

TOWN OF MIDDLETOWN, RHODE ISLAND

ANNUAL FINANCIAL STATEMENTS

Year Ended June 30, 2023



Shawn J. Brown, CPA, CFE

Town Administrator

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Town of Middletown, Rhode Island

June 30, 2023

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Independent Auditors' Report

To the Honorable Members of the Town Council
Town of Middletown, Rhode Island

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Middletown (the "Town") as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Town of Middletown's basic financial statements as listed in the table of contents.

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

Basis for Opinions

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

Emphasis of the Matter

As discussed in the Notes of the financial statements, during fiscal year 2023 the Town adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 96 "Subscription-Based Information Technology Arrangements (SBITA). Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

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

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Middletown's basic financial statements. The combining and individual nonmajor fund financial statements, the Tax Collector's Report and the Annual Supplemental Transparency Report (MPT2) are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements, the Tax Collector's Report and the Annual Supplemental Transparency Report (MTP2) are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 29, 2023, on our consideration of the Town of Middletown, Rhode Island's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town of Middletown, Rhode Island's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Middletown, Rhode Island's internal control over financial reporting and compliance.

Hague, Sahady & Co., CPA's, P.C.

Hague, Sahady & Co., CPA's, P.C.

Fall River, Massachusetts

December 29, 2023

Town of Middletown, Rhode Island
Management Discussion and Analysis
For the Year Ended June 30, 2023

As management of the Town of Middletown, Rhode Island (Town), we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2023 (FY2023).

Financial Highlights

The assets and deferred outflows of the Town government-wide exceeded its liabilities and deferred inflows as of June 30, 2023 by \$62,196,848 (*net position*). Net position includes \$65,130,819 of net investment in capital assets; \$2,153,754 of restricted net position; and \$(5,087,725) of unrestricted net position. Total assets were \$140,297,542; total deferred outflows were \$17,626,916; total liabilities were \$80,026,922 and total deferred inflows were \$15,700,688 at June 30, 2023. Total net position increased by \$10,877,794 in the current fiscal year.

As of June 30, 2023, the Town's governmental funds reported combined ending fund balances of \$21,604,165, an increase of \$2,358,927 in comparison with the prior year. The favorable fiscal year results in the General fund were due to the favorable results in the School Department and Other Governmental Funds that resulted in the net increase in fund balance. See page 10 for additional discussion regarding changes in the fund balance of the General Fund, School Department Special Revenue Fund, and Other Governmental Funds.

As of June 30, 2023, the unassigned fund balance for the General Fund was \$8,532,593, or 12.7% of total budgeted 2023 General Fund expenditures and other financing uses, totaling \$67,377,378. This portion is unassigned and available for spending at the Town's discretion.

The Town's long-term obligations decreased by 3,475,460 or 10.3% during the current fiscal year. The factors causing this decrease were principal payments of \$3,619,658, a reduction of claims and judgements of \$2,970, a reduction of \$117,432 of deferred bond issuance premiums, and an decrease in accrued compensated absences of \$138,168. The Town however took on new debt during the fiscal year to offset some of those retirements of debt.

Effective for fiscal year 2023, the Town adopted the provisions of Statement No. 96 of the Governmental Accounting Standards Board "Subscription-Based Information Technology Arrangements" (SBITA). The objective of GASB 96 is to improve financial reporting by establishing a definition for SBITAs and providing uniform guidance for accounting and financial reporting for transactions that meet that definition. This statement also will enhance the relevance and reliability of a government's financial statements by requiring a government to report a subscription asset and subscription liability for a SBITA and to disclose essential information about the arrangement.

Town of Middletown, Rhode Island
Management Discussion and Analysis
For the Year Ended June 30, 2023

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Town's basic financial statements, which are comprised of three components:

- Government-wide financial statements,
- Fund financial statements and,
- Notes to the financial statements.

This report also contains other supplementary information in addition to the basic financial statements themselves.

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

The *Statement of Net Position* presents information on the entire Town's assets and deferred outflows of resources, and liabilities and deferred inflows of resources, with the difference between the two reported as *net position*. The amount of net position is widely considered a good measure of the Town's financial health as increases or decreases of the Town's net position serves as a useful indicator of whether the financial position is improving or deteriorating.

The *Statement of Activities* presents information showing how the Town'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 are reported in this statement for some items that will only result in cash flows until future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave). The statement also presents a comparison between direct expenses and program revenues for each function of the Town.

The governmental activities section is principally supported by taxes and intergovernmental revenues (federal and state grants). The Business-Type activities section is primarily supported by user fees or charges which are intended to recover all or a significant portion of the activities' costs.

The governmental activities of the Town include broad functions of the general government, public safety, public works and sanitation, education, library, planning and inspection, and community services. The business-type activities of the Town include a Sewer Fund, a Parks and Recreation Fund, and a Refuse and Recycle Fund.

In the statement of activities, the operations of the Town are presented in a format that reports the net of expenses and revenues of its individual functions – the objective being to report the relative burden of each of the Town's functions to the taxpayers. Revenues offsetting related functional expenses are separated into three categories: charges for services, operating grants and contributions, and capital grants and contributions.

The government-wide financial statements can be found on pages 19-22 of this report. These are prepared using the economic resources measurement focus and the accrual basis of accounting. They take into account all revenues recognized and expenses incurred even if the cash has not been received or paid.

Town of Middletown, Rhode Island

Management Discussion and Analysis

For the Year Ended June 30, 2023

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

Governmental funds. Most of the basic services provided by the Town are financed through governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements. This approach is known as the flow of current financial resources measurement focus and the accrual basis of accounting. Under this approach revenues are recorded when cash is received or susceptible to accrual (i.e., measurable and available to liquidate the liabilities of the current period). Expenditures are generally recorded when liabilities are incurred except for those related to long-term liabilities, which are recorded when due and payable.

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 activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The Town maintains ninety-seven individual governmental funds. 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 and School Department. Data for the other governmental funds are combined into a single, aggregated presentation.

The Town adopts an annual appropriated budget for its General Fund and School Department. Budgetary comparison statements have been provided for the General Fund and the School Department to demonstrate compliance with this budget. These comparison statements can be found on pages 116-121 of this report.

The basic governmental fund financial statements can be found on pages 23 and 24 of this report.

Proprietary funds. Proprietary funds are used to account for business-like activities provided to the general public (enterprise funds) or within the government (internal service funds). These activities are financed primarily by user charges and the measurement of financial activity focuses on net income measurement similar to the private sector. Two of the Town's enterprise funds, Sewer Fund and Parks and Recreation Fund, are major funds; Refuse and Recycle Fund is a non-major fund however, management has elected to present them as major. The Town has no internal service funds. The basic proprietary fund financial statements can be found on pages 27-30 of this report.

Town of Middletown, Rhode Island

Management Discussion and Analysis

For the Year Ended June 30, 2023

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support the Town's own programs. The economic resources measurement basis and the accrual basis of accounting is used for fiduciary funds. The accounting used for fiduciary funds is much like that used for proprietary funds. The fiduciary funds maintained by the Town include the Town Pension, Other Post-employment Benefit Trust, Clarke Scholarship Private Purpose Trust and various Custodial funds. The Town is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

The basic fiduciary fund financial statements can be found on pages 31-32 of this report.

Notes to the 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. The notes to the financial statements can be found on pages 33-115 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* which presents schedules relating to the Town's pension and other post employment benefit plans, as well as budgetary comparison schedules for the General Fund to demonstrate compliance with their respective budgets. Required supplementary information can be found on pages 116-140 of this report. The Supplementary Information including the tax collector's annual report and the combining non-major funds can be found on pages 149-179. The Annual Supplemental Transparency Report (MTP2) and the notes there to are found on pages 182-189.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Town, assets and deferred outflows exceeded liabilities and deferred inflows by \$62,196,848 at June 30, 2023.

Net investment in capital assets comprises \$65,130,819 of total net position. This represents the Town's investment in capital assets (e.g., land, buildings, machinery, infrastructure and equipment), less any related outstanding debt used to acquire those assets. The Town uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the Town'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.

Town of Middletown, Rhode Island
Management Discussion and Analysis
For the Year Ended June 30, 2023

Town of Middletown's Net Position

	Governmental Activities		Business Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Current and other assets	\$39,144,156	\$36,227,679	\$ 7,881,355	\$ 8,518,095	\$47,025,511	\$ 44,745,774
Capital assets	65,653,593	66,191,862	27,840,639	25,089,059	93,494,232	91,280,921
Total assets	104,797,749	102,419,541	35,721,994	33,607,154	140,519,743	136,026,695
Deferred outflows	17,537,652	22,398,177	89,264	54,320	17,626,916	22,452,497
Long-term liabilities	26,506,847	29,248,705	3,537,328	4,619,893	30,044,175	33,868,598
Other liabilities	45,892,427	41,638,142	4,312,521	1,954,193	50,204,948	43,592,335
Total liabilities	72,399,274	70,886,847	7,849,849	6,574,086	80,249,123	77,460,933
Deferred inflows	15,630,274	29,586,847	70,414	112,358	15,700,688	29,699,205
Net position:						
Net investment in capital assets	42,035,523	40,000,297	23,095,296	20,268,889	65,130,819	60,269,186
Restricted	2,153,754	2,586,816	—	—	2,153,754	2,586,816
Unrestricted	(9,883,424)	(18,243,089)	4,795,699	6,706,141	(5,087,725)	(11,536,948)
Total Net Position	\$34,305,853	\$24,344,024	\$27,890,995	\$26,975,030	\$62,196,848	\$ 51,319,054

A portion of the Town's net position, totaling \$2,153,754 or 3.5% represents resources that are subject to external restrictions on how they may be used. *Unrestricted net position*, totaling \$(5,087,725), includes the results of GASB 68 and GASB 75.

At June 30, 2023, the Town reports positive net position balances in the net investment in capital assets, restricted net position, and in the unrestricted net position for business-type activities but reports a negative balance in the unrestricted net position for the governmental activities. The government as a whole reports a positive net position.

Governmental activities. Governmental activities increased the Town's net position by \$9,961,829 from the previous year, principally due to capital assets purchased from current year resources of \$3,701,580, net revenue received to pay principal on long-term debt of \$2,452,658, revenues received that do not provide current financial resources of 2,429,437 certain accruals not requiring the use of current resources of \$622,468, governmental activities revenue received in excess of expenditures of \$9,961,829 offset by depreciation and amortization expense in the amount of \$4,239,849, a net reduction in pension and other post employment expense of \$(2,437,064) due to GASB 68 and GASB 75, capitalization of deferred outflows on advanced refunding of \$129,554 and bond premiums of \$27,116, and School Department School Capital Projects Fund and Other Governmental Funds revenues in excess of expenditures of \$1,206,135.

Business-type activities. Business-type activities increased the Town's net position by \$915,965, primarily due to Sewer fund revenue used to fund debt service costs in the amount of \$821,119, the Parks and Recreation fund revenue exceeded expenditures by \$219,345, and the Refuse & Recycling fund expenditures exceeded revenue by \$124,499.

Town of Middletown, Rhode Island
Management Discussion and Analysis
For the Year Ended June 30, 2023

Town of Middletown's Changes in Net Position

	Governmental Activities		Business Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Revenues:						
Program revenues:						
Charges for services	\$ 6,725,298	\$ 7,517,471	\$ 9,771,703	\$ 9,489,317	\$16,497,001	\$17,006,788
Operating grants and contributions	18,501,174	15,525,594	44,500	44,500	18,545,674	15,570,094
Capital grants and contributions	1,408,392	—	—	—	1,408,392	—
General revenues:						
Property taxes	49,475,977	48,757,177	—	—	49,475,977	48,757,177
Grants and contributions not restricted to specific programs	4,788,515	3,371,764	—	—	4,788,515	3,371,764
Other	230,402	352,027	99,973	2,524	330,375	354,551
Total revenues	<u>81,129,758</u>	<u>75,524,033</u>	<u>9,916,176</u>	<u>9,536,341</u>	<u>91,045,934</u>	<u>85,060,374</u>
Expenses:						
General government	3,538,054	3,872,426	—	—	3,538,054	3,872,426
Public safety	15,119,071	14,165,956	—	—	15,119,071	14,165,956
Public works/sanitation	4,380,036	3,340,551	—	—	4,380,036	3,340,551
Planning/inspection	710,905	466,025	—	—	710,905	466,025
Library	981,451	879,087	—	—	981,451	879,087
Education	44,627,628	41,208,085	—	—	44,627,628	41,208,085
Community services	807,695	913,105	—	—	807,695	913,105
Interest on long-term debt	682,390	715,876	—	—	682,390	715,876
Refuse and recycle	—	—	1,269,818	1,085,495	1,269,818	1,085,495
Parks and recreation	—	—	2,481,056	1,939,113	2,481,056	1,939,113
Sewer	—	—	5,570,036	4,713,522	5,570,036	4,713,522
Stormwater	—	—	—	—	—	—
Total expenses	<u>70,847,230</u>	<u>65,561,111</u>	<u>9,320,910</u>	<u>7,738,130</u>	<u>80,168,140</u>	<u>73,299,241</u>
Increase (decrease) in net position before transfers	10,282,528	9,962,922	595,266	1,798,211	10,877,794	11,761,133
Payment to refunding bond escrow agent	—	—	—	—	—	—
Transfers out to other funds, net	(320,699)	—	—	—	(320,699)	—
Transfers in from other funds, net	—	—	320,699	—	320,699	—
Increase (decrease) in net position	9,961,829	9,962,922	915,965	1,798,211	10,877,794	11,761,133
Net position - beginning	24,344,024	14,381,101	26,975,030	25,176,819	51,319,054	39,557,920
Net position - ending	<u>\$34,305,853</u>	<u>\$24,344,024</u>	<u>\$27,890,995</u>	<u>\$26,975,030</u>	<u>\$62,196,848</u>	<u>\$51,319,054</u>

Town of Middletown, Rhode Island

Management Discussion and Analysis

For the Year Ended June 30, 2023

Financial Analysis of the Government's Funds

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

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

As of June 30, 2023, the Town's governmental funds reported combined ending fund balances of \$21,604,165. Of this amount, \$8,419,348 constitutes *unassigned fund balance*, which is available for spending by the Town. The remainder of fund balance is *nonspendable, restricted, committed, and assigned*, and is not available for new spending because it has already been identified for 1) generating income to pay for the perpetual care of the municipal cemetery in the amount of \$141,530; 2) other purposes in the amount of \$58,608; 3) various commitments for West Main Road development, and capital improvements in the amount of 4,283,666 being committed and \$2,650 being restricted and for grants 4) other assigned purposes in the amount of \$4,284,261. See page 23. A total of \$1,140,490 of the Governmental unassigned fund balance as of June 30, 2023 is budgeted to be used in FY2024.

The General Fund is the chief operating fund of the Town. At June 30, 2023, unassigned fund balance of the General Fund was \$8,532,593, while total fund balance was \$17,103,170. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 13.5% of total General Fund expenditures and other financing uses of \$63,083,055, while total fund balance represents 27.1% of that same amount.

During FY2023, the fund balance of the Town's General Fund increased by \$1,152,792, principally due the collection of current property taxes in excess of budget in the amount of \$250,838 as well as \$518,302 of licenses and fees collected.

The School Department, a special revenue fund of the Town, had a total fund balance of \$889,021 which all is considered to be committed and assigned as of June 30, 2023. The committed fund balance represents 2.2% of total School Department expenditures of \$40,656,042. The School Department's fund balance increased by \$659,799 during the fiscal year ended June 30, 2023.

The Other Governmental Funds had a total fund balance of \$3,611,764, which represents a \$546,336 increase in fund balance during the fiscal year ended June 30, 2023. The increase in fund balance is primarily due to the increase in the Capital Improvement Impact Fund in the amount of \$25,196; increase in the Public Private Venture special revenue fund in the amount of \$504,542, decrease in the John F. Kennedy building fund in the amount of \$30,331; decrease in the Town's Capital Projects Fund in the amount of \$9,649; decrease in Restricted School Funds in the amount of \$164,198; decrease in School's Capital Improvement Fund in the amount of \$7,862; increase in the School's Lunch Fund in the amount of \$105,778; and increase in Athletics and Summer Program funds in the amount of \$113,341.

Town of Middletown, Rhode Island
Management Discussion and Analysis
For the Year Ended June 30, 2023

Governmental Funds (continued)

Proprietary funds. The Town's proprietary fund financial statements provide the same type of information found in the government-wide financial statements, but in more detail.

Net position of the Sewer Fund at June 30, 2023 amounted to \$19,792,106, of which \$1,925,540 is unrestricted. Parks and Recreation Fund net position amounted to \$7,356,039, of which \$2,127,309 is unrestricted. Refuse and Recycling Fund net position amounted to \$742,850, all of which is unrestricted. The total growth in net position for each of the three funds was \$821,119, \$219,345, and \$(124,499), respectively. Other factors concerning the finances of these three funds have already been addressed in the discussion of the Town's business-type activities.

General Fund Budgetary Highlights

Differences between the original budget and the final amended budget for FY2023 revenues totaled and increase of approximately \$2,852,803. This is primarily due to increase in federal and state grants in aid for the Town successfully acquiring grant funding related to public safety for the implementation of body worn cameras as well as site acquisition for land related to affordable housing. The remaining increases in revenue can be attributed to an increase in fines and fees, investment income, intragovernmental support, increase in reappropriation of fund balance, and transfers in from other funds. See page 115. The major items contributing to the increase in expenditures that match the increase of revenues are as follows:

- \$127,455 increase for software fees, internet connectivity, and telephone costs
- \$43,970 increase for legal services
- \$121,291 increase to fund repairs and maintenance to Fire Department Vehicles
- \$160,538 increase funded from the CDBG grant to upgrade the HVAC at the Senior Center
- \$592,956 increase for approved American Rescue Plan projects
- \$534,084 increase for the development of the School Construction Plan
- \$493,401 increase for capital improvements for town hall, public safety, and community outreach
- \$563,400 decrease for capital improvements for public safety and public works

Actual expenditures were below budgeted expenditures by \$2,205,091 as a net result of \$141,559 reduced public safety expenditures; \$218,466 of reduced general government expenditure; \$318,097 of reduced public works expenditure, \$61,778 of reduced planning expenditures, \$682,861 of reduced community services, \$25,664 of increased library expenditures, \$8,620 of reduced other expenditures, \$97,167 of reduced grant expenditures, \$343,550 of reduced capital expenditures and reduced debt service of \$358,657.

Town of Middletown, Rhode Island

Management Discussion and Analysis

For the Year Ended June 30, 2023

School Department Special Revenue Fund Budgetary Highlights

The school department operating fund ended the year with \$659,799 in expenditures lower than revenues received. The school department's budget contained a use of fund balance in the amount of \$484,781 from their capital account and grants that were received. The approved fund balance was designated for one-time expenditures. This planned and approved use of fund balance offsets the reported excess expenditures. Total revenues received were lower than projected in the amount of \$259,114. These included anticipated grant revenues, summer school, summer camp. Transfers from other funds were lower than projected in the amount of \$478,240.

Capital Asset and Debt Administration

Capital assets. The Town's investment in capital assets for its governmental and business-type activities as of June 30, 2023 amounts to \$93,329,693 (net of accumulated depreciation). This investment in capital assets includes land and improvements, buildings and improvements, infrastructure, construction in progress, furniture and equipment, library books, motor vehicles, leased equipment and leased motor vehicles. The total of the Town's investment in capital assets for the current fiscal year increased by \$4,536,349 or 5.0%, of which \$538,269 decreased for governmental activities and \$5,074,618 increased for business-type activities.

Major capital asset events during FY2023 included the following:

On-going:

- Residential street upgrades and improvements encompassing sewer lines, drainage, systems, sidewalks and road re-pavement
- Town-wide catch basin and storm drain improvement and reconstruction
- District-wide improvements to the school buildings, window replacement, roof replacement, renovate building entrances, parking lot improvements, Boiler/HVAC replacement, network infrastructure updates, security system upgrades and technology replacements

Purchase of:

- Public Safety, Community Outreach, and Planning and Inspection vehicles
- Land
- Body-worn cameras

Upgrades to:

- Network infrastructure equipment Town-wide, including wireless network components

Town of Middletown, Rhode Island
Management Discussion and Analysis
For the Year Ended June 30, 2023

Capital Asset and Debt Administration (continued)

Capital assets (continued)

Town of Middletown's Capital Assets
(net of depreciation)

	Governmental Activities		Business Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Land	\$10,505,809	\$ 9,142,536	\$ 3,167,391	\$ 3,167,391	\$13,673,200	\$12,309,927
Buildings and improvements	24,139,671	25,509,376	223,918	182,533	24,363,589	25,691,909
Land improvements	3,695,561	3,993,052	1,685,418	1,824,361	5,380,979	5,817,413
Furniture and equipment	2,487,000	2,227,089	904,804	296,135	3,391,804	2,523,224
Infrastructure	14,328,018	15,131,621	17,896,965	15,999,010	32,224,983	31,130,631
Construction in progress	8,501,705	8,489,817	3,663,850	3,603,988	12,165,555	12,093,805
Library books	15,000	27,000	—	—	15,000	27,000
Motor vehicles	1,454,744	1,671,371	5,304	15,640	1,460,048	1,687,011
Amortized assets	526,085	488,227	128,448	—	654,533	488,227
Total	65,653,593	66,680,089	27,676,100	25,089,059	93,329,693	91,771,169

The Town's active construction projects as of June 30, 2023 include road reconstruction, drainage and sanitary upgrades in designated areas. Remaining commitments at June 30, 2023 total approximately \$827,000. The road reconstruction is funded through the Capital Improvement Program special revenue fund and road bond proceeds; the commitments for sanitary sewer upgrades and interceptor inspections and improvements are funded through Sewer Fund operations and revenue bond proceeds. Additional information on the Town's capital assets can be found in Notes 5 and 12 on page 53 and 111, respectively, of this report.

Long-term debt

At June 30, 2023, the Town had total bonded debt outstanding of \$21,942,000 entirely backed by the full faith and credit of the Town with the exception of \$3,902,148 that is held by the State of Rhode Island. In addition, the Town has \$5,859,820 outstanding loans payable to the Rhode Island Infrastructure Bank and Rhode Island Clean Water Finance Agency and capital leases in the amount of \$305,569. The repayment of capital leases is incumbent upon the appropriation of current financial resources to make annual lease payments. The Town fully expects to appropriate future financial resources for annual lease payments.

Town of Middletown, Rhode Island
Management Discussion and Analysis
For the Year Ended June 30, 2023

Capital Asset and Debt Administration (continued)

Long-term debt (continued)

Town of Middletown's Outstanding Debt
General Obligation Bonds, Loans Payable, and Capital Leases

	Governmental Activities		Business Type Activities		Total	
	2023	2022	2023	2022	2023	2022
General obligation bonds	\$21,942,000	\$24,162,000	\$ —	\$ —	\$ 21,942,000	\$ 24,162,000
Loans payable	364,820	100,000	5,495,000	5,572,000	5,859,820	5,672,000
Capital Leases	305,569	488,227	—	—	305,569	488,227
Total	\$22,612,389	\$24,750,227	\$5,495,000	\$5,572,000	\$ 28,107,389	\$ 30,322,227

Rhode Island General Law caps the amount of each municipality's general obligation bonds that may be outstanding to 3% of its assessed property values. Exceptions apply to bonds approved pursuant to special acts or financed from non-tax revenues; additional special exemptions are granted for other purposes as well. The assessed value of the Town's properties at December 31, 2022 was \$3,629,998,464, limiting the amount of non-excepted general obligation bonds outstanding to \$108,899,954. At June 30, 2023 bonds outstanding totaled \$21,942,000, of which \$1,900,000 were issued subject to the 3% debt limit and \$20,042,000 were issued pursuant to special bond acts and are not subject to the 3% debt limit. Total bonds outstanding of \$21,942,000 represent 0.60% of assessed property value.

Additional information on the Town's long-term debt can be found in Note 6 on pages 56-63 of this report.

Town of Middletown, Rhode Island
Management Discussion and Analysis
For the Year Ended June 30, 2023

Economic Factors

Prior to the COVID-19 pandemic and associated business restrictions the Town enjoyed a favorable economic environment and local indicators pointed to relative stability. Impact of the pandemic and resulting restrictions on operations of local hospitality, restaurant and retail businesses was significant. Following the pandemic there has been strong recovery of these sectors. During the past year economic indicators demonstrate a return to near pre-pandemic levels of activity.

As early as 1743, regional economic demand factors encouraged the agricultural sector to develop. Neighboring Newport provided a viable marketplace for the Town's agricultural commodities. Wealthy merchants from Newport also viewed the Town as a desirable place to live. Its prominence as a desirable residential community was second only to its function as a regional agricultural supplier.

Although changes in land use and economic activity occurred, for the most part the Town maintained its rural character well into the 20th Century. The most dramatic change occurred with the onset of World War II when the Navy purchased over 300 acres of waterfront property. This farmland was rapidly converted to Naval support facilities and housing. The infusion of naval personnel, along with the associated development impacts, increased the regional population by nearly 900 percent from 1940 to 1970 and created a new economic sector within the Town and region. Historical economic linkages were changed by the addition of new consumer needs which were based upon the Navy's presence.

The Town's present economy reflects diversity of activity, but with a significant sector devoted to industries associated with defense-related activities. The Town also benefits from the important local tourism economy based on visitors to Newport and Aquidneck Island. The Town includes a large percentage of Aquidneck Island's lodging businesses, including hotels, inns, and bed and breakfasts, as well as restaurants and other service and retail businesses.

The Town had a 2020 U.S. Census Bureau population of 17,075. Middletown is located in Newport County approximately 30 miles southeast of Providence and is centrally located on Aquidneck Island between the City of Newport to the south and the Town of Portsmouth to the north. The Town limits extend over an area of 14.7 square miles, including a land area of 12.9 square miles and an inland water area of 1.8 square miles.

Routes 138 and 114 are major highways connecting the Town to Interstate 195, Interstate 95, State Route 24 and the entire northeast corridor. Air transportation is available at the Newport State Air Park, located in Middletown, which provides charter air service to all major airports in New England and New York.

The State of Rhode Island's (the State) major airport facility, Rhode Island T.F. Green International Airport (PVD), is located in the City of Warwick, approximately 30 miles from the Town, and offers scheduled service by several national and regional carriers. Boston's Logan International Airport is located approximately 70 miles to the north. Nationwide intercity rail passenger service is offered through AMTRAK with its stations in Providence and Kingston, RI. Regional commuter rail service to Boston and eastern Massachusetts is provided by the Massachusetts Bay Transportation Authority (MBTA). The MBTA currently provides service from Providence Station, T.F. Green Airport in Warwick, and Wickford Junction in North Kingstown. Future expanded service is expected to serve Fall River and New Bedford, MA. Middletown is also served with scheduled bus service by the Rhode Island Public Transit

Town of Middletown, Rhode Island

Management Discussion and Analysis

For the Year Ended June 30, 2023

Authority (RIPTA) and its statewide system, as well as Peter Pan Bus Lines, which provides service to Providence, Boston and New York City. Freight transportation is provided by local and long-distance trucking firms. Railroad freight service is available on the mainland. The nearby ports of Providence and Davisville provide the Town with access to excellent shipping facilities.

In 2019, Middletown had an annual average labor force of approximately 7,908 and an unemployment rate of approximately 3.1%. At the height of the COVID-19 pandemic, the June 2020 labor force was estimated at 6,968, and the unemployment rate was 11.2%. As of June 2023, the labor force has rebounded to 8,103, with the unemployment rate at 2.3% (not seasonally adjusted). The U.S. Navy remains the most significant public-sector employer on Aquidneck Island and still contributes significant employment opportunities in the area. The 1995 and 2005 Base Realignment and Closure Commission's (BRAC) recommendations firmly established Naval Station Newport as the nation's leading naval educational center, with a net gain of 500 positions as a result of the 2005 BRAC. The Naval Education and Training Center (NETC) currently contains twelve formal schools, including the Naval War College and the Naval Justice School, and hosts a variety of other training and planning activities and groups. The 1995 BRAC also established the Naval Undersea Warfare Center (NUWC) as the Navy's main facility for development, testing and evaluation, engineering and fleet support center for submarines, autonomous underwater systems, undersea offensive and defensive weapon systems, and countermeasures associated with undersea warfare.

The Town continues to share in a large proportion of the retail business conducted on Aquidneck Island. Since developable land is available, the Town has become the commercial core of the Island. Presently, there are five large shopping centers and six other significant retail areas in the Town.

The services industries group, including businesses related to the local tourism industry, has been the fastest growing private employment sector. Several new hotels and restaurants have been approved for development in recent years, and Middletown now rivals Newport for the number of available hotel rooms. Wholesale and retail trade is the second largest private employer group.

Because of the Town's proximity to Naval Station Newport, as well as its large supply of office space, it has become the center for many of the contract services companies supporting the Naval Undersea Warfare Center and other naval activities. Aquidneck Island has the highest concentration of defense-related companies in the State, including the Raytheon facility located in Portsmouth. Middletown is also host to other high tech and financial services companies. Overall, light industry and office businesses that have come to the Town have had a positive effect on the economy of the Town and Aquidneck Island.

New commercial development in Middletown has been increasing in recent years. Interest in redevelopment and expansion of existing commercial properties continues. Several recently vacated retail spaces have been renovated and have new tenants. Of note, there are currently few vacant large retail spaces in Middletown. Some of the still available retail spaces included those recently vacated by Benny's Home & Auto, Christmas Tree Shops, and a few vacant restaurants. In the past few years several renovations and expansions of existing commercial buildings (retail and lodging businesses) have been completed. A new hotel resort and conference facility, which includes 198 rooms, a restaurant, and conference/event space was completed a few years ago. Renovation of several buildings in the Atlantic Beach District have been completed, with others still in the permitting pipeline. Several other small commercial projects elsewhere in town are also in various stages of development.

Town of Middletown, Rhode Island

Management Discussion and Analysis

For the Year Ended June 30, 2023

Residential permitting activity is strong. In the past few years a 12-lot high-end residential subdivision was approved, as well two condominium developments totaling 50+ units. Demand for these units has been strong. The need for workforce and other affordable housing opportunities is recognized. Several mixed-use and multi-family projects are currently in the development review and permitting pipeline, including affordable housing developments on town-owned properties. Several smaller subdivisions have also been approved recently, or are currently in the approval process. Over the past year, building permit activity has continued to increase.

The U.S. Navy declared 225 acres of Naval Station Newport land on Aquidneck Island surplus and available for reuse. Parcels include the former Navy Hospital in Newport; the former Navy Lodge parcel and Midway Pier in Middletown; and tank farms 1 & 2 in Portsmouth. The Department of Defense recognized the Aquidneck Island Reuse Planning Authority (AIRPA) as the local redevelopment authority with the responsibility to produce and submit a reuse plan for all surplus land. The three communities have individually worked to develop reuse plans for the parcels within their jurisdictions. These plans were provided to AIRPA which compiled the single, unified reuse plan that was submitted to HUD and the Navy in August 2011 and was approved.

Each of the communities is now working independently with the Navy to facilitate transfer of the properties using various conveyance mechanisms. In Middletown's case, the Town acquired the three-acre former Navy Lodge site, located at the intersection of West Main Rd and Coddington Highway. This parcel is proposed to be combined with approximately 13 acres of adjoining Town-owned land to create a mixed-use Town center. The development could include commercial, hotel, municipal, and residential uses in a walkable village style development. It would greatly enhance this section of West Main Road and provide an attractive gateway to promote economic development in Middletown and the North End of Newport. The Town is also seeking the transfer through a no-cost public benefit conveyance, through the federal lands to parks program, of 15 acres of land along the Narragansett Bay shoreline for development of a public park. That parcel is expected to transfer in 2024.

The Town continues to invest in its future, including long range planning and infrastructure improvements. In March 2015 the Town Council adopted the latest Middletown Comprehensive Community Plan, which provides the vision, and goals and action steps to reach that vision. While implementation of the recommendations of that plan continue, the Town is now embarking on an effort to draft the next comprehensive plan, which will be adopted in 2025. Improvements to town roads, and the sewer and storm water systems are ongoing in several locations. Construction of a new fire station expansion and new DPW offices was completed in the past few years, and improvements to the Town's recreation fields and facilities are ongoing.

Implementation of the 2007 Atlantic Beach District Master Plan continues with construction of intersection safety improvements by the Rhode Island Department of Transportation recently completed. Design work on proposed streetscape improvements within the district is also proceeding. Funding for the streetscape project will be sought through the state transportation improvement program. Funding from the Atlantic Beach Tax Increment Financing (TIF) District and other sources would also be used to implement these improvements.

The Town is working with regional partners on economic development initiatives, including efforts to provide affordable fiber optic broadband service to Aquidneck Island, and continued participation in the regional economic development office, Connect Greater Newport, which serves as a one stop shop and

Town of Middletown, Rhode Island

Management Discussion and Analysis

For the Year Ended June 30, 2023

point of contact for prospective businesses and existing businesses looking to expand in the area. The Newport County Chamber of Commerce, in cooperation with local municipalities, businesses and non-profit organizations, have created and funded Connect Greater Newport. This effort recognizes the need to pool resources to best promote economic development for the entire region. Outreach to the local business community continues in order to learn about and work to address their concerns.

Requests for Information

This financial report is designed to provide a general overview of the Town of Middletown'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 Office of the Finance Director, 350 East Main Road, Middletown, RI 02842.

Town of Middletown, Rhode Island

Statement of Net Position

June 30, 2023

	Governmental Activities	Business-Type Activities	Total
ASSETS:			
Cash and cash equivalents	\$ 24,576,806	\$ 7,528,288	\$ 32,105,094
Investments	2,419,403	—	2,419,403
Accounts receivable, less allowance for doubtful accounts of \$441,800			
Property taxes	478,569	—	478,569
Federal and state government	2,911,194	—	2,911,194
Assessments and user fees	—	194,855	194,855
Loans	—	—	—
Other	1,394,730	—	1,394,730
Internal balances	63,989	(63,989)	—
Pensions	7,300,465	—	7,300,465
Noncurrent assessments and user fees	—	164,539	164,539
Capital assets not being depreciated	19,007,514	6,831,242	25,838,756
Capital assets being depreciated, net	46,646,079	20,844,858	67,490,937
Total assets	<u>104,797,749</u>	<u>35,499,793</u>	<u>140,297,542</u>
DEFERRED OUTFLOWS:			
Pensions	14,085,633	89,264	14,174,897
OPEB	3,322,465	—	3,322,465
Advance refundings	129,554	—	129,554
Total deferred outflows	<u>17,537,652</u>	<u>89,264</u>	<u>17,626,916</u>

The accompanying notes are an integral part of this statement

Town of Middletown, Rhode Island

Statement of Net Position

June 30, 2023

	Governmental Activities	Business-Type Activities	Total
LIABILITIES:			
Accounts payable and accrued expenses	6,097,554	3,867,972	9,965,526
Unearned revenue	3,136,175	—	3,136,175
Payables to external parties	683,812	—	683,812
Pensions	33,256,528	222,348	33,478,876
OPEB	2,718,358	—	2,718,358
Due within one year	2,852,193	1,058,000	3,910,193
Due in more than one year	23,654,654	2,479,328	26,133,982
	<u>72,399,274</u>	<u>7,627,648</u>	<u>80,026,922</u>
DEFERRED INFLOWS:			
Pensions	9,262,898	70,414	9,333,312
OPEB	6,367,376	—	6,367,376
	<u>15,630,274</u>	<u>70,414</u>	<u>15,700,688</u>
NET POSITION:			
Net investment in capital assets	42,035,523	23,095,296	65,130,819
Restricted for:			
Prepaid items	—	—	—
Perpetual care	141,530	—	141,530
Principal of endowments	60,102	—	60,102
Public safety	31,093	—	31,093
Public works	3,591	—	3,591
Community services	6,070	—	6,070
Education	1,466,040	—	1,466,040
School construction	442,468	—	442,468
Grants	2,860	—	2,860
Unrestricted	(9,883,424)	4,795,699	(5,087,725)
	<u>(9,883,424)</u>	<u>4,795,699</u>	<u>(5,087,725)</u>
Total net position	<u>\$ 34,305,853</u>	<u>\$ 27,890,995</u>	<u>\$ 62,196,848</u>

The accompanying notes are an integral part of this statement

Town of Middletown, Rhode Island
Statement of Activities
For the Year Ended June 30, 2023

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental activities:							
General government	\$ 3,538,054	\$ 1,005,324	\$ 639,529	\$ 1,013,054	\$ (880,147)	\$ —	\$ (880,147)
Public safety	15,119,071	3,153,996	569,094	234,800	(11,161,181)	—	(11,161,181)
Public works and sanitation	4,380,036	3,701	—	—	(4,376,335)	—	(4,376,335)
Planning and inspection	710,905	1,277,599	—	—	566,694	—	566,694
Library	981,451	5,511	205,607	—	(770,333)	—	(770,333)
Education	44,627,628	1,259,292	17,023,285	—	(26,345,051)	—	(26,345,051)
Community services	807,695	19,875	63,659	160,538	(563,623)	—	(563,623)
Interest on long-term debt	682,390	—	—	—	(682,390)	—	(682,390)
Total governmental activities	<u>70,847,230</u>	<u>6,725,298</u>	<u>18,501,174</u>	<u>1,408,392</u>	<u>(44,212,366)</u>	<u>—</u>	<u>(44,212,366)</u>
Business-Type activities:							
Sewer	5,570,036	6,285,939	44,500	—	—	760,403	760,403
Parks and recreation	2,481,056	2,351,672	—	—	—	(129,384)	(129,384)
Refuse and recycle	1,269,818	1,134,092	—	—	—	(135,726)	(135,726)
Total business-type activities	<u>9,320,910</u>	<u>9,771,703</u>	<u>44,500</u>	<u>—</u>	<u>—</u>	<u>495,293</u>	<u>495,293</u>
Total	<u>\$80,168,140</u>	<u>\$ 16,497,001</u>	<u>\$ 18,545,674</u>	<u>\$ 1,408,392</u>	<u>\$ (44,212,366)</u>	<u>\$ 495,293</u>	<u>\$ (43,717,073)</u>

The accompanying notes are an integral part of this statement

Town of Middletown, Rhode Island
Statement of Activities
For the Year Ended June 30, 2023

	Governmental Activities	Business-Type Activities	Total
General revenues:			
Property taxes	\$ 49,475,977	\$ —	\$ 49,475,977
Grants and contributions not restricted to specific programs	4,788,515	—	4,788,515
Investment earnings	220,764	99,973	320,737
Miscellaneous	9,638	—	9,638
Transfers	(320,699)	320,699	—
 Total general revenues and transfers	 <u>54,174,195</u>	 <u>420,672</u>	 <u>54,594,867</u>
 Change in net position	 <u>9,961,829</u>	 <u>915,965</u>	 <u>10,877,794</u>
 Net position, beginning of year:	 <u>24,344,024</u>	 <u>26,975,030</u>	 <u>51,319,054</u>
 Net position, end of year	 <u><u>\$ 34,305,853</u></u>	 <u><u>\$ 27,890,995</u></u>	 <u><u>\$ 62,196,849</u></u>

The accompanying notes are an integral part of this statement

Town of Middletown, Rhode Island
Governmental Funds
Balance Sheet
June 30, 2023

	General Fund	School Department	American Rescue Plan Fund	Other Governmental Funds	Total Governmental Funds
Assets					
Cash and cash equivalents	\$ 16,850,827	\$ 2,125,772	\$ 4,054,894	\$ 1,545,313	\$ 24,576,806
Investments	2,419,403	—	—	—	2,419,403
Accounts receivable, less allowance for doubtful accounts of \$441,800					
Property taxes	478,569	—	—	—	478,569
Federal and state government	1,302,439	24,691	—	1,584,064	2,911,194
Other	398,073	816,826	—	178,831	1,393,730
Prepaid expenses	—	—	—	—	—
Due from other funds	2,027,799	142,533	—	1,974,418	4,144,750
Due from external parties	—	—	—	—	—
Total assets	<u><u>23,477,110</u></u>	<u><u>3,109,822</u></u>	<u><u>4,054,894</u></u>	<u><u>5,282,626</u></u>	<u><u>35,924,452</u></u>
Liabilities:					
Accounts payable and accrued expenses	2,493,417	1,873,978	—	1,167,280	5,534,675
Accrued payroll	246,680	43,746	—	—	290,426
Accrued compensated absences	32,642	—	—	—	32,642
Due to other funds	2,123,549	303,077	1,158,412	495,723	4,080,761
Due to external parties	683,812	—	—	—	683,812
Total liabilities	<u><u>5,580,100</u></u>	<u><u>2,220,801</u></u>	<u><u>1,158,412</u></u>	<u><u>1,663,003</u></u>	<u><u>10,622,316</u></u>
Deferred inflows of resources:					
Unearned revenue	793,840	—	2,896,272	7,859	3,697,971
Total deferred inflows of resources	<u><u>793,840</u></u>	<u><u>—</u></u>	<u><u>2,896,272</u></u>	<u><u>7,859</u></u>	<u><u>3,697,971</u></u>
Fund balances:					
Nonspendable	—	—	—	200,138	200,138
Restricted	2,650	—	210	1,956,756	1,959,616
Committed	4,283,666	229,222	—	—	4,512,888
Assigned	4,284,261	659,799	—	1,568,115	6,512,175
Unassigned	8,532,593	—	—	(113,245)	8,419,348
Total fund balances	<u><u>17,103,170</u></u>	<u><u>889,021</u></u>	<u><u>210</u></u>	<u><u>3,611,764</u></u>	<u><u>21,604,165</u></u>
Total liabilities, deferred inflows and fund balances	<u><u>\$ 23,477,110</u></u>	<u><u>\$ 3,109,822</u></u>	<u><u>\$ 4,054,894</u></u>	<u><u>\$ 5,282,626</u></u>	<u><u>\$ 35,924,452</u></u>

The accompanying notes are an integral part of this statement

Town of Middletown, Rhode Island

Reconciliation of the Governmental Funds Balance Sheet Total

Fund Balances to the Statement of Net Position

June 30, 2023

Total fund balances for governmental funds	\$	21,604,165
Assets used in governmental activities which are not financial resources and therefore are not reported in the funds:		
Capital assets, net	65,653,593	
Pension asset	7,300,465	72,954,058
Deferred outflows:		
Pensions	14,085,633	
OPEB	3,322,465	
Advanced refundings	129,554	17,537,652
Some taxes and grants will be collected after year-end, but are not available soon enough to pay for the current period's expenditures; therefore, they are reported as unearned revenue in the funds.		
		561,796
Liabilities not due and payable in the current period which therefore are not reported in the funds:		
Pension liability	(33,256,528)	
OPEB liability	(2,718,358)	
Bonds payable	(22,815,968)	
Loans payable	(364,820)	
Capital leases	(305,569)	
Claims and judgments	(309,476)	
Unearned revenue	—	
Compensated absences payable	(2,711,014)	
Accrued interest	(239,811)	(62,721,544)
Deferred inflows:		
Pensions	(9,262,898)	
OPEB	(6,367,376)	(15,630,274)
Net position of governmental activities	\$	34,305,853

The accompanying notes are an integral part of this statement

Town of Middletown, Rhode Island
Governmental Funds
Statement of Revenue, Expenditures, and Changes in Fund Balance
For the Year Ended June 30, 2023

	General Fund	School Department	American Rescue Plan Fund'	Other Governmental Funds	Total Governmental Funds
Revenues:					
Taxes	\$ 49,571,571	\$ —	\$ —	\$ —	\$ 49,571,571
Intergovernmental	7,590,451	9,883,188	1,560,324	5,599,372	24,633,335
Licenses, permits and fees	3,120,995	37,077	—	510,544	3,668,616
Interest and investment income	212,755	8,009	74,316	4,993	300,073
State contribution to teachers' pension plan	—	1,718,975	—	—	1,718,975
Other revenues	1,082,548	255,549	—	317,686	1,655,783
Total revenues	<u>61,578,320</u>	<u>11,902,798</u>	<u>1,634,640</u>	<u>6,432,595</u>	<u>81,548,353</u>
Expenditures:					
General government	3,420,688	—	—	—	3,420,688
Public safety	11,834,570	—	—	—	11,834,570
Public works	3,085,294	—	—	90,051	3,175,345
Planning and inspection	775,132	—	—	—	775,132
Library	904,230	—	—	—	904,230
Education	—	40,627,869	—	5,545,298	46,173,167
Community services	699,392	—	—	90,424	789,816
Other expenditures	4,348,985	—	—	—	4,348,985
Grants	588,147	—	—	—	588,147
Capital outlay	2,411,117	28,173	—	1,175,545	3,614,835
Debt service:					
Principal	2,452,658	—	—	—	2,452,658
Interest	791,154	—	—	—	791,154
Total expenditures	<u>31,311,367</u>	<u>40,656,042</u>	<u>—</u>	<u>6,901,318</u>	<u>78,868,727</u>
Excess (deficiency) of revenues over expenditures	<u>30,266,953</u>	<u>(28,753,244)</u>	<u>1,634,640</u>	<u>(468,723)</u>	<u>2,679,626</u>
Other financing sources (uses):					
Capital lease proceeds	—	—	—	—	—
Transfers from other funds	2,657,527	29,466,290	—	1,984,699	34,108,516
Transfers to other funds	<u>(31,771,688)</u>	<u>(53,247)</u>	<u>(1,634,640)</u>	<u>(969,640)</u>	<u>(34,429,215)</u>
Total other financing sources (uses)	<u>(29,114,161)</u>	<u>29,413,043</u>	<u>(1,634,640)</u>	<u>1,015,059</u>	<u>(320,699)</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	1,152,792	659,799	—	546,336	2,358,927
Fund balances, beginning of year, restated	15,950,378	229,222	210	3,065,428	19,245,238
Fund balances, end of year	<u>\$ 17,103,170</u>	<u>\$ 889,021</u>	<u>\$ 210</u>	<u>\$ 3,611,764</u>	<u>\$ 21,604,165</u>

The accompanying notes are an integral part of this statement

Town of Middletown, Rhode Island
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures
And Changes in Fund Balances to the Statement of Activities
For the Year Ended June 30, 2023

Net change in fund balances for governmental funds	\$	2,358,927
Governmental funds report capital outlays as expenditures; however, in the statement of activities these costs are allocated over the life of the related debt and reported as depreciation expense.		
Capital outlays, including amounts charged to current expenditures	3,701,580	
Depreciation expense	<u>(4,239,849)</u>	(538,269)
Governmental funds report bond issuance costs as expenditures; however, in the statement of activities these costs are allocated over the life of the related debt and reported as amortization expense.		
		—
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds.		
		(103,775)
Change in pension asset is recorded in the statement of activities, but not in the governmental funds		
		(2,533,212)
Operating accruals	(103,775)	
Change in pension liability is recorded in the statement of activities, but not in the governmental funds		
		(5,415,608)
Change in pension deferred inflows/outflows is recorded in the statement of activities, but not in the governmental funds		
		9,510,142
Change in OPEB liability is recorded in the statement of activities, but not in the governmental funds		
		4,337,412
Change in OPEB deferred inflows/outflows is recorded in the statement of activities, but not in the governmental funds		
		(386,978)
Principal repayment on long-term debt	2,452,658	
Payment to refunding bond escrow agent	—	
Bond proceeds	—	
Loan proceeds	(314,820)	
Issuance of capital lease	—	
Amortization of:		
Deferred outflows on advance refunding	(27,116)	
Bond premiums	<u>117,432</u>	2,228,154
Some expenditures not requiring the use of current financial resources in governmental funds are recorded in the statement of activities:		
Claims and judgments	2,970	
Unearned revenue	345,450	
Accrued compensated absences	<u>138,168</u>	486,588
Accrued interest reported in the statement of activities does not require the use of current financial resources and, therefore, is not reported as an expenditure in governmental funds		
		<u>18,448</u>
Change in net position of governmental activities		<u><u>\$ 9,961,829</u></u>

The accompanying notes are an integral part of this statement

Town of Middletown, Rhode Island

Enterprise Funds

Statement of Net Position

June 30, 2023

	Sewer Fund	Parks and Recreation Fund	Refuse and Recycle Fund	Total
ASSETS:				
Current assets:				
Cash and cash equivalents	\$ 4,215,327	\$ 2,545,804	\$ 767,157	\$ 7,528,288
Accounts receivable, assessments and user fees	108,328	7,132	79,395	194,855
Due from other funds	73,859	84,353	—	158,212
Total current assets	<u>4,397,514</u>	<u>2,637,289</u>	<u>846,552</u>	<u>7,881,355</u>
Noncurrent assets:				
Assessments and user fees receivable, less current portion	164,539	—	—	164,539
Capital assets not being depreciated	2,295,476	4,535,766	—	6,831,242
Capital assets being depreciated, net	18,187,947	2,656,911	—	20,844,858
Total assets	<u>25,045,476</u>	<u>9,829,966</u>	<u>846,552</u>	<u>35,721,994</u>
DEFERRED OUTFLOWS:				
Pension	89,264	—	—	89,264
Total deferred outflows	<u>89,264</u>	<u>—</u>	<u>—</u>	<u>89,264</u>
LIABILITIES:				
Current liabilities:				
Accounts payable and accrued expenses	1,231,253	2,362,753	92,061	3,686,067
Due to other funds	220,515	—	1,686	222,201
Accrued payroll	10,142	75,713	702	86,557
Accrued compensated absences	50,634	35,461	9,253	95,348
Current portion of loans payable	1,058,000	—	—	1,058,000
Total current liabilities	<u>2,570,544</u>	<u>2,473,927</u>	<u>103,702</u>	<u>5,148,173</u>
Noncurrent liabilities:				
Pension	222,348	—	—	222,348
Noncurrent liabilities, loans payable, net of current portion	2,479,328	—	—	2,479,328
Total noncurrent liabilities:	<u>2,701,676</u>	<u>—</u>	<u>—</u>	<u>2,701,676</u>
Total liabilities	<u>5,272,220</u>	<u>2,473,927</u>	<u>103,702</u>	<u>7,849,849</u>
DEFERRED INFLOWS:				
Pension	70,414	—	—	70,414
Total deferred inflows	<u>70,414</u>	<u>—</u>	<u>—</u>	<u>70,414</u>
NET POSITION:				
Net investment in capital assets	17,866,566	5,228,730	—	23,095,296
Unrestricted	1,925,540	2,127,309	742,850	4,795,699
Total net position	<u>\$ 19,792,106</u>	<u>\$ 7,356,039</u>	<u>\$ 742,850</u>	<u>\$ 27,890,995</u>

The accompanying notes are an integral part of this statement

Town of Middletown, Rhode Island

Enterprise Funds Statement of Revenues, Expenses and Changes in Net Position For the Year Ended June 30, 2023

	Sewer Fund	Parks and Recreation Fund	Refuse and Recycle Fund	Total
Operating revenues:				
Assessments and user fees	\$ 6,285,939	\$ —	\$ 472,296	\$ 6,758,235
Beach admittance and rental fees		2,115,410	—	2,115,410
Campground admittance and rental fees		179,840	—	179,840
Other revenues	—	56,422	661,796	718,218
Total operating revenues	6,285,939	2,351,672	1,134,092	9,771,703
Operating expenses:				
Salaries and benefits	676,874	—	65,299	742,173
Materials and supplies	35,502	—	111,479	146,981
Professional services	546,004	—	3,720	549,724
Repairs and maintenance	1,844,367	—	6,480	1,850,847
Utilities	178,096	—	497	178,593
Sewage disposal	1,466,028	—	—	1,466,028
Refuse disposal	—	—	1,082,343	1,082,343
Beaches	—	780,051	—	780,051
Lifeguards	—	476,270	—	476,270
Harbormaster	—	70,192	—	70,192
Security	—	101,108	—	101,108
Campground	—	59,693	—	59,693
Parks and recreation	—	543,196	—	543,196
Civic appropriations	—	102,500	—	102,500
Miscellaneous	4,748	113,261	—	118,009
Depreciation	674,317	234,785	—	909,102
Total operating expenses	5,425,936	2,481,056	1,269,818	9,176,810
Operating income (loss)	860,003	(129,384)	(135,726)	594,893
Nonoperating revenues (expenses):				
Interest revenue	60,716	28,030	11,227	99,973
Grant revenue	44,500	—	—	44,500
Interest expense	(144,100)	—	—	(144,100)
Total nonoperating revenues (expenses)	(38,884)	28,030	11,227	373
Income (loss) before transfers	821,119	(101,354)	(124,499)	595,266
Transfers from other funds	—	320,699	—	320,699
Change in net position	821,119	219,345	(124,499)	915,965
Net position, beginning of year	18,970,987	7,136,694	867,349	26,975,030
Net position, end of year	\$ 19,792,106	\$ 7,356,039	\$ 742,850	\$ 27,890,995

The accompanying notes are an integral part of this statement

Town of Middletown, Rhode Island

Enterprise Funds

Statement of Cash Flows

For the Year Ended June 30, 2023

	Sewer Fund	Parks and Recreation Fund	Refuse and Recycle Fund	Total
Cash flows from operating activities:				
Cash received from customers	\$ 6,493,281	\$ 2,295,506	\$ 464,814	\$ 9,253,601
Cash received from other sources	16,186	56,422	661,796	734,404
Cash paid to employees	(696,579)	(1,353,966)	(66,635)	(2,117,180)
Cash paid to suppliers	(4,206,459)	(551,810)	(1,194,999)	(5,953,268)
Cash paid to claimants	—	—	—	—
Cash paid to civic groups	—	(102,500)	—	(102,500)
Net cash provided by (used in) operating activities	1,606,429	343,652	(135,024)	1,815,057
Cash flows from noncapital financing activities:				
Interfund balances	2,863,748	(111,480)	1,318	2,753,586
Environmental remediation	—	—	—	—
Debt service reserve and closing costs	—	—	—	—
Pensions	—	—	—	—
Operating transfer from other funds	—	—	—	—
Net cash provided by (used in) noncapital financing activities	2,863,748	(111,480)	1,318	2,753,586
Cash flows from capital and related financing activities:				
Capital contributions	230	—	—	230
Acquisition and construction of fixed assets	(740,557)	(784,667)	—	(1,525,224)
Interfund balances	—	320,699	—	320,699
Principal paid on bonds and notes	(1,038,065)	—	—	(1,038,065)
Interest paid on bonds and notes	(150,540)	—	—	(150,540)
Net cash used in capital and related financing activities	(1,928,932)	(463,968)	—	(2,392,900)
Cash provided by investing activities:				
Interest received	60,716	28,030	11,227	99,973
Net cash provided by investing activities	60,716	28,030	11,227	99,973
Net increase (decrease) in cash and cash equivalents	2,601,961	(203,766)	(122,479)	2,275,716
Cash and cash equivalents, beginning of year	1,613,366	2,749,570	889,636	5,252,572
Cash and cash equivalents, end of year	\$ 4,215,327	\$ 2,545,804	\$ 767,157	\$ 7,528,288

The accompanying notes are an integral part of this statement

Town of Middletown, Rhode Island

Enterprise Funds

Statement of Cash Flows

For the Year Ended June 30, 2023

	<u>Sewer Fund</u>	<u>Parks and Recreation Fund</u>	<u>Refuse and Recycle Fund</u>	<u>Total</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:				
Operating income (loss)	\$ 860,003	\$ (129,384)	\$ (135,726)	\$ 594,893
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation	674,317	234,785	—	909,102
Changes in assets and liabilities:				
Increase in:				
Accounts receivable	223,528	256		223,784
Accounts payable and accrued expenses	—	318,288	9,520	327,808
Accrued compensated absences	6,785	—		6,785
Net pension liability	61,663	—	—	61,663
Deferred inflows, pension	—	—	—	—
Decrease in:				
Accounts receivable	—	—	(7,482)	(7,482)
Deferred outflows, pension	(34,944)	—	—	(34,944)
Accounts payable and accrued expenses	(131,714)	—	—	(131,714)
Accrued payroll	(11,265)	(79,821)	(1,161)	(92,247)
Accrued compensated absences	—	(472)	(175)	(647)
Net pension liability	—	—	—	—
Net cash provided by (used in) operating activities	<u>\$ 1,606,429</u>	<u>\$ 343,652</u>	<u>\$ (135,024)</u>	<u>\$ 1,815,057</u>

Supplemental disclosures, noncash capital and related financing activities:

Principal debt forgiveness federal grant paid from loan proceeds held by State of Rhode Island	<u>\$ 44,500</u>
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The accompanying notes are an integral part of this statement

Town of Middletown, Rhode Island
Fiduciary Funds
Statement of Fiduciary Net Position
June 30, 2023

	<u>Employee Benefit Trust Funds</u>	<u>Private Purpose Trust Funds</u>	<u>Custodial Funds</u>
ASSETS:			
Cash and cash equivalents	\$ —	\$ 71,033	\$ —
Investments:			
Mutual funds	66,520,617	150,963	—
Group annuity	5,836,507	—	—
Money market funds	2,300,386	—	—
Due from External Parties	205,691	—	477,209
Total assets	<u>\$ 74,863,201</u>	<u>\$ 221,996</u>	<u>\$ 477,209</u>
LIABILITIES:			
Accounts payable	\$ 61,560	\$ —	\$ —
Deposits held in custody for others	—	—	477,209
Total liabilities	<u>61,560</u>	<u>20,100</u>	<u>477,209</u>
NET POSITION:			
Restricted for pension benefits	50,898,912	—	—
Restricted for OPEB benefits	23,902,729	—	—
Restricted for private purposes	—	201,896	—
Total net position	<u>74,801,641</u>	<u>201,896</u>	<u>—</u>
Total liabilities and net position	<u>\$ 74,863,201</u>	<u>\$ 221,996</u>	<u>\$ 477,209</u>

The accompanying notes are an integral part of this statement

Town of Middletown, Rhode Island
Fiduciary Funds
Statement of Changes in Fiduciary Net Position
For the Year Ended June 30, 2023

	<u>Employee Benefit Trust Funds</u>	<u>Private Purpose Trust Funds</u>	<u>Custodial Funds</u>
Additions to net position:			
Contributions:			
Employer	\$ 3,762,086	\$ —	\$ —
Plan members	80,214	—	—
Other revenue	—	29,809	—
	<u>3,842,300</u>	<u>29,809</u>	<u>—</u>
Investment income, net:			
Interest income	2,721,266	26	—
Net appreciation in fair value of investments	<u>3,366,541</u>	<u>—</u>	<u>—</u>
	<u>6,087,807</u>	<u>26</u>	<u>—</u>
Total additions	<u>9,930,107</u>	<u>29,835</u>	<u>—</u>
Deductions from net position:			
Benefits	6,593,314	—	—
Investment expenses	294,539	—	—
Scholarships	—	34,352	—
Total deductions	<u>6,887,853</u>	<u>34,352</u>	<u>—</u>
Change in net position	3,042,254	(4,517)	—
Net position, beginning of year	<u>71,759,387</u>	<u>206,413</u>	<u>—</u>
Net position, end of year	<u>\$ 74,801,641</u>	<u>\$ 201,896</u>	<u>\$ —</u>

The accompanying notes are an integral part of this statement

Town of Middletown, Rhode Island

Notes to Financial Statements

For the Year Ended June 30, 2023

1. Summary of significant accounting policies

The accompanying basic financial statements of the Town of Middletown, Rhode Island (the Town) have been prepared in conformity with accounting principles generally accepted in the United States of America applicable to governmental entities (U.S. GAAP). In certain circumstances, summaries of the Town's significant accounting policies have been presented throughout the notes to the basic financial statements in conjunction with other disclosures to which they relate.

Financial reporting entity:

The Town was established in 1639 and incorporated in 1743. It is governed under a home rule charter adopted in 1968, which provides for a Town Council/Town Administrator form of government. Legislative authority is vested in a seven-member Town Council elected to biennial terms. A five-member School Committee is vested with autonomous legislative authority over the Town's public-school system. Members of the School Committee are elected to four-year terms.

The council-appointed Town Administrator serves as chief administrative agent over all municipal services including public safety (police, fire and traffic safety), public works (highway, harbors, maintenance, and sanitation), social services, parks and recreation, planning, zoning and inspection, and general administrative services. The Superintendent of Schools, appointed by the School Committee, serves as the chief administrative agent for the School Department, which provides elementary and secondary education to Town residents.

In evaluating the inclusion of other separate and distinct legal entities as component units within its financial reporting structure, the Town applied the criteria prescribed by Governmental Accounting Standards Board (GASB) Statement No. 14, as amended by GASB Statement Nos. 39 and 61. A component unit is a legally separate organization for which the elected officials of the primary government are financially accountable or for which the nature and significance of its relationship with the primary government is such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Through the application of GASB criteria, the Town has identified no component units.

Basic Financial Statements - Government-wide financial statements:

These financial statements present the Town as the primary government. The Town's basic financial statements include both government-wide (reporting the Town as a whole) and fund financial statements (reporting the town's major and other funds). Both the government-wide and fund financial statements are required to categorize primary activities as either governmental or business-type. The Town's public safety, public works, community services, education and general and financial administrative services are classified as governmental activities.

Town of Middletown, Rhode Island

Notes to Financial Statements

For the Year Ended June 30, 2023

1. Summary of significant accounting policies (continued):

Basic Financial Statements - Government-wide financial statements (continued):

The Town's Sewer Fund, Parks and Recreation Fund, and Refuse and Recycle Fund are classified as business-type activities.

The Statement of Net Position and Statement of Activities display information about the Town as a whole and distinguish between governmental and business-type activities. They include all funds of the Town except for fiduciary funds. Governmental activities generally are financed through taxes, intergovernmental revenues and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

In the government-wide Statement of Net Position, the governmental activities and business-type activities column is presented on a consolidated basis and is reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The Town's net position is reported in three parts - invested in capital assets, net of related debt; restricted net position and unrestricted net position.

The government-wide Statement of Activities reports both the gross and net cost of each of the Town's functions (public safety, public works, etc.) The functions are also supported by general government revenues (property, sales and use taxes, certain intergovernmental revenues, fines, permits and charges, etc.) The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with functions (public safety, public works, community and economic development, etc.) Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflect capital-specific grants.

The net costs (by function) are normally covered by general revenues (property, sales taxes, intergovernmental revenues, interest income, etc.)

The government-wide focus is more on the sustainability of the Town as an entity and the change in the Town's net position resulting from the current year's activities.

Town of Middletown, Rhode Island

Notes to Financial Statements

For the Year Ended June 30, 2023

1. Summary of significant accounting policies (continued):

Fund financial statements:

Fund financial statements of the Town are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts which constitute its assets, liabilities, fund equity, revenues, and expenditures. Funds are organized into three major categories: governmental, proprietary and fiduciary. An emphasis is placed on major funds, each displayed in a separate column. A fund is considered major if it is the primary operating fund of the Town or meets both of the following criteria:

- (a) Total assets plus deferred outflows of resources, liabilities plus deferred inflows of resources, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least ten percent (10%) of the corresponding total for all funds of that category or type; and
- (b) Total assets plus deferred outflows of resources, liabilities plus deferred inflows of resources, revenues, or expenditures/expenses of that individual governmental fund or enterprise fund are at least five percent (5%) of the corresponding total for all governmental and enterprise funds combined.

All remaining governmental and enterprise funds are aggregated and reported as non-major funds.

Fund types used by the Town and a description of the funds comprising each are as follows:

Governmental funds:

Governmental funds are used to account for operations that supply basic government services.

The Town uses the following governmental funds:

General Fund:

The **General Fund** is the primary operating fund of the Town and is always classified as a major fund. It is used to account for and report all activities except those legally or administratively required to be accounted for in another fund. The General Fund is the only fund that operates a positive unassigned fund balance.

Town of Middletown, Rhode Island

Notes to Financial Statements

For the Year Ended June 30, 2023

1. Summary of significant accounting policies (continued):

Fund financial statements (continued):

Special revenue funds:

Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specific purposes other than debt service or capital projects. The Town's major special revenue fund is the School Department's unrestricted fund, which provides primary education to the Town's children.

Capital projects funds:

Capital projects funds are used to account for and report financial resources that are restricted, committed, or assigned for the acquisition or construction of specific capital projects or items. The Town's aggregate capital project funds are all classified as non-major funds. The School Department's capital project fund, however, is also considered a non-major fund.

Permanent funds:

Permanent funds account for and report assets held by the Town where the principal portion of this fund type must remain intact, but the earnings may be used to achieve the objectives of the fund. The Town's permanent funds are all non-major funds.

Proprietary funds:

Proprietary funds are used to account for business-like activities provided to the general public (enterprise funds) or within the government (internal service funds). These activities are financed primarily by user charges and the measurement of financial activity focuses on net income measurement similar to the private sector. Of the Town's three enterprise funds, the **Sewer Fund** and the **Parks and Recreation Fund** are major funds. The Town has no internal service funds.

Fiduciary funds:

Fiduciary funds are used to report assets held by the Town in a trustee or agency capacity and, therefore, cannot be used to support the Town's own programs. The following fiduciary funds are used by the Town:

Pension trusts:

Pension trust funds account for contributions made by the Town and its participating employees to provide retirement benefits to participating employees.

Other postemployment benefits (OPEB) trust:

The **OPEB Trust fund** accounts for contributions made by the Town and its participating employees to provide postemployment benefits (health insurance) to participating employees.

Town of Middletown, Rhode Island

Notes to Financial Statements

For the Year Ended June 30, 2023

1. Summary of significant accounting policies (continued):

Fund financial statements (continued):

Fiduciary funds:

Private purpose trust:

The Town's **private purpose trust** accounts for resources legally held in trust for use by an outside committee to provide awards and scholarships in accordance with a donor's instructions. All resources of the fund, including any earnings on investments, may be used. There is no requirement that any portion of these resources be preserved as capital.

Custodial:

Custodial funds are established when the Town holds assets in custody for others in an Custodial capacity.

Measurement focus and basis of accounting:

The *government-wide financial statements, proprietary fund and 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 revenue 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 when they are susceptible to accrual. Susceptibility occurs when revenues are both measurable and available for liquidating liabilities of the current period. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period (sixty days). Revenues not considered to be measurable and available are recorded as deferred inflows of resources. Expenditures, including capital outlays, are recognized when a liability has been incurred, except for those involving debt service and other long-term obligations that are recognized when paid.

GASB 63 amended GASB 34 to incorporate deferred outflows of resources into the financial reporting model. Deferred outflows of resources are defined as a consumption of net position by the government that is applicable to a future reporting period. It has a positive effect on net position similar to assets. Deferred inflows of resources are defined as an acquisition of net

Town of Middletown, Rhode Island

Notes to Financial Statements

For the Year Ended June 30, 2023

1. Summary of significant accounting policies (continued):

Measurement focus and basis of accounting(continued):

position by the government that is applicable to a future reporting period. It has a negative effect on net position, similar to liabilities.

Those revenues susceptible to accrual are property taxes, special assessments, federal impact aid, state aid, meals and hotel taxes collected by the State of Rhode Island (the State) on behalf of the Town, interest and charges for services. Fines, licenses and permit revenues are not susceptible to accrual because generally they are not measurable until received in cash; therefore, they are recognized when received.

Recognition of grant revenues is based on the susceptibility of accrual as determined by the legal and contractual requirements established by each grantor. For grants not restrictive as to specific purposes and revocable only for failure to comply with general prescribed requirements, revenues are recognized when actually received. Where expenditure is the prime factor in determining eligibility, grant revenue is recognized as allowable expenditures are made provided they are collected during the year or within 60 days subsequent to year-end. Prior to expenditure, proceeds are recorded as unearned revenues.

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. Internally dedicated resources are reported as general revenues rather than program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from non-operating 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 Sewer Fund, the Parks and Recreation Fund, and the Refuse and Recycling Fund, are charges to customers for program fees and services. Operating expenses for the proprietary funds include the cost of programs and services, administrative expenses and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the Town's policy to use restricted resources first, and then unrestricted resources as they are needed.

Town of Middletown, Rhode Island

Notes to Financial Statements

For the Year Ended June 30, 2023

1. Summary of significant accounting policies (continued):

Cash and cash equivalents:

Cash and cash equivalents consist of cash on hand, time and demand deposits and short-term investments maturing within three months from the date of acquisition.

Under Rhode Island General Law, depository institutions must insure deposits of municipalities or pledge eligible collateral equal to 100% of deposits maturing in greater than 60 days. Any institution not meeting certain federally prescribed minimum capital standards must insure deposits or provide collateral regardless of date of maturity. The Town complied with these requirements. The Town does not have a deposit policy for custodial credit risk or other risks.

Investments:

Investments are reported at fair value, based on quotations from applicable national securities exchanges. Unrealized gains and losses from changes in fair value are recognized as investment income. The State does not have pertinent laws regarding investments that apply to cities and towns. The Town does not have an investment policy for custodial credit risk or other risks other than those relating to its pension trust fund and OPEB trust fund (Managed Funds). The Town's Pension/OPEB Trust Fund Investment Advisory Committee (Committee) is responsible for the supervision of the investment of the Town's Managed Funds investments with the objective of preserving capital and investing with care to minimize the risk of large losses.

Interfund transactions:

Transactions between funds have been eliminated in the government-wide financial statements but fully presented within the governmental fund financial statements with no elimination made between or within funds. Reimbursements are accounted for as expenditures in the reimbursing fund and reductions to expenditures in the reimbursed fund. All other interfund transactions in the governmental fund financial statements are operating transfers on the operating statements of the funds involved.

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as either "due from/to other funds" (current portion) or "advances from/to other funds" (noncurrent portion). All other outstanding balances between funds are reported as "due from/to other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Capital assets:

In the government-wide financial statements, fixed assets are accounted for as capital assets. All capital assets are valued at historical cost or estimated historical cost if actual is unavailable,

Town of Middletown, Rhode Island

Notes to Financial Statements

For the Year Ended June 30, 2023

1. Summary of significant accounting policies (continued):

Capital assets (continued):

except for donated capital assets, which are recorded at their estimated fair value at the date of donation.

Capitalizable fixed assets are defined by the Town as assets with an initial, individual cost of \$5,000 or more and an estimated useful life in excess of one year. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the statement of activities, with accumulated depreciation reflected in the statement of net position. Depreciation is provided over the assets estimated useful lives using the straight-line method.

The ranges of estimated useful lives by type of asset are as follows:

	<u>Years</u>
Land improvements	15-20
Buildings and improvements	20-40
Furniture and equipment	3-10
Motor vehicles	4-15
Library books	5
Infrastructure	20-50

Capital assets acquired by governmental funds are accounted for as capital outlay expenditures.

Leases:

A lease is a contract that conveys the control of the right to use another entity's nonfinancial asset (the underlying asset) for a period of time in an exchange like transaction. The Town had contracts in which it is a lessee and lessor. Lessors recognize a lease receivable and a deferred inflow of resources. Lessees recognize an intangible right to use asset and a lease liability. These transactions are measure at the present value of payments expected to be made during the lease term using the discount rate of the lease. If the lease discount rate cannot be readily determined from the lease, the Town uses its incremental borrowing rate.

Town of Middletown, Rhode Island

Notes to Financial Statements

For the Year Ended June 30, 2023

1. Summary of significant accounting policies (continued):

Leases (continued):

A right to use asset with a lease term greater than one year and deemed material are recorded as intangible assets. Right to use lease assets are amortized over the contract term of the lease. Leases that do not meet these criteria are are recognized as current period revenues and expenses.

Subscription-based information technology arrangements (SBITA):

A SBITA is defined as a contract that conveys control of the right to use another party's information technology software, alone or in conjunction with tangible capital assets, as specified in the contract for a period of time in an exchange or exchange-like transaction.

The subscription term includes the period in which the municipality has a noncancellable right to use the IT asset. The subscription also includes the periods covered by an option to extend or to terminate the contract. The Town would recognize a right-to-use subscription based asset as an intangible asset with a corresponding subscription based liability. The liability should be initially measured at the present value of the payments expected to be made during the term. Future payments should be discounted using the interest rate the Software vendor charges or the government's incremental borrowing rate.

A right to use SBITA asset with a term greater than one year and an initial present value over \$40,000 are recorded as intangible assets. Right to use SBITA assets are amortized over the contract term of the lease or probability of contract renewal. Items that do not meet these criteria are recognized as current period revenues and expenses.

Bond issuance costs:

Bond issuance costs for governmental funds, government-wide operations and enterprise funds are recognized as expenditures/expenses in the current period.

Compensated absences:

The liability for compensated absences reported in the government-wide financial statements consists of unpaid, accumulated annual and sick leave balances. The liability has been calculated using the vesting method, in which leave amounts for both employees who currently are eligible to receive termination payments and other employees who are expected to become eligible in the future to receive such payments upon termination are included.

In the governmental fund financial statements, vested or accumulated vacation and sick leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it.

Town of Middletown, Rhode Island

Notes to Financial Statements

For the Year Ended June 30, 2023

1. Summary of significant accounting policies (continued):

Long-term obligations:

In the government-wide financial statements, long-term debt and other long-term obligations (including compensated absences) are reported as liabilities in the statement of net position. Bond premiums and discounts are deferred and amortized over the term of the related debt using the effective interest method.

In the governmental fund financial statements, long-term debt is recognized as a liability of a governmental fund when due. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund. Bond premiums are reported as other financing sources while discounts are reported as other financing uses.

Net position/fund balances:

Government-wide financial statements:

Net position:

The Town's net position has been segregated into the following three components:

Net investment in capital assets - represents the net book value of all capital assets less the outstanding balances of bonds and other debt, and deferred inflows of resources, if any, used to acquire, construct or improve these assets, increased by deferred outflows of resources related to those assets, if any.

Restricted – assets that have been limited to uses specified either externally by creditors, contributors, laws or regulations of other governments or internally by enabling legislation or law; reduced by liabilities and deferred inflows of resources related to the restricted assets.

Unrestricted – a residual category for the balance of net position.

Governmental fund financial statements:

The Town's fund balance is reported in the following categories:

Non-spendable – amounts that cannot be spent because they are either a) not in spendable form or b) legally or contractually required to be maintained intact

Restricted – amounts that have been restricted to specific purposes either by creditors, grantors, contributors, or laws or regulations of other governments; or imposed by law through constitutional provisions or enabling legislation

Town of Middletown, Rhode Island

Notes to Financial Statements

For the Year Ended June 30, 2023

1. Summary of significant accounting policies (continued):

Governmental fund financial statements (continued):

Committed – amounts constrained to specific purposes by the Town, using its highest level of decision-making authority

Commitments will only be used for specific purposes pursuant to a formal action of the Town Council. Town Council Resolution is required to approve, modify, or rescind a fund balance commitment.

Assigned – amounts that are intended by the Town to be used for specific purposes, but are neither restricted nor committed

The Town Council delegates to the Town Administrator or designee the authority to assign amounts to be used for specific purposes. Such assignments cannot exceed the available (spendable, unrestricted, uncommitted) fund balance in any particular fund.

Unassigned – amounts available for any purpose

Expenditures may be incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) amounts are available. Composition of the ending fund balance will be determined by applying the following: In those instances where both restricted and unrestricted amounts are available, restricted amounts will be considered to have been spent first (as allowed and in compliance with stated and specified terms or requirements), followed by committed amounts, followed by assigned amounts, and then unassigned amounts.

Property taxes:

Property taxes are recognized as revenue in the year they are levied and become available. Taxes are levied in August on (a) one hundred percent of the full and fair value of real and tangible personal property owned within the Town the previous December 31; and, (b) the value, as determined by the Rhode Island Vehicle Valuation Commission, of vehicles registered within the Town the previous calendar year, prorated for the actual number of days so registered. Taxes levied in August are payable quarterly on September 10, December 10, March 10 and June 10. Failure to make payments by March 10 may result in a lien on the taxpayer's property.

Rhode Island general laws restrict the Town's ability to increase its total tax levy by more than 4.00% over that of the preceding fiscal year.

Town of Middletown, Rhode Island

Notes to Financial Statements

For the Year Ended June 30, 2023

1. Summary of significant accounting policies (continued):

Deferred inflows and outflows of resources:

Deferred inflows of resources represent the acquisition of net assets that is applicable to a future reporting period. Deferred outflows of resources represent the consumption of net assets that is applicable to a future reporting period.

Intergovernmental revenues:

State aid is recognized as revenue in the year in which funds are appropriated by the Rhode Island General Assembly, provided they are collected during the fiscal year.

Employees' Retirement System plan (ERS)

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Employees' Retirement System plan (ERS) and the additions to/deductions from ERS' fiduciary net position have been determined on the same basis as they are reported by ERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Municipal Employees' Retirement System (MERS) of Rhode Island

For purposes of measuring the net pension liability (asset), deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Municipal Employees' Retirement System (MERS) of Rhode Island and additions to/deductions from MERS' fiduciary net position have been determined on the same basis as they are reported by MERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Teachers' Survivors Benefit plan (TSB)

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Teachers' Survivors Benefit plan (TSB) and the additions to/deductions from TSB fiduciary net position have been determined on the same basis as they are reported by TSB. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Town of Middletown, Rhode Island

Notes to Financial Statements

For the Year Ended June 30, 2023

1. Summary of significant accounting policies (continued):

Use of estimates:

The preparation of basic 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 disclosure of contingent assets and liabilities at the date of the basic financial statements. Estimates also affect the reported amounts of revenues, expenditures and expenses during the reporting period. Actual results could differ from those estimates.

Recent accounting pronouncements:

During the fiscal year June 30, 2023, the Town of Middletown has adopted the following new accounting standards issued by GASB:

Statement No. 91, "Conduit Debt Obligations". The primary objectives of GASB Statement No. 91 are to provide a single method to report conduit debt obligation and to eliminate diversity in practice associated with commitments extended by issuers, arrangements associated with conduit debt obligations and related note disclosures. **There was no financial impact for the fiscal year 2023.**

Statement No. 94, "Public-Private and Public-Public Partnerships and Availability Payment Arrangements". GASB Statement No. 94 establishes standards of accounting and financial reporting for Public-Private and Public-Public Partnerships (PPPs) and Availability Payment Arrangements (APAs). **There was no financial impact for the fiscal year 2023.**

Statement No. 96, "Subscription-Based Information Technology Arrangements". GASB Statement No. 96 establishes standards of accounting and financial reporting for subscription-based information technology (SBITAs) for government end users. Under this Statement, a government generally should recognize a right-to-use subscription asset, an intangible asset, and a corresponding subscription liability. **There was a financial impact for the fiscal year 2023.**

Statement No. 97, "Certain Component Unit Criteria, and Accounting and Financial Reporting for internal Revenue Code Section 457 Deferred Compensation Plans - an Amendment of GFASB Statements No. 14 and No. 84, and a Supersession of GASB Statement No. 32". The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial

Town of Middletown, Rhode Island

Notes to Financial Statements

For the Year Ended June 30, 2023

1. Summary of significant accounting policies (continued):

Recently issued accounting pronouncements (continued):

reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. **There was no financial impact for the fiscal year 2023.**

Recently issued accounting pronouncements not yet effective:

GASB Statement No. 99, *Omnibus 2022*, the requirements of this Statement are effective as follows: The requirements related to extension of the use of LIBOR, accounting for SNAP distributions, disclosures of nonmonetary transactions, pledges of future revenues by pleading governments, clarification of certain provisions in Statement 34, as amended, and terminology updates related to Statement 53 and Statement 63 are effective upon issuance. The requirements relate to leases, PPS, and SBITAs are effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter. The requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 are effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter. ***The impact of this standard will be evaluated by the Town of Middletown, Rhode Island's management for fiscal year ending June 30, 2023.***

GASB Statement No. 100, *Accounting Changes and Error Corrections – an amendment of GASB Statement No.62*, This Statement defines *accounting changes* as changes in accounting principles, changes in accounting estimates, and changes to or within the financial reporting entity and describes the transactions or other events that constitute those changes. As part of those descriptions, for (1) certain changes in accounting principles and (2) certain changes in accounting estimates that result from a change in measurement methodology, a new principle or methodology should be justified on the basis that it is preferable to the principle or methodology used before the change. That preferability should be based on the qualitative characteristics of financial reporting— understandability, reliability, relevance, timeliness, consistency, and comparability. This Statement also addresses corrections of errors in previously issued financial statements. ***The impact of this standard will be evaluated by the Town of Middletown, Rhode Island's management for fiscal year ending June 30, 2023.***

GASB Statement No. 101, *Compensated Absences*, This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. Leave is attributable to services already rendered when an employee has performed the services required to earn the leave. Leave that accumulates is carried forward from the reporting period in which it is earned to a future reporting period during which it may be used for time off or otherwise paid or settled. In estimating the leave that is more likely than not to be used or otherwise paid or settled, a government should consider relevant factors such as employment policies related to compensated absences and historical information about the use or payment of compensated absences. However, leave that is more likely than not to be settled through conversion to defined benefit

Town of Middletown, Rhode Island

Notes to Financial Statements

For the Year Ended June 30, 2023

1. Summary of significant accounting policies (continued):

Recently issued accounting pronouncements not yet effective (continued):

postemployment benefits should not be included in a liability for compensated absences. ***The impact of this standard will be evaluated by the Town of Middletown, Rhode Island's management for fiscal year ending June 30, 2023.***

2. Fund balances:

At June 30, 2023, the Town is able to report positive net position in all categories for its business type activities. For its governmental activities, the Town reports a negative unrestricted fund balance at June 30, 2023, which is a continued result of the implementation of GASB 68 and GASB 75.

3. Deposits and investments:

Cash and cash equivalents (deposits):

At June 30, 2023, the carrying amount of the Town's deposits, including \$682,888 of cash equivalents, was \$32,176,127 and the bank balance was \$32,294,333. Of the bank balance, \$359,352 was uninsured and uncollateralized; \$31,869,265 was insured and collateralized.

At June 30, 2023, deposits are categorized as follows:

	Insured/ collateralized in Town's name	Total bank balance	Carrying amount
Deposits:			
Demand deposits	\$ 31,619,265	\$ 31,611,445	\$ 31,493,239
Money market	250,000	682,888	682,888
	\$ 31,869,265	\$ 32,294,333	\$ 32,176,127

Investments other than Pension and OPEB Trust Funds consist of the following:

	Carrying amount	Maturities	Rating
Certificates of deposit (governmental funds)	\$2,419,403	09/22/23 to 04/01/24	Not rated
Mutual funds (fiduciary funds)	150,963	Not applicable	Not rated
	\$2,570,366		

Town of Middletown, Rhode Island

Notes to Financial Statements

For the Year Ended June 30, 2023

3. Deposits and investments (continued):

Cash and cash equivalents (continued):

The fair value of the Town's pension investment account (Managed Funds) as of June 30, 2023 was \$50,729,679. As of September 30, 2023 the fair value was \$42,844,297, which represents a 15.54% decrease in value since June 30, 2023. The fair value of the Town's OPEB investment account (Managed Funds) as of June 30, 2023 was \$23,927,831. As of September 30, 2023 the fair value was \$23,429,515, which represents a 2.08% decrease in value since June 30, 2023. The Town adopted an updated Investment Policy Statement (IPS) for the Town Pension Plan during fiscal year 2014 in order to expand permissible asset classes, while maintaining the goals of increasing asset value, controlling volatility, and maintaining sufficient liquidity to meet anticipated cash needs. The Town continues to review various options with its actuarial consultant and investment advisors regarding contributions, funded status, and actuarial assumptions of both plans.

Interest rate risk:

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market value interest rates. Although there is no established policy, the Town manages its exposure to declines in fair values by limiting the term of liquid investments to less than 90 days. It does not hold long-term investments other than those managed by the Committee.

Managed Funds are subject to interest rate risk, which is mitigated by continuous evaluation of the portfolio's performance by the Finance Director and the Committee. The Committee receives monthly investment performance reports from its investment advisors and meets quarterly to review the reports to determine if market conditions reflect the investment performance policies of the Town.

Credit risk:

Credit risk, which is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment, is measured by the assignment of a rating by a nationally recognized statistical rating organization to debt securities. The group annuity included in Managed Funds is held by an insurance company rated by Moody's as A1.

Town of Middletown, Rhode Island

Notes to Financial Statements

For the Year Ended June 30, 2023

3. Deposits and investments (continued):

Concentration of credit risk:

Concentration of credit risk is the risk of loss attributed to the magnitude of the investment in a single issuer. Managed Funds reflect a balanced array of investment products with planned diversity consistent with the need for short-term liquidity, as well as long-term deferred obligations.

As of June 30, 2023, the following pension investments represent 5% or more of the Town Plan's net assets:

Vanguard Bd Index FD Inc	\$	8,761,835
Schwab US Broad Market ETF		6,656,375
AB Large Cap Growth Fd I		4,851,901
Robeco All Cap Value Instl		4,803,054
Baird Aggregate Bond Inst		3,249,104
Fidelity Total Bond Fund		2,764,104

As of June 30, 2023, the following OPEB investments represent 5% or more of the Town OPEB Plan's net assets:

Schwab US Broad Market ETF	\$	5,366,202
Baird Aggregate Bond Inst		2,724,577
AB Large Cap Growth Fd I		2,345,115
Robeco All Cap Value Instl		2,238,502
Ishares Core MSCI Total Intl		1,886,428
Fidelity Total Bond Fund		1,713,218
Fidelity Invt MMKT Govt Port		1,310,784
Dodge & Cox Fds		1,221,139

Custodial credit risk:

Custodial credit risk for deposits is the risk that, in the event of failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. Custodial credit risk for investments is the risk that, in the event of a failure of the counterparty, the Town will not be able to recover the value of its investments or collateral securities that are in the possession of the outside party. The Town does not believe that it has significant custodial credit risk with regard to its investments as substantially all investment securities are registered and held in the name of the Town.

Town of Middletown, Rhode Island

Notes to Financial Statements

For the Year Ended June 30, 2023

3. Deposits and investments:

Investments (continued):

The Town follows the guidance of the fair value measurement and disclosures in accordance with GASB Statement No. 72, “Fair Value Measurement and Application”. The fair value hierarchy is categorized into three levels based on the inputs as follows:

Level 1 – Unadjusted quoted priced in active markets that are accessible at the measurement date for identical assets or liabilities.

Level 2 – Inputs other than quoted prices in active markets for identical assets and liabilities that are observable either directly or indirectly for substantially the full term of the asset or liability.

Level 3 – Unobservable inputs for asset or liability (supported by little or no market activity). Level 3 inputs include management’s own assumption about the assumptions that market participants would use in pricing the asset or liability (including assumptions about risk).

	Level 1	Level 2	Level 3	Total
Equity Mutual Funds	\$ 44,176,643	\$ —	\$ —	\$ 44,176,643
Fixed Income Mutual Funds	22,343,974	—	—	22,343,974
Investment Contract	5,836,507	—	—	5,836,507
Certificates of Deposits	2,438,228	—	—	2,438,228
Money Market	2,300,386	—	—	2,300,386
Other Mutual Funds	132,138	—	—	132,138
Total Investments by fair value level	<u>\$ 77,227,876</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 77,227,876</u>

Town of Middletown, Rhode Island

Notes to Financial Statements

For the Year Ended June 30, 2023

4. Interfund transactions:

Interfund receivables and payables June 30, 2023 are as follows:

Receivable Fund	Payable Fund	Amount
Due to/from:		
Governmental funds:		
General Fund	Governmental funds:	
	Non-major funds	\$ 1,502,520
	Town Capital Projects Fund	—
	Parks and Recreation Fund	—
	Refuse and Recycling Fund	1,686
	School Department	—
	Sewer Fund	220,515
		1,724,721
School Department	Custodial Funds	—
	General Fund	514,188
		514,188
Non-major governmental funds	Governmental funds, General Fund	1,221,931
	School Department	—
		1,221,931
Enterprise funds:		
Parks and Recreation Fund	Governmental funds, General Fund	84,353
Sewer Fund	Governmental funds, Non-major funds	73,859
Refuse and Recycle Fund	Sewer Fund	—
		158,212
		\$3,619,052

Town of Middletown, Rhode Island

Notes to Financial Statements

For the Year Ended June 30, 2023

4. Interfund transactions:

Operating transfers between funds for the year ended June 30, 2023 were as follows:

Transfer to Fund	Transfer from Fund	Amount
Governmental funds:		
General Fund	Governmental funds: Non-major funds	\$ 2,657,527
School Department	Governmental funds, General Fund	31,353,481
Non-major Governmental Funds	Governmental funds, General Fund	97,507
Enterprise funds:		
Parks & Recreation Fund	Governmental funds, General Fund	320,699
		\$ <u><u>34,429,215</u></u>

Town of Middletown, Rhode Island

Notes to Financial Statements

For the Year Ended June 30, 2023

5. Capital assets:

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

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 9,142,536	\$ 1,363,273	\$ —	\$ 10,505,809
Construction in progress:				
Infrastructure	8,489,817	11,888	—	8,501,705
Total capital assets not being depreciated	<u>17,632,353</u>	<u>1,375,161</u>	<u>—</u>	<u>19,007,514</u>
Capital assets being depreciated:				
Infrastructure	37,952,171	—	—	37,952,171
Land improvements	8,086,067	71,563	—	8,157,630
Buildings and improvements	48,324,031	174,873	—	48,498,904
Furniture and equipment	13,001,098	1,369,463	—	14,370,561
Library books	1,687,972	—	—	1,687,972
Motor vehicles	7,651,132	403,724	(132,830)	7,922,026
Total capital assets being depreciated	<u>116,702,471</u>	<u>2,019,623</u>	<u>(132,830)</u>	<u>118,589,264</u>
Amortized assets				
Intangible Right to Use				
Leased Equipment	796,394	—	—	796,394
Leased Motor Vehicles	391,306	—	—	391,306
SBITA Software	—	306,796	—	306,796
Total amortized assets	<u>1,187,700</u>	<u>306,796</u>	<u>—</u>	<u>1,494,496</u>
Less accumulated depreciation for:				
Infrastructure	(22,820,550)	(803,603)	—	(23,624,153)
Land improvements	(4,093,015)	(369,054)	—	(4,462,069)
Buildings and improvements	(22,814,655)	(1,544,578)	—	(24,359,233)
Furniture and equipment	(11,031,042)	(852,519)	—	(11,883,561)
Library books	(1,660,972)	(12,000)	—	(1,672,972)
Motor vehicles	(6,210,955)	(389,157)	132,830	(6,467,282)
Total accumulated depreciation	<u>(68,631,189)</u>	<u>(3,970,911)</u>	<u>132,830</u>	<u>(72,469,270)</u>
Accumulated Amortization				
Leased Equipment	(308,167)	(182,658)	—	(490,825)
Leased Motor Vehicles	(391,306)	—	—	(391,306)
SBITA Software	—	(86,280)	—	(86,280)
	<u>(699,473)</u>	<u>(268,938)</u>	<u>—</u>	<u>(968,411)</u>
Total capital assets being depreciated and amortized, net	<u>48,559,509</u>	<u>(1,913,430)</u>	<u>—</u>	<u>46,646,079</u>
Governmental activity capital assets, net	<u>\$ 66,191,862</u>	<u>\$ (538,269)</u>	<u>\$ —</u>	<u>\$ 65,653,593</u>

Town of Middletown, Rhode Island

Notes to Financial Statements

For the Year Ended June 30, 2023

5. Capital assets (continued):

	Beginning Balances	Increases	Decreases	Ending Balances
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 3,167,391	\$ —	\$ —	\$ 3,167,391
Construction in progress	3,603,988	2,547,440	(2,487,578)	3,663,850
Total capital assets not being depreciated	6,771,379	2,547,440	(2,487,578)	6,831,241
Capital assets being depreciated:				
Land improvements	3,209,722	—	—	3,209,722
Buildings and improvements	456,943	56,761	—	513,704
Equipment	3,948,226	720,977	—	4,669,203
Sewer lines and pumps	23,547,365	2,487,278	—	26,034,643
Vehicles	181,342	—	—	181,342
Total capital assets being depreciated	31,343,598	3,265,016	—	34,608,614
Amortized Asset				
Intangible Right to Use				
SBITA Software	—	171,264	—	171,264
Less accumulated depreciation for:				
Land improvements	(1,385,361)	(138,943)	—	(1,524,304)
Buildings and improvements	(274,410)	(15,376)	—	(289,786)
Equipment	(3,652,091)	(112,308)	—	(3,764,399)
Sewer lines and pumps	(7,548,355)	(589,323)	—	(8,137,678)
Vehicles	(165,702)	(10,336)	—	(176,038)
Total accumulated depreciation	(13,025,919)	(866,286)	—	(13,892,205)
Less accumulated amortization for:				
SBITA Software	—	(42,816)	—	(42,816)
Total capital assets being depreciated and amortized, net	18,317,679	2,527,178	—	20,844,857
Business type activity capital assets, net	\$25,089,058	\$ 5,074,618	\$(2,487,578)	\$27,676,100

Town of Middletown, Rhode Island

Notes to Financial Statements

For the Year Ended June 30, 2023

5. Capital assets (continued):

Depreciation and amortization was charged to functions as follows:

Governmental activities:

General government	266,605
Public safety	926,306
Public works and sanitation	1,032,364
Planning and inspection	3,002
Library	72,227
Education	1,759,003
Community services	47,512
	<u>\$ 4,107,019</u>

Business-type activities:

Sewer fund	674,317
Parks and recreation fund	234,785
	<u>\$ 909,102</u>

Town of Middletown, Rhode Island

Notes to Financial Statements

For the Year Ended June 30, 2023

6. Long-term obligations:

Changes in long-term obligations during the year ended June 30, 2023 were as follows:

	Balance at June 30, 2022	Additions	Retirements	Balance at June 30, 2023	Due within one year
Governmental activities:					
Bonds payable:					
General obligation bonds	\$24,162,000	\$ —	\$ 2,220,000	\$21,942,000	\$ 2,154,000
Deferred premiums	991,400	—	117,432	873,968	112,192
Total bonds payable	<u>25,153,400</u>	<u>—</u>	<u>2,337,432</u>	<u>22,815,968</u>	<u>2,266,192</u>
Loan payable	100,000	314,820	50,000	364,820	364,820
Capital leases	488,227	—	182,658	305,569	185,569
Subscription-Based Information Technology Arrangements	—	306,796	86,280	220,516	86,280
Claims and judgments	312,446	—	2,970	309,476	2,970
Unearned revenue, grants	345,450	—	345,450	—	—
Accrued compensated absences	2,849,182	—	138,168	2,711,014	32,642
	<u>\$29,248,705</u>	<u>\$ 621,616</u>	<u>\$ 3,142,958</u>	<u>\$26,727,363</u>	<u>\$ 2,938,473</u>
Business-type activities:					
Loans payable	\$ 5,572,000	\$ 1,090,000	\$ 1,167,000	\$ 5,495,000	\$ 1,058,000
Subscription-Based Information Technology Arrangements	—	171,264	42,816	128,448	45,855
Less undrawn loan proceeds held by the State*	(952,108)	(1,005,564)	—	(1,957,672)	—
	<u>4,619,892</u>	<u>255,700</u>	<u>1,209,816</u>	<u>3,665,776</u>	<u>1,103,855</u>
	<u>\$ 4,619,892</u>	<u>\$ 255,700</u>	<u>\$ 1,209,816</u>	<u>\$ 3,665,776</u>	<u>\$ 1,103,855</u>

*Amount unspent as of June 30, 2023

Town of Middletown, Rhode Island

Notes to Financial Statements

For the Year Ended June 30, 2023

6. Long-term obligations (continued):

General obligation bonds and loan payable:

General obligation bonds are direct obligations and pledge the full faith and credit of the Town. General obligation bonds and loan payable outstanding for governmental activities at June 30, 2023 are as follows:

Purpose	Amount of original issue	Date of issue	Interest rate	Date of maturity	Balance June 30, 2022	New issues	Retired	Balance June 30, 2023
General obligation bonds:								
<i>Issued Through Public Sale:</i>								
Town General Bond 14	10,120,000	2/12/14	.47%-4.00%	02/01/34	5,660,000	—	555,000	5,105,000
Town Refunding Bond 2016	6,300,000	6/23/16	2.00-4.00%	04/01/28	3,265,000	—	625,000	2,640,000
Public School Rev Bond 2017D (RIHEBC)	9,750,000	5/16/17	2.00-4.00%	04/01/37	7,840,000	—	410,000	7,430,000
Town Refunding bond 2021	2,255,000	6/29/21	4.00%	06/30/31	1,995,000	—	225,000	1,770,000
Total general obligation bonds issued through public sale	28,425,000				18,760,000	—	1,815,000	16,945,000
<i>Issued Through Direct Borrowings:</i>								
2018 Open Space Bond (2008)	300,000	3/21/18	3.839%	02/01/23	64,000	—	64,000	—
2018 Road & Bridge (RIIB)	5,000,000	6/20/18	.10-2.50%	09/01/37	4,345,000	—	226,000	4,119,000
2020 Open Space (2006)	1,225,000	6/3/20	2.133%	06/30/30	993,000	—	115,000	878,000
Total general obligation bonds issued through direct borrowings	6,525,000				5,402,000	—	405,000	4,997,000
Total general obligation bonds	34,950,000				24,162,000	—	2,220,000	21,942,000
<i>Loan payable issued through direct borrowings:</i>								
Rhode Island Clean Water Finance Agency, Open Space	1,000,000	11/13/03	1.17%	09/01/23	100,000	—	50,000	50,000
Rhode Island Housing and Mortgage	314,820	4/18/23	4.54%	04/18/24	—	314,820	—	314,820
Total loans payable issued through direct borrowings	1,314,820				100,000	314,820	50,000	364,820
Total	<u>\$ 36,264,820</u>				<u>\$24,262,000</u>	<u>\$314,820</u>	<u>\$ 2,270,000</u>	<u>\$ 22,306,820</u>

Town of Middletown, Rhode Island

Notes to Financial Statements

For the Year Ended June 30, 2023

6. Long-term obligations (continued):

General obligation bonds and loan payable (continued):

The Town issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for governmental activities and to refund previously outstanding general obligation bonds.

Rhode Island General Law caps the amount of each municipality's general obligation bonds that may be outstanding to 3% of its assessed property values. Exceptions apply to bonds approved pursuant to special acts or financed from non-tax revenues; additional special exemptions are granted for other purposes as well. The assessed value of the Town's properties December 31, 2022 was \$3,629,998,464 limiting the amount of non-expected general obligation bonds outstanding to \$108,899,954. At June 30, 2023, bonds outstanding totaled \$21,942,000, of which \$1,900,000 were issued subject to the 3% debt limit and \$20,042,000 were issued pursuant to special bond acts and are not subject to the 3% debt limit. Total bonds outstanding of \$21,942,000 represent 0.6% of assessed property value.

On June 29, 2021, the Town issued \$2,255,000 in general obligation bonds with an average interest rate of 4.0% to advance refund \$2,500,000 of outstanding various purpose general obligation and judgement bonds. The net proceeds of \$2,609,817 (after payment of \$11,789 in underwriting fees), plus an additional \$366,606 of bond premium monies used to purchase U.S. Government securities, were deposited with an escrow agent to provide for all future debt service payments on the various purpose general obligation bonds. As a result, the bonds are considered defeased and the liability for those bonds has been removed from the government-wide statement of net position.

The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$245,000. This difference is being charged to operations through the year 2031 using the effective interest method and is reflected in the statement of net position as a deferred outflow. At June 30, 2023, the balance of the defeased debt totaled \$1,770,000.

On May 28, 2020, the Town issued \$1,225,000 in open space bonds through Webster Bank with an interest rate of 2.133% for open space including athletic fields at the former drive-in theater on Aquidneck Avenue.

On June 20, 2018, the Town issued \$5,000,000 in road and bridge bonds through the Rhode Island Infrastructure Bank with interest ranging from .1% to 2.5% to provide for design, construction, repair, rehabilitation and improvement of streets and sidewalks in the Town, including paving, drainage, traffic control devices, safety improvements and landscaping. The net proceeds of \$4,936,000 (after payment of \$64,000 in issuance fees) are held by an escrow agent and were deposited in Wells Fargo Bank, N.A. These bonds were issued with Rhode Island Infrastructure Bank.

Town of Middletown, Rhode Island

Notes to Financial Statements

For the Year Ended June 30, 2023

6. Long-term obligations (continued):

General obligation bonds and loan payable (continued):

On March 21, 2018, the Town issued \$300,000 in open space bonds, through Webster Bank, with an interest rate of 3.839% for the acquisition and preservation of open space.

On May 16, 2017, the Town issued \$9,750,000 in revenue bonds with interest ranging from 2.0% to 4.0% to provide for health, safety and fire-code related repairs, alterations, renovations and improvements. The net proceeds of \$10,077,749 (after payment of \$53,721 in underwriting fees plus an additional \$381,470 of bond premium) are held by an escrow agent and were deposited in US Bank. These bonds were issued with Rhode Island Health and Education Building Corporation and have been approved by Rhode Island Department of Education for debt service reimbursements of approximately 35%.

On June 23, 2016, the Town issued \$6,300,000 in general obligation bonds with an average interest rate of 2.5% to advance refund \$6,250,000 of outstanding various purpose general obligation bonds. The net proceeds of \$6,622,693 (after payment of \$30,492 in underwriting fees), plus an additional \$353,185 of bond premium monies used to purchase U.S. Government securities, were deposited with an escrow agent to provide for all future debt service payments on the various purpose general obligation bonds. As a result, the bonds are considered defeased and the liability for those bonds has been removed from the government-wide statement of net position.

The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$301,285. This difference is being charged to operations through the year 2028 using the effective interest method and is reflected in the statement of net position as a deferred outflow. At June 30, 2023, the balance of the defeased debt totaled \$2,640,000.

As of June 30, 2023, previously authorized, but unissued, general obligation bonds amount to \$7,770,000.

Revenues from the sewer assessments are pledged as collateral for the repayment of the 2006, 2012 and 2018 loans issued through the Rhode Island Infrastructure Bank.

Events of default include failure to make principal and interest payments when due, defaults related to the performance or observance of any other covenants, agreements or conditions that have not been remedied, or the Town's inability to pay its debts. Upon notice of any events of default, all principal and accrued interest may be declared due and payable immediately.

Town of Middletown, Rhode Island

Notes to Financial Statements

For the Year Ended June 30, 2023

6. Long-term obligations (continued):

Loans payable for business-type activities:

Loans payable for business-type activities are as follows:

Purpose	Authorized and issued	Date of issue	Interest rate	Date of maturity	Balance, June 30, 2022	New issues	Retired	Balance, June 30, 2023
Enterprise Fund, Sewer:								
<i>Issued through Direct Borrowings:</i>								
RI Infrastructure Bank	2,500,000	12/30/04	1.30%	9/1/24	375,000	—	125,000	250,000
RI Infrastructure Bank	6,000,000	12/15/05	1.34%	9/1/26	1,500,000	—	300,000	1,200,000
RI Infrastructure Bank	2,750,000	12/21/06	1.29%-1.43%	9/1/27	818,000	—	138,000	680,000
RI Infrastructure Bank	1,500,000	6/28/12	.22%-1.83%	9/1/22	149,000	—	149,000	—
RI Infrastructure Bank	4,550,000	4/25/18	.39%-1.83%	9/1/27	2,730,000	—	455,000	2,275,000
RI Infrastructure Bank	1,090,000	6/13/23	2.94%-3.67%	9/1/42	—	1,090,000	—	1,090,000
	<u>\$18,390,000</u>				5,572,000	1,090,000	1,167,000	5,495,000
Less undrawn loan proceed held by the State					(952,108)	(1,005,564)	—	(1,957,672)
					4,619,892	84,436	1,167,000	3,537,328
Less current portion					(1,167,000)			(1,058,000)
					<u>\$ 3,452,892</u>			<u>\$ 2,479,329</u>

Town of Middletown, Rhode Island

Notes to Financial Statements

For the Year Ended June 30, 2023

6. Long-term obligations (continued):

Capital lease obligations:

The Town has financed the acquisition of certain equipment through lease-purchase agreements. Equipment financed under capital leases has been acquired for the General Fund and the School Department (recorded in the governmental activities capital assets being depreciated). Interest expense for the year ended June 30, 2023 of \$5,890 is reported within the governmental activities, interest on long-term debt on the statement of activities.

On March 1, 2021, the Town entered into a lease purchase agreement in the amount of \$496,394 with an interest rate of 2.37%. The lease funded the purchase of Chromebooks for the School Department.

On November 30, 2021, the Town entered into a lease purchase agreement in the amount of \$300,000 with an interest rate of 0.0%. The lease funded the purchase of IT Infrastructure.

Purpose	Authorized and issued	Date of issue	Interest rate	Date of maturity	Balance, June 30, 2022	New issues	Maturities	Balance, June 30, 2023
Chromebooks-School Department	496,394	3/1/21	2.37 %	3/1/2024	248,227	—	122,658	125,569
IT Infrastructure	\$ 300,000	11/30/21	0 %	6/30/2026	\$ 240,000	\$ —	\$ 60,000	\$ 180,000
	<u>\$ 796,394</u>				<u>\$ 488,227</u>	<u>\$ —</u>	<u>\$ 182,658</u>	<u>\$ 305,569</u>

Town of Middletown, Rhode Island

Notes to Financial Statements

For the Year Ended June 30, 2023

6. Long-term obligations (continued):

At June 30, 2023, scheduled annual debt service requirements for the bonds payable, loans payable and capital leases are as follows:

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
<i>Governmental activities:</i>			
<i>Total - Bonds and loans payable:</i>			
2024	\$ 2,518,820	\$ 816,220	\$ 3,335,040
2025	2,165,000	733,338	2,898,338
2026	2,173,000	657,851	2,830,851
2027	2,181,000	583,961	2,764,961
2028	1,915,000	492,992	2,407,992
2029-2033	6,946,000	1,474,749	8,420,749
2034-2038	4,408,000	368,641	4,776,641
	<u>\$ 22,306,820</u>	<u>\$ 5,127,752</u>	<u>\$ 27,434,572</u>
 <i>Bonds and loans payable issued through public sale:</i>			
2024	\$ 1,805,000	\$ 678,114	\$ 2,483,114
2025	1,810,000	615,064	2,425,064
2026	1,810,000	547,339	2,357,339
2027	1,810,000	481,639	2,291,639
2028	1,535,000	399,239	1,934,239
2029-2033	5,325,000	1,140,738	6,465,738
2034-2038	2,850,000	250,220	3,100,220
	<u>\$ 16,945,000</u>	<u>\$ 4,112,351</u>	<u>\$ 21,057,351</u>
 <i>Bonds and loans payable issued through direct borrowings:</i>			
2024	\$ 713,820	\$ 138,106	\$ 851,926
2025	355,000	118,274	473,274
2026	363,000	110,512	473,512
2027	371,000	102,322	473,322
2028	380,000	93,754	473,754
2029-2033	1,621,000	334,011	1,955,011
2034-2038	1,558,000	118,421	1,676,421
	<u>\$ 5,361,820</u>	<u>\$ 1,015,400</u>	<u>\$ 6,377,220</u>

Town of Middletown, Rhode Island

Notes to Financial Statements

For the Year Ended June 30, 2023

6. Long-term obligations (continued):

Capital lease obligations:

2024	\$ 185,569	\$ 2,979	\$ 188,548
2025	60,000	—	60,000
2026	60,000	—	60,000
	<u>\$ 305,569</u>	<u>\$ 2,979</u>	<u>\$ 308,548</u>

Subscription Based Information Technology Arrangements:

2024	\$ 86,280	\$ 5,244	\$ 91,524
2025	86,280	2,779	89,059
2026	47,956	770	48,726
	<u>\$ 220,516</u>	<u>\$ 8,793</u>	<u>\$ 229,309</u>

Business-type activities:

Loans payable issued through direct borrowing:

2024	\$ 1,058,000	\$ 96,916	\$ 1,154,916
2025	1,059,000	93,183	1,152,183
2026	935,000	73,195	1,008,195
2027	937,000	54,039	991,039
2028	628,000	37,705	665,705
2029-2033	246,000	136,759	382,759
2034-2038	290,000	92,557	382,557
2039-2043	342,000	34,547	376,547
	<u>\$ 5,495,000</u>	<u>\$ 618,901</u>	<u>\$ 6,113,901</u>

Subscription Based Information Technology Arrangements:

2024	\$ 42,816	\$ 3,039	\$ 45,855
2025	42,816	1,829	44,645
2026	42,816	582	43,398
	<u>\$ 128,448</u>	<u>\$ 5,450</u>	<u>\$ 133,898</u>

Town of Middletown, Rhode Island

Notes to Financial Statements

For the Year Ended June 30, 2023

7. Pension plans:

Teachers' Plan

Defined Benefit Pension Plan:

All eligible employees of the Town are covered by one of four pension plans: the Employees' Retirement System of the State of Rhode Island (Teachers' Plan), the Municipal Employees' Retirement System of the State of Rhode Island, a hybrid plan with a defined contribution component not including police officers and fire fighters in this plan (Municipal Plan), the Town of Middletown Retirement Plan (Town Plan) or the Town of Middletown 401(a) Defined Contribution Plan (401(a) Plan). The Teachers' Plan covers all School Department personnel certified by the Rhode Island Department of Education who are or have been engaged in teaching as a principal occupation. The Municipal Plan covers all Town Hall employees and all Public Works employees hired between July 1, 1999 and June 30, 2012 and those employees that elected to roll over from the Town Plan to the Municipal Plan hired prior to 1999, a full time Fire Civilian Dispatcher hired prior to June 30, 2012, Police Department police officers sworn in on or after January 1, 2000, Fire Department firefighters hired on or after January 1, 2001, and all School Department clerks, custodians and teacher assistants. The Town Defined Contribution 401(a) Plan covers all Town Hall NEARI and Public Works Teamsters employees, full-time Civilian Dispatchers and any Town employees not affiliated with any recognized collective bargaining union, hired on or after July 1, 2012. The Town Plan, which is a closed plan, covers all other eligible employees.

Plan description:

Certain employees of the Teacher's Plan participate in a cost-sharing multiple-employer defined benefit pension plan - the Employees' Retirement System (ERS) plan –and the Teachers' Survivors Benefit plan (TSB) (collectively the Teachers' Plans) administered by the Employees' Retirement System of the State of Rhode Island (the System). Under a cost-sharing plan, pension obligations for employees of all employers are pooled and plan assets are available to pay the benefits of the employees of any participating employer providing pension benefits through the plan, regardless of the status of the employers' payment of its pension obligation to the plan. The ERS provides retirement and disability benefits and death benefits to plan members and beneficiaries, and the TSB Plan provides a survivor benefit to public school teachers in lieu of Social Security since not all school districts participate in Social Security.

The System issues a publicly available financial report that includes financial statements and required supplemental information for the plans. The report may be obtained at <http://www.ersri.org>.

Town of Middletown, Rhode Island

Notes to Financial Statements

For the Year Ended June 30, 2023

7. Pension plans (continued):

Teachers' Plan (continued):

Benefit provisions:

ERS

The level of benefits provided to participants is established by Chapter 36-10 of the General Laws, which is subject to amendment by the General Assembly. Member benefit provisions vary based on service credits accumulated at dates specified in various amendments to the General Laws outlining minimum retirement age, benefit accrual rates and maximum benefit provisions. In general, members accumulate service credits for each year of service subject to maximum benefit accruals of 80% or 75%. For those hired after June 30, 2012, the benefit accrual rate is 1% per year with a maximum benefit accrual of 40%. Members eligible to retire at September 30, 2009 may retire with 10 years of service at age 60 or after 28 years of service at any age. The retirement eligibility age increases proportionately for other members reflecting years of service and other factors until it aligns with the Social Security Normal Retirement Age, which applies to any member with less than 5 years of service as of July 1, 2012. Members are vested after 5 years of service.

The plan provides for survivor's benefits for service connected death and certain lump sum death benefits. Joint and survivor benefit provision options are available to members.

Cost of living adjustments are provided but are currently suspended until the collective plans covering state employees and teachers reach a funded status of 80%. Until the plans reach an 80% funded status, interim cost of living adjustments are provided at four-year intervals commencing with the plan year ending June 30, 2016.

The plan also provides non-service-connected disability benefits after five years of service and service-connected disability benefits with no minimum service requirement.

TSB

The plan provides a survivor benefit to public school teachers in lieu of Social Security since not all school districts participate in the plan. Specific eligibility criteria and the amount of the benefit is subject to the provisions of Chapter 16-16 of the Rhode Island General Laws which are subject to amendment by the General Assembly. Spouse, parents, family and children's benefits are payable following the death of a member.

Town of Middletown, Rhode Island

Notes to Financial Statements

For the Year Ended June 30, 2023

7. Pension plans (continued):

Teachers' Plan (continued):

Defined Benefit Pension Plan (continued):

TSB (continued)

A spouse shall be entitled to benefits upon attaining the age of sixty (60) years. Children's benefits are payable to the child, including a stepchild or adopted child of a deceased member if the child is unmarried and under the age of eighteen (18) years or twenty-three (23) years and a full time student, and was dependent upon the member at the time of the member's death. Family benefits are provided if at the time of the member's death the surviving spouse has in his or her care a child of the deceased member entitled to child benefits. Parents benefits are payable to the parent or parents of a deceased member if the member did not leave a widow, widower, or child who could ever qualify for monthly benefits on the member's wages and the parent has reached the age of 60 years, has not remarried, and received support from the member.

In January, a yearly cost-of-living adjustment for spouse's benefits is paid and based on the annual social security adjustment.

Survivors are eligible for benefits if the member has made contributions for at least six months prior to death or retirement.

The TSB plan provides benefits based on the highest salary at the time of retirement of the teacher. Benefits are payable in accordance with the following table:

Highest Annual Salary	Basic Monthly Spouse's Benefit
\$17,000 or less	\$825
\$17,001 to \$25,000	\$963
\$25,001 to \$33,000	\$1,100
\$33,001 to \$40,000	\$1,238
\$40,001 and over	\$1,375

Benefits payable to children/families are equal to the spousal benefit multiplied by the % below:

Parent and 1 Child	Parent and 2 or more Children	One Child Alone	Two Children Alone	Three or more Children Alone	Dependent Parent
150%	175%	75%	150%	175%	100%

Town of Middletown, Rhode Island

Notes to Financial Statements

For the Year Ended June 30, 2023

7. Pension plans (continued):

Teachers' Plan (continued):

Defined Benefit Pension Plan (continued):

Contributions:

ERS

The funding policy, as set forth in the General Laws, Section 16-16-22, provides for actuarially determined periodic contributions to the plan. For fiscal 2023, Middletown teachers were required to contribute 3.75% of their annual covered salary, except for teachers with twenty or more years of service as of June 30, 2012 must contribute 11% of their covered salary. The state and the employer are required to contribute at an actuarially determined rate, 40% of which is to be paid by the state and the remaining 60% is to be paid by the employer. The rates were 11.12% and 15.04% of annual covered payroll for the fiscal year ended June 30, 2022 for the state and the town, respectively.

The Town contributed a total of \$2,634,660, \$2,681,418, and \$2,819,054 for the fiscal years ended June 30, 2023, 2022 and 2021, respectively, equal to 100% of the required contributions for each year.

TSB:

The contribution requirements of active employees and the participating school districts were established under Chapter 16-16 of the Rhode Island General Laws, which may be amended by the General Assembly. The cost of the benefits provided by the plan are two percent (2%) of the member's annual salary up to but not exceeding an annual salary of \$11,500; one-half (1/2) of the cost is contributed by the member by deductions from his or her salary, and the other half (1/2) is contributed and paid by the respective school district by which the member is employed. These contributions are in addition to the contributions required for regular pension benefits.

The Town contributed \$21,990, \$26,642 and \$25,765 to the TSB Plan for the fiscal years ended June 30, 2023, 2022, and 2021, respectively, equal to 100% of the required contributions for each year.

Town of Middletown, Rhode Island

Notes to Financial Statements

For the Year Ended June 30, 2023

7. Pension plans (continued):

Teachers' Plan (continued):

Defined Benefit Pension Plan (continued):

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources:

ERS:

At June 30, 2023, the Town reported a liability of \$26,646,226 for its proportionate share of the net pension liability that reflected an increase in the Town's proportional share from .987% to .988% offset by a reduction for contributions made by the state.

The amount recognized by the Town 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 Town Teacher's Plan were as follows:

Town's proportionate share of the net pension liability	\$26,646,226
State's proportionate share of the net pension liability associated with the Town	<u>19,706,756</u>
Total net pension liability	<u><u>\$46,352,982</u></u>

The net pension liability was measured as of June 30, 2022, the measurement date, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2021 rolled forward to June 30, 2022. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers and the state, actuarially determined. At June 30, 2022 the Town's proportion was .99%.

Town of Middletown, Rhode Island

Notes to Financial Statements

For the Year Ended June 30, 2023

7. Pension plans (continued):

Teachers' Plan (continued):

Defined Benefit Pension Plan (continued):

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources (continued):

ERS (continued):

For the year ended June 30, 2023 the Town ERS Plan recognized gross pension expense of \$2,623,341 and revenue of \$1,214,243 for support provided by the State. At June 30, 2023, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description of Outflows/Inflows	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 394,660	\$ 518,270
Changes of assumptions	537,418	399,498
Net difference between projected and actual earnings on pension plan investments	—	557,542
Changes in proportion and differences between System contributions and proportionate share contributions	101,850	696,375
Contributions subsequent to the measurement date	2,634,660	—
	\$ 3,668,588	\$ 2,171,685
Net amount of deferred outflows and (inflows) excluding Town contributions subsequent to measurement date		\$ (1,137,757)

Town of Middletown, Rhode Island

Notes to Financial Statements

For the Year Ended June 30, 2023

7. Pension plans (continued):

Teachers' Plan (continued):

Defined Benefit Pension Plan (continued):

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources (continued):

ERS (continued):

\$2,634,660 reported as deferred outflows of resources related to pensions resulting from the Town ERS contributions in fiscal year June 30, 2022 subsequent to the measurement date will be recognized as a reduction of the net pension liability for the fiscal year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred (inflows) of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2024	\$	(311,083)
2025	\$	(564,800)
2026	\$	(943,181)
2027	\$	719,493
2028	\$	(41,558)
Thereafter	\$	3,372
	\$	<u>(1,137,757)</u>

TSB

At June 30, 2023, the Town reported an asset of \$6,197,006 for its proportionate share of the net pension asset related to its participation in TSB. The net pension asset was measured as of June 30, 2022, the measurement date, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of June 30, 2021, rolled forward to 2022. The Town's proportion of the net pension asset was based on its share of contributions to the TSB for fiscal year 2022 relative to the total contributions of all participating employers for that fiscal year. At June 30, 2022, the Town's proportion was 3.526%.

For the year ended June 30, 2023 the Town's TSB Plan recognized pension expense of \$(630,580) – an increase in the net pension asset. At June 30, 2023 the Town's TSB Plan reported deferred outflows of resources and deferred (inflows) of resources related to pensions from the following sources:

Town of Middletown, Rhode Island

Notes to Financial Statements

For the Year Ended June 30, 2023

7. Pension plans (continued):

Teachers' Plan (continued):

Defined Benefit Pension Plan:

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources (continued)

TSB

(continued):

Description of Outflows/Inflows	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 152,287	\$ 798,074
Changes of assumptions	150,581	207,565
Net difference between projected and actual earnings on pension plan investments	—	143,327
Changes in proportion and differences between System contributions and proportionate share contributions	135,106	82,001
Contributions subsequent to the measurement date	21,990	—
	<u>\$ 459,964</u>	<u>\$ 1,230,967</u>
Net amount of deferred outflows and (inflows) excluding Town contributions subsequent to measurement date		<u>\$ (792,993)</u>

The deferred outflows of resources related to pensions resulting from the Town's TSB contributions in the amount of \$21,990 in fiscal year 2023 subsequent to the measurement date will be recognized as an addition to the net pension asset for the fiscal year ended June 30, 2023. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Town of Middletown, Rhode Island

Notes to Financial Statements

For the Year Ended June 30, 2023

7. Pension plans (continued):

Teachers' Plan (continued):

Defined Benefit Pension Plan:

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources (continued)

TSB (continued):

Year ended June 30:	
2024	\$ (171,347)
2025	(252,960)
2026	(341,987)
2027	135,009
2028	(93,222)
Thereafter	(68,486)
	<u>\$ (792,993)</u>

Actuarial Assumptions:

ERS and TSB:

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

Inflation	2.50%
Salary increases	3.00% - 13.00%
Investment rate of return	7.00%

Mortality – variants of the PUB (10) Tables for Healthy and Disabled Retirees, projected with Scale Ultimate MP16.

Cost of living adjustment (TSB Plan)–eligible survivors receive a yearly cost of living adjustment based on the annual social security adjustment – for valuation purposes, a 2.50% cost of living adjustment is assumed.

The actuarial assumptions used in the June 30, 2021 valuation and the calculation of the total pension liability at June 30, 2022 were consistent with the results of an actuarial experience study performed as of June 30, 2019 for the six year period ended June 30, 2019 as approved by the System's Board on May 22, 2020.

Town of Middletown, Rhode Island

Notes to Financial Statements

For the Year Ended June 30, 2023

7. Pension plans (continued):

Teachers' Plan (continued):

Defined Benefit Pension Plan:

Actuarial Assumptions:

ERS and TSB (continued):

The long-term expected rate of return best-estimate on pension plan investments was determined by the actuary using a building-block method. The actuary started by calculating best-estimate future expected real rates of return (expected returns net of pension plan investment expense and inflation) for each major asset class, based on a collective summary of capital market expectations from 40 sources. The June 30, 2022 expected arithmetic returns over the long term (20 years) by asset class are summarized in the following table:

Asset Class	Long-Term Target Asset Allocation	Long-Term Expected Arithmetic Real Rate of Return
Global Equity		
US Equity	24.30 %	5.52 %
International Developed Equity	11.10 %	6.04 %
Emerging Markets Equity	4.60 %	7.83 %
Private Growth		
Private Equity	12.50 %	9.42 %
Non-Core RE	2.50 %	4.80 %
Income		
Equity Option	2.00 %	5.25 %
EMD (50/50 Blend)	2.00 %	1.82 %
Liquid Credit	2.80 %	2.95 %
Private Credit	3.20 %	2.95 %
Collateralized Loan Obligations (CLO)	2.00 %	2.95 %
Crisis Protection Class		
Treasury Duration	5.00 %	(0.44)%
Systematic Trend	5.00 %	3.33 %
Inflation Protection		
Core Real Estate	4.00 %	4.80 %
Private Infrastructure	4.00 %	5.65 %
Volatility Protection		
IG Corp Credit	3.25 %	1.18 %
Securitized Credit	3.25 %	1.18 %
Absolute Return	6.50 %	3.33 %
Cash	2.00 %	(0.44)%

These return assumptions are then weighted by the target asset allocation percentage, factoring in correlation effects, to develop the overall medium-term expected rate of return best-estimate on an arithmetic basis.

Town of Middletown, Rhode Island

Notes to Financial Statements

For the Year Ended June 30, 2023

7. Pension plans (continued):

Teachers' Plan (continued):

Defined Benefit Pension Plan:

Discount Rate

ERS and TSB:

The discount rate used to measure the total pension liability was 7.0 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from the employers will be made at statutorily required rates, actuarially determined. 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 Town's proportionate share of the net pension liability (asset) to changes in the discount rate

ERS and TSB:

The following presents the Town's proportionate share of the net pension liability (asset), calculated using the discount rate of 7.00%, as well as what the Town's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1 percentage-point lower (6.00%) or 1 percentage-point higher (8.00%) than the current rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Net pension liability	<u>\$ 33,429,881</u>	<u>\$ 26,646,226</u>	<u>\$ 20,482,513</u>
Net pension asset (TSB)	<u>\$ (5,439,998)</u>	<u>\$ (6,197,006)</u>	<u>\$ (6,884,793)</u>

Pension plan fiduciary net position

ERS and TSB:

Pension plan fiduciary net position - detailed information about the pension plan's fiduciary net position is available in the separately issued ERSRI financial report.

Town of Middletown, Rhode Island

Notes to Financial Statements

For the Year Ended June 30, 2023

7. Pension plans (continued):

Teachers' Plan (continued):

Defined Contribution Pension Plan

Plan Description:

Employees participating in the defined benefit plan with less than 20 years of service as of June 30, 2012, as described above, also participate in a defined contribution plan authorized by General Law Chapter 36-10.3. The defined contribution plan is established under IRS section 401(a) and is administered by TIAA-CREF. Employees may choose among various investment options available to plan participants. Employees contribute 5% of their annual covered salary and employers contribute between 1% and 1.5% of annual covered salary depending on the employee's total years of service as of June 30, 2012. Employee contributions are immediately vested while employer contributions and any investment earnings thereon are vested after three years of contributory service. Benefit terms and contributions required under the plan by both the employee and employer are established by the General Laws, which are subject to amendment by the General Assembly.

Amounts in the defined contribution plan are available to participants in accordance with Internal Revenue Service guidelines for such plans.

The School Department recognized pension expense of \$383,721 for the fiscal year ended June 30, 2023.

The System issues a publicly available financial report that includes financial statements and required supplementary information for plans administered by the system. The report may be obtained at <http://www.ersri.org>.

Town of Middletown, Rhode Island

Notes to Financial Statements

For the Year Ended June 30, 2023

7. Pension plans (continued):

Municipal Plan

Summary of Significant Accounting Policies:

Defined Benefit Pension Plan:

Plan description:

The Municipal Employees' Retirement System (MERS) – an agent multiple-employer defined benefit pension plan - provides certain retirement, disability and death benefits to plan members and beneficiaries. MERS was established under Rhode Island General Law and placed under the management of the Employee's Retirement System of Rhode Island (ERSRI) Board to provide retirement allowances to employees of municipalities, housing authorities, water and sewer districts, and municipal police and fire persons that have elected to participate. Benefit provisions are subject to amendment by the General Assembly.

MERS issues a publicly available financial report that includes financial statements and required supplementary information. This report may be obtained accessing the ERSRI website at www.ersri.org

Benefit Provisions:

General employees, certain school personnel, police officers and firefighters employed by electing municipalities participate in MERS. Eligible employees become members at their date of employment. Anyone employed by a municipality at the time the municipality joins MERS may elect not to be covered. Elected officials may opt to be covered by MERS. Employees covered under another plan maintained by the municipality may not become members of MERS. Police officers and/or firefighters may be designated as such by the municipality, in which case the special contribution and benefit provisions described below will apply to them, or they may be designated as general employees with no special benefits. Members designated as police officers and/or firefighters are treated as belonging to a unit separate from the general employees, with separate contribution rates applicable.

Salary: Salary includes the member's base earnings plus any payments under a regular longevity or incentive plan. Salary excludes overtime, unused sick and vacation leave, severance pay, and other extraordinary compensation. Certain amounts that are excluded from taxable wages, such as amounts sheltered under a Section 125 plan or amounts picked up by the employer under IRC Section 414(h), are not excluded from salary.

Town of Middletown, Rhode Island

Notes to Financial Statements

For the Year Ended June 30, 2023

7. Pension plans (continued):

Municipal Plan (continued)

Benefit Provisions (continued):

Service: Employees receive credit for service while a member. In addition, a member may purchase credit for certain periods by making an additional contribution to purchase the additional service. Special rules and limits govern the purchase of additional service and the contribution required.

Final Average Compensation (FAC): Prior to July 1, 2012 and for general employee members eligible to retire as of June 30, 2012, the average was based on the member's highest three consecutive annual salaries. Effective July 1, 2012, the average was based on the member's highest five consecutive annual salaries. Once a member retires or is terminated, the applicable FAC will be the greater of the member's highest three year FAC as of July 1, 2012 or the five year FAC as of the retirement/termination date. Monthly benefits are based on one-twelfth of this amount.

General employees

Members with less than five years of contributory service as of June 30, 2012 and members hired on or after that date are eligible for retirement on or after their Social Security normal retirement age (SSNRA).

Members who had at least five years of contributory service as of June 30, 2012 will be eligible for retirement at an individually determined age. This age is the result of interpolating between the member's prior Retirement Date, described below, and the retirement age applicable to members hired after June 30, 2012 as described above. The interpolation is based on service as of June 30, 2012 divided by projected service at the member's prior Retirement Date. The minimum retirement age is 59.

Members with 10 or more years of contributory service on June 30, 2012 may choose to retire at their prior Retirement Date if they continue to work and contribute until that date. If this option is elected, the retirement benefit will be calculated using the benefits accrued as of June 30, 2012, i.e., the member will accumulate no additional defined benefits after this date, but the benefit will be paid without any actuarial reduction.

Effective July 1, 2015, members will be eligible to retire with full benefits at the earlier of their current Rhode Island Retirement Security Act (RIRSA) date described above or upon the attainment of age 65 with 30 years of service, age 64 with 31 years of service, age 63 with 32 years of service, or age 62 with 33 years of service.

Town of Middletown, Rhode Island

Notes to Financial Statements

For the Year Ended June 30, 2023

7. Pension plans (continued):

Municipal Plan (continued)

Benefit Provisions (continued):

A member who is within five years of reaching their retirement eligibility date and has 20 or more years of service, may elect to retire at any time with an actuarially reduced benefit.

Prior to July 1, 2012, members were eligible for retirement on or after age 58 if they had credit for 10 or more years of service, or at any age if they had credit for at least 30 years of service. Members eligible to retire before July 1, 2012 were not impacted by the changes to retirement eligibility above.

The annual benefit is equal to 2.00% of the member's monthly FAC for each year of service prior to July 1, 2012 and 1.00% of the member's monthly FAC for each year of service from July 1, 2012 through June 30, 2015. For all service after June 30, 2015, the annual benefit is equal to 1.0% per year unless the member had 20 or more years of service as of June 30, 2012 in which case the benefit accrual is 2.0% per year for service after June 30, 2015. The benefit cannot exceed 75% of the member's FAC. Benefits are paid monthly.

Police and Fire employees

Members are eligible to retire when they are at least 50 years old and have a minimum of 25 years of contributing service or if they have 27 years of contributing service at any age. Members with less than 25 years of contributing service are eligible for retirement on or after their Social Security normal retirement age.

Members who, as of June 30, 2012, had at least 10 years of contributing service, had attained age 45, and had a prior Retirement Date before age 52 may retire at age 52.

Active members on June 30, 2012 may choose to retire at their prior Retirement Date if they continue to work and contribute until that date. If option is elected, the retirement benefit will be calculated using the benefits accrued as of June 30, 2012, i.e., the member will accumulate no additional defined benefits after this date, but the benefit will be paid without any actuarial reduction.

A member who is within five years of reaching their retirement eligibility date, as described in this section, and has 20 or more years of service, may elect to retire at any time with an actuarially reduced benefit.

Town of Middletown, Rhode Island

Notes to Financial Statements

For the Year Ended June 30, 2023

7. Pension plans (continued):

Municipal Plan (continued)

Benefit Provisions (continued):

Prior to July 1, 2012, members designated as police officers or firefighters were eligible for retirement at or after age 55 with credit for at least 10 years of service or at any age with credit for 25 or more years of service.

Members were also eligible to retire and receive a reduced benefit if they are at least age 50 and have at least 20 years of service. If the municipality elected to adopt the 20-year retirement provisions for police officers and/or firefighters, then such a member was eligible to retire at any age with 20 or more years of service. Members eligible to retire before July 1, 2012 were not impacted by the changes to retirement eligibility above.

A monthly benefit is paid equal to 2.00% of the member's monthly FAC for each year of service, up to 37.5 years (75% of FAC maximum).

If the optional 20-year retirement provisions were adopted by the municipality prior to July 1, 2012: benefits are based on 2.50% of the member's FAC for each year of service prior to July 1, 2012 and 2.00% of the member's FAC for each year of service after July 1, 2012. The benefit cannot exceed 75% of the member's FAC.

Active members (including future hires), members who retire after July 1, 2015 and after attaining age 57 with 30 years of service will have a benefit equal to the greater of their current benefit described in (a) and (b) above and one calculated based on a 2.25% multiplier for all years of service.

Other Benefit Provisions:

Death and disability benefits are also provided to members. A member is eligible for a disability retirement provided he/she has credit for at least five years of service or if the disability is work-related. Members are not eligible for an ordinary disability benefit if they are eligible for unreduced retirement.

Joint and survivor benefit options are available to retirees. For some employees, a Social Security Option is also available where an annuity is paid at one amount prior to age 62, and at a reduced amount after age 62, designed to provide a level total income when combined with the member's age 62 Social Security benefit. Benefits cease upon the member's death.

Town of Middletown, Rhode Island

Notes to Financial Statements

For the Year Ended June 30, 2023

7. Pension plans (continued):

Municipal Plan (continued)

Benefit Provisions (continued):

Post-retirement benefit increases are paid to members who retire after June 30, 2012. Members will be eligible to receive cost of living increases at the later of the member's third anniversary of retirement and the month following their SSNRA (age 55 for members designated as police officers and/or firefighters). When a municipality elects coverage, it may elect either COLA C (covering only current and future active members and excluding members already retired) or COLA B (covering current retired members as well as current and future active members).

- a. The COLA will be suspended for any unit whose funding level is less than 80%; however, an interim COLA may be granted in four-year intervals while the COLA is suspended.

- b. Effective July 1, 2015, the COLA is determined based on 50% of the plan's five-year average investment rate of return less 5.5% limited to a range of 0.0% to 4.0%, plus 50% of the lesser of 3.0% or last year's CPI-U increase for a total maximum increase of 3.50%. Previously, it was the plan's five-year average investment rate of return less 5.5% limited to a range of 0.0% to 4.0%.

- c. The COLA will be limited to the first \$25,000 of the member's annual pension benefit. For retirees and beneficiaries who retired on or before July 1, 2015, years in which a COLA is payable based on every fourth year provision described in (i) above will be limited to the first \$30,000. These limits will be indexed annually to increase in the same manner as COLAs, with the known values of \$27,184 for 2020, \$27,608 for 2021, and \$27,901 for 2022.

Employees covered by benefit terms:

At the June 30, 2022 valuation date, the following employees were covered by the benefit terms:

	MERS General	MERS Police/Fire
Retirees and Beneficiaries	73	2
Inactive, Non-retired Members	73	12
Active Members	97	75
Total	243	89

Town of Middletown, Rhode Island

Notes to Financial Statements

For the Year Ended June 30, 2023

7. Pension plans (continued):

Municipal Plan (continued)

Contributions (continued):

Defined Benefit Pension Plan:

Contributions:

The amount of employee and employer contributions have been established under Rhode Island General Law Chapter 45-21. General employees with less than 20 years of service as of June 30, 2012 are required to contribute 2% as the Town opted to provide a COLA of their salaries. General employees with more than 20 years of service as of June 30, 2012 are required to contribute 8.25%. Public safety employees are required to contribute 10% as the Town opted to provide a COLA of their salaries. The Town contributes at a rate of covered employee payroll as determined by an independent actuary on an annual basis. The General Assembly can amend the amount of these contribution requirements.

For employees covered under the general unit, the Town contributed \$580,636 in the year ended June 30, 2022 which was approximately 11% of annual covered payroll. For employees covered under the police/fire unit, the Town contributed \$488,493 in the year ended June 30, 2022 which was 10% of annual covered payroll.

Net Pension Liability (Asset):

The total pension liability was determined by actuarial valuations performed as of June 30, 2021 and rolled forward to June 30, 2022, using the following actuarial assumptions, applied to all periods included in the measurement.

Town of Middletown, Rhode Island

Notes to Financial Statements

For the Year Ended June 30, 2023

7. Pension plans (continued):

Municipal Plan (continued)

Defined Benefit Pension Plan:

Net Pension Liability (Asset) (continued):

Summary of Actuarial Assumptions Used in the Valuations to determine the Net Pension Liability at the June 30, 2022 measurement date (June 30, 2021 valuation rolled forward to June 30, 2022)	
Actuarial Cost Method	Entry Age Normal - the Individual Entry Age Actuarial Cost methodology is used.
Amortization Method	Level Percent of Payroll – Closed
Actuarial Assumptions	
Investment Rate of Return	7.0%
Inflation	2.5%
Projected Salary Increases	General Employees - 3.25% to 7.25%; Police & Fire Employees - 4.00% to 14.00%
Mortality	Mortality – variants of the PUB (10) Tables for Healthy and Disabled Retirees, projected with Scale Ultimate MP16.
Cost of Living Adjustments	A 2.1% COLA is assumed for all MERS units with the COLA Provision.

The actuarial assumptions used in the June 30, 2021 valuation rolled forward to June 30, 2022 and the calculation of the total pension liability at June 30, 2022 were consistent with the results of an actuarial experience study performed as of June 30, 2019 as approved by the System's Board on May 22, 2020.

The long-term expected rate of return best-estimate on pension plan investments was determined by the actuary using a building-block method. The actuary started by calculating best-estimate future expected real rates of return (expected returns net of pension plan investment expense and inflation) for each major asset class, based on a collective summary of capital market expectations from 40 sources. The June 30, 2022 expected arithmetic returns over the long term (20 years) by asset class are summarized in the following table:

Town of Middletown, Rhode Island

Notes to Financial Statements

For the Year Ended June 30, 2023

7. Pension plans (continued):

Municipal Plan (continued)

Defined Benefit Pension Plan:

Net Pension Liability (Asset) (continued):

Asset Class	Long-Term Target Asset Allocation	Long-Term Expected Arithmetic Real Rate of Return
Global Equity		
US Equity	24.30 %	5.52 %
International Developed Equity	11.10 %	6.04 %
Emerging Markets Equity	4.60 %	7.83 %
Private Growth		
Private Equity	12.50 %	9.42 %
Non-Core RE	2.50 %	4.80 %
Income		
Equity Options	2.00 %	5.25 %
EMD (50/50 Blend)	2.00 %	1.82 %
Liquid Credit	3.00 %	2.95 %
Private Credit	3.00 %	2.95 %
Collateralized Loan Obligations (CLO)	2.00 %	2.95 %
Crisis Protection Class		
Treasury Duration	5.00 %	(0.44)%
Systematic Trend	5.00 %	3.33 %
Inflation Protection		
Core Real Estate	4.00 %	4.80 %
Private Infrastructure	4.00 %	5.65 %
Volatility Protection		
IG Corp Credit	3.25 %	1.18 %
Securitized Credit	3.25 %	1.18 %
Absolute Return	6.50 %	3.33 %
Cash	2.00 %	(0.44)%

Town of Middletown, Rhode Island

Notes to Financial Statements

For the Year Ended June 30, 2023

7. Pension plans (continued):

Municipal Plan (continued)

Defined Benefit Pension Plan:

Net Pension Liability (Asset) (continued):

These return assumptions are then weighted by the target asset allocation percentage, factoring in correlation effects, to develop the overall long-term expected rate of return best-estimate on an arithmetic basis.

Discount Rate:

The discount rate used to measure the total pension liability of the plans was 7.0 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from the employers will be made at statutorily required rates, actuarially determined. 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.

Town of Middletown, Rhode Island

Notes to Financial Statements

For the Year Ended June 30, 2023

7. Pension plans (continued):

Municipal Plan (continued)

MERS General Unit	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance as of June 30, 2021	\$ 25,597,166	\$ 25,179,470	\$ 417,696
Changes for the year:			
Service cost	391,637	—	391,637
Interest on total pension liability	1,761,115	—	1,761,115
Differences between expected and actual experience	(25,458)	—	(25,458)
Changes in assumptions	—	—	—
Contributions - employer	—	580,636	(580,636)
Contributions - employee	—	147,208	(147,208)
Net investment income	—	(670,432)	670,432
Benefit payments, including employee refunds	(1,268,402)	(1,268,402)	—
Administrative expense	—	(22,855)	22,855
Other changes	—	(2,552)	2,552
Net changes	858,892	(1,236,397)	2,095,289
 Balance as of June 30, 2022	 \$ 26,456,058	 \$ 23,943,073	 \$ 2,512,985
MERS Police/Fire Units	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance as of June 30, 2021	\$ 11,900,141	\$ 14,884,913	\$ (2,984,772)
Changes for the year:			
Service cost	969,847	—	969,847
Interest on total pension liability	864,822	—	864,822
Differences between expected and actual experience	600,674	—	600,674
Changes in assumptions	—	—	—
Contributions - employer	—	488,493	(488,493)
Contributions - employee	—	510,349	(510,349)
Net investment income	—	(430,601)	430,601
Benefit payments, including employee refunds	(60,938)	(60,938)	—
Administrative expense	—	(14,679)	14,679
Other changes	—	468	(468)
Net changes	2,374,405	493,092	1,881,313
 Balance as of June 30, 2022	 \$ 14,274,546	 \$ 15,378,005	 \$ (1,103,459)

Town of Middletown, Rhode Island

Notes to Financial Statements

For the Year Ended June 30, 2023

7. Pension plans (continued):

Municipal Plan (continued)

Defined Benefit Pension Plan:

Net Pension Liability (Asset):

Sensitivity of the net pension liability (asset) to changes in the discount rate

The following presents the Town’s net pension liability (asset), calculated using the discount rate of 7.00%, as well as what the Town’s net pension liability (asset) would be if it were calculated using a discount rate that is one percentage-point lower (6.00%) or one percentage-point higher (8.00%) than the current rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Net pension liability- MERS General	\$5,012,752	\$2,512,985	\$241,946
Net pension asset - MERS Police/Fire	\$188,197	\$(1,103,459)	\$(2,276,337)

Pension plan fiduciary net position:

Detailed information about the pension plan’s fiduciary net position is available in the separately issued ERSRI financial report.

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

For the year ended June 30, 2023 the employer recognized pension expense of (\$166,854) for the MERS General unit and \$88,221 for the MERS Police/Fire unit. The employer reported deferred outflows and inflows of resources related to pensions from the following sources:

MERS General Unit:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in assumptions	\$ 32,823	\$ 66,010
Difference between expected and actual experience	—	767,675
Net difference between projected and actual earnings on pension plan investments	—	215,973
Contributions subsequent to the measurement date	287,951	—
	<u>\$ 320,774</u>	<u>\$ 1,049,658</u>
Net amount of deferred outflows and (inflows) excluding contributions subsequent to measurement date		<u>\$ (1,016,835)</u>

Town of Middletown, Rhode Island

Notes to Financial Statements

For the Year Ended June 30, 2023

7. Pension plans (continued):

Municipal Plan (continued)

Defined Benefit Pension Plan:

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued):

Amounts for the MERS General Unit reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:		
2024	\$	(524,672)
2025		(532,357)
2026		(439,078)
2027		479,272
2028		—
Thereafter		—
	<u>\$</u>	<u>(1,016,835)</u>

MERS Police / Fire Unit:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in assumptions	\$ 289,324	\$ 147,824
Difference between expected and actual experience	928,488	1,475,933
Net difference between projected and actual earnings on pension plan investments	—	128,508
Contributions subsequent to the measurement date	417,628	
	<u>\$ 1,635,440</u>	<u>\$ 1,752,265</u>
Net amount of deferred outflows and (inflows) excluding contributions subsequent to measurement date		<u>\$ (534,453)</u>

Town of Middletown, Rhode Island

Notes to Financial Statements

For the Year Ended June 30, 2023

7. Pension plans (continued):

Municipal Plan (continued)

Defined Benefit Pension Plan:

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued):

Amounts for the MERS Police / Fire Unit reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:		
2024	\$	(154,545)
2025		(156,995)
2026		(219,418)
2027		276,263
2028		(24,711)
Thereafter		(255,047)
		<u>\$ (534,453)</u>

Defined Contribution Pension Plan

Plan Description:

Employees participating in the defined benefit plan with less than 20 years of service as of June 30, 2012, as described above, also participate in a defined contribution plan authorized by General Law Chapter 36-10.3. The defined contribution plan is established under IRS section 401(a) and is administered by TIAA-CREF. Employees may choose among various investment options available to plan participants. Employees with over 20 years service as of June 30, 2012 are required to contribute 9.25% of their salaries due to the COLA provisions. There is no employer match. Employees contribute 5% of their annual covered salary and employers contribute between 1% and 1.5% of annual covered salary depending on the employee's total years of service as of June 30, 2012. Employee contributions are immediately vested while employer contributions and any investment earnings thereon are vested after three years of contributory service. Benefit terms and contributions required under the plan by both the employee and employer are established by the General Laws, which are subject to amendment by the General Assembly.

Town of Middletown, Rhode Island

Notes to Financial Statements

For the Year Ended June 30, 2023

7. Pension plans (continued):

Defined Contribution Pension Plan (continued)

Amounts in the defined contribution plan are available to participants in accordance with Internal Revenue Service guidelines for such plans. The Town recognized pension expense of \$23,020 for the fiscal year ended June 30, 2023.

The System issues a publicly available financial report that includes financial statements and required supplementary information for plans administered by the system. The report may be obtained at <http://www.ersri.org>.

Town of Middletown, Rhode Island

Notes to Financial Statements

For the Year Ended June 30, 2023

7. Pension plans (continued):

Town Plan

Plan description:

Plan Administration

The Town Plan is a single-employer defined benefit pension plan, administered by the Town of Middletown, established by the Town in accordance with the Town Charter. Effective July 1, 1999, the Town established a pension trust fund with Citizens Bank as trustee.

As of June 30, 2014, the Town Council adopted an update to the Investment Policy Statement (IPS) for the Town Plan. The IPS update expanded permissible asset classes, while maintaining the goals of increasing asset value, controlling volatility, and maintaining sufficient liquidity to meet anticipated cash needs. The revised IPS implementation continued throughout fiscal year 2019.

Plan Membership

As of June 30, 2023, pension plan membership consisted of the following:

<u>Membership Status</u>	<u>Count</u>
Inactive plan members or beneficiaries currently receiving benefits	124
Inactive plan members entitled to but not yet receiving benefits	4
Active plan members	4
	<u>132</u>

Benefits provided:

The following eligibility and benefit provisions were established and may be amended by an ordinance of the Town Council.

Plan participation commences on the first day of the month coincident with or following the date of hire. Elected officials and certified employees of the School Department are not eligible to participate in the Town Plan, which is closed to new entrants.

Town of Middletown, Rhode Island

Notes to Financial Statements

For the Year Ended June 30, 2023

7. Pension plans (continued):

Town Plan (continued):

Benefits provided (continued):

The Town Plan provides pension, disability and death benefits. A Police and Fire Department member may retire the first day of the month following the member's completion of 20 years of service. (If the member joined the Fire Department after July 1, 1983, only Fire Department service is used to determine years of service). School Department custodial and clerical members may retire the first day of the month following the member's completion of 30 years of service, but not later than age 65 with five years of service. Public Works members may retire the first day of the month following the completion of 30 years of service, but not later than age 60 with ten years of service. Town Hall members may retire the first day of the month coincident with or following the member's attainment of age 65 with five years of service.

The normal retirement benefit is determined as follows:

Police Department Members – 3% (2.5% if less than 20 years of service) of average compensation multiplied by completed years and months of service. The maximum benefit for members hired after July 1, 1986 is 70% of average compensation.

Fire Department Members – 2.75% of average compensation multiplied by completed years and months of service (total maximum benefit equals 75% of average compensation). If a participant joined the Fire Department after July 1, 1983, only Fire Department service is considered.

School Custodial, Town Hall and School Clerical Members – 2% of average compensation multiplied by completed years and months of service. The maximum benefit for members hired after July 1, 1986 is 70% of average compensation.

Public Works Members – 2.5% of average compensation multiplied by completed years and months of service. The maximum benefit for employees hired after July 1, 1986 is 70% of average compensation.

Average compensation is defined as the member's average gross annual earnings during the period of three consecutive years when such average is highest.

In lieu of the normal form of benefit, a Police or Fire member may elect a pension that provides, upon the member's death, for a 67.5% contingent annuity payable either to the spouse until remarriage or to dependent children until they attain age 18. Other members may elect a modified cash refund.

Town of Middletown, Rhode Island

Notes to Financial Statements

For the Year Ended June 30, 2023

7. Pension plans (continued):

Town Plan (continued):

Benefits provided (continued):

Members, other than Police or Fire members, who have completed ten years of service and are within five years of their normal retirement date may elect to retire early. The retirement benefit is determined as stated previously and is reduced by 6% per year for each year preceding the normal retirement date. Working beyond the normal retirement age is allowed if permitted by the applicable collective bargaining agreement and applicable fitness standards are met.

The Town Plan includes disability benefits for members who have completed ten years of service, are totally disabled for six months and eligible to receive disability payments under Social Security. The benefit equals the member's annuity accrued to the date of disability and is payable immediately without reduction. For Police and Fire members, disability benefits are 67.5% of salary.

The Town Plan includes a pre-retirement spouse's benefit as follows:

Police and Fire Members – The pre-retirement benefit equals 67.5% of the pension benefit previously described payable until remarriage unless there are dependent children. A member is eligible upon completion of 20 years of service.

Other Members – The pre-retirement benefit equals 50% of the pension benefit previously described reduced by the Contingent Annuitant factor and Early Optional Retirement factor. Members are eligible if they are within five years of their normal retirement date and have completed at least ten years of service.

Death benefits are also provided by the Town Plan. The death benefit prior to retirement is a refund of employee accumulation unless a spouse's benefit is payable. In this case, the death benefit would be determined as described in the previous paragraph. The death benefit after retirement is determined by the form of annuity chosen by the member.

Contributions:

The Town establishes employer contributions based on an actuarially determined contribution recommended by an independent actuary. The actuarially determined contribution is the estimated amount necessary to finance the costs of benefits earned by plan members during the year, with an additional amount to finance any unfunded accrued liability. For the year ended June 30, 2023, the Town contributed \$141,005 to the Plan.

Town of Middletown, Rhode Island

Notes to Financial Statements

For the Year Ended June 30, 2023

7. Pension plans (continued):

Town Plan (continued):

Benefits provided (continued):

Employees are required to contribute a percentage of their gross pay as follows:

Police	7%
Fire	9%
Public Works	6%
School Custodial, Town Hall, and School Clerical	4%

Investments:

Rate of return

For the year ended June 30, 2023, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 7.70%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Receivables:

No receivable contribution were included in plan assets.

Town of Middletown, Rhode Island

Notes to Financial Statements

For the Year Ended June 30, 2023

7. Pension plans (continued):

Town Plan (continued):

Net pension liability

The components of the net pension liability at June 30, 2022 were as follows:

Total pension liability	\$	55,218,578
Plan fiduciary net position		<u>(50,898,912)</u>
Town's net pension liability	\$	<u><u>\$4,319,666</u></u>
Plan fiduciary net position as a percentage of the total pension liability		<u><u>92.18 %</u></u>

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

For the year ended June 30, 2023, the Town recognized pension expense of \$1,886,901. At June 30, 2023, the Town reported deferred outflows of resources of \$111,780 for differences between projected and actual earnings.

The difference between projected and actual investment earnings is recognized over five years, in accordance with the provisions of GASB 68. The differences between expected and actual experience, and the effect of changes in assumptions are recognized over the average expected remaining service of all participants, which is 0.13 years. This means that the difference between expected and actual experience, and the effect of changes in assumptions are effectively recognized immediately.

Town Private Plan	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between projected and actual earnings	\$ 8,090,131	\$ 3,128,737
Total	<u><u>\$ 8,090,131</u></u>	<u><u>\$ 3,128,737</u></u>

Town of Middletown, Rhode Island

Notes to Financial Statements

For the Year Ended June 30, 2023

7. Pension plans (continued):

Town Plan (continued):

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

Deferred outflows of resources related to the Town Plan pensions will be recognized in pension expense as follows:

<u>Year Ending June 30</u>	<u>Net Deferred Outflows (Inflows) of Resources</u>
2024	\$ 1,528,751
2025	962,010
2026	2,489,213
2027	(18,580)
Thereafter	\$ —
Total	<u>\$ 4,961,394</u>

Actuarial Assumptions:

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

<u>Actuarial Assumptions</u>	
Inflation	3.00%
Salary increases	3.00%
Investment rate of return	7.50%, net of pension plan investment expenses. This is based on an average inflation rate of 3.00% and a real rate of return of 4.50%. Benefits guaranteed by John Hancock are valued at an interest rate equal to a rate representative of the current annuity market, plus 40 basis points to reflect the eligibility for future dividends. The resulting liability is limited to the contract value as of the measurement date. For the July 1, 2023 valuation, this rate is 5.20%.

Census data was collected as of June 30, 2021 and projected to June 30, 2022 according to the valuation's demographic assumptions.

Town of Middletown, Rhode Island

Notes to Financial Statements

For the Year Ended June 30, 2023

7. Pension plans (continued):

Town Plan (continued):

Actuarial Assumptions (continued):

RIGL 45-65-6 directs that locally administered plans must submit an experience study at least every three years. The size of this plan does not constitute statistically credible experience; thus, we have considered the experience study prepared for the Employees' Retirement System of Rhode Island, which covers similar employees. In the case of the mortality assumption, we have reflected the most recently available information relevant to public sector plans.

Mortality rates were based on Pub-2010 Public Retirement Plans Mortality Tables Report from the Society of Actuaries dates January 2019. All rates were projected generationally from 2010 with Scale MP-2021. Separate annuitant and non-annuitant rate tables were used. Pension plans (continued):

The valuation rate was modified as a result of the discontinuance of the John Hancock contract. Benefits guaranteed by John Hancock are valued at an interest rate equal to a rate representative of the current annuity market, plus 40 basis points to reflect the eligibility for future dividends. The resulting liability is limited to the contract value as of the measurement date. This methodology was determined based on the spread between the implied effective interest rates in the pricing under the discontinuance option of the John Hancock contract and average benchmark Buck immediate annuity purchase rates for the same period rounded to 10 basis points. For the June 30, 2023 measurement, this rate is 5.20%.

The valuation interest rate was determined through a forecast of the expected return of the plan's assets over the next 30 years. Forecast values were generated using the GEMS Economic Scenario Generator. The GEMS model is a multi factor economic model that uses basic macroeconomic variables to generate simulation of the economy over the period. A total of 1,000 stochastic forecast paths were generated, and the simulated geometric mean portfolio return (based on the plan's current asset allocation) over 30 years was computed on each path. The valuation interest rate is based on the average return computed on these 1,000 paths, rounded to the nearest half percent.

The interquartile range (75th and 25th percentiles) of annual rate of return forecasts over 30 years are 8.31% and 5.34%, respectively. Similarly, the range of annual rate of return forecasts over 20 years are 7.84% and 4.34%, respectively. While these rates are lower than our previous June 30, 2017 analysis they still support the current rate of return assumption of 7.50% per year.

Town of Middletown, Rhode Island

Notes to Financial Statements

For the Year Ended June 30, 2023

7. Pension plans (continued):

Town Plan (continued):

Actuarial Assumptions (continued):

The interest rate analysis was based on the following planned asset allocation for the Plan as of July 2020:

<u>Asset Class</u>	<u>Allocation</u>
Equity	59.30%
Fixed Income	36.50%
Money Market	4.20%
Total	<u><u>100.00%</u></u>

The interquartile range (75th and 25th percentiles) of inflation forecasts over 30 years are 3.25% and 1.75%, respectively, which supports the underlying inflation assumption of 3.00% per year.

Municipal bond rate

4.13%. This rate is based on the S&P Municipal Bond 20 Year High Grade Rate Index.

Retirement Age

Police and Fire Department Rates according to the following table:

<u>Years of Service</u>	<u>Percent Retiring</u>
Less than 20	0%
20	25%
21-24	50%
25 or more	100%

All Others – 100% at the age at which unreduced benefits are first available

Town of Middletown, Rhode Island

Notes to Financial Statements

For the Year Ended June 30, 2023

7. Pension plans (continued):

Town Plan (continued):

Actuarial Assumptions (continued):

Disability Incidence

United Auto Workers 1955 Table

Turnover

Sarason Table T-1 Table

Marriage Assumption

90% of males, 75% of females are married, with males four years older than their female spouse

Expenses

For funding purposes, anticipated expenses included as a component of the actuarially determined contribution amount are set equal to the prior year's expenses, rounded to the nearest thousand dollars.

Participant Data

Retiree census data was supplied by the employer and John Hancock. All other employee data used in these calculations was supplied by the employer.

The experience study performed in 2020 represents the most recent comprehensive review of the actuarial assumptions noted above.

Discount rate

The discount rate used to measure the total pension liability was 7.30%. This is based on the expected return of 7.50% for the nonguaranteed portion and 5.20% for the guaranteed portion. The projection of cash flows used to determine the discount rate assumed that Town contributions will continue to follow the current funding policy. 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. Had there been a point where assets were projected to be depleted, a municipal bond rate of 4.13% would have been used in the development of the blended GASB discount rate after that point. The 4.13% rate is based on the S&P Municipal Bond 20 Year High Grade Rate Index.

Town of Middletown, Rhode Island

Notes to Financial Statements

For the Year Ended June 30, 2023

7. Pension plans (continued):

Town Plan (continued):

Net Pension Liability (Asset):

	Changes in the Net Pension Liability (Asset)		
	Increase (Decrease)		
Town Plan	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Balances as of June 30, 2020	\$ 56,286,388	\$ 51,929,716	\$ 4,356,672
Changes for the Year			
Service cost	20,711		20,711
Interest on the total pension liability	3,891,104		3,891,104
Difference between expected and actual experience	111,780		111,780
Changes in assumptions	(167,379)		-167,379
Employer contributions		141,005	-141,005
Employee contributions		20,877	-20,877
Net investment income		3,809,406	-3,809,406
Benefit payments, including employee refunds	(4,924,026)	(4,924,026)	0
Administrative expense		(78,066)	78,066
Net changes	<u>(1,067,810)</u>	<u>(1,030,804)</u>	<u>215,888</u>
Balances as of June 30, 2021	<u>\$ 55,218,578</u>	<u>\$ 50,898,912</u>	<u>\$ 4,319,666</u>

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

The following presents the net pension liability, calculated using the discount rate of 7.30%, as well as what the Town's net pension liability would be if it were calculated using a discount rate that is one percentage-point lower (6.30%) or one percentage-point higher (8.30%) than the current rate:

	1% Decrease (6.30%)	Current Discount Rate (7.30%)	1% Increase (8.30%)
Net pension liability	<u>\$9,353,938</u>	<u>\$4,319,666</u>	<u>\$16,610</u>

The Schedule of Changes in Town's Net Pension Liability, the Schedule of Town Contributions, and the Schedule of Investment Returns are presented as RSI following the notes to the basic financial statements.

Town of Middletown, Rhode Island

Notes to Financial Statements

For the Year Ended June 30, 2023

7. Pension plans (continued):

Town 401(a) Defined Contribution Plan

Plan description:

The Town implemented a Defined Contribution 401(a) Plan in fiscal year 2014, as authorized by RIGL45-21-8. This Plan covers all Town Hall NEARI and Public Works Teamsters employees, full-time Civilian Dispatchers and any Town employees not affiliated with any recognized collective bargaining union, hired on or after July 1, 2012. The Town Defined Contribution 401(a) Plan was established under IRS section 401(a) and is administered by TIAA-CREF and the Town. Employees may choose among various investment options available to plan participants.

Employee contributions are immediately vested while employer contributions are vested after three years of contributory service. Contributions required under the Plan by both the employee and employer are established and may be amended by the Town Council.

Amounts in the defined contribution plan are available to participants in accordance with Internal Revenue Service guidelines for such plans.

Plan funding policy:

Active members in the Plan contribute 6% of their compensation, and the Town is required to contribute a 6% match. Annual covered payroll during the fiscal year was \$1,427,286, and the plan members and the Town each contributed \$85,637 during the fiscal year ended June 30, 2023.

Town of Middletown, Rhode Island

Notes to Financial Statements

For the Year Ended June 30, 2023

7. Pension plans (continued):

Aggregate pension Amounts Reported in the Financial Statements:

As required by GASB Statement No. 68, *Accounting and Reporting for Pensions* and amendment of GASB Statement No. 34, the table below presents the aggregate amount of pension expense, pension liabilities (assets), and deferred inflows and outflows for the defined benefit plans of the the Town of Middletown, Rhode Island.

	ERS Teachers	TSB Teachers	MERS General	MERS Police/Fire	Town Plan	Total
Net Pension Asset	\$ —	\$ 6,197,006	\$ —	\$ 1,103,459	\$ —	\$ 7,300,465
Deferred Outflows of Resources - Pension	3,668,588	459,964	\$ 320,774	1,635,440	8,090,131	14,174,897
Deferred Inflows of Resources - Pension	2,171,685	1,230,967	1,049,658	1,752,265	3,128,737	9,333,312
Net Pension Liability	26,646,226	—	2,512,985	—	4,319,666	33,478,877
Pension Expense	1,409,098	(630,580)	(166,854)	88,221	1,886,901	2,586,786
	<u>\$ 33,895,597</u>	<u>\$ 7,257,357</u>	<u>\$ 3,716,563</u>	<u>\$ 4,579,385</u>	<u>\$ 17,425,435</u>	<u>\$ 66,874,337</u>

Town of Middletown, Rhode Island

Notes to Financial Statements

For the Year Ended June 30, 2023

8. Other postemployment benefits:

Plan description:

Through its single-employer defined benefit plan (OPEB Plan), the Town provides postretirement health care benefits to all Town employees who meet years of service and age requirements and, in some cases to their surviving spouses, who are eligible under the terms of collective bargaining agreements or personal contracts. The Plan does not issue a stand-alone financial report. The Town established the Other Postemployment Benefits Trust (the Trust) on June 20, 2011. The Trust's assets and liabilities at June 30, 2023 and its activity for the year then ended are included in the statements of fiduciary net position and changes in fiduciary net position.

The most recent actuarial valuation for the OPEB Plan was performed as of June 30, 2023.

Benefits and employee contributions:

The Trust paid 100% of the amount for medical and dental costs incurred by eligible retirees, which totaled \$1,992,356 for the year ended June 30, 2023.

Employer contributions are recognized in the period to which the contribution relates. Benefit payments are charged to expense in the period paid.

Covered participants:

As of June 30, 2023, the membership census utilized for actuarial valuation purposes is as follows:

Active employees	354
Retirees and beneficiaries	<u>142</u>
Total	<u><u>496</u></u>

Town of Middletown, Rhode Island

Notes to Financial Statements

For the Year Ended June 30, 2023

8. Other postemployment benefits (continued):

Net OPEB Liability:

The Town's net OPEB liability was measured as of June 30, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date.

Description	Amounts
Total OPEB Liability (TOL)	\$ 26,621,087
Fiduciary Net Position	23,902,729
Net OPEB Liability (NOL)	\$ 2,718,358
Funded ratio (Fiduciary Net Position / NOL)	89.79 %
Covered payroll (active plan members)	\$ 28,226,771
NOL as a percentage of covered payroll	9.63 %

Changes in Net OPEB Liability:

	Total OPEB Liability	Increase (Decrease) Plan Fiduciary Net Position	Net OPEB Liability
Balance as of June 30, 2022	\$ 26,885,440	\$ 19,829,670	\$ 7,055,770
Service cost	451,263	—	451,263
Interest on total pension liability	1,976,890	—	1,976,890
Changes of benefit terms	(23,647)	—	(23,647)
Differences between expected and actual experience	(676,503)	—	(676,503)
Changes in assumptions	—	—	—
Contributions - employer	—	3,973,647	(3,973,647)
Contributions - employee	—	29,840	(29,840)
Net investment income	—	2,081,928	(2,081,928)
Benefit payments, including employee refunds	(1,992,356)	(1,992,356)	—
Administrative expense	—	(20,000)	20,000
Net changes	(264,353)	4,073,059	(4,337,412)
Balance as of June 30, 2023	\$ 26,621,087	\$ 23,902,729	\$ 2,718,358

Town of Middletown, Rhode Island

Notes to Financial Statements

For the Year Ended June 30, 2023

8. Other postemployment benefits (continued):

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

For the year ended June 30, 2023 the Town recognized OPEB expense of \$23,213. At June 30, 2023 the Town deferred outflows and inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between projected and actual investment earnings	\$ 1,516,468	\$ —
Changes in assumptions	\$ 21,831	\$ 3,129,596
Difference between expected and actual experience	—	1,453,614
	<u>\$ 1,538,299</u>	<u>\$ 4,583,210</u>
Net amount of deferred outflows and (inflows)		<u>\$ (3,044,911)</u>

OPEB Expense and Deferred Outflows and Inflows of Resources Related to OPEB (continued):

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

Year ended June 30:	
2024	\$ (865,785)
2025	\$ (560,996)
2026	336,677
2027	(675,895)
2028	(571,618)
2029	(707,294)
Thereafter	—
	<u>\$ (3,044,911)</u>

Town of Middletown, Rhode Island

Notes to Financial Statements

For the Year Ended June 30, 2023

8. Other postemployment benefits (continued):

Sensitivity of the net OPEB liability to changes in the discount rate:

The following presents the net OPEB liability of the Town if it were calculated using a discount rate that is 1 percentage-point lower (6.50%) or 1 percentage-point higher (8.50%) than the current discount rate:

	Impact of 1% Change in Discount Rate		
	1% Decrease (6.50%)	Current discount rate (7.50%)	1% Increase (8.50%)
Total OPEB liability	\$ 5,576,930	\$ 2,718,358	\$ 294,908

The following presents the net OPEB liability of the Town if it were calculated health care cost trend rates that are 1 percentage-point lower or 1 percentage point higher than the current discount rate:

	Impact of 1% Change in Discount Rate		
	1% Decrease	Current trend rate	1% Increase
Total OPEB liability	\$ (155,270)	\$ 2,718,358	\$ 6,208,374

Rate of Return:

For the year ended June 30, 2023, the annual money-weighted rate of return on investment, net of investment expense was 9.97%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Actuarial methods and assumptions:

The projection of future benefit payments for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the healthcare cost trend. Amounts determined regarding the funded status of the plan and annual required contributions are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Town of Middletown, Rhode Island

Notes to Financial Statements

For the Year Ended June 30, 2023

8. Other postemployment benefits (continued):

Projections of benefits are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits in force at the valuation date and the pattern of sharing benefit costs between the employer and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate potential effects of legal or contractual funding limitations on the pattern of cost-sharing between the employer and plan members in the future. Actuarial calculations reflect a long-term perspective. Consistent with that perspective, actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. Some key assumptions are as follows:

Measurement date:	June 30, 2023
Actuarial cost method:	Entry age normal, level percent of salary, service costs are attributed through all assumed ages of exit from active service.
Investment rate of return:	7.5% per year, net of investment expense, based on the long-term rate of return of plan assets
Projected Salary Increases	3.0% annually as of June 30, 2023 and for future periods
Inflation	3.0% as of June 30, 2023 and for future periods
Funding Method:	In the past, Middletown has made contributions based on the ADC, contributing at least the ADC in recent years. The ADC is equal to the sum of the normal cost plus an amortization of the Unfunded Actuarial Accrued Liability (UAAL). The amortization period used in calculating the ADC was established effective July 1, 2007, reflecting a 30-year period and an amortization payment that increases by 3.0% per year, consistent with the 3.0% payroll growth rate. As of July 1, 2023, there are 14 years remaining in the amortization period, which was reflected in the ADC calculated for fiscal year ending June 30, 2024. Unless otherwise specified, the funding valuation relies upon the same assumptions as are used in the GASB 74 & 75 valuations.
Asset valuation method:	Market value
Health Care Cost Trend Rates:	Medical pre-Medicare rate of 7.50% decreasing to a rate of 4.50% after ten years; and post-Medicare rate of 6.00% decreasing to a rate of 4.50% after ten years.

Town of Middletown, Rhode Island

Notes to Financial Statements

For the Year Ended June 30, 2023

8. Other postemployment benefits (continued):

Investment Policy:

Asset Class	Target Allocation
Equity	57.30 %
Investment grade bonds	6.60 %
High yield / Convertible bonds	14.90 %
Money market	1.10 %
Hancock IPG	20.10 %
Total	100.00 %

9. Combining Statement of Fiduciary Net Position - Employee Benefit Trust Funds:

	Pension Trust Fund	Other Post- Employment Benefits Trust Fund	Total
Assets			
Cash and cash equivalents	\$ —	\$ —	\$ —
Investments:			
Mutual funds	43,903,570	22,617,047	66,520,617
Group annuity	5,836,507	—	5,836,507
Money market funds	989,602	1,310,784	2,300,386
U.S. Treasury Obligations	—	—	—
Receivables	—	—	—
Pension	—	—	—
Due from other funds	—	—	—
Due from External Parties	205,691	—	205,691
Total Assets	\$ 50,935,370	\$ 23,927,831	\$ 74,863,201
Liabilities			
Accounts payable	\$ 36,458	\$ 25,102	\$ 61,560
Total liabilities	36,458	25,102	61,560
Net Position			
Restricted for benefits	50,898,912	23,902,729	74,801,641
Total net position	50,898,912	23,902,729	74,801,641
Total liabilities and net position	\$ 50,935,370	\$ 23,927,831	\$ 74,863,201

Town of Middletown, Rhode Island

Notes to Financial Statements

For the Year Ended June 30, 2023

9. Combining Statement of Fiduciary Net Position - Employee Benefit Trust Funds:

	Pension Trust Fund	Other Post- Employment Benefits Trust Fund	Total
Additions to net position:			
Contributions:			
Employer	\$ 111,508	\$ 3,650,578	\$ 3,762,086
Plan members	50,374	29,840	80,214
	161,881	3,680,419	3,842,300
Investment income, net:			
Interest income	1,953,639	767,627	2,721,266
Net appreciation in fair value of investments	1,964,763	1,401,778	3,366,541
	3,918,402	2,169,405	6,087,807
Total additions	4,080,283	5,849,824	9,930,107
Deductions from net position:			
Benefits	4,924,026	1,669,288	6,593,314
Investment expenses	187,062	107,477	294,539
	5,111,088	1,776,765	6,887,853
Change in net position	(1,030,805)	4,073,059	3,042,254
Net position, beginning of year	51,929,717	19,829,670	71,759,387
Net position, end of year	\$ 50,898,912	\$ 23,902,729	\$ 74,801,641

Town of Middletown, Rhode Island

Notes to Financial Statements

For the Year Ended June 30, 2023

10. Risk management

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors or omissions; injuries to employees and natural disasters. As a result, the Town participates in a nonprofit, public entity risk pool (Rhode Island Interlocal Risk Management Trust, Inc.) (the Trust) which provides coverage for property/liability, and workers' compensation claims. Upon joining the Trust, the members sign a participation agreement which outlines the rights and responsibilities of both the Trust and the member. The agreement states that for property/liability and workers' compensation premiums paid by the Town, the Trust will assume financial responsibility for the Town's losses up to the maximum amount of insurance purchased, minus the Town's deductible amounts. The Trust provides this insurance coverage through a pooled, self-insurance mechanism which includes reinsurance purchased by the Trust to protect against large, catastrophic claims above the losses the Trust retains internally for payment from the pooled contributions of its members. Under the participation agreement, the Town is insured for a maximum of \$5,000,000 per occurrence. Settled claims resulting from these risks have not exceeded the Trust coverage in any of the past three fiscal years. There were no significant reductions in this insurance coverage during the year ended, June 30, 2023.

The Town also participates in the Trust Employee Benefits Pool ("The Pool") which provides programs for health and dental insurance coverage to Rhode Island cities, towns and other governmental units. Upon joining the Pool, members execute a member participation agreement. This document outlines the rights and responsibilities of both the members and the Trust. Members of the Pool participate in the Pool's health insurance plan administered through the Trust and Blue Cross Blue Shield of Rhode Island (BCBSRI) and dental insurance plan administered through the Trust and Delta Dental of Rhode Island. The Trust sets annual contribution rates for the subscribers of each member for each program offered. The Pool agreement requires that those contribution rates be set at a level sufficient, in the aggregate, to satisfy the funding requirements of the Pool. The contributions of each member are deposited into the General Fund and are used to pay for claims, reinsurance and all administrative expenses.

11. Litigation and contingencies:

Litigation:

On August 28, 2008, Environment Rhode Island and four residents of the City of Newport filed a complaint in the U.S. District Court for the District of Rhode Island against the Town under the so-called "citizen suit" provisions of the federal Clean Water Act. The complaint alleged that the Town's sanitary sewer and storm-water discharge systems have operated in violation of the wastewater discharge standards and requirements of the Clean Water Act since 2003. The citizen's groups sought injunctive relief requiring the Town to cease violation, to remedy the effects of past violations, and to pay appropriate civil penalties and reasonable attorney fees as authorized under the Clean Water Act.

Town of Middletown, Rhode Island

Notes to Financial Statements

For the Year Ended June 30, 2023

11. Litigation and contingencies (continued):

Litigation (continued):

The Town believed that a reasonable out-of-court settlement could be reached and vigorously contested the allegations in the complaint. On March 24, 2010, the Town and Environment Rhode Island settled the matter by entering into a Consent Decree and Order that included specific requirements and milestones for the Town to evaluate potential alternatives and implement optimal alternatives to address the Town's storm-water and wastewater discharges. The Town engaged an engineering firm to evaluate potential alternatives to address the sanitary sewer overflows and storm-water discharges, and issue the appropriate reports, which were completed in October 2011.

In regard to the sanitary sewer system, the projects evaluated were: (1) increase storage capacity; (2) reroute wastewater flow; and (3) implement measures to reduce inflow and infiltration into the Town's sewer system. The final report issued in October 2011 recommended implementing measures to reduce inflow and infiltration as the most feasible alternative. A long-term program is currently underway. Program recommendations are included in the Town's Capital Improvement Program, and priority mitigation measures have either been constructed/completed or are in the process of being constructed/completed. The cost of implementing the most feasible alternative was estimated at approximately \$8.4 million as of June 30, 2011. This estimate has since been revised, with the balance of this cost remaining at June 30, 2015 estimated at \$2.1 million, which has been recorded as a long-term liability in the government-wide and proprietary fund financial statements. As of June 30, 2021, the balance of the long-term liability is \$0.

Other contingencies:

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the Town expects such amounts, if any, to be immaterial. Total federal financial assistance received by the Town totaled approximately \$5,141,711 for the year ended June 30, 2023.

The Town is a party to various other claims, legal actions and complaints. It is not presently possible to determine the outcome of these cases; therefore, no liability has been recorded in the accompanying financial statements. In the opinion of the Town's management and Town Solicitor, these matters cannot be estimated nor can the likelihood of a favorable outcome be determined at this time.

Town of Middletown, Rhode Island

Notes to Financial Statements

For the Year Ended June 30, 2023

12. Commitments and subsequent events:

Construction commitments:

The Town has active construction projects as of June 30, 2023, including road reconstruction, drainage and sanitary upgrades in designated areas of the Town. At June 30, 2023, the Town's commitments with contractors are as follows:

Project	Spent to Date	Remaining Commitments
Red Road Phase II: East Coast Construction	2,321,224	329,568
Upper Easton's Point Sewer Lining: National Water Main Cleaning Co	4,613,667	28,265
Town Line Sewers: C B Utility Inc	2,110,370	296,791
Paradise Avenue Pump Station: C B Utility Inc	573,413	172,314
	<u>\$ 9,618,674</u>	<u>\$ 826,938</u>

The commitments for land improvements, residential street paving, and road drainage are funded through operations, general obligation bonds and capital improvement funds. The commitments for sanitary sewer upgrades are funded through loans to the Sewer Fund and Sewer Fund operations.

Town of Middletown, Rhode Island

Notes to Financial Statements

For the Year Ended June 30, 2023

13. Joint venture:

The Middletown School Department (MSD), in conjunction with other member school departments, continued to participate in a joint venture entitled the Newport County Regional Special Education Program (NCRSEP) during fiscal year June 30, 2023. NCRSEP was formed to provide services to qualified special needs students in the member towns. Each town is assessed its share of the NCRSEP annual operating budget based on each town's share of total students in the region averaged with each town's share of students in the special education program. Each town pays salaries and employee benefits directly to the teachers and aides on their respective payroll that work directly for the program; such amounts are deducted from the gross annual assessment. MSD's net assessment for June 30, 2023 was \$3,883,842. The towns have no equity interest in the net assets of NCRSEP at June 30, June 30, 2023.

At June 30, 2023, a total of \$356,319 in Medicaid reimbursements due to MSD has been recorded as a liability of NCRSEP. This amount represents Medicaid reimbursements received by NCRSEP in excess of the budgeted receipts for Middletown. The defined benefit pension liability for the NCRSEP is included in the Town's total pension liability accrued. Separately audited financial statements of NCRSEP are available at Newport County Regional Special Education Program, Oliphant Lane, Middletown, RI 02842.

During October 2014, the Town of Portsmouth announced its withdrawal from the NCRSEP as of June 30, 2015. This change has reduced the member school departments in the program from four to three districts, including MSD as of July 2015. As of July 2015, the NCRSEP has made the transition to providing services to the three remaining member school departments, with a reduced operating budget to provide these services. In January 2023, the board of Superintendents voted unanimously to recommend to their respective school committees to dissolve from the NCRSEP effective June 30, 2023. The region will continue their dissolution in fiscal year 2024.

Town of Middletown, Rhode Island
Notes to Financial Statements
For the Year Ended June 30, 2023

14. Detailed governmental fund balance

	Major Funds			Other Governmental Funds		Total
	General Fund	School Department	American Rescue Plan	Special Revenue	Permanent Trust	
Fund Balances:						
Nonspendable:						
Prepaid items	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Long-term loans receivable	—	—	—	—	—	—
Perpetual care	—	—	—	—	141,530	141,530
Principal of endowments	—	—	—	—	58,608	58,608
Other receivable	—	—	—	—	—	—
Restricted for:						
Education purposes	—	—	—	1,466,040	1,494	1,467,534
Public safety	—	—	—	31,093	—	31,093
Public works	—	—	—	—	3,591	3,591
Community services	—	—	—	—	6,070	6,070
Education construction projects	—	—	—	448,468	—	448,468
Grants	2,650	—	—	—	—	2,650
American Rescue Plan	—	—	210	—	—	210
Committed to:						
West Main Road development	410,011	—	—	—	—	410,011
Special education	—	229,222	—	—	—	229,222
Capital improvements	3,873,655	—	—	—	—	3,873,655
Assigned to:						
General government	—	—	—	252,729	—	252,729
Public safety	—	—	—	1,213,939	—	1,213,939
Library	—	—	—	101,447	—	101,447
Education	—	659,799	—	—	—	659,799
Encumbrances	4,284,261	—	—	—	—	4,284,261
Unassigned	8,532,593	—	—	(113,245)	—	8,419,348
Total	<u>\$17,103,170</u>	<u>\$ 889,021</u>	<u>\$ 210</u>	<u>\$3,400,472</u>	<u>\$ 211,293</u>	<u>\$21,604,165</u>

Town of Middletown, Rhode Island

Notes to Financial Statements

For the Year Ended June 30, 2023

15. Tax abatement disclosures:

The Town of Middletown negotiated property tax abatement agreements on an individual basis. The Town has tax abatement agreement with four entities as of June 30, 2023:

Each agreement was negotiated under Town Ordinance Chapter 39 Economic Development Incentive Program, allowing an exemption from assessed valuation of property. The abatement of property taxes is for job creation and/or renovation of existing facilities and construction of new facilities.

Job creation exemption applies only to jobs created in Middletown, annually for office, industrial or manufacturing uses and is based on the number of jobs established in Middletown with a minimum of 5 new jobs created. The Town may grant an exemption ranging from 3% to 40% of assessed value for a term of exemption from 3 to 6 years. The requirements to receive this exemption are met prior to the granting of the exemption and therefore, there are no provisions for the recapture of abated taxes. For the fiscal year ended June 30, 2023, the Town did not abate any property taxes under the jobs creation.

Renovation of existing facilities and construction of new facilities exemption applies to a building or structure utilized or proposed to be utilized for office, industrial or manufacturing uses, and other similar businesses that create predominantly high-wage, skilled and professional jobs. A new construction of a qualified facility, or any expansion, renovation, retrofit of an existing qualified facility which increases gross floor area by 50% or more of any expansion, renovation, retrofit or combination thereof of an existing qualified facility which results in an increased assessment of not less than 50%, shall be entitled to an exemption from assessed value attributable to new construction. This exemption is for five years starting at 100% and reduction 20% each year. The requirements to receive this exemption are met prior to the granting of the exemption and therefore, there are no provisions for the recapture of abated taxes. For the fiscal year ended June 30, 2023, the Town did not abate any property taxes under the renovation of existing facilities / construction of new facilities..

16. Subsequent Events:

The Middletown School Department informed the Town of Middletown of a structural deficit. In accordance with Rhode Island General Law §45-12-22.2, Town and School Department administration have developed a corrective action plan to address the deficit and continue to work with state officials and the Office of the Auditor General to implement a corrective action plan. During fiscal year 2023, the deficit was resolved and no corrective action plan was necessary.

Town of Middletown, Rhode Island

Notes to Financial Statements

For the Year Ended June 30, 2023

17. Fund Balance Reclassification and Prior Period Adjustment:

The following reclassification were made to beginning fund balances in the Governmental Fund financial statements to reclassify funds based on the major/non-major fund determination:

	Town Special Revenue Non-Major Governmental ARPA		Town Special Revenue Major Governmental ARPA	
Beginning balance, July 1, 2022	\$	210	\$	—
To record the fund as a Major Fund		(210)		210
Beginning balance, July 1, 2022	\$	—	\$	210

Town of Middletown, Rhode Island
Required Supplementary Information
Budgetary Comparison Schedule - General Fund
For the Year Ended June 30, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues:				
Taxes	\$ 49,561,803	\$ 49,561,803	\$ 49,812,641	\$ 250,838
Intergovernmental	6,373,748	7,874,316	7,588,951	(285,365)
Licenses, permits and fees	2,484,210	2,602,693	3,120,995	518,302
Interest and investment	5,500	214,361	212,755	(1,606)
Other revenues	169,534	171,267	224,609	53,342
Total revenues	<u>58,594,795</u>	<u>60,424,440</u>	<u>60,959,951</u>	<u>535,511</u>
Expenditures:				
Current:				
General government	3,406,971	3,639,176	3,420,710	218,466
Public safety	11,854,838	11,976,129	11,834,570	141,559
Public works and sanitation	3,403,391	3,403,391	3,085,294	318,097
Planning and inspection	836,910	836,910	775,132	61,778
Library	878,566	878,566	904,230	(25,664)
Community services	1,382,253	1,382,253	699,392	682,861
Other expenditures	5,101,115	4,601,115	4,592,495	8,620
Grants	683,795	683,795	586,628	97,167
Capital outlay	1,382,400	2,754,667	2,411,117	343,550
Debt service	3,602,469	3,602,469	3,243,812	358,657
Total expenditures	<u>32,532,708</u>	<u>33,758,471</u>	<u>31,553,380</u>	<u>2,205,091</u>
Excess of revenues over expenditures, budgetary basis	<u>26,062,087</u>	<u>26,665,969</u>	<u>29,406,571</u>	<u>2,740,602</u>
Other financing sources (uses):				
Transfer from other funds	5,589,730	6,078,804	5,677,031	(401,773)
Transfer to other funds	(31,991,867)	(33,618,907)	(33,123,088)	495,819
Reappropriated fund balance	340,050	874,134	—	(874,134)
Total other financing sources	<u>(26,062,087)</u>	<u>(26,665,969)</u>	<u>(27,446,057)</u>	<u>(780,088)</u>
Excess of revenues and other financing sources over expenditures and other financing uses, budgetary basis	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 1,960,514</u>	<u>\$ 1,960,514</u>
Adjustment of budgetary basis to U.S. GAAP basis			<u>(807,722)</u>	
Excess of expenditures and other financing uses over revenues and other financing sources, U.S. GAAP basis			1,152,792	
Fund balance, beginning of year			<u>15,950,378</u>	
Fund balance, end of year			<u>\$ 17,103,170</u>	

See independent auditors' report
See notes to required supplementary information

Town of Middletown, Rhode Island
Required Supplementary Information
Budgetary Comparison Schedule - School Unrestricted Only
For the Year Ended June 30, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues:				
Intergovernmental	\$ 9,617,863	\$ 9,883,187	\$ 9,883,188	\$ 1
Fees for service	40,850	40,850	37,077	(3,773)
Other revenues	303,900	258,448	263,558	5,110
Total revenues	<u>9,962,613</u>	<u>10,182,485</u>	<u>10,183,823</u>	<u>1,338</u>
Expenditures:				
Current:				
Salaries	21,422,616	19,436,269	19,200,776	235,493
Employee benefits	8,159,650	7,498,255	7,124,003	374,252
Purchased services	8,782,733	12,077,796	11,580,660	497,136
Supplies and materials	1,017,551	1,047,886	945,312	102,574
Other	31,928	61,544	58,143	3,401
Capital expenditures	14,425	27,025	28,173	(1,148)
Total expenditures	<u>39,428,903</u>	<u>40,148,775</u>	<u>38,937,067</u>	<u>1,211,708</u>
Excess of expenditures over revenues, budgetary basis	<u>(29,466,290)</u>	<u>(29,966,290)</u>	<u>(28,753,244)</u>	<u>1,213,046</u>
Other financing sources (uses):				
Transfer from other funds town, net	29,466,290	29,966,290	29,466,290	(500,000)
Transfer from other funds town/ special revenue, net	—	—	(53,247)	(53,247)
Total other financing sources	<u>29,466,290</u>	<u>29,966,290</u>	<u>29,413,043</u>	<u>(553,247)</u>
Deficiency of revenues and other financing sources over expenditures, budgetary basis				
	<u>\$ —</u>	<u>\$ —</u>	\$ 659,799	<u>\$ 659,799</u>
Adjustment of budgetary basis to U.S. GAAP basis, reappropriated fund balance			—	
Deficiency of revenues and other financing sources over expenditures, U.S. GAAP basis			<u>659,799</u>	
Fund balance, beginning of year			<u>229,222</u>	
Fund balance, end of year			<u>\$ 889,021</u>	

See independent auditors' report
See notes to required supplementary information

Town of Middletown, Rhode Island
Required Supplementary Information
Budgetary Comparison Schedule - All School Department Funds
For the Year Ended June 30, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues:				
Intergovernmental	\$ 13,794,875	\$ 14,395,382	\$ 14,085,981	\$ (309,401)
Fees for service	591,465	591,465	490,515	(100,950)
Other revenues	358,815	313,363	464,600	151,237
Total revenues	<u>14,745,155</u>	<u>15,300,210</u>	<u>15,041,096</u>	<u>(259,114)</u>
Expenditures:				
Current:				
Salaries	23,289,879	21,229,480	21,064,139	165,341
Employee benefits	8,698,978	8,105,495	7,741,698	363,797
Purchased services	10,214,510	14,540,765	14,012,913	527,852
Supplies and materials	1,508,918	1,827,376	1,493,307	334,069
Other	81,787	121,403	176,487	(55,084)
Capital expenditures	1,202,154	1,353,802	1,203,718	150,084
Total expenditures	<u>44,996,226</u>	<u>47,178,321</u>	<u>45,692,262</u>	<u>1,486,059</u>
Excess of expenditures over revenues, budgetary basis	<u>(30,251,071)</u>	<u>(31,878,111)</u>	<u>(30,651,166)</u>	<u>1,226,945</u>
Other financing sources (uses):				
Transfer from other funds town, net	29,766,290	30,266,290	29,788,050	(478,240)
Transfer from other funds town/ special revenue, net	—	1,127,040	630,070	(496,970)
Reappropriated fund balance	484,781	484,781	—	(484,781)
Total other financing sources	<u>30,251,071</u>	<u>31,878,111</u>	<u>30,418,120</u>	<u>(1,459,991)</u>
Deficiency of revenues and other financing sources over expenditures, budgetary basis	<u>\$ —</u>	<u>\$ —</u>	<u>\$ (233,046)</u>	<u>\$ (233,046)</u>
Adjustment of budgetary basis to U.S. GAAP basis, reappropriated fund balance			—	
Deficiency of revenues and other financing sources over expenditures, U.S. GAAP basis			<u>(233,046)</u>	
Fund balance, beginning of year			<u>2,292,422</u>	
Fund balance, end of year			<u>\$ 2,059,376</u>	

See independent auditors' report
See notes to required supplementary information

Town of Middletown, Rhode Island
Required Supplementary Information
Notes to Required Supplementary Information - Budgetary Comparison General Fund
For the Year Ended June 30, 2023

Budget preparation and budgetary basis of accounting:

In accordance with the Town Charter, the Town Administrator must present to the Town Council a recommended annual budget for the operations of all municipal departments no later than 90 days prior to the commencement of each fiscal year. The recommended budget must include an appropriation to fund school expenditures in excess of their anticipated revenues as requested by the Superintendent and approved by the School Committee. Estimates of sums expected to become available from federal and state grants for the support of the public schools shall be included in the total requested for school expenditures. The Town Council shall appropriate these funds for expenditure by the School Committee and shall appropriate such additional funds from local tax revenues as may be required to meet the total school budget which the Town Council approves. The School Committee shall not have the authority to obligate the Town financially beyond the total budgetary amount voted by the Town Council. The Town Council can change only the total amount of the School Committee's recommended budget. The Town Council can increase the total amount of the total budget, as presented by the Town Administrator, only if it makes provisions for increasing anticipated revenue to match increases in expenditures in the budget.

The General Fund and the School Department annual operating budgets are in conformity with the legally enacted budgetary basis. The legally enacted budgetary basis differs from accounting principles generally accepted in the United States of America (U.S. GAAP) in several regards. Budgets are adopted on the modified accrual basis with certain exceptions. Budgetary revenues may include re-appropriations from fund equity previously recognized under U.S. GAAP. Budgetary expenditures and expenses are recognized when legally binding orders (encumbrances) are placed.

Budget compliance:

Costs of operations for all departments, offices and agencies established within the Town Charter must be appropriated through an annual budget ordinance. These departments are presented within the General Fund and the School Department Municipal budgetary control is legally enforced at the department level. Appropriation transfers between departments require approval by five members of the seven-member Town Council. Other appropriation increases require both the establishment of a funding source and passage of a budget amendment ordinance. Unencumbered and unexpended appropriations lapse at fiscal year-end.

See independent auditors' report
See notes to required supplementary information

Town of Middletown, Rhode Island
 Required Supplementary Information
 Notes to Required Supplementary Information - Budgetary Comparison General Fund
 For the Year Ended June 30, 2023

Budgetary-GAAP Reporting Reconciliation - *General Fund*

The accompanying Budgetary Comparison Schedule - General Fund (non-GAAP Budgetary Basis) is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budgetary basis and the Generally Accepted Accounting Principles (GAAP) basis are that:

- a) Revenues are recorded when received in cash (budgetary basis) as opposed to when susceptible to accrual (GAAP basis);
- b) Expenditures are recorded when paid in cash (budgetary basis) as opposed to when liabilities are incurred (GAAP basis);
- c) Other differences between the budgetary and GAAP basis may also arise.

Adjustments from the budgetary basis to the U.S. GAAP basis of accounting are as follows:

	<u>General Fund</u>
Activities included in GAAP presentation not presented for in the budgetary basis:	
Rescue wagon	\$ 211,115
Capital improvement program	(1,138,224)
Severance fund	17,162
Revaluation fund	30,000
Canvassing and elections	35,000
Accrued payroll	306,791
Compensated absences	(28,496)
Property Taxes - 60 Day Rule	(241,070)
Total adjustments	<u>\$ (807,722)</u>

*See independent auditors' report
 See notes to required supplementary information*

Town of Middletown, Rhode Island

Required Supplementary Information

Notes to Budgetary Comparison Schedule - School Department Funds

For the Year Ended June 30, 2023

Budgetary – GAAP Reporting Reconciliation – *School Department Funds*

The accompanying Statement of Revenues, Expenditures Budget and Actual (Non-GAAP Budgetary Basis) – School Department Funds is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budgetary basis and the Generally Accepted Accounting Principles (“GAAP”) basis are that:

- a. Revenues are recorded when received in cash (budgetary basis) as opposed to when susceptible to accrual (GAAP basis);
- b. Expenditures are recorded when paid in cash (budgetary basis) as opposed to when liabilities are incurred (GAAP basis);
- c. Other differences between the budgetary and GAAP basis may also arise.

Therefore, timing perspective and entity differences in the excess (deficiency) of revenues and other sources and expenditures and other uses for the year ended June 30, 2023 are as follows:

		School Department Funds
Excess (deficiency) of revenues and other sources over expenditures and other uses (Non-GAAP Budgetary basis)	\$	(233,046)
State contribution to teachers' pension plan revenue on behalf		1,718,975
State contribution to teachers' pension plan expense on behalf		(1,718,975)
Excess (deficiency) of revenues and other sources over expenditures and other uses (GAAP basis)	\$	(233,046)

The School Department budgets its activities for its School Unrestricted, Capital, Special Revenue and Trust Funds. As a result, the budget versus actual presentation includes activities and fund balances for the following funds:

Major Fund:

School Department Unrestricted	\$	889,021
School Capital Projects Fund		—

Non-Major Funds:

Capital Improvement Fund		448,468
Special Revenue Funds		1,466,040
Scholarship Funds		191,208
Total fund balances – budgetary basis	\$	2,994,733

*See independent auditors' report
See notes to required supplementary information*

Town of Middletown, Rhode Island
Required Supplementary Information
Employees' Retirement System - Teacher's Pension Plan
Schedule of Town's Proportionate Share of the Net Pension Liability
Last 10 Years

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Employer's proportion of the net pension liability	0.9866%	0.9870%	0.9907%	0.9898%	1.0177%	1.0142%	1.0474%	1.0273%	1.0903%
Employer's proportionate share of the net pension liability	\$ 26,646,226	\$ 23,227,238	\$ 31,653,605	\$ 31,583,455	\$ 32,333,768	\$ 31,988,869	\$ 31,249,839	\$ 28,281,240	\$ 26,536,897
State's proportionate share of the net pension liability associated with the school district	19,706,756	17,225,079	23,519,404	23,659,278	24,118,668	24,175,899	21,401,551	19,320,855	18,197,573
Total	\$ 46,352,982	\$ 40,452,317	\$ 55,173,009	\$ 55,242,733	\$ 56,452,436	\$ 56,164,768	\$ 52,651,390	\$ 47,602,095	\$ 44,734,470
Employer's covered employee payroll	\$ 16,642,708	\$ 16,890,215	\$ 16,454,647	\$ 16,459,376	\$ 16,254,889	\$ 16,392,832	\$ 15,577,365	\$ 14,926,723	\$ 17,967,267
Employer's proportionate share of the net pension liability as a percentage of its covered employee payroll	160.11%	137.52%	192.37%	191.89%	198.92%	195.14%	200.61%	189.47%	147.70%
Plan fiduciary net position as a percentage of the total pension liability	62.10%	66.50%	54.30%	54.60%	54.30%	54.00%	54.06%	57.55%	61.40%

Notes:

- 1.) The amounts presented for each fiscal year were determined as of 6/30 measurement date prior to the fiscal year-end.
- 2.) Schedule is intended to show information for 10 years - additional years will be displayed as they become available.

See independent auditors' report
See notes to required supplementary information

Town of Middletown, Rhode Island
Required Supplementary Information
Employees' Retirement System - Teacher's Pension Plan
Schedule of Town's Contributions
Last 10 Years

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Actuarially determined contribution	\$ 2,656,649	\$ 2,637,087	\$ 2,721,839	\$ 2,415,589	\$ 2,470,983	\$ 2,431,962	\$ 2,371,498	\$ 2,362,604	\$ 2,238,487
Contribution in relation to the actuarially determined contribution	2,656,649	2,637,087	2,721,839	2,415,589	2,470,983	2,431,962	2,371,498	2,362,604	2,238,487
Contribution deficiency (excess)	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>
Covered-employee payroll	\$16,642,708	\$16,890,215	\$16,454,647	\$16,459,376	\$16,254,884	\$16,392,832	\$15,577,365	\$14,926,723	\$17,967,267
Contributions as a percentage of covered-employee payroll	15.96%	15.61%	16.54%	14.68%	15.20%	14.84%	15.22%	15.83%	12.46%

Notes

- 1.) *Employers participating in the State Employee's Retirement System are required by RI General Laws, Section 36-10-2, to contribute an actuarially determined contribution rate each year.*
- 2.) *Schedule is intended to show information for 10 years - additionally years will be displayed as they become available.*

See independent auditors' report
See notes to required supplementary information

Town of Middletown, Rhode Island
Required Supplementary Information
Employees' Retirement System - Teacher's Pension Plan - Teacher Survivor Benefit
Schedule of Town's Proportionate Share of the Net Pension Asset
Last 10 Years

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Employer's proportion of the net pension asset	3.5260 %	3.4998 %	3.5853 %	3.6011 %	3.5724 %	3.5314%	3.4782%	3.6778%	3.6587%
Employer's proportionate share of the net pension asset	\$ 6,197,006	\$ 6,848,905	\$ 4,258,055	\$ 4,085,286	\$ 3,187,669	\$ 2,921,405	\$ 3,463,316	\$ 3,433,424	\$ 4,548,498
Employer's covered employee payroll	\$16,642,708	\$16,890,215	\$16,454,647	\$16,459,376	\$16,254,884	\$16,392,832	\$15,577,365	\$14,926,723	\$17,967,267
Employer's proportionate share of the net pension asset as a percentage of its covered employee payroll	37.2 %	40.5 %	25.9 %	24.8 %	19.6 %	17.8 %	22.2 %	23.0 %	25.3 %
Plan fiduciary net position as a percentage of the total pension asset	177.7 %	185.7 %	153.1 %	150.2 %	137.4 %	136.1 %	153.3 %	146.6 %	173.3 %

Notes:

- 1.) *The amounts presented for each fiscal year were determined as of 6/30 measurement date prior to the fiscal year-end.*
- 2.) *Schedule is intended to show information for 10 years - additional years will be displayed as they become available.*

See independent auditors' report
See notes to required supplementary information

Town of Middletown, Rhode Island
Required Supplementary Information
Employees' Retirement System - Teacher's Pension Plan - Teacher Survivor Benefit
Schedule of Town's Contributions
Last 10 Years

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Statutorily determined contribution	\$21,990	\$26,642	\$22,430	\$26,738	\$26,859	\$26,580	\$20,831	\$22,340	\$22,191
Contributions in relation to the statutorily determined contribution	21,990	26,642	22,430	26,738	26,859	26,580	20,831	22,340	22,191
Contribution deficiency (excess)	—	—	—	—	—	—	—	—	—
Covered-employee payroll	\$16,642,708	\$16,890,215	\$16,454,647	\$16,459,376	\$16,254,884	\$16,392,832	\$15,577,365	\$14,926,723	\$17,967,267
Contributions as a percentage of covered-employee payroll	0.13 %	0.16 %	0.14 %	0.16 %	0.17 %	0.16 %	0.13 %	0.15 %	0.12 %

Notes:

- 1.) Employers participating in the Teachers' Survivor's Benefit Plan contribute at a rate established by the RI General Laws, Section 16-16-35
- 2.) Schedule is intended to show information for 10 years - additional years will be displayed as they become available.

See independent auditors' report
See notes to required supplementary information

Town of Middletown, Rhode Island
Required Supplementary Information

Employees' Retirement System - MERS Municipal Plan - General Unit
Schedule of Changes to the Town's Net Pension Liability and Related Ratios

Last 10 Years

Measurement period ending June 30,	2022	2021	2020	2019	2018	2017	2016	2015	2014
A. Total pension liability									
1. Service Cost	\$ 391,637	\$ 405,264	\$ 425,558	\$ 423,450	\$ 449,152	\$ 469,665	\$ 453,067	\$ 452,635	\$ 485,224
2. Interest on the Total Pension Liability	1,761,115	1,744,093	1,748,080	1,686,104	1,636,283	1,607,436	1,556,763	1,461,200	1,399,456
3. Changes of benefit terms	—	—	—	—	—	—	—	324,034	—
4. Difference between expected and actual experience of the Total Pension Liability	(25,458)	(631,631)	(834,829)	(22,750)	(215,338)	(107,419)	(336,952)	20,395	—
5. Changes of assumptions	—	—	(165,355)	—	—	1,017,603	—	—	(74,921)
6. Benefit payments, including refunds of employee contributions	(1,268,402)	(1,267,096)	(1,173,418)	(1,231,566)	(1,059,459)	(1,008,605)	(1,002,493)	(966,110)	(974,316)
7. Net change in total pension liability	858,892	250,630	36	855,238	810,638	1,978,680	670,385	1,292,154	835,443
8. Total pension liability - beginning	25,597,166	25,346,536	25,346,500	24,491,262	23,680,624	21,701,944	21,031,559	19,739,405	18,903,962
9. Total pension liability - ending (a)	<u>\$ 26,456,058</u>	<u>\$ 25,597,166</u>	<u>\$ 25,346,536</u>	<u>\$ 25,346,500</u>	<u>\$ 24,491,262</u>	<u>\$ 23,680,624</u>	<u>\$ 21,701,944</u>	<u>\$ 21,031,559</u>	<u>\$ 19,739,405</u>
B. Plan fiduciary net position									
1. Contributions - employer	\$ 580,636	\$ 599,771	\$ 566,415	\$ 541,344	\$ 525,837	\$ 571,040	\$ 572,585	\$ 615,951	\$ 664,994
2. Contributions - employee	147,208	141,468	148,479	146,946	159,410	179,523	174,919	108,157	113,801
3. Net investment income	(670,432)	5,445,969	745,391	1,245,566	1,454,167	1,963,771	(13,063)	401,825	2,287,085
4. Benefit payments, including refunds of employee contributions	(1,268,402)	(1,267,096)	(1,173,418)	(1,231,566)	(1,059,459)	(1,008,605)	(1,002,493)	(966,110)	(974,316)
5. Pension Plan Administrative Expense	(22,855)	(20,750)	(20,537)	(19,465)	(19,359)	(18,553)	(8,437)	(16,119)	(14,322)
6. Other	(2,552)	(137,146)	34,646	1	(118,989)	18,936	(84,056)	(169,167)	124
7. Net change in plan fiduciary net position	(1,236,397)	4,762,216	300,976	682,826	941,607	1,706,112	(360,545)	(25,463)	2,077,366
8. Plan fiduciary net position - beginning	25,179,470	20,417,254	20,116,278	19,433,454	18,491,847	16,785,735	17,146,280	17,171,743	15,094,377
9. Plan fiduciary net position - ending (b)	<u>\$ 23,943,073</u>	<u>\$ 25,179,470</u>	<u>\$ 20,417,254</u>	<u>\$ 20,116,280</u>	<u>\$ 19,433,454</u>	<u>\$ 18,491,847</u>	<u>\$ 16,785,735</u>	<u>\$ 17,146,280</u>	<u>\$ 17,171,743</u>
C. Net pension liability - ending (a) - (b)	<u>\$ 2,512,985</u>	<u>\$ 417,696</u>	<u>\$ 4,929,282</u>	<u>\$ 5,230,220</u>	<u>\$ 5,057,808</u>	<u>\$ 5,188,777</u>	<u>\$ 4,916,209</u>	<u>\$ 3,885,279</u>	<u>\$ 2,567,662</u>
D. Plan fiduciary net position as a percentage of the total pension liability	90.50%	98.37%	80.55%	79.37%	79.35%	78.09%	77.35%	81.53%	86.99%
E. Covered employee payroll	\$ 4,871,108	\$ 4,841,869	\$ 4,977,290	\$ 4,811,934	\$ 4,996,128	\$ 5,392,247	\$ 5,286,658	\$ 5,407,822	\$ 5,495,171
F. Net pension liability as a percentage of	51.59%	8.63%	99.04%	108.69%	101.23%	96.23%	92.99%	71.85%	46.73%

Notes: 1.) Schedule is intended to show information for 10 years - additional years will be displayed as they become available.

*See independent auditors' report
See notes to required supplementary information*

Town of Middletown, Rhode Island
Required Supplementary Information
Employees' Retirement System - MERS Municipal Plan - General Unit
Schedule of Town's Contributions
Last 10 Years

	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
Actuarially determined contribution	\$ 605,069	\$ 580,636	\$ 599,771	\$ 566,415	\$ 541,344	\$ 525,837	\$ 571,040	\$ 572,585	\$ 615,952
Contributions in relation to the actuarially determined contribution	605,069	580,636	599,771	566,415	541,344	525,837	571,040	572,585	615,952
Contribution deficiency (excess)	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Covered-employee payroll	\$ 4,330,821	\$ 4,871,108	\$ 4,841,869	\$ 4,977,290	\$ 5,811,934	\$ 4,996,128	\$ 5,392,247	\$ 5,286,658	\$ 5,407,822
Contributions as a percentage of covered-employee payroll	13.97%	11.92%	12.39%	11.38%	9.31%	10.52%	10.59%	10.83%	11.39%

Notes:

1.) Employers participating in the Municipal Employee's Retirement System are required by RI General Laws, Section 45-21-42, to contribute an actuarially determined contribution rate each year.

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

See independent auditors' report
See notes to required supplementary information

Town of Middletown, Rhode Island
Required Supplementary Information
Employees' Retirement System-MERS Municipal Plan-Police/Fire Unit
Schedule of Changes to the Town's Net Pension Liability and Related Ratios
Last 10 Years

Measurement period ending June 30,	2022	2021	2020	2019	2018	2017	2016	2015	2014
A. Total pension liability									
1. Service Cost	\$ 969,847	\$ 927,726	\$ 874,179	\$ 869,296	\$ 825,705	\$ 729,877	\$ 655,022	\$ 565,349	\$ 492,417
2. Interest on the Total Pension Liability	864,822	818,531	755,179	670,963	559,619	456,771	365,197	281,564	235,509
3. Changes of benefit terms	—	—	—	—	—	—	—	349,008	—
4. Difference between expected and actual experience of the Total Pension Liability	600,674	(1,029,165)	(500,868)	(264,800)	237,620	203,814	217,355	(76,610)	—
5. Changes of assumptions	—	—	(158,218)	—	—	510,364	—	—	(109,693)
6. Benefit payments, including refunds of employee contributions	(60,938)	(92,763)	(91,278)	(58,369)	(49,854)	(39,061)	(68,966)	(29,128)	(52,136)
7. Net change in total pension liability	2,374,405	624,329	878,994	1,217,090	1,573,090	1,861,765	1,168,608	1,090,183	566,097
8. Total pension liability - beginning	11,900,141	11,275,812	10,396,818	9,179,728	7,606,638	5,744,873	4,576,265	3,486,082	2,919,985
9. Total pension liability - ending (a)	<u>\$14,274,546</u>	<u>\$11,900,141</u>	<u>\$11,275,812</u>	<u>\$10,396,818</u>	<u>\$9,179,728</u>	<u>\$7,606,638</u>	<u>\$5,744,873</u>	<u>\$4,576,265</u>	<u>\$3,486,082</u>
B. Plan fiduciary net position									
1. Contributions - employer	\$ 488,493	\$ 484,242	\$ 432,700	\$ 331,056	\$ 270,791	\$ 258,363	\$ 238,230	\$ 222,974	\$ 100,942
2. Contributions - employee	510,349	485,213	438,846	436,175	416,679	404,870	371,200	278,022	227,700
3. Net investment income	(430,601)	3,219,400	394,198	606,303	635,104	767,082	(2,004)	122,572	615,657
4. Benefit payments, including refunds of employee contributions	(60,938)	(92,763)	(91,278)	(58,369)	(49,854)	(39,061)	(68,966)	(29,128)	(52,136)
5. Pension Plan Administrative Expense	(14,679)	(12,267)	(10,861)	(9,475)	(8,455)	(7,247)	(5,390)	(4,908)	(3,855)
6. Other	468	3,478	(157,980)	(1,212)	14	66,707	9,139	18,336	557
7. Net change in plan fiduciary net position	493,092	4,087,303	1,005,625	1,304,478	1,264,279	1,450,714	542,209	607,868	888,865
8. Plan fiduciary net position - beginning	14,884,913	10,797,610	9,791,985	8,487,507	7,223,228	5,772,514	5,230,305	4,622,437	3,733,572
9. Plan fiduciary net position - ending (b)	<u>\$15,378,005</u>	<u>\$14,884,913</u>	<u>\$10,797,610</u>	<u>\$9,791,985</u>	<u>\$8,487,507</u>	<u>\$7,223,228</u>	<u>\$5,772,514</u>	<u>\$5,230,305</u>	<u>\$4,622,437</u>
C. Net pension liability - ending (a) - (b)	<u>\$(1,103,459)</u>	<u>\$(2,984,772)</u>	<u>\$ 478,202</u>	<u>\$ 604,833</u>	<u>\$ 692,221</u>	<u>\$ 383,410</u>	<u>\$(27,641)</u>	<u>\$(654,040)</u>	<u>\$(1,136,355)</u>
D. Plan fiduciary net position as a percentage of the total pension liability	107.73%	125.08%	95.76%	94.18%	92.46%	94.96%	100.48%	114.29%	132.60%
E. Covered employee payroll	\$ 5,099,093	\$ 4,852,125	\$ 4,388,446	\$ 4,361,748	\$ 4,166,021	\$ 4,036,930	\$ 3,717,494	\$ 3,440,955	\$ 3,035,863
F. Net pension liability as a percentage of covered payroll	-21.64%	-61.51%	10.90%	13.87%	16.62%	9.50%	-0.74%	-19.01%	-37.43%

Notes:

1.) Employers participating in the Municipal Employee's Retirement System are required by RI General Laws, Section 45-21-42, to contribute an actuarially determined contribution rate each year.

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

*See independent auditors' report
See notes to required supplementary information*

Town of Middletown, Rhode Island
Required Supplementary Information
Employees' Retirement System - MERS Municipal Plan-Police/Fire Unit
Schedule of Town's Contributions

Last 10 Years

	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
Actuarially determined contribution	\$ 417,628	\$ 488,493	\$ 484,242	\$ 432,700	\$ 331,056	\$ 270,791	\$ 258,363	\$ 238,230	\$ 222,974
Contributions in relation to the actuarially determined contribution	417,628	488,493	484,242	432,700	331,056	270,791	258,363	238,230	222,974
Contribution deficiency (excess)	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Covered-employee payroll	\$ 5,354,316	\$ 5,099,093	\$ 4,852,125	\$ 4,388,446	\$ 4,361,748	\$ 4,166,021	\$ 4,036,930	\$ 3,717,494	\$ 3,440,955
Contributions as a percentage of covered-employee payroll	7.80%	9.58%	9.98%	9.86%	7.59%	6.50%	6.40%	6.41%	6.48%

Notes:

- 1.) *Employers participating in the Municipal Employee's Retirement System are required by RI General Laws, Section 45-21-42, to contribute an actuarially determined contribution rate each year.*
- 2.) *Schedule is intended to show information for 10 years - additional years will be displayed as they become available.*

See independent auditors' report
See notes to required supplementary information

Town of Middletown, Rhode Island

Required Supplementary Information

Notes to ERS, MERS, and TSB

For the Year Ended June 30, 2023

The amounts presented for each fiscal year were determined as of the June 30 measurement date prior to the fiscal year end.

The schedules are intended to show information for 10 years – additional years will be displayed as they become available.

Employers participating in the State Employee's Retirement System ("ERS") are required by RI General Laws, Section 36-10-2, to contribute an actuarially determined contribution rate each year.

Employers participating in the Municipal Employee's Retirement System ("MERS") are required by RI General Laws, Section 45-21-42, to contribute an actuarially determined contribution rate each year.

Employers participating in the Teachers' Survivors Benefit Plan ("TSB") contribute at a rate established by RI General Laws, Section 16-16-35.

June 30, 2022 measurement date –

There were no changes in actuarial methods or assumptions reflected in the calculation of the net pension liability (asset) of the plans as of the June 30, 2022 measurement date compared to the June 30, 2021 measurement date

June 30, 2021 measurement date –

There were no changes in actuarial methods or assumptions reflected in the calculation of the net pension liability (asset) of the plans as of the June 30, 2021 measurement date compared to the June 30, 2020 measurement date

June 30, 2020 measurement date –

As part of the 2020 Actuarial Experience Study for the six-year period ending June 30, 2019 as approved by the System Board on May 22, 2020, certain assumptions were modified and reflected in the determination of net pension liability (asset) at the June 30, 2020 measurement date. The following summarizes the more significant changes in assumptions:

- a. Updated the underlying mortality tables from the RP-2014 set of tables to the public sector-based PUB (10) tables.
- b. Increased slightly the probabilities of turnover.
- c. Decreased slightly the probabilities of retirement.
- d. Modified slightly the probabilities of disability, including adding material incidence of disability for members in the age ranges that historically have been eligible to retire but under prospective provisions are not.

*See independent auditors' report
See notes to required supplementary information*

Town of Middletown, Rhode Island

Required Supplementary Information

Notes to ERS, MERS, and TSB

For the Year Ended June 30, 2023

June 30, 2019 measurement date –

There were no changes in actuarial methods or assumptions reflected in the calculation of the net pension liability (asset) of the plans as of the June 30, 2019 measurement date compared to the June 30, 2018 measurement date.

June 30, 2018 measurement date –

There were no changes in actuarial methods or assumptions reflected in the calculation of the net pension liability (asset) of the plans as of the June 30, 2018 measurement date compared to the June 30, 2017 measurement date.

June 30, 2017 measurement date –

As part of the 2017 Actuarial Experience Investigation Study for the six-year period ending June 30, 2016 as approved by the System Board on May 15, 2017, certain assumptions were modified and reflected in the determination of the net pension liability (asset) at the June 30, 2017 measurement date. The following summarizes the more significant changes in assumptions:

- Decreased the general inflation assumption from 2.75% to 2.50%;
- Decreased the nominal investment return assumption from 7.50% to 7.00%;
- Decreased the general wage growth assumption from 3.25% to 3.00%;
- Decreased salary increase assumptions; and
- Updated the post-retirement mortality tables to variants of the RP-2014 table. For the improvement scale, update to the ultimate rates of the MP-2016 projection scale.

June 30, 2016 measurement date –

There were no changes in actuarial methods or assumptions reflected in the calculation of the net pension liability (asset) of the plans as of the June 30, 2016 measurement date compared to the June 30, 2015 measurement date.

June 30, 2015 measurement date –

There were no changes in actuarial methods or assumptions reflected in the calculation of the net pension liability (asset) of the plans as of the June 30, 2015 measurement date compared to the June 30, 2014 measurement date.

*See independent auditors' report
See notes to required supplementary information*

Town of Middletown, Rhode Island

Required Supplementary Information

Notes to ERS, MERS, and TSB

For the Year Ended June 30, 2023

The June 30, 2015 measurement date determination of the net pension liability for the ERS and MERS plans reflects changes in benefit changes resulting from the settlement of litigation challenging the various pension reform measures enacted in previous years by the General Assembly. The final settlement approved by the Court on July 8, 2015 also included enactment of the pension settlement provisions by the General Assembly. These amended benefit provisions, are summarized below:

- Employees with more than 20 years of service at July 1, 2012 will increase their employee contribution rates to 11% for state employees and municipal general employees will contribute 8.25% (9.25% for units with a COLA provision) and participate solely in the defined benefit plan going forward – service credit accruals will increase from 1% to 2% per year.
- Members are eligible to retire upon the attainment of: age 65 with 30 years of service, 64 with 31 years of service, 63 with 32 years of service, or 62 with 33 years of service. Members may retire earlier if their RIRSA date is earlier or are eligible under a transition rule.
- MERS public safety employees may retire at age 50 with 25 years of service, or any age with 27 years of service. MERS public safety employees will contribute 9.00% (10.00% for units with a COLA provision)
- Employees with more than 10 but less than 20 years of service at July 1, 2012 will receive an increased employer contribution to the defined contribution plan. Also, members who earn less than \$35,000 per year will not be required to pay the administrative fees to the defined contribution plan.
- Members who retired from a COLA eligible plan before July 1, 2012 will received a one-time cost of living adjustment of 2% of the first \$25,000 paid as soon as administratively possible.
- Retirees as of June 30, 2015 will receive two \$500 stipends; the interim cost of living increases will occur at 4 year rather than 5 year intervals.
- The COLA formula was adjusted to: 50% of the COLA is calculated by taking the previous 5-year average investment return, less 5.5% (5yr Return - 5.5%, with a max of 4%) and 50% calculated using previous year's CPI-U (max of 3%) for a total max COLA of 3.5%. This COLA is calculated on the first \$25,855, effective 01/01/16, and indexed as of that date as well. (The indexing formula is run annually regardless of funding level each year.)
- Minor adjustments were made to the actuarial reduction for employees choosing to retire early.
- **Teachers Survivors Benefit Plan** - the employee and employer contribution rates were applied to the first \$11,500 of member salary for fiscal year 2018. In fiscal year 2017 and prior the rate was applied to salary up to \$9,600.

*See independent auditors' report
See notes to required supplementary information*

Town of Middletown, Rhode Island
Required Supplementary Information
Town Pension Plan

Schedule of Changes in Town's Net Pension Liability and Related Ratios

Last 10 Years

	Year Ended June 30, 2023	Year Ended June 30, 2022	Year Ended June 30, 2021	Year Ended June 30, 2020	Year Ended June 30, 2019	Year Ended June 30, 2018	Year Ended June 30, 2017	Year Ended June 30, 2016	Year Ended June 30, 2015	Year Ended June 30, 2014
A. Total pension liability										
1. Service Cost	\$ 20,711	\$ 19,198	\$ 19,015	\$ 116,062	\$ 163,987	\$ 140,071	\$ 188,703	\$ 193,763	\$ 297,782	\$ 304,872
2. Interest on the Total Pension Liability	3,891,104	3,826,632	3,880,815	4,184,877	4,201,269	4,133,704	4,176,449	4,201,990	4,170,261	4,152,814
3. Changes of benefit terms	—	—	—	—	—	—	—	—	—	—
4. Difference between expected and actual experience of the Total Pension Liability	111,780	290,782	264,635	(157,525)	(648,949)	1,444,275	—	152,749	615,865	—
5. Changes of assumptions	(167,379)	(716,647)	(161,297)	1,885,166	959,070	—	—	—	199,475	—
6. Benefit payments, including refunds of employee contributions	(4,924,026)	(4,973,840)	(5,391,613)	(4,876,179)	(4,816,924)	(4,864,424)	(4,907,688)	(4,861,136)	(4,655,198)	(4,395,204)
7. Net change in total pension liability	(1,067,810)	(1,553,875)	(1,388,445)	1,152,401	(141,547)	853,626	(542,536)	(312,634)	628,185	62,482
8. Total pension liability - beginning	56,286,388	57,840,263	59,228,708	58,076,307	58,217,854	57,364,228	57,906,764	58,219,398	57,591,213	57,528,731
9. Total pension liability - ending (a)	\$ 55,218,578	\$ 56,286,388	\$ 57,840,263	\$ 59,228,708	\$ 58,076,307	\$ 58,217,854	\$ 57,364,228	\$ 57,906,764	\$ 58,219,398	\$ 57,591,213
B. Plan fiduciary net position										
1. Contributions - employer	\$ 141,005	\$ 1,006,661	\$ 247,959	\$ 214,704	\$ 1,681,525	\$ 2,403,830	\$ 2,995,805	\$ 3,684,562	\$ 3,594,123	\$ 3,678,880
2. Contributions - employee	20,877	20,459	29,725	45,532	50,622	59,952	66,002	78,302	92,124	119,499
3. Net investment income	3,809,406	(7,897,665)	11,743,730	1,532,680	3,590,209	4,868,722	5,731,526	909,971	1,558,969	7,108,227
4. Benefit payments, including refunds of employee contributions	(4,924,026)	(4,973,840)	(5,391,613)	(4,876,179)	(4,816,924)	(4,864,424)	(4,907,688)	(4,861,136)	(4,655,198)	(4,395,204)
5. Pension Plan Administrative Expense	(78,066)	(93,936)	(81,968)	(160,181)	(147,997)	(161,654)	(144,458)	(133,879)	(162,898)	(68,915)
6. Other	—	—	—	—	—	—	—	—	—	—
7. Net change in plan fiduciary net position	(1,030,804)	(11,938,321)	6,547,833	(3,243,444)	357,435	2,306,426	3,741,187	(322,180)	427,120	6,442,487
8. Plan fiduciary net position - beginning	51,929,717	63,868,038	57,320,205	60,563,649	60,206,214	57,899,788	54,158,601	54,480,781	54,053,661	47,611,174
9. Plan fiduciary net position - ending (b)	\$ 50,898,913	\$ 51,929,717	\$ 63,868,038	\$ 57,320,205	\$ 60,563,649	\$ 60,206,214	\$ 57,899,788	\$ 54,158,601	\$ 54,480,781	\$ 54,053,661
C. Net pension liability - ending (a) - (b)	\$ 4,319,665	\$ 4,356,671	\$ (6,027,775)	\$ 1,908,503	\$ (2,487,342)	\$ (1,988,360)	\$ (535,560)	\$ 3,748,163	\$ 3,738,617	\$ 3,537,552
D. Plan fiduciary net position as a percentage of the total pension liability	92.18%	92.26%	110.42%	96.78%	104.28%	103.42%	100.93%	93.53%	93.58%	93.86%
E. Covered employee payroll	\$ 351,211	\$ 292,384	\$ 286,564	\$ 629,841	\$ 863,714	\$ 887,727	\$ 890,382	\$ 954,884	\$ 1,164,923	\$ 1,265,639
F. Net pension liability as a percentage of covered payroll	1229.93%	1490.05%	-2103.47%	303.01%	-287.98%	-223.98%	-60.15%	392.53%	320.93%	279.51%

Notes:

1) Schedule is intended to show information for ten years--additional years will be displayed as they become available.

See independent auditors' report
See notes to required supplementary information

Town of Middletown, Rhode Island
Required Supplementary Information
Town Pension Plan
Schedule of Town Contributions

Last 10 Years

	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
Actuarially determined contribution	\$ —	\$ 872,125	\$ 86,861	\$ 86,861	\$ —	\$1,132,150	\$1,729,348	\$2,339,907	\$2,904,159	\$3,535,930
Contributions in relation to the actuarially determined contribution	141,005	1,006,661	247,959	214,704	1,681,525	2,403,830	2,995,805	3,684,562	3,594,123	3,678,880
Contribution deficiency (excess)	\$(141,005)	\$(134,536)	\$(161,098)	\$(127,843)	\$(1,681,525)	\$(1,271,680)	\$(1,266,457)	\$(1,344,655)	\$(689,964)	\$(142,950)
Covered-employee payroll	\$ 351,211	\$ 292,384	\$ 286,564	\$ 629,841	\$ 863,714	\$ 887,727	\$ 890,382	\$ 954,884	\$1,164,923	\$1,265,639
Contributions as a percentage of covered-employee payroll	40.15 %	344.29 %	86.53 %	34.09 %	194.69 %	270.78 %	336.46 %	385.86 %	308.53 %	290.67 %

Notes:

1) Schedule is intended to show information for ten years--additional years will be displayed as they become available.

*See independent auditors' report
See notes to required supplementary information*

Town of Middletown, Rhode Island
 Required Supplementary Information
 Town Pension Plan
 Schedule of Investment Returns
 Last 10 Years

	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
Annual money-weighted rate of return, net of investment income	7.70%	(12.80)%	21.43%	2.63%	6.14%	8.61%	10.85%	1.71%	2.93%	15.96%

Notes:

1) Schedule is intended to show information for ten years--additional years will be displayed as they become available.

*See independent auditors' report
 See notes to required supplementary information*

Town of Middletown, Rhode Island
Required Supplementary Information
Notes to Town's Private Pension Plan
For the Year Ended June 30, 2023

Notes to the Schedules:

Valuation Date:

Actuarially determined contribution rates are calculated as of June 30, 2023

Methods and assumptions used to determine contribution rates:

Discount rate	7.30%
Long term rate of return on investments	7.50%
Salary increases	3.00%
Inflation	3.00%
Mortality rates:	Projected generationally from 2010 with Scale MP-2021. Separate annuitant and non-annuitant rate tables were used.

See independent auditors' report

Town of Middletown, Rhode Island
Required Supplementary Information
Town Other Post Employment Benefits Plan
Schedule of Changes in Town's Net OPEB Liability and Related Ratios
Last 10 Years

	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017
Total OPEB liability							
Service Cost	\$ 451,263	\$ 387,782	\$ 391,768	\$ 515,325	\$ 486,018	\$ 478,012	\$ 506,972
Interest	1,976,890	1,979,152	2,056,345	2,148,492	2,093,795	2,380,004	2,296,966
Changes of benefit terms	(23,647)	—	—	(87,428)			
Differences between expected and actual experience	(676,503)	15,170	(415,551)	122,554	(312,797)	(3,021,201)	—
Changes of assumptions	—	(670,676)	(1,458,153)	(2,202,682)	68,486	(2,007,827)	—
Net benefit payments	(1,992,356)	(1,624,427)	(1,575,772)	(1,625,989)	(1,644,695)	(1,661,234)	(1,674,163)
Net change in total OPEB liability	(264,353)	87,001	(1,001,363)	(1,129,728)	690,807	(3,832,246)	1,129,775
Total OPEB liability - beginning	26,885,440	26,798,439	27,799,802	28,929,530	28,238,723	32,070,969	30,941,194
Total OPEB liability - ending	<u>\$ 26,621,087</u>	<u>\$ 26,885,440</u>	<u>\$ 26,798,439</u>	<u>\$ 27,799,802</u>	<u>\$ 28,929,530</u>	<u>\$ 28,238,723</u>	<u>\$ 32,070,969</u>
OPEB fiduciary net position							
Contributions - employer	\$ 3,973,647	\$ 2,656,962	\$ 4,010,476	\$ 4,418,603	\$ 3,610,377	\$ 3,550,098	\$ 2,846,481
Contributions - employee	29,840	29,265	25,674	22,383	22,283	21,358	—
Net investment income	2,081,928	(3,415,818)	4,452,204	283,629	528,666	520,405	726,504
Benefit payments	(1,992,356)	(1,624,427)	(1,575,772)	(1,625,989)	(1,644,695)	(1,661,234)	(1,674,163)
Administrative Expense	(20,000)	(20,403)	(24,830)	(18,747)	(21,995)	(28,500)	(32,580)
Net change in plan fiduciary net position	4,073,059	(2,374,421)	6,887,752	3,079,879	2,494,636	2,402,127	1,866,242
Plan fiduciary net position - beginning	19,829,670	22,204,091	15,316,339	12,236,460	9,741,824	7,339,697	5,473,455
Plan fiduciary net position - ending	<u>\$ 23,902,729</u>	<u>\$ 19,829,670</u>	<u>\$ 22,204,091</u>	<u>\$ 15,316,339</u>	<u>\$ 12,236,460</u>	<u>\$ 9,741,824</u>	<u>\$ 7,339,697</u>
Plan's net pension liability - ending	<u>\$ 2,718,358</u>	<u>\$ 7,055,770</u>	<u>\$ 4,594,348</u>	<u>\$ 12,483,463</u>	<u>\$ 16,693,070</u>	<u>\$ 18,496,899</u>	<u>\$ 24,731,272</u>
Plan fiduciary net position as a percentage of the total OPEB liability	89.79%	73.76%	82.86%	55.10%	42.30%	34.50%	22.89%
Covered employee payroll	\$ 28,226,771	\$ 27,521,237	\$ 26,443,469	\$ 29,376,747	\$ 24,564,252	\$ 25,008,014	\$ 22,684,805
Town's net OPEB liability as a percentage of covered-employee payroll	9.63%	25.64%	17.37%	42.49%	67.96%	73.96%	109.02%

*Seventh year of implementation of GASB 74/75, therefore only seven years of the ten required data is available.

See independent auditors' report
See notes to required supplementary information

Town of Middletown, Rhode Island
Required Supplementary Information
Schedule of Town's Contributions

Last 10 Years

	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>
Actuarially determined contribution	\$ 1,155,724	\$ 869,388	\$ 1,505,947	\$ 1,971,037	\$ 2,011,938	\$ 2,415,706	\$ 2,174,483
Contributions in relation to the actuarially determined contribution	<u>3,973,647</u>	<u>2,656,962</u>	<u>4,010,476</u>	<u>4,418,603</u>	<u>3,610,377</u>	<u>3,550,098</u>	<u>2,846,481</u>
Contribution deficiency (excess)	<u>\$ (2,817,923)</u>	<u>\$ (1,787,574)</u>	<u>\$ (2,504,529)</u>	<u>\$ (2,447,566)</u>	<u>\$ (1,598,439)</u>	<u>\$ (1,134,392)</u>	<u>\$ (671,998)</u>
Covered-employee payroll	\$ 28,226,771	\$ 27,521,237	\$ 26,443,469	\$ 29,376,747	\$ 24,564,252	\$ 25,008,014	\$ 22,684,805
Contributions as a percentage of covered-employee payroll	14.08 %	9.65 %	15.17 %	15.04 %	14.70 %	14.20 %	12.55 %

*Sixth year of implementation of GASB 74/75, therefore only six years of the ten required data is available.

See independent auditors' report
See notes to required supplementary information

Town of Middletown, Rhode Island
 Required Supplementary Information
 Town Other Post Employment Benefits Plan
 Schedule of Town's Investment Returns

Last 10 Years

	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017
Annual money-weighted rate of return, net of investment expense	9.97 %	(15.00)%	26.86 %	2.09 %	4.99 %	6.52 %	12.68 %

*Seventh year of implementation of GASB 74/75, therefore only seven years of the ten required data is available.

*See independent auditors' report
 See notes to required supplementary information*

Town of Middletown, Rhode Island
Required Supplementary Information
Town Other Post Employment Benefits Plan
Notes OPEB
For the Year Ended June 30, 2023

Notes to Required Supplementary Information:

Valuation Date:	June 30, 2022
Measurement Date	June 30, 2023. The Liabilities determined as of June 30, 2022 Valuation Date were projected to the June 30, 2023 Measurement Date on a no gain/loss basis.
Actuarial Cost Method:	Entry Age Normal, Level Percent of Salary. Service Costs are attributed through all assumed ages of exit from active service
Asset-Valuation Method:	Market Value

Actuarial Assumptions:

Discount rate	7.50%, net of OPEB plan investment expense
Medical inflation	Pre-Medicare 7.25%-4.50%; Post-Medicare/PART B 5.75%-4.50%
L/T Expected Rate of Return	7.50% per annum, net of investment expenses and including inflation.
Salary Increases:	3.00% annually as of June 30, 2023 and for future periods
Mortality rates:	Fire and Police - PubS.H-2010 Headcount Weighted Public Safety Mortality, projected with mortality improvement scale MP-2021. Public Works, Town Hall, Clerical and Custodial - PubG.H-2010 Headcount Weighted General Mortality, projected with mortality improvement scale MP-2021. Teachers and Administration - PubT.H-2010 Headcount Weighted Teachers Mortality, projected with mortality improvement scale MP-2021.
Mortality rates, disabled members:	Fire and Police - PubS.H-2010 Headcount Weighted Safety Disabled Mortality, projected with mortality improvement scale MP-2021. All other groups: PubT/G.H-2010 Headcount Weighted Teachers/General Disabled Mortality, projected with mortality improvement scale MP-2021. These rates are consistent with the SOA study on public pension plan mortality published in January 2019 and the updated mortality improvement scale published in October 2021. The mortality assumption is typically updated each time a new table or mortality improvement scale is released by the SOA. Due to excess mortality primarily driven by COVID, the SOA did not issue an MP-2022 scale.

See independent auditors' report

Town of Middletown, RI
Supplementary Information
Tax Collector Annual Report
For the Year June 30, 2023

Real estate and personal property taxes receivable							FY2023 Cash Collections Summary			
Year	Balance, July 1, 2022	Current year assessment	Addenda/ Adjustments/ Abatements	Amount to be collected	Collections	Balance, June 30, 2023	July-August 2022 Collections Subject to 60-day FY 22 Accrual	September 2022-June 2023 Collections	Total FY 23 Cash Collections	July - August 2023 (FY23) Cash Collections Subject to 60-day FY23 Accrual
2022	\$ —	\$49,197,108	\$ 5,883	\$49,202,991	\$48,755,603	\$ 447,388	\$ —	\$48,755,603	\$48,755,603	\$ 228,384
2021	747,213		(3,600)	743,613	688,351	55,262	456,572	231,779	688,351	993
2020	118,638		13	118,651	82,700	35,951	14,382	68,318	82,700	667
2019	31,613		(139)	31,474	4,831	26,643	144	4,687	4,831	241
2018	38,179		(52)	38,127	2,105	36,022	418	1,687	2,105	257
2017	39,204		(13)	39,191	1,658	37,533	—	1,658	1,658	48
2016	55,671		—	55,671	1,333	54,338	—	1,333	1,333	40
2015	31,024		—	31,024	701	30,323	50	651	701	—
2014	83,209		—	83,209	931	82,278	58	873	931	—
2013	46,375		—	46,375	829	45,546	76	753	829	—
Prior	109,753		(41,871)	67,882	82	67,800	—	82	82	—
	<u>\$1,300,879</u>	<u>\$49,197,108</u>	<u>\$ (39,779)</u>	<u>\$50,458,208</u>	<u>\$49,539,124</u>	<u>\$ 919,084</u>	<u>\$ 471,700</u>	<u>\$49,067,424</u>	<u>\$49,539,124</u>	<u>\$ 230,630</u>
Allowance for doubtful accounts	<u>(486,796)</u>					<u>(441,800)</u>				
Net Property Tax Receivable	<u>\$ 814,083</u>					<u>\$ 478,569</u>				

See independent auditors' report

Town of Middletown, RI
Supplementary Information
Tax Collector Annual Report
For the Year Ended June 30, 2023

Schedule of net assessed property value by category:

Description of property	Valuations	Levy
Real property	\$ 3,594,306,500	\$ 47,358,832
Motor vehicles	172,142,467	—
Tangible personal	110,876,762	1,838,276
Total	3,877,325,729	49,197,108
Exemptions	180,932,812	
Current year assessment	\$ 3,696,392,917	\$ 49,197,108

Reconciliation of current year
property tax revenue:

Current year collections	\$ 49,539,124
Revenue collected within 60 days subsequent to year ended June 30, 2022	230,630
	49,769,754
Prior year revenue received in current year	(471,700)
Current year real estate and personal property tax revenue	\$ 49,298,054

See independent auditors' report

Town of Middletown, Rhode Island
Supplementary Information
Non-Major Governmental Funds
Combined Balance Sheet
June 30, 2023

	Special Revenue Funds - Town					
	Library Grant Fund	Community Development Block Grant Fund	Public Safety Relief/Goodman	Fire Alarm Fund	Fire Prevention Fund	Criminal Investigations Fund
Assets						
Cash and cash equivalents	\$ 4	\$ 8,915	\$ 7,309	\$ —	\$ —	\$ —
Accounts receivable, net						
Federal and state government	—	—	—	—	—	—
Loans receivable	—	—	—	—	—	—
Other receivable	—	—	—	—	—	—
Prepaid expenses	—	1,000	—	—	—	—
Due from other funds	—	—	—	500	36,187	1,086
Total assets	4	9,915	7,309	500	36,187	1,086
Deferred outflows of resources						
Deferred outflows						
Total deferred outflows of resources	—	—	—	—	—	—
Total assets and deferred outflows of resources	\$ 4	\$ 9,915	\$ 7,309	\$ 500	\$ 36,187	\$ 1,086
Liabilities						
Accounts payable and accrued expenses	—	—	—	—	—	—
Due to other funds	—	2,056	—	—	—	—
Total liabilities	—	2,056	—	—	—	—
Deferred inflows of resources						
Unearned revenues	—	7,859	—	—	—	—
Total deferred inflows of resources	—	7,859	—	—	—	—
Fund balances:						
Nonspendable	—	—	—	—	—	—
Restricted	—	—	—	—	—	—
Committed	—	—	—	—	—	—
Assigned	4	—	7,309	500	36,187	1,086
Unassigned	—	—	—	—	—	—
Total fund balances	4	—	7,309	500	36,187	1,086
Total liabilities, deferred inflows of resources, and fund balances	\$ 4	\$ 9,915	\$ 7,309	\$ 500	\$ 36,187	\$ 1,086

See independent auditors' report

Town of Middletown, Rhode Island
Supplementary Information
Non-Major Governmental Funds
Combined Balance Sheet
June 30, 2023

	Special Revenue Funds - Town					
	Capital Improvement Impact Fund	Library Gift Fund (ET)	Library Donations Fund	Library Public Access Print Server	Forfeited and Confiscated Funds(ET)	Retired Police Officers' Fund
Assets						
Cash and cash equivalents	\$ 392,545	\$ 29,349	\$ 60,043	\$ 27,699	\$ 57,818	\$ —
Accounts receivable, net						
Federal and state government						
Loans receivable	—	—	—	—	—	—
Other receivable	—	—	—	—	—	—
Prepaid expenses	—	—	—	—	—	—
Due from other funds	—	2,060	—	—	29,224	516
Total assets	392,545	31,409	60,043	27,699	87,042	516
Deferred outflows of resources						
Deferred outflows	—	—	—	—	—	—
Total deferred outflows of resources	—	—	—	—	—	—
Total assets and deferred outflows of resources	\$ 392,545	\$ 31,409	\$ 60,043	\$ 27,699	\$ 87,042	\$ 516
Liabilities						
Accounts payable and accrued expenses	—	—	—	—	55,949	—
Due to other funds	222,531	—	4,263	13,445	—	—
Total liabilities	222,531	—	4,263	13,445	55,949	—
Deferred inflows of resources						
Unearned revenues	—	—	—	—	—	—
Total deferred inflows of resources	—	—	—	—	—	—
Fund balances:						
Nonspendable	—	—	—	—	—	—
Restricted	—	—	—	—	31,093	—
Committed	—	—	—	—	—	—
Assigned	170,014	31,409	55,780	14,254	—	516
Unassigned	—	—	—	—	—	—
Total fund balances	170,014	31,409	55,780	14,254	31,093	516
Total liabilities, deferred inflows of resources, and fund balances	\$ 392,545	\$ 31,409	\$ 60,043	\$ 27,699	\$ 87,042	\$ 516

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Town of Middletown, Rhode Island
Supplementary Information
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	Special Revenue Funds - Town				
	Civilian Police Academy Fund	PPV Public Safety	JFK Building SRF	Library Community Garden Fund	Total Town Special Revenue Funds
Assets					
Cash and cash equivalents	\$ —	\$ —	\$ —	\$ 980	\$ 584,662
Accounts receivable, net					
Federal and state government	—	—	—	—	—
Loans receivable	—	—	—	—	—
Other receivable	—	117,372	—	—	117,372
Prepaid expenses	—	—	—	—	1,000
Due from other funds	1,860	879,095	245,502	15,985	1,212,015
Total assets	1,860	996,467	245,502	16,965	1,915,049
Deferred outflows of resources					
Deferred outflows	—	—	—	—	—
Total deferred outflows of resources	—	—	—	—	—
Total assets and deferred outflows of resources	\$ 1,860	\$ 996,467	\$ 245,502	\$ 16,965	\$ 1,915,049
Liabilities					
Accounts payable and accrued expenses	—	—	9,738	—	65,687
Due to other funds	—	—	—	—	242,295
Total liabilities	—	—	9,738	—	307,982
Deferred inflows of resources					
Unearned revenues	—	—	—	—	7,859
Total deferred inflows of resources	—	—	—	—	7,859
Fund balances:					
Nonspendable	—	—	—	—	—
Restricted	—	—	—	—	31,093
Committed	—	—	—	—	—
Assigned	1,860	996,467	235,764	16,965	1,568,115
Unassigned	—	—	—	—	—
Total fund balances	1,860	996,467	235,764	16,965	1,599,208
Total liabilities, deferred inflows of resources, and fund balances	\$ 1,860	\$ 996,467	\$ 245,502	\$ 16,965	\$ 1,915,049

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	Permanent Funds			
	McCartney Scholarship Fund	McKie Scholarship Fund	Bennett Welfare Fund	Freebody Welfare Fund
Assets				
Cash and cash equivalents	\$ 17,674	\$ 18,548	\$ 3,615	\$ 3,015
Accounts receivable, net				
Federal and state government	—	—	—	—
Loans receivable	—	—	—	—
Other receivable	—	—	—	—
Prepaid expenses	—	—	—	—
Due from other funds	—	—	—	—
Total assets	<u>17,674</u>	<u>18,548</u>	<u>3,615</u>	<u>3,015</u>
Deferred outflows of resources				
Deferred outflows	—	—	—	—
Total deferred outflows of resources	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Total assets and deferred outflows of resources	<u>\$ 17,674</u>	<u>\$ 18,548</u>	<u>\$ 3,615</u>	<u>\$ 3,015</u>
Liabilities				
Accounts payable and accrued expenses				
Due to other funds	—	—	—	—
Total liabilities	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Deferred inflows of resources				
Unearned revenues	—	—	—	—
Total deferred inflows of resources	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Fund balances:				
Nonspendable	16,432	18,296	3,000	2,500
Restricted	1,242	252	615	515
Committed	—	—	—	—
Assigned	—	—	—	—
Unassigned	—	—	—	—
Total fund balances	<u>17,674</u>	<u>18,548</u>	<u>3,615</u>	<u>3,015</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 17,674</u>	<u>\$ 18,548</u>	<u>\$ 3,615</u>	<u>\$ 3,015</u>

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	Permanent Funds			
	Burial Fund	Summerfield Trust Fund	Middletown Main Drainage	Total Permanent Funds
Assets				
Cash and cash equivalents	\$ 146,470	\$ 2,990	\$ 18,981	\$ 211,293
Accounts receivable, net				
Federal and state government	—	—	—	—
Loans receivable	—	—	—	—
Other receivable	—	—	—	—
Prepaid expenses	—	—	—	—
Due from other funds	9,916	—	—	9,916
Total assets	<u>156,386</u>	<u>2,990</u>	<u>18,981</u>	<u>221,209</u>
Deferred outflows of resources				
Deferred outflows	—	—	—	—
Total deferred outflows of resources	—	—	—	—
Total assets and deferred outflows of resources	<u>\$ 156,386</u>	<u>\$ 2,990</u>	<u>\$ 18,981</u>	<u>\$ 221,209</u>
Liabilities				
Accounts payable and accrued expenses	9,916	—	—	9,916
Due to other funds	—	—	—	—
Total liabilities	<u>9,916</u>	<u>—</u>	<u>—</u>	<u>9,916</u>
Deferred inflows of resources				
Unearned revenues	—	—	—	—
Total deferred inflows of resources	—	—	—	—
Fund balances:				
Nonspendable	141,530	2,500	15,880	200,138
Restricted	4,940	490	3,101	11,155
Committed	—	—	—	—
Assigned	—	—	—	—
Unassigned	—	—	—	—
Total fund balances	<u>146,470</u>	<u>2,990</u>	<u>18,981</u>	<u>211,293</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 156,386</u>	<u>\$ 2,990</u>	<u>\$ 18,981</u>	<u>\$ 221,209</u>

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	Special Revenue Funds - School					
	IDEA Part B Allocation	IDEA Part B Preschool	Title I	Title II	Title III	Title III Competitive
Assets						
Cash and cash equivalents	\$ (268,402)	\$ (4,384)	\$ (162,265)	\$ (12,367)	\$ (42,406)	\$ (7,617)
Accounts receivable, net						
Federal and state government	295,020	4,384	216,302	15,749	50,907	8,101
Loans receivable	—	—	—	—	—	—
Other receivable	—	—	—	—	—	—
Prepaid expenses	—	—	—	—	—	—
Due from other funds	—	—	—	—	—	—
Total assets	26,618	—	54,037	3,382	8,501	484
Deferred outflows of resources						
Deferred outflows	—	—	—	—	—	—
Total deferred outflows of resources	—	—	—	—	—	—
Total assets and deferred outflows of resources	\$ 26,618	\$ —	\$ 54,037	\$ 3,382	\$ 8,501	\$ 484
Liabilities						
Accounts payable and accrued expenses	26,618	—	54,036	3,382	7,642	484
Due to other funds	—	—	—	—	859	—
Total liabilities	26,618	—	54,036	3,382	8,501	484
Deferred inflows of resources						
Unearned revenues	—	—	—	—	—	—
Total deferred inflows of resources	—	—	—	—	—	—
Fund balances:						
Nonspendable	—	—	—	—	—	—
Restricted	—	—	1	—	—	—
Committed	—	—	—	—	—	—
Assigned	—	—	—	—	—	—
Unassigned	—	—	—	—	—	—
Total fund balances	—	—	1	—	—	—
Total liabilities, deferred inflows of resources, and fund balances	\$ 26,618	\$ —	\$ 54,037	\$ 3,382	\$ 8,501	\$ 484

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	Special Revenue Funds - School					
	Title IV	Perkins Vocational	Perkins Vocational Set Aside	Perkins Special Programs	Education of Homeless 1	Education of Homeless 2
Assets						
Cash and cash equivalents	\$ —	\$ 2,087	\$ —	\$ —	\$ —	\$ (14,700)
Accounts receivable, net						
Federal and state government	—	59,071	—	400	—	41,017
Loans receivable	—	—	—	—	—	—
Other receivable	—	—	—	—	—	—
Prepaid expenses	—	—	—	—	—	—
Due from other funds	—	—	—	—	—	—
Total assets	—	61,158	—	400	—	26,317
Deferred outflows of resources						
Deferred outflows	—	—	—	—	—	—
Total deferred outflows of resources	—	—	—	—	—	—
Total assets and deferred outflows of resources	\$ —	\$ 61,158	\$ —	\$ 400	\$ —	\$ 26,317
Liabilities						
Accounts payable and accrued expenses	—	61,158	—	—	—	26,317
Due to other funds	—	—	—	400	—	—
Total liabilities	—	61,158	—	400	—	26,317
Deferred inflows of resources						
Unearned revenues	—	—	—	—	—	—
Total deferred inflows of resources	—	—	—	—	—	—
Fund balances:						
Nonspendable	—	—	—	—	—	—
Restricted	—	—	—	—	—	—
Committed	—	—	—	—	—	—
Assigned	—	—	—	—	—	—
Unassigned	—	—	—	—	—	—
Total fund balances	—	—	—	—	—	—
Total liabilities, deferred inflows of resources, and fund balances	\$ —	\$ 61,158	\$ —	\$ 400	\$ —	\$ 26,317

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	Special Revenue Funds - School					
	Rethink RI K8 AIS	US Dept. of Defense Grant MAPS	US Dept. of Defense Grant - Bio Med	ESSER II Funds	ESSER III Funds	Comprehensive Literacy Grant
Assets						
Cash and cash equivalents	\$ 21,559	\$ 46,596	\$ (34,426)	\$ (6,250)	\$ (315,628)	\$ (102,246)
Accounts receivable, net						
Federal and state government	—	—	70,725	6,250	335,299	104,081
Loans receivable	—	—	—	—	—	—
Other receivable	—	—	—	—	—	—
Prepaid expenses	—	—	—	—	—	—
Due from other funds	—	—	—	—	—	—
Total assets	21,559	46,596	36,299	—	19,671	1,835
Deferred outflows of resources						
Deferred outflows	—	—	—	—	—	—
Total deferred outflows of resources	—	—	—	—	—	—
Total assets and deferred outflows of resources	\$ 21,559	\$ 46,596	\$ 36,299	\$ —	\$ 19,671	\$ 1,835
Liabilities						
Accounts payable and accrued expenses	21,559	46,596	36,299	—	19,671	1,835
Due to other funds	—	—	—	—	—	—
Total liabilities	21,559	46,596	36,299	—	19,671	1,835
Deferred inflows of resources						
Unearned revenues	—	—	—	—	—	—
Total deferred inflows of resources	—	—	—	—	—	—
Fund balances:						
Nonspendable	—	—	—	—	—	—
Restricted	—	—	—	—	—	—
Committed	—	—	—	—	—	—
Assigned	—	—	—	—	—	—
Unassigned	—	—	—	—	—	—
Total fund balances	—	—	—	—	—	—
Total liabilities, deferred inflows of resources, and fund balances	\$ 21,559	\$ 46,596	\$ 36,299	\$ —	\$ 19,671	\$ 1,835

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	Special Revenue Funds - School					
	CRF-Sub Teacher Pool & Recruitment	ARP Homeless Children & Youth	ARP IDEA B	ARP IDEA B Preschool	ARP Municipal Grant	American ARP ELC Epi & Lab Capacity
Assets						
Cash and cash equivalents	\$ 110	\$ —	\$ (15,056)	\$ (2,581)	\$ (395,293)	\$ (57,786)
Accounts receivable, net						
Federal and state government	—	—	28,011	2,581	—	72,150
Loans receivable	—	—	—	—	—	—
Other receivable	—	—	—	—	—	—
Prepaid expenses	—	—	—	—	—	—
Due from other funds	—	—	—	—	425,097	—
Total assets	110	—	12,955	—	29,804	14,364
Deferred outflows of resources						
Deferred outflows	—	—	—	—	—	—
Total deferred outflows of resources	—	—	—	—	—	—
Total assets and deferred outflows of resources	\$ 110	\$ —	\$ 12,955	\$ —	\$ 29,804	\$ 14,364
Liabilities						
Accounts payable and accrued expenses	—	—	12,955	—	29,804	14,364
Due to other funds	—	—	—	—	—	—
Total liabilities	—	—	12,955	—	29,804	14,364
Deferred inflows of resources						
Unearned revenues	—	—	—	—	—	—
Total deferred inflows of resources	—	—	—	—	—	—
Fund balances:						
Nonspendable	—	—	—	—	—	—
Restricted	110	—	—	—	—	—
Committed	—	—	—	—	—	—
Assigned	—	—	—	—	—	—
Unassigned	—	—	—	—	—	—
Total fund balances	110	—	—	—	—	—
Total liabilities, deferred inflows of resources, and fund balances	\$ 110	\$ —	\$ 12,955	\$ —	\$ 29,804	\$ 14,364

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	Special Revenue Funds - School					
	Education and Innovation (CS4RI)	Healthier Challenge Grant	Early Childhood	Literacy	Student Equity	CS4RI
Assets						
Cash and cash equivalents	\$ —	\$ 1,530	\$ —	\$ —	\$ —	31
Accounts receivable, net						
Federal and state government	9,389	—	—	—	—	—
Loans receivable	—	—	—	—	—	—
Other receivable	—	—	—	—	—	—
Prepaid expenses	—	—	—	—	—	—
Due from other funds	—	—	—	—	—	—
Total assets	9,389	1,530	—	—	—	31
Deferred outflows of resources						
Deferred outflows	—	—	—	—	—	—
Total deferred outflows of resources	—	—	—	—	—	—
Total assets and deferred outflows of resources	\$ 9,389	\$ 1,530	\$ —	\$ —	\$ —	\$ 31
Liabilities						
Accounts payable and accrued expenses	9,389	—	—	—	—	—
Due to other funds	—	—	—	—	—	—
Total liabilities	9,389	—	—	—	—	—
Deferred inflows of resources						
Unearned revenues	—	—	—	—	—	—
Total deferred inflows of resources	—	—	—	—	—	—
Fund balances:						
Nonspendable	—	—	—	—	—	—
Restricted	—	1,530	—	—	—	31
Committed	—	—	—	—	—	—
Assigned	—	—	—	—	—	—
Unassigned	—	—	—	—	—	—
Total fund balances	—	1,530	—	—	—	31
Total liabilities, deferred inflows of resources, and fund balances	\$ 9,389	\$ 1,530	\$ —	\$ —	\$ —	\$ 31

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	Special Revenue Funds - School					
	CTE Categorical Aid	CTE Categorical Aid-2	English Learner Categorical	RIDE Open Science Field Test Grant	Tech Assistance on Necessity of School Constr	SBA Capital Fund
Assets						
Cash and cash equivalents	\$ 18,919	\$ 99,165	\$ —	\$ (1,905)	\$ —	\$ —
Accounts receivable, net						
Federal and state government	—	—	12,500	2,029	—	214,674
Loans receivable	—	—	—	—	—	—
Other receivable	—	—	—	—	—	—
Prepaid expenses	—	—	—	—	—	—
Due from other funds	—	—	—	—	—	—
Total assets	18,919	99,165	12,500	124	—	214,674
Deferred outflows of resources						
Deferred outflows	—	—	—	—	—	—
Total deferred outflows of resources	—	—	—	—	—	—
Total assets and deferred outflows of resources	\$ 18,919	\$ 99,165	\$ 12,500	\$ 124	\$ —	\$ 214,674
Liabilities						
Accounts payable and accrued expenses	11,894	1,112	12,500	—	—	214,674
Due to other funds	—	—	—	—	—	—
Total liabilities	11,894	1,112	12,500	—	—	214,674
Deferred inflows of resources						
Unearned revenues	—	—	—	—	—	—
Total deferred inflows of resources	—	—	—	—	—	—
Fund balances:						
Nonspendable	—	—	—	—	—	—
Restricted	7,025	98,053	—	124	—	—
Committed	—	—	—	—	—	—
Assigned	—	—	—	—	—	—
Unassigned	—	—	—	—	—	—
Total fund balances	7,025	98,053	—	124	—	—
Total liabilities, deferred inflows of resources, and fund balances	\$ 18,919	\$ 99,165	\$ 12,500	\$ 124	\$ —	\$ 214,674

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	Special Revenue Funds - School					
	Feinstein Foundation Grant	EBCAP 1	EBCAP 2 VB	EBCAP 3 Civic	Rhode Island Foundation	Van Beuren Charitable Foundation
Assets						
Cash and cash equivalents	\$ 139,833	\$ —	\$ —	\$ —	\$ 6,122	\$ —
Accounts receivable, net						
Federal and state government	—	—	—	—	—	—
Loans receivable	—	—	—	—	—	—
Other receivable	—	968	—	—	—	—
Prepaid expenses	—	—	—	—	—	—
Due from other funds	—	—	—	—	—	—
Total assets	<u>139,833</u>	<u>968</u>	<u>—</u>	<u>—</u>	<u>6,122</u>	<u>—</u>
Deferred outflows of resources						
Deferred outflows	—	—	—	—	—	—
Total deferred outflows of resources	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Total assets and deferred outflows of resources	<u>\$ 139,833</u>	<u>\$ 968</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 6,122</u>	<u>\$ —</u>
Liabilities						
Accounts payable and accrued expenses	9,015	968	—	—	—	8,331
Due to other funds	—	—	—	—	—	—
Total liabilities	<u>9,015</u>	<u>968</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>8,331</u>
Deferred inflows of resources						
Unearned revenues	—	—	—	—	—	—
Total deferred inflows of resources	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Fund balances:						
Nonspendable	—	—	—	—	—	—
Restricted	130,818	—	—	—	6,122	—
Committed	—	—	—	—	—	—
Assigned	—	—	—	—	—	—
Unassigned	—	—	—	—	—	(8,331)
Total fund balances	<u>130,818</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>6,122</u>	<u>(8,331)</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 139,833</u>	<u>\$ 968</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 6,122</u>	<u>\$ —</u>

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	Special Revenue Funds - School					
	Target Private Donations	Office Max	Interlock Risk Management	Scholarship America	RI Art Association	PTO/PTG Donations
Assets						
Cash and cash equivalents	\$ 195	\$ 100	\$ —	\$ 472	\$ 132	\$ 306
Accounts receivable, net						
Federal and state government	—	—	—	—	—	—
Loans receivable	—	—	—	—	—	—
Other receivable	—	—	—	—	—	1,385
Prepaid expenses	—	—	—	—	—	—
Due from other funds	—	—	—	—	—	—
Total assets	<u>195</u>	<u>100</u>	<u>—</u>	<u>472</u>	<u>132</u>	<u>1,691</u>
Deferred outflows of resources						
Deferred outflows	—	—	—	—	—	—
Total deferred outflows of resources	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Total assets and deferred outflows of resources	<u>\$ 195</u>	<u>\$ 100</u>	<u>\$ —</u>	<u>\$ 472</u>	<u>\$ 132</u>	<u>\$ 1,691</u>
Liabilities						
Accounts payable and accrued expenses	—	—	—	—	—	1,691
Due to other funds	—	—	—	—	—	—
Total liabilities	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>1,691</u>
Deferred inflows of resources						
Unearned revenues	—	—	—	—	—	—
Total deferred inflows of resources	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Fund balances:						
Nonspendable	—	—	—	—	—	—
Restricted	195	100	—	472	132	—
Committed	—	—	—	—	—	—
Assigned	—	—	—	—	—	—
Unassigned	—	—	—	—	—	—
Total fund balances	<u>195</u>	<u>100</u>	<u>—</u>	<u>472</u>	<u>132</u>	<u>—</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 195</u>	<u>\$ 100</u>	<u>\$ —</u>	<u>\$ 472</u>	<u>\$ 132</u>	<u>\$ 1,691</u>

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	Special Revenue Funds - School				
	Middletown Education Collaborative	Safety Town	National Math & Science Inc.	Angel Fund	AP Testing
Assets					
Cash and cash equivalents	\$ 281	\$ 501	\$ 6,621	\$ 630	\$ 9,916
Accounts receivable, net					
Federal and state government	—	—	—	—	—
Loans receivable	—	—	—	—	—
Other receivable	—	—	—	—	—
Prepaid expenses	—	—	—	—	—
Due from other funds	—	—	—	—	—
Total assets	<u>281</u>	<u>501</u>	<u>6,621</u>	<u>630</u>	<u>9,916</u>
Deferred outflows of resources					
Deferred outflows	—	—	—	—	—
Total deferred outflows of resources	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Total assets and deferred outflows of resources	<u>\$ 281</u>	<u>\$ 501</u>	<u>\$ 6,621</u>	<u>\$ 630</u>	<u>\$ 9,916</u>
Liabilities					
Accounts payable and accrued expenses	—	—	—	—	—
Due to other funds	—	—	—	—	—
Total liabilities	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Deferred inflows of resources					
Unearned revenues	—	—	—	—	—
Total deferred inflows of resources	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Fund balances:					
Nonspendable	—	—	—	—	—
Restricted	281	501	6,621	630	9,916
Committed	—	—	—	—	—
Assigned	—	—	—	—	—
Unassigned	—	—	—	—	—
Total fund balances	<u>281</u>	<u>501</u>	<u>6,621</u>	<u>630</u>	<u>9,916</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 281</u>	<u>\$ 501</u>	<u>\$ 6,621</u>	<u>\$ 630</u>	<u>\$ 9,916</u>

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Special Revenue Funds - School

	PSAT	Middle School Donors	Forest Ave School Donors	Aquidneck School Donors	High School Donors
Assets					
Cash and cash equivalents	\$ 127	\$ 13,244	\$ 3,939	\$ 4,043	\$ 20,624
Accounts receivable, net					
Federal and state government	—	—	—	—	—
Loans receivable	—	—	—	—	—
Other receivable	—	—	—	—	4,495
Prepaid expenses	—	—	—	—	—
Due from other funds	—	—	—	—	—
Total assets	127	13,244	3,939	4,043	25,119
Deferred outflows of resources					
Deferred outflows	—	—	—	—	—
Total deferred outflows of resources	—	—	—	—	—
Total assets and deferred outflows of resources	\$ 127	\$ 13,244	\$ 3,939	\$ 4,043	\$ 25,119
Liabilities					
Accounts payable and accrued expenses	—	—	589	395	\$ 550
Due to other funds	—	—	—	—	—
Total liabilities	—	—	589	395	550
Deferred inflows of resources					
Unearned revenues	—	—	—	—	—
Total deferred inflows of resources	—	—	—	—	—
Fund balances:					
Nonspendable	—	—	—	—	—
Restricted	127	13,244	3,350	3,648	24,569
Committed	—	—	—	—	—
Assigned	—	—	—	—	—
Unassigned	—	—	—	—	—
Total fund balances	127	13,244	3,350	3,648	24,569
Total liabilities, deferred inflows of resources, and fund balances	\$ 127	\$ 13,244	\$ 3,939	\$ 4,043	\$ 25,119

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	Special Revenue Funds - School					
	Donations Boosters	Donations Robotics Program	Donations Communications Plan	Town Special Revenue	Activity Funds	School Capital Improvement
Assets						
Cash and cash equivalents	\$ 294	\$ 1,189	\$ 200	\$ —	\$ 192,497	\$ 425,208
Accounts receivable, net						
Loans receivable	—	—	—	—	—	—
Other receivable	—	—	—	—	—	—
Prepaid expenses	—	—	—	—	—	—
Due from other funds	—	—	—	—	—	327,390
Total assets	<u>294</u>	<u>1,189</u>	<u>200</u>	<u>—</u>	<u>192,497</u>	<u>752,598</u>
Deferred outflows						
	—	—	—	—	—	—
Total deferred outflows of resources	—	—	—	—	—	—
Total assets and deferred outflows of resources	<u>\$ 294</u>	<u>\$ 1,189</u>	<u>\$ 200</u>	<u>\$ —</u>	<u>\$ 192,497</u>	<u>\$ 752,598</u>
Liabilities						
Accounts payable and accrued expenses	—	—	—	—	6,788	\$ 304,130
Due to other funds	—	—	—	—	—	—
Total liabilities	—	—	—	—	6,788	304,130
Deferred inflows of resources						
Deferred revenues	—	—	—	—	—	—
Total deferred inflows of resources	—	—	—	—	—	—
Fund balances:						
Nonspendable	—	—	—	—	—	—
Restricted	294	1,189	200	—	185,709	448,468
Committed	—	—	—	—	—	—
Assigned	—	—	—	—	—	—
Unassigned	—	—	—	—	—	—
Total fund balances	<u>294</u>	<u>1,189</u>	<u>200</u>	<u>—</u>	<u>185,709</u>	<u>448,468</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 294</u>	<u>\$ 1,189</u>	<u>\$ 200</u>	<u>\$ —</u>	<u>\$ 192,497</u>	<u>\$ 752,598</u>

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	Other Enterprise	School Lunch Program	Total School Special Revenue Funds	Town Capital Projects Fund	Total Non-Major Governmental Funds	American Rescue Plan Fund
Assets						
Cash and cash equivalents	\$ 161,137	\$ 925,221	\$ 659,517	\$ 89,841	\$ 1,545,313	\$ 4,054,894
Accounts receivable, net						—
Federal and state government	—	35,424	1,584,064	—	1,584,064	—
Loans receivable	—	—	—	—	—	—
Other receivable	9,710	45,160	60,459	—	177,831	—
Prepaid expenses					1,000	—
Due from other funds	—	—	752,487	—	1,974,418	—
Total assets	170,847	1,005,805	3,056,527	89,841	5,282,626	4,054,894
Deferred outflows of resources						
Deferred outflows	—	—	—	—	—	—
Total deferred outflows of resources	—	—	—	—	—	—
Total assets and deferred outflows of resources	\$ 170,847	\$ 1,005,805	\$ 3,056,527	\$ 89,841	\$ 5,282,626	\$ 4,054,894
Liabilities						
Accounts payable and accrued expenses	\$ —	\$ 119,518	\$ 1,064,264	27,413	1,167,280	—
Due to other funds	—	77,755	77,755	175,673	495,723	1,158,412
Total liabilities	—	197,273	1,142,019	203,086	1,663,003	1,158,412
Deferred inflows of resources						
Unearned revenues	—	—	—	—	7,859	2,896,272
Total deferred inflows of resources	—	—	—	—	7,859	2,896,272
Fund balances:						
Nonspendable	—	—	—	—	200,138	—
Restricted	—	808,532	1,914,508	—	1,843,511	210
Committed	—	—	—	—	—	—
Assigned	170,847	—	—	—	1,568,115	—
Unassigned	—	—	—	(113,245)	—	—
Total fund balances	170,847	808,532	1,914,508	(113,245)	3,611,764	210
Total liabilities, deferred inflows of resources, and fund balances	\$ 170,847	\$ 1,005,805	\$ 3,056,527	\$ 89,841	\$ 5,282,626	\$ 4,054,894

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	Special Revenue Funds - Town					
	Library Grant Fund	Community Development Block Grant Fund	Public Safety Relief/Goodman	Fire Alarm Fund	Fire Prevention Fund	Criminal Investigations Fund
Revenues						
Intergovernmental	\$ —	\$ 19,875	\$ —	\$ —	\$ —	\$ —
Licenses, permits and fees	—	—	—	—	4,347	—
Interest and investment income	—	—	18	—	—	—
Other	—	—	—	—	—	—
Total revenues	—	19,875	18	—	4,347	—
Expenditures						
General government	—	—	—	—	—	—
Public safety	—	—	—	—	—	—
Public works	—	—	—	—	—	—
Planning and inspection	—	—	—	—	—	—
Library	—	—	—	—	—	—
Education	—	—	—	—	—	—
Community Services	—	19,875	—	—	—	—
Capital outlay	—	—	—	—	—	—
Total expenditures	—	19,875	—	—	—	—
Excess (deficiency) of revenues over expenditures	—	—	18	—	4,347	—
Other financing sources (uses)						
Proceeds from Financing	—	—	—	—	—	—
Transfers from other funds	—	—	—	—	—	—
Transfers to other funds	—	—	—	—	(5,239)	—
Total other financing sources (uses)	—	—	—	—	(5,239)	—
Excess (deficiency) of revenues and other sources over expenditures and other uses	—	—	18	—	(892)	—
Fund balances, beginning	4	—	7,291	500	37,079	1,086
Fund balances, ending	\$ 4	\$ —	\$ 7,309	\$ 500	\$ 36,187	\$ 1,086

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	Special Revenue Funds - Town					
	Capital Improvement Impact Fund	Library Gift Fund (ET)	Library Donations Fund	Library Public Access Print Server	Forfeited and Confiscated Funds (ET)	Retired Police Officers' Fund
Revenues						
Intergovernmental	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Licenses, permits and fees	—	—	—	—	—	—
Interest and investment income	957	17	—	—	73	—
Other	32,102	1,653	21,578	1,669	47,972	—
Total revenues	<u>33,059</u>	<u>1,670</u>	<u>21,578</u>	<u>1,669</u>	<u>48,045</u>	<u>—</u>
Expenditures						
General government	—	—	—	—	—	—
Public safety	—	—	—	—	—	—
Public works	—	—	—	—	—	—
Planning and inspection	—	—	—	—	—	—
Library	—	—	—	—	—	—
Education	—	—	—	—	—	—
Community Services	—	—	—	—	—	—
Capital outlay	—	—	—	—	—	—
Total expenditures	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Excess (deficiency) of revenues over expenditures	<u>33,059</u>	<u>1,670</u>	<u>21,578</u>	<u>1,669</u>	<u>48,045</u>	<u>—</u>
Other financing sources (uses)						
Proceeds from Financing	—	—	—	—	—	—
Transfers from other funds	—	—	—	—	—	—
Transfers to other funds	(7,863)	—	(547)	(3,096)	(62,827)	—
Total other financing sources (uses)	<u>(7,863)</u>	<u>—</u>	<u>(547)</u>	<u>(3,096)</u>	<u>(62,827)</u>	<u>—</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	25,196	1,670	21,031	(1,427)	(14,782)	—
Fund balances, beginning	144,818	29,739	34,749	15,681	45,875	516
Fund balances, ending	<u>\$ 170,014</u>	<u>\$ 31,409</u>	<u>\$ 55,780</u>	<u>\$ 14,254</u>	<u>\$ 31,093</u>	<u>\$ 516</u>

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	Special Revenue Funds - Town				
	Civilian Police Academy Fund	PPV Public Safety	JFK Building SRF	Library Community Garden Fund	Total Town Special Revenue Funds
Revenues					
Intergovernmental	\$ —	\$ 1,376,704	\$ —	\$ —	\$ 1,396,579
Licenses, permits and fees	—	—	—	199	4,546
Interest and investment income	—	—	—	—	1,065
Other	—	—	40,805	—	145,779
Total revenues	<u>—</u>	<u>1,376,704</u>	<u>40,805</u>	<u>199</u>	<u>1,547,969</u>
Expenditures					
General government	—	—	—	—	—
Public safety	—	—	—	—	—
Public works	—	—	—	—	—
Planning and inspection	—	—	—	—	—
Library	—	—	—	—	—
Education	—	—	—	—	—
Community Services	—	—	—	—	19,875
Capital outlay	—	—	—	—	—
Total expenditures	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>19,875</u>
Excess (deficiency) of revenues over expenditures	<u>—</u>	<u>1,376,704</u>	<u>40,805</u>	<u>199</u>	<u>1,528,094</u>
Other financing sources (uses)					
Proceeds from Financing	—	—	—	—	—
Transfers from other funds	—	—	—	—	—
Transfers to other funds	—	(872,162)	(71,136)	(17)	(1,022,887)
Total other financing sources (uses)	<u>—</u>	<u>(872,162)</u>	<u>(71,136)</u>	<u>(17)</u>	<u>(1,022,887)</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	<u>—</u>	<u>504,542</u>	<u>(30,331)</u>	<u>182</u>	<u>505,207</u>
Fund balances, beginning	<u>1,860</u>	<u>491,925</u>	<u>266,095</u>	<u>16,783</u>	<u>1,094,001</u>
Fund balances, ending	<u>\$ 1,860</u>	<u>\$ 996,467</u>	<u>\$ 235,764</u>	<u>\$ 16,965</u>	<u>\$ 1,599,208</u>

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	Permanent Trust Funds			
	McCartney Scholarship Fund	Mckie Scholarship Fund	Bennett Welfare Fund	Freebody Welfare Fund
Revenues				
Intergovernmental	\$ —	\$ —	\$ —	\$ —
Licenses, permits and fees	—	—	—	—
Interest and investment income	43	46	9	8
Other	—	—	—	—
Total revenues	<u>43</u>	<u>46</u>	<u>9</u>	<u>8</u>
Expenditures				
General government	—	—	—	—
Public safety	—	—	—	—
Public works	—	—	—	—
Planning and inspection	—	—	—	—
Library	—	—	—	—
Education	—	—	—	—
Community Services	—	—	—	—
Capital outlay	—	—	—	—
Total expenditures	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Excess (deficiency) of revenues over expenditures	<u>43</u>	<u>46</u>	<u>9</u>	<u>8</u>
Other financing sources (uses)				
Proceeds from Financing	—	—	—	—
Operating transfers from other funds	—	—	—	—
Operating transfers to other funds	—	—	—	—
Total other financing sources (uses)	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	43	46	9	8
Fund balances, beginning	17,631	18,502	3,606	3,007
Fund balances, ending	<u>\$ 17,674</u>	<u>\$ 18,548</u>	<u>\$ 3,615</u>	<u>\$ 3,015</u>

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	Permanent Trust Funds			Total Permanent Funds
	Burial fund	Summerfield Trust Fund	Middletown Main Drainage	
Revenues				
Intergovernmental	\$ —	\$ —	\$ —	\$ —
Licenses, permits and fees	52,561	—	—	52,561
Interest and investment income	346	7	46	505
Other	4,060	—	—	4,060
Total revenues	<u>56,967</u>	<u>7</u>	<u>46</u>	<u>57,126</u>
Expenditures				
General government	—	—	—	—
Public safety	—	—	—	—
Public works	90,051	—	—	90,051
Planning and inspection	—	—	—	—
Library	—	—	—	—
Education	—	—	—	—
Community Services	—	—	—	—
Capital outlay	—	—	—	—
Total expenditures	<u>90,051</u>	<u>—</u>	<u>—</u>	<u>90,051</u>
Excess (deficiency) of revenues over expenditures	<u>(33,084)</u>	<u>7</u>	<u>46</u>	<u>(32,925)</u>
Other financing sources (uses)				
Proceeds from Financing	—	—	—	—
Operating transfers from other funds	36,644	—	—	36,644
Operating transfers to other funds	—	—	—	—
Total other financing sources (uses)	<u>36,644</u>	<u>—</u>	<u>—</u>	<u>36,644</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	3,560	7	46	3,719
Fund balances, beginning	142,910	2,983	18,935	207,574
Fund balances, ending	<u>\$ 146,470</u>	<u>\$ 2,990</u>	<u>\$ 18,981</u>	<u>\$ 211,293</u>

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	Special Revenue Funds - School					
	IDEA Part B Allocation	IDEA Part B Preschool	Title I	Title II	Title III	Title III Competitive
Revenues						
Intergovernmental	\$ 658,176	\$ 40,035	\$ 446,041	\$ 79,823	\$ 72,195	\$ 8,101
Licenses, permits and fees	—	—	—	—	—	—
Interest and investment income	—	—	—	—	—	—
Other	—	—	—	—	—	—
Total revenues	<u>658,176</u>	<u>40,035</u>	<u>446,041</u>	<u>79,823</u>	<u>72,195</u>	<u>8,101</u>
Expenditures						
General government	—	—	—	—	—	—
Public safety	—	—	—	—	—	—
Public works	—	—	—	—	—	—
Planning and inspection	—	—	—	—	—	—
Library	—	—	—	—	—	—
Education	658,176	40,035	446,041	79,823	72,195	8,101
Community Services	—	—	—	—	—	—
Capital outlay	—	—	—	—	—	—
Total expenditures	<u>658,176</u>	<u>40,035</u>	<u>446,041</u>	<u>79,823</u>	<u>72,195</u>	<u>8,101</u>
Excess (deficiency) of revenues over expenditures	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Other financing sources (uses)						
Proceeds from Financing	—	—	—	—	—	—
Operating transfers from other funds	—	—	—	—	—	—
Operating transfers to other funds	—	—	—	—	—	—
Total other financing sources (uses)	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Fund balances, beginning	<u>—</u>	<u>—</u>	<u>1</u>	<u>—</u>	<u>—</u>	<u>—</u>
Fund balances, ending	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 1</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>

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	Special Revenue Funds - School					
	Title IV	Perkins Vocational	Perkins Vocational Set Aside	Perkins Special Programs	Education of Homeless 1	Education of Homeless 2
Revenues						
Intergovernmental	\$ —	\$ 85,060	\$ 6,500	\$ —	\$ —	\$ 41,017
Licenses, permits and fees	—	—	—	—	—	—
Interest and investment income	—	—	—	—	—	—
Other	—	—	—	—	—	—
Total revenues	—	85,060	6,500	—	—	41,017
Expenditures						
General government	—	—	—	—	—	—
Public safety	—	—	—	—	—	—
Public works	—	—	—	—	—	—
Library	—	—	—	—	—	—
Education	—	39,125	6,500	—	—	41,017
Community Services	—	—	—	—	—	—
Capital outlay	—	45,935	—	—	—	—
Total expenditures	—	85,060	6,500	—	—	41,017
Excess (deficiency) of revenues over expenditures	—	—	—	—	—	—
Other financing sources (uses)						
Proceeds from Financing	—	—	—	—	—	—
Operating transfers from other funds	—	—	—	—	—	—
Operating transfers to other funds	—	(17,027)	—	—	—	—
Total other financing sources (uses)	—	(17,027)	—	—	—	—
Excess (deficiency) of revenues and other sources over expenditures and other uses	—	(17,027)	—	—	—	—
Fund balances, beginning	—	17,027	—	—	—	—
Fund balances, ending	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —

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	Special Revenue Funds - School					
	Rethink RI K8 AIS	US Dept. of Defense Grant MAPS	US Department of Defense Grant - Bio Med	ESSER II Funds	ESSER III Funds	Comprehensive Literacy Grant
Revenues						
Intergovernmental	\$ 3,135	\$ 213,021	\$ 84,021	\$ 6,250	\$ 1,419,515	\$ 128,831
Licenses, permits and fees	—	—	—	—	—	—
Interest and investment income	—	—	—	—	—	—
Other	—	—	—	—	—	—
Total revenues	<u>3,135</u>	<u>213,021</u>	<u>84,021</u>	<u>6,250</u>	<u>1,419,515</u>	<u>128,831</u>
Expenditures						
General government	—	—	—	—	—	—
Public safety	—	—	—	—	—	—
Public works	—	—	—	—	—	—
Library	—	—	—	—	—	—
Education	3,135	155,875	84,021	6,250	1,015,709	128,831
Community Services	—	—	—	—	—	—
Capital outlay	—	57,146	—	—	403,806	—
Total expenditures	<u>3,135</u>	<u>213,021</u>	<u>84,021</u>	<u>6,250</u>	<u>1,419,515</u>	<u>128,831</u>
Excess (deficiency) of revenues over expenditures	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Other financing sources (uses)						
Proceeds from Financing	—	—	—	—	—	—
Operating transfers from other funds	—	—	—	—	—	—
Operating transfers to other funds	—	—	—	—	—	—
Total other financing sources (uses)	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Fund balances, beginning	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Fund balances, ending	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>

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	Special Revenue Funds - School					
	CRF-Sub Teacher Pool & Recruitment	ARP Homeless Children & Youth	ARP IDEA B	ARP IDEA B Preschool	ARP Municipal	American ARP ELC Epi & Lab Capacity
Revenues						
Intergovernmental	\$ —	\$ 64,171	\$ 46,773	\$ 5,765	\$ —	\$ 72,150
Licenses, permits and fees	—	—	—	—	—	—
Interest and investment income	—	—	—	—	—	—
Other	—	—	—	—	—	—
Total revenues	—	64,171	46,773	5,765	—	72,150
Expenditures						
General government	—	—	—	—	—	—
Public safety	—	—	—	—	—	—
Public works	—	—	—	—	—	—
Library	—	—	—	—	—	—
Education	—	64,171	46,773	5,765	726,997	65,592
Community Services	—	—	—	—	—	—
Capital outlay	—	—	—	—	18,991	—
Total expenditures	—	64,171	46,773	5,765	745,988	65,592
Excess (deficiency) of revenues over expenditures	—	—	—	—	(745,988)	6,558
Other financing sources (uses)						
Proceeds from Financing	—	—	—	—	—	—
Operating transfers from other funds	—	—	—	—	745,988	—
Operating transfers to other funds	—	—	—	—	—	(6,558)
Total other financing sources (uses)	—	—	—	—	745,988	(6,558)
Excess (deficiency) of revenues and other sources over expenditures and other uses	—	—	—	—	—	—
Fund balances, beginning	110	—	—	—	—	—
Fund balances, ending	\$ 110	\$ —	\$ —	\$ —	\$ —	\$ —

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Town of Middletown, Rhode Island
Supplementary Information
Non-Major Governmental Funds
Combined Statement of Revenues, Expenditures and Changes in Fund Balance
For the Year Ended June 30, 2023

	Special Revenue Funds - School					
	Education and Innovation (CS4RI)	Healthier US Challenge Grant	Early Childhood	Literacy	Student Equity	CS4RI
Revenues						
Intergovernmental	\$ 9,784	\$ —	\$ —	\$ —	\$ —	\$ —
Licenses, permits and fees	—	—	—	—	—	—
Interest and investment income	—	—	—	—	—	—
Other	—	—	—	—	—	—
Total revenues	9,784	—	—	—	—	—
Expenditures						
General government	—	—	—	—	—	—
Public safety	—	—	—	—	—	—
Public works	—	—	—	—	—	—
Library	—	—	—	—	—	—
Education	9,784	—	—	—	—	—
Community Services	—	—	—	—	—	—
Capital outlay	—	—	—	—	—	—
Total expenditures	9,784	—	—	—	—	—
Excess (deficiency) of revenues over expenditures	—	—	—	—	—	—
Other financing sources (uses)						
Proceeds from Financing	—	—	—	—	—	—
Operating transfers from other funds	—	—	—	—	106,817	—
Operating transfers to other funds	—	—	(22,504)	(16,502)	—	—
Total other financing sources (uses)	—	—	(22,504)	(16,502)	106,817	—
Excess (deficiency) of revenues and other sources over expenditures and other uses	—	—	(22,504)	(16,502)	106,817	—
Fund balances, beginning	—	1,530	22,504	16,502	(106,817)	31
Fund balances, ending	\$ —	\$ 1,530	\$ —	\$ —	\$ —	\$ 31

See independent auditors' report

Town of Middletown, Rhode Island
Supplementary Information
Non-Major Governmental Funds
Combined Statement of Revenues, Expenditures and Changes in Fund Balance
For the Year Ended June 30, 2023

	Special Revenue Funds - School					
	CTE Categorical Aid	CTE Categorical Aid-2	English Language Learner Categorical	RIDE Open Science Field Test Grant	Tech Assistance on Necessity of School Constr	SBA Capital Fund
Revenues						
Intergovernmental	\$ 53,145	\$ —	\$ 12,500	\$ 608	\$ —	\$ 214,674
Licenses, permits and fees	—	—	—	—	—	—
Interest and investment income	—	—	—	—	—	—
Other	—	—	—	—	—	—
Total revenues	53,145	—	12,500	608	—	214,674
Expenditures						
General government	—	—	—	—	—	—
Public safety	—	—	—	—	—	—
Public works	—	—	—	—	—	—
Library	—	—	—	—	—	—
Education	19,432	37,577	12,500	608	—	19,106
Community Services	—	—	—	—	—	—
Capital outlay	40,101	663	—	—	—	195,568
Total expenditures	59,533	38,240	12,500	608	—	214,674
Excess (deficiency) of revenues over expenditures	(6,388)	(38,240)	—	—	—	—
Other financing sources (uses)						
Proceeds from Financing	—	—	—	—	—	—
Operating transfers from other funds	—	—	—	—	—	—
Operating transfers to other funds	—	—	—	—	—	—
Total other financing sources (uses)	—	—	—	—	—	—
Excess (deficiency) of revenues and other sources over expenditures and other uses	(6,388)	(38,240)	—	—	—	—
Fund balances, beginning	13,413	136,293	—	124	—	—
Fund balances, ending	\$ 7,025	\$ 98,053	\$ —	\$ 124	\$ —	\$ —

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Town of Middletown, Rhode Island
Supplementary Information
Non-Major Governmental Funds
Combined Statement of Revenues, Expenditures and Changes in Fund Balance
For the Year Ended June 30, 2023

	Special Revenue Funds - School					
	Feinstein Foundation Grant	EBCAP 1	EBCAP 2 VB	EBCAP 3 Civic	Rhode Island Foundation	Van Beuren Charitable Foundation
Revenues						
Intergovernmental	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Licenses, permits and fees	—	—	—	—	—	—
Interest and investment income	—	—	—	—	—	—
Other	51,201	968	—	—	—	(78,956)
Total revenues	51,201	968	—	—	—	(78,956)
Expenditures						
General government	—	—	—	—	—	—
Public safety	—	—	—	—	—	—
Public works	—	—	—	—	—	—
Library	—	—	—	—	—	—
Education	24,165	968	—	—	—	131,170
Community Services	—	—	—	—	—	—
Capital outlay	6,525	—	—	—	—	—
Total expenditures	30,690	968	—	—	—	131,170
Excess (deficiency) of revenues over expenditures	20,511	—	—	—	—	(210,126)
Other financing sources (uses)						
Proceeds from Financing	—	—	—	—	—	—
Operating transfers from other funds	—	—	616	—	—	—
Operating transfers to other funds	—	—	—	—	—	—
Total other financing sources (uses)	—	—	616	—	—	—
Excess (deficiency) of revenues and other sources over expenditures and other uses	20,511	—	616	—	—	(210,126)
Fund balances, beginning	110,307	—	(616)	—	6,122	201,795
Fund balances, ending	\$ 130,818	\$ —	\$ —	\$ —	\$ 6,122	\$ (8,331)

See independent auditors' report

Town of Middletown, Rhode Island
Supplementary Information
Non-Major Governmental Funds
Combined Statement of Revenues, Expenditures and Changes in Fund Balance
For the Year Ended June 30, 2023

	Special Revenue Funds - School					
	Target Private Donations	Office Max	Interlock Risk Management	Scholarship America	RI Art Association	PTO/PTG Donations
Revenues						
Intergovernmental	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Licenses, permits and fees	—	—	—	—	—	—
Interest and investment income	—	—	—	—	—	—
Other	—	—	—	—	—	2,776
Total revenues	—	—	—	—	—	2,776
Expenditures						
General government	—	—	—	—	—	—
Public safety	—	—	—	—	—	—
Public works	—	—	—	—	—	—
Library	—	—	—	—	—	—
Education	—	—	—	—	—	3,112
Community Services	—	—	—	—	—	—
Capital outlay	—	—	1,000	—	—	—
Total expenditures	—	—	1,000	—	—	3,112
Excess (deficiency) of revenues over expenditures	—	—	(1,000)	—	—	(336)
Other financing sources (uses)						
Proceeds from Financing	—	—	—	—	—	—
Operating transfers from other funds	—	—	—	—	—	296
Operating transfers to other funds	—	—	—	—	—	—
Total other financing sources (uses)	—	—	—	—	—	296
Excess (deficiency) of revenues and other sources over expenditures and other uses	—	—	(1,000)	—	—	(40)
Fund balances, beginning	195	100	1,000	472	132	40
Fund balances, ending	\$ 195	\$ 100	\$ —	\$ 472	\$ 132	\$ —

See independent auditors' report

Town of Middletown, Rhode Island
 Supplementary Information
 Non-Major Governmental Funds
 Combined Statement of Revenues, Expenditures and Changes in Fund Balance
 For the Year Ended June 30, 2023

	Special Revenue Funds - School				
	Middletown Education Collaborative	Safety Town	National Math & Science Inc.	Angel Fund	AP Testing
Revenues					
Intergovernmental	\$ —	\$ —	\$ —	\$ —	\$ —
Licenses, permits and fees	—	—	—	—	—
Interest and investment income	—	—	—	—	—
Other	—	—	—	—	9,916
Total revenues	—	—	—	—	9,916
Expenditures					
General government	—	—	—	—	—
Public safety	—	—	—	—	—
Public works	—	—	—	—	—
Library	—	—	—	—	—
Education	—	—	—	—	—
Community Services	—	—	—	—	—
Capital outlay	—	—	—	—	—
Total expenditures	—	—	—	—	—
Excess (deficiency) of revenues over expenditures	—	—	—	—	9,916
Other financing sources (uses)					
Proceeds from Financing	—	—	—	—	—
Operating transfers from other funds	—	—	—	—	—
Operating transfers to other funds	—	—	—	—	—
Total other financing sources (uses)	—	—	—	—	—
Excess (deficiency) of revenues and other sources over expenditures and other uses	—	—	—	—	9,916
Fund balances, beginning	\$ 2,500	\$ 501	\$ 6,621	\$ 630	\$ —
Fund balances, ending	\$ 2,500	\$ 501	\$ 6,621	\$ 630	\$ 9,916

See independent auditors' report

Town of Middletown, Rhode Island
 Supplementary Information
 Non-Major Governmental Funds
 Combined Statement of Revenues, Expenditures and Changes in Fund Balance
 For the Year Ended June 30, 2023

	Special Revenue Funds - School				
	PSAT	Middle School Donors	Forest Ave. School Donors	Aquidneck School Donors	High School Donors
Revenues					
Intergovernmental	\$ —	\$ —	\$ —	\$ —	\$ —
Licenses, permits and fees	—	—	—	—	—
Interest and investment income	—	—	—	—	—
Other	127	35,142	554	301	12,835
Total revenues	<u>127</u>	<u>35,142</u>	<u>554</u>	<u>301</u>	<u>12,835</u>
Expenditures					
General government	—	—	—	—	—
Public safety	—	—	—	—	—
Public works	—	—	—	—	—
Library	—	—	—	—	—
Education	—	35,349	554	645	800
Community Services	—	—	—	—	—
Capital outlay	—	—	—	—	—
Total expenditures	<u>—</u>	<u>35,349</u>	<u>554</u>	<u>645</u>	<u>800</u>
Excess (deficiency) of revenues over expenditures	<u>127</u>	<u>(207)</u>	<u>—</u>	<u>(344)</u>	<u>12,035</u>
Other financing sources (uses)					
Proceeds from Financing	—	—	—	—	—
Operating transfers from other funds	—	—	—	—	—
Operating transfers to other funds	—	—	—	—	—
Total other financing sources (uses)	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	127	(207)	—	(344)	12,035
Fund balances, beginning	—	13,451	—	3,992	17,569
Fund balances, ending	<u>\$ 127</u>	<u>\$ 13,244</u>	<u>\$ —</u>	<u>\$ 3,648</u>	<u>\$ 29,604</u>

See independent auditors' report

Town of Middletown, Rhode Island
Supplementary Information
Non-Major Governmental Funds
Combined Statement of Revenues, Expenditures and Changes in Fund Balance
For the Year Ended June 30, 2023

	Special Revenue Funds - School					
	Donations Boosters	Donations Robotics Program	Donations Communications Plan	Town Special Revenue	Activity Funds	School Capital Improvement Fund
Revenues						
Intergovernmental	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Licenses, permits and fees		—	—	—	—	—
Interest and investment income		—	—	—	—	3,387
Other	—	—	—	—	56,862	—
Total revenues	—	—	—	—	56,862	3,387
Expenditures						
General government		—	—	—	—	—
Public safety		—	—	—	—	—
Public works		—	—	—	—	—
Library		—	—	—	—	—
Education	427	—	—	—	51,023	771,942
Community Services		—	—	—	—	—
Capital outlay	—	—	—	—	—	380,510
Total expenditures	427	—	—	—	51,023	1,152,452
Excess (deficiency) of revenues over expenditures	(427)	—	—	—	5,839	(1,149,065)
Other financing sources (uses)						
Proceeds from Financing	—	—	—	—	—	—
Operating transfers from other funds	—	—	—	—	—	1,141,203
Operating transfers to other funds	—	—	—	—	—	—
Total other financing sources (uses)	—	—	—	—	—	1,141,203
Excess (deficiency) of revenues and other sources over expenditures and other uses	(427)	—	—	—	5,839	(7,862)
Fund balances, beginning	721	1,189	200	—	179,870	456,330
Fund balances, ending	\$ 294	\$ 1,189	\$ 200	\$ —	\$ 185,709	\$ 448,468

See independent auditors' report

Town of Middletown, Rhode Island
Supplementary Information
Major Governmental Funds
Combined Statement of Revenues, Expenditures and Changes in Fund Balance
For the Year Ended June 30, 2023

	Other Enterprise	School Lunch	Total School Special Revenue Funds	Town Capital Projects Fund	Total Non- Major Governmental Funds	American Rescue Plan Fund
Revenues						
Intergovernmental	\$ —	\$ 431,502	\$ 4,202,793	\$ —	\$ 5,599,372	\$ 1,560,324
Licenses, permits and fees	39,743	413,694	453,437	—	510,544	—
Interest and investment income	—	—	3,387	36	4,993	74,316
Other	78,340	—	167,847	—	317,686	—
Total revenues	118,083	845,196	4,827,464	36	6,432,595	1,634,640
Expenditures						
General government	—	—	—	—	—	—
Public safety	—	—	—	—	—	—
Public works	—	—	—	—	90,051	—
Planning and inspection	—	—	—	—	—	—
Library	—	—	—	—	—	—
Education	12,851	719,153	5,545,298	—	5,545,298	—
Community Services	—	—	—	70,549	90,424	—
Capital outlay	—	20,265	1,175,545	—	1,175,545	—
Total expenditures	12,851	739,418	6,720,843	70,549	6,901,318	—
Excess (deficiency) of revenues over expenditures	105,232	105,778	(1,893,379)	(70,513)	(468,723)	1,634,640
Other financing sources (uses)						
Proceeds from Financing	—	—	—	—	—	—
Operating transfers from other funds	8,109	—	1,887,191	60,864	1,984,699	—
Operating transfers to other funds	—	—	53,247	—	(969,640)	(1,634,640)
Total other financing sources (uses)	8,109	—	1,940,438	60,864	1,015,059	(1,634,640)
Excess (deficiency) of revenues and other sources over expenditures and other uses	113,341	105,778	47,059	(9,649)	546,336	—
Fund balances, beginning, restated	57,506	702,754	1,867,449	(103,596)	3,065,428	210
Fund balances, ending	\$ 170,847	\$ 808,532	\$ 1,914,508	\$ (113,245)	\$ 3,611,764	\$ 210

See independent auditors' report

Town of Middletown, Rhode Island
Supplementary Information
Private Purpose Trust Funds
Combined Statement of Fiduciary Net Position
June 30, 2023

	<u>Clarke Scholarship</u>	<u>Middletown Scholarships</u>	<u>Gladys Silveira Memorial Scholarship</u>	<u>Patricia Parsonage Scholarship</u>	<u>Joseph Krupowicz Scholarship</u>	<u>Twain Tennyson Scholarship</u>	<u>John Clarke Northwest Scholarship</u>	<u>Total Private Purpose Trust Funds</u>
Assets								
Cash and cash equivalents	\$ 10,688	\$ 44,489	\$ 2,190	\$ 280	\$ 5,769		\$ 7,617	\$ 71,033
Investments	—	—	—	2,400	7,247	132,138	9,178	150,963
Due from external parties	—	—	—	—	—	—	—	—
Total assets	<u>\$ 10,688</u>	<u>\$ 44,489</u>	<u>\$ 2,190</u>	<u>\$ 2,680</u>	<u>\$ 13,016</u>	<u>\$ 132,138</u>	<u>\$ 16,795</u>	<u>\$ 221,996</u>
Liabilities								
Payables to external parties	—	—	—	500	5,600	14,000	—	20,100
Total liabilities	<u>—</u>	<u>—</u>	<u>—</u>	<u>500</u>	<u>5,600</u>	<u>14,000</u>	<u>—</u>	<u>20,100</u>
Net position:								
Restricted for scholarships	10,688	44,489	2,190	2,180	7,416	118,138	16,795	201,896
Total net position	<u>10,688</u>	<u>44,489</u>	<u>2,190</u>	<u>2,180</u>	<u>7,416</u>	<u>118,138</u>	<u>16,795</u>	<u>201,896</u>
Total liabilities and net position	<u>\$ 10,688</u>	<u>\$ 44,489</u>	<u>\$ 2,190</u>	<u>\$ 2,680</u>	<u>\$ 13,016</u>	<u>\$ 132,138</u>	<u>\$ 16,795</u>	<u>\$ 221,996</u>

See independent auditors' report

Town of Middletown, Rhode Island
Supplementary Information
Private Purpose Trust Funds
Combined Statement of Changes in Fiduciary Net Position
For the Year Ended June 30, 2023

	Clarke Scholarship	Middletown Scholarships	Gladys Silveira Memorial Scholarship	Patricia Parsonage Scholarship	Joseph Krupowicz Scholarship	Twain Tennyson Scholarship	John Clarke Northwest Scholarship	Total Private Purpose Trust Funds
Additions to net position:								
Contributions and donations	\$ —	\$ 27,106	\$ —	\$ 5	\$ 18	\$ 2,525	\$ 155	\$ 29,809
Investment income, net:								
Interest income	26	—	—	—	—	—	—	26
Total additions	<u>26</u>	<u>27,106</u>	<u>—</u>	<u>5</u>	<u>18</u>	<u>2,525</u>	<u>155</u>	<u>29,835</u>
Deductions from net position:								
Investment expenses								—
Scholarships	—	34,292	—	—	60	—	—	34,352
Total deductions	<u>—</u>	<u>34,292</u>	<u>—</u>	<u>—</u>	<u>60</u>	<u>—</u>	<u>—</u>	<u>34,352</u>
Changes in net position	<u>26</u>	<u>(7,186)</u>	<u>—</u>	<u>5</u>	<u>(42)</u>	<u>2,525</u>	<u>155</u>	<u>(4,517)</u>
Net position, beginning of year	10,662	51,675	2,190	2,175	7,458	115,613	16,640	206,413
Net position, end of year	<u>\$ 10,688</u>	<u>\$ 44,489</u>	<u>\$ 2,190</u>	<u>\$ 2,180</u>	<u>\$ 7,416</u>	<u>\$ 118,138</u>	<u>\$ 16,795</u>	<u>\$ 201,896</u>

See independent auditors' report

Town of Middletown, Rhode Island
 Supplementary Information
 Custodial Funds
 Combined Statement of Fiduciary Net Position
June 30, 2023

	Maintenance Bonds	Ann Court	Probate Court Bond	West View Roadway	Total Custodial Funds
Assets					
Cash and cash equivalents	\$ —	\$ —	\$ —	\$ —	\$ —
Receivables from external parties	299,297	6,667	165,877	5,368	477,209
Total assets	299,297	6,667	165,877	5,368	477,209
Liabilities					
Accounts payable and accrued expenses	—	—	—	—	—
Payables to external parties	—	—	—	—	—
Deposits held in custody for others	299,297	6,667	165,877	5,368	477,209
Total liabilities	\$ 299,297	\$ 6,667	\$ 165,877	\$ 5,368	\$ 477,209

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***Independent Auditor's Report on Internal Control Over Financial Reporting
and on Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with Government Auditing Standards***

To the Honorable Members of the Town Council
Town of Middletown, Rhode Island

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the Town of Middletown, Rhode Island (Town), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated December 29, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Hague, Sahady & Co., CPA's, P.C.

Hague, Sahady & Co., CPA's P.C.
Fall River, Massachusetts
December 29, 2023

Town of Middletown, RI
Other Supplementary Information
Annual Supplemental Transparency Report (MTP2)
For the Year Ended June 30, 2023

OTHER SUPPLEMENTARY INFORMATION

The Annual Supplemental Transparency Report Schedules
required by the State of Rhode Island General Law § 45-12-22.2 and § 44-35-10

Annual Supplemental Transparency Report (MTP2) - Revenue
Annual Supplemental Transparency Report (MTP2) – Expenditures
Combining Schedule of Reportable Government Services with Reconciliation to MTP2 – Municipal
Combining Schedule of Reportable Government Services with Reconciliation to MTP2 – Education Department
Notes to Supplementary Information – Annual Supplemental Transparency Report (MTP2)

See independent auditors' report

Town of Middletown, RI
Other Supplementary Information
Annual Supplemental Transparency Report (MTP2)
For the Year Ended June 30, 2023

<u>REVENUE</u>	<u>Municipal</u>	<u>Education Department</u>
Current Year Levy Tax Collection	\$ 48,489,233	\$ -
Last Year's Levy Tax Collection	703,410	-
Prior Years Property Tax Collection	95,170	-
Interest & Penalty	124,418	-
PILOT & Tax Treaty (excluded from levy) Collection	1,492,189	-
Other Local Property Taxes	43,854	-
Licenses and Permits	1,389,002	-
Fines and Forfeitures	102,399	-
Investment Income	252,012	-
Departmental	3,439,276	-
Rescue Run Revenue	857,129	-
Police & Fire Detail	800,475	-
Other Local Non-Property Tax Revenues	32,522	-
Tuition	-	218,977
Impact Aid	-	1,033,439
Medicaid	-	386,447
Federal Stabilization Funds	-	-
Federal Food Service Reimbursement	-	420,059
CDBG	160,538	-
COPS Grants	-	-
SAFER Grants	436,831	-
Other Federal Aid Funds	136,001	1,875,738
COVID - ESSER	-	743,949
COVID - CRF	-	-
COVID - CDBG	-	-
COVID - FEMA	-	-
COVID - Other	-	-
COVID - ARPA	1,634,640	1,616,663
MV Excise Tax Reimbursement	76,147	-
State PILOT Program	-	-
Distressed Community Relief Fund	-	-
Library Resource Aid	168,217	-
Library Construction Aid	-	-
Public Service Corporation Tax	225,081	-
Meals & Beverage Tax/ Hotel Tax	2,539,084	-
LEA Aid	-	8,463,302
Group Home	-	-
Housing Aid Capital Projects	-	-
Housing Aid Bonded Debt	625,529	-
State Food Service Revenue	-	11,443
Incentive Aid	-	-
Property Revaluation Reimbursement	-	-
Other State Revenue	1,083,909	280,927
Motor Vehicle Phase Out	1,900,301	-
Other Revenue	1,307,318	706,331
Local Appropriation for Education	-	29,077,423
Regional Appropriation for Education	-	-
Supplemental Appropriation for Education	-	900,000
Regional Supplemental Appropriation for Education	-	-
Other Education Appropriation	-	-
Rounding	-	-
Total Revenue	<u>\$ 68,114,685</u>	<u>\$ 45,734,698</u>
Financing Sources: Transfer from Capital Funds	\$ -	\$ -
Financing Sources: Transfer from Other Funds	150,725	630,070
Financing Sources: Debt Proceeds	-	-
Financing Sources: Other	-	-
Rounding	-	-
Total Other Financing Sources	<u>\$ 150,725</u>	<u>\$ 630,070</u>

See independent auditors' report

Town of Middletown, RI
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EXPENDITURES	General	Finance	Social	Centralized	Planning	Libraries	Public	Parks and	Police
	Government		Services	IT			Works	Rec	Department
Compensation - Group A	\$ 612,862	\$ 625,915	\$ 261,239	\$ 196,788	\$ 436,888	\$ 497,799	\$ 815,168	\$ 948,540	\$ 3,323,507
Compensation - Group B	-	-	-	-	-	-	-	-	292,093
Compensation - Group C	-	-	-	-	-	-	-	-	-
Compensation -Volunteer	-	-	-	-	-	-	-	-	-
Overtime - Group A	16,976	2,448	24,968	1,644	834	1,500	49,299	139,869	773,749
Overtime - Group B	-	-	-	-	-	-	-	-	15,320
Overtime - Group C	-	-	-	-	-	-	-	-	-
Police & Fire Detail	-	-	-	-	-	-	-	-	517,475
Active Medical Insurance - Group A	80,559	84,830	38,594	29,195	68,365	33,808	142,083	28,544	514,525
Active Medical Insurance- Group B	-	-	-	-	-	-	-	-	26,560
Active Medical Insurance- Group C	-	-	-	-	-	-	-	-	-
Active Dental Insurance - Group A	3,627	3,235	1,621	1,290	3,490	1,477	7,090	1,295	21,263
Active Dental Insurance - Group B	-	-	-	-	-	-	-	-	1,060
Active Dental Insurance - Group C	-	-	-	-	-	-	-	-	-
Payroll Taxes	48,149	49,338	23,526	15,556	35,349	36,407	70,176	88,898	405,033
Life Insurance	8,006	8,310	3,500	2,290	6,292	1,430	2,259	2,512	5,562
State Defined Contribution - Group A	4,110	4,297	1,702	1,896	2,103	-	3,999	1,554	-
State Defined Contribution - Group B	-	-	-	-	-	-	-	-	-
State Defined Contribution - Group C	-	-	-	-	-	-	-	-	-
Other Benefits- Group A	110,638	15,662	-	-	-	1,153	9,440	36,618	153,967
Other Benefits- Group B	-	-	-	-	-	-	-	-	2,030
Other Benefits- Group C	-	-	-	-	-	-	-	-	-
Local Defined Benefit Pension- Group A	-	-	-	-	-	111,090	29,915	-	14,279
Local Defined Benefit Pension - Group B	-	-	-	-	-	-	-	-	-
Local Defined Benefit Pension - Group C	-	-	-	-	-	-	-	-	-
State Defined Benefit Pension - Group A	52,324	47,431	24,681	21,697	20,366	-	37,709	16,433	245,203
State Defined Benefit Pension - Group B	-	-	-	-	-	-	-	-	7,844
State Defined Benefit Pension - Group C	-	-	-	-	-	-	-	-	-
Other Defined Benefit / Contribution	27,619	12,278	2,904	-	15,988	11,805	15,062	3,704	22,700
Purchased Services	813,333	34,555	87,776	2,364	162,756	46,954	161,709	196,007	154,200
Materials/Supplies	82,264	5,054	41,867	64,415	4,654	85,998	210,385	202,400	76,788
Software Licenses	11,707	-	-	394,305	-	3,361	-	1,800	-
Capital Outlays	1,377,608	-	182,759	60,456	30,022	-	47,269	235,576	713,003
Insurance	2,095	-	-	-	-	-	-	-	-
Maintenance	126,396	-	18,190	21,244	-	61,281	1,493,108	342,564	294,848
Vehicle Operations	-	-	3,622	2,455	5,674	-	194,274	66,699	171,392
Utilities	94,018	-	29,938	84,854	2,545	81,425	40,525	32,861	91,994
Contingency	-	-	-	-	-	-	-	-	-
Street Lighting	-	-	-	-	-	-	219,774	-	-
Revaluation	-	-	-	-	-	-	-	-	-
Snow Removal- Raw Material & External Contracts	-	-	-	-	-	-	24,609	-	-
Trash Removal & Recycling	-	-	-	-	-	-	931,714	-	-
Claims & Settlements	1,465	-	-	-	-	-	-	-	-
Community Support	170,179	-	-	-	-	-	-	-	-
Other Operation Expenditures	22,375	3,140	1,220	554	980	-	12,876	141,182	11,410
Tipping Fees	-	-	-	-	-	-	150,624	-	-
Local Appropriation for Education	-	-	-	-	-	-	-	-	-
Regional Appropriation for Education	-	-	-	-	-	-	-	-	-
Supplemental Appropriation for Education	-	-	-	-	-	-	-	-	-
Regional Supplemental Appropriation for Education	-	-	-	-	-	-	-	-	-
Other Education Appropriation	-	-	-	-	-	-	-	-	-
Municipal Debt- Principal	-	-	-	-	-	-	-	-	-
Municipal Debt- Interest	-	-	-	-	-	-	-	-	-
School Debt- Principal	-	-	-	-	-	-	-	-	-
School Debt- Interest	-	-	-	-	-	-	-	-	-
Retiree Medical Insurance- Total	-	-	-	-	-	-	-	-	-
Retiree Dental Insurance- Total	-	-	-	-	-	-	-	-	-
OPEB Contribution- Total	-	-	-	-	-	-	-	-	-
Rounding	-	-	-	-	-	-	-	-	-
Total Expenditures	\$ 3,666,844	\$ 896,488	\$ 748,107	\$ 900,998	\$ 795,706	\$ 915,428	\$ 4,609,001	\$ 2,481,056	\$ 7,795,805

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<u>EXPENDITURES</u>	<u>Fire</u>	<u>Centralized</u>	<u>Public Safety</u>	<u>Education</u>	<u>Debt</u>	<u>OPEB</u>	<u>Total</u>	<u>Education</u>
	<u>Department</u>	<u>Dispatch</u>	<u>Other</u>	<u>Appropriation</u>			<u>Municipal</u>	<u>Department</u>
Compensation-Group A	\$ 2,412,057	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,070,758	\$ 16,941,326
Compensation - Group B	264,170	-	-	-	-	-	496,263	1,533,642
Compensation - Group C	-	-	-	-	-	-	-	2,971,779
Compensation -Volunteer	-	-	-	-	-	-	-	-
Overtime - Group A	601,177	-	-	-	-	-	1,606,459	-
Overtime - Group B	42,588	-	-	-	-	-	57,908	-
Overtime - Group C	-	-	-	-	-	-	-	54,684
Police & Fire Detail	10,431	-	-	-	-	-	527,906	-
Active Medical Insurance - Group A	466,315	-	-	-	-	-	1,486,818	2,173,222
Active Medical Insurance-Group B	52,710	-	-	-	-	-	79,270	179,274
Active Medical Insurance-Group C	-	-	-	-	-	-	-	702,440
Active Dental Insurance-Group A	20,809	-	-	-	-	-	65,197	107,809
Active Dental Insurance-Group B	2,598	-	-	-	-	-	3,658	6,535
Active Dental Insurance-Group C	-	-	-	-	-	-	-	25,540
Payroll Taxes	272,746	-	-	-	-	-	1,045,178	559,424
Life Insurance	15,688	-	-	-	-	-	55,849	48,891
State Defined Contribution-Group A	-	-	-	-	-	-	19,601	356,827
State Defined Contribution -Group B	1,217	-	-	-	-	-	1,217	30,084
State Defined Contribution -Group C	-	-	-	-	-	-	-	25,032
Other Benefits- Group A	176,540	-	-	-	-	-	504,018	95,336
Other Benefits- Group B	2,200	-	-	-	-	-	4,230	51,536
Other Benefits- Group C	-	-	-	-	-	-	-	34,986
Local Defined Benefit Pension-Group A	11,682	-	-	-	-	-	166,966	-
Local Defined Benefit Pension -Group B	-	-	-	-	-	-	-	-
Local Defined Benefit Pension -Group C	-	-	-	-	-	-	-	-
State Defined Benefit Pension -Group A	172,425	-	-	-	-	-	638,863	2,454,339
State Defined Benefit Pension -Group B	13,927	-	-	-	-	-	21,771	213,020
State Defined Benefit Pension -Group C	-	-	-	-	-	-	-	299,952
Other Defined Benefit /Contribution	21,584	-	-	-	-	-	139,644	-
Purchased Services	104,607	-	-	-	-	-	1,764,261	13,094,942
Materials/Supplies	142,413	-	-	-	-	-	916,178	771,422
Software Licenses	-	-	-	-	-	-	411,173	18,728
Capital Outlays	-	-	-	-	-	-	2,646,693	1,203,716
Insurance	-	-	-	-	-	-	2,095	427,806
Maintenance	66,664	-	-	-	-	-	2,304,235	468,734
Vehicle Operations	251,648	-	-	-	-	-	695,765	14,671
Utilities	576,052	-	-	-	-	-	1,034,212	866,236
Contingency	-	-	-	-	-	-	-	-
Street Lighting	-	-	-	-	-	-	219,774	-
Revaluation	-	-	-	-	-	-	-	-
Snow Removal-Raw Material & External Contracts	-	-	-	-	-	-	-	24,609
Trash Removal & Recycling	-	-	-	-	-	-	-	931,714
Claims & Settlements	-	-	-	-	-	-	-	1,465
Community Support	-	-	-	-	-	-	-	170,179
Other Operation Expenditures	16,689	-	-	-	-	-	209,826	198,152
Tipping Fees	-	-	-	-	-	-	-	150,624
Local Appropriation for Education	-	-	-	29,077,423	-	-	29,077,423	-
Regional Appropriation for Education	-	-	-	-	-	-	-	-
Supplemental Appropriation for Education	-	-	-	900,000	-	-	900,000	-
Regional Supplemental Appropriation for Education	-	-	-	-	-	-	-	-
Other Education Appropriation	-	-	-	-	-	-	-	-
Municipal Debt- Principal	-	-	-	-	2,452,658	-	2,452,658	-
Municipal Debt- Interest	-	-	-	-	791,154	-	791,154	-
School Debt- Principal	-	-	-	-	-	-	-	-
School Debt- Interest	-	-	-	-	-	-	-	-
Retiree Medical Insurance-Total	-	-	-	-	-	-	-	280,818
Retiree Dental Insurance- Total	-	-	-	-	-	-	-	2,243
OPEB Contribution-Total	-	-	-	-	-	3,350,058	3,350,058	20,625
Rounding	-	-	-	-	-	-	-	-
Total Expenditures	\$ 5,718,938	\$ -	\$ -	\$ 29,977,423	\$ 3,243,812	\$ 3,350,058	\$ 65,039,664	\$ 45,657,910

Financing Uses: Transfer to Capital Funds	\$ 60,864	\$ -
Financing Uses: Transfer to Other Funds	1,412,702	-
Financing Uses: Payment to Bond Escrow Agent	-	-
Financing Uses: Other	-	-
Total Other Financing Uses	\$ 1,473,566	\$ -
Net Change in Fund Balance¹	1,752,180	706,858
Fund Balance¹- beginning of year	\$24,446,345	\$2,096,670
Funds removed from Reportable Government Services (RGS)	-	-
Funds added to Reportable Government Services (RGS)	210	-
Prior period adjustments	-	-
Misc. Adjustment	1	1
Fund Balance¹ - beginning of year adjusted	24,446,556	2,096,671
Rounding	-	-
Fund Balance¹ - end of year	\$ 26,198,736	\$ 2,803,529

¹ and Net Position if Enterprise Fund activity is included in the transparency portal report.

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Combining Schedule of Reportable Government Services with Reconciliation to MTP2 - Municipal

Per Audited Fund Financial Statements Fund Description	Total Revenue	Total Other Financing Sources	Total Expenditures	Total Other Financing Uses	Net Change In Fund Balance ¹	Beginning Fund Fund Balance ² (Deficit)	Prior Period Adjustment	Restated Beginning Fund Balance ² (Deficit)	Ending Fund Balance ⁴ (Deficit)
Fund Balance¹ - per MTP-2 at June 30, 2022 adjusted						\$ 24,446,345	\$ -	\$ 24,446,345	
<i>No funds removed from RGS for fiscal 2022</i>						-	-	-	
<i>Added to RGS for Fiscal 2022</i>						210	-	210	
<i>Misc. adjustments made for fiscal 2022</i>						1	-	1	
Fund Balance³ - per MTP-2 at June 30, 2023 adjusted						<u>\$ 24,446,556</u>	<u>\$ -</u>	<u>\$ 24,446,556</u>	
General Fund	\$ 61,578,320	\$ 2,657,527	\$ 31,311,367	\$ 31,771,688	\$ 1,152,792	\$ 15,950,378	\$ -	\$ 15,950,378	\$ 17,103,170
Public Private Venture	1,376,704	-	-	872,162	504,542	491,924	-	491,924	996,466
Parks & Recreation	2,379,702	320,699	2,481,056	-	219,345	7,136,694	-	7,136,694	7,356,039
Refuse & Recycling	1,145,319	-	1,269,818	-	(124,499)	867,349	-	867,349	742,850
American Rescue Plan Fund	1,634,640	-	-	1,634,640	-	210	-	210	210
Totals per audited financial statements	<u>\$ 68,114,685</u>	<u>\$ 2,978,226</u>	<u>\$ 35,062,241</u>	<u>\$ 34,278,490</u>	<u>\$ 1,752,180</u>	<u>\$ 24,446,556</u>	<u>\$ -</u>	<u>\$ 24,446,556</u>	<u>\$ 26,198,735</u>
<u>Reconciliation from financial statements to MTP2</u>									
Reclassify transfer of municipal appropriation to Education Department as expenditure on MTP2	\$ -	\$ -	\$ 29,077,423	\$ (29,077,423)	\$ -	\$ -	\$ -	\$ -	\$ -
Reclassify transfer of municipal appropriation from a Special Revenue Fund (GASB 54) to Education Department as expenditure on MTP-2	-	-	900,000	(900,000)	-	-	-	-	-
Eliminate transfers between Funds reported on MTP2:									
- from a Special Revenue Fund (GASB 54) to Parks & Recreation Fund	-	(149,309)	-	(149,309)	-	-	-	-	-
- from Public Private Venture to a Special Revenue Fund (GASB 54)	-	-	-	-	-	-	-	-	-
- from Public Private Venture to General Fund	-	(872,162)	-	(872,162)	-	-	-	-	-
- from Parks and Recreation to a Special Revenue Fund (GASB 54)	-	(171,390)	-	(171,390)	-	-	-	-	-
- from American Rescue Plan Fund to General Fund	-	(1,634,640)	-	(1,634,640)	-	-	-	-	-
Roundng	-	-	-	-	-	-	-	-	-
Totals Per MTP2	<u>\$ 68,114,685</u>	<u>\$ 150,725</u>	<u>\$ 65,039,664</u>	<u>\$ 1,473,566</u>	<u>\$ 1,752,180</u>	<u>\$ 24,446,556</u>	<u>\$ -</u>	<u>\$ 24,446,556</u>	<u>\$ 26,198,736</u>

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Combining Schedule of Reportable Government Services with Reconciliation to MTP2 - Education Department

Per Audited Fund Financial Statements Fund Description	Total Revenue	Total Other Financing Sources	Total Expenditures	Total Other Financing Uses	Net Change In Fund Balance ¹	Beginning Fund Fund Balance ¹ (Deficit)	Prior Period Adjustment	Restated Beginning Fund Balance ¹ (Deficit)	Ending Fund Balance ¹ (Deficit)
Fund Balance ¹ - per MTP-2 at June 30, 2022						\$ 2,096,670	\$ -	\$ 2,096,670	
Miscellaneous adjustment(s) made for fiscal 2022						1	-	1	
Fund Balance ¹ - per MTP-2 at June 30, 2023 adjusted						<u>\$ 2,096,671</u>	<u>\$ -</u>	<u>\$ 2,096,671</u>	
School Unrestricted Fund	\$ 11,902,798	\$ 29,466,290	\$ 40,656,042	\$ 53,247	\$ 659,799	\$ 229,222	\$ -	\$ 229,222	\$ 889,021
School Special Revenue Funds	4,827,464	1,940,438	6,720,843	-	47,059	1,867,449	-	1,867,449	1,914,508
Totals per audited financial statements	<u>\$ 16,730,262</u>	<u>\$ 31,406,728</u>	<u>\$ 47,376,885</u>	<u>\$ 53,247</u>	<u>\$ 706,858</u>	<u>\$ 2,096,671</u>	<u>\$ -</u>	<u>\$ 2,096,671</u>	<u>\$ 2,803,529</u>
Reconciliation from financial statements to MTP2									
Municipal Appropriation for Education (Including Supplemental) reported as a transfer on financial statements but a revenue on MTP2	\$ 29,077,423	\$ (29,077,423)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Municipal appropriation for Education (Capital) reported as a transfer on financial statements but a revenue on MTP2	900,000	(900,000)	-	-	-	-	-	-	-
Municipal/ARP Grant Funding reported as a transfer on financial statements but a revenue on MTP2	745,988	(745,988)	-	-	-	-	-	-	-
Eliminate transfer between school unrestricted fund and total school special revenue funds	-	(53,247)	-	(53,247)	-	-	-	-	-
State Contribution to Teachers Pension Plan Rounding	(1,718,975)	-	(1,718,975)	-	-	-	-	-	-
Totals Per MTP2	<u>\$ 45,734,698</u>	<u>\$ 630,070</u>	<u>\$ 45,657,910</u>	<u>\$ -</u>	<u>\$ 706,858</u>	<u>\$ 2,096,671</u>	<u>-</u>	<u>\$ 2,096,671</u>	<u>\$ 2,803,529</u>
Reconciliation from MTP2 to UCOA									
Scholarship Funds	\$ 29,809		\$ 34,352						
Town Interagency Appropriation Transfer to Capital (Town Funded)-UCOA Revenue	630,070	(630,070)	-						
	<u>(2)</u>		<u>(4)</u>						
Totals per UCOA Validated Totals Report Dated December 21, 2023	<u>\$ 46,394,575</u>	<u>\$ -</u>	<u>\$ 45,692,258</u>						

¹ and Net Position if Enterprise Fund activity is included in the transparency portal report.

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Town of Middletown, RI
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Annual Supplemental Transparency Report (MTP2)
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Notes to Supplementary Information – *Annual Supplemental Transparency Report (MTP2)*

NOTE 1. Basis of Presentation

The *Annual Supplemental Transparency Report (MTP2)* is a supplemental schedule required by the State of Rhode Island General Laws 45-12-22.2 and 44-35-10. This supplementary schedule included within the audit report is part of a broader project to create a municipal transparency portal (MTP) website to host municipal financial information in a centralized location.

The format of the *Annual Supplemental Transparency Report (MTP2)* was prescribed by the State Department of Revenue (Division of Municipal Finance), Office of the Auditor General, and the Department of Education.

NOTE 2. Reportable Government Services

Data consistency and comparability are among the key objectives of the State's Municipal Transparency portal. Consistent with that goal, the State has defined "reportable government services", RGS, to include those operational revenues, expenditures, and transfers related to activities which are essential to the achievement of municipal operations. The determination of RGS may be different from the activities included within the legally adopted budget of the municipality. In practice, some communities report certain RGS in separate funds (e.g., special revenue funds, enterprise funds) rather than the municipality's general fund. The *Annual Supplemental Transparency Report (MTP2)* includes a reconciliation to the fund level statements.

NOTE 3. Allocations

The State reporting requires expenditures to be reported by departments, as defined by the State. Some of the departmental groupings are not consistent with the departments reflected in the City's (or Town's) budget and accounting system. To report these costs, the City (or Town) made allocations of costs to the State's departmental groupings based on a reasonable basis.

NOTE 4. Employee Groups - Compensation and Benefit Costs

Compensation includes salaries, longevity, stipends, clothing allowance/maintenance, shift differential, out-of-rank, holiday pay and bonuses.

For Public Safety departments (i.e., police, fire, and centralized dispatch) and the Education Department, compensation and most benefits costs are reported in the following employee groupings:

Group A: This group consists of employees who serve the primary function of the department.

- Police Department - police officers (e.g., uniform personnel - including, leadership positions)
- Fire Department - fire fighters (e.g., uniform personnel - including, leadership positions)
- Centralized Dispatch Department - civilian dispatchers only
- Education Department - professional staff providing direct services to students
- For the remaining departments - all employees' compensation and benefits are reported under Group A

Group B: For Police and Fire Departments, compensation and benefits paid to its administrative employees and civilian dispatch employees are reported under Group B. The Education Department reports compensation and benefits paid to executive/mid-level educational administration employees under Group B.

Group C: This group is only used for the Education Department and it includes administrative and support staff.

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Other post-employment benefits (OPEB) are not reported by employee groups on the MTP2. They are reported in total as either (1) contributions to a qualified OPEB trust or (2) the amount paid for medical and dental insurance for retirees when an OPEB trust fund has not been established. The detail employee group information for the Education Department can be found on the State's Municipal Transparency portal website.

NOTE 5. Education Revenue and Expenditures

The revenues and expenditures presented on the MTP2 under the Education Department is consistent with existing Uniform Chart of Accounts (UCOA) guidelines. Each MTP account code has been mapped to the corresponding UCOA code or group of UCOA codes to facilitate the preparation of the MTP reporting.

Additional guidance and definitions regarding the State's Municipal Transparency Portal can be found on the State Division of Municipal Finance website: <http://www.municipalfinance.ri.gov/>.

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