxpayers. In all such events, the market value of the Bonds and Notes may be adversely affected and the ability of holders to sell their Bonds and Notes in the secondary market may be reduced. The Bonds and Notes are not subject to special mandatory redemption, and the interest rates on the Bonds and Notes are not subject to adjustment, in the event of any such change in the tax treatment of interest on the Bonds and 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 Notes. Prospective owners of the Bonds and 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 Notes.

RATINGS

The Bonds have been rated "Baa3" with a stable outlook by Moody's Investors Service ("Moody's") and "BBB" with a positive outlook by S&P. The underlying ratings on the City's outstanding bonds have recently been affirmed as "Baa3" with a stable outlook by Moody's and "BBB" with a positive outlook by S&P. The Notes have not been rated. 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.

UNDERWRITING

The Bonds and Notes are being purchased by Piper Sandler & Co. (the "Underwriter"). The Underwriter has agreed, subject to certain conditions, to purchase the Bonds from the City at the net aggregate purchase price \$_____ (consisting of the par amount of \$_____, plus 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 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 Underwriter has entered into a distribution agreement (the "CS & Co. Distribution Agreement") with Charles Schwab & Co., Inc. ("CS & Co. ") for the retail distribution of certain securities offerings including the Bonds and the Notes, at the original issue prices. Pursuant to the CS & Co. Distribution Agreement, CS & Co. will purchase the Bonds and the Notes from the Underwriter at the original issue price less a negotiated portion of the selling concession applicable to any Bonds and Notes that CS & Co. sells.

II. THE ISSUER



The following is a brief description of the City of 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 2019 American Community Survey, as compiled by the U.S. Census Bureau, the City's population was 54,763.

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 employs a full-time Commissioner of Planning and Development who pursues new industry for location in West Haven. 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. The intergovernmental revenue 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.

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MUNICIPAL OFFICIALS

<u>Office</u>	<u>Name</u>	<u>Manner of Selection & Term</u>	<u>Years of Service</u>
Mayor	Nancy R. Rossi	Elected - 2 years	3.5 Yrs
City Council:			
Councilman at Large (Chair)	Ronald M. Quagliani	Elected - 2 years	6.5 Yrs
Councilman at Large	Gary Donovan	Elected - 2 years	1.5 Yrs
Councilman at Large	Colleen O'Connor	Elected - 2 years	1.5 Yrs
Councilman - 1st District	Bridgette J. Hoskie	Elected - 2 years	3.5 Yrs
Councilman - 2nd District	William X. Conlon	Elected - 2 years	1.5 Yrs
Councilman - 3rd District	Elizabeth Johnston	Elected - 2 years	1.5 Yrs
Councilman - 4th District	Mitchell L. Gallignano	Elected - 2 years	3.5 Yrs
Councilman - 5th District	Robbin Watt Hamilton	Elected - 2 years	3.5 Yrs
Councilman - 6th District	Peter V. Massaro	Elected - 2 years	3.5 Yrs
Councilman - 7th District	Trenee McGee	Elected - 2 years	1.5 Yrs
Councilman - 8th District	Chrystal Fanelli	Elected - 2 years	1.5 Yrs
Councilman - 9th District	Robert Bruneau	Elected - 2 years	1.5 Yrs
Councilman - 10th District	Barry Lee Cohen	Elected - 2 years	1.5 Yrs
Town and City Clerk	Patricia C. Horvath	Elected - 2 years	1.5 Yrs
Tax Collector	Dorothy Chambrelli	Elected - 2 years	3.5 Yrs
Treasurer	Michael Last	Elected - 2 years	3.5 Yrs
Corporation Counsel	Lee Tiernan	Appointed - Indefinite	3.5 Yrs
Director of Finance	Frank Cieplinski	Appointed - Indefinite	2.5 Yrs
Director of Public Works	Tom McCarthy	Appointed - Indefinite	3.5 Yrs
Chief of Police ¹	Joseph S. Perno	Appointed - Indefinite	2.0 Yrs
Superintendent of Schools	Neil C. Cavallaro	Appointed - Indefinite	20 Yrs
Assessor	Ann Marie Gradoia	Appointed - Indefinite	8.5 Yrs

¹ Joseph Perno was appointed as chief in June 2019 but he has served in the West Haven Police Department for a total of 36 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 July 1, 2021:

<u>Department</u>	<u>Employees</u>
General Government	
Full-Time.....	<u>297</u>
Total General Government.....	<u>297</u>
Board of Education	
Administration.....	28
Instructional.....	675
Other.....	<u>148</u>
Total Board of Education.....	<u>851</u>
Total City Employees.....	<u><u>1,148</u></u>

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>
2022	297	851	1,148
2021	294	881	1,175
2020	290	881	1,171
2019	290	879	1,169
2018	297	853	1,150

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	57	6/30/2024
Dispatchers, ERS	UE Local 222, CILU/CIPU CILU #77	16	6/30/2023
Municipal	AFSCME, AFL-CIO, Council #4, Local #681	98	6/30/2023
Police Department	AFSCME, AFL-CIO, Council #4, Local #895	126	6/30/2023
Fire Department ¹	ALF-CIO, West Haven Professional Firefighters, Local # 1198	23	6/30/2022
Water Pollution Control ¹	AFSCME, Local # 1303-345	24	6/30/2023
Total General Government		<u>344</u>	
<u>Board of Education</u>			
Certified Administrators	West Haven School Administrators Association	22	8/31/2023
Teachers	West Haven Federation of Teachers, Local #1547, AFT	550	8/31/2024
Paraprofessionals	West Haven Federation of Paraprofessionals, Local #2262, AFT	118	8/31/2023
Non-certified Administrators	Communication Workers of America, Local #1103	9	6/30/2023
Non-Certified	Non-Certified School Employees, AFSCME Council #4, Local #2706	92	6/30/2022
Nurses	West Haven Federation of Nurses	13	8/31/2024
Cafeteria Workers	United Public Service Employees, Local #424, Unit # 100	23	6/30/2024
Total Board of Education		<u>827</u>	
Total City Employees		<u><u>1,171</u></u>	

¹ Enterprise fund employees not supported by the General Fund.

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 of teachers' contracts, in assessing the financial capability of a town, there is an irrefutable presumption that a budget reserve of 5% or less 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 136 professionals, including a Chief of Police, one Deputy Chief and a supporting staff of 2 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 district's debt nor its pension liabilities. The City estimates that the two subdivision fire districts have a combined net pension liability of approximately \$127M as of June 30, 2020. 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. 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.

Beginning in fiscal year 2012-13, operations of the Allingtown Fire 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 its July 1, 2019 valuation, the Allingtown Fire Department reported an unfunded actuarial accrued pension liability of \$23.5 million and a funded ratio of 28.2%. As of its July 1, 2017 valuation, the Allingtown Fire Department reported an unfunded actuarial accrued OPEB liability of \$25.5 million.

For the fiscal year ending June 30, 2020, on a GAAP basis, the Allingtown Fire Department ended the year with a \$766,000 operating surplus. As a result of the operating surplus, the cumulative fund balance increased from \$1.2 million to \$1.9 million.

For the fiscal year ending June 30, 2021, City officials estimate that the Allingtown Fire Department will have a \$950,000 operating surplus due to positive revenue variances from property taxes and positive expenditure variances in department administration. The City anticipates that the cumulative fund balance will increase to approximately \$2.9 million as of June 30, 2021.

The fiscal year 2021-22 operating budget for the Allingtown Fire Department includes a \$78.1 million increase in the grand list which generated \$907,000 in additional taxes with a mill rate decrease to 11.62 for real estate and personal property. The budget also included a \$350,000 payment to reduce the unfunded pension liability, and \$155,000 for unallocated contingency.

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 dig and grout repairs on 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 (TSS), Biological Oxygen Demand (BOD) and Biological Nitrogen Removal (BNR). The City recently entered into Interim Funding Obligations with the State of Connecticut's Clean Water Fund Program for two projects totaling \$4.5 million. 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 \$64.69 a ton for the fiscal year ending June 30, 2021. For the fiscal year 2021-22, the City expects to pay a Consumer Price Indexed price of \$64.69 per ton.

Library: West Haven's three 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, along with digital video and music and a variety of educational databases. 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 karate classes 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 and Zinio.

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 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 of West Haven 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, National Association, Greater West Haven Federal Credit Union, Key Bank National Association, People's United Bank, TD Bank, National Association, U.S. Alliance Federal Credit Union, Wells Fargo Bank National Association and Webster Bank, National Association.

Education: The City of West Haven public school system provides comprehensive educational programs to students in grades kindergarten through twelve. A complete program of basic skills is offered to all students. The public schools also offer comprehensive special education courses in addition to a wide variety of extracurricular activities including interscholastic sports programs. The system also provides a wide range of adult education courses to numerous and varied segments of the community. The public school system is governed by a nine-member Board of Education.

The City's school system consists of six schools for pupils in grades Pre-K through 4, one school for pupils in grades 5 through 6, one school for pupils in grades 7 through 8 and one high school for pupils in grades 9 through 12. In June 2017, the City Council approved a \$133.2 million renovation to the City's high school. See "School Construction Projects" herein.

EDUCATIONAL FACILITIES

<u>School</u>	<u>Grades</u>	<u>Date of Construction (Additions, Remodeling)</u>	<u>No. of Classrooms</u>	<u>10/01/20 Enrollment</u>	<u>Capacity</u>
Forest	PK-4	1971(2004)	26	397	700
Haley	PK-4	1952 (1954, 2005)	20	382	530
Mackrille	PK-4	1954 (1988, 2004)	16	294	440
Pagels	PK-4	1954 (1958, 2001)	21	362	555
Savin Rock	PK-4	1976	28	444	750
Washington	PK-4	1909 (1966,1988)	22	403	630
Carrigan	5-6	1969	40	835	1,200
Bailey	7-8	1957 (2002)	28	929	910
Senior High	9-12	1963 (2021)	97	1,633	2,170
Totals			298	5,679	7,885

Source: Business Administrator - Board of Education

SCHOOL ENROLLMENT

<u>As of October 1</u>	<u>Actual</u>					<u>Total</u>
	<u>PK-4</u>	<u>5-6</u>	<u>7-8</u>	<u>9 - 12</u>		
2011-12	2,689	923	961	1,524	6,097	
2012-13	2,656	887	885	1,557	5,985	
2013-14	2,652	868	866	1,565	5,951	
2014-15	2,428	858	869	1,525	5,680	
2015-16	2,473	919	846	1,533	5,771	
2016-17	2,421	970	806	1,492	5,689	
2017-18	2,385	930	919	1,528	5,762	
2018-19	2,378	933	960	1,544	5,815	
2019-20	2,405	844	934	1,595	5,778	
2020-21	2,282	835	929	1,633	5,679	
	<u>Projections</u>					
2021-22	2,188	852	846	1,705	5,591	
2022-23	2,116	843	837	1,685	5,481	
2023-24	2,052	851	864	1,606	5,373	
2024-25	2,057	806	855	1,590	5,308	
2025-26	2,067	763	863	1,538	5,231	

Note: Special education included in grade totals.

Source: School Business Administrator - Board of Education

ECONOMIC DEVELOPMENT

In 2017, the Acorn Group of New Haven completed the first of three mixed-use, off-campus developments in the center of Allingtown, just steps from the University of New Haven campus on Route 1 in West Haven. The first of the three developments, The Atwood, is a four-story, 90,000-square-foot building which includes 67 market-rate residential units and 15,000 square feet of retail space on the ground floor. The residential units are 100% leased and the commercial space was 50% leased as of the end of August 2021. The Acorn Group received their Certificate of Occupancy in August 2020 for Phase II, called the Parkview, consisting of 50 market-rate residential units which are fully leased along with 18,000 square feet of Retail / Office on the ground floor at an approximate development cost in excess of \$30 million. Phase III will be the Forest Theatre project, which will be a similar mixed-use development flanking the opposite side of the Allingtown Green. Each of these developments are designed to attract young professionals who work at the University of New Haven and the nearby Veterans Affairs Hospital on Campbell Avenue. The City estimates that the three developments will annually produce a combined \$1 million in property taxes after the end of a seven-year tax-abatement.

A redevelopment project currently underway in the City is The Haven project on New Haven Harbor. The Haven is a two phase, \$200 million, 250,000 square foot luxury fashion outlet center which is expected to include a 200-seat amphitheater, seven restaurants and a waterfront promenade in the 24-acre Water Street project area. All properties in the Phase I project area have been acquired by the developer, The Haven Group LLC. Demolition of acquired buildings on the site has begun. The project was delayed as the result of the COVID-19 pandemic and due to the developer's request for special legislation to create a Sales Tax District for the project. The Sale Tax District special legislation was recently adopted by the General Assembly during the 2021 regular session. When complete, the project is poised to create approximately 800 full and part-time jobs, as well as approximately 600 construction jobs. Upon the completion of the real estate property tax abatement period discussed below, Phase I is expected to generate approximately \$2.1 million in annual real property tax revenue for the City and additional personal property revenue.

The City has entered into a Development Agreement and an Agreement for Fixing Assessment of Improvements (the "Development Agreement") with The Haven Group, LLC for Phase I of the project. Under the Development Agreement, the City, upon the satisfaction by the Developer of certain conditions, has agreed to provide a partial 7-year real estate property tax abatement to The Haven Group, LLC. Based on the currently expected real property tax assessment value of the project, the expected benefit to the Developer of the tax abatement is \$7 million over the seven-year abatement period; provided, however, the amount of the benefit could decrease depending upon the level of economic development incentives, if any, that the Developer receives from the State of Connecticut to support the project.

A \$135 million Metro-North Railroad commuter station in West Haven was completed in the fall of 2013. The 3,000-square-foot station is located between Railroad Avenue and Hood Terrace near Sawmill Road and Exit 42 off Interstate 95. The station includes a surface parking lot with 650 spaces and two train platforms with a pedestrian overpass. To coincide with the project, the City has undertaken streetscape improvements to link the train station with downtown along Main Street. The City recently adopted market-friendly transit-oriented design regulations. A team of urban design professionals worked with the community to develop a plan and strategy to take advantage of the benefits provided by the new station. The TOD Master Plan incorporates a "New Urbanism" theme, which includes elements such as walkways, bike paths, community gathering areas and market-rate housing for people who want to live and work near major transportation hubs. The City is optimistic that the new station and TOD Master Plan will create opportunities for the redevelopment.

The City benefits from its proximity to Yale University and Yale New Haven Health. The Yale School of Nursing, now with more than 400 students and 100 employees, has completed its move to the university's West Campus on Morgan Lane in West Haven. In addition, Yale continues to make a significant investment in the City by expanding its research capacity into the facilities on the West Campus. More than 700 Yale employees currently live in West Haven. The City, with help from federal funding, is in the final design phase of a bike and walkway from the train station to the West Campus. The infrastructure investment will enhance the connectivity of the station and campus and will provide more transportation options to campus for students, faculty and visitors alike. Additionally, in August 2017, Yale New Haven Health system finalized the purchase of 117 acres of land on Derby Avenue. Yale New Haven Health system 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, 140,000 square foot facility and is staffed by approximately 95 employees.

III. ECONOMIC AND DEMOGRAPHIC INFORMATION

POPULATION TRENDS

<u>Year</u>	<u>City of West Haven</u>	<u>New Haven County</u>	<u>State of Connecticut</u>
1980	53,184	761,337	3,107,576
1990	54,021	804,219	3,287,116
2000	52,360	824,008	3,405,565
2010	55,564	862,477	3,574,097
2019	54,763	857,513	3,575,074

Source: U.S. Census Bureau.

AGE CHARACTERISTICS OF POPULATION

<u>Age</u>	<u>City of West Haven</u>		<u>New Haven County</u>		<u>State of Connecticut</u>	
	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>
Under 5.....	2,878	5.3	44,503	5.2	183,808	5.1
5 - 9.....	2,737	5.0	46,525	5.4	198,000	5.5
10 - 14.....	3,520	6.4	51,112	6.0	221,325	6.2
15 - 19.....	4,032	7.4	58,615	6.8	244,249	6.8
20 - 24.....	4,872	8.9	59,558	6.9	244,597	6.8
25 - 34.....	8,431	15.4	114,190	13.3	441,742	12.4
35 - 44.....	5,781	10.6	100,830	11.8	424,739	11.9
45 - 54.....	7,802	14.2	117,789	13.7	508,428	14.2
55 - 59.....	3,799	6.9	61,152	7.1	264,804	7.4
60 - 64.....	3,382	6.2	57,498	6.7	242,329	6.8
65 - 74.....	4,919	9.0	81,393	9.5	336,422	9.4
75 - 84.....	1,701	3.1	41,739	4.9	174,887	4.9
85 and over....	909	1.7	22,609	2.6	89,744	2.5
Total.....	<u>54,763</u>	<u>100.0</u>	<u>857,513</u>	<u>100.0</u>	<u>3,575,074</u>	<u>100.0</u>
Median Age...	36.6		40.3		41.0	

Source: U.S. Census Bureau, American Community Survey, 2015-19.

SELECTED WEALTH AND INCOME INDICATORS

	<u>Median Family Income</u>		<u>Per Capita Income</u>	
	<u>(2000)</u>	<u>(2019)</u>	<u>(2000)</u>	<u>(2019)</u>
City of West Haven.....	\$ 51,631	\$ 76,651	\$ 21,121	\$ 30,360
New Haven County.....	60,549	90,449	24,439	38,009
Connecticut.....	65,521	100,418	28,766	44,496
United States.....	49,600	80,944	21,690	35,672

Source: U.S. Census Bureau.

INCOME DISTRIBUTION

	<u>City of West Haven</u>		<u>New Haven County</u>		<u>State of Connecticut</u>	
	<u>Families</u>	<u>Percent</u>	<u>Families</u>	<u>Percent</u>	<u>Families</u>	<u>Percent</u>
Less than \$10,000.....	318	2.6	7,237	3.5	24,799	2.8
10,000 to 14,999.....	365	3.0	4,471	2.2	16,037	1.8
15,000 to 24,999.....	710	5.9	10,368	5.0	38,364	4.3
25,000 to 34,999.....	790	6.5	12,800	6.2	48,110	5.4
35,000 to 49,999.....	1,421	11.7	18,704	9.1	77,010	8.6
50,000 to 74,999.....	2,230	18.4	31,704	15.4	123,980	13.9
75,000 to 99,999.....	1,721	14.2	27,804	13.5	116,676	13.1
100,000 to 149,999....	2,570	21.2	42,428	20.5	186,246	20.8
150,000 to 199,999....	1,295	10.7	24,703	12.0	109,258	12.2
200,000 or more.....	676	5.6	26,282	12.7	152,958	17.1
Total.....	12,096	100.0	206,501	100.0	893,438	100.0

Source: U.S. Census Bureau, American Community Survey, 2015-19.

EDUCATIONAL ATTAINMENT

<u>Educational Attainment Group</u>	<u>City of West Haven</u>		<u>New Haven County</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 9th grade.....	1,491	4.1	23,682	4.0	99,837	4.0
9th to 12th grade.....	2,957	8.1	35,464	5.9	132,826	5.3
High School graduate.....	14,431	39.3	183,255	30.7	666,828	26.9
Some college, no degree.....	6,545	17.8	101,941	17.1	416,175	16.8
Associates degree.....	2,389	6.5	43,856	7.3	191,964	7.7
Bachelor's degree.....	5,435	14.8	111,165	18.6	541,380	21.8
Graduate or professional degree.....	3,476	9.5	97,837	16.4	434,085	17.5
Total.....	36,724	100.0	597,200	100.0	2,483,095	100.0
Percent of High School Graduates....		87.9%		90.1%		90.6%
Percent of College Graduates.....		24.3%		35.0%		39.3%

Source: U.S. Census Bureau, American Community Survey, 2015-19.

EMPLOYMENT BY INDUSTRY

<u>Employment Sector</u>	<u>City of West Haven</u>		<u>New Haven County</u>		<u>State of Connecticut</u>	
	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>
Agriculture, Forestry, Fishing, Hunting & Mining..	-	0.0	877	0.2	7,057	0.4
Construction.....	1,814	6.6	25,406	5.9	109,467	6.0
Manufacturing.....	2,587	9.4	46,299	10.8	189,162	10.4
Wholesale Trade.....	800	2.9	11,286	2.6	44,344	2.4
Retail Trade.....	3,463	12.5	48,108	11.2	191,756	10.6
Transportation, Warehousing & Utilities.....	1,555	5.6	18,485	4.3	76,439	4.2
Information.....	434	1.6	8,582	2.0	39,585	2.2
Finance, Insurance & Real Estate.....	1,486	5.4	27,421	6.4	162,153	8.9
Professional, Scientific & Management.....	2,276	8.2	42,205	9.8	208,379	11.5
Educational Services & Health Care.....	8,169	29.5	132,929	30.9	484,166	26.7
Arts, Entertainment, Recreation & Food Services..	2,758	10.0	32,560	7.6	152,041	8.4
Service (including nonprofit).....	1,075	3.9	19,587	4.6	84,915	4.7
Public Administration.....	1,248	4.5	16,346	3.8	66,172	3.6
Total.....	27,665	100.0	430,091	100.0	1,815,636	100.0

Source: U.S. Census Bureau, American Community Survey, 2015-19.

MAJOR EMPLOYERS

<u>Name of Employer</u>	<u>Nature of Entity</u>	<u>Estimated Number of Employees</u>
Veterans' Administration Hospital..	Healthcare.....	2,000
City of West Haven.....	Municipality.....	1,148
University of New Haven.....	Education.....	850
Yale University.....	Education & Research Facility.	386
Walmart.....	Retail.....	300
City Line Distributors.....	Distribution.....	200
Schick.....	Manufacturing.....	200
Metro Taxi.....	Taxi Service.....	200
Star Distributors.....	Liquor Distributer.....	150
KX Technologies.....	Water Filtration.....	150
Enthone.....	Manufacturing.....	110
Sabatino Tartufi.....	Truffle Importer.....	25
	Total.....	<u>5,719</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>Employed¹</u>	<u>Unemployed¹</u>	<u>City of West Haven (%)¹</u>	<u>New Haven Labor Market (%)¹</u>	<u>State of Connecticut (%)¹</u>
June 2021.....	27,106	2,216	7.6	6.7	7.0
May 2021.....	26,890	2,090	7.2	6.5	6.8
April 2021.....	26,399	2,254	7.9	7.1	7.5
March 2021.....	25,959	2,419	8.5	7.6	8.2
February 2021.....	25,421	2,460	8.8	7.7	8.3
January 2021.....	27,236	2,678	9.0	7.9	8.5
<u>Annual Average</u>					
2020.....	28,056	2,641	8.6	7.3	7.9
2019.....	29,487	1,208	3.9	3.5	3.6
2018.....	29,133	1,365	4.5	3.8	3.9
2017.....	28,818	1,545	5.1	4.4	4.4
2016.....	28,349	1,638	5.5	4.8	4.8
2015.....	28,156	1,981	6.6	5.6	5.6
2014.....	27,739	2,373	7.9	6.7	6.6
2013.....	27,041	2,795	9.4	8.1	8.0
2012.....	27,204	3,063	10.1	8.6	8.4
2011.....	27,405	3,349	10.9	9.3	9.0

¹ Non-seasonally adjusted.

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

NUMBER OF DWELLING UNITS

<u>2019</u>	<u>2010</u>	<u>2000</u>	<u>1990</u>	<u>% Increase 2010-2019</u>	<u>% Increase 1990-2019</u>
22,397	22,446	22,336	23,007	-0.2%	-2.7%

Source: U.S. Department of Commerce, Bureau of the Census

HOUSING INVENTORY

<u>Type</u>	<u>City of West Haven</u>		<u>New Haven County</u>		<u>State of Connecticut</u>	
	<u>Units</u>	<u>Percent</u>	<u>Units</u>	<u>Percent</u>	<u>Units</u>	<u>Percent</u>
1-unit detached	10,675	47.7	197,240	53.7	893,531	58.9
1-unit attached	775	3.5	18,982	5.2	81,832	5.4
2 to 4 units	4,798	21.4	74,666	20.3	254,945	16.8
5 to 9 units	1,354	6.1	21,552	5.9	82,695	5.5
10 or more units	4,739	21.2	52,568	14.3	191,374	12.6
Mobile home, trailer, other ..	56	0.3	2,045	0.6	12,252	0.8
Total Inventory	<u>22,397</u>	<u>100.0</u>	<u>367,053</u>	<u>100.0</u>	<u>1,516,629</u>	<u>100.0</u>

Source: U.S. Census Bureau, American Community Survey, 2015-19.

OWNER OCCUPIED HOUSING VALUES

<u>Value of Owner Occupied Units</u>	<u>City of West Haven</u>		<u>New Haven County</u>		<u>State of Connecticut</u>	
	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>
\$0 to \$ 50,000.....	255	2.3	4,167	2.0	17,522	1.9
50,000 to 99,999.....	522	4.8	10,054	4.9	28,440	3.1
100,000 to 149,999.....	1,545	14.2	21,613	10.6	78,467	8.7
150,000 to 199,999.....	3,557	32.7	34,736	17.0	137,944	15.2
200,000 to 299,999.....	3,827	35.2	60,981	29.8	248,431	27.4
300,000 to 499,999.....	1,040	9.6	54,834	26.8	244,855	27.0
500,000 to 999,999.....	110	1.0	15,634	7.6	107,504	11.9
1,000,000 and over.....	11	0.1	2,432	1.2	42,518	4.7
Total.....	<u>10,867</u>	<u>100.0</u>	<u>204,451</u>	<u>100.0</u>	<u>905,681</u>	<u>100.0</u>
 Median Value	 \$193,800		 \$248,600		 \$275,400	

Source: U.S. Census Bureau, American Community Survey, 2015-19.

AGE DISTRIBUTION OF HOUSING

Year Structure Built	City of West Haven		New Haven County		State of Connecticut	
	Number	Percent	Number	Percent	Number	Percent
1939 or earlier.....	6,639	29.6	92,668	25.2	334,845	22.1
1940 to 1949.....	1,989	8.9	26,181	7.1	103,008	6.8
1950 to 1959.....	3,484	15.6	55,971	15.2	224,393	14.8
1960 to 1969.....	2,991	13.4	45,158	12.3	204,879	13.5
1970 to 1979.....	2,971	13.3	48,890	13.3	203,700	13.4
1980 to 1989.....	2,388	10.7	45,052	12.3	188,655	12.4
1990 to 1999.....	1,036	4.6	25,985	7.1	116,028	7.7
2000 to 2009.....	716	3.2	20,582	5.6	103,075	6.8
2010 or 2013.....	129	0.6	3,574	1.0	21,126	1.4
2014 or later.....	54	0.2	2,992	0.8	16,920	1.1
Total housing units.....	22,397	100.0	367,053	100.0	1,516,629	100.0

Source: U.S. Census Bureau, American Community Survey, 2015-19.

NUMBER AND VALUE OF BUILDING PERMITS

Calendar Year Ending 12/31	Residential		Commercial		Permits	
	No.	Value	No.	Value	Number	Value
2021 ¹	1,317	\$14,367,473	292	\$24,389,558	1,609	\$38,757,031
2020	1,599	15,903,875	325	44,775,310	1,924	60,679,185
2019	2,115	33,230,717	519	41,778,021	2,634	75,008,738
2018	2,177	22,888,573	555	171,676,548	2,732	194,565,121
2017	952	10,932,542	248	22,565,723	1,200	33,498,265
2016	2,086	23,619,785	613	50,824,471	2,699	74,444,256
2015	2,038	20,064,561	504	185,579,151	2,542	205,643,712
2014	497	5,453,626	150	8,546,401	647	14,000,027
2013	1,642	29,361,638	489	22,639,126	2,131	52,000,764
2012	1,548	10,483,702	563	28,738,205	2,111	39,221,907

¹ As of August 23, 2021.

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%

IV. TAX BASE DATA

ASSESSMENT PRACTICES

The City of West Haven 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.

COVID-19

On April 1, 2020 and April 9, 2020, Governor Ned Lamont issued Executive Order Nos. 7S and 7W, respectively (together, the "Orders"), which, among other things, calls for Connecticut municipalities, including the City of West Haven, to offer to eligible taxpayers impacted by COVID-19 one or both of the following tax relief programs: a 90-day Deferment Program or a 90-day Low Interest Rate Program. The City implemented the Low Interest Rate Program. Please see the discussion on page 7 of this Official Statement under the caption "COVID-19 Outbreak - Municipal Tax Relief Programs".

MOTOR VEHICLE PROPERTY TAX RATE

Connecticut General Statutes Section 12-71e, as amended, allows municipalities to tax motor vehicles at a different rate than other taxable property, but caps the motor vehicle tax rate at 39.00 mills for the assessment year commencing October 1, 2017 and at 45.00 mills for the assessment year commencing October 1, 2018 and each assessment year thereafter. Section 4-661 of the General Statutes, as amended ("Section 4-661"), 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. The City's motor vehicle tax rate for the current 2020 assessment year (Fiscal Year ending June 30, 2022) is 37.00 mills.

PROPERTY TAX LIEN SALES

In June 2021, the City sold approximately \$1.474 million 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 \$1.712 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.

COMPARITIVE 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
10/01/20 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
10/01/13	70.8	16.5	0.8	8.7	3.2	2,867,663,457	48,473,133	2,819,190,324
10/01/12	69.6	17.2	0.7	8.8	3.7	2,869,910,894	50,162,158	2,819,748,736
10/01/11	70.6	17.9	0.8	8.8	3.6	2,872,334,581	47,640,461	2,824,694,120

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 6/30/2021¹
2022 ^{2,3}	\$3,031,629,663	34.00 ⁴	\$ 103,553,293	In process	In process	In process
2021 ¹	2,718,948,235	37.48	102,396,455	98.6%	\$ 1,438,094	\$ 1,438,094
2020	2,683,008,169	36.68	99,474,011	97.8%	2,141,189	952,672
2019	2,653,441,717	36.25	97,161,771	98.4%	1,601,514	62,294
2018	2,648,488,238	35.26	94,716,954	98.4%	1,490,978	55,863
2017 ³	2,630,506,783	31.25	92,553,329	98.1%	1,674,130	85,244
2016	2,853,950,725	31.25	88,358,610	98.5%	1,165,270	83,172
2015	2,819,190,324	31.25	88,651,979	98.5%	1,311,167	-
2014	2,819,748,736	31.25	88,395,137	98.3%	1,671,618	-
2013	2,824,694,120	31.25	88,111,713	98.1%	1,701,259	-

¹ Unaudited estimate.

² Adopted budget.

³ Revaluation.

⁴ For Fiscal Year 2021-22 the mill rate for real and personal property is 34.00 while the mill rate for motor vehicles is 37.00.

Source: Tax Collector, City of West Haven.

LARGEST TAXPAYERS

<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.....	\$ 34,917,690	1	1.15%
Southern Conn Gas Company.....	Utility.....	32,269,630	2	1.06%
Yale New Haven Health Services.....	Medical.....	20,450,430	3	0.67%
Wal-Mart Real Estate Business Trust.....	Retail (RR).....	10,796,800	4	0.36%
Meadow Landing I Limited.....	Apartments.....	9,474,808	5	0.31%
Glanbia Nutritionals.....	Manufacturing.....	9,262,140	6	0.31%
West Haven Property Development LLC...	Real Estate.....	8,461,180	7	0.28%
Marlake Company LLC.....	Apartments.....	8,321,320	8	0.27%
PAR Edgewater Owner LLC.....	Apartments.....	7,358,750	9	0.24%
Rolling Ridge CT LLC.....	Apartments.....	7,311,010	10	0.24%
Total		<u>\$148,623,758</u>		<u>4.90%</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>
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%
2012	3,920,079,059	1.52%
2011	3,861,225,600	-3.81%
2010 ¹	4,014,297,653	-4.44%

¹ Revaluation.

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

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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".

BASIS OF ACCOUNTING

See Note 1 of "Notes to General Purpose Financial Statements".

ANNUAL AUDIT

The City of West Haven 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, 2020, the financial statements of the various funds of the City were audited by Blum Shapiro and Company, P.C., now Clifton Larson Allen LLP, independent certified public accountants, of West Hartford, Connecticut.

BUDGETARY PROCEDURES

The West Haven 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 his 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, 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, 2018

On a budgetary basis of accounting, the City's General Fund ended fiscal year ending June 30, 2018 with a \$20.3 million surplus, inclusive of other financing sources/uses. Revenues ended the fiscal year with a positive variance of \$0.3 million inclusive of a \$0.9 million positive variance for property taxes and a \$1.5 million negative variance for intergovernmental revenues. Expenditures ended the fiscal year with a \$3.1 million positive variance which was net of a \$1.3 million negative variance for benefits and insurance. The year-end surplus was primarily attributed to the City issuing \$16.1 million in deficit bonds during the year, the proceeds of which were recorded in the General Fund. On a GAAP basis of accounting, the City ended the year with a similar \$20.3 million surplus. As a result of the surplus, the total General Fund Balance as of June 30, 2018 increased from a negative \$18.1 million to a positive \$2.1 million.

On a budgetary basis of accounting, the Allingtown Fire Department ended fiscal year ending June 30, 2018 with a \$0.5 million surplus. Revenues ended the fiscal year with a \$0.4 million negative variance primarily from intergovernmental revenues coming in under budget. Expenditures ended the year with a \$0.9 million positive variance including a \$0.7 million positive variance in personnel and a \$0.2 million variance in capital and fixed costs. On a GAAP basis of accounting, the Allingtown Fire Department Fund ended fiscal year ending June 30, 2018 with a \$0.5 million operating surplus which increased the total fund balance from a negative \$0.6 million to a negative \$0.1 million. On a GAAP basis of accounting, the City's Sewer Fund ended the fiscal year with a \$1.8 million surplus which increased the total fund balance from a negative \$0.08 million to a positive \$1.8 million.

Fiscal Year Ending June 30, 2019

On a budgetary basis of accounting, the City's General Fund ended fiscal year ending June 30, 2019 with a \$2.8 million surplus. Revenues ended the fiscal year with a \$2.1 million negative variance primarily from intergovernmental revenues coming in under budget. The City had originally requested and budgeted \$8 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 \$8 million to \$5 million. Expenditures ended the year with a positive variance of \$4.1 million. Additionally, the City received unanticipated revenues during the year in the amounts of \$0.3 million from the sale of capital assets and \$0.4 million in unbudgeted transfers in. On a GAAP basis of accounting, the City's General Fund ended the fiscal year with a \$2.8 million surplus. The surplus increased the total General Fund balance from a restated negative \$1.4 million to a positive \$1.4 million. Unassigned fund balance increased from a restated negative \$2.6 million to a positive \$1.4 million. For the fiscal year ending June 30, 2019 audit, the General Fund balance was restated due to the determination by the City's auditor that accounts payable balances from the Board of Education were previously recorded in the incorrect fiscal year. The prior period adjustments totaled \$3,407,192. See Appendix A – Audited Financial Statements, Note to Financial Statements, footnote VI.

On a budgetary basis of accounting, the Allingtown Fire Department ended fiscal year ending June 30, 2019 with a \$1.3 million surplus. Revenues ended the year with a positive variance of \$0.6 million primarily due to property tax revenues exceeding budget. Expenditures ended the fiscal year with a \$0.7 million positive variance primarily due to savings in the areas of personnel and fixed costs. On a GAAP basis of accounting, the Allingtown Fire Department Fund ended the year with a \$1.3 million surplus which increased total fund balance from a negative \$0.1 million to a positive \$1.2 million. The City's Sewer Fund ended the fiscal year with a \$1.5 million surplus which increased the total fund balance from \$1.8 million to \$3.2 million.

Fiscal Year Ending June 30, 2020

On a budgetary basis of accounting, the City's General Fund ended fiscal year ending June 30, 2020 with a \$2.8 million surplus. Revenues ended the fiscal year with a \$1.2 million negative variance primarily from a reduction in MARB Restructuring Funds. The City had originally budgeted \$4.1 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 \$4.1 million to \$3.1 million. Expenditures ended the year with a positive variance of \$4.1 million. Additionally, the City received unanticipated revenues during the year in the amounts of \$0.01 million from the sale of capital assets. On a GAAP basis of accounting, the City's General Fund ended the fiscal year with a \$2.2 million surplus. The surplus increased the total General Fund balance from \$1.4 million to \$3.6 million. Unassigned fund balance increased from \$1.4 million to \$3.2 million.

On a budgetary basis of accounting, the Allingtown Fire Department ended fiscal year ending June 30, 2020 with a \$0.8 million surplus. Revenues ended the year with a positive variance of \$0.3 million primarily due to motor vehicle tax allocation revenues exceeding budget. Expenditures ended the fiscal year with a \$0.4 million positive variance primarily due to savings in the

areas of personnel. On a GAAP basis of accounting, the Allington Fire Department Fund ended the year with a \$2.2 million surplus which increased total fund balance from a negative \$1.4 million to \$3.6 million. The City's Sewer Fund ended the fiscal year with a \$1.7 million surplus which increased the total fund balance from \$3.2 million to \$4.9 million.

Fiscal Year Ending June 30, 2021 Unaudited estimate

For fiscal year 2020-21, the City's Adopted General Fund Operating Budget totals \$165.4 million in spending which represents an increase of 1.4% over the revised fiscal year 2019-20 budget. General Government spending increased \$0.4 million (15.4%) primarily due to an increase for Corporation Counsel; spending for Public Safety increased \$0.2 million (1.9%); spending for Public Works increased by \$0.09 million (2.4%); Education spending was flat at \$90.0 million while Operating Charges decreased by \$0.07 million (0.1%) reflecting savings from moving City employee medical coverage from a self-insured model to the CT State Partnership Plan. The budget also included an expenditure line item of \$0.6 million to build the General Fund balance, and \$0.6 million for unallocated contingency. The Allington Fire Department budget contains an expenditure line item of \$0.25 million to set aside for capital requirements as well as an expenditure of an additional \$0.65 million toward the unfunded pension liability in addition to funding 100% of the Actuary Determined Contribution. The City is estimating that it will end the fiscal year with an operating surplus of approximately \$1.7 million. The City is also estimating operating surpluses of \$0.950 million in the Allington Fire Department Fund and \$1.3 million in the Sewer Fund.

Fiscal Year 2021-22 Adopted Budget

For fiscal year 2021-22, the City's Adopted General Fund Operating Budget totals \$165.5 million in spending which represents an increase of 0.06% over the revised fiscal year 2020-21 budget. Public Safety increased \$0.5 million (2.7%); spending for Public Works increased by \$1 million (4.7%); Education spending was flat at \$90.0 million. The budget also includes an expenditure line item of \$0.3 million to build the General Fund balance, and \$0.6 million for unallocated contingency. The Allington Fire Department budget contains an expenditure line item of \$0.35 million toward the unfunded pension liability in addition to funding 100% of the Actuary Determined Contribution and \$0.05 million toward the advance funding of the OPEB Trust.

MUNICIPAL ACCOUNTABILITY REVIEW BOARD AND DESIGNATED TIERS LEGISLATION

Connecticut General Statutes Chapter 117, Sections 7-560 to 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 of the Office of Policy and Management (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. Under the Act, the City must retain its tier III designation until the following conditions have been satisfied: 1) there are no annual operating budgetary deficits in the City's general fund for three consecutive fiscal years; 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 4) the audits for three consecutive fiscal years have been completed and contain no general fund deficits.

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 has committed to providing a total of \$4 million in Municipal Restructuring Funds. For the City's fiscal year 2021-22 adopted budget, 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.

Under the Act, any designated tier II, III or IV municipality is eligible to receive funding from a newly established Municipal Restructuring Fund. The State has allocated \$7.3 million in each of fiscal year 2020 and 2021 for the 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 Review Board 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.

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FIVE-YEAR RECOVERY PLAN SUMMARY

The following represents a summary of the City's Five-Year Financial Recovery Plan for the General Fund as adopted by the City Council on June 28, 2021 and by the MARB on June 10, 2021. 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				
	FY2022 ADOPTED	FY2023 FORECAST	FY2024 FORECAST	FY2025 FORECAST	FY2026 FORECAST
REVENUES					
Current Property Tax Levy	\$101,896,442	\$102,573,043	\$104,604,315	\$107,414,359	\$108,031,949
Non-Current Taxes.....	1,773,000	1,973,572	1,986,303	1,999,416	2,012,922
Interest & Liens.....	824,600	907,436	911,391	915,465	919,661
Licenses & Permits.....	1,761,396	1,582,043	1,635,782	1,679,235	1,651,631
Fines, Forfeits & Penalties.....	276,847	299,526	319,214	312,334	324,742
Use of Money/Property.....	67,700	83,048	131,019	130,373	141,815
From Other Agencies.....	54,707,054	53,641,976	53,651,166	53,653,905	53,661,408
Charges - Current Services.....	1,600,400	1,635,266	1,631,307	1,640,543	1,637,229
Other Revenues.....	1,886,477	1,889,689	1,882,601	1,919,611	1,940,200
Other Financing Sources.....	748,785	674,004	559,425	545,000	528,875
TOTAL REVENUE.....	\$165,542,701	\$165,259,603	\$167,312,523	\$170,210,240	\$170,850,431
EXPENDITURES					
General Government.....	2,195,162	2,410,204	2,430,173	2,447,375	2,487,621
Planning & Development.....	1,126,953	1,098,454	1,101,074	1,103,610	1,125,654
Finance.....	2,664,389	2,723,106	2,755,217	2,788,037	2,853,420
Public Safety.....	16,307,767	16,644,193	16,759,971	16,809,513	17,082,497
Public Works.....	11,367,762	11,574,119	11,719,266	11,861,548	12,089,490
Human Resources.....	2,295,654	2,335,487	2,357,423	2,368,111	2,403,716
Library.....	1,521,544	1,471,544	1,471,544	1,471,544	1,471,544
Board of Education.....	89,960,421	90,320,262	90,681,543	91,044,269	91,408,446
Operating Charges.....	18,714,103	19,563,285	20,883,814	22,461,547	24,201,224
Debt Service.....	17,900,579	12,432,968	15,020,443	16,764,148	14,420,068
Contingency.....	1,188,367	737,442	789,716	852,043	919,490
TOTAL EXPENDITURES.....	165,242,701	161,311,064	165,970,186	169,971,747	170,463,170
SURPLUS (DEFICIT).....	300,000	3,948,539	1,342,337	238,493	387,261
MUNICIPAL RESTRUCTURING FUNDS.....	-	-	-	-	-
CHANGE IN FUND BALANCE.....	300,000	3,948,539	1,342,337	238,493	387,261
BEGINNING FUND BALANCE.....	4,300,947	4,600,947	8,549,486	9,891,823	10,130,316
ENDING FUND BALANCE.....	4,600,947	8,549,486	9,891,823	10,130,316	10,517,577
Fund Balance as a % of Total Expenditures.....	2.78%	5.30%	5.96%	5.96%	6.17%
Net Grand List - Motor Vehicles.....	287,802,252	290,680,275	293,587,078	296,522,949	299,488,178
Net Grand List - Real Estate/Personal Property...	2,743,827,411	2,743,288,070	2,751,249,415	2,767,211,446	2,769,009,549
Net Grand List.....	3,031,629,663	3,033,968,345	3,044,836,493	3,063,734,395	3,068,497,727
Gross Tax Levy - MV.....	36.87	36.88	36.89	36.89	36.89
Gross Tax Levy - Real Estate/Personal Property..	33.87	34.09	34.70	35.50	35.66
Gross Tax Levy.....	103,553,295	104,240,898	106,305,199	109,160,934	109,788,566
Assumed Collection rate.....	98%	98%	98%	98%	98%
Total Current Taxes.....	101,896,442	102,573,043	104,604,315	107,414,359	108,031,949
Mill Rate - Motor Vehicle.....	36.87	36.88	36.89	36.89	36.89
Mill Rate - Real Estate/Personal Property.....	33.87	34.09	34.70	35.50	35.66
Mill Rate - Capital-Non-Recurring.....	0.13	0.12	0.11	0.11	0.11
Total Mill Rate - Motor Vehicles.....	37.00	37.00	37.00	37.00	37.00
Total Mill Rate - RE/PP.....	34.00	34.21	34.81	35.61	35.77
Annual Mill Rate Change.....	(3.48)	0.21	0.60	0.80	0.16

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. 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. The Allington Fire Department and Board of Education employees are still covered under the City's self-insurance plan. Both groups are evaluating changing to the State Plan.

The City purchases commercial insurance coverage for all City buildings, errors and omissions, a general liability umbrella policy with a retention limit of \$250,000 per incident, and law enforcement liability insurance with a retention limit of \$100,000 and a per claim limit of \$1,000,000. Additionally, the City has obtained a worker's compensation excess policy with a retention limit of \$500,000 per incident and employee group medical claims stop loss policy for individual claims in excess of \$250,000 per incident.

As of June 30, 2020 the maximum loss potential of the City, including the Board of Education and Allington Fire Department, is approximately \$9.6 million, including accruals for claims incurred but not reported and estimates of the costs of future settlements. At this time, the City has no accumulated assets to offset those liabilities. The actuarial data required to estimate the City's loss potential as of June 30, 2021 is currently being developed but is not expected to be completed until late October 2021. 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 Allington Fire District, now the Allington Fire Department, hired prior to June 30, 2013. All new Allington 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, Allington 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, 2020 were as follows:

	Police Pension Plan				
	2020	2019	2018	2017	2016
Total pension liability.....	\$143,010,785	\$139,639,599	\$141,828,540	\$137,617,990	\$ 137,450,796
Plan fiduciary net position.....	114,047,331	120,075,618	120,548,475	115,784,069	108,975,135
Net pension liability.....	<u>\$ 28,963,454</u>	<u>\$ 19,563,981</u>	<u>\$ 21,280,065</u>	<u>\$ 21,833,921</u>	<u>\$ 28,475,661</u>
Plan fiduciary net position as a % of total pension liability.....	79.7%	86.0%	85.0%	84.1%	79.3%

The following represents the net pension liabilities 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 (6.125%)	Current Discount Rate (7.125%)	1% Increase (8.125%)
Police Net Pension Liability.....	\$ 46,503,421	\$ 28,963,454	\$ 14,395,697

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

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)]
7/1/2018	\$ 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 %
1/1/2013	108,818,183	119,605,999	10,787,816	91.0 %	7,191,938	150.0 %
1/1/2011	110,509,793	120,389,438	9,879,645	91.8 %	7,008,211	141.0 %

Schedule of Employer Contributions

Fiscal Year	Actuarial Determined Contribution	Actual Contribution	Percentage Contributed
2022 ¹	\$ 2,430,000	\$ 2,430,000	100.0%
2021 ²	2,412,000	2,412,000	100.0%
2020	2,203,317	2,203,317	100.0%
2019	1,994,500	1,994,500	100.0%
2018	1,927,100	2,091,000	108.5%
2017	1,861,931	1,850,000	99.4%

¹ Adopted Budget.

² Unaudited estimate.

For the City's Police PERS valuation dated July 1, 2019, 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.

Under the version of Connecticut General Statutes Section 7-374c which was in effect when the City issued its \$67.3 million Pension Obligation Bonds in September 2002, any municipality that issues pension deficit funding bonds is required to appropriate funds sufficient to meet the recommended Actuarial Determined Contribution ("ADC") for each year the pension deficit funding bonds are outstanding and maintain the Plan's funding ratio at substantially the same level as immediately succeeding the issuance of deficit funding bonds. When the City issued its Pension Obligation Bonds in September 2002, the deposit of pension bond proceeds in the pension fund established the funding ratio at 100%. As demonstrated in the table above, the funding ratio in the pension fund has been below 92% for at least the last 5 years.

In an effort to address outward migration within the Police Department, the City is currently evaluating the creation of a hybrid defined benefit and defined contribution plan for new hires. The City is currently awaiting long-term cost estimates from its

actuarial consultant and the City can make no assurances that a hybrid plan will ultimately be created at this time. Please see “Appendix A – Audited Financial Statements” for more information regarding the City's pension plans.

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, 2020 were as follows:

Allingtown Fire Pension Plan					
	2020	2019	2018	2017	2016
Total pension liability.....	\$32,679,323	\$30,726,366	\$30,276,605	\$29,183,167	\$28,283,670
Plan fiduciary net postion.....	9,216,890	8,106,124	7,262,379	6,498,293	5,735,212
Net pension liability.....	<u>\$23,462,433</u>	<u>\$22,620,242</u>	<u>\$23,014,226</u>	<u>\$22,684,874</u>	<u>\$22,548,458</u>
Plan fiduciary net position as a % of total pension liability....	28.2%	26.4%	24.0%	22.3%	20.3%

The following represents the net pension liabilities 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 (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
Allingtown Fire Net Pension Liability.....	\$ 27,909,201	\$ 23,462,342	\$ 19,850,780

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)]
7/1/2019	\$7,894,838	\$31,996,436	\$ 24,101,598	24.7 %	\$ 984,212	2,448.8 %
7/1/2017	6,460,556	29,699,940	23,239,384	21.8	1,275,933	1,821.4
7/1/2015	5,329,960	27,321,401	21,991,441	19.5	1,689,604	1,301.6
7/1/2013	4,379,827	22,738,356	18,358,529	19.3	1,678,136	1,094.0
7/1/2011	3,550,545	21,313,549	17,763,004	16.7	1,645,791	1,079.3

Schedule of Employer Contributions

Fiscal Year	Actuarial Determined Contribution	Actual Contribution	Percentage Contributed
2022 ¹	\$ 2,488,867	\$ 2,890,196	116.1%
2021 ²	2,404,702	3,054,702	127.0%
2020	2,250,737	2,250,737	100.0%
2019	2,174,625	2,150,220	98.9%
2018	2,080,270	1,894,854	91.1%

¹ Adopted budget.

² Unaudited estimate

For the July 1, 2019 actuarial valuation of the Allingtown Fire Department's Plan, the Entry Age Normal method was used. The actuarial assumptions include a 6.75% 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. Beginning on July 1, 2003, the amortization period was a closed 30 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 10.50% of pay for Plan 1 employees (hired prior to July 1, 1998) and to 12.5% 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. Substantially all 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 2019-20 and 2020-21 the City budgeted \$50,000 and \$125,000 respectively to begin to pre-fund OPEB. For fiscal year 2021-22 the City has budgeted \$150,000 for the OPEB trust.

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:

	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>
Beginning Balance.....	\$ 198,567,331	\$ 183,170,127	\$ 164,262,272	\$ 178,637,367
Changes for the year:				
Service cost.....	7,360,854	5,120,818	5,336,119	5,146,556
Interest on total OPEB liability.....	7,085,244	7,156,576	5,961,628	5,137,998
Changes of benefit terms.....	(1,191,970)	-	(318,736)	-
Difference between expected and actual experience..	44,337,855	-	21,704,481	-
Changes in assumptions or other inputs.....	59,017,168	9,917,381	(7,576,180)	(17,603,501)
Benefit payments.....	<u>(7,045,915)</u>	<u>(6,797,571)</u>	<u>(6,199,457)</u>	<u>(7,056,148)</u>
Net changes.....	<u>109,563,236</u>	<u>15,397,204</u>	<u>18,907,855</u>	<u>(14,375,095)</u>
Ending Balance.....	<u>\$ 308,130,567</u>	<u>\$ 198,567,331</u>	<u>\$ 183,170,127</u>	<u>\$ 164,262,272</u>

The following represents the net OPEB liability of the City, calculated using the current discount rate of 2.21%, 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:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
	<u>1.21%</u>	<u>2.21%</u>	<u>3.21%</u>
City's Net OPEB Liability.....	\$ 366,474,029	\$ 308,130,567	\$ 262,410,213

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.....	\$ 256,761,720	\$ 308,130,567	\$ 375,360,070

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, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>
Beginning Balance.....	\$ 28,164,607	\$ 25,312,009	\$ 25,525,553	\$ 28,108,119
Changes for the year:				
Service cost.....	775,734	824,372	868,068	958,243
Interest on total OPEB liability.....	999,677	997,948	932,668	818,437
Difference between expected and actual experience..	(4,782,737)	-	(26,980)	-
Changes in assumptions or other inputs.....	5,070,555	1,736,228	(1,298,327)	(3,655,785)
Benefit payments.....	<u>(762,820)</u>	<u>(705,950)</u>	<u>(688,973)</u>	<u>(703,461)</u>
Net changes.....	<u>1,300,409</u>	<u>2,852,598</u>	<u>(213,544)</u>	<u>(2,582,566)</u>
Ending Balance.....	<u>\$ 29,465,016</u>	<u>\$ 28,164,607</u>	<u>\$ 25,312,009</u>	<u>\$ 25,525,553</u>

The following represents the net OPEB liability of the Allingtown Fire Department, calculated using the current discount rate of 2.21%, 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:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
	<u>1.21%</u>	<u>2.21%</u>	<u>3.21%</u>
AFD's Net OPEB Liability.....	\$ 33,792,654	\$ 29,465,016	\$ 23,820,162

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:

	<u>1% Decrease</u>	<u>Current Healthcare Cost Trend Rate</u>	<u>1% Increase</u>
AFD's Net OPEB Liability.....	\$ 23,048,008	\$ 29,465,016	\$ 34,892,582

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 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

<u>Fiscal Year</u>	<u>General Fund Revenues & Transfers In</u>	<u>Tax Revenues</u>	<u>Tax Revenues as % Total Revenues</u>
2022 ¹	\$ 164,793,914	\$104,494,040	63.4%
2021 ²	165,548,661	102,650,591	62.0%
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%
2015	161,916,456	89,293,315	55.1%
2014	160,827,986	89,495,114	55.6%
2013	156,659,939	88,645,476	56.6%

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

² Unaudited estimate. Budgetary basis, excludes Teacher's Pension on-behalf payments.

Source: Annual audited financial statements; fiscal year 2020-21 unaudited estimate and 2021-22 adopted budget.

INTERGOVERNMENTAL REVENUES

<u>Fiscal Year</u>	<u>General Fund Revenues & Transfers In</u>	<u>Federal/ State Aid</u>	<u>Aid As a % of General Fund Revenue</u>
2022 ¹	\$164,793,914	\$ 54,310,954	33.0%
2021 ²	165,548,661	56,470,538	34.1%
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%
2015	161,916,456	66,698,261	41.2%
2014	160,827,986	89,495,114	55.6%
2013	156,659,939	62,176,447	39.7%

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

² Unaudited estimate. Budgetary basis, excludes Teacher's Pension on-behalf payments.

Source: Annual audited financial statements; fiscal year 2020-21 unaudited estimate and 2021-22 adopted budget.

MUNICIPAL BUDGET EXPENDITURE CAP

Connecticut General Statutes Section 4-661 creates a cap on adopted general budget expenditures for municipalities in Connecticut in order for municipalities to be eligible to receive the full amount of the State's municipal revenue sharing grant. Beginning in fiscal year ending June 30, 2018, and in each fiscal year thereafter, the Office of Policy and Management ("OPM") must reduce the municipal revenue sharing grant amount for those municipalities whose adopted general budget expenditures (with certain exceptions including but not limited to debt service, special education, implementation of 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, and certain major disaster or emergency expenditures) exceeds the spending limits specified in the statute. For each applicable fiscal year, OPM must determine the municipality's percentage growth in general budget expenditures 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, each of those amounts adjusted by an amount proportionate to any increase in the municipality's

population from the previous fiscal year. The reduction is generally equal to 50 cents for every dollar the municipality spends over this cap. Each municipality must annually certify to the Secretary of the OPM whether such municipality has exceeded the cap set forth in the statute and if so the amount by which the cap was exceeded.

The 2022-2023 biennium budget legislation does provide funding for the municipal revenue sharing grant in fiscal years ending June 30, 2022 and June 30, 2023. However, the total amount of funding for the revenue sharing grant has not been determined by the State’s Office of Policy and Management, and therefore, the City does not know how much funding it will receive at this time.

EXPENDITURES

<u>Fiscal Year</u>	<u>Education</u>	<u>Debt Service</u>	<u>Benefits & Insurance</u>	<u>Public Safety</u>	<u>Public Works</u>
2022 ¹	54.10 %	10.76 %	11.25 %	9.81 %	6.84 %
2021 ²	54.50	11.00	11.45	9.63	6.72
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
2015	58.96	10.55	9.71	8.98	6.22
2014	59.25	10.95	8.47	8.83	6.69

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

² Unaudited estimate. Budgetary basis, excludes Teacher’s Pension on-behalf payments.

Source: Annual audited financial statements; fiscal year 2020-21 unaudited estimate and 2021-22 adopted budget.

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COMPARATIVE GENERAL FUND OPERATING STATEMENT – FY 2019-20
Budget and Actual (Budgetary Basis)

	Fiscal Year 2019-20 (Audited)		
	Amended Budget	Actual	Favorable (Unfavorable)
REVENUES			
Property taxes.....	\$99,786,712	\$99,858,280	\$ 71,568
Intergovernmental.....	56,841,576	55,741,342	(1,100,234)
Charges for services.....	4,181,021	3,676,119	(504,902)
Contributions.....	422,651	444,561	21,910
Income from investments.....	70,000	348,190	278,190
Other.....	210,000	204,699	(5,301)
TOTAL REVENUES.....	161,511,960	160,273,191	(1,238,769)
EXPENDITURES			
Current:			
General government.....	6,593,649	5,628,028	965,621
Public safety.....	15,605,570	15,545,783	59,787
Public works.....	10,570,156	10,307,368	262,788
Benefits and insurance.....	17,822,217	16,284,924	1,537,293
Health and welfare.....	1,065,447	1,072,935	(7,488)
Parks and recreation.....	878,548	759,459	119,089
Library.....	1,421,000	1,421,000	-
Education.....	89,960,421	89,139,235	821,186
Debt service.....	18,873,827	18,498,828	374,999
TOTAL EXPENDITURES.....	162,790,835	158,657,560	4,133,275
Excess (deficiency) of revenues over expenditures.....	<u>(1,278,875)</u>	<u>1,615,631</u>	<u>2,894,506</u>
Other financing sources (uses):			
Sale of capital assets.....	-	12,000	12,000
Operating transfers in.....	1,408,875	1,284,122	(124,753)
Operating transfers out.....	<u>(130,000)</u>	<u>(695,000)</u>	<u>(565,000)</u>
Total other financing sources.....	<u>1,278,875</u>	<u>601,122</u>	<u>(677,753)</u>
Excess (deficiency) of revenues other financing sources over expenditures and other financing sources.....	<u>\$ -</u>	<u>\$ 2,216,753</u>	<u>\$ 2,216,753</u>

Source: Fiscal Year 2019-20 financial statements.

COMPARATIVE GENERAL FUND OPERATING STATEMENTS
FY 2020-21 UNAUDITED ESTIMATE AND FY 2021-22 ADOPTED BUDGET
 Budget and Actual (Budgetary Basis)

	Fiscal Year 2020-21 (Unaudited Estimate)			Fiscal Year
	Amended Budget	Estimate	Favorable (Unfavorable)	2021-22 Adopted Budget
REVENUES				
Property taxes.....	\$102,420,883	\$ 102,650,591	\$ 229,708	\$ 104,494,040
Intergovernmental.....	57,132,054	56,470,538 ¹	(661,516)	54,310,954
Intergovernmental - COVID-19....	-	1,212,472	1,212,472	-
Investment income.....	100,000	45,000	(55,000)	67,700
Licenses, Permits & Fines.....	1,846,250	1,908,385	62,135	2,038,243
Charges for services.....	1,135,450	1,198,777	63,327	1,600,400
Other revenues.....	1,844,612	2,062,898	218,286	2,282,577
TOTAL REVENUES.....	164,479,249	165,548,661	1,069,412	\$ 164,793,914
EXPENDITURES				
Current:				
General government.....	5,801,553	5,405,001	396,552	6,021,378
Public safety.....	15,881,227	15,874,955	6,272	16,307,767
Public works.....	10,854,358	11,074,383	(220,025)	11,367,762
Health and welfare.....	2,026,361	1,693,232	333,129	2,260,778
Education.....	89,960,421	89,815,421	145,000	89,960,421
Operating Charges.....	19,443,382	18,868,728	574,654	18,714,103
COVID-19 Expenses.....	-	1,893,846	(1,893,846)	-
Library.....	1,321,000	1,321,000	-	1,521,544
Contingency Fund.....	1,511,298	707,740	803,558	1,488,367
Debt service.....	18,643,292	18,132,932	510,360	17,900,579
TOTAL EXPENDITURES.....	165,442,892	164,787,238	655,654	165,542,699
Excess (deficiency) of revenues over expenditures.....	(963,643)	761,423	1,725,066	(748,785)
Other financing sources (uses):				
Operating transfers in.....	963,643	963,643	-	748,785
Operating transfers out.....	-	-	-	-
Total other financing sources.....	963,643	963,643	-	748,785
Excess (deficiency) of revenues other financing sources over expenditures and other financing sources.....	\$ -	\$ 1,725,066	\$ 1,725,066	\$ -

¹ Assumes that the City will receive the entire \$4 million in MARB Restructuring Funds included in the Fiscal Year 2020-21 budget. However, final funding is subject to MARB approval and the City can make no assurances that it will ultimately receive that amount.

Source: Fiscal Year 2020-21 unaudited estimate and Fiscal Year 2021-22 Adopted Budget.

COMPARATIVE BALANCE SHEETS - GENERAL FUND

Fiscal Year Ended:	2016	2017	2018	2019	2020
ASSETS:					
Cash and cash equivalents.....	\$ 9,353,200	\$ 8,942,341	\$11,469,455	\$18,086,003	\$19,639,738
Investments.....	-	323,410	12,620,510	300,291	-
Receivables (net).....	4,975,914	4,160,654	12,404,826	7,177,238	7,827,814
Due from other funds.....	3,710,426	745,236	1,151,572	2,934,339	3,030,281
Advances to other funds.....	-	-	-	-	-
Prepaid assets.....	152,351	-	1,191,522	-	346,540
Other.....	-	39	-	-	-
TOTAL ASSETS.....	\$18,191,891	\$14,171,680	\$38,837,885	\$28,497,871	\$30,844,373
LIABILITIES:					
Accounts payable.....	\$15,897,235	\$ 9,275,601	\$ 5,223,888	\$ 8,484,229	\$14,947,723
Accrued payroll.....	4,593,821	7,941,045	7,961,998	8,278,493	-
Unearned revenue.....	30,500	33,861	30,134	30,314	176,255
Due to other funds.....	4,727,541	5,494,705	12,926,127	1,808,211	2,428,055
Advances to other funds.....	-	-	-	-	-
Other.....	160,274	489,697	493,659	501,492	-
TOTAL LIABILITIES.....	25,409,371	23,234,909	26,635,806	19,102,739	17,552,033
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - property taxes.....	3,037,256	3,417,195	3,366,938	3,490,726	3,913,448
Advance property tax collections.....	6,468,764	5,647,285	6,653,992	4,545,488	5,803,221
Unavailable revenue - charges for services.....	12,564	10,965	-	-	-
TOTAL DEFERRED INFLOWS OF RESOURCES.....	9,518,584	9,075,445	10,020,930	8,036,214	9,716,669
FUND BALANCES (DEFICITS):					
Nonspendable.....	152,351 ¹	-	1,191,522	-	346,540
Restricted.....	-	-	-	-	-
Committed.....	-	-	-	-	-
Assigned.....	-	-	-	-	27,720
Unassigned.....	(16,888,415)	(18,138,674)	989,627	1,358,918	3,201,411
TOTAL FUND BALANCES (DEFICITS).....	(16,736,064)	(18,138,674)	2,181,149	1,358,918	3,575,671
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES (DEFICITS).....	\$18,191,891	\$14,171,680	\$38,837,885	\$28,497,871	\$30,844,373

¹ For the Fiscal Year Ending June 30, 2016 Financial Statements, the City eliminated certain prior inter-fund advances which were determined to be uncollectable. The liquidation of the inter-fund advances were recorded as transfers out of the General Fund, and produced an off-setting reduction in advances to other funds, and non-spendable fund balance.

Source: Annual audited financial statements.

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

Fiscal Year Ended:	2016	2017	2018	2019	2020
REVENUES					
Property taxes.....	\$ 90,455,343	\$ 94,300,417	\$ 95,880,234	\$ 97,509,642	\$ 99,858,280
Intergovernmental.....	74,083,784	70,810,696	78,704,977	71,622,880	69,625,590
Charges for services.....	3,589,044	3,586,549	4,459,358	4,458,444	3,676,119
Contributions.....	-	-	427,290	437,317	444,561
Investment income.....	3,946	7,199	193,375	381,638	348,190
Other revenues.....	628,784	621,455	138,275	220,033	216,699
TOTAL REVENUES.....	168,760,901	169,326,316	179,803,509	174,629,954	174,169,439
EXPENDITURES					
Current:					
General government.....	5,573,256	5,582,281	6,025,857	5,686,760	5,628,028
Public safety.....	14,648,759	15,037,051	15,513,579	15,206,742	15,545,783
Public works.....	10,530,434	10,741,857	10,399,951	10,090,546	10,307,368
Benefits and insurance.....	16,451,288	16,281,933	17,120,879	16,167,113	16,284,924
Health and welfare.....	1,113,962	1,162,719	1,160,864	1,065,621	1,072,935
Library.....	1,596,000	1,596,000	1,596,000	1,546,000	1,421,000
Parks and recreation.....	844,947	869,743	885,004	869,606	759,459
Education.....	106,292,923	104,146,866	107,755,731	104,201,305	103,023,483
Debt Services.....	15,817,910	16,731,010	17,401,021	18,926,611	18,498,828
TOTAL EXPENDITURES.....	172,869,479	172,149,460	177,858,886	173,760,304	172,541,808
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....	(4,108,578)	(2,823,144)	1,944,623	869,650	1,627,631
OTHER FINANCING SOURCES (USES):					
Operating transfers in.....	1,727,948	1,796,865	1,303,546	1,709,734	1,284,122
Operating transfers out.....	(4,573,337) ¹	(684,781)	(303,342)	(111,246)	(695,000)
Premium.....	-	-	1,040,796	-	-
Proceeds from the sale of assets.....	415,000	308,450	199,200	298,807	-
Issuance of debt.....	-	-	16,135,000	-	-
Deposit to refunding escrow.....	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES):.....	(2,430,389)	1,420,534	18,375,200	1,897,295	589,122
NET CHANGE IN FUND BALANCE	(6,538,967)	(1,402,610)	20,319,823	2,766,945	2,216,753
Fund Balance - Beginning of year.....	(10,197,097)	(16,736,064)	(18,138,674)	(1,408,027) ²	1,358,918
Fund Balance - End of year.....	\$(16,736,064)	\$(18,138,674)	\$ 2,181,149	\$ 1,358,918	\$ 3,575,671

¹ For the Fiscal Year Ending June 30, 2016 Financial Statements, the City eliminated certain prior inter-fund advances which were determined to be uncollectable. The liquidation of the inter-fund advances were recorded as transfers out of the General Fund, and produced an off-setting reduction in advances to other funds, and non-spendable fund balance.

² For the Fiscal Year Ending June 30, 2019 Financial Statements, the City restated the fiscal year starting fund balance after it was discovered that accounts payable balances from the City's Board of Education were previously recorded in the incorrect fiscal year. The prior period adjustments totaled \$3,407,192. See Appendix A – Audited Financial Statements, Note to Financial Statements, footnote VI.

Source: Annual audited financial statements.

VI. DEBT SUMMARY

PRINCIPAL AMOUNT OF INDEBTEDNESS

As of September 30, 2021 (Pro Forma)

Long-Term Debt

Date of Issue	Issue	Coupon Rate %	Original Issue Amount	Debt Outstanding Including <i>This Issue</i>	Fiscal Maturity Date
03/31/10	General Obligation Bonds.....	5.05	\$ 11,716,000	\$ 2,730,000	2025
05/31/12	General Obligation Refunding Bonds.....	3.00-5.00	47,620,000	10,525,000	2026
05/31/12	General Obligation Bonds.....	3.00-5.00	3,475,000	1,500,000	2027
09/03/14	General Obligation Refunding Bonds.....	0.99-4.16	38,715,000	5,540,000	2022
09/03/14	General Obligation Bonds.....	3.00-5.00	9,100,000	5,425,000	2035
12/31/03	State of Connecticut, CWF PLO, 348-C1.....	2.00	1,728,831	128,251	2023
12/31/03	State of Connecticut, CWF PLO, 346-C.....	2.00	801,945	59,491	2023
05/31/07	State of Connecticut, CWF PLO, 346-CD2....	2.00	801,055	64,256	2023
12/28/12	State of Connecticut, CWF PLO, 549-C.....	2.00	28,250,103	16,536,067	2033
06/30/15	State of Connecticut, CWF PLO, 549-CD2....	2.00	1,425,544	956,774	2032
11/29/17	General Obligation Bonds, Series A.....	3.00-5.00	16,135,000	11,290,000	2028
11/29/17	General Obligation Bonds, Series B.....	3.00-5.00	9,635,000	8,015,000	2038
10/02/20	General Obligation Bonds.....	3.00-4.00	19,173,000	18,080,000	2040
09/30/21	<i>General Obligation Bonds (This Issue).....</i>	<i>This Issue</i>	20,545,000*	20,545,000*	2041
Grand Total			<u>\$209,121,478</u>	<u>\$ 101,394,840</u>	

Short-Term Debt

Issue	Issue	Coupon Rate %	Original Issue Amount	Debt Outstanding Including <i>This Issue</i>	Final Maturity
6/30/2020	State of Connecticut Clean Water Fund IFO...	2.00	\$ 3,880,392	\$ 3,880,392	12/31/2021
6/30/2020	State of Connecticut Clean Water Fund IFO...	2.00	650,000	650,000	9/30/2021
9/30/2021	Bond Anticipation Notes (This Issue).....	TBD	6,500,000	6,500,000	9/29/2022
Total				<u>\$ 11,030,392</u>	

* Preliminary, subject to change.

COMBINED SCHEDULE OF LONG-TERM DEBT

As of September 30, 2021 (Pro Forma)

<u>Fiscal Year</u>	<u>Principal Payments</u>	<u>Interest Payments</u>	<u>Total Debt Service</u>	<u>The Bonds Principal</u>	<u>Principal All Issues</u>
2021-22 ¹	\$ 10,594,002	\$ 2,104,974	\$ 12,698,976	\$ -	\$ 10,594,002
2022-23	8,879,910	2,650,832	11,530,742	1,540,000	10,419,910
2023-24	9,648,492	2,234,634	11,883,126	1,535,000	11,183,492
2024-25	10,029,041	1,804,858	11,833,898	1,535,000	11,564,041
2025-26	7,510,206	1,408,787	8,918,993	1,520,000	9,030,206
2026-27	5,572,001	1,144,499	6,716,499	1,515,000	7,087,001
2027-28	5,269,437	940,650	6,210,087	980,000	6,249,437
2028-29	3,372,528	790,749	4,163,277	980,000	4,352,528
2029-30	3,381,287	688,012	4,069,299	980,000	4,361,287
2030-31	3,290,727	584,660	3,875,387	980,000	4,270,727
2031-32	3,325,862	484,324	3,810,187	980,000	4,305,862
2032-33	1,691,348	397,236	2,088,583	810,000	2,501,348
2033-34	1,550,000	331,800	1,881,800	810,000	2,360,000
2034-35	1,525,000	267,100	1,792,100	810,000	2,335,000
2035-36	1,170,000	210,000	1,380,000	810,000	1,980,000
2036-37	1,170,000	160,000	1,330,000	810,000	1,980,000
2037-38	1,170,000	110,000	1,280,000	790,000	1,960,000
2038-39	850,000	68,000	918,000	790,000	1,640,000
2039-40	850,000	34,000	884,000	790,000	1,640,000
2040-41	-	-	-	790,000	790,000
2041-42	-	-	-	790,000	790,000
Total	<u>\$ 80,849,840</u>	<u>\$ 16,415,115</u>	<u>\$ 97,264,955</u>	<u>\$ 20,545,000*</u>	<u>\$101,394,840</u>

¹ Excludes \$5,820,669 in principal payments and \$1,178,920 in interest payments paid as of September 30, 2021.

Source: City annual audit reports, City finance office.

Note: Totals may not sum due to rounding.

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

* Preliminary, subject to change.

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SCHEDULE OF BONDED DEBT
As of September 30, 2021 (Pro Forma)

Fiscal Year	Principal Payments	Interest Payments	Total Debt Service	The Bonds Principal	Principal All Issues
2021-22 ¹	\$ 9,350,000	\$ 1,847,073	\$ 11,197,073	\$ -	\$ 9,350,000
2022-23	7,295,000	2,335,801	9,630,801	1,540,000	8,835,000
2023-24	8,135,000	1,950,139	10,085,139	1,535,000	9,670,000
2024-25	8,485,000	1,550,911	10,035,911	1,535,000	10,020,000
2025-26	5,935,000	1,186,006	7,121,006	1,520,000	7,455,000
2026-27	3,965,000	953,513	4,918,513	1,515,000	5,480,000
2027-28	3,630,000	782,100	4,412,100	980,000	4,610,000
2028-29	1,700,000	665,291	2,365,291	980,000	2,680,000
2029-30	1,675,000	596,313	2,271,313	980,000	2,655,000
2030-31	1,550,000	527,400	2,077,400	980,000	2,530,000
2031-32	1,550,000	462,200	2,012,200	980,000	2,530,000
2032-33	1,550,000	397,000	1,947,000	810,000	2,360,000
2033-34	1,550,000	331,800	1,881,800	810,000	2,360,000
2034-35	1,525,000	267,100	1,792,100	810,000	2,335,000
2035-36	1,170,000	210,000	1,380,000	810,000	1,980,000
2036-37	1,170,000	160,000	1,330,000	810,000	1,980,000
2037-38	1,170,000	110,000	1,280,000	790,000	1,960,000
2038-39	850,000	68,000	918,000	790,000	1,640,000
2039-40	850,000	34,000	884,000	790,000	1,640,000
2040-41	-	-	-	790,000	790,000
2041-42	-	-	-	790,000	790,000
Total	\$ 63,105,000	\$ 14,434,646	\$ 77,539,646	\$ 20,545,000 *	\$ 83,650,000

¹ Excludes \$5,410,000 in principal payments and \$1,088,826 in interest payments paid as of September 30, 2021.

Source: City annual audit reports, City finance office.

* Preliminary, subject to change.

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SCHEDULE OF STATE OF CONNECTICUT CLEAN WATER LOANS
As of September 30, 2021 (Pro Forma)

<u>Fiscal Year</u>	<u>Principal Payments</u>	<u>Interest Payments</u>	<u>Total Debt Service</u>
2021-22 ¹	\$ 1,244,002	\$ 257,902	\$ 1,501,904
2022-23	1,584,910	315,031	1,899,941
2023-24	1,513,492	284,495	1,797,987
2024-25	1,544,041	253,946	1,797,987
2025-26	1,575,206	222,781	1,797,987
2026-27	1,607,001	190,986	1,797,987
2027-28	1,639,437	158,550	1,797,987
2028-29	1,672,528	125,459	1,797,987
2029-30	1,706,287	91,700	1,797,987
2030-31	1,740,727	57,260	1,797,987
2031-32	1,775,862	22,124	1,797,987
2032-33	141,348	236	141,583
Total	<u>\$17,744,840</u>	<u>\$1,980,469</u>	<u>\$19,725,308</u>

¹ Excludes \$410,669 in principal payments and \$90,093 in interest payments paid as of September 30, 2021.

Source: City annual audit reports, City finance office.

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CALCULATION OF NET DIRECT DEBT

As of September 30, 2021 (Pro Forma)

Long-Term Indebtedness ¹	
<i>The Bonds (This Issue)</i>	\$ 20,545,000 *
General Purpose.....	34,454,696
Schools.....	20,258,304
Sewers.....	2,852,000
Pension Bonds.....	5,540,000
State of Connecticut PLO.....	<u>17,744,840</u>
Total Long-Term Debt	<u>101,394,840</u> *
Short-Term Indebtedness ²	
<i>The Notes (This Issue)</i>	6,500,000
State of Connecticut IFO.....	<u>4,530,392</u>
Total Short-Term Debt	<u>11,030,392</u>
Gross Direct Debt	<u>112,425,232</u> *
Exclusions:	
Self-Supporting Debt	<u>(17,472,841)</u>
Total Net Direct Debt	<u>\$ 94,952,390</u> *

¹ Does not include authorized but unissued debt of \$68,944,644.

² The City currently has \$19,500,000 in outstanding bond anticipation notes. A portion of the proceeds of Bonds will be used to retire a portion of the outstanding notes on September 30, 2021.

CURRENT DEBT RATIOS

As of September 30, 2021 (Pro Forma)

Gross Direct Debt.....	\$112,425,232 *
Net Direct Debt.....	\$94,952,390 *
Net Direct and Underlying Debt.....	\$94,952,390 *
Population ¹	54,763
Net Taxable Grand List (10/1/20).....	\$3,031,629,663
Estimated Full Value.....	\$4,330,899,519
Equalized Net Taxable Grand List (2019) ²	\$4,653,954,120
Per Capita Income ¹	\$30,360
Total Direct Indebtedness:	
Per Capita.....	\$2,053 *
To Net Taxable Grand List	3.71% *
To Estimated Full Value	2.60% *
To Equalized Net Taxable Grand List.....	2.42% *
Per Capita to Per Capita Income.....	6.76% *
Net Direct Indebtedness:	
Per Capita.....	\$1,734 *
To Net Taxable Grand List.....	3.13% *
To Estimated Full Value.....	2.19% *
To Equalized Net Taxable Grand List.....	2.04% *
Per Capita to Per Capita Income.....	5.71% *

¹ U.S. Census Bureau, American Community Survey, 2015-19.

² Office of Policy and Management, State of Connecticut

* Preliminary, subject to change.

COMPUTATION OF STATUTORY DEBT LIMITATION
As of September 30, 2021 (Pro Forma)

Total fiscal year 2020 tax collections (including interest and lien fees)	
City of West Haven	\$ 96,296,925
West Haven Fire Districts	29,465,423
State Reimbursement for Revenue Loss on:	
Tax Relief for the Elderly	-
Base for Establishing Debt Limit	<u>\$ 125,762,348</u>

Debt Limit¹

	General Purpose	Schools	Sewers	Urban Renewal	Unfunded Pension Obligation	Total Debt
(2.25 times base).....	\$ 282,965,283					
(4.50 times base).....		\$ 565,930,566				
(3.75 times base).....			\$ 471,608,805			
(3.25 times base).....				\$ 408,727,631		
(3.00 times base).....					\$ 377,287,044	
(7.00 times base).....						\$ 880,336,436
Indebtedness (Including this issue)						
Bonds Payable.....	\$ 34,454,696	\$ 20,258,304	\$ 2,852,000	\$ -	\$ 5,540,000	\$ 63,105,000
<i>The Bonds (This Issue)</i>	4,367,000 *	16,178,000 *	-	-	-	20,545,000 *
<i>The Notes (This Issue)</i> ²	-	6,500,000	-	-	-	6,500,000
State of Connecticut						
Clean Water Fund PLO ³	-	-	17,744,840	-	-	17,744,840
Clean Water Fund IFO ³	-	-	4,530,392	-	-	4,530,392
Authorized but						
Unissued Debt.....	17,434,605	46,907,330	4,602,710	-	-	68,944,644
Total Indebtedness.....	56,256,301 *	89,843,634 *	29,729,941	-	5,540,000	181,369,876 *
School construction grants receivable ⁴ ...	-	(25,086,414)	-	-	-	(25,086,414)
Self-Supporting Sewer debt.....	-	-	(17,472,841)	-	-	(17,472,841)
Total Net Indebtedness.....	<u>56,256,301 *</u>	<u>64,757,220 *</u>	<u>12,257,100</u>	<u>-</u>	<u>5,540,000</u>	<u>138,810,621 *</u>
Excess of Limit Over Outstanding and Authorized Debt.....	<u>\$ 226,708,982 *</u>	<u>\$ 501,173,346 *</u>	<u>\$ 459,351,705</u>	<u>\$ 408,727,631</u>	<u>\$ 371,747,044</u>	<u>\$ 741,525,815 *</u>

¹ Under Chapter 109 of the Connecticut General Statutes the total of all indebtedness shall not exceed seven times the base or \$880,336,436.

² The City currently has \$19,500,000 in outstanding bond anticipation notes. A portion of the proceeds from the Bonds will be used to retire a portion of the outstanding notes on September 30, 2021.

³ Under the State of Connecticut's Clean Water Fund Program, the City has issued Project Loan Obligations ("PLO") totaling \$40,436,463 of which \$17,744,840 is currently outstanding. Additionally, the City currently has two outstanding Interim Funding Obligations ("IFO") in the amount of \$4,530,392. (See "Clean Water Fund Program" herein.)

⁴ 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 \$95,673,000 or 75.31% 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 \$70,586,273 for this project. See "School Construction Projects" herein.

Source: City Officials

* Preliminary, subject to change.

HISTORICAL DEBT STATEMENT

	<u>2020-21¹</u>	<u>2019-20</u>	<u>2018-19</u>	<u>2017-18</u>	<u>2016-17</u>
Population ²	54,763	54,763	54,763	54,918	55,044
Net taxable grand list.....	\$2,718,948,235	\$2,683,008,169	\$2,653,441,717	\$2,648,488,238	\$2,630,506,783
Estimated full value.....	\$3,884,211,764	\$3,832,868,813	\$3,790,631,024	\$3,783,554,626	\$3,757,866,833
Equalized net taxable grand list ³	\$4,653,954,120	\$4,422,795,404	\$4,224,962,528	\$3,928,816,873	\$3,761,443,254
Per capita income ²	\$30,360	\$30,360	\$30,360	\$28,721	\$27,968
Short-term debt.....	\$ 24,030,392	\$ 37,030,392	\$ 22,000,000	\$ 9,000,000	\$ 9,635,000
Long-term debt.....	\$ 86,670,509	\$ 83,893,144	\$ 100,398,472	\$ 116,776,465	\$ 105,656,625
Total Direct debt.....	\$ 110,700,901	\$ 120,923,536	\$ 122,398,472	\$ 125,776,465	\$ 115,291,625
Net Direct debt.....	\$ 110,700,901	\$ 120,923,536	\$ 122,398,472	\$ 125,776,465	\$ 115,291,625

¹ Unaudited estimate.

² U.S. Census Bureau, American Community Survey.

³ Office of Policy and Management, State of Connecticut

HISTORICAL DEBT RATIOS

	<u>2020-21¹</u>	<u>2019-20</u>	<u>2018-19</u>	<u>2017-18</u>	<u>2016-17</u>
Total Direct debt:					
Per capita.....	\$2,021.45	\$2,208.12	\$2,235.06	\$2,290.26	\$2,094.54
To net taxable grand list.....	4.07%	4.51%	4.61%	4.75%	4.38%
To estimated full value.....	2.85%	3.15%	3.23%	3.32%	3.07%
To equalized net taxable grand list.....	2.38%	2.73%	2.90%	3.20%	3.07%
Debt per capita to per capita income.....	6.66%	7.27%	7.36%	7.97%	7.49%
Net direct debt:					
Per capita.....	\$2,021.45	\$2,208.12	\$2,235.06	\$2,290.26	\$2,094.54
To net taxable grand list.....	4.07%	4.51%	4.61%	4.75%	4.38%
To estimated full value.....	2.85%	3.15%	3.23%	3.32%	3.07%
To equalized net taxable grand list.....	2.38%	2.73%	2.90%	3.20%	3.07%
Debt per capita to per capita income.....	6.66%	7.27%	7.36%	7.97%	7.49%

¹ Unaudited estimate.

CLEAN WATER FUND PROGRAM

The City of West Haven 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 Agreement 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 loans (“PLO’s”) outstanding:

<u>Project</u>	<u>Date of Issue</u>	<u>Original Loan Amount</u>	<u>Amount Outstanding as of 9/30/2021</u>
CWF PLO 348-C1	12/31/2003	1,728,831	128,251
CWF PLO 346-C	12/31/2003	801,945	59,491
CWF PLO 346-CD2	5/31/2007	801,055	64,256
CWF PLO 549-C	12/28/2012	28,250,103	16,536,067
CWF PLO 549-CD2	6/30/2015	1,425,544	956,774
		<u>\$ 33,007,478</u>	<u>\$ 17,744,840</u>

OUTSTANDING SHORT-TERM INDEBTEDNESS

The City currently has \$19,500,000 in Bond Anticipation Notes (the “BANs”) which mature on September 30, 2021. A portion of the proceeds of the Bonds will be used to retire a portion of the outstanding BANs at maturity, and the remaining outstanding portion of the BANs will be rolled over through the issuance of the Notes.

CAPITAL LEASES

The City has entered into a capital lease agreement for the purchase of various pieces of equipment. The amount of future lease payments as of June 30, 2021 was approximately \$58,000. These payments are not included in outstanding bonded debt.

UNDERLYING INDEBTEDNESS

Other political subdivisions within the geographic boundary of the City of West Haven 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 (hereafter the "new program").

Debt service reimbursement will continue under the prior reimbursement program for all projects approved before July 1, 1996. Under the prior program, a municipality issued bonds for the entire amount of the school construction project and the State of Connecticut reimburses the municipality for principal and interest costs for eligible school construction expenses over the life of outstanding school bonds (the "prior program").

Under the new program, 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 Grant¹</u>
West Haven High School.....	\$ 133,250,000	75.36	\$ 95,673,000
Washington Elementary School...	38,803,926	67.14	26,052,956
	<u>\$ 172,053,926</u>		<u>\$ 121,725,956</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 \$70,586,273 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 TIERS LEGISLATION" herein.

The Bonds and all Supported General Obligations will be issued in accordance with the terms of the Trust Indenture for the issuance of Additional Bonds (as defined in the Trust Indenture). (See "Appendix F – Summary of the Indenture").

DEBT AUTHORIZED BUT UNISSUED

<u>Department</u>	<u>Total Authorization</u>	<u>Prior Debt & Grants</u>	<u>The Bonds (This Issue)</u>	<u>The Notes (This Issue)</u>	<u>Authorized But Unissued</u>
Board of Education ¹	\$ 178,673,048	\$109,087,718	\$ 16,178,000 *	\$ 6,500,000	\$ 46,907,330
General Government.....	24,303,038	22,114,960	335,000 *	-	1,853,078
Parks and Recreation.....	6,542,325	2,723,760	900,000 *	-	2,918,565
Economic Development.....	8,465,282	5,105,470	-	-	3,359,812
Police Department.....	2,538,468	1,156,009	1,310,000 *	-	72,459
Public Works.....	56,072,221	40,880,190	1,822,000 *	-	8,155,031
Village Improvement District.....	3,144,460	2,068,800	-	-	1,075,660
Sewers.....	89,494,000	84,891,290	-	-	4,602,710
Total	<u>\$ 369,232,842</u>	<u>\$268,028,198</u>	<u>\$ 20,545,000 *</u>	<u>\$ 6,500,000</u>	<u>\$ 68,944,644²</u>

¹ The City has undertaken 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 \$95,673,000 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 \$70,586,273 for this project. 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.

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). 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).

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	2021-22	2022-23	2023-24	2024-25	2025-26	Total
Public Works.....	\$ 3,522,000	\$ 3,083,000	\$ 2,397,500	\$ 2,402,000	\$ 2,600,000	\$ 14,004,500
Parks & Recreation.....	900,000	150,000	1,025,000	150,000	100,000	2,325,000
Public Safety.....	1,432,000	1,884,738	541,000	541,000	400,000	4,798,738
General Government.....	335,695	180,000	180,000	180,000	-	875,695
Board of Education ¹	16,178,000	18,109,600	12,402,900	2,169,800	3,456,000	52,316,300
Water Pollution Control Authority.....	10,366,000	9,845,000	39,104,000	8,300,000	8,270,000	75,885,000
Total	\$32,733,695	\$33,252,338	\$55,650,400	\$13,742,800	\$14,826,000	\$150,205,233

Project Revenues	2021-22	2022-23	2023-24	2024-25	2025-26	Total
Bonded Debt ¹	19,747,695	21,957,338	16,196,400	5,092,800	6,206,000	\$ 69,200,233
LOCIP Funds.....	620,000	350,000	350,000	350,000	350,000	2,020,000
Clean Water Fund Loans.....	8,005,000	8,600,000	8,900,000	8,300,000	8,270,000	42,075,000
Grants & Other Sources.....	4,361,000	2,345,000	30,204,000	-	-	36,910,000
Total Costs	\$32,733,695	\$33,252,338	\$55,650,400	\$13,742,800	\$14,826,000	\$150,205,233

¹ Includes renovations to West Haven High School and Washington School.

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VII. LEGAL AND OTHER LITIGATION

LITIGATION

The City of West Haven, 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. A Signature and No Litigation Certificate 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 will be attached to a signed copy of the Official Statement, and which will certify, to the best of said officials' knowledge and belief as of the date of the signatures on 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 hereto as Appendix B and C;
5. Executed Continuing Disclosure Agreements for the Bonds and the Notes in substantially the forms attached hereto as Appendix D and E; and
6. Any other documents required by the Bond and Note Purchase Agreement.

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 a Preliminary Official Statement for the Bonds which is dated September 13, 2021. 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 signing of the Bond and Note Purchase Agreement, the City will furnish the Underwriter with a copy 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: _____
Nancy R. Rossi
Mayor

By: _____
Michael P. Last
Treasurer

By: _____
Frank Cieplinski
Director of Finance

Dated: September __, 2021

Appendix A – Audited Financial Statements

CITY OF WEST HAVEN, CONNECTICUT

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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, 2020 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.

Independent Auditors' Report

To the Members of the City Council
City of West Haven, Connecticut

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the City of West Haven, Connecticut, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the City of West Haven, Connecticut's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the 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 of West Haven, Connecticut, as of June 30, 2020 and the respective changes in financial position and, where applicable, cash flows thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Blum, Shapiro & Company, P.C.

West Hartford, Connecticut
December 30, 2020



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, 2020

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, 2020. Please read it in conjunction with the City's financial statements immediately following this section.

FINANCIAL HIGHLIGHTS

- ◆ 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 \$131,853,788 (net position). Unrestricted net position was a deficit balance of \$300,677,024.
- ◆ The City's total net position increased by \$27,087,994. The increase is due to positive operations (surplus) in these major funds; general fund of \$2,216,753, Allingtown Fire Department fund of \$766,466 and the sewer fund of \$1,690,390. The positive operations were offset by temporary deficit operations of the capital improvement fund of \$12,059,326 driven primarily by the High School project. The capital improvement fund will operate in a deficit until the high school project is permanently financed.
- ◆ Conversion to accrual basis on Exhibit IV:
 - Capital outlay net of depreciation expense of \$26,357,396
 - Net principal debt activity of \$16,637,886
 - Change in total OPEB liability of \$(109,563,236)
 - Change in net pension liabilities of \$(10,241,573)
- ◆ At the close of the current fiscal year, the city's governmental funds reported combined ending deficit fund balance of \$23,476,390, an increase in the deficit of \$6,743,523 in comparison with the prior year. The majority of the decrease is due to the deficit operations of the capital improvement fund of \$12,059,326 offset by the positive operations of the general fund of \$2,216,753, due to net transfers in of \$932,631 and an operational surplus of \$1,627,631, Allingtown Fire Department fund of \$766,446, and sewer fund of \$1,690,390.
- ◆ The operating results for the major funds of the City were as follows:
 - The general fund has positive operations of \$2,216,753 substantially due to budget savings in both the City and Education Department. The City ended the year with an unassigned fund balance of \$3,575,671.

- The Allingtown Fire Department has positive operations of \$766,446 resulting in a fund balance of \$1,990,020. This was due to increased revenues and budget savings.
- The capital improvement fund has deficit operations of \$12,059,326 increasing the deficit fund balance to \$37,858,351. This is due to the use of bond anticipation notes to finance the high school project. Once bonds are issued and the school building grant payments are received, the deficit will be eliminated.
- The sewer fund has positive operating results of \$1,690,390 increasing the fund balance to \$4,904,432.
- The City's long-term debt (bonds and clean water serial notes) decreased by \$16,505,328 during the current fiscal year due to scheduled principal payments.

This discussion and analysis is intended to serve as an introduction to the City of West Haven's basic financial statements. The City's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to financial statements. The statement of fiduciary net position is used to present financial information about activities for which the City acts solely as an agent for the benefit of employees and others.

Overview of the Basic Financial Statements

Government-Wide Financial Statements

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

The statement of net position presents information on all of the City's assets, deferred outflows of resources, liabilities and deferred inflows of resources with the difference 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.

Governmental Funds (Exhibits III and IV)

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 the general fund, Allingtown Fire Department fund, capital improvement fund, and sewer fund, which are considered to be major funds.

Proprietary Funds (Exhibits V, VI, and VII)

The City maintains 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 (Exhibits VIII and IX)

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.

Other Information

The City adopts annual budgets for the General Fund and the Allingtown Fire Department fund. A budgetary comparison statement has been provided for each fund to demonstrate compliance with these budgets.

This report also presents certain required supplementary information concerning the City's progress in funding its obligation to provide pension and other post-employment benefits to its employees.

Management's Discussion and Analysis

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

As noted earlier, 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 \$131,853,788.

By far, the largest portion of the City's net position reflects its investment in capital assets (e.g., land, construction in progress, land and building improvements, buildings, machinery, equipment, infrastructure and vehicles), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

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

Government-Wide Financial Analysis

A portion of the City's net position (7.06%) represents resources that are subject to external restrictions on how they may be used.

	Governmental Activities	
	2020	2019
Current and other assets	\$ 42,800,064	\$ 42,931,004
Capital assets, net of accumulated depreciation	277,320,185	250,962,784
Total assets	<u>320,120,249</u>	<u>293,893,788</u>
Deferred outflow of resources	<u>126,013,421</u>	<u>23,880,324</u>
Current liabilities	55,016,877	72,947,978
Long-term liabilities outstanding	496,108,984	372,296,430
Total liabilities	<u>551,125,861</u>	<u>445,244,408</u>
Deferred inflow of resources	<u>26,861,597</u>	<u>31,471,486</u>
Net Position:		
Net investments in capital assets	159,518,899	157,436,719
Restricted	9,304,337	6,551,358
Unrestricted	<u>(300,677,024)</u>	<u>(322,929,859)</u>
Total Net Position	<u>\$ (131,853,788)</u>	<u>\$ (158,941,782)</u>

Government-Wide Financial Analysis (continued)

	Governmental Activities	
	2020	2019
Revenues:		
Program revenues:		
Charges for services	\$ 17,723,151	\$ 18,857,820
Operating grants and contributions	80,729,008	76,788,567
Capital grants and contributions	22,100,714	27,405,117
General revenues:		
Property taxes	107,670,568	105,253,727
Grants not restricted to specific programs	10,143,646	12,027,245
Income on investments	349,478	381,979
Other general revenues	225,571	298,807
Total revenues	<u>238,942,136</u>	<u>241,013,262</u>
Expenses:		
General government	9,957,315	10,694,871
Public safety	43,468,810	35,490,850
Public works	25,830,193	25,885,886
Health and Welfare	2,622,275	3,754,865
Library	966,240	1,546,000
Parks and recreation	1,421,000	1,771,034
Education	121,573,391	134,703,644
Interest on long-term debt	6,014,918	3,910,292
Total expenses	<u>211,854,142</u>	<u>217,757,442</u>
Change in net position	27,087,994	23,255,820
Net Position at Beginning of Year	<u>(158,941,782)</u>	<u>(182,197,602)</u>
Net Position at End of Year	<u>\$ (131,853,788)</u>	<u>\$ (158,941,782)</u>

Grants and contributions comprise 47.3% of revenues, followed by property taxes 45.1%, charges for services 7.4% and income from investments and gain on sale of capital assets 0.2%.

With respect to expenses, 57.4% of the City's expenses relates to education, followed by 20.5% to public safety, 12.2% to public works, 4.7% to general government, 2.8% to interest expense, 1.2% to human resources and health and welfare, 0.7% to parks and recreation, and 0.5% to library.

Government-Wide Financial Analysis (continued)

Significant revenue and expense changes from the prior year are as follows:

- Operating grants and contributions increased by \$3.9 million due to Education Grants.
- Capital grants and contributions decreased by \$5.3 million primarily due to a reduction of approximately \$4.5 million in school construction grants received.
- Property taxes increased by \$2.4 million due to the increase in the budget and the amount funded with property taxes.
- The decrease of \$1.8 million in grants and contributions not restricted to specific programs is due to a decrease of \$1.9 million in the state municipal restructuring fund grant received.
- The allocation of certain revenues and expenses across functions has been realigned in the current period. This has resulted in a \$7.9 million increase in public safety expense, and the \$13.1 million decrease in education expense.

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.

As of the end of the current fiscal year, the City's governmental funds reported a combined ending deficit fund balance of \$23,476,390, an increase of \$6,743,523 in comparison with the prior year due to the High School project. The unassigned fund balance in the Capital Improvement Fund was a deficit of \$37,858,351. This is due to the use of bond anticipation notes to fund the high school renovation project.

The remainder of fund balance is non-spendable, restricted, committed or assigned to indicate that it is not available for new spending due to the following:

▪ Non-spendable amount for prepaid	\$ 496,372
▪ Restricted due to grant restrictions or legal requirements	9,347,203
▪ Committed	1,571,567
▪ Assigned	27,720

General Fund (Exhibits RSI-1 and RSI-2)

The general fund is the operating fund of the City. At the end of the current fiscal year, the total fund balance of the general fund was \$3,575,671 with \$3,201,411 of that balance unassigned. During the current fiscal year, the fund balance of the City's general fund increased by \$2,216,753. The increase was substantially attributable to revenues lower than the budget by \$1,351,522 and that the expenditure budget was underspent by \$3,568,275.

The most significant functions that were underspent were general government by \$965,621, benefits and insurance by \$1,537,293, and public works by \$262,788. General government was underspent primarily due to the unallocated line item under budget by \$99,210 and contingency under budget by \$521,442. Benefits and insurance was underspent due to pension and hospitalization costs incurred were lower than expected. Public works was underspent due to open positions lower fuel costs.

Allingtown Fire Department (Exhibits RSI-3 and RSI-4)

The Allingtown Fire Department Fund accounts for the activities of the 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. At the end of the current fiscal year, restricted fund balance of the fund was \$1,990,020. This was the result of positive operations of \$766,422 due to revenues in excess of budget of \$344,520 and expenditure savings of \$426,678. Property taxes collections were higher than expected by \$95,124. The expenditure savings were due to lower than expected costs for unfilled positions during the year of \$161,135 and lower health care costs of \$283,785.

Capital Improvement

The fund accounts for financial resources to be used for various construction projects. During the year, the fund had expenditures of \$34,160,040. Funding sources primarily include state grants for school improvements and other City projects of \$22,100,714. This net activity increased the deficit fund balance of \$25,799,025 in the prior year to \$37,858,351. This is a result of the timing of the financing as compared to expenditures for the High School renovation project, as well as the use of bond anticipation notes to finance the project. The City is planning on issuing General Obligation bonds in the next three years to cover the cost of the High School project.

Sewer

The fund accounts for the City's sewer usage operations. During the year, revenues exceeded expenditures and transfers out by \$1,690,390. This increased the fund balance of \$3,214,042 in the prior year to \$4,904,432. This is due to the continued efforts to manage operating costs.

Capital Assets

The City's investment in capital assets amounts to \$277,320,185 (net of accumulated depreciation). This investment in capital assets is as follows:

	Governmental Activities	
	2020	2019
Land	\$ 16,400,391	\$ 16,400,391
Construction in progress	94,694,641	63,973,673
Land improvements	7,951,654	7,787,303
Buildings and improvements	96,849,328	100,228,022
Machinery and equipment	7,488,041	8,311,615
Vehicles	4,326,646	4,538,702
Infrastructure	49,609,484	49,723,083
Total	\$ 277,320,185	\$ 250,962,789

The capital assets (net of depreciation) increased in the current year by \$26,357,396. The increase is due to capital additions exceeding depreciation expense. In the current year, the City had capital asset additions totaling \$32,831,371. Major capital asset additions consisted of the following:

- Infrastructure:
 - Sidewalks \$ 334,916
- Construction in progress:
 - High School renovation project 30,059,527
 - Beach St Reconstruction 402,923
 - Vet's Field Turf Replacement 352,090

Long-term debt

At the end of the fiscal year, the City had total long-term debt outstanding of \$83,893,144. All debt is backed by the full faith and credit of the City.

	Governmental Activities	
	2020	2019
General obligation bonds	\$ 53,090,000	\$ 62,280,000
Pension obligation bonds	10,870,000	16,150,000
Clean water notes payable	19,933,144	21,968,472
Total	\$ 83,893,144	\$ 100,398,472

During the current fiscal year, the City's bonds and clean water serial notes decreased by \$16,505,328 due to scheduled principal payments.

The City maintains a "BBB" credit rating 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 tax collections including interest and lien fees and the tax relief for elderly freeze grant. The current debt limitation for the City is \$880,336,436, 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 7.

Economic Factors and Next Year's Budgets and Rates

As of June 2020, the unemployment rate for the City was at 11.5%, which was higher than the State average unemployment rate of 9.8% and a national unemployment rate of 11.2%. Please note that these higher than normal rates are a direct result of the covid pandemic.

The City is currently under State review for restructuring and is expected to receive additional State funds in the next fiscal year for the continued stabilization of the City's finances.

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

CITY OF WEST HAVEN, CONNECTICUT
STATEMENT OF NET POSITION
JUNE 30, 2020

	Governmental Activities
Assets:	
Cash and cash equivalents	\$ 29,227,318
Receivables, net	13,076,374
Other assets	496,372
Capital assets, nondepreciable	111,095,032
Capital assets, net of accumulated depreciation	166,225,153
Total assets	320,120,249
Deferred Outflows of Resources:	
Deferred charge on refunding	481,724
Deferred outflows related to pensions	11,282,000
Deferred outflows related to OPEB	114,249,697
Total deferred outflows of resources	126,013,421
Liabilities:	
Accounts payable and accrued expenses	22,261,154
Bond anticipation notes	32,500,000
Unearned revenue	255,723
Noncurrent liabilities:	
Due within one year	21,069,370
Due in more than one year	475,039,614
Total liabilities	551,125,861
Deferred Inflows of Resources:	
Advance property tax collections	6,834,350
Deferred inflows related to pensions	4,356,172
Deferred inflows related to OPEB	15,671,075
Total deferred inflows of resources	26,861,597
Net Position:	
Net investment in capital assets	159,518,899
Restricted:	
General government	80,135
Allingtown fire department	1,990,020
Sewer operations	4,754,600
Housing rehabilitation	2,479,582
Unrestricted	(300,677,024)
Total Net Position	\$ (131,853,788)

The accompanying notes are an integral part of the financial statements

**CITY OF WEST HAVEN, CONNECTICUT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020**

<u>Function/Program Activities</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net Revenue (Expense) and Changes in Net Position</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>
General government	\$ 9,957,315	\$ 913,317	\$	\$	\$ (9,043,998)
Public safety	43,468,810	2,466,353	376,851		(40,625,606)
Public works	25,830,193	13,661,767	2,025,561	696,070	(9,446,795)
Health and Welfare	2,622,275	42,330	265,283		(2,314,662)
Library	1,421,000				(1,421,000)
Parks and Recreation	966,240	488,518	40,819		(436,903)
Education	121,573,391	150,866	78,020,494	21,404,644	(21,997,387)
Interest on long term debt	6,014,918				(6,014,918)
Total	<u>211,854,142</u>	<u>17,723,151</u>	<u>80,729,008</u>	<u>22,100,714</u>	<u>(91,301,269)</u>
General revenues:					
Property taxes					107,670,568
Grants and contributions not restricted to specific programs					10,143,646
Unrestricted investment earnings					349,478
Miscellaneous					225,571
Total general revenues and transfers					<u>118,389,263</u>
Change in net position					27,087,994
Net Position at Beginning of Year					<u>(158,941,782)</u>
Net Position at End of Year					<u>\$ (131,853,788)</u>

The accompanying notes are an integral part of the financial statements

**CITY OF WEST HAVEN, CONNECTICUT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2020**

	<u>General Fund</u>	<u>Allingtown Fire Department Fund</u>	<u>Capital Improvement Fund</u>	<u>Sewer Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS						
Cash and cash equivalents	\$ 19,639,738	\$ 2,593,126	\$	\$ 6,043,161	\$ 951,293	\$ 29,227,318
Receivables, net	7,827,814	543,592	825	1,108,367	3,532,840	13,013,438
Due from other funds	3,030,281				1,814,751	4,845,032
Prepaid items	346,540			149,832		496,372
Total Assets	<u>\$ 30,844,373</u>	<u>\$ 3,136,718</u>	<u>\$ 825</u>	<u>\$ 7,301,360</u>	<u>\$ 6,298,884</u>	<u>\$ 47,582,160</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES						
Liabilities:						
Accounts payable and accrued liabilities	\$ 14,947,723	\$ 262,758	\$ 3,788,736	\$ 604,039	\$ 982,683	\$ 20,585,939
Due to other funds	2,428,055	64,848	1,569,756	70,098	1,325,579	5,458,336
Unearned revenue	176,255		684		78,784	255,723
Bond anticipation notes			32,500,000			32,500,000
Total liabilities	<u>17,552,033</u>	<u>327,606</u>	<u>37,859,176</u>	<u>674,137</u>	<u>2,387,046</u>	<u>58,799,998</u>
Deferred inflows of resources:						
Unavailable revenue - property	3,913,448	414,834				4,328,282
Unavailable revenue - other receivable				1,095,920		1,095,920
Advance property tax collections	5,803,221	404,258		626,871		6,834,350
Total deferred inflows of resources	<u>9,716,669</u>	<u>819,092</u>	<u>-</u>	<u>1,722,791</u>	<u>-</u>	<u>12,258,552</u>
Fund balances:						
Nonspendable	346,540			149,832		496,372
Restricted		1,990,020		4,754,600	2,602,583	9,347,203
Committed					1,571,567	1,571,567
Assigned	27,720					27,720
Unassigned	3,201,411		(37,858,351)		(262,312)	(34,919,252)
Total fund balances	<u>3,575,671</u>	<u>1,990,020</u>	<u>(37,858,351)</u>	<u>4,904,432</u>	<u>3,911,838</u>	<u>(23,476,390)</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 30,844,373</u>	<u>\$ 3,136,718</u>	<u>\$ 825</u>	<u>\$ 7,301,360</u>	<u>\$ 6,298,884</u>	<u>\$ 47,582,160</u>

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CITY OF WEST HAVEN, CONNECTICUT
BALANCE SHEET - GOVERNMENTAL FUNDS (CONTINUED)
JUNE 30, 2020

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

Amounts reported for governmental activities in the statement of net position (Exhibit I) are
different because of the following:

Fund balances - total governmental funds (Exhibit III)	\$	(23,476,390)
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Capital assets used in governmental activities are not financial
resources and, therefore, are not reported in the funds:

Governmental capital assets	\$	466,618,856	
Less accumulated depreciation		(189,298,671)	
Net capital assets			277,320,185

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

Property tax and interest receivables greater than 60 days	4,328,282
Sewer use fee receivable	1,095,920
Deferred outflows related to pensions	11,282,000
Deferred outflows related to OPEB	114,249,697

Internal service funds are used by management to charge the costs of
risk management to individual funds. The assets and liabilities of
the internal service funds are reported with governmental activities
in the statement of net position.

(9,169,160)

Long-term liabilities and deferred inflows of resources are not due and payable
in the current period, and, therefore, are not reported in the funds:

Bonds payable	(63,960,000)
Premium on bonds	(1,834,165)
Deferred charge on refunding	481,724
Accrued interest payable	(1,098,975)
Capital leases	(55,701)
Clean water fund notes	(19,933,144)
Compensated absences	(7,960,585)
Heart and hypertension	(3,074,850)
Net OPEB liability - City Plan	(308,130,567)
Net OPEB liability - Allingtown Fire Department Plan	(29,465,016)
Net pension liability - West Haven Police Department Plan	(28,963,454)
Net pension liability - Allingtown Fire Department Plan	(23,462,342)
Deferred inflows related to pensions	(4,356,172)
Deferred inflows related to OPEB	(15,671,075)

Net Position of Governmental Activities (Exhibit I)	\$	<u>(131,853,788)</u>
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The accompanying notes are an integral part of the financial statements

**CITY OF WEST HAVEN, CONNECTICUT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2020**

	<u>General Fund</u>	<u>Allingtown Fire Department Fund</u>	<u>Capital Improvement Fund</u>	<u>Sewer Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:						
Property taxes	\$ 99,858,280	\$ 7,303,081	\$	\$	\$	\$ 107,161,361
Intergovernmental revenues	69,625,590	181,685	22,100,714		14,228,200	106,136,189
Charges for services	3,676,119	181,146		12,105,532	1,734,707	17,697,504
Contributions	444,561	100,000				544,561
Income from investments	348,190				1,288	349,478
Other	216,699	6,375			287,798	510,872
Total revenues	<u>174,169,439</u>	<u>7,772,287</u>	<u>22,100,714</u>	<u>12,105,532</u>	<u>16,251,993</u>	<u>232,399,965</u>
Expenditures:						
Current:						
General government	5,628,028					5,628,028
Public safety	15,545,783	6,924,897			1,079,948	23,550,628
Public works	10,307,368			6,809,075	695,778	17,812,221
Health and welfare	1,072,935				826,547	1,899,482
Parks and recreation	759,459				13,112	772,571
Library	1,421,000					1,421,000
Education	103,023,483				13,109,128	116,132,611
Benefits and insurance	16,284,924					16,284,924
Capital outlay			34,121,540	698,505	405,719	35,225,764
Debt service	18,498,828	80,944	38,500	1,797,987		20,416,259
Total expenditures	<u>172,541,808</u>	<u>7,005,841</u>	<u>34,160,040</u>	<u>9,305,567</u>	<u>16,130,232</u>	<u>239,143,488</u>
Excess (deficiency) of revenues over expenditures	<u>1,627,631</u>	<u>766,446</u>	<u>(12,059,326)</u>	<u>2,799,965</u>	<u>121,761</u>	<u>(6,743,523)</u>
Other Financing Sources (Uses):						
Transfers in from other funds	1,284,122				695,000	1,979,122
Transfers out to other funds	(695,000)			(1,109,575)	(174,547)	(1,979,122)
Total other financing sources (uses)	<u>589,122</u>	<u>-</u>	<u>-</u>	<u>(1,109,575)</u>	<u>520,453</u>	<u>-</u>
Net Change in Fund Balances	2,216,753	766,446	(12,059,326)	1,690,390	642,214	(6,743,523)
Fund Balances at Beginning of Year	<u>1,358,918</u>	<u>1,223,574</u>	<u>(25,799,025)</u>	<u>3,214,042</u>	<u>3,269,624</u>	<u>(16,732,867)</u>
Fund Balances at End of Year	<u>\$ 3,575,671</u>	<u>\$ 1,990,020</u>	<u>\$ (37,858,351)</u>	<u>\$ 4,904,432</u>	<u>\$ 3,911,838</u>	<u>\$ (23,476,390)</u>

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**CITY OF WEST HAVEN, CONNECTICUT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2020**

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

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

Net change in fund balances - total governmental funds (Exhibit IV)	\$ (6,743,523)
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Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital outlay	32,831,371
Depreciation expense	(6,441,826)
Loss on disposition of capital assets	(32,149)

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

Property taxes collected after 60 days	509,207
Change in sewer use fee receivable	26,500
Change in deferred amount on refundings	(293,860)
Change in deferred outflows related to pensions	4,982,632
Change in deferred outflows related to OPEB	97,444,325

The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, 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. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Bond principal payments	14,470,000
Capital lease principal payments	132,558
Clean water fund notes principal payments	2,035,328

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

Amortization of premium	550,753
Accrued interest	(406,491)
Change in compensated absences	2,470,603
Change in heart and hypertension	(208,059)
Change in claims and judgements	392,000
Change in net OPEB liability - City Plan	(109,563,236)
Change in net OPEB liability - Allingtown Fire Department Plan	(1,300,409)
Change in net pension liability - Police Department Plan	(9,399,473)
Change in net pension liability - Allingtown Fire Department Plan	(842,100)
Change in deferred inflows related to pensions	3,596,359
Change in deferred inflows related to OPEB	2,349,340

The net expense of the internal service funds is reported with governmental activities.	<u>528,144</u>
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Change in Net Position of Governmental Activities (Exhibit II)	<u>\$ 27,087,994</u>
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The accompanying notes are an integral part of the financial statements

**CITY OF WEST HAVEN, CONNECTICUT
STATEMENT OF NET POSITION - PROPRIETARY FUND
JUNE 30, 2020**

	Governmental Activities
	Internal Service Funds
Assets:	
Current assets:	
Receivables, net	\$ 62,936
Due from other funds	613,304
Total assets	<u>676,240</u>
Liabilities:	
Current liabilities:	
Accounts payable	576,240
Claims payable	3,317,312
Total current liabilities	<u>3,893,552</u>
Noncurrent liabilities:	
Claims payable	<u>5,951,848</u>
Total liabilities	<u>9,845,400</u>
Net Position:	
Unrestricted	<u>(9,169,160)</u>
Total Net Position	<u>\$ (9,169,160)</u>

The accompanying notes are an integral part of the financial statements

**CITY OF WEST HAVEN, CONNECTICUT
STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN NET POSITION - PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2020**

	Governmental Activities
	Internal Service Funds
Operating Revenues:	
Charges for services	\$ <u>31,197,554</u>
Operating Expenses:	
Claims	26,254,264
Administration	213,189
Insurance	<u>4,201,957</u>
Total operating expenses	<u>30,669,410</u>
Change in Net Position	528,144
Net Position at Beginning of Year	<u>(9,697,304)</u>
Net Position at End of Year	<u>\$ (9,169,160)</u>

The accompanying notes are an integral part of the financial statements

**CITY OF WEST HAVEN, CONNECTICUT
STATEMENT OF CASH FLOWS - PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2020**

	Governmental Activities
	Internal Service Funds
Cash Flows from Operating Activities:	
Cash received for charges	\$ 32,858,807
Cash paid for claims and other	(26,782,407)
Cash paid for administration	(1,855,342)
Cash paid for insurance	(4,201,957)
Net cash provided by (used in) operating activities	<u>19,101</u>
Net Increase (Decrease) in Cash and Cash Equivalents	19,101
Cash and Cash Equivalents at Beginning of Year	<u>(19,101)</u>
Cash and Cash Equivalents at End of Year	<u>\$ -</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:	
Income (loss) from operations	\$ 528,144
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:	
Change in assets and liabilities:	
(Increase) decrease in accounts receivable	1,661,253
(Increase) decrease in due from other funds	(591,301)
Increase (decrease) in due to other funds	(1,434,168)
Increase (decrease) in accounts payable	383,316
Increase (decrease) in claims payable	(528,143)
Net Cash Provided by (Used in) Operating Activities	<u>\$ 19,101</u>

The accompanying notes are an integral part of the financial statements

CITY OF WEST HAVEN, CONNECTICUT
STATEMENT OF NET POSITION - FIDUCIARY FUNDS
JUNE 30, 2020

	Pension Trust Funds	Custodial Funds
	<u> </u>	<u> </u>
Assets:		
Cash and cash equivalents	\$ 21,861,053	\$ 404,611
Investments, at fair value:		
Mutual funds	44,861,715	
Common stock	25,712,961	
Corporate bonds	13,450,717	
Private equity funds	11,995,459	
Annuities	5,382,316	
Total investments	<u>101,403,168</u>	<u>-</u>
Total assets	<u>123,264,221</u>	<u>404,611</u>
Liabilities:		
Due to student groups and other	<u> </u>	404,611
Total liabilities	<u>-</u>	<u>\$ 404,611</u>
Net Position:		
Restricted for Pension Benefits	<u>\$ 123,264,221</u>	

The accompanying notes are an integral part of the financial statements

**CITY OF WEST HAVEN, CONNECTICUT
STATEMENT OF CHANGES IN NET POSITION - FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2020**

	Pension Trust Funds	Custodial Funds
	<u> </u>	<u> </u>
Additions:		
Contributions:		
Employer	\$ 4,454,054	\$
Plan members	572,510	
Other revenues		796,382
Total contributions and other revenues	<u>5,026,564</u>	<u>796,382</u>
Investment income:		
Net decrease in fair value of investments	(1,799,201)	
Interest and dividends	1,791,657	508
Total investment income (loss)	<u>(7,544)</u>	<u>508</u>
Less investment expenses:		
Investment management fees	388,263	
Net investment income (loss)	<u>(395,807)</u>	<u>508</u>
Total additions	<u>4,630,757</u>	<u>796,890</u>
Deductions:		
Benefits	9,534,123	
Administrative expense	14,155	
Other		773,099
Total deductions	<u>9,548,278</u>	<u>773,099</u>
Change in Net Position	(4,917,521)	23,791
Net Position at Beginning of Year	<u>128,181,742</u>	<u>380,820</u>
Net Position at End of Year	<u>\$ 123,264,221</u>	<u>\$ 404,611</u>

The accompanying notes are an integral part of the financial statements

**CITY OF WEST HAVEN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

The City 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.

Accounting principles generally accepted in the United States of America require that the reporting entity include 1) the primary government; 2) organizations for which the primary government is financially accountable; and 3) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The City does not report any component units.

As of July 1, 2012, the City Council voted to absorb the Allington Fire District into the reporting entity as a department of the City. State statutes require that all costs related to the fire department be charged to the Allington Fire Department fund and that City funds cannot be used to support the department's operations.

During the fiscal year ended June 30, 2018, the City was designated a Tier III municipality by the State of Connecticut in accordance with CGS 7-576c which includes oversight by the State of Connecticut Municipal Accountability Review Board (MARB). See Note 12 for more detailed information.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the City. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. The City has no business-type activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segments are 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 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.

**CITY OF WEST HAVEN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS**

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

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days 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 and claims and judgments, are recorded only when payment is due.

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

The City reports the following major governmental fund:

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

The *Allingtown Fire Department Fund* is used to account 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.

The *Capital Improvement Fund* is used to account for and report resources and expenditures that are restricted, committed or assigned for the acquisition and construction of capital facilities.

The *Sewer Fund* is used to account 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.

Additionally, the City reports the following fund types:

The *Internal Service Funds* account for risk financing activities for medical insurance benefits, general liability, and works' compensation as allowed by GASB Statement No. 10.

The *Pension Trust Funds* account for the activities of the City's defined benefit pension and OPEB plans, which accumulates resources for pension benefit payments to qualified employees upon retirement.

Custodial Funds account for monies held as a custodian for outside groups and agencies.

**CITY OF WEST HAVEN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS**

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

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's internal service funds are charges to customers for sales and services. Operating expenses for internal service funds include the cost of sales and services and administrative expenses. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

D. Deposits and Investments

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

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

Investments for the City are reported at fair value.

E. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the noncurrent portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." All trade receivables are shown net of an allowance for uncollectibles.

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 due 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.

F. Inventories and Prepaid Items

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

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

**CITY OF WEST HAVEN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS**

G. Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets are reported in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than the capitalization threshold for that asset type 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 estimated fair market 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 asset lives are not capitalized.

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

Capitalization thresholds are as follows:

<u>Assets</u>	<u>Years</u>
Land	All
Land improvements	\$50,000
Building and building improvements	\$100,000
Infrastructure	\$100,000
Machinery and equipment	\$10,000
Licensed vehicles	\$10,000

Depreciation has been calculated on each class of depreciable property using the straight-line method, over the following estimated useful lives:

<u>Assets</u>	<u>City Years</u>	<u>Allingtown Fire Department Years</u>
Land	N/A	N/A
Land improvements	50-75	39
Building and building improvements	40	15-20
Infrastructure	5-25	5-20
Machinery and equipment	7-50	5-10
Licensed vehicles	25-100	10-39

H. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position or fund balance that applies to a future period or periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City reports a deferred charge on refunding and deferred outflows related to pension and OPEB in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. A deferred outflow of resources related to

**CITY OF WEST HAVEN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS**

pension and OPEB results from differences between expected and actual pension investment earnings, differences between expected and actual experience and change in proportionate share of the total pension liability. These amounts are deferred and included in pension expense in a systematic and rational manner over a period equal to the average of the expected remaining service lives of all employees that are provided with benefits through the pension plan (active employees and inactive employees).

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period or periods and so will not be recognized as an inflow of resources (revenue) until that time. The City reports advance property tax collections and deferred inflows of resources related to pensions and OPEB in the government-wide statement of net position. A deferred inflow of resources related to pension and OPEB results from changes in the City's proportionate share in liability. These amounts are deferred and included in pension and OPEB expense in a systematic and rational manner over a period equal to the average of the expected remaining service lives of all employees that are provided with benefits through the pension plan (active employees and inactive employees). For governmental funds, the City reports unavailable revenue, which arises only under the modified accrual basis of accounting. The governmental funds report unavailable revenues from taxes and grants receivable. These amounts are deferred and recognized as an inflow of resources (revenue) in the period in which the amounts become available

I. Compensated Absences

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 government 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.

Vested sick leave and accumulated vacation leave of the City's proprietary fund is recorded as an expense and liability within the fund, as the benefits accrue to employees.

J. Net Pension Liability

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

K. Other Post-Employment Benefit (OPEB) Liability

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

**CITY OF WEST HAVEN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS**

L. Long-Term Obligations

In the government-wide financial statements in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable 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 any significant applicable bond premium or discount.

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.

M. Fund Equity

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

Net Investment in Capital Assets

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

Restricted

Net position is restricted because it is externally imposed by creditors (such as through debt covenants), grantors, contributors or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The City currently has no assets under restriction.

Unrestricted

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

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

Nonspendable Fund Balance

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

Restricted Fund Balance

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

Committed Fund Balance

This represents amounts constrained for a specific purpose by a government using its highest level of decision-making authority (City Council).

Assigned Fund Balance

This balance represents amounts constrained for the intent to be used for a specific purpose by a governing board or a body or official that has been delegated authority to assign amounts by the City Charter.

**CITY OF WEST HAVEN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS**

Unassigned Fund Balance

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

N. Accounting Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

The General fund and Allingtown Fire Department have legally adopted budgets. The budgets must be approved by the Municipal Accountability Review Board before final adoption. This budget, at the department level, becomes the legal level of control. Each year an updated Municipal Recovery Plan must be submitted to the MARB for approval and such annual budget must be in conformity with the Plan.

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

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.

B. Excess expenditures over appropriations

During the year, General Fund expenditures exceeded appropriations in the following departments:

Transfer out - Capital improvement fund	\$	605,000
Disposal of solid waste		304,087
Public safety administration		142,723
Town and City Clerk		51,596
Bureau of engineering		42,649
City council		21,199
Public safety support		18,033
Department of human resources		12,888
Emergency reporting system (ERS)		10,265
Department of tax collections		10,108
Labor relations and personnel		1,019
Emergency management		776
Probate court		323

**CITY OF WEST HAVEN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS**

During the year, the Allingtown Fire Department Fund expenditures exceeded appropriations in the following departments:

Workers' compensation insurance	\$	171,634
Emergency reporting system and telephone		43,364
Building maintenance		19,741
Financial services		2,000

C. Deficit Fund Equity and Accumulated Deficits

The following funds have a deficit fund balance/net position at June 30, 2020:

Governmental Funds:		
Major Funds:		
Capital Improvement Fund *	\$	37,858,351
Nonmajor Funds:		
School Lunch Program **		262,312
Internal Service Funds:		
Medical ***	\$	1,233,361
General Liability ***		440,732
Workers' Compensation ***		7,495,067

* Deficit fund balance will be funded by the issuance of bonds to permanently finance capital expenditures incurred in approved capital projects.

** Deficit is the result of decreased charges for services and intergovernmental revenues due to the COVID-19 pandemic. Deficit fund balance will be funded in the future with additional charges for services.

*** Deficit fund balance will be funded by maintaining consistent levels of employer premiums along with continued implementation of risk reduction programs designed to reduce program costs.

3. CASH, CASH EQUIVALENTS AND INVESTMENTS

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

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

**CITY OF WEST HAVEN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS**

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

Deposits

Deposit Custodial Credit Risk

Custodial credit risk is the risk that, in the event of a bank failure, the City’s deposit will not be returned. The City does not have a deposit policy for custodial credit risk. The deposit of public funds is controlled by the Connecticut General Statutes. Deposits may be placed with any qualified public depository that has its main place of business in the State of Connecticut.

Based on the criteria described in GASB Statement No. 40, Deposits and Investment Risk Disclosures, \$20,504,502 of the City’s bank balance of \$21,913,183 was exposed to custodial credit risk as follows:

Uninsured and Uncollateralized	\$ 18,354,051
Uninsured and Collateral held by the pledging bank's trust department, not in the City's name	<u>2,150,451</u>
Total Amount Subject to Custodial Credit Risk	<u><u>\$ 20,504,502</u></u>

Connecticut General Statutes require that each depository maintain segregated collateral (not required to be based on a security agreement between the depository and the municipality and, therefore, not perfected in accordance with federal law) in an amount equal to a defined percentage of its public deposits based upon the depository’s risk based capital ratio.

Cash Equivalents

Cash equivalents are short-term, highly liquid investments that are both readily convertible to known amounts of cash and purchased within 90 days of maturity. At June 30, 2020, the City’s cash equivalents amounted to \$28,653,105. The following table provides a summary of the City’s cash equivalents as rated by nationally recognized statistical rating organizations.

	<u>Standard & Poor's</u>
State Short-Term Investment Fund (STIF)	AAAm
Raymond James Bank Deposit Program 0.02% - Selected Sweep Option	Not Rated
Cambridge Advisors Cash	Not Rated
MML Investors Cash	Not Rated

**CITY OF WEST HAVEN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS**

Investments

As of June 30, 2020, the City had the following investments:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities (in Years)</u>		
		<u>Less Than 1 Year</u>	<u>1-10 Years</u>	<u>Over 10 Years</u>
Corporate bonds	\$ 13,450,715	\$ 4,660,000	\$ 8,751,072	\$ 39,643
Annuities	5,382,316	64,367	2,867,390	2,450,559
	18,833,031	<u>\$ 4,724,367</u>	<u>\$ 11,618,462</u>	<u>\$ 2,490,202</u>
Other Investments:				
Mutual Funds	44,861,715			
Common Stock	25,712,963			
Alternative Investments	<u>11,995,459</u>			
Total Investments	<u>\$ 101,403,168</u>			

Interest Rate Risk

The City's investment policy does not limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk - Investments

As indicated above, State Statutes limit the investment options of cities and towns. The City investment policy states that assets shall be invested in a manner consistent with generally accepted fiduciary standards. Assets are to be diversified in order to minimize the impact of large losses in individual investments. Investments held by the City are mutual fund type investments, which are not rated.

Concentration of Credit Risk

The City's investment policy does not limit an investment in any one issuer in excess of five percent of the City's total investments.

Custodial Credit Risk

Custodial credit risk for an investment is the risk that, in the event of the failure of the counterparty (the institution that pledges collateral or repurchase agreement securities to the City or that sells investments to or buys them for the City), the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

**CITY OF WEST HAVEN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS**

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements); followed by quoted prices in inactive markets or for similar assets or with observable inputs (Level 2 measurements); and the lowest priority to unobservable inputs (Level 3 measurements). The City has the following recurring fair value measurements as of June 30, 2020:

	June 30, 2020	Fair Value Measurements Using		
		Level 1	Level 2	Level 3
Investments by fair value level:				
Corporate Bonds	\$ 13,450,715	\$	\$ 13,450,715	\$
Annuities	5,382,316			5,382,316
Mutual Funds	44,861,715	44,861,715		
Common Stock	25,712,963	25,712,963		
Total Investments by fair value level	89,407,709	\$ 70,574,678	\$ 13,450,715	\$ 5,382,316
Investments Measured at Net Asset Value (NAV):				
Alternative Investments	11,995,459			
Total Investments	\$ 101,403,168			

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 year ending at other than 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
Real estate funds	\$ 226,621	\$	Quarterly	90 Days
Private equity funds	12,493,191	323,358	Quarterly	90 Days
Total Investments Measured at NAV	\$ 12,719,812	\$ 323,358		

**CITY OF WEST HAVEN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS**

4. RECEIVABLES

Receivables as of year-end for the City’s individual major funds and nonmajor, internal service and fiduciary funds in the aggregate are as follows:

	<u>General</u>	<u>Allingtown Fire Department Fund</u>	<u>Capital Improvement Fund</u>	<u>Sewer Fund</u>	<u>Aggregate Remaining Funds</u>	<u>Total</u>
Receivables:						
Taxes	\$ 4,622,048	\$ 452,975	\$	\$	\$	\$ 5,075,023
Accrued interest on taxes	2,424,469	282,748				2,707,217
Intergovernmental	3,015,000				1,603,882	4,618,882
Accounts	396,297	100,869	825	80	451,505	949,576
Sewer use fee				1,213,287		1,213,287
Housing loans					1,812,147	1,812,147
Gross receivables	<u>10,457,814</u>	<u>836,592</u>	<u>825</u>	<u>1,213,367</u>	<u>3,867,534</u>	<u>16,376,132</u>
Less allowance for uncollectibles:						
Taxes	(2,630,000)	(293,000)				(2,923,000)
Accounts					(126,758)	(126,758)
Sewer use fee				(105,000)		(105,000)
Housing loans					(145,000)	(145,000)
	<u>(2,630,000)</u>	<u>(293,000)</u>	<u>-</u>	<u>(105,000)</u>	<u>(271,758)</u>	<u>(3,299,758)</u>
Net Total Receivables	<u>\$ 7,827,814</u>	<u>\$ 543,592</u>	<u>\$ 825</u>	<u>\$ 1,108,367</u>	<u>\$ 3,595,776</u>	<u>\$ 13,076,374</u>

**CITY OF WEST HAVEN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS**

5. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2020 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Ending Balance</u>
City:					
Capital assets not being depreciated:					
Land	\$ 16,363,488	\$	\$	\$	\$ 16,363,488
Construction in progress	63,973,673	32,676,256		(1,955,288)	94,694,641
Total capital assets not being depreciated	<u>80,337,161</u>	<u>32,676,256</u>	<u>-</u>	<u>(1,955,288)</u>	<u>111,058,129</u>
Capital assets being depreciated:					
Land improvements	16,314,569			623,776	16,938,345
Buildings and improvements	199,610,557				199,610,557
Machinery and equipment	27,572,583				27,572,583
Vehicles	8,135,092	144,873	64,014		8,215,951
Infrastructure	97,364,323			1,331,512	98,695,835
Total capital assets being depreciated	<u>348,997,124</u>	<u>144,873</u>	<u>64,014</u>	<u>1,955,288</u>	<u>351,033,271</u>
Less accumulated depreciation for:					
Land improvements	8,527,266	459,425			8,986,691
Buildings and improvements	99,749,093	3,357,062			103,106,155
Machinery and equipment	19,262,491	845,425			20,107,916
Vehicles	4,418,569	203,520	31,865		4,590,224
Infrastructure	47,729,106	1,436,390			49,165,496
Total accumulated depreciation	<u>179,686,525</u>	<u>6,301,822</u>	<u>31,865</u>	<u>-</u>	<u>185,956,482</u>
Total capital assets being depreciated, net	<u>169,310,599</u>	<u>(6,156,949)</u>	<u>32,149</u>	<u>1,955,288</u>	<u>165,076,789</u>
City Capital Assets, Net	<u>\$ 249,647,760</u>	<u>\$ 26,519,307</u>	<u>\$ 32,149</u>	<u>\$ -</u>	<u>\$ 276,134,918</u>
Allingtown Fire Department:					
Capital assets not being depreciated:					
Land	\$ 36,903	\$	\$	\$	\$ 36,903
Total capital assets not being depreciated	<u>36,903</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>36,903</u>
Capital assets being depreciated:					
Building and improvements	702,454				702,454
Machinery and equipment	134,400		1,240		133,160
Fire trucks and vehicles	2,313,100				2,313,100
Infrastructure - hydrants	367,097				367,097
Fire equipment	964,500	10,242			974,742
Total capital assets being depreciated	<u>4,481,551</u>	<u>10,242</u>	<u>1,240</u>	<u>-</u>	<u>4,490,553</u>
Less accumulated depreciation for:					
Building and improvements	335,896	21,632			357,528
Machinery and equipment	120,540	728	1,240		120,028
Fire trucks and vehicles	1,506,343	105,838			1,612,181
Infrastructure - hydrants	279,231	8,721			287,952
Fire equipment	961,415	3,085			964,500
Total accumulated depreciation	<u>3,203,425</u>	<u>140,004</u>	<u>1,240</u>	<u>-</u>	<u>3,342,189</u>
Total capital assets being depreciated, net	<u>1,278,126</u>	<u>(129,762)</u>	<u>-</u>	<u>-</u>	<u>1,148,364</u>
Allingtown Capital Assets, Net	<u>\$ 1,315,029</u>	<u>\$ (129,762)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,185,267</u>

**CITY OF WEST HAVEN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS**

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Ending Balance</u>
Total Government Activities:					
Capital assets not being depreciated:					
Land	\$ 16,400,391	\$	\$	\$	\$ 16,400,391
Construction in progress	<u>63,973,673</u>	<u>32,676,256</u>		<u>(1,955,288)</u>	<u>94,694,641</u>
Total capital assets not being depreciated	<u>80,374,064</u>	<u>32,676,256</u>	<u>-</u>	<u>(1,955,288)</u>	<u>111,095,032</u>
Capital assets being depreciated:					
Land improvements	16,314,569			623,776	16,938,345
Buildings and improvements	200,313,011				200,313,011
Machinery and equipment	28,671,483	10,242	1,240		28,680,485
Vehicles	10,448,192	144,873	64,014		10,529,051
Infrastructure	<u>97,731,420</u>			<u>1,331,512</u>	<u>99,062,932</u>
Total capital assets being depreciated	<u>353,478,675</u>	<u>155,115</u>	<u>65,254</u>	<u>1,955,288</u>	<u>355,523,824</u>
Less accumulated depreciation for:					
Land improvements	8,527,266	459,425			8,986,691
Buildings and improvements	100,084,989	3,378,694			103,463,683
Machinery and equipment	20,344,446	849,238	1,240		21,192,444
Vehicles	5,924,912	309,358	31,865		6,202,405
Infrastructure	<u>48,008,337</u>	<u>1,445,111</u>			<u>49,453,448</u>
Total accumulated depreciation	<u>182,889,950</u>	<u>6,441,826</u>	<u>33,105</u>	<u>-</u>	<u>189,298,671</u>
Total capital assets being depreciated, net	<u>170,588,725</u>	<u>(6,286,711)</u>	<u>32,149</u>	<u>1,955,288</u>	<u>166,225,153</u>
Governmental Activities Capital Assets, Net	<u>\$ 250,962,789</u>	<u>\$ 26,389,545</u>	<u>\$ 32,149</u>	<u>\$ -</u>	<u>\$ 277,320,185</u>

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

Governmental activities:	
General government	\$ 1,834,736
Public safety	303,955
Public works	2,240,713
Education	1,840,537
Recreation and culture	<u>221,885</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 6,441,826</u>

Construction Commitments

The City has the following construction commitments as of June 30, 2020 is presented below:

West Haven High School expansion and renovation	<u>\$ 46,750,809</u>
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**CITY OF WEST HAVEN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS**

6. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Interfund receivables and payables generally represent temporary balances arising from reimbursement type transactions.

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Allingtown Fire Department	\$ 64,848
	Capital Improvement Fund	1,569,756
	Sewer Fund	70,098
	Nonmajor Governmental Funds	1,325,579
Nonmajor Governmental Funds	General Fund	1,814,751
Internal Service Funds	General Fund	<u>613,304</u>
Total		<u>\$ 5,458,336</u>

Interfund transfers:

	<u>Transfers Out</u>			<u>Total Transfers In</u>
	<u>General Fund</u>	<u>Sewer Fund</u>	<u>Nonmajor and Other Funds</u>	
Transfers In:				
General Fund	\$	\$ 1,109,575	\$ 174,547	\$ 1,284,122
Nonmajor Governmental Funds	<u>695,000</u>			<u>695,000</u>
Total Transfers Out	<u>\$ 695,000</u>	<u>\$ 1,109,575</u>	<u>\$ 174,547</u>	<u>\$ 1,979,122</u>

The above transfers represent normal budgetary and other recurring transfers.

**CITY OF WEST HAVEN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS**

7. LONG-TERM DEBT

Changes in Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2020 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
City:					
Bonds payable:					
General obligation bonds	\$ 78,430,000	\$	\$ 14,470,000	\$ 63,960,000	\$ 13,525,000
Premium	2,384,918		550,753	1,834,165	
Total bonds payable	<u>80,814,918</u>	-	<u>15,020,753</u>	<u>65,794,165</u>	<u>13,525,000</u>
Other long-term liabilities:					
Clean water fund serial notes	21,968,472		2,035,328	19,933,144	1,777,635
Capital leases	109,596		53,895	55,701	55,701
Compensated absences	9,921,122	543,286	2,984,224	7,480,184	1,984,224
Heart and hypertension	2,866,791	208,059		3,074,850	307,485
Claims payable	9,797,303	3,158,940	3,964,338	8,991,905	3,247,998
Other claims	392,000		392,000		
Net pension liability	19,563,981	9,399,473		28,963,454	
OPEB liability	<u>198,567,331</u>	<u>109,563,236</u>		<u>308,130,567</u>	
Total City					
Long-Term Liabilities	<u>\$ 344,001,514</u>	<u>\$ 122,872,994</u>	<u>\$ 24,450,538</u>	<u>\$ 442,423,970</u>	<u>\$ 20,898,043</u>
Allingtown Fire Department:					
Capital leases	\$ 78,663	\$	\$ 78,663	-	\$
Compensated absences	510,066	72,348	102,013	480,401	102,013
Claims payable	524,345		247,090	277,255	69,314
Net pension liability	22,620,242	842,100		23,462,342	
OPEB liability	<u>28,164,607</u>	<u>1,300,409</u>		<u>29,465,016</u>	
Total Allingtown Fire Department					
Long term liabilities	<u>\$ 51,897,923</u>	<u>\$ 2,214,857</u>	<u>\$ 427,766</u>	<u>\$ 53,685,014</u>	<u>\$ 171,327</u>
Total Governmental Activities:					
Bonds payable:					
General obligation bonds	\$ 78,430,000	\$	\$ 14,470,000	\$ 63,960,000	\$ 13,525,000
Premium	2,384,918		550,753	1,834,165	
Total bonds payable	<u>80,814,918</u>	-	<u>15,020,753</u>	<u>65,794,165</u>	<u>13,525,000</u>
Other long-term liabilities:					
Clean water fund serial notes	21,968,472		2,035,328	19,933,144	1,777,635
Capital leases	188,259		132,558	55,701	55,701
Compensated absences	10,431,188	615,634	3,086,237	7,960,585	2,086,237
Heart and hypertension	2,866,791	208,059		3,074,850	307,485
Claims payable	10,321,648	3,158,940	4,211,428	9,269,160	3,317,312
Other claims	392,000		392,000		
Net pension liability	42,184,223	10,241,573		52,425,796	
OPEB liability	<u>226,731,938</u>	<u>110,863,645</u>		<u>337,595,583</u>	
Total Governmental Activities					
Long-Term Liabilities	<u>\$ 395,899,437</u>	<u>\$ 125,087,851</u>	<u>\$ 24,878,304</u>	<u>\$ 496,108,984</u>	<u>\$ 21,069,370</u>

**CITY OF WEST HAVEN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS**

Bonds Payable

A summary of general obligation bonds and notes outstanding for governmental funds at June 30, 2020 is as follows:

<u>Description</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Interest Rate (%)</u>	<u>Amount of Original Issue</u>	<u>Balance Outstanding June 30, 2020</u>
General purpose:					
Debt issue	3/31/2010	2/15/2025	5.1 %	\$ 7,435,994	\$ 2,475,280
Refunding issue	5/31/2012	8/1/2026	3.0-5.0	38,380,000	11,850,000
Debt issue	5/31/2012	8/1/2026	3.0-5.0	1,225,000	707,000
Debt issue	9/3/2014	9/1/1934	3.0-5.0	7,865,000	5,550,000
Debt issue	11/1/2017	11/1/2027	3.0-5.0	16,135,000	12,905,000
Debt issue	11/1/2017	11/1/2037	3.0-5.0	5,815,000	5,233,000
Total general purpose					<u>38,720,280</u>
School bonds:					
Debt issue	3/31/2010	2/15/2025	5.1	4,280,006	1,424,720
Refunding issue	5/31/2012	8/1/2026	3.0-5.0	7,260,000	7,090,000
Debt issue	5/31/2012	8/1/2026	3.0-5.0	2,250,000	1,298,000
Debt issue	9/3/2014	9/1/1934	3.0-5.0	1,235,000	925,000
Debt issue	11/1/2017	11/1/1937	3.0-5.0	600,000	560,000
Total school bonds:					<u>11,297,720</u>
Sewer bonds:					
Refunding issue	5/31/2012	8/1/2026	3.0-5.0	1,980,000	40,000
Debt issue	11/1/2017	11/1/1937	3.0-5.0	3,220,000	3,032,000
Total sewer bonds					<u>3,072,000</u>
Pension:					
Pension obligation bond	9/3/2014	3/15/2022	.985-4.164	38,715,000	10,870,000
Sewer:					
CWF 444-C	3/31/2001	9/30/2020	2.0	1,603,000	24,021
CWF 348-C	11/30/2001	11/30/2020	2.0	4,407,222	109,890
CWF 346-C	12/31/2003	12/31/2022	2.0	801,945	117,515
CWF 348-C1	12/31/2003	12/31/2022	2.0	1,728,831	253,338
CWF 348-CD1	9/29/2006	11/30/2020	2.0	617,707	20,774
CWF 348-CD2	5/31/2007	12/31/2022	2.0	801,055	128,512
CWF 549-C	7/1/2013	7/1/1932	2.0	28,250,103	18,223,824
CWF 549-CD2	6/30/2015	7/1/1932	2.0	1,425,544	1,055,270
Total sewer notes					<u>19,933,144</u>
Total bonds/notes					<u>\$ 83,893,144</u>

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

**CITY OF WEST HAVEN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS**

The annual requirements to amortize bonds payable and clean water fund notes for governmental and proprietary funds as of June 30, 2020 are as follows:

Year Ending June 30,	General Obligation Bonds			Clean Water Funds		
	Principal	Interest	Total	Principal	Interest	Total
2021	\$ 13,525,000	\$ 2,816,014	\$ 16,341,014	\$ 1,777,635	\$ 381,479	\$ 2,159,114
2022	13,765,000	2,222,649	15,987,649	1,654,671	347,995	2,002,666
2023	5,805,000	1,652,401	7,457,401	1,584,910	315,031	1,899,941
2024	7,200,000	1,326,339	8,526,339	1,513,492	284,495	1,797,987
2025	7,240,000	964,511	8,204,511	1,544,041	253,946	1,797,987
2026-2030	11,990,000	1,896,022	13,886,022	8,200,458	789,475	8,989,933
2031-2035	3,475,000	625,500	4,100,500	3,657,937	79,619	3,737,556
2036-2038	960,000	72,000	1,032,000			
	<u>\$ 63,960,000</u>	<u>\$ 11,575,436</u>	<u>\$ 75,535,436</u>	<u>\$ 19,933,144</u>	<u>\$ 2,452,040</u>	<u>\$ 22,385,184</u>

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

	<u>Debt Limit</u>	<u>Indebtedness</u>	<u>Balance</u>
General purpose	\$ 282,965,283	\$ 70,330,190	\$ 212,635,093
Schools	565,930,566	102,759,661	463,170,905
Sewers	471,608,805	7,674,710	463,934,095
Urban renewal	408,727,631		408,727,631
Pension deficit	377,287,044	10,870,000	366,417,044

The total overall statutory debt limit for the City is equal to seven times annual receipts from taxation, \$880,336,436.

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.

The City has debt authorized and unissued bonds as of June 30, 2020 as follows:

<u>Description</u>	<u>Amount of Total Debt Authorized</u>	<u>Indebtedness</u>	<u>Authorized But Unissued Debt</u>
General Purpose	\$ 70,330,190	\$ 38,720,280	\$ 31,609,910
Schools	90,431,050	11,297,720	79,133,330
Sewers	7,674,710	3,072,000	4,602,710
Total	<u>\$ 168,435,950</u>	<u>\$ 53,090,000</u>	<u>\$ 115,345,950</u>

**CITY OF WEST HAVEN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS**

Capital Leases

The City is committed under leases for vehicles totaling \$218,766 and accumulated depreciation of \$175,013. The lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of the future minimum lease payments as of the inception date.

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2020, were as follows:

<u>Year Ending June 30,</u>	<u>City</u>
2021	\$ 57,567
Total lease payments	<u>57,567</u>
Less amount representing interest	<u>1,866</u>
Present Value of Minimum Lease Payments	<u>\$ 55,701</u>

Bond anticipation notes

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

The following is a schedule of bond anticipation note activity for the fiscal year ended June 30, 2020:

<u>Project</u>	<u>Date Issued</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Balance July 1, 2019</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance June 30, 2020</u>
High School project	4/2/2019	10/2/2019	3.165 %	\$ 9,350,000	\$	\$ 9,350,000	\$
High School project	4/30/2019	10/2/2019	3.165	12,650,000	\$	12,650,000	\$
High School project	10/2/2019	4/2/2020	2.583	\$	32,500,000	32,500,000	\$
High School project	4/2/2020	10/2/2020	2.583	\$	<u>32,500,000</u>	\$	<u>32,500,000</u>
Total Bond Anticipation Notes				<u>\$ 22,000,000</u>	<u>\$ 65,000,000</u>	<u>\$ 54,500,000</u>	<u>\$ 32,500,000</u>

Claims and judgements

The City is a defendant in various liability claims and lawsuits relating to deaths and personal injuries, civil rights violations, contractual obligations and other matters, which are incidental to performing governmental functions. The City has determined that it is probable that it has a potential liability exist for such claims. The City’s liabilities for claims and judgements were based on information available. It is reasonably possible that, as the cases evolve, the resulting estimates will be adjusted significantly in the near term.

**CITY OF WEST HAVEN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS**

8. 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 worker’s 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 worker’s compensation, general liability, heart and hypertension 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, general liability umbrella policy with a retention limit of \$250,000 per incident, law enforcement liability insurance policy with a deductible of \$100,000 and per claim limit of \$1,000,000, and worker’s compensation excess policy with a retention limit of \$500,000 per incident and employee group medical claims in excess of \$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 with require that a liability for estimated claims incurred by 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.

Changes in the balances of claims liabilities during the fiscal years ended June 30, 2020 and 2019, are as follows:

	Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claim Payments	End of Fiscal Year Liability
General Liability				
2018-2019	\$ 603,519	\$ 698,521	\$ 803,102	\$ 498,938
2019-2020	498,938	292,638	350,844	440,732
Workers' Compensation				
2018-2019	7,297,119	1,912,126	1,863,740	7,345,505
2019-2020	7,345,505	2,313,896	2,164,335	7,495,066
Medical				
2018-2019	2,074,775	25,858,229	25,980,144	1,952,860
2019-2020	1,952,860	23,119,587	23,739,085	1,333,362
Totals				
2018-2019	9,975,413	28,468,876	28,646,986	9,797,303
2019-2020	9,797,303	25,726,121	26,254,264	9,269,160

**CITY OF WEST HAVEN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS**

The claim reserves reported are based on the requirements of GASB Statement No. 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Claim liabilities are calculated considering the effects of inflation, recent claim settlement trends including frequency and amount of payouts and other economic and social factors.

9. DEFINED BENEFIT PENSION PLANS

A. City of West Haven Police and Allingtown Fire Department Pension Plans

Plan Description and Benefits Provided

The City is the administrator of 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 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. Both plans are closed to new participants.

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 serves 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.

Police

Police officers hired prior to November 1, 2009 are eligible for a normal pension after attaining age 65 or 20 years of service in the department, whichever is earlier. The retirement benefit will be equal to 2.25% of their basic annual salary at retirement for each year of service up through 20 years of service plus an additional 3% of their salary for each year in excess of 20 years up to a maximum of 75% of such annual salary. Vesting of benefits occurs when a participant has accumulated a minimum of 10 years of active service. The Plan provides for disability and death benefits in addition to retirement benefits.

Allingtown Fire Department

Each employee may enter the plan on their date of employment. Benefit provisions provide for vesting after 15 years of service and are collectible after twenty years from initial date of appointment. The plan provides retirement benefits for substantially all full time employees of the Department.

Under a plan dated July 1, 1998 and ratified by the Board of Fire Commissioners on May 7, 2000, the benefit provisions were separated into three groups based upon hire date.

Effective July 1, 2013, the plan closed to new entrants.

**CITY OF WEST HAVEN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS**

As of July 1, 2018 for the Police and July 1, 2017 for Allingtown Fire Department the memberships in the Plans are comprised of the following:

	<u>Police</u>	<u>Allingtown Fire Department</u>
Active members	75	12
Terminated employees entitled to benefits	3	
Retirees, disabled employees, and beneficiaries receiving benefits	<u>147</u>	<u>33</u>
Total	<u><u>225</u></u>	<u><u>45</u></u>

Summary of Significant Accounting Policies and Plan Asset Matters

Basis of Accounting

Financial statements are prepared using the accrual basis of accounting for the two defined benefit pension plans. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions are recognized when due and a formal commitment to provide the contributions has been made. Benefits and refunds are recognized when due and payable in accordance with the terms of the plans.

Method Used to Value Investments

Investments are reported at market value. Securities traded on a national exchange are valued at the last reported sales price. Investment income is recognized as earned.

Funding Policy

Police

Police officers are required to contribute 9.5% of their earnings for the current year. The employees' contribution was \$522,344. The City is required to contribute the amount determined by the actuary, considering the member contributions. The average active member contribution rate was 9.5% of annual base compensation, and the City's average contribution rate was 30.27% of annual payroll.

Allingtown Fire Department

Employees are required to contribute 9.5% of their earnings for the current fiscal year if hired before July 1, 1998 and 11.5% if hired after June 30, 1998. The employees' contribution was \$102,602. The Allingtown Fire Department is required to contribute the amount determined by the actuary, considering the member contributions. The average active member contribution rate was 9.5% of annual base compensation, and the City's average contribution rate was 168.52% of annual payroll.

**CITY OF WEST HAVEN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS**

Investments

Investment Policy

The Plan trustees have developed and approved an investment policy which specifies investment target allocations. The Police Pension and Allington 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. The following was the Trustees' adopted asset allocation policy as of June 30, 2020:

Police

Asset Class	Target	Long-Term Expected Arithmetic Real Rate of Return	Long-Term Expected Geometric Real Rate of Return
US High Yield Bonds	20.00 %	4.34 %	3.86 %
Global Equity	15.00	5.41	4.11
US Large Caps	12.50	4.46	3.33
US Equity Market	10.00	4.73	3.52
US Mid Caps	10.00	4.84	3.38
Private Equity	10.00	9.55	5.68
Hedge Funds - Multistrategy	9.00	3.40	3.03
US Small Caps	5.00	5.79	3.91
US REITs	5.00	5.08	3.42
US Cash	3.50	0.88	0.87
Total Allocation	100.00 %		
Assumed Inflation - Mean		2.75	2.75
Assumed Inflation - Standard Deviation		1.65	1.65
Portfolio Real Mean Return		5.03	4.11
Portfolio Nominal Mean Return		7.79	6.95
Portfolio Standard Deviation			13.60
Long-Term Expected Rate of Return			7.125 %

**CITY OF WEST HAVEN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS**

Allingtown Fire Department

<u>Asset Class</u>	<u>Target</u>	<u>Long-Term Expected Arithmetic Real Rate of Return</u>	<u>Long-Term Expected Geometric Real Rate of Return</u>
US Long Credit Bonds	59.10 %	4.19 %	3.83 %
US Large Caps	32.60	4.46	3.33
US REITs	2.80	5.08	3.42
US Cash	<u>5.50</u>	0.88	0.87
Total Allocation	<u>100.00 %</u>		
Assumed Inflation - Mean		2.75	2.75
Assumed Inflation - Standard Deviation		1.65	1.65
Portfolio Real Mean Return		4.12	3.78
Portfolio Nominal Mean Return		6.88	6.61
Portfolio Standard Deviation			7.68
Long-Term Expected Rate of Return			6.75 %

Rate of Return

For the year ended June 30, 2020, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was (.76%) for the police plan and 5.79% for the Allingtown plan. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Net Pension Liability of the City

The components of the net pension liability of the City at June 30, 2020, were as follows:

	<u>Police</u>	<u>Allingtown Fire Department</u>
Total pension liability	\$ 143,010,785	\$ 32,679,232
Fund fiduciary net position	<u>114,047,331</u>	<u>9,216,890.00</u>
Net Pension Liability	<u>\$ 28,963,454</u>	<u>\$ 23,462,342</u>
Fund fiduciary net position as a percentage of the total pension liability	79.75%	28.20%

**CITY OF WEST HAVEN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS**

Actuarial Assumptions

	<u>Police</u>	<u>Allington Fire Department</u>
Valuation date	July 1, 2018	July 1, 2019
Actuarial cost method	Entry age normal	Entry age normal
Asset valuation method	Fair value	Fair value
Inflation	2.75%	2.75%
Salary increases	3.50%	3.50%
Cost of living adjustments	3.00% for members hired before 7/1/1993	1.75% for retirements on or before 11/27/13. 2.75% for retirements after 11/27/13
Mortality rates	RP-2000 Mortality Tables with blue collar adjustment for healthy annuitants and non annuitants projected to 2020 per scale AA.	PubS-2010 Mortality Table with generational projection per the MP Ultimate Scale

In 2002, the City issued pension obligation bonds to fund the City's Police pension liabilities. State statues related to the pension obligation bonds require that the Plan maintain the funded level that it had immediately following the issuance of the bonds (100% for the West Haven Police Pension Plan). The Plan's funded level is the ratio of the Plan's assets to the Plan's liability. If benefit improvement, actuarial losses or investments losses cause the funded level to drop below 100%, the State requires that the City take action in order to restore the funded level back to 100% over a short period of time. This has been interpreted for actuarial valuation purposes to be a 5-year period. Currently, the Plan's funded ratio is below 100% and therefore, the shortfall will be amortized over a 5-year period.

Discount Rate

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

	<u>Police</u>	<u>Allingtown Fire Department</u>
Discount Rate	7.125%	6.75%

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

**CITY OF WEST HAVEN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS**

Changes in the Net Pension Liability

The City's net pension liability for the West Haven Police pension plan was measured at June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2018. The changes in net pension liability were as follows:

	Police		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balances as of July 1, 2019	\$ 139,639,599	\$ 120,075,618	\$ 19,563,981
Changes for the year:			
Service cost	1,392,240		1,392,240
Interest on total pension liability	9,775,544		9,775,544
Employer contributions		2,203,317	(2,203,317)
Member contributions		473,136	(473,136)
Net investment income		(894,112)	894,112
Benefit payments, including refund to employee contributions	(7,796,598)	(7,796,598)	-
Administrative expenses		(14,030)	14,030
Net changes	<u>3,371,186</u>	<u>(6,028,287)</u>	<u>9,399,473</u>
Balances as of June 30, 2020	\$ <u>143,010,785</u>	\$ <u>114,047,331</u>	\$ <u>28,963,454</u>

**CITY OF WEST HAVEN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS**

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

Allingtown Fire Department			
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balances as of July 1, 2019	\$ 30,726,366	\$ 8,106,124	\$ 22,620,242
Changes for the year:			
Service cost	285,870		285,870
Interest on total pension liability	2,035,642		2,035,642
Change in benefit terms			-
Differences between expected and actual experience	(360,338)		(360,338)
Changes in assumptions	1,729,217		1,729,217
Employer contributions		2,250,737	(2,250,737)
Member contributions		99,374	(99,374)
Net investment income (loss)		498,305	(498,305)
Benefit payments, including refund to employee contributions	(1,737,525)	(1,737,525)	-
Administrative expenses		(125)	125
Net changes	<u>1,952,866</u>	<u>1,110,766</u>	<u>842,100</u>
Balances as of June 30, 2020	\$ <u>32,679,232</u>	\$ <u>9,216,890</u>	\$ <u>23,462,342</u>

**CITY OF WEST HAVEN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS**

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

The following presents the net pension liability of the City, calculated using the discount rate of 7.125%, 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:

	Police		
	1% Decrease	Rate	1% Increase
	6.125%	7.125%	8.125%
Net Pension Liability	\$ 46,503,421	\$ 28,963,454	\$ 14,395,697

	Allingtown Fire Department		
	1% Decrease	Rate	1% Increase
	5.750%	6.750%	7.750%
Net Pension Liability	\$ 27,909,201	\$ 23,462,342	\$ 19,850,780

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

For the year ended June 30, 2020, the City recognized pension expense for the police plan and Allingtown Fire Department plan of \$3,676,805 and \$2,442,833, respectively. At June 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	Police	Allingtown Fire Department	Total
Deferred Outflows of Resources			
Differences between expected and actual experience	\$	\$ 17,796	\$ 17,796
Changes of assumptions	1,588,136	1,008,710	2,596,846
Net difference between projected and actual earning on pension plan investments	8,667,358		8,667,358
Total	\$ 10,255,494	\$ 1,026,506	\$ 11,282,000

	Police	Allingtown Fire Department	Total
Deferred Inflows of Resources			
Differences between expected and actual experience	\$ 4,097,143	\$ 210,197	\$ 4,307,340
Net difference between projected and actual earning on pension plan investments		48,832	48,832
Total	\$ 4,097,143	\$ 259,029	\$ 4,356,172

**CITY OF WEST HAVEN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS**

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

<u>Year Ending June 30,</u>	<u>Police</u>	<u>Allingtown Fire Department</u>	<u>Total</u>
2021	\$ (83,664)	\$ 556,407	\$ 472,743
2022	1,726,033	205,827	1,931,860
2023	2,662,900	(8,596)	2,654,304
2024	1,853,082	13,839	1,866,921
	<u>\$ 6,158,351</u>	<u>\$ 767,477</u>	<u>\$ 6,925,828</u>

B. Connecticut’s Teachers Retirement System - Pension

Plan Description

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

Benefit Provisions

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

Normal Retirement

Retirement benefits for employees are calculated as 2% of the average annual salary times the years of credited service (maximum benefit is 75% of average annual salary during the 3 years of highest salary).

Early Retirement

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

Disability Retirement

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

Contributions

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

**CITY OF WEST HAVEN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS**

Employer (School Districts)

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

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

For the year ended June 30, 2020, the amount of "on-behalf" contributions made by the State was \$13,514,875 and is recognized in the General Fund as intergovernmental revenues and education expenditures.

Employees

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

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

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

At June 30, 2020, the City reports no amounts for its proportionate share of the net pension liability, and related deferred outflows and inflows, due to the statutory requirement that the State pay 100% of the required contribution. The amount recognized by the City as its proportionate share of the net pension liability, the related state support, and the total portion of the net pension liability that was associated with the City were as follows:

City's proportionate share of the net pension liability	\$	-
State's proportionate share of the net pension liability associated with the City		<u>178,544,596</u>
Total	\$	<u><u>178,544,596</u></u>

The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as June 30, 2018. At June 30, 2020, the City has no proportionate share of the net pension liability.

For the year ended June 30, 2020, the City recognized pension expense and revenue of \$21,928,319 in Exhibit II.

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of June 30, 2018, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Salary increase	3.25-6.50%, including inflation
Investment rate of return	6.90%, net of pension plan investment expense, including inflation

Mortality rates were based on the RPH-2014 White Collar table with employee and annuitant rates blended from ages 50 to 80, projected to the year 2020 using the BB improvement scale.

**CITY OF WEST HAVEN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS**

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2010 - June 30, 2015.

For teachers who retired prior to September 1, 1992, pension benefit adjustments are made in accordance with increases in the Consumer Price Index, with a minimum of 3% and a maximum of 5% per annum.

For teachers who were members of the Teachers' Retirement System before July 1, 2007 and retire on or after September 1, 1992, pension benefit adjustments are made that are consistent with those provided for Social Security benefits on January 1 of the year granted, with a maximum of 6% per annum. If the return on assets in the previous year was less than 8.5%, the maximum increase is 1.5%.

For teachers who were members of the Teachers' Retirement System after July 1, 2007, pension benefit adjustments are made that are consistent with those provided for Social Security benefits on January 1 of the year granted, with a maximum of 5% per annum. If the return on assets in the previous year was less than 11.5%, the maximum increase is 3%, and if the return on the assets in the previous year was less than 8.5%, the maximum increase is 1.0%.

The long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The current capital market assumptions and the target asset allocation as provided by the State of Connecticut Treasurer's Office are summarized in the following table:

<u>Asset Class</u>	<u>Expected Return</u>	<u>Target Allocation</u>	<u>Standard Deviation</u>
Public Equity - US Equity	8.10 %	20.00 %	17.00 %
Public Equity - International Developed Equity	8.50	11.00	19.00
Public Equity - Emerging Markets Equity	10.40	9.00	24.00
Fixed Income - Core Fixed Income	4.60	16.00	7.00
Fixed Income - Inflation Linked Bonds	3.60	5.00	7.00
Fixed Income - High Yield	6.50	6.00	11.00
Fixed Income - Emerging Market Debt	5.20	5.00	11.00
Private Equity	9.80	10.00	23.00
Real Estate	7.00	10.00	15.00
Alternative Investments - Real Assets	8.20	4.00	17.00
Alternative Investments - Hedge Funds	5.40	3.00	7.00
Liquidity Fund	2.90	1.00	1.00
Total		<u>100.00 %</u>	

**CITY OF WEST HAVEN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS**

Discount Rate

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

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

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

Other Information

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

C. Plan Financial Statements

	Pension Trust Funds		
	Police Plan	Allingtown Fire Department Plan	Total
Assets:			
Cash and cash equivalents	\$ 21,275,776	\$ 585,277	\$ 21,861,053
Investments, at fair value:			
Mutual funds	44,627,280	234,435	44,861,715
Common stock	23,219,879	2,493,082	25,712,961
Corporate bonds	13,450,717		13,450,717
Alternative Investments	11,473,679	521,780	11,995,459
Annuities		5,382,316	5,382,316
Total investments	<u>92,771,555</u>	<u>8,631,613</u>	<u>101,403,168</u>
Total assets	<u>114,047,331</u>	<u>9,216,890</u>	<u>123,264,221</u>
Net Position:			
Restricted for Pension and OPEB Benefits	<u>\$ 114,047,331</u>	<u>\$ 9,216,890</u>	<u>\$ 123,264,221</u>

**CITY OF WEST HAVEN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS**

	Pension Trust Funds		
	Police	Allingtown	Total
	Plan	Fire Department Plan	
Additions: Contributions: Employer Plan members Total contributions and other revenue Investment income(loss): Change in fair value of investments Interest and dividends Total investment earnings Less investment expenses: Investment management fees Net investment income Total additions	\$ 2,203,317 473,136 <u>2,676,453</u> (2,167,879) 1,597,569 <u>(570,310)</u> 323,802 <u>(894,112)</u> 1,782,341	\$ 2,250,737 99,374 <u>2,350,111</u> 368,678 194,088 <u>562,766</u> 64,461 <u>498,305</u> 2,848,416	\$ 4,454,054 572,510 <u>5,026,564</u> (1,799,201) 1,791,657 <u>(7,544)</u> 388,263 <u>(395,807)</u> 4,630,757
Deductions: Benefits Administration Total deductions Change in net position Net Position at Beginning of Year Net Position at End of Year	7,796,598 14,030 <u>7,810,628</u> (6,028,287) 120,075,618	1,737,525 125 <u>1,737,650</u> 1,110,766 8,106,124	9,534,123 14,155 <u>9,548,278</u> (4,917,521) 128,181,742
	\$ <u>114,047,331</u>	\$ <u>9,216,890</u>	\$ <u>123,264,221</u>

D. 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.

**CITY OF WEST HAVEN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS**

The Plan requires the City to contribute an amount equal to 5% of the employee’s annual salary. The City contributions for each employee (and interest allocated to the employee’s account) are vested as follows:

Voluntary contributions of up to 25% 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.

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 employer contributions were \$1,481,101 and employee contributions totaled \$2,539,999.

10. OTHER POSTEMPLOYMENT BENEFITS

A. City and Allingtown Fire Department Other Postemployment Benefit Plans

Plan Description

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 is currently being funded on a pay as you go basis. The plan does not issue a standalone 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 is currently being funded on a pay as you go basis. The plan does not issue a standalone financial report.

At July 1, 2019, plan membership consisted of the following:

	<u>City</u>	<u>Allingtown</u>	<u>Total</u>
Active Employees	1,084	21	1,105
Retired, disables employees and beneficiaries receiving benefits	<u>596</u>	<u>57</u>	<u>653</u>
	<u>1,680</u>	<u>78</u>	<u>1,758</u>

The City’s police plan provides for medical, dental and life insurance benefits for all eligible 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**

Funding Policy

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 City’s plan contribution was \$7,045,915.

The Allingtown Fire Department’s recommend contributions are actuarially determined on annual basis using the projected unit credit method. Contributions are established and may be amended by the Department. The Department’s plan contribution was \$762,820.

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.

Total OPEB Liability of the City

The City’s total OPEB liability of \$308,130,567 was measured as of June 30, 2020 and was determined by an actuarial valuation as of July 1, 2019.

The Allingtown Fire Department’s total OPEB liability of \$29,465,016 was measured as of June 30, 2020, and was determined by an actuarial valuation as of July 1, 2019.

Actuarial Assumptions

The total OPEB liability at June 30, 2020 was determined by an actuarial valuation as of July 1, 2019, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

	<u>City</u>	<u>Allingtown Fire Department</u>
Actuarial cost method	Entry age normal	Entry age normal
Salary increases including inflation	Graded by service	3.50%
Inflation	2.75%	2.75%
Healthcare cost trend rates	State Partnership: 5.70% reducing to a final of 4.10% over 55 years All others: 5.20% reducing to a final of 4.30% over 51 years	Pre Medicare: 6.40% reducing to a final of 4.30% over 61 years Post Medicare: 4.90% reducing to a final of 4.30% over 53 years
Mortality rates	PubS-2010 Mortality Table with generational projections of future improvements per the MP-2019 scale	PubS-2010 Mortality Table with generational projections of future improvements per the MP-2019 scale

The plan has not had a formal actuarial experience study performed.

**CITY OF WEST HAVEN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS**

Discount Rate

The discount rate used to measure the total OPEB liability was 2.21% for both plans. The projection of cash flows used to determine the discount rate assumed that City contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Changes in the Total OPEB Liability

City	<u>Increase (Decrease)</u> <u>Total OPEB</u> <u>Liability</u> <u>(a)</u>
Balances as of July 1, 2019	\$ <u>198,567,331</u>
Changes for the year:	
Service cost	7,360,854
Interest on total OPEB liability	7,085,244
Change in benefit terms	(1,191,970)
Differences between expected and actual experience	44,337,855
Changes in assumptions	59,017,168
Benefit payments	<u>(7,045,915)</u>
Net changes	<u>109,563,236</u>
Balances as of June 30, 2020	\$ <u><u>308,130,567</u></u>
	<u>Increase (Decrease)</u> <u>Total OPEB</u> <u>Liability</u> <u>(a)</u>
Allingtown	
Balances as of July 1, 2019	\$ <u>28,164,607</u>
Changes for the year:	
Service cost	775,734
Interest on total OPEB liability	999,677
Differences between expected and actual experience	(4,782,737)
Changes in assumptions	5,070,555
Benefit payments	<u>(762,820)</u>
Net changes	<u>1,300,409</u>
Balances as of June 30, 2020	\$ <u><u>29,465,016</u></u>

**CITY OF WEST HAVEN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS**

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

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

	<u>1% Decrease</u> <u>1.21%</u>	<u>Current Discount</u> <u>Rate</u> <u>2.21%</u>	<u>1% Increase</u> <u>3.21%</u>
Net OPEB Liability - City	\$ <u>366,474,029</u>	\$ <u>308,130,567</u>	\$ <u>262,410,213</u>
	<u>1% Decrease</u> <u>1.21%</u>	<u>Current Discount</u> <u>Rate</u> <u>2.21%</u>	<u>1% Increase</u> <u>3.21%</u>
Net OPEB Liability - Allingtown	\$ <u>33,792,654</u>	\$ <u>29,465,016</u>	\$ <u>23,820,162</u>

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

The following presents the net OPEB liability of the City, as well as what the City's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower or 1 percentage point higher than the current healthcare cost trend rates:

	<u>1% Decrease</u>	<u>Healthcare Cost</u> <u>Trend Rates</u>	<u>1% Increase</u>
Net OPEB Liability - City	\$ <u>256,761,720</u>	\$ <u>308,130,567</u>	\$ <u>375,360,070</u>
	<u>1% Decrease</u>	<u>Healthcare Cost</u> <u>Trend Rates</u>	<u>1% Increase</u>
Net OPEB Liability - Allingtown	\$ <u>23,048,008</u>	\$ <u>29,465,016</u>	\$ <u>34,892,582</u>

**CITY OF WEST HAVEN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS**

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

For the year ended June 30, 2020, the City recognized OPEB expense of \$27,445,304 and Allingtown Fire Department recognized \$1,965,826. The City reported deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
City		
Differences between expected and actual experience	\$ 51,056,076	\$
Changes of assumptions	<u>58,269,063</u>	<u>11,423,196</u>
Total - City	<u>\$ 109,325,139</u>	<u>\$ 11,423,196</u>
Allingtown		
Differences between expected and actual experience	\$	\$ 3,834,774
Changes of assumptions	<u>4,924,558</u>	<u>413,105</u>
Total - Allingtown	<u>\$ 4,924,558</u>	<u>\$ 4,247,879</u>
Total	<u>\$ 114,249,697</u>	<u>\$ 15,671,075</u>

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

<u>Year Ending June 30,</u>	<u>City Plan</u>	<u>Allingtown Plan</u>
2021	\$ 14,191,176	\$ 190,415
2022	14,191,176	371,138
2023	14,979,391	57,564
2024	16,818,562	57,562
2025	13,870,479	
Thereafter	<u>23,851,159</u>	
Total	<u>\$ 97,901,943</u>	<u>\$ 676,679</u>

**CITY OF WEST HAVEN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS**

B. State Teachers Retirement Plan

Plan Description

Teachers, principals, superintendents or supervisors engaged in service of public schools plus professional employees at State Schools of higher education are eligible to participate in the Connecticut State Teachers' Retirement System Retiree Health Insurance Plan (TRS-RHIP), a cost sharing multiple-employer defined benefit other post employment benefit plan administered by the Teachers' Retirement Board (TRB), if they choose to be covered.

Chapter 167a of the State Statutes grants authority to establish and amend the benefit terms to the TRB. TRS-RHIP issues a publicly available financial report that can be obtained at www.ct.gov/trb.

Benefit Provisions

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

Any member who is not currently participating in Medicare Parts A & B is eligible to continue health care coverage with their former employer. A subsidy of up to \$110 per month for a retired member plus an additional \$110 per month for a spouse enrolled in a local school district plan is provided to the school district to first offset the retiree's share of the cost of coverage, and any remaining portion is used to offset the district's cost. The subsidy amount is set by statute and has not increased since July 1996. A subsidy amount of \$220 per month may be paid for a retired member, spouse or the surviving spouse of a member who has attained the normal retirement age to participate in Medicare, is not eligible for Part A of Medicare without cost and contributes at least \$220 per month towards coverage under a local school district plan.

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

If a member participating in Medicare Parts A & B so elects, they may enroll in one of the CTRB Sponsored Medicare Supplement Plans. Effective July 1, 2018, the System added a Medicare Advantage Plan option. Active members, retirees and the State pay equally toward the cost of the basic coverage (medical and prescription drug benefits) under the Medicare Advantage Plan. Retired members who choose to enroll in the Medicare Supplement Plan are responsible for the full difference in the premium cost between the two plans. Additionally, effective July 1, 2018, retired members who cancel their health care coverage or elect to not enroll in a CTRB sponsored health care coverage option must wait two years to re-enroll.

Survivor Health Care Coverage

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

**CITY OF WEST HAVEN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS**

Eligibility

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

Credited Service

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

Normal Retirement

Age 60 with 20 years of Credited Service in Connecticut, or 35 years of Credited Service including at least 25 years of service in Connecticut.

Early Retirement

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

Proratable Retirement

Age 60 with 10 years of Credited Service.

Disability Retirement

No service requirement if incurred in the performance of duty, and 5 years of Credited Service in Connecticut if not incurred in the performance of duty.

Termination of Employment

Ten or more years of Credited Service.

Contributions

State of Connecticut

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

Employer (School Districts)

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

For the year ended June 30, 2020, the amount of "on-behalf" contributions made by the State was \$369,373 and is recognized in the General Fund as intergovernmental revenues and education expenditures.

**CITY OF WEST HAVEN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS**

Employees/Retirees

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

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

At June 30, 2020, the City reports no amounts for its proportionate share of the net OPEB liability, and related deferred outflows and inflows, due to the statutory requirement that the State pay 100% of the required contribution. The amount recognized by the City as its proportionate share of the net OPEB liability, the related State support and the total portion of the net OPEB liability that was associated with the City was as follows:

City's proportionate share of the net OPEB liability	\$ -
State's proportionate share of the net OPEB liability associated with the City	<u>27,845,037</u>
Total	<u>\$ 27,845,037</u>

The net OPEB liability was measured as of June 30, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as June 30, 2018. At June 30, 2020, the City has no proportionate share of the net OPEB liability.

For the year ended June 30, 2020, the City recognized OPEB expense and revenue of \$(2,037,604) in Exhibit II.

Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of June 30, 2018, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Health care costs trend rate	
Pre-Medicare	5.95% decreasing to 4.75% by 2025
Medicare	5.00% decreasing to 4.75% by 2028
Salary increases	3.25-6.50%, including inflation
Investment rate of return	3.00%, net of OPEB plan investment expense, including inflation
Year fund net position will be depleted	2019

Mortality rates were based on the RPH-2014 White Collar table with employee and annuitant rates blended from ages 50 to 80, projected to the year 2020 using the BB improvement scale.

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2010 - June 30, 2015.

**CITY OF WEST HAVEN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS**

The long-term expected rate of return on plan assets is reviewed as part of the GASB 75 valuation process. Several factors are considered in evaluating the long-term rate of return assumption, including the plan's current asset allocations and a log-normal distribution analysis using the best-estimate ranges of expected future real rates of return (expected return, net investment expense and inflation) for each major asset class. The long-term expected rate of return was determined by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The assumption is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years. The plan is 100% invested in U.S. Treasuries (Cash Equivalents) for which the expected 10-Year Geometric Real Rate of Return is (0.41%).

Discount Rate

The discount rate used to measure the total OPEB liability was 3.50%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current member contribution rate and that contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members. No future State contributions were assumed to be made. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be depleted in 2019 and, as a result, the Municipal Bond Index Rate was used in the determination.

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

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

Other Information

Additional information is included in the required supplementary information section of the financial statements. A schedule of contributions is not presented as the City has no obligation to contribute to the plan. Detailed information about the Connecticut State Teachers OPEB Plan fiduciary net position is available in the separately issued State of Connecticut Comprehensive Annual Financial Report at www.ct.gov.

**CITY OF WEST HAVEN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS**

11. FUND BALANCE CLASSIFICATIONS

The components of fund balance for the governmental funds at June 30, 2020 are as follows:

	<u>General Fund</u>	<u>Allingtown Fire Department Fund</u>	<u>Capital Improvement Fund</u>	<u>Sewer Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Nonspendable:						
Prepaid Items	\$ 346,540	\$ _____	\$ _____	\$ 149,832	\$ _____	\$ 496,372
Restricted for:						
General Government					80,135	80,135
Allingtown Fire Department		1,990,020				1,990,020
Sewer operations				4,754,600		4,754,600
Housing rehabilitation					2,479,582	2,479,582
Public works					42,866	42,866
Total restricted	<u>-</u>	<u>1,990,020</u>	<u>-</u>	<u>4,754,600</u>	<u>2,602,583</u>	<u>9,347,203</u>
Committed to:						
Public safety					370,732	370,732
Public works					17,625	17,625
Health and welfare					37,458	37,458
Parks and recreation					436,612	436,612
Education					33,707	33,707
Capital projects					675,433	675,433
Total committed	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,571,567</u>	<u>1,571,567</u>
Assigned to:						
General Government	<u>27,720</u>	<u>_____</u>	<u>_____</u>	<u>_____</u>	<u>_____</u>	<u>27,720</u>
Unassigned	<u>3,201,411</u>	<u>_____</u>	<u>(37,858,351)</u>	<u>_____</u>	<u>(262,312)</u>	<u>(34,919,252)</u>
Total Fund Balances	<u>\$ 3,575,671</u>	<u>\$ 1,990,020</u>	<u>\$ (37,858,351)</u>	<u>\$ 4,904,432</u>	<u>\$ 3,911,838</u>	<u>\$ (23,476,390)</u>

Major encumbrances include \$46,750,809 in the Capital Improvement Fund for the West Haven High School expansion and renovation.

**CITY OF WEST HAVEN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS**

12. MUNICIPAL OVERSIGHT

In December 2017, the City of West Haven notified of their designation as a Tier III municipality under the State of Connecticut Municipal Accountability Review Board (MARB). As a Tier III municipality under MARB oversight, the City is provided access to additional tools to achieve long term fiscal sustainability in exchange for significant accountability and oversight. The City was approved as a Tier III municipality in November 2018. 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 broader financial plan. The City's General Fund recommended budget must be reviewed by the MARB on an annual basis and the revenue assumptions must be approved by the MARB. Any union tentative agreements must also be reviewed by the MARB. The City is also eligible to receive Municipal Restructuring Funds from the State of Connecticut's Office of Policy and Management.

A memorandum of agreement between the State of Connecticut's Office of Policy and Management and the City of West Haven for the year ending June 30, 2020 includes up to \$4,115,000 of Restructuring Funds in the budget approved by the MARB on August 1, 2019 to achieve balanced or positive budgetary operations, in addition to the City providing an updated Five-Year Recovery plan for FY 2021-2025, submission of FY21 proposed budget, and other various reports and corrective action plans to be reviewed by the MARB and a subcommittee. Based on current year results, the City was determined to be awarded \$3,115,000 of the Municipal Restructuring Funds for the year ended June 30, 2020. The City will resubmit an updated Municipal Recovery Plan annually in concert with the Mayor's Recommended General Fund Budget

13. TAX ABATEMENTS

The City established an economic development tax incentive program pursuant to Section 12-265b 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.

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 is currently one company participating in the economic development tax incentive program. The amount of the tax abatement under this program was approximately \$120,906.

14. CONTINGENT LIABILITIES

The City is a party to various legal proceedings which involve claims against the City. In those cases where a loss is probable and measurable, a liability has been recorded. It is the opinion of City management and the City attorney that the ultimate resolution of remaining litigation will not have a material effect on the financial position of the City.

**CITY OF WEST HAVEN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS**

15. SUBSEQUENT EVENTS

On September 22, 2020, the City issued \$19,73,000 in general obligation bonds (Issue of 2020) with interest rates varying from 3.00% to 4.00% and a maturity date of March 15, 2040. In addition, the City issued \$19,500,000 of bond anticipation notes, also dated September 22, 2020, maturing September 30, 2021. The bond anticipation notes carry an interest rate of 2.00%.

16. CORONAVIRUS (COVID-19)

On January 30, 2020, the World Health Organization declared the coronavirus to be a public health emergency. On March 10, 2020, the Governor of the State of Connecticut declared a public health emergency and a civil preparedness emergency due to COVID-19.

The City derives a significant portion of its revenues from property taxes. While the City has not experienced any significant increase in the amount of delinquency from its taxpayers, the situation creates uncertainty about the impact of future revenues that might be generated. In addition, at this time, it is uncertain what the effects of the pandemic will be on the City's health care costs, changes in interest rates, investment valuation and the future federal or state fiscal relief.

**CITY OF WEST HAVEN, CONNECTICUT
SCHEDULE OF GENERAL FUND REVENUES AND OTHER FINANCING SOURCES
BUDGET AND ACTUAL - BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2020**

	Budgeted Amounts			Actual	Variance with Final Budget - Positive (Negative)
	Original	Additional Appropriations and Transfers	Final		
General Property Tax:					
Current levy	\$ 96,375,557	\$	\$ 96,375,557	\$ 96,404,214	\$ 28,657
Motor vehicle supplement	1,236,000		1,236,000	1,487,146	251,146
Prior year levies	412,000		412,000	383,695	(28,305)
Suspense taxes	100,000		100,000	156,483	56,483
Interest and lien fees	792,150		792,150	902,976	110,826
Telephone access line	120,555		120,555	77,191	(43,364)
Non-current personal property tax audits	300,000		300,000		(300,000)
PILOT - SCCRWA NH water grant	305,220		305,220	302,062	(3,158)
PILOT - housing authority	145,230		145,230	144,513	(717)
Total general property tax	<u>99,786,712</u>	<u>-</u>	<u>99,786,712</u>	<u>99,858,280</u>	<u>71,568</u>
Intergovernmental:					
Education cost sharing	45,140,487		45,140,487	44,989,601	(150,886)
Health/welfare services - Parochial school	60,000		60,000	67,266	7,266
PILOT - State colleges & hospitals	5,527,988		5,527,988	5,527,988	-
Property tax relief manufacturing	147,516		147,516	147,516	-
Property tax relief - elderly				2,000	2,000
Mashantucket Pequot	807,097		807,097	807,097	-
Property tax relief - totally disabled	5,370		5,370	4,608	(762)
PILOT - State owned property	181,198		181,198	181,198	-
Property tax relief - Veterans reimbursement	118,373		118,373	130,803	12,430
Town aid road	616,005		616,005	617,268	1,263
State miscellaneous grants	122,000		122,000	121,258	(742)
FEMA				29,739	29,739
Municipal restructuring funds	4,115,542		4,115,542	3,115,000	(1,000,542)
Total Intergovernmental	<u>56,841,576</u>	<u>-</u>	<u>56,841,576</u>	<u>55,741,342</u>	<u>(1,100,234)</u>
Charges of services:					
Animal licenses	13,390		13,390	8,599	(4,791)
Marriage licenses	3,090		3,090	3,692	602
Sporting licenses	206		206	21	(185)
Building permits	1,200,000		1,200,000	970,344	(229,656)
Electrical permits	160,000		160,000	155,646	(4,354)
Excavation permits	7,210		7,210	9,820	2,610
Plumbing & heating permits	200,000		200,000	97,035	(102,965)
Zoning permits	95,000		95,000	103,778	8,778
Alcoholic beverage licenses	155		155	1,134	979
Police licenses & protection permits	20,600		20,600	25,410	4,810
City clerk fees collected	7,313		7,313	5,726	(1,587)
Dog pound releases	2,060		2,060		(2,060)
Health licenses & restaurant permits	82,400		82,400	42,330	(40,070)
Parking tags	175,000		175,000	191,372	16,372
Fines & penalties	25,750		25,750	51,832	26,082
Rents for city facilities	31,250		31,250	24,920	(6,330)
Record legal instruments fee	656,250		656,250	718,683	62,433
Police charges - public safety	15,450		15,450	18,436	2,986
Sundry other miscellaneous	155		155		(155)

(Continued on next page)

**CITY OF WEST HAVEN, CONNECTICUT
SCHEDULE OF GENERAL FUND REVENUES AND OTHER FINANCING SOURCES
BUDGET AND ACTUAL - BUDGETARY BASIS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2020**

	Budgeted Amounts			Actual	Variance with Final Budget - Positive (Negative)
	Original	Additional Appropriations and Transfers	Final		
Charges for services (continued):					
Miscellaneous public works/sewer-orange	\$ 37,059	\$	\$ 37,059	\$ 33,795	\$ (3,264)
Miscellaneous general government - all other	92,700		92,700	52,117	(40,583)
Miscellaneous parks & recreation	340,000		340,000	166,936	(173,064)
Public works	2,060		2,060	2,469	409
Parking meter revenue	30,000		30,000	73,618	43,618
Sewer collection fee	51,301		51,301	55,166	3,865
Insurance reimbursement	20,600		20,600	32,252	11,652
Quigley/Yale parking	41,200		41,200	43,603	2,403
Fire District share of ERS	857,822		857,822	766,392	(91,430)
Organic recycling/compost	13,000		13,000	20,993	7,993
Total charges for services	<u>4,181,021</u>	<u>-</u>	<u>4,181,021</u>	<u>3,676,119</u>	<u>(504,902)</u>
Contributions (Yale)	<u>422,651</u>		<u>422,651</u>	<u>444,561</u>	<u>21,910</u>
Income from investments	<u>70,000</u>		<u>70,000</u>	<u>348,190</u>	<u>278,190</u>
Other	<u>210,000</u>		<u>210,000</u>	<u>204,699</u>	<u>(5,301)</u>
Total revenues	<u>161,511,960</u>	<u>-</u>	<u>161,511,960</u>	<u>160,273,191</u>	<u>(1,238,769)</u>
Other Financing Sources:					
Sale of capital assets				12,000	12,000
Transfers in:					
Public safety fund	250,000		250,000	174,547	(75,453)
Sewer fund	<u>1,158,875</u>		<u>1,158,875</u>	<u>1,109,575</u>	<u>(49,300)</u>
Total other financing sources	<u>1,408,875</u>	<u>-</u>	<u>1,408,875</u>	<u>1,296,122</u>	<u>(112,753)</u>
Total revenues and other financing sources	<u>\$ 162,920,835</u>	<u>\$ -</u>	<u>\$ 162,920,835</u>	161,569,313	<u>\$ (1,351,522)</u>
Budgetary revenues are different than GAAP revenues because:					
State of Connecticut on-behalf pension contributions to the State Teachers' Retirement System for City teachers are not budgeted				13,514,875	
State of Connecticut on-behalf OPEB contributions to the State Teachers' Retirement System for City teachers are not budgeted				<u>369,373</u>	
Total revenues and other financing sources as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds (Exhibit IV)				<u>\$ 175,453,561</u>	

**CITY OF WEST HAVEN, CONNECTICUT
SCHEDULE OF GENERAL FUND EXPENDITURES AND OTHER FINANCING USES -
BUDGET AND ACTUAL - BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2020**

	Budgeted Amounts			Actual	Variance with Final Budget - Positive (Negative)
	Original	Additional Appropriation and Transfers	Final		
General Government:					
City council	\$ 162,672	\$	\$ 162,672	\$ 183,871	\$ (21,199)
Mayor's office	317,111		317,111	308,157	8,954
Corporate counsel	466,368		466,368	444,982	21,386
Labor relations and personnel	170,585		170,585	171,604	(1,019)
Communications	320,000		320,000	308,548	11,452
Town and City Clerk	266,278	2,500	268,778	320,374	(51,596)
Registers of voters	137,002		137,002	121,169	15,833
Probate court	8,020		8,020	8,343	(323)
Planning and development	383,645		383,645	344,415	39,230
Grants administration	66,971	(5,000)	61,971	48,923	13,048
Building department	518,319		518,319	391,988	126,331
Treasurer	7,600		7,600	7,600	-
Finance/Comptroller	991,117	(26,500)	964,617	906,751	57,866
Purchasing department	143,253		143,253	126,370	16,883
Information and technology/data processing	531,862		531,862	472,345	59,517
Central services	219,071		219,071	168,170	50,901
Department of assessment	442,288		442,288	436,602	5,686
Board of assessment appeals	5,600		5,600	3,473	2,127
Department of tax collections	429,004		429,004	439,112	(10,108)
Unallocated	(885,226)	1,284,667	399,441	300,231	99,210
Contingency	676,766	(40,324)	636,442	115,000	521,442
Total general government	5,378,306	1,215,343	6,593,649	5,628,028	965,621
Public Safety:					
Emergency reporting system (ERS)	1,906,271	(90,000)	1,816,271	1,826,536	(10,265)
Public safety administration	829,832	85,890	915,722	1,058,445	(142,723)
Public safety operations	11,806,118	(85,890)	11,720,228	11,547,313	172,915
Public safety support	855,585		855,585	873,618	(18,033)
Animal control	283,566		283,566	224,897	58,669
Emergency management	14,198		14,198	14,974	(776)
Total public safety	15,695,570	(90,000)	15,605,570	15,545,783	59,787
Public Works:					
Administration	604,341		604,341	465,721	138,620
Bureau of engineering	339,311	(63,553)	275,758	318,407	(42,649)
Central garage	1,323,141		1,323,141	1,072,390	250,751
Compost site	46,001		46,001	26,489	19,512
Disposal of solid waste	3,169,900		3,169,900	3,473,987	(304,087)
Grounds and building maintenance	1,243,881	(36,447)	1,207,434	1,045,764	161,670
Highways and park maintenance	4,038,581	(95,000)	3,943,581	3,904,610	38,971
Total public works	10,765,156	(195,000)	10,570,156	10,307,368	262,788
Benefits and insurance					
City insurance	800,977		800,977	759,221	41,756
Pensions and hospitalizations	17,999,404	(1,020,343)	16,979,061	15,486,615	1,492,446
C-Med programs	42,179		42,179	39,088	3,091
Total benefits and insurance	18,842,560	(1,020,343)	17,822,217	16,284,924	1,537,293

(Continued on next page)

**CITY OF WEST HAVEN, CONNECTICUT
 SCHEDULE OF GENERAL FUND EXPENDITURES AND OTHER FINANCING USES -
 BUDGET AND ACTUAL - BUDGETARY BASIS (CONTINUED)
 FOR THE YEAR ENDED JUNE 30, 2020**

	Budgeted Amounts			Actual	Variance with Final Budget - Positive (Negative)
	Original	Additional Appropriation and Transfers	Final		
Human resources and health and welfare:					
Department of human resources	\$ 279,237	\$	\$ 279,237	\$ 292,125	\$ (12,888)
Department of elderly services	441,772		441,772	441,673	99
Health department	344,438		344,438	339,137	5,301
Total human resources and health and welfare	1,065,447	-	1,065,447	1,072,935	(7,488)
Parks and recreation	878,548		878,548	759,459	119,089
Library	1,421,000		1,421,000	1,421,000	-
Board of education	89,960,421		89,960,421	89,139,235	821,186
Debt service	18,873,827		18,873,827	18,498,828	374,999
Total expenditures	162,880,835	(90,000)	162,790,835	158,657,560	4,133,275
Other financing uses:					
Transfer out:					
Public safety fund	40,000		40,000		40,000
Capital improvement fund		90,000	90,000	695,000	(605,000)
Total other financing uses	40,000	90,000	130,000	695,000	(565,000)
Total expenditures and other financing uses	\$ 162,920,835	\$ -	\$ 162,920,835	159,352,560	\$ 3,568,275
Budgetary expenditures are different than GAAP expenditures because:					
State of Connecticut on-behalf pension contributions to the State Teachers' Retirement System for City teachers are not budgeted				13,514,875	
State of Connecticut on-behalf OPEB contributions to the State Teachers' Retirement System for City teachers are not budgeted				369,373	
Total expenditures and other financing uses				\$ 173,236,808	

CITY OF WEST HAVEN, CONNECTICUT
 ALLINGTOWN FIRE DEPARTMENT FUND
 SCHEDULE OF REVENUES - BUDGET AND ACTUAL - BUDGETARY BASIS
 FOR THE YEAR ENDED JUNE 30, 2020

	Budgeted Amounts			Actual	Variance with Final Budget - Positive (Negative)
	Original	Additional Appropriations and Transfers	Final		
Property taxes:					
Current property taxes	\$ 7,031,957	\$	\$ 7,031,957	\$ 7,013,141	\$ (18,816)
Prior year property taxes	120,000		120,000	156,385	36,385
Interest and lien fees				73,726	73,726
PILOT - Regional Water Authority	56,000		56,000	59,829	3,829
Total property taxes	<u>7,207,957</u>	<u>-</u>	<u>7,207,957</u>	<u>7,303,081</u>	<u>95,124</u>
Intergovernmental:					
Motor vehicle tax allocation				160,170	160,170
State miscellaneous grants				21,515	21,515
Total intergovernmental	<u>-</u>	<u>-</u>	<u>-</u>	<u>181,685</u>	<u>181,685</u>
Charges for services:					
Bundle billing	30,000		30,000	14,078	(15,922)
Police/Fire outside services	6,000		6,000	10,555	4,555
Fire department transportation fees				35,785	35,785
Other fees	76,600		76,600	120,728	44,128
Total charges for services	<u>112,600</u>	<u>-</u>	<u>112,600</u>	<u>181,146</u>	<u>68,546</u>
Contributions:					
University of New Haven and Yale donations	100,000		100,000	100,000	
Other:					
Insurance recovery	7,210		7,210	6,375	(835)
Total revenues	<u>\$ 7,427,767</u>	<u>\$ -</u>	<u>\$ 7,427,767</u>	<u>\$ 7,772,287</u>	<u>\$ 344,520</u>

**CITY OF WEST HAVEN, CONNECTICUT
 ALLINGTOWN FIRE DEPARTMENT FUND
 SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL - BUDGETARY BASIS
 FOR THE YEAR ENDED JUNE 30, 2020**

	Budgeted Amounts			Actual	Variance with Final Budget - Positive (Negative)
	Original	Additional Appropriations and Transfers	Final		
Personnel:					
Salaries	\$ 1,687,170	\$	\$ 1,687,170	\$ 1,627,423	\$ 59,747
Overtime and vacation pay	450,000		450,000	436,008	13,992
Uniforms	16,000		16,000	10,690	5,310
Life insurance	14,000		14,000	11,984	2,016
Pension contribution	2,326,000		2,326,000	2,319,699	6,301
Heart and Hypertension	70,000		70,000	840	69,160
Works' compensation insurance	150,000		150,000	321,634	(171,634)
Insurance	1,653,090		1,653,090	1,369,305	283,785
Education incentive (EMT - Certification)	105,000		105,000		105,000
Social security and Medicare (FICA)	65,000		65,000	57,660	7,340
Total personnel	<u>6,536,260</u>	<u>-</u>	<u>6,536,260</u>	<u>6,155,243</u>	<u>381,017</u>
Maintenance:					
Building maintenance	10,205	15,607	25,812	45,553	(19,741)
Equipment purchase/maintenance	27,552	28,000	55,552	53,722	1,830
Tools	13,000	3,500	16,500	5,723	10,777
Radio	4,000	(2,000)	2,000	777	1,223
Hydrants	12,000		12,000	10,474	1,526
Total maintenance	<u>66,757</u>	<u>45,107</u>	<u>111,864</u>	<u>116,249</u>	<u>(4,385)</u>
Administration:					
Training	25,000	(10,500)	14,500	9,720	4,780
Business	9,000		9,000	8,551	449
Financial services	13,000		13,000	15,000	(2,000)
Total administration	<u>47,000</u>	<u>(10,500)</u>	<u>36,500</u>	<u>33,271</u>	<u>3,229</u>
Utilities, insurance and equipment:					
Heating	11,000	(2,000)	9,000	8,626	374
Electricity	19,000		19,000	15,971	3,029
Water	181,400		181,400	172,544	8,856
Telephone	13,000		13,000	6,713	6,287
Emergency reporting system and telephone	274,239		274,239	317,603	(43,364)
Medical testing and equipment	34,169	9,000	43,169	19,725	23,444
Office supplies	4,000		4,000	3,523	477
Gasoline and diesel	18,000		18,000	13,828	4,172
General liability insurance	43,183		43,183	37,751	5,432
Personal computers	18,511		18,511	15,619	2,892
Contingency	40,000	(36,242)	3,758	2,795	963
Deficit reduction	25,000	(5,365)	19,635	5,436	14,199
Total utilities, insurance and equipment	<u>681,502</u>	<u>(34,607)</u>	<u>646,895</u>	<u>620,134</u>	<u>26,761</u>
Capital outlay	<u>20,000</u>		<u>20,000</u>		<u>20,000</u>
Debt service	<u>81,000</u>		<u>81,000</u>	<u>80,944</u>	<u>56</u>
Total expenditures	<u>\$ 7,432,519</u>	<u>\$ -</u>	<u>\$ 7,432,519</u>	<u>\$ 7,005,841</u>	<u>\$ 426,678</u>

**CITY OF WEST HAVEN, CONNECTICUT
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
POLICE PENSION PLAN
LAST SEVEN FISCAL YEARS***

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total pension liability:							
Service cost	\$ 1,392,240	\$ 1,259,486	\$ 1,557,421	\$ 1,456,995	\$ 1,734,676	\$ 1,615,531	\$ 1,627,000
Interest	9,775,544	10,276,337	9,998,157	9,985,109	9,687,559	9,377,636	9,147,000
Change in benefit terms							
Differences between expected and actual experience		(9,950,205)		(3,803,033)		(1,106,768)	
Changes of assumptions		3,856,902		(311,559)			
Benefit payments, including refunds of member contributions	<u>(7,796,598)</u>	<u>(7,631,461)</u>	<u>(7,345,028)</u>	<u>(7,160,318)</u>	<u>(7,064,026)</u>	<u>(6,758,653)</u>	<u>(6,311,000)</u>
Net change in total pension liability	3,371,186	(2,188,941)	4,210,550	167,194	4,358,209	3,127,746	4,463,000
Total pension liability - beginning	139,639,599	141,828,540	137,617,990	137,450,796	133,092,587	129,964,841	125,501,841
Total pension liability - ending	<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>	<u>129,964,841</u>
Plan fiduciary net position:							
Contributions - employer	2,203,317	1,994,500	2,091,000	1,850,000	1,850,000	1,274,950	1,157,000
Contributions - member	473,136	522,344	566,567	580,520	571,774	590,403	583,213
Net investment income	(894,112)	4,655,627	9,468,710	11,560,855	(2,589,880)	2,067,404	14,029,000
Benefit payments, including refunds of member contributions	<u>(7,796,598)</u>	<u>(7,631,461)</u>	<u>(7,345,028)</u>	<u>(7,160,318)</u>	<u>(7,064,026)</u>	<u>(6,758,653)</u>	<u>(6,310,695)</u>
Administrative expense	(14,030)	(13,867)	(16,843)	(23,123)	(14,646)	(26,720)	(25,000)
Other							
Net change in plan fiduciary net position	<u>(6,028,287)</u>	<u>(472,857)</u>	<u>4,764,406</u>	<u>6,807,934</u>	<u>(7,246,778)</u>	<u>(2,852,616)</u>	<u>9,433,518</u>
Plan fiduciary net position - beginning	120,075,618	120,548,475	115,784,069	108,976,135	116,222,913	119,075,529	109,642,011
Plan fiduciary net position - ending	<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>	<u>119,075,529</u>
Net Pension Liability - Ending	<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>	<u>\$ 10,889,312</u>
Plan fiduciary net position as a percentage of the total pension liability	79.75%	85.99%	85.00%	84.13%	79.28%	87.32%	91.62%
Covered payroll	\$ 5,765,537	\$ 5,765,537	\$ 6,588,354	\$ 6,588,354	\$ 7,160,460	\$ 7,160,460	\$ 7,191,938
Net pension liability as a percentage of covered payroll	502.35%	339.33%	323.00%	331.40%	397.67%	235.59%	151.41%

**CITY OF WEST HAVEN, CONNECTICUT
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
ALLINGTOWN FIRE DEPARTMENT PENSION PLAN
LAST SEVEN FISCAL YEARS***

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total pension liability:							
Service cost	\$ 285,870	\$ 386,203	\$ 373,143	\$ 524,520	\$ 491,354	\$ 462,468	\$ 430,000
Interest	2,035,642	2,005,277	1,936,364	1,894,119	1,832,169	1,838,710	1,768,000
Change in benefit terms					1,419,497		
Differences between expected and actual experience	(360,338)		551,655		(1,272,361)		1,009,000
Changes of assumptions	1,729,217				1,515,081		
Benefit payments, including refunds of member contributions	(1,737,525)	(1,941,719)	(1,767,724)	(1,519,142)	(1,361,295)	(1,366,522)	(1,221,000)
Net change in total pension liability	1,952,866	449,761	1,093,438	899,497	2,624,445	934,656	1,986,000
Total pension liability - beginning	30,726,366	30,276,605	29,183,167	28,283,670	25,659,225	24,724,569	22,738,569
Total pension liability - ending	<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>	<u>24,724,569</u>
Plan fiduciary net position:							
Contributions - employer	2,250,737	2,150,220	1,894,851	1,691,815	1,559,866	1,571,325	1,495,000
Contributions - member	99,374	102,602	121,477	145,266	164,437	161,935	153,000
Net investment income	498,305	610,128	515,517	454,693	71,139	(89,385)	252,000
Benefit payments, including refunds of member contributions	(1,737,525)	(1,941,719)	(1,767,724)	(1,519,142)	(1,361,295)	(1,366,522)	(1,221,000)
Administrative expense	(125)	(77,486)	(35)	(9,551)	(28,895)	(100)	(6,000)
Net change in plan fiduciary net position	1,110,766	843,745	764,086	763,081	405,252	277,253	673,000
Plan fiduciary net position - beginning	8,106,124	7,262,379	6,498,293	5,735,212	5,329,960	5,052,707	4,379,707
Plan fiduciary net position - ending	<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>	<u>5,052,707</u>
Net Pension Liability - Ending	<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>	<u>\$ 19,671,862</u>
Plan fiduciary net position as a percentage of the total pension liability	28.20%	26.38%	23.99%	22.27%	20.28%	20.77%	20.44%
Covered payroll	\$ 1,275,933	\$ 1,275,933	\$ 1,689,604	\$ 1,689,604	\$ 1,678,136	\$ 1,678,136	\$ 1,645,791
Net pension liability as a percentage of covered payroll	1838.84%	1772.84%	1362.11%	1342.61%	1343.66%	1211.42%	1195.28%

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

Notes to Schedule:

Assumption Changes:

2020

Mortality: PubS-201 Mortality Table with generational projection per the MP Ultimate scale; Prior Valuation: RP-2000 Combined Health Mortality with blue collar adjustments and generational projections per Scale AA

**CITY OF WEST HAVEN, CONNECTICUT
SCHEDULE OF EMPLOYER CONTRIBUTIONS
POLICE PENSION PLAN
LAST TEN FISCAL YEARS**

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Actuarially determined contribution	\$ 2,203,317	\$ 1,994,500	\$ 1,927,100	\$ 1,861,931	\$ 1,848,528	\$ 2,342,798	\$ 3,312,178	\$ 3,141,846	\$ 3,141,846	\$ 3,950,896
Contributions in relation to the actuarially determined contribution	<u>2,203,317</u>	<u>1,994,500</u>	<u>2,091,000</u>	<u>1,850,000</u>	<u>1,850,000</u>	<u>1,274,950</u>	<u>1,157,000</u>	<u>1,285,750</u>	<u>979,292</u>	<u>1,050,000</u>
Contribution Deficiency (Excess)	\$ <u>-</u>	\$ <u>-</u>	\$ <u>(163,900)</u>	\$ <u>11,931</u>	\$ <u>(1,472)</u>	\$ <u>1,067,848</u>	\$ <u>2,155,178</u>	\$ <u>1,856,096</u>	\$ <u>2,162,554</u>	\$ <u>2,900,896</u>
Covered payroll	\$ 5,765,537	\$ 5,765,537	\$ 6,588,354	\$ 6,588,354	\$ 7,160,460	\$ 7,160,460	\$ 7,191,938	\$ 7,008,211	\$ 7,008,211	\$ 7,074,123
Contributions as a percentage of covered payroll	38.22%	34.59%	31.74%	28.08%	25.84%	17.81%	16.09%	18.35%	13.97%	14.84%

Valuation date: July 1, 2018
 Measurement date: June 30, 2020
 Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported

Methods and assumptions used to determine contribution rates:

- Actuarial cost method: Projected Unit Credit, Level percentage, Closed
- Asset valuation method: 5-year smoothed market
- Inflation: 2.75%
- Salary increases: 3.50%
- Investment rate of return: 7.125%
- Mortality: RP-2000 Mortality Table (with blue collar adjustments) for Healthy Annuitants and Non-Annuitants projected to 2020 per Scale AA

**CITY OF WEST HAVEN, CONNECTICUT
SCHEDULE OF EMPLOYER CONTRIBUTIONS
ALLTOWNSHIP FIRE DEPARTMENT PENSION PLAN
LAST TEN FISCAL YEARS**

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Actuarially determined contribution	\$ 2,250,737	\$ 2,174,625	\$ 2,080,270	\$ 2,009,923	\$ 1,597,526	\$ 1,536,083	\$ 1,519,425	\$ 1,460,986	\$ 1,404,794	\$ 1,274,304
Contributions in relation to the actuarially determined contribution	<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>	<u>1,495,339</u>	<u>1,516,586</u>	<u>1,492,075</u>	<u>1,430,341</u>
Contribution Deficiency (Excess)	\$ <u>-</u>	\$ <u>24,405</u>	\$ <u>185,419</u>	\$ <u>318,108</u>	\$ <u>37,660</u>	\$ <u>(35,242)</u>	\$ <u>24,086</u>	\$ <u>(55,600)</u>	\$ <u>(87,281)</u>	\$ <u>(156,037)</u>
Covered payroll	\$ 1,275,933	\$ 1,275,933	\$ 1,689,604	\$ 1,689,604	\$ 1,678,136	\$ 1,678,136	\$ 1,645,791	\$ 1,645,791	\$ 1,645,791	\$ 1,341,760
Contributions as a percentage of covered payroll	176.40%	168.52%	112.15%	100.13%	92.95%	93.64%	90.86%	92.15%	90.66%	106.60%

Valuation date: July 1, 2019

Measurement date: June 30, 2020

Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal, Level percentage, Closed
Asset valuation method	5-year smoothed market
Inflation	2.75%
Salary increases	3.50%
Investment rate of return	6.75%
Mortality	PubS-2010 Mortality Table with generational projection per the MP Ultimate Scale

**CITY OF WEST HAVEN, CONNECTICUT
 SCHEDULE OF INVESTMENT RETURNS
 PENSION PLANS
 LAST SEVEN FISCAL YEARS***

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Annual money-weighted rate of return, net of investment expense							
Police Pension Plan	-0.76%	3.95%	8.60%	10.64%	-1.87%	1.43%	13.13%
Allingtown Fire Department Pension Plan	5.79%	8.22%	7.77%	7.53%	1.29%	-1.70%	-5.47%

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

**CITY OF WEST HAVEN, CONNECTICUT
SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
TEACHERS RETIREMENT PLAN
LAST SIX FISCAL YEARS***

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
City's proportion of the net pension liability	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
City's proportionate share of the net pension liability	\$ -	\$ -	\$ -	\$ -	\$ -	-
State's proportionate share of the net pension liability associated with the City	<u>178,544,596</u>	<u>137,668,256</u>	<u>142,269,191</u>	<u>150,095,086</u>	<u>113,727,170</u>	<u>105,117,977</u>
Total	<u>\$ 178,544,596</u>	<u>\$ 137,668,256</u>	<u>\$ 142,269,191</u>	<u>\$ 150,095,086</u>	<u>\$ 113,727,170</u>	<u>\$ 105,117,977</u>
City's covered payroll	\$ 10,170,053	\$ (1)	\$ (1)	\$ (1)	\$ (1)	(1)
City's proportionate share of the net pension liability as a percentage of its covered payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	52.00%	57.69%	55.93%	52.26%	59.50%	61.51%

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

Plan Information

Changes in benefit terms	<p>HB 7424 made the following provision changes:</p> <ul style="list-style-type: none"> - Beginning July 1, 2019, annual interest credited on mandatory contributions set at 4.0%. - For members retiring on or after July 1, 2019 with a partial refund option election (Plan N), if 50% of the benefits paid prior to death do not exceed the Member's mandatory contributions plus interest frozen at the date of benefit commencement, the difference is paid to the Member's beneficiary.
Changes of assumptions	<p>HB 7424 made the following assumption changes:</p> <ul style="list-style-type: none"> - Reduce the inflation assumption from 2.75% to 2.50%. - Reduce the real rate of return assumption from 5.25% to 4.40% which, when combined with the inflation assumption change, results in a decrease in the investment rate of return assumption from 8.00% to 6.90%. - Increase the annual rate of wage increase assumption from 0.50% to 0.75%. - Phase in to a level dollar amortization method for the June 30, 2024 valuation.
Actuarial cost method	Entry age
Amortization method	Level percent of pay, closed
Single equivalent amortization period	17.6 years
Asset valuation method	4-year smoothed market
Inflation	2.75%
Salary Increase	3.25%-6.50%, including inflation
Investment rate of return	8.00%, net of investment related expense

(1) Information not available

CITY OF WEST HAVEN, CONNECTICUT
SCHEDULE OF CHANGES IN OPEB LIABILITY AND RELATED RATIOS

LAST FOUR FISCAL YEARS *

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total OPEB liability:				
Service cost	\$ 7,360,854	\$ 5,120,818	\$ 5,336,119	\$ 5,146,556
Interest	7,085,244	7,156,576	5,961,628	5,137,998
Changes in benefit terms	(1,191,970)		(318,736)	
Differences between expected and actual experience	44,337,855		21,704,481	
Changes of assumptions	59,017,168	9,917,381	(7,576,180)	(17,603,501)
Benefit payments, including refunds of member contributions	(7,045,915)	(6,797,571)	(6,199,457)	(7,056,148)
Net change in total OPEB liability	<u>109,563,236</u>	<u>15,397,204</u>	<u>18,907,855</u>	<u>(14,375,095)</u>
Total OPEB liability - beginning	<u>198,567,331</u>	<u>183,170,127</u>	<u>164,262,272</u>	<u>178,637,367</u>
Total OPEB liability - ending	<u>308,130,567</u>	<u>198,567,331</u>	<u>183,170,127</u>	<u>164,262,272</u>
Covered payroll	\$ 78,710,730	\$ 59,634,262	\$ 59,634,262	61,793,967
Net OPEB liability as a percentage of covered payroll	391.47%	332.98%	307.16%	265.82%

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

CITY OF WEST HAVEN, CONNECTICUT
SCHEDULE OF CHANGES IN OPEB LIABILITY AND RELATED RATIOS
OTHER POST-EMPLOYMENT BENEFIT PLAN - ALLINGTOWN FIRE DEPARTMENT PLAN
LAST FOUR FISCAL YEARS *

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total OPEB liability:				
Service cost	\$ 775,734	\$ 824,372	\$ 868,068	\$ 958,243
Interest	999,677	997,948	932,668	818,437
Changes in benefit terms				
Differences between expected and actual experience	(4,782,737)		(26,980)	
Changes of assumptions	5,070,555	1,736,228	(1,298,327)	(3,655,785)
Benefit payments, including refunds of member contributions	(762,820)	(705,950)	(688,973)	(703,461)
Net change in total OPEB liability	<u>1,300,409</u>	<u>2,852,598</u>	<u>(213,544)</u>	<u>(2,582,566)</u>
Total OPEB liability - beginning	28,164,607	25,312,009	25,525,553	28,108,119
Total OPEB liability - ending	<u>29,465,016</u>	<u>28,164,607</u>	<u>25,312,009</u>	<u>25,525,553</u>
Covered payroll	\$ N/A	\$ N/A	\$ N/A	\$ N/A
Net OPEB liability as a percentage of covered payroll	N/A	N/A	N/A	N/A

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

CITY OF WEST HAVEN, CONNECTICUT
SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
TEACHERS RETIREMENT PLAN
LAST THREE FISCAL YEARS*

	<u>2020</u>	<u>2019</u>	<u>2018</u>
City's proportion of the net OPEB liability	0.00%	0.00%	0.00%
City's proportionate share of the net OPEB liability	\$ -	- \$	-
State's proportionate share of the net OPEB liability associated with the City	<u>27,845,037</u>	<u>27,520,758</u>	<u>36,618,483</u>
Total	<u>\$ 27,845,037</u>	<u>\$ 27,520,758</u>	<u>\$ 36,618,483</u>
City's covered payroll	\$ 10,170,053	\$ (1)	\$ (1)
City's proportionate share of the net OPEB liability as a percentage of its covered payroll	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total OPEB liability	2.08%	1.49%	1.79%

Notes to Schedule

Changes in benefit terms	The Plan was amended by the Board, effective January 1, 2019, during the September 12, 2018 meeting. The Board elected a new prescription drug plan, which is expected to reduce overall costs and allow for the Board to receive a government subsidy for members whose claims reach a catastrophic level. These changes were communicated to retired members during the months leading up to the open enrollment period that preceded the January 1, 2019 implementation date.
Changes of assumptions	Based on the procedure described in GASB 74, the discount rate used to measure Plan obligations for financial accounting purposes as of June 30, 2019 was updated to equal the Municipal Bond Index Rate of 3.50% as of June 30, 2019. Expected annual per capita claims costs were updated to better reflect anticipated medical and prescription drug claim experience both before and after the plan change that became effective on July 1, 2019. The expected rate of inflation was decreased, and the real wage growth assumption was increased.
Actuarial cost method	Entry age
Amortization method	Level percent of payroll over an open period
Remaining amortization period	30 years
Asset valuation method	Market value of assets
Investment rate of return	3.00%, net of investment related expense including price inflation
Price inflation	2.75%

(1) Information not available

* This schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available.

Appendix B – Form of Opinion of Bond Counsel – The Bonds

September __, 2021

City of West Haven
355 Main Street
West Haven, CT 06516

Ladies and Gentlemen:

We have acted as Bond Counsel to the City of West Haven, Connecticut (the “City”) in connection with the issuance of the City's \$ _____ General Obligation Bonds, Issue of 2021 (the “Bonds”), dated September __, 2021.

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 an Indenture of Trust (the “Trust Indenture”) dated as of November 1, 2017, by and between the City and U.S. Bank National Association, the trustee (the “Trustee”), as amended and supplemented by that Second Supplemental Indenture of Trust, dated as of September 1, 2021 by and between the City and Trustee (the “Second Supplement”). Such Trust Indenture, as supplemented by the Second 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, as amended (the “Code”), establishes certain requirements that must be met upon 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 Compliance Agreement and Certificate of even date herewith (the “Tax Compliance 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 Compliance 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 be excluded from 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 Compliance 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 tax 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 Compliance Agreement, and (ii) continuing compliance by the City with the covenants set forth in that agreement as to such 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 Compliance Agreement and the Disclosure Agreement are valid, binding and enforceable agreements of the City.

6. We are of the opinion that, under existing law, interest on the Bonds (a) is excluded from gross income for federal income tax purposes, and (b) is not treated as an item of tax preference for purposes of calculating the federal alternative minimum tax under the Code. Although we have rendered an opinion that interest on the Bonds is excluded from gross income for federal income tax purposes, federal income tax liability may otherwise be affected by the ownership or disposition of the Bonds. We express no opinion regarding other federal income tax consequences caused by the 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 in the case of individuals, trusts and estates required to pay the federal alternative minimum tax. We express no opinion regarding other State income tax consequences caused by the 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 Official Statement dated September __, 2021 and other offering material relating to the Bonds.

We have not undertaken to advise 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

Appendix C – Form of Opinion of Bond Counsel – The Notes

September __, 2021

City of West Haven
355 Main Street
West Haven, CT 06516

Ladies and Gentlemen:

We have acted as Bond Counsel in connection with the issuance by the City of West Haven (the “City”), in the State of Connecticut, of its \$_____ General Obligation Bond Anticipation Notes, Issue of 2021 (the “Notes”) dated September __, 2021 and maturing September __, 2022. In such capacity, we have examined a record of proceedings of the City authorizing the Notes, a Tax Regulatory Agreement of the City dated September __, 2021 (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 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, as amended (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 be excluded from 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.

We are of the opinion that, under existing law, interest on the Notes (a) is excluded from gross income for federal income tax purposes, and (b) is not treated as an item of tax preference for purposes of calculating the federal alternative minimum tax under the Code. Although we have rendered an opinion that interest on the Notes is excludable from gross income for federal income tax purposes, federal income tax liability may otherwise be affected by the ownership or disposition of the Notes. 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 in the case of 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 Official Statement dated September __, 2021 and other offering material relating to the Notes.

We have not undertaken to advise 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

Appendix D – Form of Continuing Disclosure Agreement - The Bonds

In Connection With The Issuance and Sale of
City of West Haven, Connecticut
\$ _____ General Obligation Bonds, Issue of 2021

This Continuing Disclosure Agreement (“Agreement”) is made as of September __, 2021, 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 2021, dated September __, 2021 (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 September __, 2021 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; and

- (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: _____
Nancy R. Rossi
Mayor

By: _____
Michael P. Last
Treasurer

By: _____
Frank Cieplinski
Director of Finance

Appendix E – Form of Continuing Disclosure Agreement - The Notes

In Connection With The Issuance and Sale of City of West Haven, Connecticut
\$ _____ General Obligation Bond Anticipation Notes, Issue of 2021
Dated September __, 2021

This Continuing Disclosure Agreement (“Agreement”) is made as of September __, 2021, 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 2021 dated September __, 2021 (the “Notes”).

Section 1. Definitions. In addition to the terms defined above, the following capitalized terms shall have the meanings hereto:

“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 September __, 2021 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; and
 - (vi) appointment of a successor or additional trustee, or the change in the name of the trustee;
 - (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: _____
Nancy R. Rossi
Mayor

By: _____
Michael P. Last
Treasurer

By: _____
Frank Cieplinski
Director of Finance

Appendix F – Summary of the Trust Indenture

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 dated as of November 1, 2017, by and between the City of West Haven (the “City”) and U.S. Bank National Association, the trustee (the “Trustee”), as amended and supplemented by that Second Supplemental Indenture of Trust, dated as of September 1, 2021 by and between the City and Trustee (the “Second Supplement”). Such Trust Indenture, as supplemented by the Second 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)

“**2021 Series Bonds**” means the City’s General Obligation Bonds, Issue of 2021, dated September 30, 2021.

“**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 and any Additional Bonds issued under the Indenture.

“**Bondholders**”, “**Owners**” or “**Holder**s” 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, 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 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 Bondholders 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)