

PRELIMINARY OFFICIAL STATEMENT DATED JANUARY 17, 2023

NEW MONEY ISSUE

S&P GLOBAL RATINGS: AA-

In the opinion of Bond Counsel, assuming the accuracy of and continuing compliance by the Town with its representations and covenants relating to certain requirements contained in the Internal Revenue Code of 1986, as amended (the "Code"), based on existing law, interest on the Bonds is excludable from gross income for federal income tax purposes and is not treated as an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals under the Code; however, such interest is taken into account in determining the annual adjusted financial statement income of certain corporations for the purpose of computing the alternative minimum tax imposed on corporations under the Code. Interest on the Bonds may be includable in the calculation of certain taxes under the Code, as described under Appendix B, "Form of Legal Opinion of Bond Counsel and Tax Exemption" herein.

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

TOWN OF STAFFORD, CONNECTICUT
\$5,000,000* GENERAL OBLIGATION BONDS, ISSUE OF 2023
(BANK QUALIFIED)

Dated: Date of Delivery

Due: August 1, as shown below

MATURITY SCHEDULE

<u>Maturity</u>	<u>Amount</u>	<u>Coupon</u>	<u>Yield</u>	<u>CUSIP¹</u>	<u>Maturity</u>	<u>Amount</u>	<u>Coupon</u>	<u>Yield</u>	<u>CUSIP¹</u>
2023	\$250,000 *			852410---	2033	\$250,000 *			852410---
2024	250,000 *			852410---	2034	250,000 *			852410---
2025	250,000 *			852410---	2035	250,000 *			852410---
2026	250,000 *			852410---	2036	250,000 *			852410---
2027	250,000 *			852410---	2037	250,000 *			852410---
2028	250,000 *			852410---	2038	250,000 *			852410---
2029	250,000 *			852410---	2039	250,000 *			852410---
2030	250,000 *			852410---	2040	250,000 *			852410---
2031	250,000 *			852410---	2041	250,000 *			852410---
2032	250,000 *			852410---	2042	250,000 *			852410---

Electronic proposals via PARITY® for the Bonds will be received until 11:30 A.M. (Eastern Time) on Wednesday, January 25, 2023 at Munistat Services, Inc., 129 Samson Rock Drive, Suite A, Madison, Connecticut 06443 as described in the Notice of Sale for the Bonds (see Appendix D herein).

Interest on the Bonds will be payable August 1, 2023 and semiannually thereafter on February 1 and August 1 in each year until maturity.

The Bonds are subject to optional redemption prior to maturity as more fully described herein. See "Optional Redemption" herein.

The Bonds will be issued by means of a book-entry system and registered in the name of Cede & Co., as nominee for The Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository for the Bonds. Purchasers of the Bonds will not receive certificates representing their ownership in the Bonds. Principal of, redemption premium, if any, and interest on the Bonds will be payable by the Town or its agent to DTC or its nominee as registered owners of the Bonds. Ownership of the Bonds may be in principal amounts of \$5,000 or integral multiples thereof. See "Book-Entry-Only Transfer System" herein.

The Bonds will be general obligations of the Town of Stafford, Connecticut (the "Town"), and the Town will pledge its full faith and credit to pay the principal of and interest on the Bonds when due. See "Security and Remedies" herein.

U.S. Bank Trust Company, National Association, CityPlace I, 185 Asylum Street, 27th Floor, Hartford, Connecticut will certify the Bonds and act as Registrar, Transfer Agent, and Paying Agent on the Bonds.

The Bonds are offered for delivery when, as and if issued, subject to the final approving opinion of Shipman & Goodwin LLP, Bond Counsel, of Hartford, Connecticut. It is expected that delivery of the Bonds will be made in book-entry-only form to DTC in New York, New York on or about February 2, 2023.

This cover page contains certain information for quick reference only. It is NOT a summary of this issue. Investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision.

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

*Preliminary, subject to change.

This Preliminary Official Statement and the information contained herein are subject to completion and amendment without notice. These securities may not be sold nor may offers to buy be accepted prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell, or a solicitation of an offer to buy, nor shall there be any sale of these securities in any jurisdiction in which said offer, solicitation or sale would be unlawful prior to registration or qualification under the laws of any such jurisdiction.

No dealer, broker, salesman or other person has been authorized by the Town of Stafford, Connecticut (the “Town”) or the Municipal Advisor (as defined herein) to give any information or to make any representations, other than those contained in this Official Statement, and if given or made, such other information or representations must not be relied upon as having been authorized by the Town or the Municipal Advisor. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information set forth herein has been obtained by the Town from sources which are believed to be reliable but it is not guaranteed as to accuracy or completeness.

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

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

Other than as to matters expressly set forth in Appendix A – “Audited Financial Statements” herein, the independent auditors for the Town are not passing on and do not assume any responsibility for the accuracy or adequacy of the statements made in this Official Statement and make no representation that they have independently verified the same.

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

The Town deems this Official Statement to be “final” as of its date for purposes of Securities and Exchange Commission Rule 15c2-12(b)(1).

The Municipal Advisor to the Town has provided the following sentence for inclusion in this Official Statement. The Municipal Advisor has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to the Town and, as applicable, to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Municipal Advisor does not guarantee the accuracy or completeness of such information.

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

BOND COUNSEL

SHIPMAN & GOODWIN LLP

Hartford, Connecticut
(860) 251-5092

MUNICIPAL ADVISOR

MUNISTAT SERVICES, INC.

Madison, Connecticut
(860) 372-1887

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BOND ISSUE SUMMARY

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

Date of Sale:	<u>Wednesday, January 25, 2023, 11:30 A.M. (Eastern Time).</u>
Location of Sale:	Munistat Services, Inc., 129 Samson Rock Drive, Suite A, Madison, Connecticut 06443.
Issuer:	Town of Stafford, Connecticut (the "Town").
Issue:	\$5,000,000* General Obligation Bonds, Issue of 2023 (the "Bonds").
Dated Date:	Date of Delivery.
Interest Due:	Semiannually on February 1 and August 1 in each year until maturity, commencing August 1, 2023.
Principal Due:	Annually on August 1 as shown on the cover page of this Official Statement.
Purpose and Authority:	A portion of the proceeds of the Bonds along with other monies, will be used to refund the \$3,370,000 General Obligation Bond Anticipation Notes maturing February 2, 2023 which were used to finance the infrastructure project. Additional funds will be used to finance the 2022 capital projects approved by the voters of the Town, as described in "Use of Bond Proceeds" herein. See "Authorization and Purpose" herein also.
Redemption:	The Bonds <u>are</u> subject to optional redemption prior to maturity as more fully described herein. See "Optional Redemption" herein.
Security:	The Bonds will be general obligations of the Town of Stafford, Connecticut and the Town will pledge its full faith and credit to the payment of principal of and interest on the Bonds when due.
Credit Rating:	The Town received a credit rating of "AA-" with a stable outlook from S&P Global Ratings ("S&P") on the Bonds. See "Ratings" herein.
Bond Insurance	The Town does not expect to direct purchase a credit enhancement facility.
Basis of Award:	Lowest True Interest Cost ("TIC"), as of dated date.
Tax Exemption:	Refer to Appendix B, "Form of Legal Opinion of Bond Counsel and Tax Exemption" herein.
Bank Qualification:	The Bonds <u>shall</u> be designated as qualified tax-exempt obligations under the provisions of Section 265(b) of the Internal Revenue Code of 1986, as amended, for purposes of the deduction by financial institutions for interest expense incurred to carry the Bonds.
Continuing Disclosure:	In accordance with the requirements of Rule 15c2-12 promulgated by the Securities and Exchange Commission, the Town will agree to provide, or cause to be provided (i) annual financial information and operating data, (ii) timely, but not in excess of ten (10) business days after the occurrence of the event, notices of the occurrence of certain events and (iii) timely notice of a failure by the Town to provide the required annual financial information on or before the date specified in the Continuing Disclosure Agreement, with respect to the Bonds pursuant to a Continuing Disclosure Agreement to be executed by the Town substantially in the form of Appendix C to this Official Statement.
Registrar, Transfer Agent, Certifying Agent and Paying Agent:	The Bonds will be certified by U.S. Bank Trust Company, National Association, CityPlace I, 185 Asylum Street, 27 th Floor, Hartford, Connecticut 06103.
Legal Opinion:	Shipman & Goodwin LLP of Hartford, Connecticut will act as Bond Counsel.
Delivery and Payment:	It is expected that delivery of the Bonds in book-entry-only form will be made to The Depository Trust Company on or about February 2, 2023 against payment in Federal Funds .
Issuer Official:	Questions concerning the Official Statement should be directed to Lynn Nenni, Interim Director of Finance, Town of Stafford, 1 Main Street, Stafford Springs, Connecticut 06076. Telephone: 860-684-1772.
Municipal Advisor:	Munistat Services, Inc., 129 Samson Rock Drive, Suite A, Madison, Connecticut 06443, attention: Susan Caron, Vice President, Telephone: 860-372-1887.

The Preliminary Official Statement is available in electronic form only at www.i-dealpropectus.com and munistat.com. For additional information please contact the Municipal Advisor at susan.caron@munistat.com or mark.chapman@munistat.com

*Preliminary, subject to change.

I. SECURITIES OFFERED

INTRODUCTION

This Official Statement, including the cover page and appendices, is provided for the purpose of presenting certain information relating to the Town of Stafford, Connecticut (the “Town”) in connection with the sale and issuance of \$5,000,000* General Obligation Bonds, Issue of 2023 (the “Bonds”) of the Town.

The Bonds are being offered for sale at public bidding. A Notice of Sale dated January 17, 2023 has been furnished to prospective bidders. Reference is made to the Notice of Sale (see Appendix D herein) for the terms and conditions of the bidding on the Bonds.

This Official Statement is not to be construed as a contract or agreement between the Town and the purchasers or holders of any of the Bonds. Any statements made in this Official Statement involving matters of opinion or estimates are not intended to be representations of fact, and no representation is made that any such opinion or estimate will be realized. Neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Town since the date hereof. All quotations from and summaries and explanations of provisions of statutes, charters, or other laws and acts and proceedings of the Town contained herein do not purport to be complete and are qualified in their entirety by reference to the original official documents, and all references to the Bonds and the proceedings of the Town relating thereto are qualified in their entirety by reference to the definitive form of the Bonds and such proceedings.

The presentation of information is intended to show recent historical trends and is not intended to indicate future or continuing trends in the financial or other positions of the Town.

Munistat Services, Inc. (“Munistat”) or the “Municipal Advisor” is engaged as Municipal Advisor to the Town in connection with the issuance of the Bonds. The Municipal Advisor’s fee for services rendered with respect to the sale of the Bonds is contingent upon the issuance and delivery of the Bonds. Munistat, in its capacity as Municipal Advisor, does not assume any responsibility for the information, covenants and representations contained in any of the legal documents with respect to the federal and state income tax status of the Bonds, or the possible impact of any present, pending or future actions taken by any legislative or judicial bodies.

Set forth in Appendix A “Basic Financial Statements” hereto is a copy of the report of the independent auditors for the Town with respect to the financial statements of the Town included in that appendix. The report speaks only as of its date, and only to the matters expressly set forth therein. The auditors have not been engaged to review this Official Statement or to perform audit procedures regarding the post-audit period, nor have the auditors been requested to give their consent to the inclusion of their report in Appendix A. Except as stated in their report, the auditors have not been engaged to verify the financial information set out in Appendix A and are not passing upon and do not assume responsibility for the sufficiency, accuracy or completeness of the financial information presented in that appendix.

Bond Counsel is not passing upon and does not assume responsibility for the accuracy or adequacy, of the statements made in this Official Statement (other than matters expressly set forth in its opinion in Appendix B - “Form of Legal Opinion of Bond Counsel and Tax Exemption” herein) and it makes no representation that it has independently verified the same.

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

IN CONNECTION WITH THIS OFFERING THE UNDERWRITER MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE BONDS AT LEVELS ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME WITHOUT PRIOR NOTICE.

DESCRIPTION OF THE BONDS

The Bonds will be dated the date of delivery and will mature in annual installments on August 1 in each of the years and in the principal amounts set forth on the cover page hereof. The Bonds will be issued in denominations of \$5,000

*Preliminary, subject to change.

or any integral multiples therefore. Interest on the Bonds will be payable semiannually on February 1 and August 1 in each year until maturity, commencing on August 1, 2023 and will be payable to the registered owners of the Bonds as of the close of business on the fifteenth day of January and July in each year, or the preceding business day if the fifteenth day is not a business day. Interest will be calculated on the basis of 360-day year, consisting of twelve 30-day months.

A book-entry transfer system will be employed evidencing ownership of the Bonds with transfers of ownership on the records of the Depository Trust Company, New York, New York (“DTC”), and its participants pursuant to rules and procedures established by DTC and its participants. See “Book-Entry-Only Transfer System” herein.

The Certifying Agent, Paying Agent, Registrar, and Transfer Agent will be U.S. Bank Trust Company, National Association, CityPlace I, 185 Asylum Street, 27th Floor, Hartford, Connecticut. The legal opinion on the Bonds will be rendered by Shipman & Goodwin LLP, in substantially the form set forth in Appendix B to this Official Statement.

The Bonds are subject to optional redemption prior to maturity as more fully described under “Optional Redemption” herein.

OPTIONAL REDEMPTION

The Bonds maturing on or before August 1, 2031 are not subject to redemption prior to maturity. The Bonds maturing on August 1, 2032 and thereafter are subject to redemption prior to maturity, at the option of the Town, on and after August 1, 2031, at any time, in whole or in part and by lot within a maturity, in such amounts and in such order of maturity as the Town may determine, at the redemption prices (expressed as a percentage of the principal amount of Bonds to be redeemed) set forth in the following table, plus interest accrued and unpaid to interest, to the redemption date:

<u>Period During Which Redeemed</u>	<u>Redemption Price</u>
August 1, 2031 and thereafter	100.00%

NOTICE OF REDEMPTION

Notice of redemption shall be given by the Town or its agent by mailing a copy of the redemption notice by first-class mail not less than twenty (20) days prior to the redemption date to the registered owner of such Bonds designated for redemption in whole or in part at the address of such registered owner as the same shall last appear on the registration books for the Bonds kept for such purpose. Failure to give such notice by mailing to any registered owner, or any defect therein, shall not affect the validity of the redemption of any other Bonds. Upon the giving of such notice, if sufficient funds available solely for redemption are on deposit with the Paying Agent, the Bonds, or portions thereof so called for redemption will cease to bear interest after the specified redemption date. So long as Cede & Co., as nominee for Depository Trust Company (“DTC”) is the registered owner of the Bonds, notice of redemption will be sent only to DTC (or its successor securities depository) or its successor nominee.

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

The Town, so long as a book-entry system is used for the Bonds, will send any notice of redemption only to DTC (or a successor securities depository) or its nominee. Any failure of DTC to advise any DTC Participant, or of any DTC Participant or Indirect Participant to notify any Indirect Participant or Beneficial Owner, of any such notice and its content or effect will not affect the validity of the redemption of such Bonds called for redemption. (See “Book-Entry-Only Transfer System”, herein for discussion of DTC and definitions of “Direct Participants”, “Indirect Participants” and “Beneficial Owners”.)

Redemption of a portion of the Bonds of any maturity by the Town will reduce the outstanding principal amount of Bonds of such maturity held by DTC. In such event it is the current practice of DTC to allocate by lot, through its book-entry system, among the interests held by DTC Participants in the Bonds to be redeemed, the interest to be reduced by such redemptions in accordance with its own rules or other agreements with DTC Participants. The DTC Participants and Indirect Participants may allocate reductions of the interest in the Bonds to be redeemed held by the

Beneficial Owners. Any such allocation of interest in the Bonds to be redeemed will not be governed by the determination of the Town authorizing the issuance of the Bonds and will not be conducted by the Town, or be the responsibility of, the Town, the Registrar or Paying Agent, for the Bonds.

ADJUSTMENT OF MATURITY SCHEDULE

The Town reserves the right to change the maturity schedule of the Bonds after the determination of the winning bidder by decreasing the principal amount of each maturity by such amount as may be necessary and in \$5,000 increments. In such event, the final aggregate principal amount of the Bonds will be decreased by the net amount of such change or changes in the principal amount of one or more maturities, which net change in aggregate principal amount of the Bonds will not exceed 20 percent of the original aggregate par amount. The Town anticipates that the final maturity schedule will be communicated to the successful bidder by 1:30 p.m. local time on the day of the sale provided the Town has received the reoffering prices and yield for the Bonds from the successful bidder by 12:30 p.m. The dollar amount bid by the successful bidder will be adjusted to reflect any adjustments in the aggregate principal amount of the Bonds to be issued. The adjusted bid price will reflect changes in the dollar amount of the underwriter's discount and original issue discount/premium, if any, but will not change the per-bond underwriter's discount as calculated from the bid and reoffering prices required to be delivered to the Town as stated herein. The successful bidder may not withdraw its bid or change the interest rates bid or initial reoffering prices as a result of any changes made to the principal amounts within these limits.

BOOK-ENTRY-ONLY TRANSFER SYSTEM

The Bonds will be issued by means of a book-entry system and registered in the name of Cede & Co., as nominee for the Depository Trust Company ("DTC"), New York, New York. This section describes how ownership of the Bonds is to be transferred and how the principal of, premium, if any, and interest on the Bonds are to be paid to and accredited by DTC while the Bonds are registered in its nominee name. The information in this section concerning DTC and the Book-Entry Transfer System has been provided by DTC for use in disclosure documents such as this Official Statement. The Town believes the source of such information to be reliable, but takes no responsibility for the accuracy or completeness thereof.

The Town cannot and does not give any assurance that (1) DTC will distribute payments of debt service on the Bonds, or redemption or other notices to DTC Participants, (2) DTC Participants or others will distribute debt service payments paid to DTC or its nominee (as the registered owner of the Bonds), or redemption or other notices, to the Beneficial Owners, or that they will do so on a timely basis, or (3) DTC will serve and act in the manner described in this Official Statement. The current rules applicable to DTC are on file with the Securities and Exchange Commission, and the current procedures of DTC to be followed in dealing with DTC Participants are on file with DTC.

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

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

Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

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

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

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

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

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

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

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

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

REPLACEMENT BONDS

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

DTC PRACTICES

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

SECURITY AND REMEDIES

The Bonds will be general obligations of the Town of Stafford, Connecticut and the Town will pledge its full faith and credit to pay the principal of and interest on the Bonds when due.

Unless paid from other sources, the Bonds are payable from general property tax revenues. The Town has the power under Connecticut General Statutes to levy ad valorem taxes on all taxable property in the Town without limit as to rate or amount, except as to certain classified property such as certified forest land taxable at a limited rate and dwelling houses of qualified elderly persons of low income taxable at limited amounts.

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

There are no statutory provisions for priorities in the payment of general obligations of the Town. There are no statutory provisions for a lien on any portion of the tax levy or other revenues to secure the Bonds, or judgments thereon, in priority to other claims.

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

Enforcement of a claim for payment of principal of or interest on such bonds and notes would also be subject to the applicable provisions of Federal bankruptcy laws as well as other bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted by the Congress or the Connecticut General Assembly and to the exercise of judicial discretion. Under the Federal bankruptcy code, the Town may seek relief only, among other requirements, if it is specifically authorized in its capacity as a municipality or by name, to be a debtor under Chapter 9 of Title 11 of the United States Code, or by State law or a governmental officer or organization empowered by State law to authorize such entity to become a debtor under such Chapter. Section 7-566 of the Connecticut General Statutes provides that no Connecticut municipality shall file a petition in bankruptcy without the express prior written consent of the Governor. This prohibition applies to any town, city, borough, metropolitan district and any other political subdivision of the State having the power to levy taxes and issue bonds, notes or other obligations.

CONSIDERATIONS FOR BONDHOLDERS

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

The COVID-19 Outbreak

The outbreak of COVID-19 was declared a Public Health Emergency of International Concern by the World Health Organization. On March 13, 2020, the President of the United States declared a national emergency as a result of the COVID-19 outbreak. The outbreak of the virus has affected travel, commerce and financial markets globally, and economic growth worldwide. There can be no assurance that the continuing prevalence of COVID-19 will not materially affected local, State, national, and global activity; increase public health emergency response costs; and materially adversely impact the financial condition of the Town.

Federal Response to COVID-19's Impact on the Economy

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

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

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

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

Governor Lamont also declared a state of emergency throughout the State of Connecticut (the "State") and took steps to mitigate the spread and impacts of COVID-19. Public-schools began to operate remotely and many businesses, with the exception of those deemed to be essential, were required to operate in a limited capacity, it not required to temporarily close altogether. Connecticut's COVID-19 vaccination plan commenced on December 14, 2020, and today the vaccine is widely available to all individuals aged 5 and over. As of February 28, 2022, the State has lifted nearly all restrictions put in place during the height of the pandemic. The State will continue to evaluate the need for additional restrictions on an on-going basis. For up-to-date information concerning the State's actions in response to COVID-19, see <https://portal.ct.gov/coronavirus>. Neither the Town nor the parties involved with the issuance of the Bonds, has reviewed the information provided by the State on its website and such parties take no responsibility for the accuracy thereof.

The extent to which COVID-19 impacts the State's operations and its financial condition will depend on future developments, which are uncertain and cannot be fully predicted with confidence at this time, including the duration of the outbreak, new information which may emerge concerning the severity of COVID-19 and the actions to contain COVID-19 or treat its impact, among others. There can be no assurances that the outbreak will not further materially adversely affect the financial condition of the State or the Town.

As noted above, the Town's financial condition has not been materially adversely impacted as a result of the pandemic. The Town's finances and financial plans have remained stable and the Town collected approximately 52% of revised budgetary revenues of Fiscal Year 2023 levied taxes as of November 30, 2022, with 52% having been collected at the same time last year for Fiscal Year 2022 and 52% having been collected at the same time in Fiscal Year 2021.

Over the next two years, the Town expects to receive \$3.5 million in addition to, \$1.6 million for the Board of Education, in federal funding as a result of the Rescue Plan. The Town has received \$3.520 million in funding from this program to date. The Town and Board of Education have developed plans for the use of such funds that will focus on initiatives that comply with the program eligibility criteria including, improvements to community facilities, infrastructure and equipment.

The Town receives State aid and there can be no assurances that the State will provide level funding for municipalities in the next biennium budget. As of December 20, 2022, the Office of Policy and Management (“OPM”) projected an operating surplus in excess of \$1.0 billion for the State for Fiscal Year 2023. OPM also announced that the State’s Budget Reserve Fund is expected to reach in excess of \$6 billion at the end of Fiscal Year 2023.

The potential long-term impact of the COVID-19 outbreak on the Town cannot be predicted at this time. The continued efforts to mitigate the spread of the outbreak and any prolonged effects on the national, State and local economy could have a materially adverse effect on the Town’s finances.

Cybersecurity

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

Environmental Factors

Numerous scientific studies have detailed changing global weather patterns and the potential for increasing extreme weather events across the world. Like much of Connecticut, the Town is vulnerable to inland wetland, small river and stream flooding. Furthermore, the Town faces other threats due to climate change, including damaging wind that could become more severe and frequent. The Town has a very active program of tree inspections and removals to help reduce potential power outages and injuries from falling trees. The Town cannot predict the timing, extent or severity of climate change and its impact on its operations and finances.

QUALIFICATIONS FOR FINANCIAL INSTITUTIONS

The Bonds **shall** be designated by the Town as qualified tax-exempt obligations under the provisions of Section 265(b) of the Internal Revenue Code of 1986, as amended, for purposes of the deduction by financial institutions for interest expense allocable to the Bonds.

AVAILABILITY OF CONTINUING DISCLOSURE

The Town of Stafford prepares, in accordance with State law, annual audited financial statements and files such annual audits with the State Office of Policy and Management (“OPM”) within six months of the end of its fiscal year. The Town provides, and will continue to provide, to the rating agency ongoing disclosure in the form of annual audited financial statements, adopted budgets and other materials relating to its management and financial condition as may be necessary or requested.

The Town will enter into a Continuing Disclosure Agreement with respect to the Bonds, substantially in the form attached as Appendix C to this Official Statement (the “Continuing Disclosure Agreement”), to provide or cause to be provided, in accordance with the requirements of SEC Rule 15c2-12, (i) annual financial information and operating data, (ii) timely, but not in excess of ten (10) business days after the occurrence of the event, notice of the occurrence of certain listed events and (iii) timely notice of a failure by the Town to provide the required annual financial information on or before the date specified in the Continuing Disclosure Agreement.

The Town has previously undertaken in Continuing Disclosure Agreements entered into for the benefit of holders of certain of its general obligation bonds or notes to provide annual financial information and event notices pursuant to Rule 15c2-12. In the past five years, the Town has not failed to comply in any material respect with its previous undertakings under such agreements except for the failure to make timely filings on EMMA for its fiscal year ending June 30, 2019 and June 30, 2021. For the fiscal year ended June 30, 2019, the audited financial statements were completed and submitted on April 2, 2020. The delay in the completion of the preparation of the audited financial statements for fiscal year 2019 was a result of the third party’s inability to supply information on a timely basis. The

audited financial statements were completed and the Town submitted all required information on August 2, 2022 for fiscal year ended June 30, 2021. The delay was due to the passing of the Town’s Chief Financial Officer.

The Town is not responsible for any failure by EMMA or any other nationally recognized municipal securities information repository to timely post disclosure submitted to it by the Town or any failure to associate such submitted disclosure to all related CUSIPs.

AUTHORIZATION AND PURPOSE

The Bonds are issued pursuant to the General Statutes of Connecticut, as amended, and certain borrowing resolutions approved by the voters of the Town. The proceeds shall be used as described below in “Use of Bond Proceeds”.

USE OF BOND PROCEEDS

The proceeds of the Bonds will be used to finance the following projects authorized by the Town:

<u>Project</u>	<u>Appropriation Amount</u>	<u>Bond</u>	<u>Grants/ Other</u>	<u>Paydowns</u>	<u>Notes</u>	<u>Bonds (This Issue)</u>	<u>Authorized Unissued</u>
		<u>Authorization Amount</u>			<u>Maturing 2/2/2023</u>		
Infrastructure Project.....	\$ 3,939,716 ^{1,2}	\$3,407,716 ²	\$560,605 ¹	\$110,000	\$ 3,370,000	\$ 3,295,000	\$ 2,716
2022 Capital Projects.....	4,456,000	1,705,000	0	0	0	1,705,000	-
Total All Projects.....	\$ 8,395,716	\$5,112,716	\$560,605	\$110,000	\$ 3,370,000	\$ 5,000,000	\$ 2,716

¹ The Town received a State of Connecticut Department of Transportation grant in the amount of \$560,605.

² Reflects a transfer of \$107,716 from the WPCA project to the Infrastructure project.

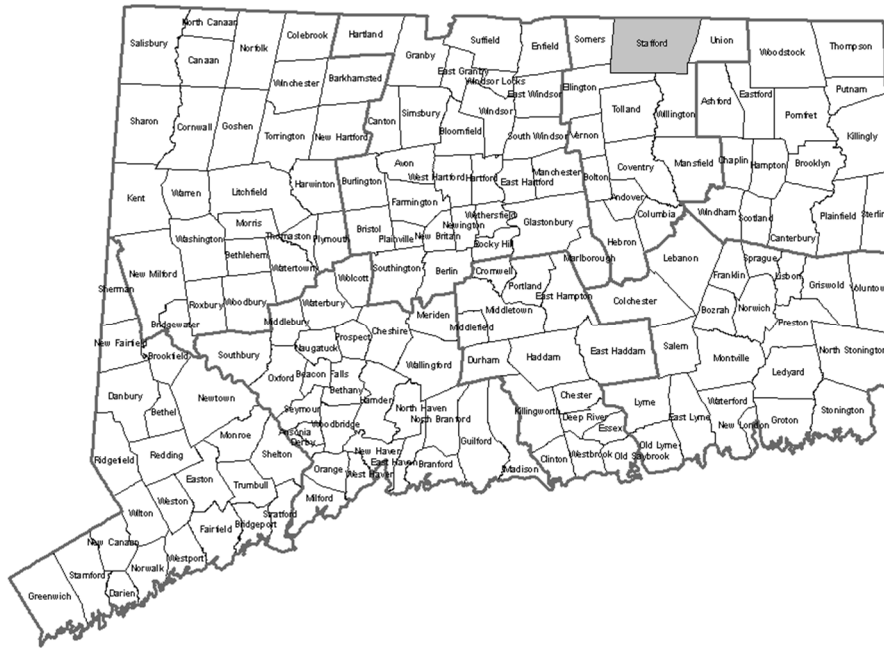
RATINGS

The Town received a credit rating of “AA-“ with a stable outlook from S&P Global Ratings (“S&P”) on the Bonds.

Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. The ratings reflect only the view of the rating agencies and an explanation of the significance of such ratings may be obtained from S&P Global Ratings, 55 Water Street, 45th Floor, New York, New York 10041. There is no assurance that the ratings will continue for any given period of time or that they will not be lowered or withdrawn entirely by such rating agencies if in their judgment circumstances so warrant. Any such downward change in or withdrawal of a rating may have an adverse effect on the marketability or market price of the Town’s bonds or notes, including the Bonds.

The Town has an underlying credit rating of “Aa3” by Moody’s Investors Service, Inc. (“Moody’s”) on certain of its outstanding bonds.

II. THE ISSUER



DESCRIPTION OF THE TOWN

Stafford was settled in 1719 as Connecticut's fifty-first town. The Town covers an area of 60.8 square miles located 27 miles northeast of Hartford on the Massachusetts border. It is bounded on the east by Union, the south by Ellington and Willington and the west by Somers. The government of the Borough of Stafford Springs was dissolved at a Town referendum held on September 24, 1991 and consolidated with the Town of Stafford.

The Town is just northwest of interstate Highway 84 and is traversed by Connecticut State Routes 19, 30, 32, 140, 190 and 319. The Central Vermont Railroad and various motor common carriers provide freight service.

Once a textile and a farming community, Stafford is a gradually growing residential community with diversified and expanding industrial and commercial resources. One of Stafford's greatest assets is its labor force of craftsmen. Approximately 50% of its labor force is employed locally and 50% commute to the Greater Hartford area and surrounding towns.

Major industries in Stafford include 3M, TTM Technologies, and Willington Name Plate, Inc. An expansion of retail, small business, and professional buildings along Route 190 has enhanced the area. Stafford continues to actively seek new industry to locate in Town.

The population growth and increased economic activity in the Greater Hartford area combined with an excellent highway system make Stafford an attractive residential community.

A Planning Commission was established in 1957 and zoning and subdivisions were adopted in 1960. Zoning regulations require developers to meet certain land use standards and to properly construct roads, utilities and allow for open space areas. The Town's most recent Plan of Conservation and Development was adopted in November 2022. An outside consultant assists the Town's Zoning Officer and Planning and Zoning Commission members in their efforts.

FORM OF GOVERNMENT

Stafford has a Town Meeting form of government with a three member Board of Selectman and a six member Board of Finance. The First Selectman is the Chief Executive Officer of the Town.

PRINCIPAL TOWN OFFICIALS

Office	Name	Manner of Selection	Term Ending
First Selectman.....	Salverio Titus.....	Elected	11/21-11/23
Selectman.....	Kurt Vail.....	Elected	11/21-11/23
Selectman.....	Richard F. Hartenstein Jr...	Elected	11/21-11/23
Town Clerk.....	Karen G. Troiano.....	Elected	11/21-11/23
Interim Director of Finance*.....	Lynn Nenni.....	Appointed	Indefinite
Town Treasurer.....	Neil Hoss.....	Elected	11/21-11/23
Tax Collector.....	Stephanie Irving.....	Elected	11/21-11/23
Superintendent of Schools.....	Steven Moccio ¹	Appointed	7/22-6/25

¹ Steven Moccio previously served as the high school principal in Suffield, CT since 2014.

*The Town is currently undergoing a search for a permanent Director of Finance.

Source: Town Officials.

SUMMARY OF MUNICIPAL SERVICES

Police Protection: Stafford is served by the Resident State Trooper program and local Constables.

Fire Protection: Volunteer fire departments provide fire services to the Town. Over 100 dedicated residents staff the strategically located firehouses. Ambulance services are provided on a twenty-four hour basis by a paid ambulance service and local volunteers.

Water Pollution Control Facility: Consists of six (6) full time employees. The Facility processes raw sewage to a quality permissible for discharge into the Willimantic River. The last facility upgrade was completed in 2011. The collection system is comprised of approximately 28 miles of sewer ranging in size from 6-inches to 24-inches in diameter, including gravity sewer, force mains, and siphons as well as four (4) pumping stations.

Parks & Recreation: For the outdoor enthusiast, Stafford and northern Connecticut offer many activities. Great canoeing, upland game hunting, fishing, swimming at the Town beach, as well as cross-country skiing, are activities available to residents. The Town has 2 tennis courts, 14 ball fields and several parks. In addition, there are private recreational swimming and tennis clubs. During the summer, there is an active Little League program, girls softball, adult softball for women and supervised swimming lessons for children. There are also programs for youth football, basketball, soccer and hockey. The Stafford Motor Speedway attracts tens of thousands of spectators every year and is a fixture of Stafford on spring and summer evenings.

Utilities: Electricity for the Town is provided by Eversource Energy, formerly the Connecticut Light & Power Company, a subsidiary of Northeast Utilities. However, the Town has approved and has begun implementing a Geothermal and Solar Power Project for the Town’s municipal and school buildings. The Project, once fully completed, is anticipated to significantly reduce the Town’s purchase of electricity from Eversource Energy. The solar portion of the project is completed and active and the geothermal portion of the project is not proceeding as anticipated and is currently being evaluated by the Town. See “Other Long-Term Commitments” under “DEBT SUMMARY” herein.

TOWN EMPLOYEES

The following is a breakdown by category of the Town’s current permanent full-time and part-time employees:

<u>Department</u>	<u>Paid Position</u>
Police Protection/ACO.....	13
Public Works, Parks & Transfer Station.	22
Town Hall, Human Services, Library.....	54
Water Pollution Control Authority.....	6
Board of Education.....	327
Total.....	422

The following table illustrates the permanent full and part-time Town employees for the last five fiscal years:

<u>Fiscal Year</u> ¹	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
General Government.....	95	95	81	82	82
Board of Education.....	327	335	319	339	337
Total.....	422	430	400	421	419

¹ Full-time and permanent part-time employees.
Source: Town Officials.

MUNICIPAL EMPLOYEES’ BARGAINING UNITS

<u>Organization</u>	<u>Number of Employee</u>	<u>Current Contract Expiration</u>
<u>General Government</u>		
Public Works - MEUL.....	16	June 30, 2024
Town Hall/Human Services - AFSCME.....	12	June 30, 2024
Administrators - Teamsters Local 1035.....	5	June 30, 2022 ¹
Library - AFSCME.....	7	June 30, 2025
Professionals and Supervisors - AFSCME.....	15	June 30, 2024
General Government sub-total.....	55	
<u>Board of Education</u>		
Administrators - Stafford Administrators Association.....	9	June 30, 2023
Certified Staff - Stafford Education Association.....	165	June 30, 2025
Non-Cerified Staff - CSEA Local 2001, SEIU.....	120	June 30, 2024
Board of Education sub-total.....	294	
Total General Government and Board of Education.....	349	

¹ In negotiation.
Source: Town of Stafford.

Connecticut General Statutes Sections 7-473c, 7-474, and 10-153a to 10-153n provide a procedure for binding arbitration of collective bargaining agreements between municipal employers and organizations representing municipal employees, including certified teachers and certain other employees. The legislative body of a municipality may reject an arbitration panel's decision by a two-thirds majority vote. The State of Connecticut and the employee organization must be advised in writing of the reasons for rejection. The State then appoints a new panel of either one or three arbitrators to review the decisions on each of the rejected issues. The panel must accept the last best offer of

either party. In reaching its determination, the arbitration panel gives priority to the public interest and the financial capability of the municipal employer, including consideration of other demands on the financial capability of the municipal employer. For binding arbitration of teachers' contracts, in assessing the financial capability of a municipality, there is an irrebuttable presumption that a budget reserve of 5% or less is not available for payment of the cost of any item subject to arbitration. For binding arbitration of all other municipal employee contracts, there is an irrebuttable presumption that 15% of the municipal employer's budget reserve is not available for the payment of the cost of any item subject to arbitration. In light of the employer's financial capability, the panel considers prior negotiations between the parties, the interests and welfare of the employee group, changes in the cost of living, existing employment conditions, and the wages, salaries, fringe benefits and other conditions of employment prevailing in the labor market, including developments in private sector wages and benefits.

EDUCATION SYSTEM

The Town's school system is governed by a local seven-member Board of Education elected biennially to four-year terms. The Primary function of the Board is to establish policy. Some areas for which such policies are set include curriculum, budget request submissions, ensuring funds for education as appropriated by the Town are properly expended, implementation of both State and Federal laws, and planning for facilities needed by the system, including construction and renovation. The Town's school system consists of four schools. The schools consist of one school for pupils in grades Pre-K through 1, one school for pupils in grades 2-5, one middle school for pupils in grades 6-8, and one high school for pupils in grades 9-12.

SCHOOL FACILITIES

<u>School</u>	<u>Grades</u>	<u>Date of Construction/Addition/ Renovation</u>	<u>Number of Classrooms</u>	<u>Enrollment 10/01/22</u>	<u>Rated Capacity</u>
West Stafford.....	Pre-K-1	1950, 1993	16	183	283
Stafford Elementary School.....	2-5	2,007	47	477	650
Middle School.....	6-8	1991	29	332	500
High School.....	9-12	1968, 2008	46	398	650
Total			<u>138</u>	<u>1,390</u>	<u>2,083</u>

Source: Town of Stafford, Superintendent's Office.

SCHOOL ENROLLMENT

<u>School Year</u>	<u>Grades Pre-K-5</u>	<u>Grades 6-8</u>	<u>Grades 9-12</u>	<u>Total</u>
<i>Historical</i>				
2018-19	761	349	391	1,501
2019-20	710	369	371	1,450
2020-21	601	345	392	1,338
2021-22	655	353	367	1,375
2022-23	660	332	398	1,390
<i>Projected</i>				
2023-24	695	309	408	1,412
2024-25	702	303	393	1,398
2025-26	733	298	381	1,412
2026-27	736	299	366	1,401
2027-28	737	299	341	1,377

Source: Town of Stafford, Superintendent's Office, New England School Development Council.

III. ECONOMIC AND DEMOGRAPHIC INFORMATION

POPULATION TRENDS

<u>Year</u>	<u>Population¹</u>	<u>% Increase</u>	<u>Density²</u>
1970	8,680	16.1	143
1980	9,268	6.8	152
1990	11,091	19.7	182
2000	11,307	1.9	186
2010	12,087	6.9	199
2020	11,878	(1.7)	195
2021	11,472	(3.4)	189

¹ 1970-2021 – U.S. Census Bureau

² Per square mile: 60.8 square miles.

AGE DISTRIBUTION OF THE POPULATION

<u>Age</u>	<u>Town of Stafford</u>		<u>Tolland County</u>		<u>State of Connecticut</u>	
	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>
Under 5.....	566	4.9	6,132	4.1	182,122	5.1
5 - 9.....	574	5.0	6,709	4.5	196,540	5.5
10 - 14.....	803	7.0	8,000	5.3	224,371	6.2
15 - 19.....	496	4.3	14,472	9.6	245,790	6.8
20 - 24.....	708	6.2	19,024	12.7	241,370	6.7
25 - 34.....	1,194	10.4	16,211	10.8	445,861	12.4
35 - 44.....	1,429	12.5	16,020	10.7	439,098	12.2
45 - 54.....	1,645	14.3	18,649	12.4	488,283	13.5
55 - 59.....	857	7.5	10,415	6.9	269,688	7.5
60 - 64.....	938	8.2	10,556	7.0	252,028	7.0
65 - 74.....	1,570	13.7	14,225	9.5	357,409	9.9
75 - 84.....	480	4.2	7,104	4.7	173,149	4.8
85 and over..	212	1.8	2,603	1.7	89,621	2.5
Total	<u>11,472</u>	<u>100.0</u>	<u>150,120</u>	<u>100.0</u>	<u>3,605,330</u>	<u>100.0</u>

Median Age (years)	44.8	37.5	41.0
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Source: U.S. Census Bureau, 2017-2021 American Community Survey.

INCOME DISTRIBUTION

	<u>Town of Stafford</u>		<u>Tolland County</u>		<u>State of Connecticut</u>	
	<u>Families</u>	<u>Percent</u>	<u>Families</u>	<u>Percent</u>	<u>Families</u>	<u>Percent</u>
Less than \$10,000	102	3.2	734	2.0	23,811	2.6
\$ 10,000 to 14,999	10	0.3	399	1.1	14,243	1.6
\$ 15,000 to 24,999	64	2.0	919	2.5	36,091	4.0
\$ 25,000 to 34,999	103	3.2	1,690	4.6	44,586	4.9
\$ 35,000 to 49,999	266	8.3	2,411	6.5	71,397	7.8
\$ 50,000 to 74,999	507	15.9	4,702	12.7	123,873	13.6
\$ 75,000 to 99,999	527	16.5	4,873	13.1	113,529	12.5
\$100,000 to 149,999 ..	952	29.8	8,992	24.2	188,052	20.7
\$150,000 to 199,999 ..	386	12.1	5,728	15.4	117,255	12.9
\$200,000 or more	278	8.7	6,633	17.9	177,169	19.5
Total	3,195	100.0	37,081	100.0	910,006	100.0

Source: U.S. Census Bureau, 2017-2021 American Community Survey.

INCOME LEVELS¹

	<u>Town of Stafford</u>	<u>Tolland County</u>	<u>State of Connecticut</u>
Per Capita Income, 2021	\$47,869	\$42,942	\$39,893
Per Capita Income, 2020	\$37,723	\$41,537	\$45,668
Per Capita Income, 2010	\$28,027	\$33,108	\$36,775
Per Capita Income, 2000	\$22,017	\$25,474	\$28,766
Median Family Income, 2021	\$106,441	\$114,852	\$102,313
Median Family Income, 2020	\$100,717	\$113,232	\$102,061
Median Family Income, 2010	\$69,789	\$91,631	\$84,170
Median Family Income, 2000	\$61,694	\$70,856	\$65,521
Percent Below Poverty Level 2021	4.9%	5.0%	6.8%

Source: ¹ U.S. Department of Commerce, Bureau of Census, 2000, 2010, 2020; U.S. Census Bureau, 2017-2021 American Community Survey.

EDUCATIONAL ATTAINMENT
Years of School Completed Age 25 and Over

	<u>Town of Stafford</u>		<u>Tolland County</u>		<u>State of Connecticut</u>	
	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>
Less than 9th grade.....	134	1.6	1,830	1.9	101,461	4.0
9th to 12th grade.....	371	4.5	3,129	3.3	123,560	4.9
High School graduate.....	3,350	40.2	25,023	26.1	656,949	26.1
Some college - no degree.....	1,580	19.0	15,870	16.6	418,214	16.6
Associates degree.....	729	8.8	8,917	9.3	194,987	7.8
Bachelor's degree.....	1,573	18.9	23,004	24.0	561,567	22.3
Graduate or professional degree.....	588	7.1	18,010	18.8	458,399	18.2
Total.....	<u>8,325</u>	<u>100.0</u>	<u>95,783</u>	<u>100.0</u>	<u>2,515,137</u>	<u>100.0</u>
Percent High School Graduate or Higher..		93.9%		94.8%		91.1%
Percent Bachelor's Degree or Higher.....		26.0%		42.8%		40.6%

Source: U.S. Census Bureau, 2017-2021 American Community Survey.

MAJOR EMPLOYERS
As of January 2023

<u>Employer</u>	<u>Nature of Business</u>	<u>Estimated Number of Employees</u>
Johnson Memorial Hospital.....	Hospital.....	700
TTM Technologies.....	Printed Circuits.....	698
Town of Stafford.....	Municipality.....	422
Evergreen Health Care Center.....	Health Care.....	350
3M.....	Manufacturer.....	140
Big Y.....	Supermarket.....	126
Willington Name Plate, Inc.....	Commercial Printing.....	70
American Woolen Company.....	Manufacturer.....	52
Stafford Savings Bank.....	Banking Institution.....	34
American Sleeve Bearing.....	Manufacturer.....	29
Hobbs Medical.....	Medical Supplies.....	29

Source: Town Officials.

EMPLOYMENT BY INDUSTRY

	Town of Stafford		Tolland County		State of Connecticut	
	Number	Percent	Number	Percent	Number	Percent
Agriculture, forestry, fisheries.....	0	0.0	516	0.7	7,314	0.4
Construction.....	480	7.7	5,025	6.5	113,665	6.2
Manufacturing.....	1,243	19.8	8,684	11.3	192,688	10.6
Wholesale trade.....	191	3.0	1,652	2.1	41,165	2.3
Retail trade.....	779	12.4	7,566	9.8	194,081	10.6
Transportation & warehousing & utilities...	311	5.0	3,246	4.2	80,481	4.4
Information.....	38	0.6	1,230	1.6	36,259	2.0
Finance, insurance, real estate.....	640	10.2	6,990	9.1	164,657	9.0
Professional, scientific & management.....	498	7.9	7,155	9.3	212,866	11.7
Educational, health & social services.....	1,118	17.8	23,312	30.2	482,274	26.5
Arts, entertainment & recreation.....	376	6.0	5,870	7.6	148,835	8.2
Other professional services.....	277	4.4	2,896	3.8	82,217	4.5
Public administration.....	318	5.1	3,031	3.9	66,493	3.6
Total.....	6,269	100.0	77,173	100.0	1,822,995	100.0

Source: U.S. Census Bureau, 2017-2021 American Community Survey.

EMPLOYMENT DATA

Yearly Average	Percentage Unemployed			
	Town of Stafford	Hartford Labor Market ¹	State of Connecticut	United States
	%	%	%	%
2012	8.7	8.3	8.4	8.1
2013	8.4	7.9	8.0	7.4
2014	7.0	6.6	6.6	6.2
2015	6.2	5.6	5.6	5.3
2016	5.2	4.9	4.8	4.9
2017	4.4	4.4	4.4	4.4
2018	4.0	3.9	3.9	3.9
2019	3.5	3.5	3.5	3.7
2020	7.0	7.6	7.8	8.1
2021	5.9	6.3	6.3	5.4
2022 Monthly ²				
January	6.1	4.9	5.0	4.4
February	6.3	5.0	5.0	4.1
March	4.9	4.2	4.3	3.8
April	3.9	3.8	3.7	3.3
May	3.3	3.9	4.0	3.4
June	3.4	4.1	4.1	3.8
July	4.4	4.4	4.4	3.8
August	4.4	4.4	4.3	3.8
September	3.5	3.8	3.9	3.3
October	3.4	3.9	4.0	3.4
November	3.3	3.4	3.5	3.4

¹ Not seasonally adjusted.

² Estimated

Source: Department of Labor, State of Connecticut.

AGE DISTRIBUTION OF HOUSING

Year Built	Town of Stafford		Tolland County		State of Connecticut	
	Units	Percent	Units	Percent	Units	Percent
1939 or earlier.....	1,492	29.5	8,730	14.4	323,631	21.2
1940 - 1949.....	411	8.1	2,890	4.8	100,445	6.6
1950 - 1959.....	447	8.8	6,489	10.7	224,412	14.7
1960 - 1969.....	507	10.0	8,547	14.1	203,726	13.3
1970 - 1979.....	603	11.9	8,780	14.5	206,448	13.5
1980 - 1989.....	903	17.9	9,172	15.1	191,539	12.5
1990 - 1999.....	373	7.4	5,943	9.8	118,124	7.7
2000 - 2009.....	235	4.7	6,173	10.2	104,519	6.8
2010 - 2019.....	58	1.1	3,810	6.3	53,427	3.5
2020 or later.....	24	0.5	104	0.2	768	0.1
Total.....	5,053	100.0	60,638	100.0	1,527,039	100.0
Percent Owner Occupied.....		76.5%		70.3%		66.2%

Source: U.S. Census Bureau, 2017-2021 American Community Survey.

HOUSING INVENTORY

Type	Town of Stafford		Tolland County		State of Connecticut	
	Number	Percent	Number	Percent	Number	Percent
1-unit, detached.....	3,826	75.7	41,856	69.0	899,368	58.9
1-unit, attached.....	119	2.4	2,202	3.6	90,010	5.9
2 units.....	355	7.0	2,368	3.9	122,509	8.0
3 or 4 units.....	302	6.0	4,348	7.2	127,995	8.4
5 to 9 units.....	336	6.6	3,902	6.4	79,520	5.2
10 to 19 units.....	19	0.4	2,102	3.5	54,673	3.6
20 or more units.....	85	1.7	3,038	5.0	141,189	9.2
Mobile home, boat, other.....	11	0.2	822	1.4	11,775	0.8
Total	5,053	100.0	60,638	100.0	1,527,039	100.0

Source: U.S. Census Bureau, 2017-2021 American Community Survey.

OWNER-OCCUPIED HOUSING VALUES

Sales Price Category	Town of Stafford		Tolland County		State of Connecticut	
	Number	Percent	Number	Percent	Number	Percent
Less than \$50,000	31	0.9	764	1.9	19,747	2.1
\$ 50,000 to \$ 99,999 ...	134	3.7	967	2.4	25,603	2.8
\$ 100,000 to \$149,999 ...	557	15.3	2,604	6.5	68,932	7.4
\$ 150,000 to \$199,999 ...	969	26.7	6,065	15.1	130,158	14.1
\$ 200,000 to \$299,999 ...	1,440	39.6	15,201	37.9	250,981	27.1
\$ 300,000 to \$499,999 ...	397	10.9	12,139	30.3	268,183	29.0
\$ 500,000 to \$999,999 ...	56	1.5	1,971	4.9	117,839	12.7
\$1,000,000 and over	49	1.3	361	0.9	44,060	4.8
Total	3,633	100.0	40,072	100.0	925,503	100.0
 Median Value ¹	 \$128,200		 \$151,600		 \$166,900	
Median Value ²	\$207,100		\$264,500		\$286,700	

¹ U.S. Department of Commerce, Bureau of Census, 2000.

² U.S. Census Bureau, 2017-2021 American Community Survey.

Source: U.S. Census Bureau, 2017-2021 American Community Survey.

BUILDING PERMITS

Fiscal Year	Total	
	Ending 6/30	Number
2023 ¹	426	\$19,564,166
2022	979	24,477,879
2021	1,007	25,680,129
2020	834	19,089,776
2019	631	14,797,273
2018	501	16,189,580
2017	602	9,489,660
2016	665	10,163,509
2015	679	9,564,613
2014	637	12,009,876

¹ Building permits through November 30, 2022.

Source: Building Department, Town of Stafford.

LAND USE SUMMARY ¹

Classification	Total Area		Developed		Undeveloped	
	Acreage	%	Acreage	%	Acreage	%
Residential.....	11,874.5	32.5%	8,929.4	24.4%	2,945.1	8.1%
Commercial.....	967.9	2.6%	792.5	2.2%	175.3	0.5%
Industrial.....	545.6	1.5%	424.3	1.2%	121.3	0.3%
Exempt.....	5,276.7	14.4%	725.9	2.0%	4,550.8	12.5%
Ten Mill.....	43.0	0.1%	0.0	0.0%	43.0	0.1%
Farm and Forest.....	17,819.9	48.8%	0.0	0.0%	17,819.9	48.8%
Total Area.....	36,527.6	100.0%	10,872.1	29.8%	25,655.4	70.2%

¹ Numbers may not add due to rounding.

Source: Town of Stafford, Assessor's Office.

IV. TAX BASE DATA

ASSESSMENTS

The Town of Stafford had a general property revaluation by physical inspection of all real estate, effective on the Grand List of October 1, 2020. Under Section 12-62 of the Connecticut General Statutes, the Town must do a revaluation every five years and the assessor must fully inspect each parcel, including measuring or verifying the exterior dimensions of a building and entering and examining the interior of the building once every ten years. Section 12-62 also imposes a penalty on municipalities that fail to effect revaluations as required, with certain exceptions. Municipalities may choose to phase-in real property assessment increases resulting from a revaluation, but such phase-in must be implemented in less than five assessment years. The maintenance of an equitable tax base, and the location and appraisal of all real and personal property within the Town of Stafford for inclusion onto the Grand List are the responsibilities of the Town's Assessor's Office. The Grand List represents the total of assessed values for all taxable real and personal property and motor vehicles located within the Town on October 1. A Board of Assessment Appeals determines whether adjustments to the Assessor's list on assessments under appeal are warranted. Assessments for real property are compiled at seventy percent (70%) of the estimated market value at the time of the last general revaluation.

When a new structure or modification to an existing structure is undertaken, the Assessor's Office receives a copy of the permit issued by the Building Inspector. A physical appraisal is then completed and the structure classified and priced from a schedule developed at the time of the last revaluation. Property depreciation and obsolescence factors are also considered when arriving at an equitable value.

All personal property (furniture, fixtures, equipment, and machinery) is revalued annually. An assessor's check and audit is completed periodically. Assessments for personal property are computed at seventy percent (70%) of present value.

Motor vehicle lists are furnished to the Town by the State of Connecticut, and appraisals of motor vehicles are accomplished in accordance with an automobile price schedule as recommended by the State of Connecticut Office of Policy and Management and the Assessor of the Town of Stafford. Section 12-71b of the Connecticut General Statutes provides that motor vehicles which are registered with the Commissioner of Motor Vehicles after the October 1 assessment date but before the next August 1 are subject to a property tax as if the motor vehicle had been included on the October 1 Grand List. The tax is prorated, and the proration is based on the number of months of ownership between October 1 and the following July 31. Motor vehicles purchased in August and September are not taxed until the next October 1 Grand List. If the motor vehicle replaces a motor vehicle that was taxed on the October 1 Grand List, the taxpayer is entitled to certain credits. Assessments for motor vehicles are computed at seventy percent (70%) of the annual appraisal of market value.

Connecticut General Statutes Section 12-71e creates a cap on the local property tax mill rate for motor vehicles. The statute provides that (1) for the assessment year October 1, 2016, the mill rate for motor vehicles shall not exceed 39 mills, and (2) for the assessment year October 1, 2017 to October 1, 2020, inclusive, the mill rate for motor vehicles shall not exceed 45 mills, and (3) for the assessment year commencing October 1, 2021, and each assessment year thereafter, the mill rate for motor vehicles shall not exceed 32.46 mills. No district or borough may set a motor vehicle mill rate that if combined with the motor vehicle mill rate of the town or city in which such district or borough is located would result in a combined motor vehicle mill rate in excess of these mill rate caps. The Town's mill rate for motor vehicles for fiscal year 2022-2023 is 32.46.

For the fiscal year ending June 30, 2022, motor vehicle property tax grants to municipalities that impose mill rates on real property and personal property other than motor vehicles greater than 45 mills or that, when combined with the mill rate of any district located within the municipality, impose mill rates greater than 45 mills, shall be made in an amount equal to the difference between the amount of property taxes levied by the municipality and any district located within the municipality on motor vehicles for the assessment year October 1, 2020, and the amount such levy would have been if the mill rate on motor vehicles for that assessment year was 45 mills. For the fiscal year ending June 30, 2023, and each fiscal year thereafter, motor vehicle property tax grants to municipalities that impose mill rates on real property and personal property other than motor vehicles greater than 32.46 mills or that, when combined with the mill rate of any district located within the municipality, impose mill rates greater than 32.46 mills, shall be made in an amount equal to the difference between the amount of property taxes levied by the municipality and any district located within the municipality on motor vehicles for the assessment year October 1, 2021, and each assessment year

thereafter, and the amount such levy would have been if the mill rate on motor vehicles for that assessment year was 32.46 mills.

PROPERTY TAX COLLECTION PROCEDURE

Taxes for the fiscal year are levied on the Grand List of the prior October 1, and are due July 1, payable in two installments, on July 1 and January 1. Personal property taxes are payable in one installment on July 1 with motor vehicle supplemental bills payable on January 1. Payments not received by August 1 and February 1, respectively, become delinquent, with interest charged at the rate of 1.50% per month from the due date of the tax. In accordance with State law, the oldest outstanding tax is collected first. Outstanding real estate tax accounts are liened each year prior to August 30 with legal demands and alias tax warrants used in the collection of personal property and motor vehicle tax bills. Delinquent motor vehicle and personal property accounts are transferred to a suspense account after three years at which time they cease to be carried as receivables. Real estate accounts are transferred to suspense 15 years after the due date in accordance with State statutes.

COMPARATIVE ASSESSED VALUATIONS

Grand List Dated	Real Property (%)	Personal Property (%)	Motor Vehicle Property (%)	Gross Taxable Grand List	Less Exemptions ¹	Net Taxable Grand List	% Growth
2021	78.9	9.1	12.1	\$998,793,794	\$145,400,354	\$853,393,440	3.6%
2020 ²	82.6	5.7	11.7	967,848,828	144,260,697	823,588,131	3.9%
2019	82.9	5.6	11.5	937,424,993	144,625,930	792,799,063	1.0%
2018	83.4	5.4	11.2	928,445,831	143,232,394	785,213,437	0.5%
2017	83.6	5.3	11.1	923,903,839	142,602,386	781,301,453	0.5%
2016	82.1	8.5	9.4	917,432,939	139,900,077	777,532,862	1.0%
2015 ²	82.3	8.3	9.4	912,115,789	142,275,910	769,839,879	0.1%
2014	82.6	8.1	9.3	911,426,029	142,153,675	769,272,354	0.5%
2013	82.6	8.3	9.1	910,517,080	144,764,801	765,752,279	0.2%
2012	82.6	8.5	8.9	909,241,301	144,756,006	764,485,295	0.2%

¹ Connecticut General Statutes Section 12-81 (72) exempts certain new manufacturing equipment from property taxation by municipalities.

² Revaluation year.

Source: Assessor's Office, Town of Stafford.

PROPERTY TAX LEVIES AND COLLECTIONS

Grand List 1-Oct	FY 30-Jun	Net Taxable Grand List	Mill Rate	Tax Levy	Percent Collected End of Each Fiscal Year	Percent Uncollected End of Each Fiscal Year	Percent Annual Levy Uncollected 6/30/2022	Amount Uncollected as of 6/30/2022
2021	2023	\$853,393,440	35.78 ²	\$30,553,845 ¹	Collections 7/1/2022 and 1/1/23			N/A
2020	2022	823,588,131	34.93	29,039,043	97.6%	2.4%	2.4%	\$694,604
2019	2021	792,799,063	34.93	27,906,868	97.6%	2.4%	1.1%	301,893
2018	2020	785,213,437	34.93	27,601,472	97.3%	2.7%	0.5%	130,794
2017	2019	781,301,453	34.26	26,912,809	97.4%	2.6%	0.1%	17,162
2016	2018	777,532,862	33.93	26,483,804	97.6%	2.4%	0.0%	7,243
2015	2017	769,839,879	33.51	26,010,638	97.6%	2.4%	0.0%	5,552
2014	2016	769,272,354	33.37	25,666,846	97.2%	2.8%	0.0%	5,948
2013	2015	765,752,279	33.03	25,286,135	96.4%	3.6%	0.0%	6,188
2012	2014	764,485,295	33.06	25,257,188	96.2%	3.8%	0.0%	5,892

¹ Estimate.

² Motor vehicle mill rate 32.46.

Source: Tax Collector's Office, Town of Stafford.

TEN LARGEST TAXPAYERS^{1,2}

Business-Name	Nature Of Business	Assessment Valuation as 10/1/2021	Rank	Percent of Total
Eversource.....	Utility.....	\$ 17,497,600	1	2.05%
TTM Printed Circuit Group Inc.....	Electronic Components.....	6,869,400	2	0.80%
Big Y Foods Inc.....	Grocery Store.....	5,957,960	3	0.70%
Athena Stafford Springs Landlord LLC.	Real Estate.....	5,851,440	4	0.69%
Connecticut Water Company.....	Water Company.....	5,122,000	5	0.60%
Pisciotta Wayne & Jean LLC.....	Real Estate.....	4,682,440	6	0.55%
American Woolen Company Inc.....	Manufacturer of Fine Textiles.	3,455,830	7	0.40%
Asplundh Tree Expert LLC.....	Manufacturer.....	2,556,840	8	0.30%
3M Water Purification Inc.....	Manufacturer.....	2,166,040	9	0.25%
Stafford Springs Retail LLC.....	Real Estate.....	2,000,180	10	0.23%
Total		\$ 56,159,730		6.58%

¹ Based on a 10/1/21 Net Taxable Grand List of \$853,393,440.

² Numbers may not add due to rounding.

Source: Assessor's Office, Town of Stafford.

EQUALIZED NET GRAND LIST

Grand List of 10/1	Equalized Net Grand List	% Growth
2020	\$1,177,691,102	0.73%
2019	1,169,182,413	1.04%
2018	1,157,153,641	0.66%
2017	1,149,552,836	-3.33%
2016	1,189,185,893	7.99%
2015	1,101,222,496	0.00%
2014	1,101,177,516	0.31%
2013	1,097,754,329	4.91%
2012	1,046,410,611	-4.68%
2011	1,097,801,514	-2.63%

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

V. FINANCIAL INFORMATION

FISCAL YEAR

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

ACCOUNTING POLICIES

The financial statements of the Town of Stafford, Connecticut have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. Please refer to Appendix A "Basic Financial Statements" herein for compliance and implementation details.

The reporting model includes the following segments:

Management's Discussion and Analysis ("MD&A") – provides introductory information on basic financial statements and an analytical overview of the Town's financial activities.

Government-wide financial statements – consist of a statement of net assets and a statement of activities, which are prepared on the accrual basis of accounting. These statements distinguish between governmental activities and business-type activities and exclude fiduciary funds (employee retirement system and agency funds). Capital assets, including infrastructure and long-term obligations are included along with current assets and liabilities.

Fund financial statements – provide information about the Town's governmental, proprietary and fiduciary type funds. These statements emphasize major fund activity and, depending on the fund type, utilize different basis of accounting.

Required supplementary information – in addition to the MD&A, budgetary comparison schedules are presented for the General Fund.

Please refer to Appendix A under "Notes to the Financial Statements" herein for measurement focus and basis of accounting of the government-wide financial statements as well as the fiduciary fund financial statements of the Town of Stafford.

BUDGETARY PROCEDURES

The Board of Selectmen and the Board of Education submit requests for appropriation(s) to the Board of Finance. The budget is prepared by fund, function and activity, and includes information on the past year and current year estimates and requested appropriations of the next fiscal year.

The Board of Finance holds a public hearing, at which itemized estimates of the expenditures of the Town for the next fiscal year are presented. At this time, individuals are able to recommend any appropriations, which they desire the Board of Finance to consider. The Board of Finance then considers the estimates and any other matters brought to their attention at a public meeting held subsequent to the initial public hearing and prior to the annual meeting. The Board of Finance prepares the proposed budget.

The Board of Finance's estimated and recommended budget reports are submitted at the Annual Town Meeting. The Annual Town Meeting takes action on the budget. After the Annual Town Meeting, the Board of Finance meets to levy a tax on the grand list which will be sufficient to cover, together with other income or revenue surplus, which is appropriated, the amounts appropriated and any revenue deficit of the Town. The legal level of budgetary control is the department level except expenditures for education, which are, by State Statutes, appropriated as one department.

The governing body may amend the annual budget subject to the requirements of the Connecticut General Statutes. The Board of Finance may make a one-time additional appropriation up to \$20,000 to any appropriation. A Town meeting must be called to make appropriations over \$20,000 or additional changes to a previously adjusted appropriation.

Connecticut General Statutes Section 4-661 creates a cap on adopted general budget expenditures for municipalities in Connecticut in order for municipalities to be eligible to receive the full amount of the State’s municipal revenue sharing grant. Beginning in fiscal year 2018, and in each fiscal year thereafter, the Office of Policy and Management (“OPM”) must reduce the municipal revenue sharing grant amount for those municipalities whose adopted general budget expenditures (with certain exceptions, including but not limited to debt service, special education, implementation of court orders or arbitration awards, budgeting for an audited deficit, nonrecurring grants, capital expenditures of \$100,000 or more, or payments on unfunded pension liabilities, and certain major disaster or emergency expenditures) exceeds the spending limits specified in the statute. For each applicable fiscal year, OPM must determine the municipality’s percentage growth in general budget expenditures over the prior fiscal year and reduce the grant if the growth rate is equal to or greater than 2.5% or the inflation rate, whichever is greater, each of those amounts adjusted by an amount proportionate to any increase in the municipality’s population from the previous fiscal year. The reduction is generally equal to 50 cents for every dollar the municipality spends over this cap. Each municipality must annually certify to the Secretary of OPM whether the municipality exceeded the cap set forth in the statute and if so the amount by which the cap was exceeded. The Town has not exceeded the cap. For fiscal year ending June 30, 2023 the Town expects to receive municipal revenue sharing grants in the amount of \$222,845.

ANNUAL AUDIT

Pursuant to Connecticut law, the Town is required to undergo an annual examination by an independent certified public accountant. The audit must be conducted under the guidelines issued by the State of Connecticut, Office of Policy and Management and a copy of the report must be filed with such OPM within six months of the end of the fiscal year. For the fiscal year ended June 30, 2021, the examination was conducted by certified public accountants O’Connell, Pace & Company, P.C., Hartford, Connecticut. For the fiscal year ended June 30, 2022, the examination is being conducted by certified public accountants Marcum LLP of Providence, Rhode Island.

PENSION PLANS

Defined Benefit Plan

The Town is the administrator of a single-employer public employee retirement system (“PERS”) established and administered by the Town to provide pension benefits for its regular and former employees (excluding teachers covered under the CT State Teachers’ Retirement System). The PERS is considered to be part of the Town’s financial reporting entity and is included in the Town’s financial statement as a pension trust fund. A separate stand-alone financial report is not issued. The PERS is governed by the Pension Committee of which members are appointed by the Board of Selectman.

The PERS provides retirement benefits through a single employer noncontributory defined benefit plan. Members include substantially all Town, Water Pollution Control Authority, Library, and Board of Education employees. Temporary employees, employees working less than 24 hours per week and any Board of Education employee covered under the Connecticut State Teachers’ Retirement System are excluded. Employees hired after July 1, 2012 are not eligible for the PERS.

The Town of Stafford’s funding policy is based on the actuarial determined employer contribution (“ADEC”).

Year Ended	Actuarial Determined Contribution (ADC)	Annual Contribution	% of ADC Contributed
<i>General Employees Pension Plan</i>			
2017	\$1,111,296	\$1,113,284	100.18%
2018	1,141,426	1,141,426	100.00%
2019	1,230,054	1,230,054	100.00%
2020	1,279,117	1,279,117	100.00%
2021	1,336,734	1,336,734	100.00%
2022 ¹	1,278,296	1,326,934	103.80%

¹ Unaudited.

The Town implemented GASB Statement No. 67 effective in Fiscal Year 2014. The following net pension liability of the Town plan at June 30, 2022, determined by an actuarial valuation as of January 1, 2022 and based on actuarial assumptions as of that date, were as follows:

GASB 67 Schedules ¹	
<u>Town</u>	
Total pension liability at June 30, 2022	\$31,154,712
Plan fiduciary net position	<u>16,942,659</u>
Town's net pension liability	<u>14,212,053</u>
Plan fiduciary net position as a % of total pension liability	54.38%

¹ Unaudited.

The following presents the net pension liability, calculated using the discount rate of 6.40% for the Town, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate.

	1% Decrease	Current Discount Rate	1% Increase
	<u>5.40%</u>	<u>6.40%</u>	<u>7.40%</u>
General Employees net pension liability as of June 30, 2022 ¹	\$ 17,470,234	\$ 14,212,053	\$ 11,421,382

¹ Unaudited.

Connecticut State Teachers' Retirement System

The faculty and professional personnel of the Board of Education participate in a contributory defined benefit plan, established under Chapter 167a of the Connecticut General Statutes, which is administered by the Connecticut State Teachers' Retirement Board. Certain part-time and all full-time certified teachers are eligible to participate in the plan and are required to contribute 7.25% of their annual earnings to the plan. The Town does not and is not legally responsible to contribute to the contributory defined benefit plan administered by the Connecticut State Teachers' Retirement Board.

Defined Contribution Plan

The Town has a defined contribution plan for all eligible employees under the Internal Revenue Code (IRS) 401 (a). This is administered through CPI Qualified Plan Consultants, Inc. Provisions are made and amended as necessary by the Town. Employees may contribute up to the IRS limits through an IRS Section 457 Plan. The Town will match an eligible employee's contribution up to 6% of their base salary. Contributions in fiscal year ended June 30, 2022, were \$50,515 of covered salaries of \$1,470,890.

Length of Service Awards – Volunteer Fire Department

The Town is the sponsor of a Length of Service Awards Plan ("LOSAP") established and administered by the Town to provide pension benefits for its fire department volunteers. The LOSAP is accounted for in the Town's financial statements in the General Fund. The LOSAP provides benefits through a single employer non-contributory defined benefit plan. To be eligible, a volunteer must have been an active member in the volunteer fire department. The plan was closed to new entrants as of October 2002. Participants receive \$60 for up to 16 years of service. Assets are set aside in a group annuity contract with an expected nominal return of 3.5%. The Town's obligation to pay benefits is unfunded and unsecured and plan assets are subject to the claim of the Town's creditors.

Source: Comprehensive Annual Financial Report 2021; Unaudited Pension Valuation 2022.

For further information on the plans, please refer to Appendix A under the Town of Stafford’s “Notes to Financial Statements, Note 4”, herein.

The information included in the pension disclosure section relies on information produced by the pension plans and their independent accountants and actuaries. Actuarial assessments are “forward-looking” information that reflect the judgement of the fiduciaries of the pension plans. Actuarial assessments are based upon a variety of assumptions, one or more of which may prove to be inaccurate or be changed in the future, and will change with the future experience of the pension plans.

OTHER POST-EMPLOYMENT BENEFITS (“OPEB”)

Based on an accrual accounting perspective, the cost of post-employment health care benefits, like the cost of pension benefits, generally should be associated with the periods in which the cost occurs, rather than in the future when it will be paid. The Town recognizes the cost of post-employment healthcare in the year when the employee services are received, reports the accumulated liability from prior years, and provides information useful in assessing potential demands on the Town’s future cash flows. The liability accumulated from the years prior to adopting this accounting procedure will be phased in over 30 years.

The Town provides certain health care benefits for retired employees through a single-employer defined benefit plan administered by the Town of Stafford, in accordance with various collective bargaining agreements. The plan does not issue a separate financial statement.

The plan sponsor’s funding policy is to contribute the employer portion of retiree benefit payments annually.

Total OPEB Liability	2022¹	2021	2020	2019	2018
Service Cost.....	\$97,393	\$144,754	\$110,134	\$136,798	\$145,966
Interest.....	59,565	85,418	110,822	148,497	136,294
Changes of benefit terms.....	-	-	-	-	-
Differences between expected & actual experience..	(119,678)	(1,617,173)	(45,347)	(942,996)	(23,054)
Changes of Assumptions.....	(401,253)	312,424	527,311	94,556	(120,060)
Benefit payments.....	29,869	(702)	(58,349)	(121,077)	(79,193)
Net change on total OPEB liability.....	(334,104)	(1,075,279)	644,571	(684,222)	59,953
Total OPEB liability - beginning.....	\$2,645,390	\$3,720,669	\$3,076,098	\$3,760,320	\$3,700,367
Total OPEB liability - ending.....	\$2,311,286	\$2,645,390	\$3,720,669	\$3,076,098	\$3,760,320

¹ Unaudited.

The Town implemented GASB Statement No. 75 effective in Fiscal Year 2019. The following net OPEB liability of the General Employees at June 30, 2022, determined by an actuarial valuation as of July 1, 2021 and based on actuarial assumptions as of that date, were as follows:

	1% Decrease	Current Discount Rate	1% Increase
	<u>2.54%</u>	<u>3.54%</u>	<u>4.54%</u>
General Employees net OPEB liability as of June 30, 2022 ¹	\$ 2,593,211	\$ 2,311,286	\$ 2,069,731

¹ Unaudited.

Source: Comprehensive Annual Financial Report 2021; Unaudited OPEB valuation 2021.

For further information on the plans, please refer to Appendix A under the Town of Stafford’s “Notes to Financial Statements, Note 4”, herein.

INVESTMENT POLICIES AND PRACTICES

Sections 7-400 and 7-402 of the Connecticut General Statutes govern the investments the Town is permitted to acquire. Generally, the Town may invest in certificates of deposit, municipal bonds and notes, obligations of the United States of America, including joint and several obligations of the Federal Home Loan Mortgage Association, the Federal Savings and Loan Insurance Corporation, obligations of the United States Postal Service, all the Federal Home Loan Banks, all Federal Land Banks, the Tennessee Valley Authority, or any other agency of the United States government, and money market mutual funds.

The investment practices of the Town of Stafford are in compliance with the Connecticut General Statutes.

COMPARATIVE GENERAL FUND OPERATING STATEMENT

Budget and Actual
(Budgetary Basis)

	Fiscal Year 2021-22 ¹			Fiscal Year
	Final Budget	Actual Operations	Variance	2022-23
			Favorable (Unfavorable)	Adopted Budget
REVENUES				
Property Taxes	\$ 29,440,589	\$ 29,143,522	\$ (297,067)	\$ 30,801,929
Intergovernmental - Other Revenues.....	1,647,243	1,694,002	46,759	1,899,412
Local Services.....	1,992,598	2,292,204	299,606	2,159,836
Investment Income.....	30,000	12,489	(17,511)	30,000
Intergovernmental - Education.....	9,551,487	9,587,143	35,656	9,551,487
Tuition.....	10,000	-	(10,000)	10,000
TOTAL REVENUES	42,671,917	42,729,360	57,443	44,452,664
EXPENDITURES				
General Government	4,523,662	4,460,556	63,106	4,715,369
Public Safety	2,230,906	2,143,463	87,443	2,260,901
Health	826,834	820,760	6,074	897,436
Highways and Bridges.....	2,831,270	2,574,930	256,340	2,712,673
Parks and Recreation.....	718,718	705,517	13,201	774,631
Sundry.....	378,941	372,066	6,875	410,038
Planning and Zoning.....	4,000	3,581	419	4,000
Education.....	29,086,761	29,088,828	(2,067)	29,879,413
Library.....	537,161	514,833	22,328	574,457
Debt Service.....	2,426,810	2,362,525	64,285	2,408,276
TOTAL EXPENDITURES	43,565,063	43,047,060	518,004	44,637,194
Excess (deficiency) of revenues over expenditures	(893,146)	(317,700)	(575,447)	(184,530)
Other financing sources (uses):				
BAN Proceeds.....	-	3,370,000	3,370,000	-
BAN Premium.....	-	14,962	14,962	-
Transfers In.....	279,955	223,955	(56,000)	279,955
Retirement of BAN.....	-	(3,405,000)	(3,405,000)	-
Transfers Out.....	(323,605)	(560,692)	(237,087)	(95,425)
Total other financing sources (uses).....	(43,650)	(356,775)	(313,125)	184,530
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses.....	(936,796)	(674,475)	(262,322)	-

¹ Unaudited.

Source: Unaudited 2022; Adopted Budget 2023.

GENERAL FUND BALANCE SHEET
Summary of Audited Assets and Liabilities
(GAAP Basis)

FISCAL YEAR ENDED:	2022 ¹	2021	2020	2019	2018
ASSETS					
Cash and cash equivalents	\$ 4,512,477	\$ 5,319,259	\$ 4,653,483	\$ 5,433,636	\$ 5,432,383
Investments.....	513,300	511,805	1,510,138	2,151,019	-
Taxes Receivables, net of allowance.....	1,408,192	1,391,420	1,440,122	1,309,227	1,570,794
Other Receivables.....	363,888	277,922	219,633	148,643	4,500,545
Due from Other Funds.....	5,553,897	4,318,844	3,537,947	3,026,363	-
Deposit on Equipment Lease.....	-	-	-	-	-
Inventories.....	-	-	-	-	-
TOTAL ASSETS.....	\$12,351,754	\$11,819,250	\$11,361,323	\$12,068,888	\$11,503,722
LIABILITIES					
Accounts Payable.....	475,127	1,048,505	1,112,654	522,678	361,682
Accrued Payroll and Related.....	120,714	235,427	174,994	92,503	6,347
Due to Other Funds.....	3,170,373	679,271	1,131,001	2,223,908	2,603,110
Unearned Revenue	935,941	1,732,258	1,328,484	1,507,681	494,958
TOTAL LIABILITIES.....	\$ 4,702,155	\$ 3,695,461	\$ 3,747,133	\$ 4,346,770	\$ 3,466,097
DEFERRED INFLOWS OF RESOURCES					
Deferred Revenues - Taxes Paid in Advance..	1,015,397	-	-	-	-
Unavailable Revenue	-	960,343	1,033,143	924,699	992,992
TOTAL DEFERRED INFLOWS.....	\$ 1,015,397	\$ 960,343	\$ 1,033,143	\$ 924,699	\$ 992,992
FUND BALANCE					
Nonspendable	-	-	-	-	-
Restricted	-	-	-	-	-
Committed	214,486	260,947	468,626	767,089	1,214,140
Assigned	382,829	464,184	567,651	731,662	497,610
Unassigned	6,036,887	6,438,314	5,544,770	5,298,668	5,332,883
TOTAL FUND BALANCE.....	\$ 6,634,202	\$ 7,163,445	\$ 6,581,047	\$ 6,797,419	\$ 7,044,633
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES.....					
	\$12,351,754	\$11,819,250	\$11,361,323	\$12,068,888	\$11,503,722

¹ Unaudited.

Source: Audit Reports 2018-2021; Unaudited 2022.

GENERAL FUND REVENUES AND EXPENDITURES ¹¹

Summary of Audited Revenues and Expenditures
(GAAP Basis)

FISCAL YEAR ENDED:	2022 ¹⁰	2021	2020	2019	2018
REVENUES					
Property Taxes.....	\$29,143,522	\$28,121,959	\$27,699,173	\$27,207,773	\$26,553,111
Intergovernmental Revenues.....	14,563,114	19,286,439	16,980,136	17,787,932	15,135,353
Local Sources.....	2,292,204	2,040,189	1,954,108	2,241,436	1,519,271
Other.....	-	-	-	-	-
Investment Income.....	12,646	16,458	53,697	70,165	50,227
Transfers In.....	3,384,962	11,943,160 ²	8,294,953 ⁴	7,619,595 ⁶	5,900,485 ⁸
Use of Fund Balance.....	-	-	-	-	-
Total Revenues & Transfers In	\$49,396,448	\$61,408,205	\$54,982,067	\$54,926,901	\$49,158,447
EXPENDITURES					
General Government	4,617,000	4,364,866	4,233,062	3,867,052	3,627,946
Public Safety	2,189,668	2,061,348	2,035,892	2,111,167	1,843,131
Health and Social Services.....	820,760	764,120	704,730	705,645	790,293
Public Works.....	2,519,044	2,221,891	2,211,474	2,043,338	2,046,156
Parks and Recreation.....	711,471	505,660	731,402	701,423	712,070
Sundry.....	372,066	998,740	881,146	916,454	859,609
Planning and Zoning.....	3,581	3,062	2,241	3,065	2,601
Library.....	518,577	-	-	-	-
Education.....	32,066,336	36,043,225	34,055,276	34,938,598	31,619,806
Debt Service.....	2,362,525	1,249,393	2,206,112	2,182,373	1,866,867
Capital Outlay.....	-	-	-	-	-
Transfers Out.....	3,744,663 ¹	12,613,500 ³	8,137,104 ⁵	7,705,000 ⁷	6,114,828 ⁹
Total Expenditures & Transfers Out	49,925,691	60,825,805	55,198,439	55,174,115	49,483,307
Results from Operations.....	(529,243)	\$582,398	(216,372)	(247,214)	(324,860)
Fund Balance - July 1	7,163,445	6,581,047	6,797,419	7,044,633	7,369,493
Fund Balance - June 30	\$ 6,634,202	\$ 7,163,445	\$ 6,581,047	\$ 6,797,419	\$ 7,044,633

¹ Includes retirement of Notes of \$3,405,000.

² Includes \$10,645,000 in long-term debt issuance and \$1,082,685 premium on the long-term debt.

³ Includes payment on long-term debt of \$10,520,423.

⁴ Includes \$8,080,000 in Note proceeds and \$22,022 premium on the Notes.

⁵ Includes retirement of Notes of \$6,380,000

⁶ Includes \$7,475,000 in Note proceeds and \$144,595 in premium on the Notes.

⁷ Includes retirement of Notes of \$5,225,000.

⁸ Includes \$5,518,000 in Note proceeds.

⁹ Includes retirement of Notes of \$5,990,000

¹⁰ Unaudited.

¹¹ Numbers may not add due to rounding.

Source: Audit Reports 2018-2021; Unaudited 2022.

**ANALYSIS OF GENERAL FUND EQUITY
(GAAP BASIS)**

FISCAL YEAR ENDED:	2022 ¹	2021	2020	2019	2018
Restricted.....	\$ -	\$ -	\$ -	\$ -	\$ -
Committed.....	214,486	260,947	468,626	767,089	1,214,140
Assigned.....	382,829	464,184	567,651	731,662	497,610
Unassigned.....	6,036,887	6,438,314	5,544,770	5,298,668	5,332,883
Total Fund Balance.....	6,634,202	7,163,445	6,581,047	6,797,419	7,044,633
Unassigned Fund Balance As % of					
Total Expenditures.....	12.09%	10.58%	10.05%	9.60%	10.78%

¹ Unaudited.

Source: Audit Reports 2018-2021; Unaudited 2022.

PROPERTY TAX REVENUES

Fiscal Year	General Fund Revenues & Transfers in	Property Tax Revenues	Property Tax Revenues as a Percentage of General Fund Revenues
2023 ¹	\$44,732,619	\$30,801,929	68.9 %
2022 ²	49,396,448	29,143,522	59.0
2021	61,408,205	28,121,959	45.8
2020	54,982,067	27,699,173	50.4
2019	54,926,901	27,207,773	49.5
2018	49,158,447	26,553,111	54.0

¹ Adopted Budget.

² Unaudited 2022.

INTERGOVERNMENTAL REVENUES

Fiscal Year	General Fund Revenues & Transfers in	Intergovernmental Revenue	Aid as a Percentage of General Fund Revenues
2023 ¹	\$44,732,619	\$11,450,899	25.6 %
2022 ²	49,396,448	14,563,114	29.5
2021	61,408,205	19,286,439	31.4
2020	54,982,067	16,980,136	30.9
2019	54,926,901	17,787,932	32.4
2018	49,158,447	15,135,353	30.8

¹ Adopted Budget.

² Unaudited 2022.

EXPENDITURES

<u>Fiscal Year</u>	<u>Education</u>	<u>General Government</u>	<u>Public Safety</u>	<u>Public Works</u>	<u>Debt Service</u>
2023 ¹	66.9%	10.6%	5.1%	6.1%	5.4%
2022 ²	64.2%	9.2%	4.4%	5.0%	11.6%
2021	59.3%	7.2%	3.4%	3.7%	2.1%
2020	61.7%	7.7%	3.7%	4.0%	4.0%
2019	63.3%	7.0%	3.8%	3.7%	4.0%
2018	63.9%	7.3%	3.7%	4.1%	3.8%

¹ Adopted Budget.

² Unaudited 2022.

VI. DEBT SUMMARY

PRINCIPAL AMOUNT OF INDEBTEDNESS

As of February 2, 2023
(Pro Forma)

<u>Long-Term Debt</u>			Debt	Date of	
Date	Purpose	Rate %	Original Issue	Outstanding As of 2/2/2023	Fiscal Year Maturity
<u>General Purpose</u>					
8/1/2018	General Improvements.....	3.20%	\$682,500	\$542,500	2036
2/2/2023	General Improvements.....	<i>This Issue</i>	5,000,000 *	5,000,000 *	2043
	Sub-Total.....		\$5,682,500	\$5,542,500	
<u>Schools</u>					
8/1/2012	School Improvements.....	21.50%	\$4,580,000	\$1,300,000	2027
8/1/2012	School Improvements Refunding.....	2.15%	4,100,000	1,080,000	2026
8/1/2018	School Improvements.....	3.20%	682,500	542,500	2036
	Sub-Total.....		\$9,362,500	\$2,922,500	
<u>Sewers</u>					
8/1/2018	Sewer & Wastewater Improvements.....	3.20%	\$3,450,000	\$2,745,000	2038
2/4/2021	Sewer & Wastewater Improvements.....	3.43%	2,715,000	2,435,000	2041
2/4/2021	Wastewater Refunding.....	3.37%	4,525,000	4,210,000	2041
	Sub-Total.....		\$10,690,000	\$9,390,000	
	Total Long-Term Debt.....		\$25,735,000	\$17,855,000	

*Preliminary, subject to change.

Short-Term Debt:

None

Other Long-Term Debt:

On May 21, 2015, the Town entered into a lease obligation to finance a Geothermal and Solar Power Project (the “Energy Lease Purchase”) for the complete replacement of the existing heating/cooling systems with solar and geothermal systems. The Project includes most of the Town’s municipal and school buildings. The \$17.0 million lease is for a 15-year term at an interest rate of 2.335%; the annual principal and interest payments are \$1,371,893 and began on November 21, 2016. The lease payments are subject to annual appropriation of funds. The Town made the first payment in full on November 21, 2016 and has continued to make timely payments on this obligation. The Town is receiving a Zero-Emission Renewable Energy Credit (“ZERC”) under the State of Connecticut ZREC Program. Such ZREC income commenced in the third quarter of 2016. The ZREC income and other savings from the project will help to reduce the Town’s net cost of the project.

In November 2016, the Town entered into a tax-exempt lease with Key Government Finance for new emergency vehicles for fire departments (the “Key Government Emergency Finance Vehicles Lease Agreement”). The \$1,019,915 lease is for a term of 9 years at an interest rate of 2.12%; the annual principal and interest payment is \$111,977.92 and the last payment is due in November 2025. As of February 2, 2023, \$335,934 will be outstanding.

In May 2019, the Town entered into a tax-exempt lease with Musco Finance (the “Musco Lease Purchase”) for lights for the football field. The \$284,794 lease is for a term of 5 years at an interest rate of 3.75%; the annual principal and interest payments are \$48,009.07 and the last payment is due in June 2024. As of February 2, 2023, \$96,018 will be outstanding.

In November 2019, the Town entered into a tax-exempt lease with Key Government Finance (the “Key Government Finance Ambulance Lease Purchase”) for a new ambulance. The \$191,592 lease is for a term of 7 years at an interest rate of 3.21%; the annual principal and interest payments are \$30,031.56 and the last payment is due in November 2025. As of February 2, 2023, \$90,095 will be outstanding.

In November 2020, the Town entered into a tax-exempt lease with Key Government Finance (the “Key Government Finance Public Works Vehicles Lease Purchase”) for various public works vehicles. The \$885,000 lease is for a term of 5 years at an interest rate of 1.27%; the annual principal and interest payments are \$181,495.44 and the last payment is due in November 2024. As of February 2, 2023, \$362,991 will be outstanding.

Capital Leases Payable:

The Town has entered into various agreements to finance the acquisition of various vehicles, equipment, building improvements and energy improvements. The Town’s capital lease obligations as of June 30, 2022 is as follows:

Total principal payments (excluding interest) on capital leases for the year ending:

2023	1,610,717
2024	1,496,171
2025	1,482,005
2026	1,333,221
Thereafter	<u>6,403,970</u>
	\$12,326,084 ^{1,2}

¹ Excludes the Key Government Finance Public Works Vehicle Lease Purchase, but includes the Energy Lease Purchase, the Key Government Emergency Finance Vehicle Lease Agreement, the Musco Lease Purchase, the Key Government Finance Ambulance Lease Purchase, and other capital lease obligations entered into by the Town to finance various capital projects.

² Calculations may differ slightly due to rounding.

SCHOOL BUILDING GRANT REIMBURSEMENTS

Pursuant to Section 10-287i of the Connecticut General Statutes, as amended, for all school building projects approved after July 1, 1996, the State provides proportional progress payments during construction for the State’s share of the eligible construction costs. The State grant will be paid directly to the municipality after it submits its request for progress payments, and accordingly, the municipality will issue its bonds only for its share of project costs.

ANNUAL BONDED DEBT MATURITY SCHEDULE ^{1, 2, 3}

As of February 2, 2023

(Pro Forma)

Fiscal Year Ending 30-Jun	The Bonds (<i>This Issue</i>)				Percent Retired
	Principal	Interest	Principal	Total	
2023	\$ 1,230,000	\$ 499,656	\$ -	\$ 1,729,656	6.44%
2024	1,230,000	448,156	250,000 *	1,928,156	14.20%
2025	1,235,000	396,556	250,000 *	1,881,556	21.98%
2026	1,240,000	344,756	250,000 *	1,834,756	29.79%
2027	890,000	301,581	250,000 *	1,441,581	35.76%
2028	570,000	274,106	250,000 *	1,094,106	40.06%
2029	580,000	253,706	250,000 *	1,083,706	44.41%
2030	585,000	232,906	250,000 *	1,067,906	48.78%
2031	595,000	211,906	250,000 *	1,056,906	53.21%
2032	605,000	190,506	250,000 *	1,045,506	57.69%
2033	610,000	168,556	250,000 *	1,028,556	62.20%
2034	620,000	146,106	250,000 *	1,016,106	66.75%
2035	630,000	123,106	250,000 *	1,003,106	71.36%
2036	640,000	103,606	250,000 *	993,606	76.03%
2037	645,000	83,656	250,000 *	978,656	80.72%
2038	650,000	63,491	250,000 *	963,491	85.43%
2039	660,000	42,963	250,000 *	952,963	90.20%
2040	430,000	26,100	250,000 *	706,100	93.76%
2041	440,000	13,200	250,000 *	703,200	97.38%
2042	-	-	250,000 *	250,000	98.69%
2043	-	-	250,000 *	250,000	100.00%
Total	\$14,085,000	\$ 3,924,622	\$ 5,000,000 *	\$ 23,009,622	

¹ Excludes capital leases and other long-term commitment obligations.

² Includes \$1,230,000 in principal and \$499,656.26 in interest paid in FY 2022-23.

³ Numbers may not add due to rounding.

*Preliminary, subject to change.

OVERLAPPING/UNDERLYING DEBT

The Town of Stafford has no overlapping or underlying debt.

DEBT STATEMENT

As of February 2, 2023

(Pro Forma)

Long-Term Indebtedness

General Purpose (<i>includes The Bonds</i>)	\$ 5,542,500 *
Schools.....	2,922,500
Sewers.....	9,390,000
Total Long-Term Indebtedness.....	<u>17,855,000</u>

Short-Term Indebtedness..... -

Total Direct Indebtedness..... 17,855,000

Total Net Direct Indebtedness..... 17,855,000

Overlapping Indebtedness..... -

Total Overall Net Direct Indebtedness.... \$ 17,855,000

¹ Excludes capital leases and other long-term commitments.

*Preliminary, subject to change.

CURRENT DEBT RATIOS

February 2, 2023

(Pro Forma)

Population ¹	11,472
Net Taxable Grand List (10/1/21).....	\$853,393,440
Estimated Full Value.....	\$1,219,133,486
Equalized Net Taxable Grand List (10/1/20) ² ...	\$1,177,691,102
Per Capita Income (2021) ¹	\$47,869

	Total Direct Indebtedness	Total Net Direct Indebtedness	Total Overall Net Direct Indebtedness
	<u>\$17,855,000</u> *	<u>\$17,855,000</u> *	<u>\$17,855,000</u> *
Per Capita.....	\$1,556.40	\$1,556.40	\$1,556.40
Ratio to Net Taxable Grand List.....	2.09%	2.09%	2.09%
Ratio to Estimated Full Value.....	1.46%	1.46%	1.46%
Ratio to Equalized Net Taxable Grand List.....	1.52%	1.52%	1.52%
Debt per Capita to Per Capita Income.....	3.25%	3.25%	3.25%

¹ U.S. Census Bureau, 2017-2021 American Community Survey.

² Office of Policy and Management, State of Connecticut.

*Preliminary, subject to change.

BOND AUTHORIZATION

The Town has the power to incur indebtedness as authorized by the Connecticut General Statutes subject to statutory debt limitations. Under the Connecticut General Statutes, bond and note issues are authorized by the Town Meeting upon the recommendation of the Board of Selectmen and the Board of Finance, except for refunding bonds, which only need to be approved by the Board of Selectmen.

TEMPORARY FINANCING

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

Temporary notes may be funded beyond ten years from the initial borrowing if a written commitment exists for State and/or Federal grants, for terms not to exceed six months until such time that the final grant payments are received (CGS Sec. 7-378b).

Temporary notes may also be issued for up to fifteen years for certain capital projects associated with the operation of a waterworks system (CGS Sec. 7-244a) or a sewage system (CGS Sec. 7-264a). In the first year following the completion of the project(s), or in the sixth year (whichever is sooner), and in each year thereafter, the notes must be reduced by at least 1/15 of the total amount of the notes issued by funds derived from certain sources of payment.

Temporary notes may be issued in one year maturities for up to fifteen years in anticipation of sewer assessments receivable, such notes to be reduced annually by the amount of assessments received during the preceding year (CGS Sec. 7-269a).

LIMITATION OF INDEBTEDNESS

Municipalities shall not incur indebtedness through the issuance of bonds or notes which will cause aggregate indebtedness by class to exceed the following:

General Purposes:	2.25 times annual receipts from taxation
School Purposes:	4.50 times annual receipts from taxation
Sewer Purposes:	3.75 times annual receipts from taxation
Urban Renewal Purposes:	3.25 times annual receipts from taxation
Unfunded Pension Liability Purposes:	3.00 times annual receipts from taxation

In no case however, shall total indebtedness exceed seven times the base. "Annual receipts from taxation," (the "base,") are defined as total tax collections including interest, penalties and late payment of taxes and state payments for revenue loss under CGS Sections 12-129d and 7-528.

The Connecticut General Statutes also provide for exclusion from the debt limit calculation debt (i) issued in anticipation of taxes; (ii) issued for the supply of water, gas, electricity, electric demand response, conservation and load management, distributed generation and renewable energy projects; for the construction of subways for cables, wires and pipes; for the construction of underground conduits for cables, wires and pipes; for the construction and operation of a municipal community antenna television system and for two or more of such purposes; (iii) issued in anticipation of the receipt of proceeds from assessments levied upon property benefited by any public improvement; (iv) issued in anticipation of the receipt of proceeds from State or Federal grants evidenced by a written commitment or for which allocation has been approved by the State Bond Commission or from a contract with the state, state agencies or another municipality providing for the reimbursement of costs but only to the extent such indebtedness can be paid from such proceeds; (v) issued for certain water pollution control projects; and (vi) upon placement in an escrow of the proceeds of refunding bonds, notes or other obligations or other funds of the municipality in an amount sufficient to provide for the payment when due of principal of and interest on such bond, note or other evidence of indebtedness.

STATEMENT OF STATUTORY DEBT LIMITATION¹

As of February 2, 2023
(Pro Forma)

Total Receipts for fiscal year ended June 30, 2022 (including interest and lien fees)¹ \$ 29,143,522

State Reimbursement for Revenue Loss on:

Tax Relief for Elderly	-
Base for Establishing Debt Limit	<u>\$ 29,143,522</u>

	General Purpose	Schools	Sewers	Urban Renewal	Past Pension	Total Debt
DEBT LIMITATION:						
(2.25 times base).....	\$ 65,572,925					
(4.50 times base).....		\$131,145,849				
(3.75 times base).....			\$109,288,208			
(3.25 times base).....				\$94,716,447		
(3.00 times base).....					\$87,430,566	
(7.00 times base).....						\$204,004,654
INDEBTEDNESS:						
Bonds Payable (Includes The Bonds).....	\$ 5,542,500 *	\$ 2,922,500	\$ 9,390,000	\$ -	\$ -	\$ 17,855,000
Notes Payable.....	-	-	-	-	-	-
Authorized but Unissued Debt.....	2,716	-	407	-	-	3,123
TOTAL DIRECT INDEBTEDNESS....	5,545,216	2,922,500	9,390,407	-	-	17,858,123
TOTAL NET INDEBTEDNESS.....	5,545,216	2,922,500	9,390,407	-	-	17,858,123
DEBT LIMITATION IN EXCESS OF OUTSTANDING AND AUTHORIZED DEBT.....	\$ 60,027,709	\$128,223,349	\$ 99,897,801	\$94,716,447	\$87,430,566	\$186,146,531

¹ Excludes capital lease obligations and other long-term commitments.

*Preliminary, subject to change.

Note: In no case shall total indebtedness exceed seven times annual receipts from taxation or \$204,004,654.

AUTHORIZED BUT UNISSUED DEBT

As of February 2, 2023
(Pro Forma)

Project	Bonding Authorization	Previously Bonded	Paydowns/ Grants	The Bonds This Issue	Authorized But Unissued Debt
WPCA Project.....	\$ 2,592,284 ²	\$ 2,591,877 ¹	\$ -	\$ -	\$ 407
Infrastructure Project.....	3,407,716 ²	-	110,000	3,295,000 *	2,716
2022 Capital Projects.....	1,705,000	-	-	1,705,000 *	-
Total All Projects	<u>\$ 7,705,000</u>	<u>\$ 2,591,877</u>	<u>\$ 110,000</u>	<u>\$5,000,000 *</u>	<u>\$ 3,123</u>

¹ It is anticipated the WPCA will pay approximately 18.07% of this project with sewer user fees.

² Reflects a transfer of \$107,716 from the WPCA Project to the Infrastructure project.

*Preliminary, subject to change.

Source: Town of Stafford, Finance Office.

PRINCIPAL AMOUNT OF OUTSTANDING DEBT

Long-Term Debt	2022 Est.	2021	2020	2019	2018	2017
Bonds.....	\$14,085,000	\$15,310,000	\$14,205,423	\$15,356,648	\$11,482,483	\$12,578,095
Short-Term Debt						
Bond Anticipation Notes.....	3,370,000	3,405,000	4,385,000	2,685,000	5,518,000	5,990,000
Totals.....	\$17,455,000	\$18,715,000	\$18,590,423	\$18,041,648	\$17,000,483	\$18,568,095

Source: Annual Audited Financial Statements 2018-2021; Estimate 2022.

RATIO OF DIRECT OVERALL DEBT TO VALUATION, POPULATION AND INCOME

Fiscal Year Ended 6/30	Net Assessed Value	Estimated Full Value	Direct Debt¹	Ratio of Direct Debt to Net Assessed Value (%)	Ratio of Direct Debt to Estimated Full Value (%)	Population²	Direct Debt per Capita	Ratio of Direct Debt to Per Capita Income (%)³
2022 Est.	\$823,588,131	\$1,176,554,473	\$17,455,000	2.12%	1.48%	11,472	\$1,521.53	4.03%
2021	792,799,063	1,132,570,090	18,715,000	2.36%	1.65%	11,472	1,631.36	4.32%
2020	785,213,437	1,121,733,481	18,590,423	2.37%	1.66%	11,878	1,565.11	4.15%
2019	781,301,453	1,116,144,933	18,041,648	2.31%	1.62%	11,881	1,518.53	4.03%
2018	777,532,862	1,110,761,231	17,000,483	2.19%	1.53%	11,890	1,429.81	3.79%

¹ Does not reflect State of Connecticut School Construction and interest subsidy grants, and sewer assessments applied to the retirement of the outstanding debt.

² U.S. Census Bureau, 2017-2021 American Community Survey.

³ Income per Capita: \$47,869 – U.S. Census Bureau, 2017-2021 American Community Survey.

THE TOWN OF STAFFORD HAS NEVER DEFAULTED IN THE PAYMENT OF PRINCIPAL OR INTEREST ON ITS BONDS OR NOTES.

VII. LEGAL AND OTHER LITIGATION

LITIGATION

The Town of Stafford, its officers, employees, boards and commissions are defendants in a number of lawsuits. The Town Attorney is of the opinion that pending litigation will not be finally determined so as to result individually or in the aggregate in a final judgment against the Town which would have a materially adverse effect upon its financial position.

MUNICIPAL ADVISOR

The Town has retained Munistat Services, Inc. (the "Municipal Advisor") to serve as its municipal advisor in connection with the issuance of the Bonds. The Municipal Advisor has not independently verified any of the information contained in this Official Statement and makes no guarantee as to its completeness or accuracy. The Municipal Advisor's fee for services rendered with respect to the sale of the Bonds is contingent upon the issuance and delivery of the Bonds, and receipt by the Town of payment therefor. The Town may engage the Municipal Advisor to perform other services, including without limitation, providing certain investment services with regard to the investment of Bond proceeds.

TRANSCRIPT AND CLOSING DOCUMENTS

Upon the delivery of the Bonds, the original purchaser will be furnished with the following:

1. A Signature and No Litigation Certificate stating that at the time of delivery no litigation is pending or threatened affecting the validity of the Bonds or the levy or collection of taxes to pay the principal of and interest on the Bonds.
2. A Certificate signed on behalf of the Town by the First Selectman, Treasurer and Interim Director of Finance which will be dated the date of delivery of the Bonds and attached to a signed copy of the Official Statement certifying that to the best of said officials' knowledge and belief, that at the time the bids on the Bonds were accepted, the descriptions and statements in the Official Statement relating to the Town and its finances were true and correct in all material respects and did not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, and that there has been no material adverse change in the financial condition of the Town from that set forth in or contemplated by the Official Statement.
3. A receipt for the purchase price of the Bonds.
4. The approving opinion of Shipman & Goodwin LLP, Bond Counsel, of Hartford, Connecticut substantially in the form of Appendix B attached hereto.
5. An executed Continuing Disclosure Agreement for the Bonds substantially in the form of Appendix C attached hereto.
6. The Town of Stafford has prepared a Preliminary Official Statement for this Bond issue which is dated January 17, 2023. The Town deems such Preliminary Official Statement final as of its date for purposes of SEC Rule 15c2-12 (b)(5), but it is subject to revision or amendment. The Town will make available to the winning Purchaser(s) of the Bonds a reasonable number of copies of the Official Statement at the Town's expense within seven business days of the bid opening. Additional copies may be obtained by the original purchaser at their own expense by arrangement with the printer.

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

CONCLUDING STATEMENT

This Official Statement is not to be construed as a contract or agreement between the Town and the purchaser or holders of any of the Bonds. Any statements made in this Official Statement involving matters of opinion or estimates

are not intended to be representations of fact, and no representation is made that any of such opinion or estimate will be realized.

No representation is made that past experience, as might be shown by financial or other information herein, will necessarily continue or be repeated in the future. Neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Town since the date hereof. References to statutes, charters, or other laws herein may not be complete and such provisions of law are subject to repeal or amendment.

Information herein has been derived by the Town from various officials, departments and other sources and is believed by the Town to be reliable, but such information, other than that obtained from official records of the Town, has not been independently confirmed or verified by the Town and its accuracy is not guaranteed.

This Official Statement has been duly prepared and delivered by the Town, and executed for and on behalf of the Town by the following officials:

TOWN OF STAFFORD, CONNECTICUT

By:

Salverio Titus, *First Selectman*

By:

Lynn Nenni, *Interim Director of Finance*

By:

Neil Hoss, *Treasurer*

Dated as of January ____, 2023

APPENDIX A – AUDITED FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Appendix A - Basic Financial Statements - is taken from the Annual Report of the Town of Stafford for the Fiscal Year ended June 30, 2021 as presented by the Auditors and does not include all of the schedules or management letter made in such report. A copy of the complete report is available upon request to the Interim Director of Finance, Town of Stafford, Connecticut.



O'Connell, Pace, & Company, P.C.
Certified Public Accountants

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SUITE 201
HARTFORD, CT 06105-3071
(860) 247-3917

Walter F. O'Connell, C.P.A.
Mario Pace, C.P.A.
Albert Celentano, C.P.A.

INDEPENDENT AUDITORS' REPORT

To the Members of the Board of Finance
Town of Stafford, Connecticut

Report on the Financial Statements

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 Stafford, Connecticut as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Town of Stafford, Connecticut's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Stafford, Connecticut, as of June 30, 2021, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3-9 and budgetary comparison information on pages 60-69 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an

appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

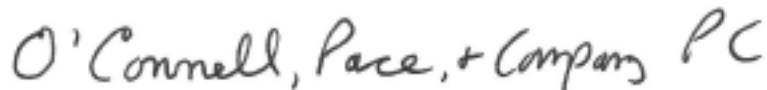
Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Stafford, Connecticut's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and the schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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 and the schedule of expenditures of federal awards 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 July 21, 2022, on our consideration of the Town of Stafford, Connecticut's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 Stafford, Connecticut's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Stafford, Connecticut's internal control over financial reporting and compliance.



O'CONNELL, PACE & COMPANY, P.C.
Certified Public Accountants
Hartford, CT

July 21, 2022

TOWN OF STAFFORD, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2021

TOWN OF STAFFORD, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021

Our discussion and analysis of the Town of Stafford's (the "Government") financial performance provides an overview of the Government's financial activities for the fiscal year ended June 30, 2021. Please read it in conjunction with the Government's financial statements, which begin with Exhibit 1.

FINANCIAL HIGHLIGHTS

- Net position of our government activities increased by \$2,768,598, or 3%.
- During the year, the Town had expenses and transfers that were \$2,768,598 less than the \$60,222,232 generated in tax and other revenues for all government activities.
- The total cost of all government activities was \$57,453,634.
- The General Fund reported a fund balance of \$7,163,445, an increase of \$582,398, or 8%, over fiscal year 2020.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities (Exhibits 1 and 2) provide information about the activities of the Government as a whole and present a longer-term view of the Government's finances. Fund financial statements start with Exhibit 3. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the Government's operations in more detail than the government-wide statements by providing information about the Government's most significant funds. The remaining statements provide financial information about activities for which the Government acts solely as a trustee or agent for the benefit of those outside of the Government.

Government-Wide Financial Statements

The analysis of the Town as a whole begins with Exhibit 1. The Statement of Net Position and the Statement of Activities report information about the Town as a whole and about its activities for the current period. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the Town's *net position* and changes in them. The Town's net position—the difference between assets and liabilities is one way to measure financial health, or *financial position*. Over time, *increases or decreases* in net position are one indicator of whether *financial health* is improving or deteriorating. The reader needs to consider other nonfinancial factors, however, such as changes in the property tax base and the condition of the roads, to assess the *overall health* of the Town.

In the Statement of Net Position and the Statement of Activities, the Government shows the following activity:

- Governmental activities—The Government's basic services are reported here, including the education, public works, and general administration. Property taxes, state and federal grants and local revenues such as fees and licenses finance most of these activities.
- Business-type activities—The Government charges a fee to customers to help it cover all or most of the cost of certain services it provides. The Government's Water Pollution Control Authority's operations are reported here.

TOWN OF STAFFORD, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021

Fund Financial Statements

An analysis of the Town's major funds begins in the following sections of this report. The fund financial statements begin with Exhibit 3 and provide detailed information about the most significant funds—not the Town as a whole. Some funds are required to be established by State law and by bond covenants. However, the Board of Finance establishes many other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money. The Town's two kinds of funds—*governmental* and *proprietary*—use different accounting approaches.

- *Governmental funds*— The Town's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using *modified* accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed *short-term view* of the Town's general government operations and the basic services it provides. Governmental fund information helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance programs. The differences between governmental *activities* (reported in the Statement of Net Position and the Statement of Activities) and governmental *funds* are reconciled at the bottom of the fund financial statements.
- *Proprietary funds*— When the Town charges customers for the services it provides—whether to outside customers or to other departments of the town the services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities. The Town's enterprise funds (a component of proprietary funds) are business-type activities reported in the government-wide statements but provide more detail and additional information, such as cash flows, for proprietary funds. Proprietary funds include the WPCA and Health Insurance funds.
- *Fiduciary Funds*—The Town is the trustee, or *fiduciary*, for the student activity funds as well as other assets that can only be used for a particular purpose. The Town's fiduciary activities are reported in separate Statements of Changes in Assets and Liabilities in Statement 15. These activities are excluded from the Town's other financial statements because the assets cannot be used to finance operations. The Town is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

TOWN OF STAFFORD, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021

Government-Wide Financial Analysis

The Government's *combined* net position increased by \$2,768,598 from fiscal year 2020. The analysis below focuses on the net position (Table 1) and changes in net position (Table 2).

	Table 1					
	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Assets						
Current and other assets	18,689,576	16,823,987	2,346,865	2,593,333	21,036,441	19,417,320
Capital Assets	118,787,819	117,662,724	1,738,493	1,786,193	120,526,312	119,448,917
Deferred Outflows	(967,506)	1,429,843	(27,881)	45,462	(995,387)	1,475,305
Total Assets	136,509,889	135,916,554	4,057,477	4,424,988	140,567,366	140,341,542
Deferred Inflows	300,081	203,227	8,574	6,509	308,655	209,736
Long-term liabilities outstanding	43,020,657	44,029,933	263,637	354,607	43,284,294	44,384,540
Other liabilities	7,616,509	9,295,128	48,547	530,164	7,665,056	9,825,292
Total Liabilities	50,937,247	53,528,288	320,758	891,280	51,258,005	54,419,568
Net position:						
Invested in capital assets, net of related debt	86,173,512	84,752,080	1,738,493	1,791,785	87,912,005	86,543,865
Restricted for:						
Expendable	5,987,726	3,867,037	0	0	5,987,726	3,867,037
Nonexpendable	203,917	211,940	0	0	203,917	211,940
Unrestricted	(6,792,511)	(6,442,791)	1,998,226	1,741,923	(4,794,285)	(4,700,868)
Total Net Position	85,572,644	82,388,266	3,736,719	3,533,708	89,309,363	85,921,974

Current assets for total governmental and business-type activities increased by \$1,619,122 primarily due to the advance of the federal ARPA grant received at year-end in the amount of \$1,759,000.

Total capital assets for the governmental and business-type activities increased by \$1,077,395. This was primarily due to the addition of roads completed during the year for multiple projects and the addition of newly leased equipment.

Deferred outflows decreased by \$2,470,692 and was due to the year over year improvement of earnings on pension assets and offset by a change in assumptions.

Long-term liability changes were the result of a current year refunding of debt in the amount of \$4,250,000, the addition of \$2,700,000 in new debt and \$1,134,825 in capital leases during the year and decreased by regularly scheduled debt payments.

TOWN OF STAFFORD, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021

Other liabilities decreased by \$2,160,237. Accounts payable at year end decreased by \$1,242,244 due to a decrease in construction contracts and bond anticipation notes were rolled over and decreased by \$980,000.

	Table 2					
	Governmental		Business-Type		Total	
	Activities		Activities			
	2021	2020	2021	2020	20201	2020
Program Revenues:						
Charges for Service	4,701,048	3,423,561	1,751,260	1,824,875	6,452,308	5,248,436
Operating Grants and Contributions	22,187,386	18,277,235	0	0	22,187,386	18,277,235
Capital Grants and Contributions	0	0	0	0	0	0
	<u>26,888,434</u>	<u>21,700,796</u>	<u>1,751,260</u>	<u>1,824,875</u>	<u>28,639,694</u>	<u>23,525,671</u>
General Revenues						
Property Taxes	28,431,867	28,193,916	0	0	28,431,867	28,193,916
Other Taxes	0	0	0	0	0	0
Investment Earnings	96,281	92,424	3,419	6,320	99,700	98,744
Grants & Contributions-unrestricted	2,624,538	719,459	0	0	2,624,538	719,459
Other	176,808	742,909	0	0	176,808	742,909
Transfer In (Out)	52,443	0	(52,443)	0	0	0
Special Revenues:						
Gain on sale of assets	0	175,275	0	0	0	175,275
Net Unrealized Gain (Loss) on Stocks	249,625	(71,035)	0	0	249,625	(71,035)
Total Revenues	<u>58,519,996</u>	<u>51,553,744</u>	<u>1,702,236</u>	<u>1,831,195</u>	<u>60,222,232</u>	<u>53,384,939</u>
Expenses:						
General Government	6,330,570	6,261,468	0	0	6,330,570	6,261,468
Public Safety	2,148,771	2,032,205	0	0	2,148,771	2,032,205
Public Works	3,649,736	3,736,229	0	0	3,649,736	3,736,229
Social Services and Health	762,007	756,092	0	0	762,007	756,092
Parks and Recreation	467,547	658,328	0	0	467,547	658,328
Planning and Zoning	3,062	2,241	0	0	3,062	2,241
Sundry	1,327,989	1,138,011	0	0	1,327,989	1,138,011
Education	39,452,128	39,522,973	0	0	39,452,128	39,522,973
Interest on Long-Term Debt	1,391,589	993,462	0	0	1,391,589	993,462
Capital Outlay	421,010	29,080	0	0	421,010	29,080
Sewer	0	0	1,499,225	1,536,650	1,499,225	1,536,650
Total Expenses	<u>55,954,409</u>	<u>55,130,089</u>	<u>1,499,225</u>	<u>1,536,650</u>	<u>57,453,634</u>	<u>56,666,739</u>
Increase(Decrease) in Net Position	<u>2,565,587</u>	<u>(3,576,345)</u>	<u>203,011</u>	<u>294,545</u>	<u>2,768,598</u>	<u>(3,281,800)</u>
Net Position - Beginning of Year, restated	<u>83,007,057</u>	<u>85,964,608</u>	<u>3,533,708</u>	<u>3,239,163</u>	<u>86,540,765</u>	<u>89,203,771</u>
Net Position - End of Year	<u>85,572,644</u>	<u>82,388,263</u>	<u>3,736,719</u>	<u>3,533,708</u>	<u>89,309,363</u>	<u>85,921,971</u>

TOWN OF STAFFORD, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021

The change in net position can also be analyzed by looking at the difference between revenues and program expenses shown above in Table 2. The Town's total revenues increased \$6,837,293 to \$60,222,232 and total expenses increased \$768,898 to \$57,453,634 over the prior year. The positive variance in Operating Grants and Contributions was the result of a \$2,016,000 increase in the State's contribution to the teachers' pension plan as well as grants in the amount of \$843,679 for road and bridge projects. Federal grant revenue increased \$963,679 primarily due to COVID related awards. In addition, the Town received an advance of \$1,759,000 for the ARPA grant which is included in unrestricted Grants and Contributions.

Expenditure increases as a result of the increase in grants and contributions were offset in total by a reduction in the pension liability of \$1,935,000, the result of improved investment returns, a helped to keep the year over year expenditure increase at 1%.

TOWN FUNDS FINANCIAL ANALYSIS

Governmental Funds

Exhibit 3, Balance Sheet Government Funds, reports a combined total fund balance of \$13,768,447, an increase of \$2,978,593 over FY 2020. The fund balance in the general fund increased \$582,398 to \$7,163,445. More detail with respect to the general fund is presented in the General Fund Budgetary Highlights section of this report.

In addition, these other changes in fund balances should be noted:

- The Town had an increase of \$457,237 in the Infrastructure Fund primarily due to spending less than the proceeds for the bond anticipation note issued during the year.
- The deficit in the Utility fund increased by \$102,593 to \$2,042,333. The deficit will be reduced over time by a combination of payments and credits from the electricity provider for energy generated by the Town's solar installations as well as contributions from the general fund.
- The increase in Other Governmental Funds represents the unspent advance from the ARPA grant.

General Fund Budgetary Highlights

Over the course of the year, the Board of Finance can revise the Town's budget with additional appropriations and budget transfers between line items. The Board of Finance is allowed by State Statute to make one additional appropriation up to \$20,000 per line item or department. A second appropriation or an appropriation over \$20,000 requires a Town Meeting. State Statutes allow transfers to be made by the Board of Finance without a Town Meeting. The following table summarizes the final budget and actual results for the General Fund:

During the year the Town approved additional appropriations \$272,203. The final FY 2021 budget is presented on schedule RSI-1.

TOWN OF STAFFORD, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021

Revenues	Final Budget	Actual	Variance
Property Taxation	\$ 28,957,469	\$ 28,121,959	\$ (835,510)
Intergovernmental - Other	1,397,664	1,485,309	87,645
Local Sources	1,801,662	2,015,772	214,110
Investment Income	45,000	15,715	(29,285)
Intergovernmental - Education	9,578,907	9,582,506	3,599
Tuition Received	10,000	9,297	(703)
Other Financing Sources	490,000	12,193,159	11,703,159
Total Revenues	42,280,702	53,423,717	11,143,015
Expenditures			
General Government	4,423,928	4,310,037	113,891
Public Safety	2,102,132	2,066,760	35,372
Health	812,348	764,108	48,240
Highways and Bridges	2,378,630	2,203,835	174,795
Parks and Recreation	675,063	647,966	27,097
Planning and Zoning	4,000	2,671	1,329
Sundry	399,635	339,017	60,618
Education	28,289,798	27,835,787	454,011
Stafford Public Library	565,632	512,521	53,111
Debt Service	2,308,675	11,769,816	(9,461,141)
Other Financing Uses	28,064	2,093,077	(2,065,013)
Total Expenses	41,987,905	52,545,596	(10,557,691)
Increase(Decrease) in Net Postion	\$ 292,797	\$ 878,121	\$ 585,324

Significant budget variances are summarized as follows:

- The Town estimates 2% of taxes will be uncollectible annually. The \$835,510 variance for Property Taxation is approximately \$255,000 more than expected and represents an improvement in tax collections over the prior year, which was negatively impacted due to the pandemic.
- Intergovernmental Revenue- Other was positively impacted by the receipt of Covid Relief funds in the amount of \$104,700.
- Local Sources of revenue were positively impacted by an increase in home sales and the related transfer fees.
- The variance in Other Financing Sources and Other Financing uses was due to the issuance of bond anticipation notes in the amount of \$3,405,000 and bonds in the amount of \$7,240,000. In addition, the bond proceeds were used in part to advance refund \$4,525,000 of outstanding debt.
- There were positive variances in all town departments due to vacancies as well as less activity than planned due to the pandemic.

TOWN OF STAFFORD, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2021 the Town had \$120,526,312 invested in capital assets including land, buildings, equipment, vehicles and infrastructure. The amount represents a net increase (including additions and deductions) of \$1,077,395 over the prior year. More detailed information about the Town's capital assets is presented in Note 3D to the financial statements.

Significant additions during the year included:

- Highway construction transferred from CIP in the amount of \$4,741,331
- Various leased equipment including wheel loaders, pickup trucks, a roll off truck, a plow truck and street sweeper for the Public Works department totaling \$905,231
- The Board of Education entered into a lease agreement for computer equipment in the amount of \$249,825.

Debt

At year end, the Town had \$15,310,000 in General Obligation Bonds and \$13,899,307 in outstanding Capital Lease payments. During the year the Town issued bonds in the amount of \$7,240,000 and bond anticipation notes in the amount of \$3,405,000. The bonds were used to current refund \$4,525,000 in outstanding USDA Loan bonds and the balance was used to pay for pump station and sewer infiltration and inflow repairs. The proceeds of the note were used to refund a portion of the \$4,385,000 note outstanding and used to pay for various infrastructure projects. More detailed information about the Town's long-term liabilities is presented in Note 3E to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The Town's elected and appointed officials considered many factors when making their recommendations to residents for the fiscal year 2021-2022 budget. Overall economic conditions, as well as the residents' ability to sustain an increase, are primary considerations. The budget was approved by taxpayers at the Annual Town meeting.

The adopted budget for fiscal year 2021-2022 is a 3% increase over the prior year. The mill rate stayed the same due to a nearly 4% increase in the Grand List. The increase was attributable to a revaluation as well as additions to the Grand List that included 10 residential dwellings, two small commercial businesses and personal property purchased by businesses and rental properties. Services provided by the town remain the same.

Unemployment in the Town as of June 2021 was 6% while the state's unemployment rate was 6.9%.

CONTACTING THE GOVERNMENT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the Town's finances and to show the Town's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Board of Finance at Town of Stafford, 1 Main Street, Stafford Springs, CT 06076.

TOWN OF STAFFORD, CONNECTICUT
BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

TOWN OF STAFFORD, CONNECTICUT
STATEMENT OF NET POSITION
JUNE 30, 2021

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and equivalents	\$ 11,828,247	\$ 2,076,420	\$ 13,904,667
Investments	1,642,415	-	1,642,415
Restricted cash and equivalents	85,286	-	85,286
Receivables			
Taxes, net	1,427,598	-	1,427,598
Accounts	881,645	-	881,645
Usage	-	174,553	174,553
Interest	-	102,287	102,287
Loans	2,253,722	-	2,253,722
Intergovernmental	485,656	-	485,656
Special assessments	59,638	-	59,638
Internal balances	9,731	(6,394)	3,337
Prepays	15,637	-	15,637
Capital assets			
Nondepreciable	2,952,322	-	2,952,322
Depreciable, net of accumulated depreciation	115,835,497	1,738,493	117,573,990
Total Assets	<u>137,477,395</u>	<u>4,085,358</u>	<u>141,562,753</u>
DEFERRED OUTFLOWS OF RESOURCES			
Difference in projected and actual earnings - pension	(1,217,576)	(34,788)	(1,252,364)
Change in assumptions - pension	241,731	6,907	248,638
Deferred charge on refunding	8,339	-	8,339
Total Deferred Outflows of Resources	<u>(967,506)</u>	<u>(27,881)</u>	<u>(995,387)</u>
LIABILITIES			
Accounts payable	1,326,649	42,857	1,369,506
Accrued payroll and related	243,805	-	243,805
Accrued interest payable	586,093	-	586,093
Internal balances	-	-	-
Bond anticipation notes payable	3,405,000	-	3,405,000
Risk management claims payable	270,000	-	270,000
Unearned revenues	1,784,961	5,690	1,790,651
Non-current liabilities			
Due within one year	2,925,085	-	2,925,085
Due in more than one year	40,095,572	263,637	40,359,209
Total Liabilities	<u>50,637,166</u>	<u>312,184</u>	<u>50,949,349</u>
DEFERRED INFLOWS OF RESOURCES			
Difference in expected and actual experience - pension	300,081	8,574	308,655
Total Deferred Inflows of Resources	<u>300,081</u>	<u>8,574</u>	<u>308,655</u>
NET POSITION			
Net investment in capital assets	86,173,512	1,738,493	87,912,005
Restricted			
Expendable	5,987,726	-	5,987,726
Nonexpendable	203,917	-	203,917
Unrestricted	(6,792,511)	1,998,226	(4,794,285)
Total Net Position	<u>\$ 85,572,644</u>	<u>\$ 3,736,719</u>	<u>\$ 89,309,363</u>

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

TOWN OF STAFFORD, CONNECTICUT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business -type Activities	Total
Governmental activities							
General government	\$ 6,330,570	\$ 665,036	\$ 95,767	\$ -	\$ (5,569,767)	\$ -	\$ (5,569,767)
Public safety	2,148,771	785,384	57,679	-	(1,305,708)	-	(1,305,708)
Health and social services	762,007	543,738	107,155	-	(111,114)	-	(111,114)
Public works	3,649,736	1,581,601	1,367,402	-	(700,733)	-	(700,733)
Parks and recreation	467,547	15,000	-	-	(452,547)	-	(452,547)
Planning and zoning	3,062	-	-	-	(3,062)	-	(3,062)
Sundry	1,327,989	296,368	5,500	-	(1,026,121)	-	(1,026,121)
Education	39,452,128	813,921	20,553,883	-	(18,084,324)	-	(18,084,324)
Capital outlay	421,010	-	-	-	(421,010)	-	(421,010)
Interest on long-term debt	1,391,589	-	-	-	(1,391,589)	-	(1,391,589)
Total Governmental Activities	\$ 55,954,409	\$ 4,701,048	\$ 22,187,386	\$ -	(29,065,975)	-	(29,065,975)
Business-type activities							
Sewer	1,499,225	1,751,260	-	-	-	252,035	252,035
Total Business-type Activities	1,499,225	1,751,260	-	-	-	252,035	252,035
Total Primary Government	\$ 57,453,634	\$ 6,452,308	\$ 22,187,386	\$ -	-	252,035	(28,813,940)
General Revenues							
Property Taxes, payments in lieu of taxes, interest and liens					28,431,867		28,431,867
Grants and contributions not restricted to specific programs					2,624,538		2,624,538
Unrestricted interest and investment earnings					96,281	3,419	99,700
Other general revenues					176,808		176,808
Transfer in (out)					52,443	(52,443)	
Special items							
Net unrealized gain on stocks					249,625		249,625
Total General Revenues and Special Items					31,631,562	(49,024)	31,582,538
Change in Net Position					2,565,587	203,011	2,768,598
Net Position - Beginning of Year, restated					83,007,057	3,533,708	86,540,765
Net Position - End of Year					\$ 85,572,644	\$ 3,736,719	\$ 89,309,363

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

TOWN OF STAFFORD, CONNECTICUT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2021

	General Fund	Educational Grant Fund	Small Cities Grants Fund	Infrastructure Projects Fund	Utility Fund	Other Governmental Funds	Total Governmental Funds
ASSETS							
Cash and Equivalents	\$ 5,319,259	\$ 293,589	\$ 211,007	\$ 1,586,290	\$ 54,218	\$ 3,977,922	\$ 11,442,284
Investments	511,805	-	-	-	-	1,130,610	1,642,415
Restricted cash and equivalents	-	-	-	-	-	85,286	85,286
Taxes Receivable, Net of Allowance for Uncollectible Amounts	1,391,420	-	-	-	-	36,178	1,427,598
Other Receivables							
Accounts	233,802	47,819	17,850	-	457,115	2,840	759,426
Loans	-	-	2,253,722	-	-	-	2,253,722
Intergovernmental	44,120	299,073	-	-	-	142,463	485,656
Special assessments	-	-	-	-	-	59,638	59,638
Due from other funds	4,318,844	90,723	-	-	83,579	579,683	5,072,829
Inventories	-	-	-	-	-	15,637	15,637
Total Assets	\$ 11,819,250	\$ 731,204	\$ 2,482,579	\$ 1,586,290	\$ 594,912	\$ 6,030,257	\$ 23,244,492
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES							
Liabilities							
Accounts Payable	\$ 1,048,505	\$ 7,291	\$ -	\$ 166,284	\$ -	\$ 103,446	\$ 1,325,526
Accrued Payroll and Related	235,427	-	-	-	-	8,378	243,805
Due to other funds	679,271	558,228	1,850	22,335	2,739,838	1,137,353	5,138,875
Unearned revenues	1,732,258	-	-	-	-	52,703	1,784,961
Total Liabilities	3,695,461	565,519	1,850	188,619	2,739,838	1,301,880	8,493,168
Deferred Inflows of Resources							
Unavailable revenues	960,343	-	-	-	-	22,535	982,878
Total Deferred Inflows of Resources	960,343	-	-	-	-	22,535	982,878
Fund Balances (Deficits)							
Nonspendable	-	-	-	-	-	203,917	203,917
Restricted	-	165,685	2,480,729	-	-	3,341,312	5,987,726
Committed	260,947	-	-	-	-	452,836	713,783
Assigned	464,184	-	-	-	-	707,777	1,171,962
Unassigned	6,438,314	-	-	1,397,671	(2,144,926)	-	5,691,060
Total Fund Balances	7,163,445	165,685	2,480,729	1,397,671	(2,144,926)	4,705,842	13,768,447
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 11,819,250	\$ 731,204	\$ 2,482,579	\$ 1,586,290	\$ 594,912	\$ 6,030,257	\$ 23,244,492

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

TOWN OF STAFFORD, CONNECTICUT
RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET TO THE GOVERNMENT
WIDE STATEMENT OF NET POSITION – GOVERNMENT ACTIVITIES
JUNE 30, 2021

Fund Balances - Total Governmental Funds	\$	13,768,447
Amounts Reported for Governmental Activities in the Statement of Net Position are Different Because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		118,787,819
Internal service funds are used by management to charge the costs of insurance and general services to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.		312,836
Governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.		8,339
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.		982,878
Deferred outflows - difference between projected and actual earnings		(1,217,576)
Deferred outflow - change in assumptions		241,731
Deferred outflows - difference in expected and actual experience		(300,081)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		
Accrued interest payable		(586,093)
Bonds payable		(49,572,570)
Premium on bonds		94,578
Capital lease obligations		1,215,075
Compensated absences		52,494
Pension obligations payable		1,844,312
Other post-employment benefits obligations payable		(59,546)
Net Position of Governmental Activities	\$	<u>85,572,644</u>

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

TOWN OF STAFFORD, CONNECTICUT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	General Fund	Educational Grant Fund	Small Cities Grants Fund	Infrastructure Projects Fund	Utility Fund	Other Governmental Funds	Total Governmental Funds
REVENUES							
Taxes	\$ 28,121,959	\$ -	\$ -	\$ -	\$ -	\$ 403,403	\$ 28,525,362
Intergovernmental	19,286,439	2,055,667	92,010	609,754	-	3,037,606	25,081,476
Local sources	2,040,189	-	279,245	-	1,311,896	216,727	3,848,056
Investment income	16,458	393	258	251	18	278,903	296,280
Total Revenues	<u>49,465,044</u>	<u>2,056,060</u>	<u>371,513</u>	<u>610,005</u>	<u>1,311,913</u>	<u>3,936,639</u>	<u>57,751,175</u>
EXPENDITURES							
Current							
General government	4,364,866	-	-	-	1,498,085	-	5,862,951
Public safety	2,061,348	-	-	-	-	90,993	2,152,341
Health and social services	764,120	-	-	-	-	-	764,120
Public works	2,221,891	-	-	-	-	859,215	3,081,106
Parks and recreation	505,660	-	-	-	-	1,606	507,266
Planning and zoning	3,062	-	-	-	-	-	3,062
Sundry	998,740	-	258,414	-	-	63,998	1,321,152
Education	36,043,225	1,988,429	-	-	-	633,149	38,664,803
Debt service	1,249,393	-	-	-	-	-	1,249,393
Capital outlay	-	-	-	2,214,709	-	211,383	2,426,092
Total Expenditures	<u>48,212,305</u>	<u>1,988,429</u>	<u>258,414</u>	<u>2,214,709</u>	<u>1,498,085</u>	<u>1,860,344</u>	<u>56,032,286</u>
Excess (deficiency) of Revenues							
Over Expenditures	<u>1,252,739</u>	<u>67,631</u>	<u>113,099</u>	<u>(1,604,704)</u>	<u>(186,172)</u>	<u>2,076,295</u>	<u>1,718,889</u>
OTHER FINANCING SOURCES (USES)							
Transfers In	215,475	-	92,015	2,061,941	83,579	-	2,453,010
Transfers out	(2,093,077)	-	(92,015)	-	-	(215,475)	(2,400,567)
Issuance of long term debt	10,645,000	-	-	-	-	-	10,645,000
Payment on long term debt	(10,520,423)	-	-	-	-	-	(10,520,423)
Premium on financing	1,082,685	-	-	-	-	-	1,082,685
Total Other Financing Sources (Uses)	<u>(670,341)</u>	<u>-</u>	<u>-</u>	<u>2,061,941</u>	<u>83,579</u>	<u>(215,475)</u>	<u>1,259,704</u>
Net Changes in Fund Balances	582,398	67,631	113,099	457,237	(102,593)	1,860,820	2,978,593
Fund Balances - Beginning of Year	<u>6,581,047</u>	<u>98,054</u>	<u>2,367,630</u>	<u>940,434</u>	<u>(2,042,333)</u>	<u>2,845,022</u>	<u>10,789,854</u>
Fund Balances - End of Year	\$ <u>7,163,445</u>	\$ <u>165,685</u>	\$ <u>2,480,729</u>	\$ <u>1,397,671</u>	\$ <u>(2,144,926)</u>	\$ <u>4,705,842</u>	\$ <u>13,768,447</u>

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

TOWN OF STAFFORD, CONNECTICUT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
JUNE 30, 2021

Amounts Reported for Governmental Activities in the Statement of Activities
are Different Because:

Net Change in Fund Balances - Total Governmental Funds	<u>\$ 2,978,593</u>
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over the estimated useful lives and reported as depreciation expense.	
Capital outlay expenditures	2,460,492
Depreciation expense	<u>(3,089,009)</u>
	<u>(628,517)</u>
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	
Real Property taxes and other revenues in the General Fund	<u>(93,495)</u>
	<u>(93,495)</u>
Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	
Issuance of long-term debt - bond anticipation notes	(10,595,375)
Premium on financing	(1,082,685)
Principal payments on long-term debt	10,272,254
Principal payments on capital leases	<u>1,555,739</u>
	<u>149,933</u>
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds, including the change in	
Accrued interest	105,973
Compensated absences	52,494
Pension and other post employment benefits asset/liability	<u>427,471</u>
	<u>585,938</u>
Internal service funds are used by management to charge the costs of medical, risk management and other claims to individuals funds. The net revenue of certain activities of internal service funds is reported with governmental activities.	
	<u>(426,866)</u>
Change in Net Position of Governmental Activities	<u>\$ 2,565,587</u>

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

TOWN OF STAFFORD, CONNECTICUT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2021

	Business-Type Activities - Enterprise Funds	Governmental Activities
	Sewer User Fund	Internal Service Fund
ASSETS		
Current assets		
Cash and equivalents	\$ 2,076,420	\$ 385,963
Receivables		
Usage	174,553	-
Interest	102,287	-
Other	-	122,219
Due from other funds	81,296	75,777
Total Current Assets	2,434,555	583,959
Noncurrent assets		
Capital assets		
Land improvements	-	-
Building and improvements	4,058,568	-
Machinery and equipment	1,891,841	-
Construction-in-progress	-	-
	5,950,409	-
Less - Accumulated depreciation	(4,211,916)	-
Total Capital Assets, net of accumulated depreciation	1,738,493	-
Total Assets	4,173,048	583,959
DEFERRED OUTFLOWS OF RESOURCES		
Difference in projected and actual earnings - pension	(34,788)	-
Change in assumptions - pension	6,907	-
Total Deferred Outflows of Resources	(27,881)	-
LIABILITIES		
Current liabilities		
Accounts payable	42,857	1,123
Due to other funds	87,690	-
Risk management claims payable	-	270,000
Total Current Liabilities	130,547	271,123
Noncurrent Liabilities		
Net pension obligation	263,637	-
Total Liabilities	394,184	271,123
DEFERRED INFLOWS OF RESOURCES		
Taxes paid in advance	5,690	-
Difference in expected and actual experience - pension	8,574	-
Total Deferred Inflows of Resources	14,264	-
NET POSITION		
Net investment in capital assets	1,738,493	-
Unrestricted	1,998,226	312,836
Total Net Position	\$ 3,736,719	\$ 312,836

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

TOWN OF STAFFORD, CONNECTICUT
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	Business-Type Activities - Enterprise Funds	Governmental Activities Internal Service Fund
	Sewer User Fund	
OPERATING REVENUES		
Charges for services	\$ 1,751,260	\$ -
Premiums	-	3,739,249
Total Operating Revenues	<u>1,751,260</u>	<u>3,739,249</u>
OPERATING EXPENSES		
Salaries and benefits	747,513	-
Repairs, maintenance and rentals	187,654	-
Utilities	58,184	-
Supplies and materials	229,041	-
General and administrative	69,826	541,591
Claims	-	3,624,769
Depreciation	<u>207,007</u>	<u>-</u>
Total Operating Expenses	<u>1,499,225</u>	<u>4,166,360</u>
Income from Operations	<u>252,035</u>	<u>(427,110)</u>
NON-OPERATING REVENUES (EXPENSES)		
Interest income	3,419	244
Interest expense	<u>-</u>	<u>-</u>
Total Non-Operating Revenues (Expenses)	<u>3,419</u>	<u>244</u>
INCOME (LOSS) BEFORE TRANSFERS	255,454	(426,866)
Transfer Out	<u>(52,443)</u>	<u>-</u>
Change in Net Position	203,011	(426,866)
Net Position - Beginning of Year	<u>3,533,708</u>	<u>739,702</u>
Net Position - End of Year	<u>\$ 3,736,719</u>	<u>\$ 312,836</u>

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

TOWN OF STAFFORD, CONNECTICUT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	Business-Type Activities - Enterprise Funds	Governmental Activities
	Sewer User Fund	Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers and users	\$ 1,685,434	\$ 3,623,030
Cash payments for operating expenses	(1,577,735)	(3,652,597)
Net Cash from Operating Activities	107,699	(29,567)
CASH FLOWS FROM CAPITAL AND RELATED FINANCIAL ACTIVITIES		
Transfer out	(52,443)	-
Capital Assets Purchased	(159,307)	-
Net Cash from Capital and Related Financing Activities	(211,750)	-
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest income	3,419	244
Net Increase in Cash and Equivalents	(100,632)	(29,323)
Cash and Equivalents - Beginning of Year	2,177,052	415,286
Cash and Equivalents - End of Year	\$ 2,076,420	\$ 385,963
RECONCILIATION OF INCOME FROM OPERATIONS TO NET CASH FROM OPERATING ACTIVITIES		
Income from operations	\$ 252,035	\$ (427,110)
Adjustments to reconcile income from operations to net cash from operating activities		
Depreciation	207,007	-
Change in net position obligation and related deferred outflows and inflows	(15,562)	-
Changes in operating assets and liabilities		
(Increase) decrease in receivables	139,441	(122,219)
(Increase) decrease in due from other funds	(81,296)	500,639
Increase (decrease) in accounts payable	(165,562)	1,123
Increase (decrease) in due to other funds	(190,683)	-
Increase (decrease) in risk management claims payable	-	18,000
Increase (Decrease) in taxes paid in advance	(37,683)	-
Net Cash from Operating Activities	\$ 107,699	\$ (29,567)

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

TOWN OF STAFFORD, CONNECTICUT
STATEMENT OF NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2021

	<u>Pension Trust Funds</u>	<u>Private Purpose Trust Funds</u>	<u>Custodial Funds</u>
ASSETS			
Cash	\$ 519,607	\$ 142,377	\$ 157,060
Investments, at fair value	19,892,160	-	11,209
Other	-	-	5,000
Due from other funds	<u>-</u>	<u>2,004</u>	<u>-</u>
Total Assets	<u>\$ 20,411,767</u>	<u>\$ 144,381</u>	<u>\$ 173,269</u>
LIABILITIES			
Accounts payable	\$ -	\$ 63	\$ -
Due to other funds	<u>-</u>	<u>341</u>	<u>5,000</u>
Total Liabilities	<u>-</u>	<u>404</u>	<u>5,000</u>
NET POSITION			
Restricted for pensions	20,411,767		
Restricted for other purposes	-	143,977	
Restricted for individuals	<u>-</u>	<u>-</u>	<u>168,269</u>
Total Net Position	<u>\$ 20,411,767</u>	<u>\$ 143,977</u>	<u>\$ 168,269</u>

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

TOWN OF STAFFORD, CONNECTICUT
STATEMENT OF CHANGES IN NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	<u>Pension Trust Funds</u>	<u>Private Purpose Trust Funds</u>
ADDITIONS		
Contributions		
Employer	\$ 1,357,734	\$ -
Donations	-	31,473
Total Contributions	<u>1,357,734</u>	<u>31,473</u>
Investment income		
Net change in fair value of investments	3,602,983	-
Interest and dividends	728	211
Total Investment Income	<u>3,603,711</u>	<u>211</u>
Total Additions	<u>4,961,445</u>	<u>31,684</u>
DEDUCTIONS		
Pension benefits	1,363,941	-
Administrative fees	48,453	-
Sundry	-	5,129
Total Deductions	<u>1,412,394</u>	<u>5,129</u>
Change in Net Position	3,549,051	26,555
Net Position - Beginning of Year	<u>16,862,716</u>	<u>117,422</u>
Net Position - End of Year	<u>\$ 20,411,767</u>	<u>\$ 143,977</u>

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

TOWN OF STAFFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

TOWN OF STAFFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Town of Stafford, Connecticut ("Town") is a municipal corporation governed by a selectmen-town meeting form of government. Under this form of government, the town meeting is the legislative body. A town meeting is required to make appropriations, levy taxes and borrow money. The administrative branch is led by an elected three-member Board of Selectmen. The selectmen oversee most of the activities not assigned specifically to another body. An elected Board of Education oversees the public-school system. The elected Board of Finance is the budget making authority and supervises the town financial matters.

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

A. FINANCIAL REPORTING ENTITY

Generally accepted accounting principles require that the reporting entity include (1) the primary government, (2) organizations for which the primary government is financially accountable and (3) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The criteria provided in Statement No. 14 of the Governmental Accounting Standards Board, "The Financial Reporting Entity", have been considered and there are no agencies or entities which should be presented with this government.

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the Town as a whole. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The Statement of Net Position presents the financial position of the Town at the end of its fiscal year. The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not identified as program revenues are reported as general revenues. The Town does not allocate indirect expenses to functions in the Statement of Activities.

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. FUND FINANCIAL STATEMENTS

The accounts of the Town are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts which comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund balances, revenues and expenditures. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance related legal and contractual provisions. The Town maintains the minimum number of funds consistent with legal and managerial requirements.

TOWN OF STAFFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The focus of governmental fund financial statements is on major funds as that term is defined in professional pronouncements. Each major fund is to be presented in a separate column, with non-major funds, if any aggregated and presented in a single column. The Town maintains proprietary and fiduciary funds, which are reported by type. Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the government-wide statements' governmental activities column, reconciliation is presented on the pages following, which briefly explains the adjustments necessary to transform the fund based financial statements into the governmental activities' column of the government-wide presentation.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and enterprise funds are reported as separate columns in the fund financial statements.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operation. The principal operating revenues of the enterprise funds and the Internal Service funds are charges to customers for services. Operating expenses for the enterprise funds and the internal service funds included the cost of services, administrative expenses, depreciation costs and benefit costs. All revenues and expenses not meeting the definition are reported as non-operating revenues and expenses.

The Town's resources are reflected in the fund financial statements in three broad fund categories, in accordance with generally accepted accounting principles as follows:

FUND CATEGORIES

- a. Governmental Funds – Governmental funds are those through which most general government functions are financed. The acquisition, use and balances of expendable financial resources and the related liabilities are accounted for through governmental funds. The following are the Town's major governmental funds:

General Fund – The General Fund constitutes the primary operating fund of the Town and is used to account for and report all financial resources not accounted for and reported in another fund. Consolidated in the General Fund are the following funds:

Compensation Fund – is used to fund future payments of unused vacation and sick time.

Town Hall Fund – is used to build a reserve for repairs on the Town Hall

Zoning Subdivision Fund – is used for fees charged and technical services related for subdivision.

Excess Cost Grant Fund – is used for funding excess cost of Special Education tuition and transportation.

Blight Fund – is used to enforce ordinances regulating blight and state and local health, housing and safety codes and regulations.

TOWN OF STAFFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Educational Grant Fund – The Educational Grant Fund is used to record all the grants and revenues received from the State of CT and expenditures relating to the Board of Education grants.

Small Cities Grants Fund – is used to provide loans for housing rehabilitation.

Infrastructure Projects Fund – The Infrastructure Projects Fund is used for the WPCA to fix infrastructure on West Street to Route 190, to build a new Sewer Pump Station on Route 190, and for the Town to fix Williamson Road Bridge and rebuild and/or repave roads as necessary.

Utility Fund – is used for the Zero Renewable Energy Credits (ZREC) revenues from selling power back to Eversource. These revenues, as well as the savings in electricity and fuel oil, are used to pay the lease payments related to the equipment.

The Town also reports the following non-major governmental funds:

Special Revenue Funds – Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted, committed or assigned to expenditures for specific purpose other than debt service or capital projects. The non-major Special Revenue Funds of the Town are:

Dog Fund – is used to record revenue and expenses related to the Animal Control Officer for the Town of Stafford.

School Cafeteria Fund – is used to report sales and expenditures for the School cafeterias. The Board of Education covers the salary for the Food Service Director.

Town Aid Road Fund – is used for reporting the revenue and expenditures for use on improved and unimproved roads.

300th Anniversary Fund – is used to celebrate the 300th anniversary of the Town of Stafford. Funds were donated by area businesses to ensure the all-year celebrations, starting with New Year's Eve 2018 and ending December 31, 2019

Sewer Assessment Fund – is used to record receipts for Sewer Phase II and Sewer Assessment Fund Route 190 West.

Preservation Management of Historic Documents Fund – is used to record revenue from the Town Clerk's office and grants from the State of CT to preserve historic documents.

Stafford Service District – is used for the additional taxes paid by the taxpayers located in the service district. Such services include lights, garbage and leaf pickup, sidewalks, etc.

Open Space Fund – is used for fees that were established by zoning regulations for the acquisition of open space.

W.H. Heald Trust Fund – is used for expenses at the High School Library.

TOWN OF STAFFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Miscellaneous Grant Fund – is used for receiving miscellaneous grants so the funds could be spent as directed by the companies supplying the funds.

Town Commissions Fund – is used to record donations for use in various commissions, mainly the Arts Commission and Community and Civic Affairs Commissions. They both raise money through donations to hold functions for the Town. Examples are the summer concert services and other holiday events.

Constable Reimbursement Revenue Fund – is used to support police budget as needed from premium received over actual costs for police outside of duty work.

The following are the Town’s non-major capital project funds:

Staffordville Dam Repair Fund – is used for repairs on the Staffordville Dam

Brownfield Grant Fund – is used to inventory regional Brownfield sites and ultimately return otherwise distressed, abandoned, or environmental stigmatized sites back to viable and sustainable reuse.

Fire Department Equipment Fund – is used to record money received from the sale of Emergency equipment for future Emergency Services Equipment needs.

School Facilities Capital Improvement Fund – is used for current and future school projects and includes the Board of Educations’ Unexpended funds account as a source of funding as well as Town funds necessary to complete projects.

Sewer Inflow & Infiltration Fund – is used for the BAN proceeds for the WPCA Inflow and infiltration project.

Combined Utility Project Fund – is used for the combined utility project that will expand the sewer and water lines and may include natural gas line from Enfield.

Geo-Thermal Solar Project Fund – is used to record the lease purchase capital project for large solar arrays and solar carports at various locations in town, as well as geo-thermal heating/cooling systems for Stafford Elementary School, Stafford Middle School, Stafford High School, and the Library.

The following are the Town’s permanent funds:

A.H. Colton Fund – is used for maintaining a building in the “hollow” section of town for purposes of allowing people to congregate.

Hyde Park Fund – is used to maintain the Hyde Park located in downtown Stafford.

Orcutt Award Fund – is used to fund a scholarship to a male, graduating high school.

Stafford Cemetery Association Fund – is used to maintain the cemetery on Stafford Street

TOWN OF STAFFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H.W. Lord Fund – is used by the local high school.

- b. Proprietary Funds – Proprietary funds include enterprise and internal service funds. Enterprise funds are used to account for operations that are financed and operated in a manner similar to private enterprises or where the governing body has decided that periodic determination of revenues earned, expenses incurred and/or net income is necessary for management accountability. Enterprise funds are used to account for those operations that provide services to the public. Internal Service funds are used to account for those operations that provide services to the Town. The following are the Town’s major proprietary funds:

Sewer User Fund – is used to account for the Town’s Sewer system program

Internal Service Fund – is used to account for self- insured medical and dental benefits for the general government and Board of Education.

- c. Fiduciary Funds – (Not Included in Government-Wide Financial Statements) - The Fiduciary Funds are used to account for assets held by the Town in an agency capacity on behalf of others. These include Pension Trust, Private Purpose Trust and Agency funds. The Pension Trust Funds are provided to account for the activities of the Town’s Retirement system, which accumulates resources for the pension benefit payments to qualified Town employees upon retirement. The Private Purpose Trust Funds, including any earnings or invested resources, may be used to support the organization’s activities. There is no requirement that any of these be preserved as capital. The Agency Funds are primarily utilized to account for monies held as custodian for outside groups and activities.

D. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources (current assets less current liabilities) or economic resources (all assets and liabilities). The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary funds, pension trust fund and private purpose trust funds. The Agency Fund has no measurement focus, but utilizes the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period.

TOWN OF STAFFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property taxes and certain other revenues are considered to be available if collected within sixty days of the fiscal year end. Property taxes associated with the current fiscal period, as well as charges for services and intergovernmental revenues are considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. Fees and other similar revenues are not susceptible to accrual because generally they are not measurable until received in cash. If expenditures are the prime factor for determining eligibility, revenues from Federal and State grants are accrued when the expenditure is made.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures, when applicable, related to early retirement incentives, compensated absences, capital leases, post closure landfill costs, pollution remediation obligations, other post-employment benefit obligations, certain pension obligations and certain claims payable are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

E. ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES AND NET POSITION OR FUND BALANCES

Deposits, Investments and Risk Disclosure

Cash and Equivalents - Cash and equivalents consist of funds deposited in demand deposit accounts, time deposit accounts, time deposit accounts, certificates of deposit, money market funds, State of Connecticut Treasurer's Short-Term Investment Fund, Tax Exempt Proceeds Funds and treasury bills with original maturities of less than three months.

The Town's custodial credit risk policy is to only allow the Town to use banks that are in the State of Connecticut. The State of Connecticut requires that each depository maintain segregated collateral in an amount equal to a defined percentage of its public deposits based upon the Bank's risk-based capital ratio.

The Short-Term Investment Fund (STIF) is a money market investment pool managed by the Cash Management Division of the State Treasurer's Office created by Section 3-27 of the Connecticut General Statutes (CGS). Pursuant to CGS 3.27a through 3-27f, the State, municipal entities, and political subdivisions of the State are eligible to invest in the fund. The fund is considered a "2a7-like" pool and reports its investments at amortized cost (which approximates fair value). The pool is rated AAAM by Standard & Poor. This is the highest rating for money market funds and investments pools. The pooled investment funds' risk category cannot be determined since the Town does not own identifiable securities but invests as a shareholder of the investment pool.

TOWN OF STAFFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments – The investment policies of the Town conform to the policies as set forth by the State of Connecticut. The Town’s policy is to only allow prequalified financial institution broker/dealers and advisors. The Town policy is to only allow investments in the following: (1) obligations of the United States and its agencies; (2) highly rated obligations of any state of the United States or of any political subdivision, authority or agency thereof; and (3) shares or other interests in custodial arrangements or pools maintaining constant net asset values and in highly rated no-load open end money market and mutual funds (with constant or fluctuating net asset values) whose portfolios are limited to obligations of the United States and its agencies, and repurchase agreements fully collateralized by such obligations. The Statutes (Sections 3-24f and 3-27f) also provide for investment in shares of the Connecticut Short-Term Investment Fund and the Tax-Exempt Proceeds Fund.

The Town follows U.S. GAAP guidance on Fair Value Measurements which defines fair value and establishes a fair value hierarchy organized into three levels based upon the input assumptions used in pricing assets. Level 1 inputs have the highest reliability and are related to assets with unadjusted quote prices in active markets. Level 2 inputs relate to assets with other than quoted prices in active markets which may include quoted prices for similar assets or liabilities or other inputs which can be corroborated by observable market data. Level 3 inputs are unobservable inputs and are used to the extent that observable inputs do not exist.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, an investment’s level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement.

Investments are stated at fair value.

The pension funds allow for investments in certain alternative investments. Alternative investments may include private equity partnerships; infrastructure limited partnerships, hedge and absolute return funds for which there may be no ready market to determine fair value. These investments are valued using the most recent valuation available from the external fund manager. These estimated values do not necessarily represent the amounts that will ultimately be realized upon the disposition of those assets, which may be materially higher or lower than values determined if a ready market for the securities existed.

Other provisions of the Statutes cover specific municipal pension funds with particular investment authority and do not specify permitted investments. Therefore, investment of such funds is generally controlled by the laws applicable to fiduciaries (i.e., prudent person rule) and the provisions of the applicable plan. Their approved policies target an asset mix to provide the probability of meeting or exceeding the return objectives at the lowest possible risk.

Interest Rate Risk - Interest rate risk is the risk that the government will incur losses in fair value caused by changing interest rates. The Town does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from changing interest rates. Generally, the Town does not invest in any long-term investment obligations.

TOWN OF STAFFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Custodial Credit Risk - Custodial credit risk is the risk that, in the event of a bank failure, the Town's deposits may not be returned to it. The Town's policy for custodial credit risk is to invest in obligations allowable under the Connecticut General Statutes as described previously.

Credit Risk – Credit risk is the risk that an issuer other counterparty will not fulfill its specific obligation even without the entity's complete failure. The Town does not have a formal credit risk policy other than restrictions to obligations allowable under the Connecticut General Statutes.

Concentration of Credit Risk – Concentration of credit risk is the risk attributed to the magnitude of a government's investments in a single issuer. The Town follows the limitations specified in the Connecticut General Statutes. Generally, the Town's deposits cannot be 75% or more of the total capital of any one depository.

Taxes Receivable – Property taxes are assessed on property values as of October 1st. The tax levy is divided into two billings; the following July 1st and January 1st. This is used to finance the fiscal year from the first billing (July 1st) to June 30th of the following year. The billings are considered due on those dates; however, the actual due date is based on a period ending 31 days after the tax bill. On these dates (August 1st and February 1st), the bill becomes delinquent at which time the applicable property is subject to lien, and penalties and interest are assessed.

Under State Statute, the Town has the right to impose a lien on a taxpayer if any personal property tax, other than a motor vehicle tax, due to the Town is not paid with the time limited by any local charter or ordinance. The lien shall be effective for a period of fifteen years from the date of filing unless discharged. A notice of tax lien shall not be effective if filed more than two years from the date of assessment for the taxes claimed to be due.

An allowance for uncollectible taxes of \$50,000 has been recorded net with taxes receivable as of June 30, 2021.

Other Receivables – Other receivables include amounts due from other governments and individuals for services provided by the Town. Receivables are recorded and revenues recognized as earned or as specific program expenditures/expenses are incurred. Allowances are recorded when appropriate.

Inventories – Inventories in the governmental funds are valued at cost on a first-in, first-out basis. The cost is recorded as inventory at the time individual items are purchased. The Town uses the consumption method to relieve inventory. In the fund financial statements, reported amounts are equally offset by nonspendable fund balance in governmental funds, which indicates that they do not constitute "available spendable resources" even though they are a component of current assets. Purchases of other inventoriable items are recorded as expenditures/expenses at the time of purchase and year-end balances are not material.

Deferred Charges - Deferred charges in the government-wide financial statements represent the unamortized portion of the gain or loss on bond refunding. These costs are being amortized over the term of the respective bond issue.

TOWN OF STAFFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Due From/To Other Funds - During the course of its operations, the Town has numerous transactions between funds to finance operations, provide services and construct assets. To the extent that certain transactions between funds had not been paid or received as of June 30, 2021, balances of interfund amounts receivable or payable have been recorded in the fund financial statements. Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as internal balances.

Loans Receivable – Loans receivable, which are related to the Small Cities grant, are stated at their unpaid principal balance. Allowances are recorded when appropriate.

Capital Assets - Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the Town as assets with an initial, individual cost of more than the capitalization threshold for that asset type and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Intangible assets lack physical substance, is nonfinancial in nature and its useful life extends beyond a single reporting period. These are reported at historical cost if identifiable. Intangible assets with no legal, contractual regulatory, technological or other factors limiting their useful life are considered to have an indefinite useful life and are not amortized.

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

Land is considered inexhaustible and, therefore, not depreciated. Property, plant and equipment of the Town are depreciated or amortized using the straight-line method over the following estimated useful lives:

Assets	Years	Capitalization Threshold
Buildings	50-100	\$ 5,000
Buildings improvements	20	5,000
Infrastructure	50	5,000
Vehicles and equipment	5-10	5,000

Unearned Revenues - Unearned revenues arise when assets are recognized before revenue recognition criteria have been satisfied. In the government-wide financial statements, unearned revenues consist of revenue received in advance and/or amounts from grants received before the eligibility requirements have been met.

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

TOWN OF STAFFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Also, deferred revenues in the fund financial statements are those where asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Such amounts in the fund financial statements have been deemed to be measurable but not “available” pursuant to generally accepted accounting principles.

Long-Term Liabilities – In the government-wide and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Position.

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

Compensated Absences – Town employees accumulate vacation and sick leave hours for subsequent use or for payment upon termination or retirement. Vacation and sick leave expenses to be paid in future periods are accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in the governmental funds only if the liability has matured through employee resignation or retirement.

Net Position – Net position represents the difference between assets, liabilities and deferred outflows/inflows of resources. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the Town or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net position on the Statement of Net Position includes, net investment in capital assets and restricted. The balance is classified as unrestricted.

In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Town’s policy to consider restricted net position to have been depleted before unrestricted net position is applied.

Fund Balance – Generally, fund balance represents the difference between current assets and current liabilities. In the fund financial statements, governmental funds report fund classifications that comprise a hierarchy based primarily on the extent to which the Town is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Under this standard, the fund balance classifications are as follows:

Nonspendable fund balance includes amounts that cannot be spent because they are either not in spendable form (inventories, prepaid amounts, long-term receivables) or they are legally or contractually required to be maintained intact (the corpus of a permanent fund).

TOWN OF STAFFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Restricted fund balance is to be reported when constraints placed on the use of the resources are imposed by grantors, contributors, laws or regulations of other governments or imposed by law through enabling legislation. Enabling legislation includes a legally enforceable requirement that these resources be used only for the specific purposes as provided in the legislation. This fund balance classification will be used to report funds that are restricted for debt service obligations and for other items contained in the Connecticut statutes.

Committed fund balance will be reported for amounts that can only be used for specific purposes pursuant to formal action of the Town's highest level of decision-making authority for the Town that can, by the adoption of a resolution prior to the end of the fiscal year, commit fund balance. Once adopted, these funds may only be used for the purpose specified unless the Town removes or changes the purpose by taking the same action that was used to establish the commitment.

Assigned fund balance, in the General Fund, represents amounts constrained either by policies of the Board of Finance for amounts assigned for balance the subsequent year's budget or management for amounts assigned for encumbrances. Unlike commitments, assignments generally only exist temporarily, in that additional action does not normally have to be taken for the removal of an assignment. An assignment cannot result in a deficit in the unassigned fund balance in the General Fund. Assigned fund balance in all funds except the General Fund includes all remaining amounts, except for negative balances, that are not classified as nonspendable and are neither restricted nor committed.

Unassigned fund balance, in the General Fund, represents amounts not classified as nonspendable, restricted, committed or assigned. The general Fund is the only fund that would report a positive amount in unassigned fund balance. For all governmental funds other than the General Fund, unassigned fund balance would necessarily be negative, since the fund's liabilities and deferred inflows, together with amounts already classified as nonspendable, restricted and committed would exceed the fund's assets and deferred outflows.

In order to calculate the amounts to report as restricted and unrestricted fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. When both restricted and unrestricted amounts of fund balance are available for use for expenditures incurred, it is the Town's policy to use restricted amounts first and then unrestricted amounts as they are needed. For unrestricted amounts of fund balance, it is the Town's policy to use fund balance in the following order: committed, assigned, and unassigned.

F. ENCUMBRANCES

In governmental funds, encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve applicable appropriations, is generally employed as an extension of formal budgetary integration in the General Fund. Encumbrances outstanding at year end are generally reported as assigned fund balance since they do not constitute expenditures or liabilities.

TOWN OF STAFFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. USE OF ESTIMATES

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

H. SUBSEQUENT EVENTS EVALUATION BY MANAGEMENT

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date that the financial statements were available to be issued, which date is July 22, 2022.

NOTE 2- STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. BUDGET BASIS

A formal, legally approved, annual budget is adopted for the General Fund only. This budget is adopted on a basis consistent with generally Accepted Accounting Principles (modified accrual basis) with the following exceptions:

Teachers' Retirement – The Town does not recognize as income or expenditures payments made for the teachers' retirement by the State of Connecticut on the Town's behalf in its budget. The Governmental Accounting Standards Board's Statement 24 requires that the employer government recognize payments for salaries and fringe benefits paid on behalf of its employees.

Encumbrances – Unless committed through a formal encumbrance (e.g., purchase orders, signed contracts, all annual appropriations lapse at fiscal year-end. Encumbrances outstanding at year end are reported on the budgetary basis statements as expenditures.

Other Funds – The income and expenditures from consolidated funds activities are not included in the General Fund budget, but are included in the General Fund reporting under Generally Accepted Accounting Principles. This includes the accounting for the Excess Cost Grant.

Long-Term Debt and Lease Financing – Revenues and expenditures from refunding or renewing long-term debt or issuing lease financing are included in the budget as the net revenues or expenditures expected.

Cash Basis Payroll – Payroll is budgeted based on when it is expected to be paid. On the statements prepared under Generally Accepted Accounting Principles, payroll is charged to the fiscal year in which it is earned.

B. BUDGET CALENDAR

The Boards of Selectmen and Education submit requests for appropriation(s) to the Board of Finance. The budget is prepared by fund function and activity, and includes information on the past and current year estimates and requested appropriations of the next fiscal year.

TOWN OF STAFFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 2- STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY(Continued)

The Board of Finance holds a public hearing, at which itemized estimates of the expenditures of the Town for the next fiscal year are presented. At this time, individuals are able to recommend any appropriations, which they desire the Board of Finance to consider. The Board of Finance then considers the estimates and any other matters brought to their attention at a public meeting held subsequent to the public hearing and prior to the annual meeting. The Board of Finance prepares the proposed budget.

The Board of Finance’s estimated and recommended budget reports are submitted at the Annual Town Meeting. The Annual Town Meeting takes action on this budget. After the Annual Town Meeting the Board of Finance meets to levy a tax on the grand list which will be sufficient to cover, together with other income or revenue surplus which is appropriated, the amounts appropriated and any revenue deficit of the Town.

C. BUDGET CONTROL

The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the department level except expenditures for education, which are, by State Statutes, appropriated as one department.

The governing body may amend the annual budget subject to the requirements of the Connecticut General Statutes. The Board of Finance may make a one-time additional appropriation up to 20,000 to any appropriations. A town meeting must be called to make appropriations over \$20,000 or additional changes to a previously adjusted appropriation.

NOTE 3- DETAILED NOTES ON ALL FUNDS

A. CASH, CASH EQUIVALENTS AND INVESTMENTS

Cash and investments of the Town consist of the following at June 30, 2021:

Statement of Net Position	
Cash and equivalents	\$ 13,904,667
Restricted Cash and Equivalents	85,286
Investments	<u>1,642,415</u>
	<u>15,632,368</u>
Fiduciary Funds	
Cash and equivalents	819,044
Investments	<u>19,903,369</u>
	<u>20,722,413</u>
Total Cash and Investments	<u>\$ 36,354,781</u>

TOWN OF STAFFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 3- DETAILED NOTES ON ALL FUNDS (Continued)

Custodial Credit Risk – Deposits: Custodial credit risk is the risk that in the event of a bank failure, the Town’s deposits may not be returned to it. The Town’s policy is to only allow the Town to use banks that are in the State of Connecticut. The State of Connecticut requires that each depository maintain segregated collateral in an amount equal to a defined percentage of its public deposits based upon the bank’s risk-based capital ratio. The following is a reconciliation of the Town’s deposits subject to custodial credit risk:

Cash and Equivalents	
Deposits with financial institutions	\$ 14,399,743
Plus: External Investment Pools (STIF)	511,804
Less: Certificates of deposits (in investments)	<u>(1,130,535)</u>
	<u>\$ 13,781,012</u>

At year-end, the Town’s carrying amount of deposits subject to custodial credit risk was \$15,661,375 and the bank balance was \$16,749,739, which was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 15,661,375
Uninsured and collateral held by pledging bank’s Trust department not in the Town’s name	<u>1,088,365</u>
	<u>\$ 16,749,740</u>

Investments – Investments are summarized as follows at June 30, 2021

Investments reported in Governmental Funds:

	Other Governmental <u>Funds</u>
Certificates of deposit	\$ 975,656
Stocks	<u>666,683</u>
	<u>\$ 1,642,339</u>

Investments reported in Fiduciary Funds:

	Town	Custodial	Total
	<u>Pension</u>	<u>Fund</u>	<u>Investments</u>
Mutual funds - equity	11,635,851	11,209	11,647,060
Mutual funds - fixed income	7,232,978	-0-	7,232,978
Mutual funds - balanced	<u>1,023,331</u>	<u>-0-</u>	<u>1,023,331</u>
	<u>\$19,892,160</u>	<u>\$ 11,209</u>	<u>\$19,903,369</u>

TOWN OF STAFFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 3- DETAILED NOTES ON ALL FUNDS (Continued)

Below is a summary of the interest rate risk and credit risk as of June 30, 2021:

Type of Investment	Average Credit Rating	Fair Value	Investment Maturities (in Years)	
			Less Than 1 Year	1-5 Years
Certificates of deposit	NA	\$ 463,852	\$ -	\$ 463,852
Stocks	NA	666,683	666,683	
Mutual funds - equity	NA	11,647,060	11,647,060	
Mutual funds - specialty	NA	7,232,978	7,232,978	
Mutual funds - bonds	A-	1,023,331	1,023,331	
		<u>\$ 21,033,904</u>	<u>\$ 20,570,052</u>	<u>\$ 463,852</u>

The following are major categories of investments measured at fair value on a recurring basis, grouped by the fair value hierarchy:

Type of Investment	Investments Not Measured At Fair Value	Quoted Prices In Active Markets For Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Certificates of deposit	\$ 463,852	\$ -	\$ -	\$ -
Stocks	-	666,683	-	-
Mutual funds - equity	-	11,647,060	-	-
Mutual funds - specialty	-	7,232,978	-	-
Mutual funds - bonds	-	1,023,331	-	-
	<u>463,852</u>	<u>\$ 20,570,052</u>	<u>\$ -</u>	<u>\$ -</u>

B. DEFERRED INFLOWS AND UNEARNED REVENUE

Governmental funds report deferred inflows in connection with receivables for revenue that are not considered to be available to liquidate liabilities of the current period. The following were reported as deferred inflows of resources because they were not received within 60 days of the year end:

	General Fund	Other Governmental Funds
Property taxes	\$ 960,343	\$ 22,535
Intergovernmental revenue	-	-
	<u>\$ 960,343</u>	<u>\$ 22,535</u>

TOWN OF STAFFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 3- DETAILED NOTES ON ALL FUNDS (Continued)

Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. This is recorded as the Liability unearned revenue at June 30, 2021:

	General Fund	Other Governmental Funds
Taxes collected in advance	\$ 1,732,258	\$ 52,703

C. INTERFUND TRANSACTIONS

The outstanding balances between funds result mainly from the time lag between the dates that 1) interfund goods and services are provided or reimbursable expenditures occur; 2) transactions are recorded in the accounting system; and 3) payments between funds are made. At June 30, 2021 these were summarized as follows:

	Due to								
	General Fund	Education Fund	Utility Fund	Other Governmental Funds	Sewer User Funds	Internal Service Fund	Private Purpose Funds		
Due from									
General Fund	\$ -	\$ 90,723	\$ 31,136	465,909	\$ 13,722	75,777	\$ 2,004	\$	679,271
Educational Grant Fund	382,615	-	-	113,774	61,839	-	-	-	558,228
Small Cities Grants Fund	1,850	-	-	-	-	-	-	-	1,850
Infrastructure Projects Fund	16,600	-	-	-	5,735	-	-	-	22,335
Utility Fund	2,739,838	-	-	-	-	-	-	-	2,739,838
Other Governmental Funds	1,137,353	-	-	-	-	-	-	-	1,137,353
Sewer User Fund	35,247	-	52,443	-	-	-	-	-	87,690
Internal Service Fund	-	-	-	-	-	-	-	-	-
Private Purpose Trust Funds	341	-	-	-	-	-	-	-	341
Agency Fund	5,000	-	-	-	-	-	-	-	5,000
	\$ 4,318,844	\$ 90,723	\$ 83,579	\$ 579,683	\$ 81,296	75,777	\$ 2,004	\$	5,231,906

Fund transfers are generally used to fund special projects with general fund revenues. Transfers during the year ended June 30, 2021 were as follows:

	Transfer In						
	General	Small Cities	Infrastructure Projects	Utility Fund	Nonmajor Governmental		
General Fund	\$ 215,475	\$ 92015	\$ 2,061,941	\$ 83579	\$ -	\$	2,453,010
Small Cities Fund	-	(92,015)	-	-	-	-	(92,015)
Nonmajor	(2,093,077)	-	-	-	(215,475)	-	(2,308,552)
	\$ (1,877,602)	\$ -	2,061,941	\$ 83,579	\$ (215,475)	\$	52,443

TOWN OF STAFFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 3- DETAILED NOTES ON ALL FUNDS (Continued)

D. CAPITAL ASSETS

Changes in the Town's capital assets used in the governmental activities are as follows:

	Restated Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated				
Land	\$ 1,669,365	\$ -	\$ -	\$ 1,669,365
Construction in progress	<u>3,934,966</u>	<u>2,089,322</u>	<u>(4,741,331)</u>	<u>1,282,957</u>
	<u>5,604,331</u>	<u>2,089,322</u>	<u>(4,741,331)</u>	<u>2,952,322</u>
Capital assets being depreciated				
Buildings and improvements	106,578,701	46,400	-	106,625,101
Equipment and vehicles	10,883,178	1,459,596	-	12,342,774
Infrastructure	<u>60,365,979</u>	<u>4,741,331</u>	<u>-</u>	<u>65,107,310</u>
	<u>177,827,858</u>	<u>6,247,327</u>	<u>-</u>	<u>184,075,185</u>
Less accumulated depreciation	<u>(65,150,679)</u>	<u>(3,089,009)</u>	<u>691,493</u>	<u>(67,548,195)</u>
	<u>\$ 118,281,510</u>	<u>\$ 5,247,640</u>	<u>\$ (4,741,331)</u>	<u>\$ 118,787,819</u>

Depreciation and amortization expense were charged to functions/programs of the governmental activities as follows:

Education	\$ 975,310
General Government	854,813
Public Works	1,044,843
Parks and recreation	21,032
Health and Social Services	43,628
Public Safety	<u>149,383</u>
	<u>\$ 3,089,009</u>

Changes in the Town's capital assets used in the business-type activities are as follows:

	Beginning Balance	Increases (Decreases)	Ending Balance
Capital assets not being depreciated			
Construction in progress	\$ <u>158,441</u>	\$ <u>(158,441)</u>	\$ <u>-</u>
	<u>158,441</u>	<u>(158,441)</u>	<u>-</u>
Capital assets being depreciated			
Land improvements	-	-	-
Building and improvements	4,029,018	29,550	4,058,568
Equipment and vehicles	<u>1,603,643</u>	<u>288,198</u>	<u>1,891,841</u>
	<u>5,632,661</u>	<u>317,748</u>	<u>5,950,409</u>
Less accumulated depreciation	<u>(4,004,909)</u>	<u>(207,007)</u>	<u>(4,211,916)</u>
	<u>\$ 1,627,752</u>	<u>\$ 110,741</u>	<u>\$ 1,738,493</u>

TOWN OF STAFFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 3- DETAILED NOTES ON ALL FUNDS (Continued)

Depreciation and amortization expense of \$207,007 was charged to the sewer function of business-type activities.

E. LONG-TERM LIABILITIES – GOVERNMENTAL ACTIVITIES

The following table summarizes changes in the Town’s long-term indebtedness in the governmental activities for the year ending June 30, 2021:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
General Obligation Bonds-Restated	\$ 14,205,423	\$ 7,240,000	\$ (6,135,423)	\$ 15,310,000	\$ 1,225,000
Capital Leases-Restated	14,320,221	1,134,825	(1,555,739)	13,899,307	1,573,224
Compensation Absences	504,859	24,881	(77,374)	452,366	-
Pension Obligations	11,071,623		(1,844,311)	9,227,312	-
OPEB Obligations	3,720,669		(1,075,179)	2,645,490	-
Premium on Bonds	547,800	1,033,060	(94,578)	1,486,282	126,861
	<u>\$ 44,370,595</u>	<u>\$ 9,432,766</u>	<u>\$ (10,782,604)</u>	<u>\$ 43,020,757</u>	<u>\$ 2,925,085</u>

Each governmental fund liability is liquidated by the respective fund, primarily the General Fund. Interest on these obligations is expensed to the respective fund, primarily the General Fund.

General Obligation Bonds

The Town issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations of the Town and pledge the full faith and credit of the Town. These bonds generally are issued as 20-year serial bonds with equal amounts of principal maturing each year. General obligation bonds outstanding as of June 30, 2021 consisted of the following:

Purpose	Year of Issue	Original Amount	Final Maturity	Interest Rate	Amount Outstanding
General Purpose	2012	550,000	2026	2.0/4.0	188,951
Refunded School Bonds	2012	4,100,000	2025	2.0/4.0	1,810,000
School Bonds	2012	4,580,000	2025	2.0/4.0	1,761,049
General Purpose	2018	4,790,000	2038	3.0/5.0	4,310,000
Sewer Upgrade	2021	7,240,000	2034	4.0	7,240,000
					<u>\$ 15,310,000</u>

TOWN OF STAFFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 3- DETAILED NOTES ON ALL FUNDS (Continued)

Payments to maturity on the general obligation bonds are as follows:

Year End	Governmental Activities General Obligation Bonds		Year End	Governmental Activities General Obligation Bonds	
	Principle	Interest		Principle	Interest
2022	1,225,000	548,885	2032	605,000	190,506
2023	1,230,000	499,656	2033	610,000	168,556
2024	1,230,000	448,156	2034	620,000	146,106
2025	1,235,000	396,556	2035	630,000	123,106
2026	1,240,000	344,756	2036	640,000	103,606
2027	890,000	301,581	2037	645,000	83,656
2028	570,000	274,106	2038	650,000	63,491
2029	580,000	253,706	2039	660,000	42,963
2030	585,000	232,906	2040	430,000	26,100
2031	595,000	211,906	2041	440,000	13,200
				\$ 15,310,000	\$ 4,473,507

Interest incurred and expensed on general obligation bonds for the year ended June 30, 2021 totaled \$245,431. During the year the town issued bonds in the amount of \$ 7,240,000 and bond anticipation notes in the amount of \$3,405,000. The bonds in part, were used to current refund \$4,525,000 in outstanding USDA Loan bonds resulting in savings of \$612,787 over the remaining 20-year life of the bond. Bond proceeds of \$2,715,000 will be used to pay for pump station and infiltration and inflow repairs. The proceeds of the notes were used to refund a portion of the \$4,385,000 notes outstanding for various infrastructure projects.

Capital Leases Payable

The Town has entered into various lease agreements to finance the acquisition of various vehicles, equipment, building improvements, and energy improvements. The cost of the assets is included in the capital assets with a cost of \$21,181,723 and accumulated depreciation of \$4,105,228. The leases qualify as capital leases for accounting purposes. The Town's capital lease obligation at June 30, 2021 is as follows:

Total payments on capital leases for the year ending

2022	1,896,401
2023	1,610,717
2024	1,496,171
2025	1,482,004
2026	1,333,221
Thereafter	6,403,970
	14,222,484
Less the amount representing interest	(323,177)
Present value of future minimum lease payments	\$ 13,899,307

TOWN OF STAFFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 3- DETAILED NOTES ON ALL FUNDS (Continued)

Bond Anticipation Notes

The Town uses bond anticipation notes to fund various construction costs prior to issuance of bonds. The following table summarizes the activity for the fiscal year:

Purpose	Date Issued	Maturity Date	Interest Rate	Beginning Balance	Additions	Reductions	Ending Balance
General Purpose/Sewer	2/4/2021	2/3/2022	2.00%	\$ -	\$ 3,405,000	\$ -	\$ 3,405,000
General Purpose/Sewer	2/5/2020	2/4/2021	1.50%	4,385,000	-	4,385,000	-
				<u>\$ 4,385,000</u>	<u>\$ 3,405,000</u>	<u>\$ 4,385,000</u>	<u>\$ 3,405,000</u>

Compensated Absences

Vacation time earned during the fiscal year can be carried over to the succeeding year, subject to limitations as provided in the respective collective bargaining agreements. Employees are entitled to accumulate sick leave up to a maximum amount stipulated in each contract. Payment for accumulated sick leave is dependent upon the length of service and accumulated days. Additionally, certain vacation and sick leave expenses will be paid out of the pension funds upon retirement. The value of all compensated absences has been reflected in the government-wide financial statements.

Prior Year Defeasance of Debt

In prior years, the Town defeased certain bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the Town's financial statements. At June 30, 2021, \$1,875,000 of bonds outstanding are considered defeased.

TOWN OF STAFFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 3- DETAILED NOTES ON ALL FUNDS (Continued)

Legal Debt Limit

Connecticut General Statutes Section 7-374 sets limits on the debt, as defined by the statutes, which can be incurred by the Town and other governmental agencies within the Town. The limitations for the Town of Stafford, Connecticut are as follows:

Total tax collections (including interest and lien fees) for the year - primary government	\$ 28,121,959
Reimbursement for revenue loss on tax relief for the elderly (C.G.S. 12-129d)	-
Debt limitation base	<u>\$ 28,121,959</u>

	General Purpose	Schools	Sewers	Urban Renewal	Pension Deficit
Debt limitation					
2 1/4 times base	\$ 63,274,408	\$ -	\$ -	\$ -	\$ -
4 1/2 times base	-	119,518,326	-	-	-
3 3/4 times base	-	-	105,457,346	-	-
3 1/4 times base	-	-	-	91,396,367	-
3 times base	-	-	-	-	84,365,877
Total debt limitaion	<u>63,274,408</u>	<u>119,518,326</u>	<u>105,457,346</u>	<u>91,396,367</u>	<u>84,365,877</u>
Indebtedness					
Bonds payable	4,498,951	3,571,049	7,240,000	-	-
Ban payable	-	-	3,405,000	-	-
Total indebtedness	<u>4,498,951</u>	<u>3,571,049</u>	<u>10,645,000</u>	<u>-</u>	<u>-</u>

Debt limitation in excess of debt outstanding and authorized	<u>\$ 58,775,457</u>	<u>\$ 115,947,277</u>	<u>\$ 94,812,346</u>	<u>\$ 91,396,367</u>	<u>\$ 84,365,877</u>
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In no case shall total indebtedness exceed seven times the annual receipts from taxation	<u>\$ 196,853,713</u>
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F. LONG-TERM LIABILITIES – ENTERPRISE FUNDS

The following table summarizes changes in the Town’s long-term indebtedness in the enterprise funds for the year ending June 30, 2021:

	Beginning Balance	Additions	Reductions	Ending Balance
Pension obligations	<u>\$ 354,637</u>	<u>\$ -</u>	<u>\$ (91,000)</u>	<u>\$ 263,637</u>

TOWN OF STAFFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 3- DETAILED NOTES ON ALL FUNDS (Continued)

G. NET POSITION

The components of net position are detailed below:

Net Investment in Capital Assets – the component of net position that reports the difference between capital assets less both the accumulated depreciation and the outstanding balance of debt, excluding unexpended proceeds, that is directly attributable to the acquisition, construction, and improvement of those assets.

Restricted Net Position – Nonexpendable – the component of net position that reflects funds set aside in accordance with laws regulations grants and other agreements that must be intact and cannot be spent. This is made up of:

Trust principal	\$ 186,280
Inventory	15,637
Other	<u>2,000</u>
	<u>\$ 203,917</u>

Restricted Net Position – Expendable – the component of net position that reflects funds that can only be spent subject to the laws, regulations, grants and other agreements relating to these funds. This is made up of:

General Government	\$ 2,504,107
Education	263,336
Public Works	655,936
Public Safety	74,920
Parks & Recreation	37,105
Other Purposes	<u>2,452,322</u>
	<u>\$ 5,987,726</u>

Unrestricted – all other amounts that do not meet the definition of restricted or net investment in capital assets.

H. FUND BALANCES

As discussed in Note 1, governmental funds report fund classifications that comprise a hierarchy based primarily on the extent to which the Town is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. These are summarized below:

TOWN OF STAFFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 3- DETAILED NOTES ON ALL FUNDS (Continued)

	General Fund	Educational Grant Fund	Small Cities Grants	Utility Fund	Other Governmental Funds
Nonspendable					
Not in spendable form					
Inventories	\$ -	\$ -	\$ -	\$ -	\$ 15,637
Required to maintained					
Trust principal	-	-	-	-	186,280
Other	-	-	-	-	2,000
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 203,917</u>
Restricted					
General Government	\$ -	\$ -	\$ 2,480,729	\$ -	\$ 23,378
Education	-	165,685	-	-	1,869,954
Public Works	-	-	-	-	655,936
Public Safety	-	-	-	-	74,920
Parks & Recreation	-	-	-	-	37,105
Other Purposes	-	-	-	-	680,019
	<u>\$ -</u>	<u>\$ 165,685</u>	<u>\$ 2,480,729</u>	<u>\$ -</u>	<u>\$ 3,341,312</u>
Committed					
General Government	\$ 72,437	\$ -	\$ -	\$ -	\$ -
Education	188,510	-	-	-	-
Capital Projects	-	-	-	-	452,836
	<u>\$ 260,947</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 452,836</u>
Assigned					
General Government	\$ 87,025	\$ -	\$ -	\$ -	\$ -
Education	-	-	-	-	172,677
Public Works	-	-	-	-	509,403
Culture and Recreation	-	-	-	-	-
Other Purposes	55,258	-	-	-	25,697
Capital Projects	321,901	-	-	-	-
	<u>\$ 464,184</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 707,777</u>

NOTE 4- PENSION AND OTHER POST RETIREMENT PLANS

A. TEACHERS' RETIREMENT SYSTEM

Plan Description

Teachers and certain other certified personnel in the Town are eligible to participate in the Connecticut State Teachers' Retirement System, a cost-sharing multiple employer public employee retirement system described in the Connecticut General Statutes, Chapter 167a. The TRS has been established to provide retirement and other benefits for teachers, their survivors, and their beneficiaries. The Teachers' Retirement System is administered by the Teachers' Retirement Board.

TOWN OF STAFFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 4- PENSION AND OTHER POST RETIREMENT PLANS (Continued)

Plan Membership – All teachers, principals, superintendents, or supervisors engaged in service of public schools are eligible for participation.

Plan Benefits – Plan provisions are set by statute of the State of Connecticut. Teachers' Retirement System provides retirement benefits as well as death and disability benefits. A member is eligible to receive a normal retirement benefit who (1) has reached the age of sixty and has accumulated twenty years of credited service in the public schools of Connecticut or (2) has attained any age and has accumulated thirty-five years of credited service, at least twenty-five of which are service in the public schools of Connecticut.

The normal retirement benefit is two percent times the number of years credited service multiplied by their average annual salary received during the three years of highest salary. In no event will such benefits exceed seventy-five percent of the average annual salary. A minimum monthly benefit of \$1,200 is provided for teachers who retire under the normal retirement provisions and who have completed at least twenty-five years of full time Connecticut service.

A member is eligible to receive an early retirement benefit who (1) has attained any age and had accumulated twenty-five years of credited service, at least twenty years of which are service in the public schools of Connecticut or (2) has reached the age of fifty-five and has accumulated twenty years of credited service, at least fifteen years of which are service in the public schools of Connecticut.

The early retirement benefit is reduced six percent per year for the first five years preceding normal retirement age and four percent per year for the next five years preceding normal retirement age. Effective July 1, 1999, the reductions for individuals with 30 or more years of service is three percent per year by which retirement precedes normal retirement date.

Benefits are fully vested after ten years of service. Benefits are payable at age sixty and early retirement reductions are based on the number of years of service the member would have had if they had continued to work until age sixty.

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

The Town is not required to make contributions to the plan. The statutes require the State of Connecticut to make contributions on behalf of the Town in an actuarially determined amount. The total amount contributed from the state on behalf of the Town for the fiscal year ended June 30, 2021 was \$7,852,985.

Members are required to contribute six percent of their annual salary for the pension benefit.

The Town's proportionate share has been determined on the same basis as that used by the plan as the basis of accounting, including policies with respect to benefit payments (including refunds of employee contributions) and the valuation of plan investments.

TOWN OF STAFFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 4- PENSION AND OTHER POST RETIREMENT PLANS (Continued)

Actuarial Methods and Significant Assumptions – The following assumptions were used in the Teachers’ Retirement pension valuations, prepared as of June 30, 2020 (the Valuation Date and Measurement Date) for use in the June 30, 2021 financial statements (Reporting Date):

Experience study dates	July 1, 2010 - June 30, 2015
Inflation	2.50%
Salary increases	3.00 - 6.50%, including inflation
Investment rate of return	6.90%, net of investment related expense, including inflation
Discount rate	6.90%, the projection of cash flows assumed that plan member contributions will be made at the current contribution rate and employer contributions will be made at rates equal to the difference between the actuarially determined rate and the member rate.
Cost of living adjustment	Annually compounded increases vary based on member age and date of retirement and range from 3.00% to 5.00%
Post-retirement mortality	PubT-210 Healthy Retiree Table (adjusted 105% for males and 103% for females as ages 82 and above), projected generationally with MP-2019

There were no changes in assumptions, benefits, or discount rate that affected the measurement of the total pension liability since the prior measurement date.

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

Asset Class	Target Allocation	Standard Deviation
Domestic Equity Fund	20.0%	5.6%
Developed Market Intl. Stock Fund	11.0%	6.0%
Emerging Market Intl. Stock Fund	9.0%	7.9%
Core Fixed Income Fund	16.0%	2.1%
Inflation Linked Bond Fund	5.0%	1.1%
Emerging Market Debt Fund	5.0%	2.7%
High Yield Bond Fund	6.0%	4.0%
Real Estate Fund	10.0%	4.5%
Private Equity	10.0%	7.3%
Alternative Investments	7.0%	2.9%
Liquidity Fund	1.0%	0.4%

TOWN OF STAFFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 4- PENSION AND OTHER POST RETIREMENT PLANS (Continued)

Town's Proportionate Share of the Collective Net Pension Liability

Employer Net Pension Liability	\$	-
Nonemployer Contributing Entity (State) Net Pension Liability		54,821,957
Net pension Liability		<u>\$ 54,821,957</u>
Net pension Liability percentage of the total		0.278370%
Pension expense	\$	7,852,985

Sensitivity of the Net Pension Liability and Changes in the Discount Rate - Although this is paid by the state of Connecticut and not a liability of the Town, the following presents the net pension liability of the Town's proportionate share of the plan (paid by the State), calculated using the current discount rate, as well as what the Town's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher:

	1% Decrease 5.90%	Current Discount Rate 6.90%	1% Increase 7.90%
Net Pension Liability (Asset)	<u>\$ 68,385,108</u>	<u>\$ 54,821,957</u>	<u>\$ 43,419,407</u>

Support Provided by Non-Employer Contributing Entity (State) – the Town has recognized \$7,852,985 as revenue in support provided by the State of Connecticut's contributions to the plan on behalf of the Town's employees.

Obtaining a Report of the Plan – Teachers' Retirement System is considered to be a part of the State of Connecticut's financial reporting entity and is included in the State's financial reports as a pension trust fund. The reports included information on the plan's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and fiduciary net position. The stand-alone financial report may be obtained through the Teachers' Retirement Board at www.ct.gov/trb.

B. DEFINED CONTRIBUTION PLAN

The Town has a defined contribution plan for all eligible employees under the Internal Revenue Code (IRS) 401(a). this is administered through CPI Qualified Plan Consultants, Inc. provisions are made and amended as necessary by the Town. Employees may contribute up to the IRS limits through an IRS Section 457 Plan. The town will match an eligible employee's contribution up to 6% of their base salary. Contributions in this fiscal year were \$41,435(4.14%) of covered salaries of \$1,001,081.

TOWN OF STAFFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 4- PENSION AND OTHER POST RETIREMENT PLANS (Continued)

C. THE DEFINED BENEFIT PLAN OF THE TOWN OF STAFFORD

Plan Description – The Town is the administrator of a single employer public employee retirement system (PERS) established and administered by the Town to provide pension benefits for its regular and former employees (excluding teachers covered under the CT State Teachers’ Retirement System). The PERS is considered to be part of the Town’s financial reporting entity and is included in the Town’s financial statement as a pension trust fund.

A separate stand-alone financial report is not issued. The Plan is governed by the Pension committee (the “Committee”), of which members are appointed by the Board of Selectmen.

The Plan provides retirement benefits through a single employer noncontributory defined benefit plan. Members include substantially all Town, Water Pollution Control Authority (“WPCA”), Library, and Board of Education (“BOE”) employees. Temporary employees, employees working less than 24 hours per week, and any BOE employee covered under the CT State Teachers’ Retirement System are excluded. Employees hired after July 1, 2012 are not eligible for the plan.

Plan Membership – As of the date of the latest actuarial valuation (January 1, 2021), membership consisted of the following:

Retirees and beneficiaries receiving benefits	130
Terminated employees entitled to benefits, but not yet receiving them	62
Active Members	<u>96</u>
	<u>288</u>

Contribution Policy – The Town is required to contribute the cost of its participants as determined by actuarial calculations.

A pension committee oversees the Pension investments and activities. This committee is comprised of the following voting members the First Selectman, the Superintendent of Schools, the Superintendent of the Water Pollution Control Authority, the Town’s Chief Financial Officer, and the BOE Business Manager.

Funding Policy – Funding is based on the actuarial determined employer contribution (“ADEC”). The Town has a policy to pay at least the greater of: (a) 40% of the ADEC or (b) 80% of the prior year’s actual contribution up to 100% of the ADEC.

Investment Policy – Portfolio assets will, under normal circumstances, be allocated across broad asset and sub-asset classes in accordance with the following guidelines:

Conservative investments – cash and liquid investments, including money market, stable value, and guaranteed investment accounts.

Income investments – income-oriented investments, including bond funds.

Equity investments - funds that invest in equity securities.

TOWN OF STAFFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 4- PENSION AND OTHER POST RETIREMENT PLANS (Continued)

Asset allocation investments – funds or accounts that invest in a combination of conservative, income, and equity investments; fund of accounts combining several of the above investments; and funds of managers’ accounts combining several different investment styles and fund managers.

Target-Date investments – funds or accounts in the hybrid category that automatically reset the asset mix in the portfolio according to a selected time frame.

Other - appropriate investments in other styles or asset classes offered through vehicles such as mutual funds, exchange-traded funds, commingled trust, and insurance company separate accounts.

The committee will choose specific investment options from each category and will consider the investment services and materials provided by the investment provider. Monitoring of the plan investments is done regularly.

Long-term expected rate of return – The best estimate range for the long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting volatility and correlation.

Below shows the Committee’s target asset class allocation and the long-term expected rate of return calculated as geometric means:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return	Weighting
US Large Cap	25.00%	5.25%	1.31%
US Mid/Small Cap	10.00%	5.75%	0.58%
Developed Int'l Equities	22.00%	5.75%	1.27%
Intermed Corporate	19.00%	1.75%	0.33%
Intermed Gov't	19.00%	0.75%	0.14%
Real Estate (Core)	5.00%	5.75%	0.29%

Calculation of Money-Weighted Rate of Return – The money-weighted rate of return considers the changing amounts actually invested during a period and weighs the amount of pension plan investments by the proportion of time they are available to earn a return during that period. External cash flows are determined on a quarterly basis and are assumed to occur at the end of each month. External cash inflows are netted with external cash outflows, resulting in a net external cash flow in each month. The money-weighted rate of return is calculated net of investment expense as:

Net money-weighted rate of return for the year ended June 30, 2021: 20.79%

TOWN OF STAFFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 4- PENSION AND OTHER POST RETIREMENT PLANS (Continued)

Net Pension Liability

The components of the net pension liability of the Town as of June 30, 2021 were as follows:

Town pension liability	\$ 29,865,052
Plan fiduciary net position	<u>(20,374,102)</u>
Net pension liability (asset)	<u>\$ 9,490,950</u>
Plan Fiduciary net position as a percentage of total pension liability	68.22%

Changes in the net pension liability during the year were as follows:

Total Pension Liability

Service cost	\$ 447,200
Interest on total pension liability	1,857,853
Change of benefit terms	-
Differences between expected and actual experience	421,407
Assumption changes or inputs	229,773
Benefit payments	<u>(1,352,421)</u>
Net change in total pension liability	1,603,812
Total pension liability, beginning	<u>28,261,240</u>
Total pension liability, ending	<u>\$ 29,865,052</u>

Fiduciary Net Position

Employer contributions	\$ 1,336,734
Net investment income	3,602,983
Benefit payments	(1,352,421)
Administrative expenses	<u>(48,203)</u>
Net change in plan fiduciary net position	3,539,093
Fiduciary net position, beginning	<u>16,835,010</u>
Fiduciary net position, ending	<u>\$ 20,374,103</u>

Net pension liability, beginning	<u>11,426,230</u>
Net pension liability, ending	<u>\$ 9,490,949</u>

TOWN OF STAFFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 4- PENSION AND OTHER POST RETIREMENT PLANS (Continued)

Actuarial Methods and Significant Assumptions

The following actuarial methods and assumptions were used in the January 1, 2020 valuation (Valuation and Measurement Date) and projected forward to June 30, 2021

Valuation timing	Actuarially determined contribution rates are calculated as of January 1, 18 months prior to the beginning of the fiscal year in which the contributions are reported.
Actuarial cost method	GASB Liability: Entry Age ADEC: Projected Unit Credit
Amortization method	
Level percent or level dollar	Level percent
Closed, open or layered	Closed
Amortization period	Beginning 2015, 24 years remaining
Amortization growth rate	0.00%
Asset valuation method	
	Smoothing period 5 year
	Recognition method 20% per year
Inflation	2.40%
Salary increases	ranged based on ages from 20 to 65 5.85% down to 2.60% respectively
Investment rate of return	6.50% per year, net of investment and administrative expenses
Cost of living adjustment	None
Retirement age	Early retirement – 55, Normal retirement – 65
Turnover	None
Pre-retirement mortality	Pub-2010(B) Public Retirement Plans Amount – Weighted Mortality Tables (General Employees), projected to the valuation date with scale MP-2019
Post-retirement mortality	Pub-2010(B) Public Retirement Plans Amount – Weighted Mortality Tables (General Employees), projected to the valuation date with scale MP-2019

Sensitivity Analysis – The following presents the net pension liability (asset) of the Town, calculated using the current discount rate, as well as what the Town’s net pension would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher:

	1% Decrease 5.50%	Current Discount Rate 6.50%	1% Increase 7.50%
Net Pension Liability (Asset)	\$ 14,496,395	\$ 9,490,949	\$ 6,779,967

TOWN OF STAFFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 4- PENSION AND OTHER POST RETIREMENT PLANS (Continued)

Pension Expense – The total pension expense recognized for the year ended June 30, 2020 was \$2,400,016. Pension expense for the next 4 years will be affected by the following deferred outflows and inflows of resources:

Increase (Decrease) in Pension Expense from the Recognition of the Effects of:

	<u>Recognized in</u>		<u>To Be Recognized</u>				
	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>Total</u>	
<u>Differences between Expected and Actual Experience</u>							
2016	\$ (973)	\$ -	\$ -	\$ -	\$ -	\$ (973)	
2017	\$ 6,104	\$ -	\$ -	\$ -	\$ -	\$ 6,104	
2018	\$ 20,374	\$ -	\$ -	\$ -	\$ -	\$ 20,374	
2019	\$ 85,709	\$ 34,285	\$ -	\$ -	\$ -	\$ 119,994	
2020	\$ 35,688	\$ 28,549	\$ -	\$ -	\$ -	\$ 64,237	
2021	\$ 175,586	\$ 175,586	\$ 70,235	\$ -	\$ -	\$ 421,407	
<u>Recognition of the Effects of Changes in Assumptions</u>							
2016	\$ 2,382	\$ -	\$ -	\$ -	\$ -	\$ 2,382	
2017	\$ 22,186	\$ -	\$ -	\$ -	\$ -	\$ 22,186	
2018	\$ 185,290	\$ -	\$ -	\$ -	\$ -	\$ 185,290	
2019	\$ 99,765	\$ 39,907	\$ -	\$ -	\$ -	\$ 139,672	
2020	\$ 94,623	\$ 75,697	\$ -	\$ -	\$ -	\$ 170,320	
2021	\$ 95,739	\$ 95,739	\$ 38,295	\$ -	\$ -	\$ 229,773	
<u>Differences between Projected and Actual Earnings on pension Plan Investments</u>							
2017	\$ (57,600)	\$ -	\$ -	\$ -	\$ -	\$ (57,600)	
2018	\$ 67,170	\$ 67,169	\$ -	\$ -	\$ -	\$ 134,339	
2019	\$ 59,791	\$ 59,791	\$ 59,792	\$ -	\$ -	\$ 179,374	
2020	\$ 172,230	\$ 172,230	\$ 172,230	\$ 172,230	\$ -	\$ 688,920	
2021	\$ (488,954)	\$ (488,951)	\$ (488,951)	\$ (488,951)	\$ (488,953)	\$ (2,444,760)	

D. LENGTH OF SERVICE AWARDS – VOLUNTEER FIRE DEPARTMENT

The Town is the sponsor of a Length of Service Awards Plan (“LOSAP”) established and administered by the Town to provide pension benefits for its fire department volunteers. The LOSAP is accounted for in the Town’s financial statements in the General Fund. The program provides benefits through a single employer non-contributory defined benefit plan. To be eligible, a volunteer must have been an active member in the volunteer fire department. The plan was closed to new entrants as of October 2002.

The participants receive \$60 for up to 16 years of service.

Plan Membership at 7/1/2019	Terminated Vested	6
	Retired beneficiaries	<u>14</u>
Total		<u>20</u>

NOTE 4- PENSION AND OTHER POST RETIREMENT PLANS (Continued)

Assets are set aside in a group annuity contract with an expected nominal return of 3.5%. The Town’s obligation to pay benefits is unfunded and unsecured and plan assets are subject to the claims of the Town’s creditors.

TOWN OF STAFFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

E. OTHER POST EMPLOYMENT BENEFITS

Plan Description – The Town provides certain health care benefits for retired employees through a single-employer defined benefit plan administered by the Town of Stafford, Connecticut in accordance with various collective bargaining agreements. The plan does not issue a separate financial statement.

Eligibility **Teachers and Administrators** – Age 60 with 10 years of service, age 55 with 20 years of service, or age 50 with 25 years of service. Upon reaching age 65, retired teachers and certified administrators must transfer coverage to Medicare and are removed from coverage.
All other BOE Employees – Age 55 with 10 years of service.

Funding Policy Retired teachers and administrators and their spouses must be allowed to continue their health insurance benefits, in the same health insurance plan offered to active teachers, through their last employing town. All retirees are required to pay 100% of the premiums, less the amount paid to the town by the Teachers’ Retirement Board. The Town is not required to fund the plan.

At January 1, 2021, plan membership consisted of the following:

Retired members	12
Active plan members	<u>277</u>
	<u>289</u>

Total OPEB Liability The Town’s total OPEB liability of \$2,645,390 was measured as of June 30, 2021 and was determined using the Entry Age Normal Actuarial Cost Method.

Actuarial Assumptions and Other Inputs: The total OPEB liability in the June 30, 2021 valuation was determined using the following assumptions and other inputs, applied to all periods included in the measurement.

Measurement Date	January 1, 2021
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll
Salary Increases	2.4%
Discount Rate	2.16%
Mortality Rates	Pub-2010 Public Retirement Plans Amount – Weighted Mortality Tables projected to the valuation date with scale MP-2019

TOWN OF STAFFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 4- PENSION AND OTHER POST RETIREMENT PLANS (Continued)

Changes in the Total OPEB Liability:

	<u>Total OPEB Liability</u>
Balance at 6/30/20	\$3,720,669
Changes for the year:	
Service Cost	144,754
Interest	85,418
Changes of benefits	
Differences between expected and actual experience	(1,617,173)
Changes of assumptions	312,424
Benefit Payments	<u>(702)</u>
Net change in total OPEB Liability	<u>(1,075,279)</u>
Balance at June 30, 2021	<u>\$2,645,390</u>

Sensitivity of the Total OPEB Liability to Changes in Discount Rate: The following presents the total OPEB liability of the Town, as well as what the Town’s total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (1.16%) or 1 percentage point higher (3.16%) than the current discount rate:

	1% Decrease	Current Discount Rate	1% Increase
	<u>1.16%</u>	<u>2.16%</u>	<u>3.16%</u>
Total OPEB Liability	\$2,995,602	\$2,645,390	\$2,347,967

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates: The following presents the total OPEB liability of the Town, as well as what the Town’s total OPEB liability would be if it were calculated using healthcare cost trend rates that were 1 percentage point lower or 1 percentage point higher than the current healthcare cost trend rates of 6.5% decreasing to 4.4%:

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
	<u>1.16%</u>	<u>6.5%</u>	<u>4.4%</u>
Total OPEB Liability	\$2,993,993	\$2,645,390	\$3,072,423

OPEB Expense: The Town recognized OPEB expense of \$71,053 for the year ended June 30, 2021.

Connecticut Teachers’ Retirement System – OPEB

Plan Description – The faculty and professional personnel of the Town’s Board of Education participate in the Connecticut Teachers’ Retirement System, which is a cost sharing multi-employer defined benefit pension plan administered by the Teacher Retirement Board (TRB). Chapter 167a of the Connecticut State Statutes grants authority to establish and amend the benefit terms to the TRB. The Teachers’ Retirement System issues a publicly available financial report that can be obtained at www.ct.gov.

Benefit Provision – The Plan covers retired teachers and administrators of public schools in the State who are receiving benefits from the Plan. The Plan provides healthcare insurance benefits to eligible retirees and their spouses. Any member that is currently receiving a retirement or disability benefit through the Plan is eligible to participate in the healthcare portion of the Plan. Subsidized local school district coverage provides a subsidy paid to members still receiving coverage through their former employer and the TRB Sponsored Medicare Supplemental Plans provide coverage for those participating in Medicare but not receiving subsidized local school district coverage.

TOWN OF STAFFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 4- PENSION AND OTHER POST RETIREMENT PLANS (Continued)

Any member that is not currently participating in Medicare Parts A & B is eligible to continue healthcare coverage with their former employer. A subsidy of up to \$110.00 per month for a retired member, plus an additional \$110.00 per month for a spouse, enrolled in a local school district is provided to the school district to first offset the retiree’s share of the cost of coverage and any remaining portion is used to offset the district’s cost. The subsidy amount is set by statute, and has not been adjusted since July of 1996. A subsidy amount of \$220.00 per month may be paid for a retired member, spouse, or the surviving spouse of a member who has attained the normal retirement age to participate in Medicare, is not eligible for Part A of Medicare without cost, and contributes at least \$220.00 per month towards coverage under a local school district plan. Employees are eligible to retire at age 60 with 20 years of credited service in Connecticut, or 35 years of credited service including at least 25 years of service in Connecticut.

Contributions - Per CGS 10-183z (which reflects Public Act 79-436 as amended), contribution requirements of active employees and the State of Connecticut are amended and certified by the TRB and appropriated by the General Assembly. The State pays for one third of the plan costs through an annual appropriation in the General Fund.

Local School District employers are not required to make contributions to the Plan.

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

Actuarial Assumptions – The total OPEB liability was determined by an actuarial valuation as of June 30, 2020 using the following actuarial assumptions and other inputs, applied to all periods included in the measurement:

Inflation	2.50%
Real Wage Growth	0.50%
Wage Inflation	3.00%
Salary Increases	3.00% - 6.50%, including inflation
Long-term investment rate of return	3.00%, net of OPEB plan investment expense, including inflation

Municipal bond index rate:

Measurement Date	2.21%
Prior Measurement Date	3.50%

The projected fiduciary net position is projected to be depleted in 2021.

Single equivalent interest rate:

Measurement Date	2.21%, net of OPEB plan investment expense, including price inflation
Prior Measurement Date	3.50%, net of OPEB plan investment expense, including price inflation

Healthcare cost trend rates:

Medicare	5.125% for 2020 decreasing to an ultimate rate of 4.50% by 2023
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TOWN OF STAFFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 4- PENSION AND OTHER POST RETIREMENT PLANS (Continued)

Mortality rates were based on the Pub T-2010 Healthy Retiree Table (adjusted 105% for males and 103% for females as ages 82 and above), projected generationally with MR2019 for the period as service retirement.

Long-Term Rate of Return - The long-term expected rate of return on plan assets is reviewed as part of the GASB 75 valuation process. Several factors are considered in evaluating the long-term rate of return assumption, including the Plan’s current asset allocations and a log-normal distribution analysis, using the best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) for each major asset class.

The long-term expected rate of return was determined by weighing the future real rates of return by the target asset allocation percentage and then adding expected inflation. The assumption is not expected to change, absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

The target asset allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Expected 10-Year Geometric Real Rate of Return	Standard Deviation
U.S. Treasuries (Cash Equivalents)	100.0%	-0.42%	1.78%
Price Inflation		2.50%	
Expected Rate of Return (Rounded Nearest 0.25%)		2.00%	

Discount Rate – The discount rate used to measure the total OPEB liability was 2.21%. The projection of cash flows used to determine the discount rate was performed in accordance with GASB 75. The projection basis was an actuarial valuation performed as of June 30, 2020. In addition to the actuarial methods and assumptions of the June 30, 2020 actuarial valuation, the following actuarial methods and assumptions were used in the projection of cash flows:

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

Based on those assumptions, the plan’s fiduciary net position was projected to be depleted in 2021 and, as a result, the Municipal Bond Index Rate was used in the determination of the single equivalent rate.

TOWN OF STAFFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 4- PENSION AND OTHER POST RETIREMENT PLANS (Continued)

Sensitivity of the Net OPEB Liability to Changes in Healthcare Cost Trend Rates – The following presents the total OPEB liability, calculated using current cost trend rates, as well as what the Plan’s net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower or 1 percentage point higher than current healthcare cost trend rates:

	1% Lower Trend <u>Rates</u>	Current Trend <u>Rates</u>	1% Higher Trend <u>Rates</u>
Initial Healthcare Cost Trend Rate	4.125%	5.125%	6.125%
Ultimate Healthcare Cost Trend Rate	3.50%	4.50%	5.50%
Total OPEB Liability	\$6,680,044	\$8,176,697	\$10,244,714

Sensitivity of the Net OPEB Liability to Changes in Discount Rates – The following presents the net OPEB liability, calculated using the current discount rate, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1% Decrease <u>(1.21%)</u>	Current Discount Rate <u>(2.21%)</u>	1% Increase <u>(3.21%)</u>
Total OPEB Liability	\$9,982,686	\$8,176,697	\$6,770,389

Pension Liabilities, Pension Expense, and Deferred Outflows/Inflows of Resources Related to Pensions: At June 30, 2021, the Town reports no amounts for its proportionate share of the net OPEB liability, and related deferred outflows and inflows due to the statutory requirement that the State pay 100% of the required contribution. The amount recognized by the Town as its proportionate share of the net OPEB liability, the related State support, and the total portion of the net OPEB liability that was associated with the Town were as follows:

Town’s proportionate share of the net OPEB liability	\$ -
State’s proportionate share of the net OPEB liability associated with the Town	<u>8,176,697</u>
Total	<u>\$ 8,179,697</u>

The net OPEB liability was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2020. At June 30, 2021, the Town had no proportionate share of the net OPEB liability.

For the year ended June 30, 2021, the Town recognized OPEB expense and revenue of \$377,701 in the governmental funds for on-behalf amounts for the benefits provided by the State. In the government-wide financial statements, the Town recognized \$377,701 for OPEB expense related to actuarial liabilities for on-behalf amounts for the benefits provided by the State.

TOWN OF STAFFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 5- OTHER INFORMATION

A. LITIGATION

The Town is a defendant in various lawsuits. Although the outcomes of these lawsuits are not presently determinable, in the opinion of the Town’s counsel, the resolution of these matters will not have a material adverse effect on the financial condition of the Town.

B. CONTINGENCIES

Grants – The Town has received state and federal grants for specific purposes that are subject to compliance audits pursuant to the Federal and State Single Audit Acts. Such audits could lead to requests for reimbursement to the grantor agency for any expenditure disallowed under terms of the grant. Based on prior experience, Town management believes such disallowances, if any, will not be material.

School Building Grants – Section 10-283(a)(3)(A) of the Connecticut General Statutes states that if the Town abandons, sells, leases, demolishes, or otherwise redirects the use of a school building project authorized on or after July 1, 1996, paid partially with State funding, to other than a public school, will owe a portion of the State funding back to the State.

The Town is involved in a number of civil actions and zoning matters. In the opinion of the Town attorney, the resolution of such matters should not have a significant impact on the Town.

C. RISK MANAGEMENT

The Town is exposed to various risks of loss related to torts, theft of assets, damage to and destruction of assets, error and omissions, and natural disasters for which the Town carries commercial insurance. There have been no significant reductions in insurance coverage. Settlement amounts have not exceeded insurance coverage for the current year or three prior years.

The Town and Board of Education self-insures its employees for medical and dental claims through the use of an internal service fund. Maximum liability to the Town per covered participant is \$125,000. The Town retains an insurance policy for employee claims in excess of \$125,000. A third party administers the plan for which the Town pays an administrative fee. The plan is funded monthly by the Town and Board of Education budget appropriations and employee contributions, as required.

The following is a summary of changes in claims liability for the last three years:

Year Ended	Beginning Claims Payable	Current Year Claims	Claim Payments	Ending Claims Payable
2021	\$ 252,000	\$ 3,624,769	\$ (3,606,769)	\$ 270,000
2020	\$ 255,000	\$ 4,354,741	\$ (4,357,741)	\$ 252,000
2019	\$ 283,000	\$ 3,485,644	\$ (3,513,644)	\$ 255,000

TOWN OF STAFFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 5- OTHER INFORMATION (Continued)

The internal service funds are substantially funded by the Town's General Fund based on estimates for the number of employees and type of coverage (single, couple, or family) and trends in the insurance claims and estimates for administration. The claim liability reported in the internal service funds at June 30, 2021 are based on the requirements of GASB Statements number 10 and 30, which require that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is possible that a liability has been incurred at the date of the financial statements and the amount of the possible loss can be reasonably estimated. The amount of claim accrual estimated is based on the ultimate cost of settling the claim which includes past experience data, inflation, other future economic and societal factors and incremental claim adjustment expenses, net of estimated subrogation recoveries. The claim accrual estimate does not include other allocated or unallocated claims adjustment expenses.

D. RISKS AND UNCERTAINTIES

The Town invests in various securities, including commercial paper, government-sponsored enterprises, and alternative investments. Investment securities, in general, are exposed to various risks, such as interest rate, credit and overall market volatility. The ongoing credit and liquidity crisis in the United States and throughout the global financial systems has resulted in substantial volatility in financial markets and the banking system. This and other economic events have a significant adverse impact on investment portfolios. Due to the level of risks associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term and that such change could materially affect the amounts reported in the statements of financial position and activities.

E. MOTOR VEHICLE TAX CAP

Beginning in fiscal year 2017, the State of Connecticut Office of Policy and Management ("OPM" capped the mill rate for motor vehicle taxes. The motor vehicle mill rate cap for the fiscal year 2020 and thereafter will be 45 mills.

F. GASB PRONOUNCEMENTS ISSUED, BUT NOT YET EFFECTIVE

The Governmental Accounting Standards Board (GASB) has issued several pronouncements that have effective dates that may impact future financial presentations. Management has not currently determined what, if any, impact implementation of the following statements may have on the financial statements.

The impact of the following accounting pronouncements is currently being assessed by the Town as to the impact to the financial statements. Other recently issued financial statements are not expected to have a material effect to the Town's financial statements:

- **GASB Statement No. 87, Leases**, This statement establishes a single model for lease accounting based on the principle that leases are financings of the right to use an underlying asset, which should result in the recognition and reporting of leased assets and the liability associated with subsequent lease payments, which have historically been classified as operating leases of the current reporting period only. The new statement requires a lessee to recognize a lease liability and an intangible right-to-use lease asset, with the lessor required to recognize a lease receivable and a deferred inflow of resources. This is effective beginning July 1, 2020. Because of the COVID-19 pandemic, GASB delayed the effective date of this statement by one and a half years. The requirements of this statement are effective for the Town's reporting beginning July1, 2021.

TOWN OF STAFFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 5- OTHER INFORMATION (Continued)

- **GASB Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period.*** The objectives of this statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged. This is effective beginning July 1, 2020. Because of the COVID-19 pandemic, GASB delayed the effective date of this statement by one year. The requirements of this statement are effective for the Town's reporting beginning July 1, 2021.
- **GASB Statement No. 90, *Majority Equity Interests – An Amendment of GASB Statements No. 14 and No. 61.*** The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. This is effective beginning July 1, 2019. Because of the COVBID-19 pandemic, GASB delayed the effective date of this statement by one year. The requirements of this statement are effective for the Town's reporting beginning July 1, 2021.
- **GASB Statement No. 91, *Conduit Debt Obligations.*** This Statement provides a single method of reporting conduit debt obligations by issuers and eliminates diversity in practice associated with (1) commitments extended by issuers, (2) arrangement associated with conduit debt obligations, and (3) related note disclosures. This is effective beginning July 1, 2021. Because of the COVID-19 pandemic, GASB delayed the effective date of this statement by one year. The requirements of this statement are effective for the Town's reporting beginning July 1, 2022.
- **GASB Statement No. 92 – *Omnibus 2020*** – The objectives of this statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This statement addresses a variety of topics and the requirements of this statement are effective for the Town's reporting period beginning July 1, 2021.
- **GASB Statement No. 93 – *Replacement of Interbank Offered Rates*** – Some governments have entered into agreements in which variable payments made or received depend on an interbank offered rate (IBOR)—most notably, the London Interbank Offered Rate (LIBOR). As a result of global reference rate reform, LIBOR is expected to cease to exist in its current form at the end of 2021, prompting governments to amend or replace financial instruments for the purpose of replacing LIBOR with other reference rates, by either changing the reference rate or adding or changing fallback provisions related to the reference rate. The objective of this statement is to address those and other accounting and financial reporting implications that result from the replacement of an IBOR. The requirements in paragraphs 13 and 14 of this statement are effective for the Town's reporting period beginning July 1, 2021.
- **GASB Statement No. 94 – *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*** – The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). The requirements of this statement are effective for the Town's reporting period beginning July 1, 2022.
- **GASB Statement No. 96 – *Subscription-Based Information Technology Arrangements*** – This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the

TOWN OF STAFFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, Leases, as amended. The requirements of this statement are effective for the Town’s reporting period beginning July 1, 2022.

- **GASB Statement No. 97** – *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans* – 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 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. The requirements of this statement are effective for the Town’s reporting period beginning July 1, 2021.

NOTE 6- ADOPTION OF NEW STANDARDS

During the fiscal year ended June 30, 2021, the Town adopted GASB Statement No. 84 – *Fiduciary Activities*. The effects of adopting this standard are below:

	Custodial Funds
Net position as previously reported at June 30, 2020	\$ -
To reclassify funds as a result of the implementation of GASB 84	<u>215,593</u>
Net position as restated at July 1, 2020	<u>\$ 215,593</u>

NOTE 7- CORONAVIRUS (COVID-19)

The outbreak of COVID-19 coronavirus has been declared a pandemic by the World Health Organization. The outbreak of the virus has affected travel, commerce, and financial markets globally, and is widely expected to affect economic growth worldwide. There can be no assurance that the ongoing impact of COVID-19 will not materially and adversely affect local, state, national, and global activity; increase public health emergency response costs; and materially and adversely impact the financial condition of the Town.

NOTE 8- SUBSEQUENT EVENTS

On February 3, 2022, the Town issued \$3,370,000 of General Obligation Bond Anticipation Notes. The proceeds of Notes, along with other monies, will be used to refund the \$3,405,000 Bond Anticipation Notes maturing on February 3, 2022 which were used to finance the infrastructure project approved by the voters of the Town.

TOWN OF STAFFORD, CONNECTICUT
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2021

TOWN OF STAFFORD, CONNECTICUT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE BUDGET
AND ACTUAL (BUDGETARY BASIS)
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2021

	Budgeted Amounts			Actual Budgetary Basis	Variance with Final Budget
	Original	Additional Appropriations and Transfers	Final		
	\$	\$	\$	\$	\$
REVENUES					
Property Taxation					
Property Taxes	27,692,469	-	27,692,469	26,768,414	(924,055)
Auto Tax Supplement	325,000	-	325,000	334,127	9,127
Prior Taxes	600,000	-	600,000	654,122	54,122
Suspense Collections	20,000	-	20,000	18,703	(1,297)
Interest and Lein Fees	320,000	-	320,000	346,594	26,594
	<u>28,957,469</u>	<u>-</u>	<u>28,957,469</u>	<u>28,121,959</u>	<u>(835,510)</u>
Intergovernmental - Other					
Tax Relief for the Elderly	-	-	-	-	-
In Lieu of Taxes, State Property	28,118	-	28,118	28,118	-
Municipal Revenue Sharing-Pymt in Lieu of Taxes	-	-	-	-	-
Town Aid Highways	395,729	-	395,729	269,552	(126,177)
Disability Grant	2,500	-	2,500	2,669	169
Local Capital Improvement Program	108,409	-	108,409	233,924	125,515
Nontaxpaying Hospital	140,952	-	140,952	140,952	-
Motor Vehicle Fines	4,000	-	4,000	1,965	(2,035)
Telephone Access Line Tax	14,200	-	14,200	15,369	1,169
Mashantucket Pequot Grant	60,839	-	60,839	60,839	-
Addvets Grant	25,000	-	25,000	25,848	848
Municipal Project Grant	437,917	-	437,917	437,917	-
Stabilization Grant	-	-	-	-	-
Bingo Permit Fees	-	-	-	489	489
Dept of Mental Health/Addiction Services	76,000	-	76,000	76,535	535
SDE (DCF)	28,000	-	28,000	30,620	2,620
Miscellaneous State Grants	-	-	-	104,797	104,797
State Police Grants	52,000	-	52,000	55,714	3,714
State Aid Grant for Senior Services	24,000	-	24,000	-	(24,000)
	<u>1,397,664</u>	<u>-</u>	<u>1,397,664</u>	<u>1,485,309</u>	<u>87,645</u>
Local Services					
Licenses, Fees and Permits	5,000	-	5,000	15,770	10,770
Town Clerk Fees	175,000	-	175,000	298,359	123,359
Zoning, Building, and Sanitation Fees	340,000	-	340,000	350,663	10,663
Service District Administration	-	-	-	-	-
Miscellaneous	50,000	-	50,000	94,011	44,011
July 4th Summerfest Revenue	15,000	-	15,000	15,000	-
Recycling Revenues	13,500	-	13,500	20,105	6,605
Constable Fees	67,000	-	67,000	63,084	(3,916)
Stafford Family Services	240,000	-	240,000	210,040	(29,960)
Housing Authority in Lieu of Taxes	21,000	-	21,000	59,305	38,305
Fire Marshall Revenue	15,000	-	15,000	21,428	6,428
Transfer Station Fees	240,000	-	240,000	313,593	73,593
Stafford Library Revenue	3,000	-	3,000	384	(2,616)
Town Donations Specified	10,000	-	10,000	10,000	-
Parking Violations	1,000	-	1,000	4,110	3,110
Woodland Springs PILOT	67,000	-	67,000	-	-
Summer Recreation	-	-	-	-	-
Ambulance Association Income	537,962	-	537,962	539,920	1,958
Bingo/Raffle Permits	1,200	-	1,200	-	(1,200)
	<u>1,801,662</u>	<u>-</u>	<u>1,801,662</u>	<u>2,015,772</u>	<u>214,110</u>

(Continued)

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

TOWN OF STAFFORD, CONNECTICUT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE BUDGET
AND ACTUAL (BUDGETARY BASIS)
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2021

	Budgeted Amounts			Actual Budgetary Basis	Variance with Final Budget
	Original	Additional Appropriations and Transfers	Final		
Investment Income					
Income on Investments	\$ 45,000	\$ -	\$ 45,000	\$ 15,715	\$ (29,285)
Intergovernmental - Education					
Education Cost Sharing Grant	9,578,907	-	9,578,907	9,582,506	3,599
Adult Education	-	-	-	-	-
	<u>9,578,907</u>	<u>-</u>	<u>9,578,907</u>	<u>9,582,506</u>	<u>3,599</u>
Tuition					
Tuition Received	10,000	-	10,000	9,297	(704)
Total Revenues	<u>41,790,702</u>	<u>-</u>	<u>41,790,702</u>	<u>41,230,557</u>	<u>(560,145)</u>
Other Financing Sources					
Issuance of debt	-	-	-	10,645,000	10,645,000
BAN Premium	-	-	-	1,082,685	1,082,685
Transfers in	490,000	-	490,000	465,475	(24,525)
Total Other Financing Sources	<u>490,000</u>	<u>-</u>	<u>490,000</u>	<u>12,193,159</u>	<u>11,703,159</u>
Total Revenues and Other Financing Sources	<u>42,280,702</u>	<u>-</u>	<u>42,280,702</u>	<u>53,423,716</u>	<u>11,143,014</u>
EXPENDITURES					
General Government					
Board of Selectmen	617,763	4,768	622,531	616,273	6,259
Probate Court	5,000	-	5,000	3,288	1,712
IT Technology	147,742	-	147,742	143,856	3,886
Registrar of Voters	63,067	105	63,172	63,171	1
Town Clerk Elections	-	-	-	-	-
Board of Finance	47,400	-	47,400	45,538	1,862
Board of Assessors	92,535	60,000	152,535	144,347	8,188
Board of Assessment Appeals	6,098	-	6,098	6,098	-
Tax Collector	86,035	-	86,035	85,269	766
Treasurer	104,466	-	104,466	105,518	(1,052)
Town Counsel	46,500	47,100	93,600	80,344	13,256
Town Clerk	90,735	2,202	92,937	92,067	870
Buildings	449,605	-	449,605	442,318	7,287
Fuel Oil	62,000	2,300	64,300	63,834	466
Fixed Charges	2,433,257	-	2,433,257	2,400,892	32,365
Capital Outlay	50,000	250	50,250	14,723	35,527
Judgement and Losses	5,000	-	5,000	2,500	2,500
	<u>4,307,203</u>	<u>116,725</u>	<u>4,423,928</u>	<u>4,310,037</u>	<u>113,891</u>
Public Safety					
Safety and Protection	69,600	14,829	84,429	88,463	(4,034)
Fire Marshall	77,355	-	77,355	70,411	6,944
Police Protection	833,540	36,140	869,680	834,781	34,899
Fire and Ambulance Service	1,070,668	-	1,070,668	1,073,105	(2,437)
	<u>2,051,163</u>	<u>50,969</u>	<u>2,102,132</u>	<u>2,066,760</u>	<u>35,372</u>

(Continued)

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

TOWN OF STAFFORD, CONNECTICUT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE BUDGET
AND ACTUAL (BUDGETARY BASIS)
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2021

	Budgeted Amounts			Actual Budgetary Basis	Variance with Final Budget
	Original	Additional Appropriations and Transfers	Final		
Health	\$	\$	\$	\$	\$
Building Department/Zoning/Wetlands	195,400	57,133	252,533	179,024	73,509
Transfer Station Operations	485,600	-	485,600	513,094	(27,494)
Disaster Expenses	-	16,215	16,215	16,216	(1)
Health District/Health Services	58,000	-	58,000	55,775	2,225
	<u>739,000</u>	<u>73,348</u>	<u>812,348</u>	<u>764,108</u>	<u>48,240</u>
Highways and Bridges					
General Highways	1,998,859	(13,732)	1,985,127	1,934,282	50,845
Town Aid Road	393,503	-	393,503	269,552	123,951
	<u>2,392,362</u>	<u>(13,732)</u>	<u>2,378,630</u>	<u>2,203,835</u>	<u>174,795</u>
Parks and Recreation					
Recreation Commission	87,920	(5,550)	82,370	79,831	2,539
Community Center	165,350	-	165,350	136,723	28,627
Parks	412,900	(1,557)	411,343	416,758	(5,415)
Holidays	16,000	-	16,000	14,655	1,345
	<u>682,170</u>	<u>(7,107)</u>	<u>675,063</u>	<u>647,966</u>	<u>27,097</u>
Sundry					
Arts Commission	4,000	-	4,000	-	4,000
Pollution Abatement	5	-	5	-	5
Stafford Family Services	291,630	-	291,630	261,375	30,255
SDE	28,000	-	28,000	13,033	14,967
DMHAS	76,000	-	76,000	64,609	11,391
	<u>399,635</u>	<u>-</u>	<u>399,635</u>	<u>339,017</u>	<u>60,618</u>
Planning and Zoning					
Economic Development Commission	2,000	-	2,000	671	1,329
Conservation Commission	2,000	-	2,000	2,000	-
	<u>4,000</u>	<u>-</u>	<u>4,000</u>	<u>2,671</u>	<u>1,329</u>
Education					
Board of Education	28,289,798	-	28,289,798	27,835,787	454,011
Total Education	<u>28,289,798</u>	<u>-</u>	<u>28,289,798</u>	<u>27,835,787</u>	<u>454,011</u>
Stafford Public Library	565,632	-	565,632	512,521	53,111
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Debt Service	2,256,675	52,000	2,308,675	11,769,816	(9,461,141)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>41,687,638</u>	<u>272,203</u>	<u>41,959,841</u>	<u>50,452,518</u>	<u>(8,492,677)</u>
Other Financing Uses					
Retirement of BAN	-	-	-	-	-
Transfers Out	28,064	-	28,064	2,093,077	(2,065,013)
Total Other Financing Uses	<u>28,064</u>	<u>-</u>	<u>28,064</u>	<u>2,093,077</u>	<u>(2,065,013)</u>
Total Expenditures and Other Financing Uses	<u>41,715,702</u>	<u>272,203</u>	<u>41,987,905</u>	<u>52,545,595</u>	<u>(10,557,690)</u>
Excess (Deficiency) of Revenues Over Expenditures - Budgetary Basis	<u>565,000</u>	<u>(272,203)</u>	<u>292,797</u>	<u>878,121</u>	<u>(585,324)</u>

(Continued)

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

TOWN OF STAFFORD, CONNECTICUT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE BUDGET
AND ACTUAL (BUDGETARY BASIS)
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2021

	Budgeted Amounts			Actual Budgetary Basis	Variance with Final Budget
	Original	Additional Appropriations and Transfers	Final		
Excess (Deficiency) of Revenues					
Over Expenditures - Budgetary Basis	\$ 565,000	\$ (272,203)	\$ 292,797	878,121	\$ (585,324)
Adjustments to Generally Accepted Accounting Principles (GAAP):					
Payments on Behalf of the Town not Recorded on a Budgetary Basis:					
Revenues from Teachers' Retirement				7,852,985	
Expenditures for Teachers' Retirement				(7,852,985)	
Revenues from Teachers' OPEB				377,701	
Expenditures for Teachers' OPEB				(377,701)	
Encumbrances recorded on Budget Basis, but not on the Modified Accrual Basis				260,945	
Previous Year Encumbrances recorded on Modified Accrual Basis, but not the Budget Basis				(644,595)	
Liquidating Encumbrances from 19-20				15,160	
Funds combined for GAAP financial reporting purposes					
Compensation Fund				(42,126)	
Town Hall				(3,512)	
Zoning Subdivision				25	
Excess Cost Grant				116,235	
Blight Fund				2,145	
Excess (Deficiency) of Revenues and Other Financing Sources over Expenditures and Other Financing Uses - GAAP Basis (Exhibit 4)				<u>\$ 582,398</u>	

Notes to Required Supplementary Information: This budget is adopted on a basis consistent with General Accepted Accounting Principles (modified accrual basis) with the following exceptions: 1. The town does not recognize as income or expenditures payments made for the teacher's retirement by the State of Connecticut on the Town's behalf; 2. Revenues and expenditures from capital leasing and for renewing long-term debt are included in the budget as the net revenue or expenditure expected; 3. Encumbrances are treated as expenditures against the budget in the year committed; 4. Payroll is budgeted on a cash basis; 5. Revenues and expenditures from consolidated fund activities are not included in the general Fund budget.

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

TOWN OF STAFFORD, CONNECTICUT
REQUIRED SUPPLEMENTARY INFORMATION
TOWN OF STAFFORD EMPLOYEE RETIREMENT PLAN
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
LAST 8 FISCAL YEARS

	2021	2020	2019	2018	2017	2016	2015	2014	2013
Town of Stafford Employee Retirement Plan									
Total Pension Liability									
Service cost	\$ 447,200	\$ 471,925	\$ 560,333	\$ 591,484	\$ 550,954	\$ 542,211	\$ 542,549	\$ 512,523	\$ 492,262
Interest on total pension liability	1,857,853	1,804,217	1,726,174	1,622,888	1,523,912	1,487,985	1,382,927	1,293,404	1,204,573
Changes of benefit terms	-	-	-	-	41,906	-	-	-	-
Differences between expected and actual experience	421,407	99,925	291,412	81,502	46,788	(49,703)	(66,267)	-	-
Changes of assumptions	229,773	264,943	339,202	741,160	170,098	121,507	1,588,623	-	-
Benefit payments	(1,352,421)	(1,253,508)	(1,162,763)	(1,003,601)	(918,329)	(811,997)	(723,969)	(613,462)	(523,580)
Net change in total pension liability	1,603,812	1,387,502	1,754,358	2,033,433	1,415,329	1,290,003	2,723,863	1,192,465	1,173,255
Total pension liability, beginning	28,261,240	26,873,738	25,119,380	23,085,947	21,670,618	20,380,615	17,656,762	16,464,297	15,291,042
Total pension liability, ending	\$ 29,865,052	\$ 28,261,240	\$ 26,873,738	\$ 25,119,380	\$ 23,085,947	\$ 21,670,618	\$ 20,380,625	\$ 17,656,762	\$ 16,464,297
Fiduciary Net Position									
Employer contributions	\$ 1,336,734	\$ 1,279,117	\$ 1,230,054	\$ 1,141,426	\$ 1,113,284	\$ 1,129,644	\$ 1,062,864	\$ 1,032,997	\$ 998,804
Employee contributions	-	-	-	-	-	-	-	-	-
Net investment income (loss)	3,602,983	299,071	823,074	746,123	1,270,537	(195,801)	182,471	1,462,811	745,682
Benefit payments	(1,352,421)	(1,253,508)	(1,162,763)	(1,003,601)	(918,329)	(811,997)	(723,969)	(613,462)	(523,580)
Administrative expenses	(48,203)	(30,579)	(22,750)	(37,919)	(24,643)	(26,714)	(36,112)	(20,451)	(13,899)
Net change in plan fiduciary net position	3,539,093	294,101	867,615	846,029	1,440,849	95,132	485,254	1,861,895	1,207,007
Fiduciary net position, beginning	16,835,010	16,540,909	15,673,294	14,827,265	13,386,416	13,291,284	12,806,030	10,944,135	9,737,128
Fiduciary net position, ending	20,374,103	16,835,010	16,540,909	15,673,294	14,827,265	13,386,416	13,291,284	12,806,030	10,944,135
Net pension liability, ending	\$ 9,490,949	\$ 11,426,230	10,332,829	\$ 9,446,086	\$ 8,258,682	\$ 8,284,202	\$ 7,089,341	\$ 4,850,732	\$ 5,520,162
Fiduciary net position as a % of total pension liability	68.22%	59.57%	61.55%	62.40%	64.23%	61.77%	65.22%	72.53%	66.47%
Covered payroll	4,351,075	4,994,826	5,468,424	5,638,931	5,578,904	5,672,766	6,082,745	5,815,088	5,851,121
Net pension liability as a % of covered payroll	218.13%	228.76%	188.95%	167.52%	148.03%	146.03%	116.55%	83.42%	94.34%

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

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

TOWN OF STAFFORD, CONNECTICUT
REQUIRED SUPPLEMENTARY INFORMATION
TOWN OF STAFFORD EMPLOYEE RETIREMENT PLAN
SCHEDULE OF EMPLOYER CONTRIBUTIONS
LAST 7 FISCAL YEARS

	2021	2020	2019	2018	2017	2016	2015	2014
Actuarially determined contribution	\$ 1,336,734	\$ 1,279,117	\$ 1,230,054	\$ 1,141,426	\$ 1,111,296	\$ 1,109,486	\$ 1,062,864	\$ 1,032,997
Contributions in relation to the actuarially determined contribution	<u>1,336,734</u>	<u>1,279,117</u>	<u>1,230,054</u>	<u>1,141,426</u>	<u>1,113,284</u>	<u>1,129,644</u>	<u>1,062,864</u>	<u>1,032,997</u>
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ (1,988)	\$ (20,158)	\$ -	\$ -
Covered employee payroll	\$ 4,351,075	\$ 4,994,826	\$ 5,468,424	\$ 5,638,931	\$ 5,578,904	\$ 5,672,766	\$ 6,082,745	\$ 5,815,088
Contributions as a percentage of covered employee payroll	30.72%	25.61%	22.49%	20.24%	19.96%	19.91%	17.47%	17.76%

Notes to Schedule

Valuation Date

Actuarially determined contribution rates are calculated as of January 1, eighteen months prior to the beginning of the fiscal year in which contributions are reported.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial cost method
Amortization method
Remaining amortization period
Asset valuation method
Inflation
Salary increases
Investment rate of return
Retirement age
Mortality

GASB liability: Entry Age
Level percent
25 years
5-year smoothed market
2.40%
4.00%
6.50%
Early retirement - 55, Normal retirement - 65
Pub-2010(B) Public Retirement Plans Amount-Weighted Mortality Tables,
projected to the valuation date with Scale MP-2020

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

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

TOWN OF STAFFORD, CONNECTICUT
REQUIRED SUPPLEMENTARY INFORMATION
TOWN OF STAFFORD EMPLOYEE RETIREMENT PLAN
SCHEDULE OF ANNUAL MONEY-WEIGHTED RATE OF RETURN
LAST 7 FISCAL YEARS

Fiscal Year Ending June 30	Net Money-Weighted Rate of Return
2021	20.79%
2020	1.75%
2019	5.19%
2018	4.87%
2017	9.21%
2016	-1.42%
2015	1.38%
2014	12.68%

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

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

TOWN OF STAFFORD, CONNECTICUT
REQUIRED SUPPLEMENTARY INFORMATION
OTHER POST EMPLOYMENT BENEFITS TRUST FUND
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS
LIABILITY AND RELATED RATIOS
LAST 3 FISCAL YEARS*

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Total OPEB Liability			
Service cost	\$ 144,754	\$ 110,134	\$ 136,798
Interest	85,418	110,822	148,497
Changes of benefit terms	-	-	-
Differences between expected and actual experience	(1,617,173)	(45,347)	(942,996)
Changes of assumptions	312,424	527,311	94,556
Benefit payments	<u>(702)</u>	<u>(58,349)</u>	<u>(121,077)</u>
Net change in total OPEB liability	<u>(1,075,279)</u>	<u>644,571</u>	<u>(684,222)</u>
Total OPEB liability - beginning	<u>3,720,669</u>	<u>3,076,098</u>	<u>3,760,320</u>
Total OPEB liability - ending	<u>\$ 2,645,390</u>	<u>\$ 3,720,669</u>	<u>\$ 3,076,098</u>
Covered payroll	\$ 15,185,864	\$ 14,893,432	\$ 14,516,026
Net OPEB liability as a % of covered payroll	17.42%	24.98%	21.19%

*This schedule is intended to show information for 10 years. Additional years' information will be displayed as it becomes available.

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

TOWN OF STAFFORD, CONNECTICUT
REQUIRED SUPPLEMENTARY INFORMATION
TEACHERS' RETIREMENT PLAN
SCHEDULE OF PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
LAST 3 FISCAL YEARS

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Town's proportion of the net OPEB liability	0.00%	0.00%	0.00%
Town's proportionate share of the net OPEB liability	\$ -	\$ -	\$ -
State's proportionate share of the net OPEB liability associated with the Town	\$ <u>8,176,697</u>	\$ <u>7,411,846</u>	\$ <u>7,325,540</u>
Total	\$ <u>8,176,697</u>	\$ <u>7,411,846</u>	\$ <u>7,325,540</u>
Town's covered payroll	N/A	N/A	N/A
Town's proportionate share of the net OPEB liability as a percentage of covered payroll	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total OPEB liability	2.50%	2.08%	1.49%

*This schedule is intended to show information for 10 years. Additional years' information will be displayed as it becomes available.

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

TOWN OF STAFFORD, CONNECTICUT
REQUIRED SUPPLEMENTARY INFORMATION
CONNECTICUT TEACHERS' RETIREMENT SYSTEM
LAST 6 FISCAL YEARS

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Schedule of Changes in Net Pension Liability and Related Ratios						
Last 5 Years						
Town's percentage of collective net pension liability	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Town's proportionate share of the collective net pension liability	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the collective net pension liability associated with the employer	<u>54,821,957</u>	<u>47,525,347</u>	<u>36,644,803</u>	<u>38,854,474</u>	<u>40,991,768</u>	<u>33,046,392</u>
Total proportionate share of the collective net pension liability	<u>\$ 54,821,957</u>	<u>\$ 47,525,347</u>	<u>\$ 36,644,803</u>	<u>\$ 38,854,474</u>	<u>\$ 40,991,768</u>	<u>\$ 33,046,392</u>
Employer covered payroll	<u>\$ 12,473,996</u>	<u>\$ 12,375,558</u>	<u>\$ 12,391,285</u>	<u>\$ 11,653,150</u>	<u>\$ 11,349,028</u>	<u>\$ 12,238,511</u>
Employer proportionate share of the collective net pension liability as a % of covered payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a % of total pension liability	49.24%	52.00%	57.69%	55.93%	52.20%	59.50%
Schedule of Employer Contributions						
Since Inception of GASB 67/68						
Contractually required Town contribution	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

The Town is not required to contribute to the plan. The State contributes on behalf of the Town

Notes to Schedule

Changes in benefit term	None
Changes in assumptions	In 2016, rates of withdrawal, disability, retirement, mortality and assumed rates of salary increase were adjusted to more closely reflect actual and anticipated experience
Actuarial cost method	Entry Age
Amortization method	Level percent of salary, closed
Remaining amortization period	20.4 years
Asset valuation method	4 year smoothed market
Investment rate of return	6.9% net of investment expense, including inflation

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

APPENDIX B – FORM OF LEGAL OPINION OF BOND COUNSEL AND TAX EXEMPTION

The legal opinion of the firm of Shipman & Goodwin LLP of Hartford, Connecticut, Bond Counsel, will be furnished to the Underwriter when the Bonds are delivered, and a copy of the legal opinion will be included in the record of proceedings of the Town authorizing the Bonds. The opinion will be dated and given on and will speak only as of the date of original delivery of the Bonds to the Underwriter.

The opinion of Shipman & Goodwin LLP will be in substantially the following form:

Town of Stafford
Warren Memorial Town Hall
1 Main Street
Stafford Springs, Connecticut 06076

Ladies and Gentlemen:

We have acted as bond counsel in connection with the issuance by the Town of Stafford, Connecticut (the "Town") of its \$5,000,000* General Obligation Bonds, Issue of 2023, dated February 2, 2023, maturing August 1, 2023-2042 (the "Bonds").

In connection with our representation of the Town as bond counsel with respect to the Bonds, we have examined the executed Tax Certificate and Tax Compliance Agreement of the Town, each dated as of February 2, 2023, the executed Bonds, and certified records of proceedings of the Town authorizing the Bonds. In addition, we have examined and relied on originals or copies, identified to us as genuine, of such other documents, instruments or records, and have made such investigations of law as we considered necessary or appropriate for the purposes of this opinion. In making the statements contained in this opinion, we have assumed, without independently verifying, the genuineness of all signatures, the authenticity of all documents submitted to us as originals, the conformity to original documents of documents submitted to us as certified or photostatic copies, and the legal capacity and authority of all persons executing such documents.

On the basis of our review noted above and subject to the qualifications set forth herein:

1. We are of the opinion that the proceedings and above-referenced evidence show lawful authority for the issuance and sale of the Bonds under the authority of the constitution and statutes of the State of Connecticut, and that the Bonds are valid and binding general obligations of the Town payable, with respect to both principal and interest, unless paid from other sources, from ad valorem taxes which may be levied on all property subject to taxation by the Town without limitation as to rate or amount except as to classified property. Classified property includes certified forest land which is taxable at a limited rate. Classified property also includes dwelling houses of qualified elderly persons of low income which are taxable at limited amounts.

2. We are of the opinion that the Tax Compliance Agreement is a valid and binding agreement of the Town and that the Tax Certificate and Tax Compliance Agreement were duly authorized by the Town.

3. The Internal Revenue Code of 1986, as amended (the "Code"), establishes certain requirements that must be met subsequent to the issuance and delivery of the Bonds if interest on the Bonds

*Preliminary, subject to change

is to be excludable from gross income under Section 103 of the Code. The Town has covenanted in the Tax Compliance Agreement that it will at all times perform all acts and things necessary or appropriate under any valid provision of law to ensure that interest paid on the Bonds will not be includable in the gross income of the owners thereof for federal income tax purposes under the Code. In our opinion, under existing law:

(i) interest on the Bonds is excludable from gross income of the owners thereof for federal income tax purposes pursuant to Section 103 of the Code; and

(ii) such interest is not treated as an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals under the Code; however, such interest is taken into account in determining the annual adjusted financial statement income of certain corporations for the purpose of computing the alternative minimum tax imposed on corporations under the Code.

We express no opinion regarding other federal income tax consequences caused by ownership of, or receipt of interest on, the Bonds. In rendering the foregoing opinions regarding the federal income tax treatment of interest on the Bonds, we have relied upon and assumed (i) the material accuracy of the representations, statements of intention and reasonable expectations, and certifications of fact contained in the Tax Certificate and the Tax Compliance Agreement, and (ii) full compliance by the Town with the covenants set forth in the Tax Compliance Agreement. The inaccuracy of the representations, statements of intention and reasonable expectations, and certifications of fact, contained in the Tax Certificate or the Tax Compliance Agreement, or the failure of the Town to fully comply with the covenants set forth therein, may cause interest on the Bonds to be included in gross income for federal income tax purposes retroactively to the date of issuance of the Bonds.

4. We are of the opinion that, under existing statutes, interest on the Bonds is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates and is excluded from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay the federal alternative minimum tax.

The rights of the holders of the Bonds and the enforceability of the Bonds and the enforceability of the Tax Compliance Agreement are limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights generally, and by equitable principles, whether considered at law or in equity.

We express no opinion herein as to the accuracy, adequacy or completeness of the Official Statement relating to the Bonds.

This opinion is given as of the date hereof and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law, regulation or judicial interpretation that may hereafter occur.

Very truly yours,

Shipman & Goodwin LLP

CERTAIN ADDITIONAL FEDERAL TAX CONSEQUENCES.

The following is a brief discussion of certain federal income tax matters with respect to the Bonds under existing statutes. It does not purport to deal with all aspects of federal taxation that may be relevant to a particular owner of a bond. Prospective owners of the Bonds, particularly those that may be subject to special rules, are advised to consult their own tax advisors regarding the federal tax consequences of owning and disposing of the Bonds.

Recent Tax Legislation. The opinion of Bond Counsel is rendered as of its date and Bond Counsel assumes no obligation to update or supplement its opinion to reflect any facts or circumstances that may come to its attention or any changes in law or the interpretation thereof that may occur after the date of its opinion.

From time to time, there are Presidential proposals, proposals of various federal committees, and legislative proposals in the Congress and in the states that, if enacted, could alter or amend the federal and state tax matters referred to herein or adversely affect the marketability or market value of the Bonds or otherwise prevent holders of the Bonds from realizing the full benefit of the tax exemption of interest on the Bonds.

In addition, regulatory actions are from time to time announced or proposed and litigation is threatened or commenced which, if implemented or concluded in a particular manner, could adversely affect the market value, marketability or tax status of the Bonds. It cannot be predicted whether any such regulatory action will be implemented, how any particular litigation or judicial action will be resolved, or whether the Bonds would be impacted thereby.

Purchasers of the Bonds should consult their tax advisors regarding any pending or proposed legislation, regulatory initiatives or litigation. The opinions expressed by Bond Counsel are based upon existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of issuance and delivery of the Bonds, and Bond Counsel has expressed no opinion as of any date subsequent thereto or with respect to any proposed or pending legislation, regulatory initiatives or litigation.

Alternative Minimum Tax. The Code imposes an alternative minimum tax. The alternative minimum tax is imposed on alternative minimum taxable income, which includes items of tax preference. The interest on certain tax-exempt "private activity bonds" is treated as an item of tax preference. The Town's Tax Compliance Agreement will contain certain representations and covenants to ensure that the Bonds are not "private activity bonds" so that interest on the Bonds will not be treated as an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals. However, such interest is taken into account in determining the annual adjusted financial statement income of certain corporations for the purpose of computing the alternative minimum tax imposed on corporations under the Code.

Financial Institutions. The Code provides that commercial banks, thrift institutions and certain other financial institutions may not deduct the portion of their interest expense allocable to tax-exempt obligations acquired after August 7, 1986, other than "qualified tax-exempt obligations". The Bonds

shall be designated by the Town as “qualified tax-exempt obligations” for purposes of the deduction for federal income tax purposes by financial institutions of a portion of interest expense allocable to tax-exempt obligations..,

Changes in Federal Tax Law. Legislation affecting municipal bonds is regularly under consideration by the United States Congress. There can be no assurance that legislation enacted or proposed after the date of issuance of the Bonds will not have an adverse effect on the tax-exempt status or the market price of the Bonds.

Other. Ownership of the Bonds may result in collateral federal income tax consequences to various categories of persons, such as corporations (including S corporations and foreign corporations), financial institutions, property and casualty and life insurance companies, individual recipients of Social Security and railroad retirement benefits, and individuals otherwise eligible for the earned income credit, and to taxpayers deemed to have incurred or continued indebtedness to purchase or carry obligations the interest on which is not included in gross income for federal income tax purposes.

STATE OF CONNECTICUT TAX ON INTEREST.

The opinion of Bond Counsel will state in substance that, based on the record of proceedings authorizing the Bonds, under existing statutes, interest on the Bonds is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates and is excluded from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay the federal alternative minimum tax.

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

Owners of the Bonds should consult their tax advisors with respect to other applicable state and local tax consequences of ownership of the Bonds and the disposition thereof, including the extent to which gains and losses from the sale or exchange of Bonds held as capital assets reduce and increase, respectively, amounts taken into account in computing the Connecticut income tax on individuals, trusts and estates and may affect the net Connecticut minimum tax on such taxpayers who are also required to pay the federal alternative minimum tax.

ORIGINAL ISSUE DISCOUNT.

The initial public offering prices of certain maturities of the Bonds (the “OID Bonds”) may be less than their stated principal amounts. Under existing law, the difference between the stated principal amount and the initial offering price of each maturity of the OID Bonds to the public (excluding bond houses and brokers) at which a substantial amount of such maturity of the OID Bonds is sold will constitute original issue discount (“OID”). The offering prices relating to the yields set forth in this Official Statement for the OID Bonds are expected to be the initial offering prices to the public at which a substantial amount of each maturity of the OID Bonds are sold. Under existing law OID on the Bonds accrued and properly allocable to the owners thereof under the Code is not included in gross income for federal income tax purposes if interest on the Bonds is not included in gross income for federal income tax purposes.

Under the Code, for purposes of determining an owner’s adjusted basis in an OID Bond, OID treated as having accrued while the owner holds the OID Bond will be added to the owner’s basis. OID

will accrue on a constant-yield-to-maturity method based on regular compounding. The owner's adjusted basis will be used to determine taxable gain or loss upon the sale or other disposition (including redemption or payment at maturity) of an OID Bond.

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

ORIGINAL ISSUE PREMIUM.

The initial public offering prices of certain maturities of the Bonds (the "OIP Bonds") may be more than their stated principal amounts. An owner who purchases a Bond at a premium to its principal amount must amortize bond premium as provided in applicable Treasury Regulations, and amortized premium reduces the owner's basis in the Bond for federal income tax purposes. Prospective purchasers of Bonds should consult their tax advisors regarding the amortization of premium and the effect upon basis.

* * * * *

The information above does not purport to deal with all aspects of federal or state taxation that may be relevant to particular investors. Prospective investors, particularly those that may be subject to special rules, are advised to consult their own tax advisors regarding the federal and state tax consequences of owning and disposing of the Bonds, including any tax consequences arising under the laws of any state or other taxing jurisdiction.

APPENDIX C - FORM OF CONTINUING DISCLOSURE AGREEMENT

In accordance with the requirements of Rule 15c2-12 promulgated by the Securities and Exchange Commission, the Town will agree to provide, or cause to be provided, (i) certain annual financial information and operating data, (ii) timely, but not in excess of ten (10) business days after the occurrence of the event, notice of the occurrence of certain listed events with respect to the Bonds, and (iii) timely notice of a failure by the Town to provide the required annual financial information on or before a specified date, all pursuant to a Continuing Disclosure Agreement for the Bonds in substantially the following form:

CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement (the "Agreement") is made as of the 2nd day of February, 2023 by the Town of Stafford, Connecticut (the "Town") acting by its undersigned officers, duly authorized, in connection with the issuance of the Town's \$5,000,000* General Obligation Bonds (the "Bonds") dated February 2, 2023 for the benefit of the beneficial owners from time to time of the Bonds

Section 1. Definitions. For purposes of this Agreement, the following capitalized terms shall have the following meanings:

"MSRB" means the Municipal Securities Rulemaking Board established under the Securities Exchange Act of 1934, as amended, or any successor thereto. As of the date of this Agreement, the MSRB has designated its Electronic Municipal Market Access System ("EMMA") (<http://emma.msrb.org>) to receive submissions of continuing disclosure documents that are described in the Rule.

"Rule" means Rule 15c2-12 under the Securities Exchange Act of 1934, as of the date of this Agreement.

"SEC" means the Securities and Exchange Commission of the United States, or any successor thereto.

Section 2. Annual Financial Information.

(a) The Town agrees to provide, or cause to be provided, to the MSRB in an electronic format as prescribed by the MSRB, in accordance with the provisions of the Rule and this Agreement, annual financial information and operating data (commencing with information and data for the fiscal year ending June 30, 2022), as follows:

(i) the audited general purpose financial statements of the Town, which financial statements include the Town's general fund, any special revenue funds, enterprise and internal service (proprietary) funds, agency and trust (fiduciary) funds and the general fixed assets and general long-term debt account groups, for the prior fiscal year, which statements shall be

*Preliminary, subject to change

prepared in accordance with generally accepted accounting principles or mandated state statutory principles as in effect from time to time. As of the date of this Agreement, the Town prepares its financial statements in accordance with generally accepted accounting principles.

(ii) the following financial information and operating data to the extent not included in the financial statements described in (i) above:

- A. amounts of the gross and the net taxable grand list applicable to the fiscal year,
- B. listing of the ten largest taxpayers on the applicable grand list, together with each such taxpayer's taxable valuation thereon,
- C. percentage of the annual property tax levy uncollected as of the close of the preceding fiscal year,
- D. schedule of annual debt service on outstanding long-term bonded indebtedness as of the close of the fiscal year,
- E. calculation of total direct debt and total direct net debt as of the close of the fiscal year,
- F. total direct debt and total direct net debt of the Town per capita,
- G. ratios of the total direct debt and total direct net debt of the Town to the Town's net taxable grand list,
- H. statement of statutory debt limitation as of the close of the fiscal year, and
- I. funding status of the Town's pension benefit obligation.

(b) The financial information and operating data described above shall be provided not later than eight months after the close of the fiscal year for which such information is being provided, commencing with information for the fiscal year ending June 30, 2022. The Town agrees that if audited information is not available eight months after the close of the fiscal year, it shall submit unaudited information by such time and will submit audited information when available.

(c) Annual financial information and operating data may be provided in whole or in part by reference to other documents available to the public on the MSRB's internet website or filed with the SEC. All or a portion of the financial information and operating data may be provided in the form of a comprehensive annual financial report.

(d) The Town reserves the right (i) to provide financial statements which are not audited if no longer required by law, (ii) to modify from time to time the format for the presentation of such information or data, and (iii) to modify the accounting principles it follows to the extent required or permitted by law, by changes in generally accepted accounting principles, or by changes

in accounting principles adopted by the Town; provided that the Town agrees that any such modification will be done in a manner consistent with the Rule.

(e) The Town may file information with the MSRB, from time to time, in addition to that specifically required by this Agreement (a “Voluntary Filing”). If the Town chooses to make a Voluntary Filing, the Town shall have no obligation under this Agreement to update information contained in such Voluntary Filing or include such information in any future filing. Notwithstanding the foregoing provisions of this Section 2(e), the Town is under no obligation to provide any Voluntary Filing.

Section 3. Listed Events.

The Town agrees to provide, or cause to be provided, in a timely manner, not in excess of ten (10) business days after the occurrence of the event, to the MSRB in an electronic format as prescribed by the MSRB, notice of the occurrence of any of the following events with respect to the Bonds:

- (a) principal and interest payment delinquencies;
- (b) non-payment related defaults, if material;
- (c) unscheduled draws on debt service reserves reflecting financial difficulties;
- (d) unscheduled draws on credit enhancements reflecting financial difficulties;
- (e) substitution of credit or liquidity providers, or their failure to perform;
- (f) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the Bonds;
- (g) modifications to rights of holders of the Bonds, if material;
- (h) Bond calls, if material, and tender offers;
- (i) Bond defeasances;
- (j) release, substitution, or sale of property securing repayment of the Bonds, if material;
- (k) rating changes;
- (l) bankruptcy, insolvency, receivership or similar event of the Town;
- (m) the consummation of a merger, consolidation, or acquisition involving the Town or the sale of all or substantially all of the assets of the Town, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such

- actions, other than pursuant to its terms, if material;
- (n) appointment of a successor or additional trustee or the change of name of a trustee, if material;
 - (o) incurrence of a financial obligation, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the Town, any of which affect security holders, if material; and
 - (p) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the Town, any of which reflect financial difficulties.

For purposes of events (o) and (p) above, the term “financial obligation” is defined as a (i) debt obligation, (ii) derivative instrument entered into in connection with or pledged as security or a source of payment for an existing or planned debt obligation, or (iii) guarantee of (i) or (ii). The term financial obligation does not include municipal securities for which a final official statement has been filed with the MSRB pursuant to the Rule.

Section 4. Notice of Failure to Provide Annual Financial Information.

The Town agrees to provide, or cause to be provided, in a timely manner, to the MSRB in an electronic format as prescribed by the MSRB, notice of any failure by the Town to provide annual financial information as set forth in Section 2(a) hereof on or before the date set forth in Section 2(b) hereof.

Section 5. Use of Agents.

Annual financial information and operating data and notices to be provided pursuant to this Agreement may be provided by the Town or by any agents which may be employed by the Town for such purpose from time to time.

Section 6. Termination.

The obligations of the Town under this Agreement shall terminate upon the earlier of (i) payment or legal defeasance, at maturity or otherwise, of all of the Bonds, or (ii) such time as the Town ceases to be an obligated person with respect to the Bonds within the meaning of the Rule.

Section 7. Identifying Information.

All documents provided to the MSRB shall be accompanied by identifying information as prescribed by the MSRB.

Section 8. Enforcement.

The Town acknowledges that the undertakings set forth in this Agreement are intended to be for the benefit of, and enforceable by, the beneficial owners from time to time of the Bonds. In the event the Town shall fail to perform its duties hereunder, the Town shall have the option to cure such failure within a reasonable time (but not exceeding thirty (30) days with respect to the

undertakings set forth in Section 2 hereof or five (5) business days with respect to undertakings set forth in Sections 3 and 4 hereof) from the time the Director of Financial Services receives written notice from any beneficial owner of the Bonds of such failure. The present address of the First Selectman is Town of Stafford, Warren Memorial Town Hall, 1 Main Street, Stafford Springs, CT 06076. In the event the Town does not cure such failure within the time specified above, the beneficial owner of any Bonds shall be entitled only to the remedy of specific performance. The Town expressly acknowledges and the beneficial owners are hereby deemed to expressly agree that no monetary damages shall arise or be payable hereunder nor shall any failure to comply with this Agreement constitute an event of default with respect to the Bonds.

Section 9. Miscellaneous.

(a) The Town shall have no obligation to provide any information, data or notices other than as set forth in this Agreement; provided, however, nothing in this Agreement shall be construed as prohibiting the Town from providing such additional information, data or notices from time to time as it deems appropriate in connection with the Bonds. If the Town elects to provide any such additional information, data or notices, the Town shall have no obligation under this Agreement to update or continue to provide further additional information, data or notices of the type so provided.

(b) This Agreement shall be governed by the laws of the State of Connecticut.

(c) Notwithstanding any other provision of this Agreement, the Town may amend this Agreement, and any provision of this Agreement may be waived, if (i) such amendment or waiver is made in connection with a change of circumstances that arises from a change in legal requirements, a change in law, or a change in the identity, nature or status of the Town, (ii) the Agreement as so amended or waived would have complied with the requirements of the Rule as of the date of the Agreement, taking into account any amendments or interpretations of the Rule, as well as any changes in circumstances, and (iii) such amendment or waiver is supported by an opinion of counsel expert in federal securities laws to the effect that such amendment or waiver would not materially adversely affect the beneficial owner of the Bonds. A copy of any such amendment or waiver will be filed in a timely manner with the MSRB. The annual financial information provided on the first date following the adoption of any such amendment or waiver will explain, in narrative form, the reasons for the amendment or waiver and the impact of the change in the type of operating data or financial information being provided.

TOWN OF STAFFORD, CONNECTICUT

By _____
Salverio Titus
First Selectman

By _____
Neil Hoss
Treasurer

NOTICE OF SALE

\$5,000,000*

TOWN OF STAFFORD, CONNECTICUT

**GENERAL OBLIGATION BONDS, ISSUE OF 2023
BOOK-ENTRY-ONLY**

ELECTRONIC PROPOSALS via PARITY® Competitive Bidding System (“PARITY”) will be received by the Town of Stafford, Connecticut (the "Town"), at the offices at Munistat Services, Inc., 129 Samson Rock Drive, Suite A, Madison, Connecticut 06443, until **11:30 A.M. (Eastern Time) on WEDNESDAY,**

JANUARY 25, 2023

for the purchase, when issued, of the whole of the Town's \$5,000,000* General Obligation Bonds, Issue of 2023, dated February 2, 2023, bearing interest payable semiannually on February 1 and August 1 in each year until maturity, commencing August 1, 2023, and maturing on August 1 in each year as follows:

2023	\$250,000	2033	\$250,000
2024	\$250,000	2034	\$250,000
2025	\$250,000	2035	\$250,000
2026	\$250,000	2036	\$250,000
2027	\$250,000	2037	\$250,000
2028	\$250,000	2038	\$250,000
2029	\$250,000	2039	\$250,000
2030	\$250,000	2040	\$250,000
2031	\$250,000	2041	\$250,000
2032	\$250,000	2042	\$250,000

(the "Bonds"). The Bonds will be delivered against payment in Federal funds in New York, New York on or about February 2, 2023. The Bonds will be designated by the Town as "qualified tax-exempt obligations" for purposes of the deduction for federal income tax purposes by financial institutions of a portion of interest expense allocable to tax-exempt obligations.

The Bonds will be general obligations of the Town and the Town will pledge its full faith and credit to pay the principal of and interest on the Bonds when due.

The Bonds maturing on or before August 1, 2031 are not subject to redemption prior to maturity. The Bonds maturing on August 1, 2032 and thereafter are subject to redemption prior to maturity, at the option of the Town, on and after August 1, 2031, at any time in whole or in part and by lot within a maturity, in such amounts and in such order of maturity as the Town may determine, at the redemption price (expressed as a percentage of the principal amount of the Bonds to be redeemed) set forth in the following table, plus interest accrued and unpaid to the redemption date:

<u>Redemption Dates</u>	<u>Redemption Price</u>
August 1, 2031 and thereafter	100%

*Preliminary, subject to change.

Proposals. All proposals for the purchase of the Bonds must specify the amount bid for the Bonds (which shall be the aggregate par value of the Bonds, and, at the option of the bidder, a premium), and must specify in a multiple of 1/20 or 1/8 of 1% the rate or rates of interest per annum which the Bonds are to bear, but shall not specify (a) more than one interest rate for any Bonds having a like maturity, or (b) any interest rate for any Bonds which exceeds the interest rate specified in such proposal for any other Bonds by more than 3%. Interest shall be computed on the basis of a 360-day year consisting of twelve 30-day months. In addition to the amount bid for the Bonds, the purchaser must pay an amount equal to any interest on the Bonds accrued to the date of delivery. **No proposal for less than the entire \$5,000,000 Bonds, or for less than par and accrued interest, will be considered.**

Adjustment of Maturity Schedule. The Town reserves the right to change the maturity schedule of the Bonds after the determination of the winning bidder by decreasing the principal amount of each maturity by such amount as may be necessary and in \$5,000 increments. In such event, the final aggregate principal amount of the Bonds will be decreased by the net amount of such change or changes in the principal amount of one or more maturities, which net change in aggregate principal amount of the Bonds will not exceed 20 percent of the original aggregate par amount. The Town anticipates that the final maturity schedule will be communicated to the successful bidder by 1:30 p.m. local time on the day of the sale provided the Town has received the reoffering prices and yield for the Bonds from the successful bidder by 12:30 p.m. The dollar amount bid by the successful bidder will be adjusted to reflect any adjustments in the aggregate principal amount of the Bonds to be issued. The adjusted bid price will reflect changes in the dollar amount of the underwriter's discount and original issue discount/premium, if any, but will not change the per-bond underwriter's discount as calculated from the bid and reoffering prices required to be delivered to the Town as stated herein. The successful bidder may not withdraw its bid or change the interest rates bid or initial reoffering prices as a result of any changes made to the principal amounts within these limits.

Basis of Award. As between proposals which comply with this Notice of Sale, the Bonds will be sold to the responsible bidder or bidders offering to purchase the Bonds at the lowest true interest cost to the Town. For the purpose of determining the successful bidder, the true interest cost to the Town will be the annual interest rate, compounded semiannually, which, when used to discount all payments of principal and interest payable on the Bonds to February 2, 2023, the date of the Bonds, results in an amount equal to the purchase price for the Bonds, excluding interest accrued to the date of delivery. If there is more than one responsible bidder making said offer at the same lowest true interest cost, the Bonds will be sold to the responsible bidder whose proposal is selected by the Town by lot from among all such proposals. It is requested that each proposal be accompanied by a statement of the percentage of true interest cost completed to four decimal places. Such statement shall not be considered as part of the proposal.

The Town reserves the right to reject any and all proposals, to reject any proposal not complying with this Notice of Sale and to waive any irregularity or informality with respect to any proposal.

Electronic Proposals Bidding Procedure. Electronic proposals for the purchase of the Bonds must be submitted through the facilities of PARITY® by **11:30 A.M. (Eastern Time), on January 25, 2023**. Any prospective bidder must be a subscriber of Bidcomp's competitive bidding system. Further information about Bidcomp/ PARITY®, including any fee charged, may be obtained from i-Deal LLC, 1359 Broadway, 2nd Floor, New York, New York 10018, telephone (212) 849-5021. The Town will neither confirm any subscription nor be responsible for any failure of a prospective bidder to subscribe.

Once an electronic proposal made through the facilities of PARITY® is communicated to the Town, it shall constitute an irrevocable offer, in response to this Notice of Sale, and shall be binding upon the

bidder as if made by a signed, sealed proposal delivered to the Town. By submitting a proposal for the Bonds via PARITY®, the bidder represents and warrants to the Town that such bidder's proposal for the purchase of the Bonds is submitted for and on behalf of such prospective bidder by an officer or agent who is duly authorized to bind the prospective bidder by an irrevocable offer and that acceptance of such proposal by the Town will bind the bidder by a legal, valid and enforceable contract, for the purchase of the Bonds on the terms described in this Notice of Sale. The Town shall not be responsible for any malfunction or mistake made by, or as a result of the use of the facilities of, PARITY®, the use of such facilities being the sole risk of the prospective bidder.

Disclaimer - Each PARITY® prospective electronic bidder shall be solely responsible to make necessary arrangements to access PARITY® for the purposes of submitting its proposal in a timely manner and in compliance with the requirements of this Notice of Sale. Neither the Town nor PARITY® shall have any duty or obligation to undertake such arrangements to bid for any prospective bidder or to provide or assure such access to any prospective bidder, and neither the Town nor PARITY® shall be responsible for a bidder's failure to make a proposal or for proper operation of, or have any liability for, any delays or interruptions of, or any damages caused by, PARITY®. The Town is using PARITY® as a communication mechanism, and not as the Town's agent, to conduct the electronic bidding for the Bonds. The Town is not bound by any advice and determination of PARITY® to the effect that any particular proposal complies with the terms of this Notice of Sale and in particular the proposal requirements set forth herein. All costs and expenses incurred by prospective bidders in connection with their subscription to, arrangements with and submission of proposals via PARITY® are the sole responsibility of the bidders, and the Town is not responsible, directly or indirectly, for any such costs or expenses. If a prospective bidder encounters any difficulty in arranging to bid or submitting, modifying or withdrawing a proposal for the Bonds, the prospective bidder should telephone PARITY® at (212) 849-5021. If any provision of this Notice of Sale conflicts with information provided by PARITY®, this Notice of Sale shall control.

For the purpose of the bidding process, the time as maintained on PARITY® shall constitute the official time. For information purposes only, bidders are requested to state in their proposals the true interest cost to the Town, as described under "Basis of Award" above, represented by the rate or rates of interest and the premium, if any, specified in their respective proposals. All electronic proposals shall be deemed to incorporate the provisions of this Notice of Sale.

Bond Counsel Opinion. The legal opinion of Shipman & Goodwin LLP of Hartford, Connecticut, Bond Counsel, will be furnished without charge and will be placed on file with the certifying bank for the Bonds. A copy of the opinion will be delivered to each purchaser of the Bonds. The opinion of Bond Counsel will cover the following matters: (1) that the Bonds will be valid and binding general obligations of the Town when duly certified, (2) that, assuming the accuracy of and continuing compliance by the Town with its representations and covenants relating to certain requirements contained in the Internal Revenue Code of 1986, as amended (the "Code"), based on existing law, interest on the Bonds is excludable from gross income of the owners thereof for federal income tax purposes and is not treated as an item of tax preference for purposes of calculating the federal alternative minimum tax; and (3) that interest on the Bonds is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates, and is excluded from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay the federal alternative minimum tax.

Obligation to Deliver Issue Price Certificate. Pursuant to the Code and applicable Treasury Regulations, the Town must establish the "issue price" of the Bonds. **In order to assist the Town, the winning bidder is obligated to deliver to the Town a certificate (an "Issue Price Certificate") and such additional information satisfactory to Bond Counsel described below, prior to the delivery of the Bonds.** The Town will rely on the Issue Price Certificate and such additional information in determining the issue price of the Bonds. The form of Issue Price Certificate is available by contacting Susan Caron, Vice President, Munistat Services, Inc., Email: Susan.Caron@munistat.com, Telephone: (860) 372-1887, municipal advisor to the Town (the "Municipal Advisor").

By submitting a bid, each bidder is certifying that its bid is a firm offer to purchase the Bonds, is a good faith offer which the bidder believes reflects current market conditions, and is not a “courtesy bid” being submitted for the purpose of assisting in meeting the competitive sale rule relating to the establishment of the issue price of the Bonds pursuant to Section 148 of the Code, including the requirement that bids be received from at least three (3) underwriters of municipal bonds who have established industry reputations for underwriting new issuances of municipal bonds (the “Competitive Sale Rule”).

The Municipal Advisor will advise the winning bidder if the Competitive Sale Rule was met at the same time it notifies the winning bidder of the award of the Bonds. **Bids will not be subject to cancellation in the event that the Competitive Sale Rule is not satisfied.**

Competitive Sale Rule Met. If the Municipal Advisor advises the winning bidder that the Competitive Sale Rule has been met, the winning bidder shall, within one (1) hour after being notified of the award of the Bonds, advise the Municipal Advisor by electronic or facsimile transmission of the reasonably expected initial offering price to the public of each maturity of the Bonds as of January 25, 2023 (the “Sale Date”).

Competitive Sale Rule Not Met. By submitting a bid, the winning bidder agrees (unless the winning bidder is purchasing the Bonds for its own account and not with a view to distribution or resale to the public) that if the Competitive Sale Rule is not met, it will satisfy either the **10% Sale Rule** or the **Hold the Offering Price Rule** described below with respect to each maturity of the Bonds prior to the delivery date of the Bonds. The rule selected with respect to each maturity of the Bonds shall be set forth on an Issue Price Rule Selection Certificate, which shall be sent to the winning bidder promptly after the award of the Bonds. The winning bidder shall complete and execute the Issue Price Rule Selection Certificate and email it to Bond Counsel and the Municipal Advisor by 5:00 P.M. Eastern Time on the day after the Sale Date. **If the Issue Price Rule Selection Certificate is not returned by this deadline, or if no selection is made with respect to maturity, the winning bidder agrees that the Hold the Offering Price Rule shall apply to such maturities.**

10% Sale Rule. To satisfy the 10% Sale Rule for any maturity, the winning bidder:

(i) will make a bona fide offering to the public of all of the Bonds at the initial offering prices and provide the Town with reasonable supporting documentation, such as a copy of the pricing wire or equivalent communication, the form of which is acceptable to Bond Counsel;

(ii) will report to the Town information regarding the actual prices at which at least 10 percent (10%) of the Bonds of each maturity have been sold to the public;

(iii) will provide the Town with reasonable supporting documentation or certifications of such sales prices, the form of which is acceptable to Bond Counsel. If the 10% Sale Rule is used with respect to a maturity of the Bonds, this reporting requirement will continue, beyond the closing date of the Bonds, if necessary, until such date that at least 10 percent (10%) of such maturity of the Bonds has been sold to the public; and

(iv) has or will include in any agreement among underwriters, selling group agreement or retail distribution agreement (to which the winning bidder is a party) relating to the initial sale of the Bonds to the public, together with the related pricing wires, language obligating each underwriter to comply with the reporting requirement described above.

Hold the Offering Price Rule. To satisfy the Hold the Offering Price Rule for any maturity, the winning bidder:

(i) will make a bona fide offering to the public of all of the Bonds at the initial offering prices and provide Bond Counsel with reasonable supporting documentation, such as a copy of the pricing wire or equivalent communication, the form of which is acceptable to Bond Counsel;

(ii) will neither offer nor sell to any person any Bonds of such maturity at a price that is higher than the initial offering price of each maturity until the earlier of (i) the date on which the winning bidder has sold to the public at least ten percent (10%) of the Bonds of such maturity at a price that is no higher than the initial offering price of such maturity or (ii) the close of business on the fifth (5th) business day after the Sale Date of the Bonds; and

(iii) has or will include within any agreement among underwriters, selling group agreement or retail distribution agreement (to which the winning bidder is a party) relating to the initial sale of the Bonds to the public, together with the related pricing wires, language obligating each underwriter to comply with the limitations on the sale of the Bonds as set forth above.

For purposes of the 10% Sale Rule or the Hold the Offering Price Rule, a “maturity” refers to Bonds that have the same interest rate, credit and payment terms.

If the winning bidder has purchased any maturity of the Bonds for its own account and not with a view to distribution or resale to the public, then, whether or not the Competitive Sale Rule was met, the Issue Price Certificate will recite such facts and identify the price or prices at which such maturity of the Bonds was purchased.

For purposes of this Notice of Sale, the “public” does not include the winning bidder or any person that agrees pursuant to a written contract with the winning bidder to participate in the initial sale of the Bonds to the public (such as a retail distribution agreement between a national lead underwriter and a regional firm under which the regional firm participates in the initial sale of the Bonds to the public). In making the representations described above, the winning bidder must reflect the effect on the offering prices of any “derivative products” (e.g., a tender option) used by the bidder in connection with the initial sale of any of the Bonds.

Preliminary Official Statement and Official Statement. The Town has prepared a Preliminary Official Statement dated January 17, 2023 for this Bond issue. The Town deems such Preliminary Official Statement final as of its date for purposes of Securities and Exchange Commission Rule 15c2-12(b)(1), except for omissions permitted thereby, but the Preliminary Official Statement is subject to revision or amendment. The Town will make available to the winning purchaser a reasonable number of copies of the final Official Statement at the Town's expense by the delivery of the Bonds or, if earlier, by the seventh business day after the day proposals on the Bonds are received. The purchaser shall arrange with the Municipal Advisor the method of delivery of the copies of the final Official Statement to the purchaser. Additional copies may be obtained by the purchaser at its own expense by arrangement with the printer.

The purchaser agrees to promptly file the final Official Statement with the Municipal Securities Rulemaking Board and to take any and all other actions necessary to comply with applicable Securities and Exchange Commission and Municipal Securities Rulemaking Board rules governing the offering, sale and delivery of the Bonds to the ultimate purchasers.

DTC Book-Entry. The Bonds will be issued by means of a book-entry-only system with no physical distribution of bond certificates made to the public. The Bonds will be issued in registered form and one bond certificate for each maturity will be issued to the Depository Trust Company ("DTC"), New York, New York, registered in the name of its nominee, Cede & Co., and immobilized in its custody. Ownership of the Bonds will be evidenced in principal amounts of \$5,000 or integral multiples thereof, with transfers of ownership effected on the records of DTC and its Participants pursuant to rules and procedures adopted by DTC and its Participants. The purchaser, as a condition to delivery of the Bonds, will be required to deposit the bond certificates with DTC, registered in the name of Cede & Co. Principal of and interest on

the Bonds will be payable by the Town or its agent to DTC or its nominee as registered owner of the Bonds. Principal and interest payments by DTC to Participants of DTC will be the responsibility of DTC; principal and interest payments to Beneficial Owners by Participants of DTC will be the responsibility of such Participants and other nominees of Beneficial Owners. The Town will not be responsible or liable for payments by DTC to its Participants or by DTC Participants or Indirect Participants to Beneficial Owners or for maintaining, supervising or reviewing the records maintained by DTC, its Participants or persons acting through such Participants.

Certifying, Transfer and Paying Agent; Registrar. The Bonds will be certified by U.S. Bank Trust Company, National Association, Hartford, Connecticut, which will also act as transfer and paying agent and registrar.

CUSIP Numbers. The deposit of the Bonds with DTC under a book-entry-only system requires the assignment of CUSIP numbers prior to delivery. It shall be the responsibility of the Town's Municipal Advisor, Munistat Services, Inc., to apply for CUSIP numbers for the Bonds by no later than one business day after dissemination of this Notice of Sale. Munistat Services, Inc. will provide CUSIP Global Services with the final details of the sale of the Bonds in accordance with Rule G-34 of the Municipal Securities Rulemaking Board, including the identity of the winning purchaser. The Town will not be responsible for any delay caused by the inability to deposit the Bonds with DTC due to the failure of Munistat Services, Inc. to obtain such numbers and provide them to the Town in a timely manner. The Town assumes no responsibility for any CUSIP Service Bureau charge or other charge that may be imposed for the assignment of such numbers, which charges shall be the responsibility of and shall be paid for by the purchaser.

Continuing Disclosure Agreement. The Town will agree, in a Continuing Disclosure Agreement entered into in accordance with the requirements of Rule 15c2-12(b)(5) promulgated by the Securities and Exchange Commission, to provide, or cause to be provided, (i) certain annual financial information and operating data; (ii) timely, but not in excess of ten (10) business days after the occurrence of the event, notice of the occurrence of certain events with respect to the Bonds; and (iii) timely notice of a failure by the Town to provide the required annual financial information on or before a specified date. The winning purchaser's obligation to purchase the Bonds shall be conditioned upon its receiving, at or prior to the delivery of the Bonds, an executed copy of the Continuing Disclosure Agreement for the Bonds.

Additional Information. For more information regarding this Bond issue and the Town, reference is made to the Preliminary Official Statement dated January 17, 2023. The Preliminary Official Statement may be accessed via the Internet at www.i-dealprospectus.com. Electronic access to the Preliminary Official Statement is being provided as a matter of convenience only. The only official version of the Preliminary Official Statement is the printed version for physical delivery. Copies of the Preliminary Official Statement and Official Statement may be obtained from the undersigned, or from Ms. Susan Caron, Vice President, Munistat Services, Inc., 129 Samson Rock Drive, Suite A, Madison, Connecticut 06443, Telephone No. (860) 372-1887.

January 17, 2023

Salverio Titus
First Selectman

Lynn Nenni
Interim Finance Director

Neil Hoss
Treasurer

ISSUE PRICE RULE SELECTION CERTIFICATE

Town of Stafford, Connecticut
 \$5,000,000* General Obligation Bonds, Issue of 2023

The undersigned, on behalf of [NAME OF UNDERWRITER/REPRESENTATIVE] (the “Representative”), on behalf of itself and [OTHER UNDERWRITERS] (together, the “Underwriting Group”), hereby certifies that it will use the rule selected below for the respective maturity of the above-captioned bonds (the “Bonds”), as described in the Notice of Sale for the Bonds, dated January 17, 2023 (the “Notice of Sale”). For a description of the requirements of each rule, please refer to the section “Obligation to Deliver Issue Price Certificate” in the Notice of Sale. Capitalized terms used but not defined herein are defined in the Notice of Sale.

<u>Date of Maturity</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	10% Sale Rule (Underwriter has or will comply with 10% Sale Rule for this Maturity)		Hold the Offering Price Rule (Underwriter will comply with Hold the Offering Price Rule for this Maturity)	
			<u>Check Box</u>	<u>Sales Price</u>	<u>Check Box</u>	<u>Initial Offering Price</u>
08/01/2023	\$ 250,000	____%	<input type="checkbox"/>	\$ _____	<input type="checkbox"/>	\$ _____
08/01/2024	250,000	____%	<input type="checkbox"/>	\$ _____	<input type="checkbox"/>	\$ _____
08/01/2025	250,000	____%	<input type="checkbox"/>	\$ _____	<input type="checkbox"/>	\$ _____
08/01/2026	250,000	____%	<input type="checkbox"/>	\$ _____	<input type="checkbox"/>	\$ _____
08/01/2027	250,000	____%	<input type="checkbox"/>	\$ _____	<input type="checkbox"/>	\$ _____
08/01/2028	250,000	____%	<input type="checkbox"/>	\$ _____	<input type="checkbox"/>	\$ _____
08/01/2029	250,000	____%	<input type="checkbox"/>	\$ _____	<input type="checkbox"/>	\$ _____
08/01/2030	250,000	____%	<input type="checkbox"/>	\$ _____	<input type="checkbox"/>	\$ _____
08/01/2031	250,000	____%	<input type="checkbox"/>	\$ _____	<input type="checkbox"/>	\$ _____
08/01/2032	250,000	____%	<input type="checkbox"/>	\$ _____	<input type="checkbox"/>	\$ _____
08/01/2033	250,000	____%	<input type="checkbox"/>	\$ _____	<input type="checkbox"/>	\$ _____
08/01/2034	250,000	____%	<input type="checkbox"/>	\$ _____	<input type="checkbox"/>	\$ _____
08/01/2035	250,000	____%	<input type="checkbox"/>	\$ _____	<input type="checkbox"/>	\$ _____
08/01/2036	250,000	____%	<input type="checkbox"/>	\$ _____	<input type="checkbox"/>	\$ _____
08/01/2037	250,000	____%	<input type="checkbox"/>	\$ _____	<input type="checkbox"/>	\$ _____
08/01/2038	250,000	____%	<input type="checkbox"/>	\$ _____	<input type="checkbox"/>	\$ _____
08/01/2039	250,000	____%	<input type="checkbox"/>	\$ _____	<input type="checkbox"/>	\$ _____
08/01/2040	250,000	____%	<input type="checkbox"/>	\$ _____	<input type="checkbox"/>	\$ _____
08/01/2041	250,000	____%	<input type="checkbox"/>	\$ _____	<input type="checkbox"/>	\$ _____
08/01/2042	250,000	____%	<input type="checkbox"/>	\$ _____	<input type="checkbox"/>	\$ _____

(All Sales Prices or Initial Offering Prices must be filled in prior to the delivery date of the Bonds.)

**[NAME OF UNDERWRITER/
REPRESENTATIVE]**

By: _____
 Name:
 Title:

Email this completed and executed certificate to the following by 5:00 P.M. (EST) on January 26, 2023:
Bond Counsel: dbraun@goodwin.com **Municipal Advisor:** susan.caron@munistat.com

*Preliminary, subject to change.