



PRELIMINARY OFFICIAL STATEMENT DATED NOVEMBER 12, 2024

NEW MONEY ISSUE – Book-Entry-Only

RATING: SP-1+
(See "Rating" herein)

In the opinion of Bond Counsel, based on existing statutes and court decisions and rendered in reliance upon and assuming the accuracy of and continuing compliance by the Town with certain representations and covenants relating to certain requirements of the Internal Revenue Code of 1986, as amended (the "Code"), interest on the Notes is excludable from gross income for Federal income tax purposes and is not an item of tax preference for purposes of the Federal alternative minimum tax imposed on individuals; however, such interest on the Notes may be taken into account for the purpose of computing the alternative minimum tax imposed on certain corporations. In the opinion of Bond Counsel, based on existing statutes, interest on the Notes is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates, and is excluded from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates subject to and required to pay the Federal alternative minimum tax. (See Appendix B – "Form of Opinion of Bond Counsel and Tax Matters" herein).

TOWN OF EAST HADDAM, CONNECTICUT

\$4,370,000 General Obligation Bond Anticipation Notes (BANK QUALIFIED)

Dated: December 4, 2024

Due: June 3, 2025

<u>Amount</u>	<u>Coupon</u>	<u>Yield</u>	<u>CUSIP¹</u>
\$4,370,000	%	%	272623***

The \$4,370,000 General Obligation Bond Anticipation Notes (the "Notes") will be general obligations of the Town of East Haddam, Connecticut (the "Town"), and the Town will pledge its full faith and credit to pay the principal of and interest on the Notes when due. (See "Security and Remedies" herein).

The Notes will bear interest payable at maturity. The Notes will be issued by means of a book-entry system and will be registered in the name of Cede & Co., as Noteowner and nominee for The Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository for the Notes. Purchasers will not receive certificates representing their ownership interest in the Notes. So long as Cede & Co. is the Noteowner, as nominee of DTC, reference herein to the Noteowner or owners shall mean Cede & Co. as aforesaid, and shall not mean the Beneficial Owners (as described herein) of the Notes. (See "Book-Entry-Only Transfer System" herein).

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

The Notes are not subject to redemption prior to maturity.

The Notes are offered for sale in accordance with an official Notice of Sale dated November 12, 2024. Electronic bids via PARITY® for the Notes will be received until 11:00 A.M. (E.T.) on Tuesday, November 19, 2024, at the Office of the Finance Director, Municipal Office Complex, 1 Plains Road, Moodus, Connecticut, as described in the official Notice of Sale. (See "Appendix D" herein).

The Notes are offered for delivery when, as and if issued, subject to the final approving opinions of Updike, Kelly & Spellacy, P.C., Bond Counsel, of Hartford, Connecticut. It is expected that the Notes in definitive form will be available for delivery in New York, New York on or about December 4, 2024.

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 Notes. 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 Notes or as indicated above. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Notes as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of such maturity or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Notes.

This Preliminary Official Statement and the information contained herein are subject to completion or amendment. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

No dealer, broker, salesman or other person has been authorized by the Town of East Haddam, Connecticut (the "Town"), to give any information or to make any representations not contained in this Official Statement in connection with the offering of the Notes, and if given or made, such other information or representations must not be relied upon as having been authorized by the Town.

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 Notes 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.

This Official Statement has been prepared only in connection with the initial offering and sale of the Notes and may not be reproduced or used in whole or in part for any other purpose. The information, estimates and expressions of opinion herein are subject to change without notice. Neither the delivery of this Official Statement, nor any sale 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 or any earlier date as of which any information contained herein is given.

Set forth in Appendix A – “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 since the date of their report, 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.

Other than as to matters explicitly 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.

This Official Statement is in a form deemed “final” by the Town for purposes of U.S. Securities and Exchange Commission (“SEC”) Rule 15c2-12(b)(1), but it is subject to revision or amendment in accordance with such rule.

The Town will enter into a Continuing Disclosure Agreement with respect to the Notes (the "Continuing Disclosure Agreement"), to provide or cause to be provided, in accordance with the requirements of SEC Rule 15c2-12(b)(5), notice of the occurrence of certain listed events within ten (10) business days of the occurrence of such events with respect to the Notes. The Continuing Disclosure Agreement is to be executed by the Town substantially in the form attached as Appendix C to this Official Statement.

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.

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MUNICIPAL ADVISOR
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NOTE ISSUE SUMMARY

The information in this Notes 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. Investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision. The Official Statement speaks only as of its date and the information herein is subject to change.

Date of Sale:	Tuesday, November 19, 2024 at 11:00 A.M. (E.T.)
Location of Sale:	Office of the Finance Director, Municipal Office Complex, 1 Plains Road, Moodus, Connecticut 06469
Issuer:	Town of East Haddam, Connecticut (the "Town").
Issue:	\$4,370,000 General Obligation Bond Anticipation Notes (the "Notes").
Dated Date:	Date of Delivery, December 4, 2024.
Interest Due:	At maturity on June 3, 2025.
Principal Due Date:	At maturity on June 3, 2025.
Purpose:	Proceeds of the Notes will be used to finance various capital projects as authorized by the voters of the Town at referendum. See "Authorization and Purpose" herein.
Security:	The Notes will be general obligations of the Town, and the Town will pledge its full faith and credit to the payment of principal of, and interest on, the Notes when due. See "Security and Remedies" herein.
Tax Exemption:	See Appendix B - "Form of Legal Opinion of Bond Counsel and Tax Matters".
Bank Qualification:	The Notes <u>shall</u> 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 Notes.
Ratings:	The Notes have been rated "SP-1+" by S&P Global Ratings ("S&P"). The rating on the Town's outstanding bonds has recently been affirmed as "AA+" by S&P.
Optional Redemption:	The Notes are NOT subject to redemption prior to maturity.
Registrar, Transfer Agent, Certifying Agent and Paying Agent:	U.S. Bank Trust Company, National Association, 185 Asylum Street, 27th Floor, Hartford, Connecticut 06103.
Legal Opinion:	Updike, Kelly & Spellacy, P.C., of Hartford, Connecticut, will act as Bond Counsel.
Continuing Disclosure:	In accordance with the requirements of Rule 15c2-12(b)(5) promulgated by the U.S. Securities and Exchange Commission, the Town will agree to provide, or cause to be provided, notices of certain listed events within ten (10) business days of the occurrence of such events pursuant to a Continuing Disclosure Agreement to be executed by the Town substantially in the form attached as Appendix C to this Official Statement.
Delivery:	It is expected that delivery of the Notes in book-entry-only form to The Depository Trust Company will be made on or about December 4, 2024. Payment must be made in Federal Funds.
Issuer Official:	Questions regarding the Town and this Official Statement should be directed to Valerie E. Belles, Finance Director, Town of East Haddam, Town Hall, 1 Plains Road, Moodus, Connecticut 06469. Tel: (860) 873-5022.
Municipal Advisor:	Munistat Services, Inc., 129 Samson Rock Drive, Suite A, Madison, Connecticut 06443, attention: William Lindsay, Managing Director, Telephone: 203-421-2880.

I. SECURITIES OFFERED

INTRODUCTION

This Official Statement, including the cover page and appendices, is provided for the purposes of presenting certain information relating to the Town of East Haddam Town, Connecticut (the "Town"), in connection with the issuance and sale by the Town of \$4,370,000 General Obligation Bond Anticipation Notes (the "Notes").

All quotations from and summaries and explanations of provisions of statutes, charters, or other laws and acts of the Town contained herein do not purport to be complete and are qualified in their entirety by reference to such statutes, charters, laws and acts; and all references to the Notes and the proceedings of the Town relating thereto are qualified in their entirety by reference to the definitive form of the Notes and the documents evidencing such proceedings.

The presentation of information in this Official Statement is intended to show recent historical trends and is not intended to indicate future or continuing trends in financial or other positions of the Town. Except for information expressly attributed to other sources, all financial and other information presented herein has been provided by the Town.

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 Appendix B) and it makes no representation that it has independently verified the same.

DESCRIPTION OF THE NOTES

The Notes will be dated December 4, 2024 and will mature on June 3, 2025. Interest on the Notes will be payable at maturity on June 3, 2025. Interest will be calculated on the basis of twelve 30-day months and a 360-day year. The Notes are **NOT** subject to redemption prior to maturity. A book-entry system will be employed evidencing ownership of the Notes in principal amounts of \$5,000 or integral multiples thereof with transfers of ownership effected on the records of DTC, and its participants pursuant to rules and procedures established by DTC and its participants. (See "Book-Entry-Only Transfer System" herein.) The Registrar, Certifying Bank, Transfer Agent and Paying Agent will be U.S. Bank Trust Company, National Association, Hartford, Connecticut. The legal opinion on the Notes will be rendered by Updike, Kelly & Spellacy, P.C. of Hartford, Connecticut.

AUTHORIZATION AND PURPOSE

The Notes were authorized and are being issued pursuant to Title 7 of the Connecticut General Statutes, as amended, and the following appropriation and borrowing authorizations:

Elementary School HVAC and High School Chiller Project: Appropriation of \$4,150,000 and borrowing resolution not to exceed \$4,150,000 approved by the voters of the Town at referendum held on January 30, 2024 to finance costs related to HVAC improvements at the East Haddam Elementary School and the purchase, installation and replacement of air cooling chiller at the Nathan Hale-Ray High School.

Open Space - Kromberg: Appropriation of \$514,000 and borrowing resolution in an amount not to exceed \$514,000 approved by the voters of the Town at a referendum held on January 30, 2024 to finance open space acquisition of the Kromberg property.

Athletic Complex Project: Appropriation of \$2,800,000 and borrowing resolution in an amount not to exceed \$2,800,000 approved by the voters of the Town at referendum held on May 24, 2024 to finance costs related to the Nathan Hale-Ray High School Track and Field Athletic Complex Project.

Elementary School Envelope Project – Windows and Doors: Appropriation of \$1,794,654 and borrowing resolution not to exceed \$1,794,654 approved by the Board of Selectmen and the Board of Finance pursuant to Executive Order No. 75, Section 7, issued by the Governor of the State of Connecticut on April 1, 2020, at their meetings held on December 14, 2020 to finance the replacement and installation of windows and doors, asbestos remediation and abatement, and other improvements to the East Haddam Elementary School.

Elementary School Envelope Project – Masonry and Exterior Work: Appropriation of \$141,230 and borrowing resolution not to exceed \$141,230 approved by the Board of Selectmen and the Board of Finance pursuant to Executive Order No.75, Section 7, issued by the Governor of the State of Connecticut on April 1, 2020, at their meetings held on December 14,

2020 to finance masonry cleaning costs, wall restoration and replacement, and other improvements to the East Haddam Elementary School.

USE OF NOTE PROCEEDS

<u>Project</u>	<u>Total Bond Authorization</u>	<u>Previously Bonded</u>	<u>Grants/ Paydowns/ Rebates</u>	<u>The Notes</u>
Elementary School HVAC and High School Chiller Project ¹ ...	\$ 4,150,000	\$ -	\$ 2,351,690	\$ 1,797,083
Open Space - Kronberg.....	514,000	-	243,100	270,900
Athletic Complex ²	2,800,000	-	1,800,000	1,000,000
Elementary School Envelope - Windows & Doors.....	1,794,654	-	587,624	1,207,030
Elementary School Envelope - Masonry & Exterior Work.....	141,230	-	46,243	94,987
Total.....	<u>\$ 9,399,884</u>	<u>\$ -</u>	<u>\$ 5,028,657</u>	<u>\$ 4,370,000</u>

¹ Construction bids for the School HVAC and Chiller project came in higher than the approved project appropriation and bond authorization amount. As a result, Town officials have scheduled a referendum on November 19, 2024 seeking voter approval of an increase in the appropriation and bond authorization amount to \$6,200,000. If the increase to the appropriation and bond authorization amount is rejected by the voters, the Town will look to reduce or modify the scope of the project to meet the current appropriation and authorization amount.

² Town officials have scheduled a referendum on November 19, 2024 to increase the previously approved appropriation and bond authorization amount to \$2,944,387. If the increase to the appropriation and bond authorization amount is rejected by the voters, the Town will look to fund the final project costs from the General Fund or other Town sources.

RATINGS

The Notes have been rated “SP-1+” by S&P Global Ratings (“S&P”). The underlying rating on the Town’s outstanding bonds has recently been affirmed as “AA+”. Such rating reflects only the views of such organization and an explanation of the significance of such rating may be obtained from the rating agency at the following address: S&P Global Ratings, 55 Water Street, New York, NY 10041. There is no assurance that such rating will continue for any given period of time or that the rating will not be revised or withdrawn entirely by such agency if, in the judgment of such rating agency, circumstances so warrant. A revision or withdrawal of such rating may have an effect on the market price of the bonds and notes of the Town, including the Notes.

AVAILABILITY OF CONTINUING DISCLOSURE INFORMATION

In accordance with the requirements of Rule 15c2-12(b)(5) promulgated by the U.S. Securities and Exchange Commission, the Town will enter into a Continuing Disclosure Agreement to provide, or cause to be provided, notice of the occurrence of certain listed events within 10 business days of the occurrence of such events with respect to the Notes. The Continuing Disclosure Agreement is to be executed in substantially the form attached in Appendix C to this Official Statement.

The Town has previously undertaken in continuing disclosure agreements for the benefit of holders of certain of its bonds and notes to provide certain annual financial information and event notices pursuant to Rule 15c2-12(b)(5). In the last five years, the Town has not failed to comply, in any material respect, with its previous undertakings under such agreements with the exception of its failure to timely file audited financial statements and operating data for the fiscal years ending June 30, 2022 and 2023 within eight (8) months of after such fiscal year. For the fiscal year ending June 30, 2022, in part due to personnel changes in the finance office and delays at the Town’s outside auditors, the Town filed a failure to file notice on March 20, 2023 and subsequently filed its audited financial information on February 28, 2024. For fiscal year ending June 30, 2023, again in part due to personnel changes in the finance office and delays at the Town’s outside auditors, on February 29, 2024, the Town filed a failure to file notice and subsequently filed its audited financial statements on August 30, 2024 and its operating data on September 5, 2024.

CONSIDERATIONS FOR BOND HOLDERS

The COVID-19 Outbreak and Future Pandemics

On January 30, 2020, the outbreak of COVID-19 was declared a Public Health Emergency of International Concern by the World Health Organization. On March 13, 2020, President Trump declared a national emergency as a result of the COVID-19 outbreak. On March 10, 2020, Governor Lamont declared a state of emergency throughout the State of Connecticut

(the “State”) and took steps to mitigate the spread and impacts of COVID-19. As of May 11, 2023, the federal and State public health emergency declarations have been terminated.

The outbreak of COVID-19 and the response of governments to the pandemic materially affected travel, commerce and economic activity and financial markets globally.

In response to the COVID-19 pandemic, on March 11, 2021, President Biden signed into law the \$1.9 trillion American Rescue Plan Act of 2021 (the “Rescue Plan”) that provided various forms of financial assistance and other relief to state and local governments. The Town received \$2.66 million from the Rescue Plan. The Town developed a plan for the use of such funds that focused on infrastructure improvements and other initiatives in compliance with the program eligibility criteria. As of September 12, 2024, only \$111,000 in Rescue Plan funds remain unexpended.

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 Notes, have reviewed the information provided by the State on its website and such parties take no responsibility for the accuracy thereof.

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

Pandemics, epidemics and other public health emergencies, including COVID-19 or a variant thereof, may adversely impact the Town and its revenues, expenses, operations and financial condition. The Town cannot predict the duration and extent of such pandemics, epidemics and other health emergencies, or quantify the magnitude of their ultimate impact on the State and regional economy, or on the finances and operations of the Town. Pandemics, epidemics and other health emergencies may be ongoing, and their dynamic nature may lead to many uncertainties, including (i) the geographic spread as they evolve; (ii) the severity as they mutate; (iii) the duration of the outbreak; (iv) actions that may be taken by governmental authorities to contain or mitigate future outbreaks; (v) the development of medical therapeutics or vaccinations; (vi) travel restrictions; (vii) the impact of the outbreak on the local, State or global economy; (viii) whether and to what extent the Governor may order additional public health measures; and (ix) the impact of the outbreak and actions taken in response to the outbreak on Town operations and financial condition.

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

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 its computers and other sensitive digital networks and systems. To mitigate the risks posed to its business operations impact and/or damage from cyber incidents or cyber-attacks, the Town invests in various forms of cybersecurity and operational controls. 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 negatively impact business operations and/or damage the Town’s digital networks and systems. The costs of remedying any such damage could be substantial. The Town renews an annual contract with CrowdStrike to mitigate the risks associated with cybersecurity threats and its currently using multifactor authentication.

Climate Change

Numerous scientific studies have detailed changing global weather patterns and the potential for increasingly 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 cannot predict the timing, extent or severity of climate events and their potential impact on the Town’s operations and finances. In an effort to address the potential future impacts of climate events the Town has undertaken a number of initiatives including converting all buildings to LED lights and installing several additional electric charging stations. As a result of those and other efforts, the Town has been awarded the Silver Designation from Sustainable CT, an independently funded non-profit organization that offers technical assistance to Connecticut municipalities to advance sustainability initiatives and recognizes those municipalities for their achievements.

SECURITY AND REMEDIES

The Notes 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 Notes when due.

Unless paid from other sources, the Notes are payable from general property tax revenues of the Town. The Town has the power under the 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 or of qualified disabled persons taxable at limited amounts. The Town may place a lien on the property for the amount of tax relief granted, plus interest, with respect to dwelling houses of qualified elderly persons of low income or qualified disabled persons. Under existing statutes, the State of Connecticut is obligated to pay the Town the amount of tax revenue that the Town would have received except for the statutory limitation on its power to tax such dwelling houses of qualified elderly persons of low income or of qualified disabled persons. Payment of Notes 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 Notes.

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 Notes, 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 notes from funds lawfully available therefore 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, the Town's debt 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 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, Title 11 of the United States Code, or by state law or by a governmental officer or organization empowered by state law to authorize such entity to become a debtor under such Chapter. Section 7-566 of the Connecticut General Statutes, as amended, provides that no Connecticut municipality shall file a petition in bankruptcy without the express prior written consent of the Governor. This prohibition applies to any town, city, borough, metropolitan district and any other political subdivision of the State having the power to levy taxes and issue bonds, notes or other obligations.

QUALIFICATION FOR FINANCIAL INSTITUTIONS

The Notes **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 Notes.

BOOK-ENTRY-ONLY TRANSFER SYSTEM

The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the Notes. The Notes will be issued as fully-registered securities 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 note certificate will be issued for the Notes in the aggregate principal amount of the Notes, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for

physical movement of 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 the Notes under the DTC system must be made by or through Direct Participants, which will receive a credit for the Notes on DTC's records. The ownership interest of each actual purchaser of the Notes ("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 Notes are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Notes, except in the event that use of the book-entry system for the Notes is discontinued.

To facilitate subsequent transfers, all Notes deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of the Notes 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 Notes; DTC's records reflect only the identity of the Direct Participants to whose accounts such Notes are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

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

Beneficial Owners of the Notes may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Notes, such as redemptions, tenders, defaults, and proposed amendments to the note documents. For example, Beneficial Owners of the Notes may wish to ascertain that the nominee holding the Notes 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.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Notes unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the 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 Notes are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the Notes will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Town or the Paying Agent on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name", and will be the responsibility of such Participant and not of DTC nor its nominee, the Paying Agent, or the Town, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest 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, 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 Notes at any time by giving reasonable notice to the Town or the Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, note certificates are required to be printed and delivered.

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

The information in this section concerning DTC and DTC's book-entry system has been provided by DTC for use in disclosure documents such as this Official Statement. The Town takes no responsibility for the accuracy thereof.

Neither the Town nor the Paying Agent will have any responsibility or obligation to the Participants of DTC or the persons for whom they act as nominees with respect to (i) the accuracy of any records maintained by DTC or by any Participant of DTC, (ii) payments or the providing of notice to the Direct Participants, the Indirect Participants or the Beneficial Owners, or (iii) any other actions taken by DTC or its partnership nominees as owner of the Notes.

REPLACEMENT NOTES

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

DTC PRACTICES

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

Neither the Town nor the Paying Agent will have any responsibility or obligation to the Participants of DTC or the persons for whom they act as nominees with respect to (i) the accuracy of any records maintained by DTC or by any Participant of DTC, (ii) payments or the providing of notice to the Direct Participants, the Indirect Participants or the Beneficial Owners, (iii) the selection by DTC or by any Participant of DTC of any Beneficial Owner to receive payment in the event of a partial redemption of the Notes or (iv) any other actions taken by DTC or its partnership nominees as owner of the Notes.

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II. THE ISSUER



DESCRIPTION OF THE TOWN

The Town of East Haddam, Connecticut, located along the Connecticut River, was settled in 1685 and incorporated as a Town in 1734. East Haddam has been characterized as a rural, independent community composed of several unique villages and neighborhoods, including Millington, Hadlyme, North Plains, Leesville, Johnsonville, Moodus, Little Haddam, and the East Haddam Landings. Moodus is named for its famed “Moodus Noises,” strange, audible rumblings that are seismic in origin and that figure prominently in Native American folklore. Moodus was also the site of a dozen water-powered textile mills during the nineteenth century.

The Town covers an area of 56.7 square miles and has a population of 8,921 as estimated by the U.S. Census Bureau, 2018-2022 American Community Survey. East Haddam is located in Middlesex County and is bordered by East Hampton on the north, Colchester on the northeast, Salem on the east, Lyme on the southeast, Chester on the southwest, and Haddam on the west. The Town is situated almost exactly between New York and Boston, making the Town an attractive bedroom community for commuters. The Town is served by State Routes 82, 151, and 149 on the east side of the Connecticut River and has easy access to Routes 2 and 9, which are multi-lane divided State highways running north and south connecting with Interstate Highways 91, 95, and 395. General mass transportation is provided by bus service out of Middletown and Amtrak Rail passenger service on the Washington/New York/Boston line out of Old Saybrook. The Goodspeed Airport is located in the Town and caters to small, private aircraft. Bradley International Airport in Windsor Locks is located approximately 50 minutes to the northwest.

East Haddam has much to offer for local and regional tourism. The Town has numerous summer resorts, four large State parks, numerous lakes, rivers and streams, a reservoir, agricultural lands, scenic open spaces, and historic places, including the Goodspeed Opera House which offers a variety of musicals and other shows for theater-goers. There are docking facilities for recreational river cruise line vessels on the Connecticut River south of the Goodspeed Opera House. The East Haddam swing bridge, reputed to be the longest swing bridge in the world, sits directly across from the Goodspeed. At 819 feet, it was built in 1913. The bridge opens to recreation traffic on the hour and half hour.

East Haddam is also the home to the headwaters of the Eight Mile River, which runs through a greenway to protected open space. The Devil’s Hopyard State Park protects the Eight Mile River as it tumbles over a rushing waterfall and through a hemlock gorge. The Salmon River borders the Town to the north.

Located in town is Gillette State Park, site of Gillette Castle, which was built by actor William Gillette, best known for his role as Sherlock Holmes. Construction was completed in 1919 for \$1 million on the estate of 184 acres. Each year the castle attracts over 200,000 visitors.

East Haddam’s economy is based on small business, service industry, and tourism. Brownell and Co. Inc., the Town’s oldest industry, began as a cotton textile company. The company transitioned to nylon twine, cordage, and fish and cargo nets, and today it is a leader in specialized archery supplies. Sales of building, plumbing and heating supplies, and various home-based businesses comprise some of the other industries in the Town.

In 2003, Franklin Academy opened as a private, nonprofit, co-educational boarding and day school that educates children in grades 9–12 with nonverbal learning disabilities. The school, which sits on a 75-acre campus in Town, is accredited by the New England Association of Schools and Colleges.

There are four separate tax districts within the territorial limits of the Town of East Haddam. They are Sunset Acres Association of Bashan Lake, Property Owners Association of Moodus Lake Shores, Property Owners Association of Lake Hayward, and Laurel Cove Association.

FORM OF GOVERNMENT

The Town operates with a Board of Selectmen, Board of Finance and Town Meeting under the provisions of the Connecticut General Statutes. The Town of East Haddam does not have a charter. The Board of Selectmen consists of three elected members serving concurrent two-year terms. The Board of Finance consists of six elected members serving overlapping four-year terms. The Town Meeting exercises the legislative power of the Town and must approve the annual budget, all special appropriations or expenditures over \$20,000, and all bond and note authorizations, except for refunding bonds, which only require approval by the Board of Selectmen. The First Selectman, who is a member of the Board of Selectmen, is the chief executive officer of the Town and is responsible for the administration of all Town matters with the exception of the educational system. The Finance Director is responsible for the financial operations of the Town.

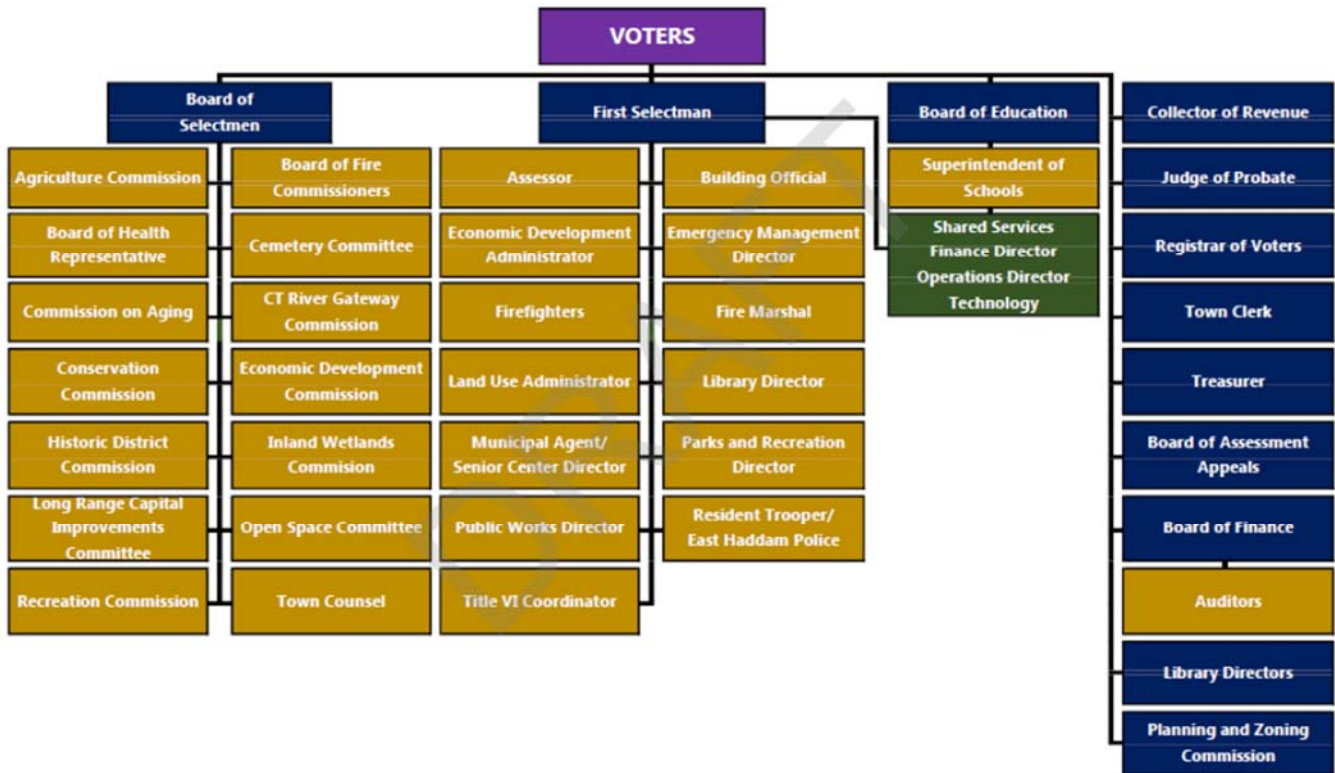
The Board of Finance is the budget-making authority and is responsible for the Town’s financial and taxation matters, presenting the annual fiscal budget for the Annual Budget Meeting’s approval, and establishing the tax rate.

The Board of Education is the Town’s policy-making body for schools containing grades pre-kindergarten through twelve.

The Town has the power to incur indebtedness by issuing bonds and notes as provided by the Connecticut General Statutes.

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ORGANIZATIONAL CHART



PRINCIPAL MUNICIPAL OFFICIALS

<u>Office</u>	<u>Name</u>	<u>Manner of Selection/Term</u>	<u>Years of Service</u>
First Selectman.....	Irene M. Haines	Elected / 2 years	3 Years
Selectman.....	Erik W. Dill	Elected / 2 years	3 Years
Selectman.....	Tanya M. Bourgoin	Elected / 2 years	1 Year
Town Clerk.....	Kathleen A. Klinck	Elected / 4 years	1 Year
Tax Collector.....	Denise Dill	Elected / 4 years	15 Years
Finance Director.....	Valerie E. Belles	Appointed	1 Year
Treasurer.....	Maryjane T. Malavasi	Elected / 2 years	1 Year
Superintendent of Schools.....	Dr. Teresa DeBrito	Appointed	1 Year

Source: Finance Department

SUMMARY OF TOWN SERVICES

Police: The Town has one Resident State Trooper out of Troop K, Colchester, of the Connecticut State Police Department, three full-time officers, one of which serves as the school resource officer, and four part-time constables.

Fire: Fire protection is provided by the East Haddam Volunteer Fire Department in conjunction with the appointed three-member Board of Fire Commissioners. The Department has 63 personnel, including 56 volunteers and 7 career staff operating two fully equipped volunteer fire companies. The Town also employs one full-time Captain, one per-diem Lieutenant, two full-time firefighters/EMTs and three part-time paid firefighters/EMTs. The neighboring Towns of East Hampton, Haddam, Colchester, Lyme and Salem provide mutual aid to East Haddam when necessary or as requested. Recent accomplishments include the award of FEMA Assistance to Firefighters Grant in the amount of \$980,000 for the purchase of a quint fire

apparatus. This grant was the second highest FEMA Assistance to Firefighters Grant awarded in 2020. The acquisition of the quint replaced two current fire apparatus while providing greater fire protection services to the community.

Sewer and Water: The East Haddam Village sewer project was completed in the spring of 1998. The Sewer District currently serves 150 residential and commercial units, including the Goodspeed Opera House, the Gelston House Restaurant and the Town Office Complex. The wastewater control plant is located behind the Goodspeed Airport and structurally blends within the historic district. The plant has a 55,000-gallon-per-day capacity and a reserve between 30–40%. The project was funded by grants from Rural Economic Community Development and a grant/loan from the Connecticut Department of Environmental Protection Clean Water Fund. Developed properties outside the Sewer District are served by private on-site septic systems. The Town has no public water facilities other than Lake Hayward and Banner Lodge which are operated by Connecticut Water Company.

Additionally, the Town is party to an inter-municipal agreement for effluent waste disposal. The Town of East Hampton has agreed to accept effluent from East Haddam and other towns.

Solid Waste: The Town has a State-approved solid waste transfer station located on Town-owned property. Household refuse is brought to the station by residents or commercial haulers privately contracted. Compacted refuse is hauled by Willimantic Waste Paper Company for disposal. The Town is in process of renewing its five-year contract with Willimantic Waste Paper Company. It does not require the guarantee of a minimum tonnage. The tipping fee for fiscal year 2024-25 is \$100.56 per ton. Willimantic Waste is paid \$257.67 per trip for hauling. The tipping and hauling fees are paid as part of the Town's annual operating budget.

Recycling: In fiscal year 2023–24, the Town recycled in excess of 37,242 tons of all types of recyclables, or over 8,349 pounds per person.

Roads: The Town maintains 118.70 miles of local roads of which 100.95 miles are paved and 17.75 miles are unpaved.

Health Services: The Town joined the Chatham Health District in July 2002. This six-town district provides services to the Town that include well and septic permitting, nursing services, food inspections, water quality testing, and all other health-related services. The Town's budgeted contributions for fiscal year 2024-2025 are \$126,676. Contributions are based on a per capita rate that is set annually. The fiscal year 2024–25 per capita rate is \$14.13.

Open Space: The Town has vast expanses of forestland, numerous lakes, rivers and streams, agricultural lands, and scenic open spaces. It has extensive frontage on the Connecticut River, which includes open space areas held by the State at Gillette Castle State Park, Rich Island, Lord's Island, and open space areas held by The Nature Conservancy and East Haddam Land Trust on Chapman's Pond. The State of Connecticut also has owned Brainard Homestead State Park and Devil's Hopyard State Park along with certain development rights to the Cone's and Dill's Farmland for many years. Over the past twenty years, the Town has actively partnered with the State of Connecticut, The Nature Conservancy and other conservation groups to purchase additional acres of land. The East Haddam Open Space Acquisition Ordinance, adopted in June 1998, established a reserve fund for the Town to acquire parcels of land for preservation, development rights and/or future municipal needs. Prior purchases by the collective groups have included 300 acres at the Mt. Tom/Echo Farm site (now called Machimoodus State Forest); 293 acres of additional land in Babcock Wildlife Management Area; the Freestone property which consists of 312 acres, now called the Eight Mile River Wildlife Management Area; 86 acres known as the Urbanik parcel; the Lord Wellington subdivision, which consists of another 30 acres; the purchase of the 115-acre LeFebvre parcel on Jones Hill; and the purchase of the 70-acre Sabine parcel on the Moodus Reservoir. In 2009 the Town purchased a 5/6th share of the 300-acre Shugrue Farm, the 68-acre Valenti Parcel on Hemlock Valley Brook, and 55 acres next to the Eight Mile River from the Lyons Family, which acquisitions were reimbursed by certain bond proceeds. In 2010 the Town purchased 135 acres from the Harris Family and the development rights for 280 acres from the Dean Family.

In 2012 the Town purchased 238 acres known as the Pages property located on Mill Road and 98 acres known as the Zeiller property located on Clark Hill Road. In 2015 the Town purchased 207 acres known as the Lena property on Babcock Road and 19 acres known as the Zeleznicky property on Sarah Baker Road which were financed by the issuance of bonds by the Town in 2020. In 2021 the Town purchased 124 acres known as the Mullazi property on O'Connell Road Extension. In 2024 the Town purchased 95 acres known as the Kronberg property located on North Moodus Road. Borrowing for the Kronberg property was approved by the voters and Notes will be issued to fund a portion of the purchase. Additionally, the Town received grants from the State of Connecticut Department of Energy and Environmental Protection in the amount of \$143,900 and \$243,100 to off-set the cost of the Mullazi and Kronberg property purchases, respectively. In January 2024, at referendum the Town authorized the issuance of bonds in the amount of \$5,000,000 for future open space acquisitions.

Libraries: East Haddam is served by the East Haddam Public Library System, composed of two branches: The East Haddam Free Public Library (“EHFPL”) and the Rathbun Free Memorial Library. The library system is funded primarily through the Town budget. Support is also received from the East Haddam Free Public Library & Reading Room Association, Inc. Endowment and the Rathbun Free Memorial Library Trust, a bequest from Norris Wheeler Rathbun and Frances Emmons Rathbun. In addition, the library system receives donations from patrons and volunteer groups.

The East Haddam Free Public Library was founded in 1888 by William E. Nichols. The current building was donated by Judge Albert E. Purple in 1919. The Rathbun Free Memorial Library was built in 1935 through a bequest from Norris and Frances Rathbun on the site of their former home. The libraries began as separate association libraries but became municipal libraries with the creation of the East Haddam Public Library System in 2013. Nine trustees are elected at the Town’s regular election to serve on the East Haddam Library Board. A single Library System Director manages the daily operations at both locations.

The East Haddam Library System provides various resources to the community including free rentals of books and audio-visual materials, free access to the internet, access to technology, and educational and recreational programming for all ages. Both libraries have strong children’s departments, while EHFPL specializes in teen and family resources and the Rathbun Free Memorial Library specializes in adult literature and maintains an extensive local history collection. The East Haddam Library System supplements its materials and resources as a member of LION, a regional library consortium which also provides the ILS (Integrated Library System) software responsible for automating the library catalog.

Senior Housing and Transportation: The Senior Housing Corporation of East Haddam, Inc. is a private non- profit housing corporation, which owns 36 housing units and a community center at Oak Grove in Moodus. A Town medical car is available to seniors for trips to doctor appointments and a bus is available for clinics, shopping, trips and the daily noonday meals at the Nutrition Center. A second bus with wheelchair accessibility supplements the seniors’ busing schedules.

Recreation: The East Haddam Recreation Commission consists of nine members and, with the Recreation Director, is responsible for the maintenance, operation and organization of year-round recreational programs at Town facilities. The Town owns and maintains a small boat-launching area on the Connecticut River and a Town Beach which encompasses 57 acres of land on the Moodus Reservoir where swimming, boating, various field sports and swimming lessons are accommodated. In addition, the Town owns and maintains a dog park, skate park, tennis courts, an 18-Hole Disc Golf Course as well as Nichols Ball Field which is located on a 127-acre tract used for a variety of recreational purposes including baseball, softball and soccer. The Parks and Recreation Department offers a variety of programs including Music on the River, a widely attended summer concert series, day camps, adult and youth sports and leisure activities, fitness classes, yoga, art classes, music lessons and public safety courses including EMT, CPR and safe boating.

Utilities: Electricity is supplied by Eversource Energy.

TOWN EMPLOYEES

Fiscal Year	2025	2024	2023	2022	2021
General Government.....	54	54	58	58	57
Board of Education.....	216	222	220	208	207
Total.....	270	276	278	266	264

Source: Town Officials

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MUNICIPAL EMPLOYEE’S BARGAINING UNITS

<u>Employees Represented</u>	<u>Union Organization</u>	<u>Number of Employees</u>	<u>Current Contract Expiration</u>
<u>General Government</u>			
Clerical.....	CSEA/SEIU, AFL-CIO, Local # 760.....	6	June 30, 2025
Highway Department.....	General Teamsters, Local #493.....	9	June 30, 2027
Firefighters.....	UPPFA, IAFF, Local # 3831.....	3	June 30, 2026
Police.....	International Brotherhood of Police Officers, Local # 394..	3	June 30, 2025
Transfer Station.....	International Union of Operating Engineers.....	3	June 30, 2024 ¹
Non-union employees....	Non-union Employees.....	30	n/a
	General Government sub-total.....	<u>54</u>	
<u>Board of Education</u>			
School Administrators...	East Haddam Administrators' Association.....	6	June 30, 2027
Teachers.....	East Haddam Education Association.....	116	June 30, 2026
Other School Personnel	United Public Service Employee Union, Local # 424.....	75	June 30, 2026
Non-union employees....	Non-union Employees.....	19	n/a
	Board of Education sub-total.....	<u>216</u>	
	Grand Total	<u>270</u>	

¹ In negotiation.

Source: Town Officials.

General Statutes Sections 7-473c, 7-474 and 10-153a to 10-153n provide for 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 municipal entity may reject an arbitration panel’s decision by a two-thirds majority vote. The State of Connecticut and the employee’s 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. Effective October 1, 1997 for binding arbitration of teachers’ contracts, in assessing the financial capability of a municipal entity, 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 a 15% of the municipal employers’ budget reserve is not available for payment of the cost of any item subject to arbitration. In light of the employer’s financial capability, the panel considers prior negotiations between the parties, the interests and welfare of the employee group, changes in the cost of living, existing employment conditions, and 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 serves grades pre-kindergarten through twelve and is governed by the local Board of Education. East Haddam has a nine-member Board of Education with each member elected to six-year staggered terms. The primary function of the Board is to establish educational policy. Some of the areas for which policies are set include curriculum, budget requests submission, 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.

Presently, the Town has one school for grades pre-kindergarten through three, a middle school for grades four through eight, and a high school for grades nine through twelve. Enrollment in the system as of October 1, 2024, was 949. The rated capacity of the system facilities is 1,498.

SHARED SERVICES

Shared services consolidates the common areas of finance, facilities and technology for the Town and the Board of Education at a lower cost to the taxpayers while delivering quality services to citizens and staff. Recent accomplishments in the area of shared services include the following: the award and implementation of a \$525,000 school security grant; award and implementation of a \$311,000 grant for school technology infrastructure; town-wide upgrades to technology infrastructure; extensive grounds work at Town and Board of Education facilities; upgrades to the Town and Board of Education accounting systems and implementation of a new Town-wide emergency notification system.

SCHOOL FACILITIES

<u>School</u>	<u>Grades</u>	<u>Date of Construction (Additions)</u>	<u>Number of Classrooms</u>	<u>10/1/2024 Enrollment</u>	<u>Rated Capacity</u>
East Haddam Elementary School.....	PreK-3	1962, 1989	30	340	480
Nathan Hale-Ray Middle School.....	4-8	2008	47	346	618
Nathan Hale-Ray High School.....	9-12	1994	28	263	400
Total			105	949	1,498

Source: Board of Education Officials.

SCHOOL ENROLLMENT

<u>School Year</u>	<u>Elementary Pre-K-3</u>	<u>Middle School 4-8</u>	<u>High School 9-12</u>	<u>Total</u>
<i>Historical</i>				
2020-21	287	349	294	930
2021-22	321	370	259	950
2022-23	337	378	262	977
2023-24	354	371	264	989
2024-25	340	346	263	949
<i>Projected</i>				
2025-26	339	352	251	942
2026-27	330	350	260	940
2027-28	316	367	259	942
2028-29	325	363	258	946
2029-30	324	364	259	947

Source: Board of Education Officials.

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III. ECONOMIC AND DEMOGRAPHIC INFORMATION

POPULATION TRENDS

Year	Lower CT River Valley Planning Region ¹			
	Town of East Haddam	Valley Planning Region ¹	Middlesex County	State of Connecticut
1980	5,621	n/a	129,017	3,107,576
1990	6,676	n/a	143,196	3,287,116
2000	8,333	n/a	155,071	3,405,565
2010	9,126	n/a	165,676	3,574,097
2022	8,921	175,244	n/a	3,611,317

¹ Starting with the 2018-22 American Community Survey, the county level area has been changed to reflect the Lower CT River Valley Planning Region.
Source: U.S. Census Bureau, Centennial Census, 1980-2010; American Community Survey, 2022.

AGE DISTRIBUTION OF THE POPULATION

Age	Lower CT River Valley Planning Region					
	Town of East Haddam		Valley Planning Region		State of Connecticut	
	Number	Percent	Number	Percent	Number	Percent
Under 5.....	361	4.0	7,238	4.1	182,768	5.1
5 - 9.....	432	4.8	7,733	4.4	196,600	5.4
10 - 14.....	691	7.7	9,095	5.2	222,267	6.2
15 - 19.....	235	2.6	10,894	6.2	247,501	6.9
20 - 24.....	418	4.7	11,324	6.5	241,391	6.7
25 - 34.....	974	10.9	19,933	11.4	449,466	12.4
35 - 44.....	965	10.8	20,351	11.6	445,052	12.3
45 - 54.....	955	10.7	23,514	13.4	475,109	13.2
55 - 59.....	951	10.7	14,392	8.2	266,117	7.4
60 - 64.....	799	9.0	14,226	8.1	255,938	7.1
65 - 74.....	1,268	14.2	21,254	12.1	362,365	10.0
75 - 84.....	708	7.9	10,508	6.0	178,746	4.9
85 and over.....	164	1.8	4,782	2.7	87,997	2.4
Total	8,921	100.0	175,244	100.0	3,611,317	100.0
Median age.....	49.5		45.6		40.9	

Source: U. S. Census Bureau, American Community Survey, 2018-2022.

INCOME DISTRIBUTION

	Lower CT River Valley Planning Region					
	Town of East Haddam		Valley Planning Region		State of Connecticut	
	Families	Percent	Families	Percent	Families	Percent
Less than \$10,000.....	23	0.9	755	1.6	23,251	2.6
\$10,000 to \$14,999.....	9	0.3	343	0.7	15,238	1.7
\$15,000 to \$24,999.....	145	5.5	960	2.1	28,672	3.2
\$25,000 to \$34,999.....	101	3.8	1,245	2.7	36,334	4.0
\$35,000 to \$49,999.....	74	2.8	2,209	4.8	62,931	7.0
\$50,000 to \$74,999.....	195	7.4	5,171	11.2	109,805	12.2
\$75,000 to \$99,999.....	346	13.0	5,722	12.4	116,232	12.9
\$100,000 to \$149,999....	758	28.6	10,721	23.3	181,653	20.1
\$150,000 to \$199,999....	310	11.7	8,191	17.8	125,908	14.0
\$200,000 or more.....	692	26.1	10,748	23.3	202,515	22.4
Total.....	2,653	100.0	46,065	100.0	902,539	100.0

Source: U. S. Census Bureau, American Community Survey, 2018-2022.

INCOME LEVELS

	<u>Median Family Income</u>		<u>Per Capita Income</u>	
	<u>(2000)</u>	<u>(2022)</u>	<u>(2000)</u>	<u>(2022)</u>
Town of East Haddam.....	\$ 70,091	\$119,409	\$ 28,112	\$ 60,034
Middlesex County.....	71,319	n/a	28,251	n/a
Lower CT River Valley Planing Region ¹ ...	n/a	128,455	n/a	54,712
Connecticut.....	65,521	115,183	28,766	52,034
United States.....	49,600	92,148	21,690	41,804

¹ Starting with the 2018-22 American Community Survey, the county level area has been changed to reflect the Lower CT River Valley planning Region.

Source: U.S. Census Bureau, Centennial Census, 2010; 1U. S. Census Bureau, American Community Survey, 2018-2022.

EDUCATIONAL ATTAINMENT Years of School Completed, Age 25 & Over

	Lower CT River Valley					
	Town of East Haddam		Planning Region		State of Connecticut	
	Number	Percent	Number	Percent	Number	Percent
Less than 9th grade.....	135	2.0	2,319	1.8	100,376	3.9
9th to 12th grade.....	92	1.4	3,775	2.9	115,659	4.5
High School graduate.....	1,687	24.9	30,676	23.8	660,047	25.9
Some college - no degree.....	1,271	18.7	22,256	17.3	405,693	15.9
Associates degree.....	661	9.7	11,558	9.0	197,009	7.7
Bachelor's degree.....	1,914	28.2	32,151	24.9	584,999	23.0
Graduate or professional degree.....	1,024	15.1	26,225	20.3	481,405	18.9
Total.....	6,784	100.0	128,960	100.0	2,545,188	100.0
Percent High School Graduate or Higher..	96.7%		95.3%		91.5%	
Percent Bachelor's Degree or Higher.....	43.3%		45.3%		41.9%	

Source: U. S. Census Bureau, American Community Survey, 2018-2022.

MAJOR EMPLOYERS

<u>Name of Employer</u>	<u>Nature of Business</u>	<u>Approximate Number of Employees¹</u>
Town of East Haddam.....	Municipality.....	270
Cesthelm Convalescent Hospital, Inc.	Convalescent home.....	100-249
Goodspeed Opera House.....	Opera house.....	100-249
Dutch Oil, Propane and Landscaping.....	Oil/Propane Supplier and Landscaping.	20-49
Moodus Kindercare.....	Private Pre-school.....	20-49
Shagbark Lumber & Farm Supplies.....	Lumber/farm supply retailer.....	10-19
Consumer Reports, Inc.....	Testing Facility.....	10-19
Fox Hopyard Golf Club.....	Golf course.....	10-19
Total.....		540-923

Source: Town of East Haddam; Connecticut Department of Labor.

Various Town resorts and two public golf courses continue to provide seasonal employment. Gillette Castle is a State-owned park that also provides seasonal employment.

EMPLOYMENT BY INDUSTRY

	Lower CT River Valley					
	Town of East Haddam		Planning Region ¹		State of Connecticut	
	Number	Percent	Number	Percent	Number	Percent
Agriculture, forestry, fisheries.....	51	1.1	550	0.6	7,848	0.4
Construction.....	415	8.7	6,336	6.7	118,612	6.4
Manufacturing.....	439	9.2	10,597	11.2	197,152	10.6
Wholesale trade.....	86	1.8	1,903	2.0	36,074	1.9
Retail trade.....	475	10.0	9,552	10.1	194,829	10.5
Transportation & warehousing & utilities...	223	4.7	3,810	4.0	85,763	4.6
Information.....	64	1.3	1,448	1.5	40,860	2.2
Finance, insurance, real estate.....	452	9.5	7,889	8.3	163,231	8.8
Professional, scientific & management.....	632	13.3	11,370	12.0	228,604	12.3
Educational, health & social services.....	1,226	25.8	26,010	27.4	501,210	26.9
Arts, entertainment & recreation.....	253	5.3	7,864	8.3	144,133	7.7
Other professional services.....	349	7.3	3,648	3.8	78,744	4.2
Public administration.....	88	1.9	3,819	4.0	64,442	3.5
Total.....	4,753	100.0	94,796	100.0	1,861,502	100.0

Source: U. S. Census Bureau, American Community Survey, 2018-2022.

UNEMPLOYMENT RATE STATISTICS

By Place of Residence – Not Seasonally Adjusted

<u>Period</u>	<u>Town of East Haddam</u>		<u>Percentage Unemployed</u>		
	<u>Employed</u>	<u>Unemployed</u>	<u>Town of East Haddam (%)</u>	<u>Hartford Labor Market (%)</u>	<u>State of Connecticut (%)</u>
Jan-August 2024...	4,830	176	3.5	4.0	4.0
<u>Annual Average</u>					
2023.....	4,808	165	3.3	3.7	3.8
2022.....	4,836	175	3.5	4.1	4.1
2021.....	4,581	258	5.3	6.4	6.4
2020.....	4,623	332	6.7	7.8	8.0
2019.....	4,968	162	3.2	3.6	3.6
2018.....	4,911	170	3.3	3.9	3.9
2017.....	4,886	214	4.2	4.4	4.4
2016.....	4,776	221	4.4	4.9	4.8
2015.....	4,759	257	5.1	5.6	5.6
2014.....	4,713	302	6.0	6.6	6.6

Source: State of Connecticut, Department of Labor.

AGE DISTRIBUTION OF HOUSING

Year Built	Town of East Haddam		Lower CT River Valley Planning Region ¹		State of Connecticut	
	Units	Percent	Units	Percent	Units	Percent
Built 2020 or later.....	-	0.0	59	0.1	11,986	0.8
Built 2010 to 2019.....	143	3.2	3,306	4.0	76,567	5.0
Built 2000 to 2009.....	482	10.9	7,339	8.9	104,479	6.8
Built 1990 to 1999.....	739	16.8	7,961	9.6	118,433	7.7
Built 1980 to 1989.....	660	15.0	12,041	14.6	203,053	13.2
Built 1970 to 1979.....	349	7.9	12,624	15.3	203,957	13.2
Built 1960 to 1969.....	302	6.9	9,511	11.5	200,109	13.0
Built 1950 to 1959.....	620	14.1	9,230	11.2	224,890	14.6
Built 1940 to 1949.....	159	3.6	3,818	4.6	88,125	5.7
Built 1939 or earlier...	950	21.6	16,729	20.2	308,693	20.0
Total.....	<u>4,404</u>	<u>100.0</u>	<u>82,618</u>	<u>100.0</u>	<u>1,540,292</u>	<u>100.0</u>

Source: U. S. Census Bureau, American Community Survey, 2018-2022.

HOUSING INVENTORY

Type	Town of East Haddam	
	Number	Percent
1-unit, detached.....	3,976	90.3
1-unit, attached.....	46	1.0
2 units.....	107	2.4
3 or 4 units.....	175	4.0
5 to 9 units.....	86	2.0
10 to 19 units.....	0	0.0
20 or more units.....	14	0.3
Mobile home, boat, other....	0	0.0
Total	<u>4,404</u>	<u>100.0</u>

Source: U. S. Census Bureau, American Community Survey, 2018-2022.

OWNER OCCUPIED HOUSING VALUES

Sales Price Category	Town of East Haddam		Lower CT River Valley Planning Region ¹		State of Connecticut	
	Number	Percent	Number	Percent	Number	Percent
Less than \$50,000.....	61	2.0	1,082	2.0	24,707	2.6
\$50,000 to \$99,999.....	31	1.0	959	1.7	15,660	1.6
\$100,000 to \$149,999.....	69	2.2	1,855	3.4	35,444	3.7
\$150,000 to \$199,999.....	241	7.8	4,044	7.4	74,994	7.9
\$200,000 to \$299,999.....	623	20.2	13,635	24.8	226,313	23.8
\$300,000 to \$499,999.....	1,635	53.1	23,356	42.5	332,554	35.0
\$500,000 to \$999,999.....	409	13.3	8,479	15.4	182,537	19.2
\$1,000,000 or more.....	9	0.3	1,512	2.8	57,630	6.1
Total	<u>3,078</u>	<u>100.0</u>	<u>54,922</u>	<u>100.0</u>	<u>949,839</u>	<u>100.0</u>
Median Value.....	\$342,000		\$341,300		\$347,200	

Source: U. S. Census Bureau, American Community Survey, 2018-2022.

BUILDING PERMITS

Fiscal Year Ending 6/30	Town of East Haddam	
	Number	Value
2024	994	\$ 21,755,575
2023	1,108	23,722,806
2022	367	14,614,453
2021	908	3,330,499
2020	709	8,135,347
2019	904	13,523,718
2018	744	10,228,331
2017	731	9,547,318
2016	659	8,117,400
2015	654	7,303,318

Source: Town Officials

BREAKDOWN OF LAND USE

Land Use Class	Acres	Percent of Total Area
Agricultural.....	1,778	4.9%
Open Space/Conservation Land....	7,264	19.9%
Private Game Club.....	2,558	7.0%
Commercial.....	767	2.1%
Private Institutional.....	496	1.4%
Public Institutional.....	235	0.6%
Residential.....	12,744	34.9%
Utility.....	60	0.2%
Vacant.....	7,817	21.4%
Other.....	2,790	7.6%
Total	36,509	100.0%

Source: 2019 Plan of Conservation & Development

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IV. TAX BASE DATA

ASSESSMENT PRACTICES

In accordance with State law, the Town last completed a general property revaluation of its real property effective for the October 1, 2022 Grand List. The next revaluation is scheduled for the assessment year commencing October 1, 2027. Connecticut General Statutes Section 12-62, as amended in 2006, requires a revaluation of the Town's real property every five years and requires the assessor to fully inspect each parcel, including measuring or verifying the exterior dimensions of a building and entering and examining the interior of the building, once every ten assessment years. The maintenance of an equitable tax base and the location and appraisal of all real and personal property within the Town for inclusion onto the Grand List are the responsibilities of the Assessor's Office. The Grand List represents the total assessed values for all taxable real and personal property and motor vehicles located within the Town on October 1. Each year, the Town's Board of Assessment Appeals determines whether adjustments to the Assessor's list on assessments under appeal are warranted. Assessments for real property are computed at 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 Official. Upon the issuance of a certificate of completion, a physical appraisal is then completed and the structure is classified and priced from a schedule developed at the time of the last general 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 70% of current fair market 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 developed by the Connecticut Association of Assessing Officials and as recommended by the State Office of Policy and Management. Section 12-71b of the Connecticut General Statutes, as amended, 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. If such registration occurs subsequent to November 1 but prior to the following August 1, the tax is prorated, and the proration is based on period of time from the date of registration until the following October 1. Cars 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 70% of the annual appraisal of market value.

TAX COLLECTION PROCEDURE

Property taxes for the fiscal year are levied on all taxable property on the Grand List of October 1 prior to the beginning of the fiscal year. Real and personal property taxes are billed on July 1, and are payable in two installments, one half on July 1 and one half on January 1, except that motor vehicle taxes and real and personal property taxes under \$500 are payable in full on July 1. Payments not received by August 1 and February 1, respectively, become delinquent and interest will accrue at the rate of 1.5% per month (18% per annum). Outstanding real estate tax accounts are automatically liened each year prior to June 30 with legal demands and alias tax warrants used in the collection of personal property and motor vehicle tax bills. Each year delinquent motor vehicle, real estate and personal property taxes are transferred to a suspense account when collection appears unlikely, at which time they cease to be carried as receivables. Delinquent motor vehicle and personal property tax accounts are transferred to a suspense account after three years. Real estate accounts are transferred to a suspense fifteen years after the due date in accordance with state statutes.

MOTOR VEHICLE PROPERTY TAX RATE

Section 12-71e of the Connecticut General Statutes, as amended, allows municipalities to tax motor vehicles at a different rate than other taxable property, but caps the motor vehicle tax rate at 32.46 mills for the assessment year commencing October 1, 2021 (fiscal year ending June 30, 2023) and each assessment year thereafter. Section 4-661 of the General Statutes, as amended, diverts a portion of State collected sales tax revenue to provide funding to municipalities to mitigate the revenue loss attributed to the motor vehicle property tax cap. The Town's motor vehicle tax rate for the current October 1, 2023 assessment year (the fiscal year ending June 30, 2025) is 26.76 mills.

TAXABLE GRAND LIST

Grand List Dated	Real Property	Motor Vehicle Property	Personal Property	Gross Taxable Grand List	Less Exemptions	Net Taxable Grand List
10/1/23	\$1,051,763,430	\$110,491,430	\$46,001,430	\$1,208,256,290	\$8,920,570	\$1,199,335,720
10/1/22 ¹	1,044,064,211	113,952,990	46,001,430	1,204,018,631	7,624,969	1,196,393,662
10/1/21	787,939,550	108,796,860	42,669,440	939,405,850	7,005,100	932,400,750
10/1/20	784,359,820	82,898,530	41,378,674	908,637,024	4,850,620	903,786,404
10/1/19	781,548,460	75,910,120	42,008,365	899,466,945	4,671,820	894,795,125
10/1/18	776,424,609	74,785,030	31,277,147	882,486,786	4,381,157	878,105,629
10/1/17 ¹	775,779,320	73,098,640	29,301,370	878,179,330	5,926,415	872,252,915
10/1/16	770,555,250	72,013,410	25,669,490	868,238,150	10,131,278	858,106,872
10/1/15	769,087,250	70,834,550	22,755,510	862,677,310	5,861,991	856,815,319
10/1/14	765,871,900	72,383,130	21,389,365	859,644,395	6,888,381	852,756,014

¹ Revaluation.

Source: Town of East Haddam Assessor' Office.

PROPERTY TAX LEVIES AND COLLECTIONS

FY Ending 30-Jun	Net Taxable Grand List	Tax Rate (In Mills)	Total Adjusted Tax Levy	% Collected End of Each FY	Uncollected End of Each FY	Uncollected As of 6/30/2024 ¹
2025 ¹	\$1,199,335,720	26.76	\$32,095,200	In process	In process	In process
2024 ^{2, 3}	1,196,393,662	25.75	30,264,040	98.9%	\$ 410,933	\$ 410,933
2023	932,400,750	31.79	29,770,711	98.9	326,934	326,933
2022	903,786,404	30.44	27,703,909	98.9	298,076	41,334
2021	894,795,125	30.44	27,370,635	99.1	238,491	4,655
2020	878,105,629	30.44	26,879,936	98.7	341,756	-
2019 ³	872,252,915	29.66	25,983,688	99.0	263,451	-
2018	858,106,872	29.58	25,488,028	99.0	246,834	-
2017	856,815,319	29.35	25,263,753	98.6	350,384	-
2016	852,756,014	28.68	24,498,985	98.9	270,866	-

¹ Adopted Budget.

² Unaudited estimate.

³ Revaluation.

Source: Town of East Haddam Assessor' Office.

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LARGEST TAXPAYERS
October 1, 2023 Grand List

Business-Name	Nature of Business	Total Estimated Assessment	Rank	Percent of Total
Connecticut Light and Power.....	Public Utility.....	\$ 33,772,770	1	2.82%
Fox Hopyard Golf Club LLC.....	Recreational.....	3,589,690	2	0.30%
Wildwood Inc.....	Real Estate.....	2,626,970	7	0.22%
Healthcare Holdings LLC.....	Nursing and Rehabilitation....	2,200,720	5	0.18%
Grove ST Gardend Apts LLC.....	Real Estate.....	2,178,160	3	0.18%
Iglesia Ni Cristo Church of Christ.....	Religious.....	2,089,610	6	0.17%
Banner Country Club Corp.....	Recreational.....	1,979,450	4	0.17%
Knakal, Cynthia C. Trustee.....	Real Estate.....	1,654,100	8	0.14%
Riley Jefferson B.....	Real Estate.....	1,635,240	9	0.14%
Goodman Debroah A.....	Real Estate.....	1,544,770	10	0.13%
Total		<u>\$ 53,271,480</u>		<u>4.44%</u>

Source: Town of East Haddam Assessor's Office.

EQUALIZED NET GRAND LIST

Grand List of 10/1	Equalized Net Grand List	% Growth
2022 ¹	\$1,710,287,559	-2.51%
2021	1,754,231,228	13.10%
2020	1,551,002,123	13.37%
2019	1,368,095,622	2.68%
2018	1,332,416,464	6.88%
2017 ¹	1,246,607,350	0.60%
2016	1,239,198,726	0.88%
2015	1,228,377,310	1.90%
2014	1,205,467,439	-1.44%
2013	1,223,024,607	1.38%

¹ Revaluation.

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

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V. FINANCIAL INFORMATION

FISCAL YEAR

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

ACCOUNTING POLICIES

The Town's accounting policies are summarized in Note 1 "Summary of Significant Accounting Policies" in the Notes to the Financial Statements (Appendix A).

BASIS OF ACCOUNTING

See Note 1 "Measurement Focus, Basis of Accounting and Financial Statement Presentation" in the Notes to the Financial Statements (Appendix A).

ANNUAL AUDIT

Pursuant to state law, the Town has engaged outside independent auditors, CliftonLarsonAllen LLP, of West Hartford, Connecticut. The most recently completed audit report covers the fiscal year ended June 30, 2023. Included in this Official Statement and made a part hereof as Appendix A are the "Audited Financial Statements" as of June 30, 2023. Appendix A includes the auditor's opinion on the general-purpose financial statements and does not include all schedules, management letter or supplemental schedules from the complete audit report.

BUDGETARY PROCEDURE

The First Selectman distributes forms to department heads who compile annual budget requests and returns them to the First Selectman. The Board of Selectmen prepares its budget document and submits it to the Board of Finance. The Board of Finance reviews all general government budgets with the Board of Selectmen.

The Board of Education prepares its budget document and submits it to the Board of Finance. After reviewing requested expenditures and estimating revenues, the Board of Finance prepares a budget for a public hearing. Following the hearing, the Board meets in public session to prepare a recommended budget for Town Meeting and referendum approval. When the budget is approved, the Board of Finance sets the tax rate.

The Connecticut General Statutes provide the manner to be utilized by the Town Meeting in acting upon the budget, as well as the procedures to be utilized for additional appropriations during the year. Funds for any additional appropriations or any emergency appropriations are drawn as directed by the Board of Finance from any available fund balance, an approved contingency fund, or funds received or to be received from State, Federal or other sources.

The General Fund budget is prepared on a modified accrual basis of accounting, except as follows:

- Encumbrances are recognized as a valid and proper charge against a budget appropriation in the year in which the purchase order, contract or other commitment is issued, and accordingly, encumbrances outstanding at year end are reflected in the budgetary reports as expenditures in the current year.
- The budget for payroll expenditures is prepared on a cash basis.
- The Town does not budget for revenue or expenditures for pension contributions made by the State of Connecticut for East Haddam teachers or reimbursements for special education excess costs.

EMPLOYEE PENSION SYSTEMS

The Town is the administrator of a single employer, contributory defined benefit pension plan, the Volunteer Fire Department Incentive Plan (the "Volunteer Fire Incentive Plan"), which provides benefits for active volunteer firefighters who were members of the East Haddam Volunteer Fire Department prior to December 31, 2011. Plan provisions are established and amended by ordinance requiring both the Board of Selectmen and Town Meeting approval. As of June 30, 2015, the plan membership consisted of 42 members.

The Town implemented Government Accounting Standards Board's (GASB) Statement No. 67 effective Fiscal Year ending June 30, 2014. In accordance with GASB Statement No. 67, the net position is based on the fair market value as of the

end of the fiscal year and the total pension liability is based on the actuarial assumptions as of the prior valuation date updated to the end of the fiscal year. The components of the net pension liability of the Town's Volunteer Fire Incentive Plan were as follows as of June 30, 2023:

	Municipal Employees Plan				
	2023	2022	2021	2020	2019
Total pension liability.....	\$774,633	\$769,829	\$761,886	\$749,195	\$732,329
Plan fiduciary net position.....	934,138	845,749	965,328	760,320	710,702
Town's net pension liability.....	<u>(\$159,505)</u>	<u>(\$75,920)</u>	<u>(\$203,442)</u>	<u>(\$11,125)</u>	<u>\$21,627</u>
Plan fiduciary net position as					
a % of total pension liability.....	120.59%	109.86%	126.70%	101.48%	97.05%

The following represents the net pension liability of the Town's Volunteer Fire Incentive Plan, as of June 30, 2023, 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 than the current rate:

	Current		
	1% Decrease	Discount Rate	1% Increase
	4.50%	5.50%	6.50%
Net Pension Liability.....	\$ (70,930)	\$ (159,505)	\$ (235,581)

The Town's most recent actuarial valuation was dated as of July 1, 2023. The following represents historic trend information for the Town's Volunteer Fire Incentive Plan:

Schedule of Funding Progress

Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio
7/1/2023	\$ 934,138	\$ 774,633	\$ (159,505)	120.6%
7/1/2021	965,327	761,885	(203,442)	126.7%
7/1/2019	712,039	733,666	21,627	97.1%
7/1/2017	573,710	677,156	103,446	84.7%
7/1/2015	492,662	613,490	120,828	0.0%

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Schedule of Employer Contributions

Fiscal Year Ended	Actuarially Determined Employer Contribution (ADEC)	Annual Contribution	% of ARC Contributed
2025 ¹	\$ 10,499	\$ 64,004	609.6
2024 ²	11,263	64,004	568.3
2023	12,416	64,004	515.5
2022	13,443	64,004	476.1
2021	13,849	59,268	428.0
2020	15,008	64,004	426.5
2019	22,306	62,182	278.8
2018	22,767	59,739	262.4
2017	23,504	52,990	225.5
2016	23,957	59,739	249.4

¹ *Adopted Budget*

² *Unaudited estimate*

Municipal Employees' Retirement System

All full-time employees of the Town participate in the Municipal Employees' Retirement System ("MERS"). MERS is a cost sharing, multiple-employee public retirement system ("PERS") established by the State of Connecticut and administered by the State Retirement Commission to provide pension benefits for the employees of participating municipalities. Chapters 7-425 to 7-451 of the State of Connecticut General Statutes, which can be amended by legislative action, establishes MERS benefits, member contribution rates and other plan provisions. MERS is considered to be part of the State of Connecticut's financial reporting entity and is included in the State's financial report as pension trust fund. MERS issues a publicly available financial report which can be obtained at www.ct.gov.

Municipal Employees' Retirement Fund

The Municipal Employees' Retirement Fund ("Savings Plan") is a defined contribution individual savings account plan. The Savings Plan, effective July 1, 1986, covers all full-time Town employees and non-certified school employees who work over 500 hours annually, except for those employees who are covered under the State of Connecticut Municipal Employees' Retirement System. Contributions to the Savings Plan are made by the Board of Education and the Town (4.75% and 5.0% of annual compensation, respectively) and the employee (minimum 2.0-3.5% of annual compensation to a maximum of 13%).

The Savings Plan was created by the Board of Selectmen and can be amended by such Board. The Savings Plan is reported as a pension trust fund in the audit.

Length of Service Award Plan

Effective January 1, 2012, the Town created a Length of Service Award Plan for members of the Town's Volunteer Fire Department ("LOSAP"). The LOSAP is a defined contribution plan that provides length of service awards to most active volunteer members of the Fire Department. Contribution provisions and benefit provisions of the LOSAP are established by and can be amended by the Board of Finance and Board of Selectmen.

LOSAP covers individuals who perform fire and prevention services without compensation who are over the age of 18 and who were not members of the Department on or before December 31, 2011. Individuals who were members of the Volunteer Fire Department on or before December 31, 2011 are eligible for LOSAP if they have not received benefits under the Volunteer Fire Incentive Plan and who have five or less years of credited service. Participants opting into this plan, if they were members prior to December 31, 2011, must waive all future benefits under the Volunteer Fire Incentive Plan.

State of Connecticut Teachers' Retirement System

The faculty and certified personnel of the Board of Education participate in a contributory defined benefit plan established under Chapter 167a of the Connecticut General Statutes and administered by the Connecticut State Teachers' Retirement Board (the "Benefit Plan").

A teacher is eligible to receive normal retirement benefits if he or she has attained age sixty and has accumulated twenty years of credited service in the public schools of Connecticut or 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. Participants in the Benefit Plan are required to contribute 7.25% of their annual earnings to the Benefit Plan. The retirement system is funded by the State based on the recommendations of the Teachers' Retirement Board. Such contribution includes amortization of the actuarially computed unfunded liability. The State does not allocate its contribution by school system, and accordingly, the contribution relating to the Town is not available. The Town does not and is not legally responsible to contribute to the Benefit Plan. The Teachers' Retirement Board issues a publicly available financial report that can be obtained at www.ct.gov.

For further information on the Town's pension plans, please refer to the Town of East Haddam's "Notes to Financial Statements, Note 9" in Appendix A herein.

OTHER POST-EMPLOYMENT BENEFITS

The Town, in accordance with various collective bargaining agreements, provides medical benefits to certain retirees and their spouses. The Post-Retirement Medical Program ("RMP") covers Town and Board of Education employees. The RMP is administered by the Town. Plan provisions are determined by union contract and may be amended through union negotiations. Retired program members and beneficiaries are required to contribute active employee premiums. The percentage contribution and the eligibility of the employees and retirees receiving these benefits vary and are detailed within the Town's various bargaining agreements. The funding and payment of post-employment benefits are accounted for in the General Fund on a pay-as-you-go basis.

The Town implemented GASB Statement No. 74 effective for fiscal year ended June 30, 2017. In accordance with GASB Statement No. 74, the net position is based on the fair market value as of the end of the fiscal year and the total OPEB liability is based on the actuarial assumptions as of the prior valuation date updated to the end of the fiscal year. Under GASB Statement No. 74, the components of the Town's net OPEB liability over the past five years were as follows:

	Total OPEB Liability				
	2023	2022	2021	2020	2019
Beginning Balance.....	\$1,387,393	\$1,690,494	\$1,222,779	\$1,080,733	\$1,198,402
Changes for the year:					
Services cost.....	53,690	80,826	58,089	47,624	54,488
Interest on total OPEB liability.....	57,619	38,192	33,594	39,047	47,870
Difference between expected and actual experience..	760,947	(130,702)	263,441	-	(202,249)
Effect of assumption changes or other inputs.....	137,311	(236,287)	148,717	87,468	14,409
Benefits payments.....	(65,246)	(55,130)	(36,126)	(32,093)	(32,187)
Net changes.....	<u>944,321</u>	<u>(303,101)</u>	<u>467,715</u>	<u>142,046</u>	<u>(117,669)</u>
Ending balance.....	<u>\$2,331,714</u>	<u>\$1,387,393</u>	<u>\$1,690,494</u>	<u>\$1,222,779</u>	<u>\$1,080,733</u>

The following reflects the net OPEB liability of the Town as of June 30, 2023, calculated using a discount rate that are 1 percentage point lower or 1 percentage point higher than the current discount rate:

	Current		
	1% Decrease	Discount Rate	1% Increase
	3.13%	4.13%	5.13%
Net OPEB liability.....	\$ 2,543,983	\$ 2,331,774	\$ 2,140,456

The following reflects the net OPEB liability of the Town as of June 30, 2023, calculated using healthcare cost trend rates that are 1 percentage point lower or 1 percentage point higher than the current healthcare cost trend rate:

	Healthcare Cost		
	<u>1% Decrease</u>	<u>Trend Rate</u>	<u>1% Increase</u>
Net OPEB liability.....	\$ 2,099,172	\$ 2,331,774	\$ 2,601,816

For further information on the Town’s OPEB plans, please refer to the Town of East Haddam’s “Notes to Financial Statements, Note 10” in Appendix A herein.

INVESTMENT POLICIES AND PROCEDURES

Under Sections 7-400, 7-401 and 7-402, of the Connecticut General Statutes, the Town may invest in (a) obligations of the United States of America, including joint and several obligations of the Federal Home Loan Mortgage Association, the Federal National Mortgage Association, the Government National Mortgage Association, the Federal Savings and Loan Insurance Corporation, obligations of the United States Postal Service, all of the federal home loan banks, all the federal land banks, the Tennessee Valley Authority, or any other agency of the United States government, (b) certain mutual funds and money market mutual funds investing in such obligations or repurchase agreements fully collateralized by such obligations and (c) certain state and municipal bonds and notes, and may make deposits with certain "qualified public depositories". The Town’s investment practices are in compliance with the Connecticut General Statutes.

MUNICIPAL BUDGET EXPENDITURE CAP

Connecticut General Statutes Section 4-66l, as amended (“Section 4-66l”), creates certain disincentives on increasing adopted budget expenditures for municipalities in Connecticut. Beginning in Fiscal Year 2018, and in each fiscal year thereafter, the Office of Policy and Management (“OPM”) must reduce the amount of the municipal revenue sharing grant for those municipalities whose increase in its adopted budget expenditures, with certain exceptions, exceeds the previous fiscal year by 2.5% or more or the rate of inflation, whichever is greater (the “expenditure cap”). The reduction to the municipal revenue sharing grant will generally equal 50 cents for every dollar by which the municipality’s adopted budget exceeds the expenditure cap. A municipality whose population increased from the previous fiscal year, as determined by OPM, may increase its adopted budget expenditures over the expenditure cap by an amount proportionate to its population growth. Section 4-66l requires each municipality to annually certify to the Secretary of OPM whether the municipality has exceeded the expenditure cap, and if so, the amount by which the expenditure cap was exceeded.

Under Section 4-66l, municipal spending does not include expenditures: (i) for debt service, special education, or costs to implement court orders or arbitration awards; (ii) associated with a major disaster or emergency declaration by the President or disaster emergency declaration issued by the Governor under the civil preparedness law; (iii) for any municipal revenue sharing grant the municipality disburses to a district or (iv) budgeting for an audited deficit, non-recurring grants, capital expenditures of \$100 or more or payments on unfunded pension liabilities. For the fiscal year ending June 30, 2024, the Town received \$224,486 in municipal revenue sharing grants.

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COMPARATIVE GENERAL FUND OPERATING STATEMENT – FY 2022-23

Budget and Actual (Budgetary Basis)

	Fiscal Year 2022-23		
	Revised Budget	Actual Operations	Variance Favorable (Unfavorable)
REVENUES			
Property taxes, interest and liens	\$29,810,502	\$30,059,914	\$ 249,412
Intergovernmental revenue	4,013,246	4,100,620	87,374
Investment income	27,575	127,413	99,838
Local revenue	864,968	1,175,933	310,965
Other revenues	228,500	224,526	(3,974)
TOTAL REVENUES	34,944,791	35,688,406	743,615
EXPENDITURES			
Current:			
General government	4,666,599	4,458,754	207,845
Public safety	1,570,013	1,286,545	283,468
Public works	2,390,069	2,298,413	91,656
Health and welfare	543,703	538,696	5,007
Recreation and leisure	702,104	712,965	(10,861)
Education	22,211,626	22,160,462	51,164
Debt service	2,952,926	2,953,017	(91)
TOTAL EXPENDITURES	35,037,040	34,408,852	628,188
Excess (deficiency) of revenues over expenditures.....	(92,249)	1,279,554	1,371,803
Other financing sources (uses):			
Appropriation of fund balance.....	-		-
Operating transfers in.....	2,308,963	1,817,127	(491,836)
Operating transfers out.....	(2,216,741)	(2,216,714)	(27)
Total other financing sources (uses)...	92,222	(399,587)	(491,863)
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses.....	<u>\$ (27)</u>	<u>\$ 879,967</u>	<u>\$ 879,940</u>

Source: Annual audited financial statements.

COMPARATIVE GENERAL FUND OPERATING STATEMENT – FY 2023-24 & 2024-25
Budget and Actual (Budgetary Basis)

	<u>Fiscal Year 2023-24 Unaudited Estimate</u>			<u>Fiscal Year</u>
	<u>Revised</u>	<u>Estimated</u>	<u>Variance</u>	<u>2024-25</u>
	<u>Budget</u>	<u>Operations</u>	<u>Favorable</u>	<u>Adopted</u>
			<u>(Unfavorable)</u>	<u>Budget</u>
REVENUES				
Property taxes, interest and liens	\$31,007,734	\$31,139,526	\$ 131,792	\$ 32,293,601
Intergovernmental revenue	4,062,249	4,255,277	193,028	4,060,431
Investment income	80,000	269,716	189,716	95,000
Local revenue	860,349	1,035,972	175,623	932,049
Other revenues	205,000	647,542	442,542	205,000
TOTAL REVENUES	<u>36,215,332</u>	<u>37,348,033</u>	<u>1,132,701</u>	<u>37,586,081</u>
EXPENDITURES				
Current:				
General government	4,920,896	4,330,589	590,307	5,025,764
Public safety	1,536,914	1,387,377	149,537	1,677,482
Public works	2,541,988	2,471,307	70,681	2,777,088
Health and welfare	570,660	561,401	9,259	578,942
Recreation and leisure	784,435	773,741	10,694	821,423
Education	22,792,159	22,643,735	148,424	23,998,220
Debt service	2,830,488	2,830,488	-	2,644,713
TOTAL EXPENDITURES	<u>35,977,540</u>	<u>34,998,638</u>	<u>978,902</u>	<u>37,523,632</u>
Excess (deficiency) of revenues over expenditures.....	<u>237,792</u>	<u>2,349,395</u>	<u>2,111,603</u>	<u>62,449</u>
Other financing sources (uses):				
Appropriation of fund balance.....	400,000	-	(400,000)	1,145,000
Operating transfers in.....	1,295,833	1,405,100	109,267	1,941,834
Operating transfers out.....	<u>(1,933,625)</u>	<u>(2,041,125)</u>	<u>107,500</u>	<u>(3,149,283)</u>
Total other financing sources (uses)...	<u>(237,792)</u>	<u>(636,025)</u>	<u>(183,233)</u>	<u>(62,449)</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses.....	<u>\$ -</u>	<u>\$ 1,713,370</u>	<u>\$ 1,928,370</u>	<u>\$ -</u>

Source: Fiscal year 2023-24 unaudited estimate and fiscal year 2024-25 adopted budget.

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

Fiscal Year Ended:	2019	2020	2021	2022	2023
ASSETS					
Cash and cash equivalents.....	\$ 5,797,936	\$ 4,146,196	\$ 5,909,794	\$ 2,919,330	\$ 2,378,747
Receivables, net.....	579,794	660,043	1,031,989	1,062,682	1,698,519
Due from other funds.....	1,722,395	3,408,973	2,658,290	4,956,752	7,002,565
TOTAL ASSETS.....	\$ 8,100,125	\$ 8,215,212	\$ 9,600,073	\$ 8,938,764	\$ 11,079,831
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts payable.....	\$ 775,202	\$ 673,387	\$ 758,324	\$ 857,888	\$ 1,189,865
Due to other funds.....	1,867,522	1,432,306	2,565,203	2,143,648	3,254,998
Unearned revenue.....	9,298	9,298	9,298	9,298	9,298
TOTAL LIABILITIES.....	2,652,022	2,114,991	3,332,825	3,010,834	4,454,161
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - property taxes.....	293,275	433,117	267,803	311,792	270,165
Unavailable revenue - loans receivable...	-	-	13,000	13,000	13,000
Unavailable revenue - grants receivable..	-	-	112,243	116,779	116,779
Deferred inflows of resources.....	293,275	433,117	393,046	441,571	399,944
FUND BALANCES					
Nonspendable.....	-	-	-	-	-
Restricted.....	-	-	-	-	-
Committed.....	-	-	-	-	-
Assigned.....	175,562	139,180	169,492	655,761	537,442
Unassigned.....	4,979,266	5,527,924	5,704,710	4,830,598	5,688,284
TOTAL FUND BALANCES.....	5,154,828	5,667,104	5,874,202	5,486,359	6,225,726
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE.....	\$ 8,100,125	\$ 8,215,212	\$ 9,600,073	\$ 8,938,764	\$ 11,079,831

Source: Annual audited financial statements.

**GENERAL FUND EQUITY
TOWN OF EAST HADDAM**

FISCAL YEAR ENDED:	2019	2020	2021	2022	2023
Assigned.....	\$ 175,562	\$ 139,180	\$ 169,492	\$ 655,761	\$ 537,442
Unassigned.....	4,979,266	5,527,924	5,704,710	4,830,598	5,688,284
Total Fund Balance.....	\$ 5,154,828	\$ 5,667,104	\$ 5,874,202	\$ 5,486,359	\$ 6,225,726
Unassigned Fund Balance As % of					
Total Expenditures.....	15.59%	16.10%	16.09%	14.72%	15.96%

Source: Annual audited financial statements.

COMPARATIVE GENERAL FUND REVENUES AND EXPENDITURES
 Summary of Audited Revenues and Expenditures
 (GAAP BASIS)

Fiscal Year Ended:	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
REVENUES					
Property taxes.....	\$ 26,126,126	\$ 26,916,972	\$ 27,699,710	\$ 27,807,662	\$ 30,059,914
Intergovernmental revenue.....	5,639,663	7,443,346	7,453,309	7,403,115	7,767,757
Charges for services.....	723,321	676,210	921,177	990,514	1,103,330
Income on investments.....	47,293	32,470	18,765	19,756	127,413
Miscellaneous.....	227,477	259,882	243,022	259,794	265,520
TOTAL REVENUES.....	<u>32,763,880</u>	<u>35,328,880</u>	<u>36,335,983</u>	<u>36,480,841</u>	<u>39,323,934</u>
EXPENDITURES					
Current:					
General government.....	3,607,896	3,841,246	4,356,574	4,163,782	4,471,163
Public safety.....	1,052,626	1,180,085	1,321,316	1,434,247	1,287,930
Public works.....	2,101,703	2,040,470	2,405,048	2,340,105	2,338,835
Health welfare.....	449,487	470,199	489,026	526,479	535,816
Recreation and leisure.....	518,351	562,833	550,414	648,815	686,789
Education.....	21,483,758	23,463,789	23,572,072	24,269,512	25,911,430
Debt service.....	1,768,051	2,690,591	2,606,533	3,401,401	2,953,017
TOTAL EXPENDITURES.....	<u>30,981,872</u>	<u>34,249,213</u>	<u>35,300,983</u>	<u>36,784,341</u>	<u>38,184,980</u>
<i>Excess (deficiency) of revenues over expenditures.....</i>	1,782,008	1,079,667	1,035,000	(303,500)	1,138,954
<i>Other financing sources (uses):</i>					
Operating transfers in.....	348,316	379,381	378,056	405,041	413,327
Operating transfers out.....	<u>(2,081,583)</u>	<u>(946,772)</u>	<u>(1,205,958)</u>	<u>(489,384)</u>	<u>(812,914)</u>
<i>Total other financing sources (uses)..</i>	<u><i>(1,733,267)</i></u>	<u><i>(567,391)</i></u>	<u><i>(827,902)</i></u>	<u><i>(84,343)</i></u>	<u><i>(399,587)</i></u>
<i>Excess (deficiency) of revenues and other financing sources over expenditures and other uses.....</i>	<u><i>48,741</i></u>	<u><i>512,276</i></u>	<u><i>207,098</i></u>	<u><i>(387,843)</i></u>	<u><i>739,367</i></u>
<i>Fund Balance - July 1.....</i>	<u><i>5,106,087</i></u>	<u><i>5,154,828</i></u>	<u><i>5,667,104</i></u>	<u><i>5,874,202</i></u>	<u><i>5,486,359</i></u>
<i>Fund Balance - June 30.....</i>	<u><u><i>\$ 5,154,828</i></u></u>	<u><u><i>\$ 5,667,104</i></u></u>	<u><u><i>\$ 5,874,202</i></u></u>	<u><u><i>\$ 5,486,359</i></u></u>	<u><u><i>\$ 6,225,726</i></u></u>

¹ Restated to include the Volunteer Fire Fighter fund in the General Fund.

Source: Annual audited financial statements.

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PROPERTY TAX REVENUES

Fiscal Year	General Fund Revenues & Transfers in	Property Tax Revenues	Property Tax Revenues as a % of General Fund Revenues
2025 ¹	\$ 40,672,915	\$ 32,293,601	79.4 %
2024 ²	38,753,133	31,139,526	80.4
2023	39,737,261	30,059,914	75.6
2022	36,885,882	27,807,662	75.4
2021	36,714,039	27,699,710	75.4

¹ Adopted Budget.

² Unaudited estimate.

Source: Annual audited financial statements; fiscal year 2023-24 unaudited estimate and fiscal year 2024-25 adopted budget.

INTERGOVERNMENTAL REVENUES

Fiscal Year	General Fund Revenues & Transfers in	Intergovernmental Revenue	Aid as a % of General Fund Revenues
2025 ¹	\$ 40,672,915	\$ 4,060,431	10.0 %
2024 ²	38,753,133	4,255,277	11.0
2023	39,737,261	7,767,757	19.5
2022	36,885,882	7,403,115	20.1
2021	36,714,039	7,453,309	20.3

¹ Adopted Budget.

² Unaudited estimate.

Source: Annual audited financial statements; fiscal year 2023-24 unaudited estimate and fiscal year 2024-25 adopted budget.

EXPENDITURES

Fiscal Year	Education	Public Safety	General Government	Public Works	Debt Service
2025 ¹	59.0%	4.1%	12.4%	6.8%	6.5%
2024 ²	61.1%	3.7%	11.7%	6.7%	7.6%
2023	66.4%	3.3%	11.5%	6.0%	7.6%
2022	65.1%	3.8%	11.2%	6.3%	9.1%
2021	64.6%	3.6%	11.9%	6.6%	7.1%

¹ Adopted Budget.

² Unaudited estimate.

Source: Annual audited financial statements; fiscal year 2023-24 unaudited estimate and fiscal year 2024-25 adopted budget.

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VI. DEBT SUMMARY

PRINCIPAL AMOUNT OF INDEBTEDNESS

Pro Forma as of December 4, 2024

<u>Date</u>	<u>Purpose</u>	<u>Rate %</u>	<u>Original Issue</u>	<u>Bonded Debt Outstanding</u>	<u>Final Maturity</u>
11/19/2015..	Refunding Bonds 2015.....	2.00-4.00	9,165,000	\$3,465,000	05/15/28
12/3/2020....	Bonds 2020, Series A.....	3.00-5.00	18,055,000	14,025,000	12/01/40
12/3/2020....	Bonds 2020, Series B (Taxable).....	1.00-1.95	445,000	270,000	12/01/30
			<u>\$27,665,000</u>	<u>\$17,760,000</u>	

Source: Town of East Haddam financial statements.

OUTSTANDING SHORT-TERM INDEBTEDNESS

Following this issue, the Town will have \$4,600,000 in outstanding short-term indebtedness.

OTHER LONG-TERM DEBT

Equipment Lease Payments

	<u>Principal</u>	<u>Interest</u>
2025	\$122,224	\$5,063
2026	29,327	1,782
2027	30,437	673
2028	2,593	11
	<u>\$184,581</u>	<u>\$7,529</u>

Source: Town of East Haddam financial statements.

SCHOOL BUILDING GRANT REIMBURSEMENTS

Pursuant to Section 10-287i of the Connecticut General Statutes, the State of Connecticut provides proportional progress payments for the State’s share of eligible construction costs during certain phases of construction. The following projects will be reimbursed under this method:

<u>Project</u>	<u>Amount of Appropriation/ Authorization</u>	<u>Estimated Eligible Cost</u>	<u>Estimated Reimbursement Rate</u>	<u>Estimated Grant ¹</u>
Elementary School Envelope - Windows & Doors.....	\$ 1,794,654	\$ 1,192,178	49.29%	\$ 587,624
Elementary School Envelope - Masonry & Exterior Work..	141,230	93,818	49.29%	46,243
Elementary School HVAC and High School Chiller ²	4,150,000	4,150,000	52.86%	2,193,690
Total.....	\$ 6,085,884			\$ 2,827,557

¹ Estimated grants receivable are based upon eligibility of reimbursable project costs. Final eligible costs are to be determined at completion of post project audit. At this time, the Town has not received any progress payments for the projects.

² Construction bids for the School HVAC and Chiller project came in higher than the approved project appropriation and bond authorization amount. If the increase to the appropriation and bond authorization amount is rejected by the voters, the Town will look to reduce or modify the scope of the project to meet the current appropriation and authorization amount.

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COMBINED SCHEDULE OF LONG-TERM DEBT
Pro Forma as of December 4, 2024

Fiscal Year	Existing Indebtedness			Total
	Principal Payments	Interest Payments	Total Debt Service	Principal Payments
2024-25 ¹	\$ 890,000	\$ 314,056	\$ 1,204,056	\$ 890,000
2025-26	2,025,000	578,013	2,603,013	2,025,000
2026-27	1,905,000	502,724	2,407,724	1,905,000
2027-28	1,940,000	426,959	2,366,959	1,940,000
2028-29	1,025,000	352,094	1,377,094	1,025,000
2029-30	1,070,000	306,216	1,376,216	1,070,000
2030-31	1,060,000	264,539	1,324,539	1,060,000
2031-32	845,000	226,900	1,071,900	845,000
2032-33	880,000	196,800	1,076,800	880,000
2033-34	905,000	170,025	1,075,025	905,000
2034-35	930,000	142,500	1,072,500	930,000
2035-36	955,000	114,225	1,069,225	955,000
2036-37	950,000	85,650	1,035,650	950,000
2037-38	985,000	56,625	1,041,625	985,000
2038-39	1,010,000	26,700	1,036,700	1,010,000
2039-40	190,000	8,700	198,700	190,000
2040-41	195,000	2,925	197,925	195,000
Total	\$ 17,760,000	\$ 3,775,650	\$ 21,535,650	\$ 17,760,000

Source: Town of East Haddam financial statements.

Note: Totals may not sum due to rounding.

THE TOWN OF EAST HADDAM, CONNECTICUT HAS NEVER DEFAULTED IN THE PAYMENT OF PRINCIPAL OR INTEREST ON ITS BONDS OR NOTES.

OVERLAPPING/UNDERLYING DEBT

The Town of East Haddam does not have any overlapping or underlying debt.

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DEBT STATEMENT
Pro Forma as of December 4, 2024

<u>Bonded Indebtedness</u>	
General Improvement	\$ 11,623,000
Schools	6,137,000
Total Bonded Indebtedness	17,760,000
<u>Short-Term Indebtedness</u>	
<i>The Notes (This Issue)</i>	4,370,000
Total Direct Indebtedness.....	22,130,000
Exclusions:	-
Net Direct Indebtedness	22,130,000
Underlying Indebtedness	-
Net Direct Plus Underlying Indebtedness	\$ 22,130,000

Source: Town of East Haddam financial statements.

CURRENT DEBT RATIOS
Pro Forma as of December 4, 2024

Total Direct Indebtedness	\$22,130,000
Net Direct Indebtedness	\$22,130,000
Net Direct Plus Underlying Indebtedness	\$22,130,000
Population ¹	9,098
Net Taxable Grand List (10/1/23)	\$1,199,335,720
Estimated Full Value	\$1,713,336,743
Equalized Net Taxable Grand List (2022) ²	\$1,710,287,559
Per Capita Income ¹	\$60,034
<u>Total Direct Debt:</u>	
Per Capita	\$2,432.40
To Net Taxable Grand List	1.85%
To Estimated Full Value	1.29%
To Equalized Net Taxable Grand List	1.29%
Per Capita to Per Capita Income	4.05%
<u>Net Direct Debt:</u>	
Per Capita	\$2,432.40
To Net Taxable Grand List	1.85%
To Estimated Full Value	1.29%
To Equalized Net Taxable Grand List	1.29%
Per Capita to Per Capita Income	4.05%
<u>Net Direct Plus Underlying Indebtedness:</u>	
Per Capita	\$2,432.40
To Net Taxable Grand List	1.85%
To Estimated Full Value	1.29%
To Equalized Net Taxable Grand List	1.29%
Per Capita to Per Capita Income	4.05%

¹ U.S. Census Bureau, American Community Survey, 2018-2022

² Office of Policy and Management, State of Connecticut

Source: Town of East Haddam financial statements.

LEGAL REQUIREMENTS FOR APPROVAL OF BORROWING

The Town has the power to incur indebtedness by issuing its bonds or notes as authorized by the Connecticut General Statutes subject to statutory debt limitations. The issuance of bonds and notes is authorized by the vote of eligible voters at a Town Meeting upon the recommendation of the Board of Finance. The Board of Selectmen may remove a bond resolution from vote at Town Meeting to a vote by voting machine under state statute. Notwithstanding the foregoing, refunding bonds may be issued pursuant to a resolution of the Board of Selectmen (CGS Sec. 7-370c). Note and bonds may also be issued to meet certain emergency appropriations as provided in the Connecticut General Statutes.

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 temporary notes when they become due and payable, and the legislative body schedules principal reductions by the end of the third year and for each subsequent year during which such temporary notes remain outstanding, in an amount equal to a minimum of 1/20th (1/30th for sewer projects and certain school construction projects) of the estimated net project cost (CGS Sec. 7-378a). The term of the bond issue is reduced by the amount of time by which temporary financing exceeds two years.

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

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

MATURITIES

Except for refunding bonds that achieve net present value savings or refunding bonds issued prior to July 1, 2027 that are approved by a two-thirds vote of the Town's legislative body, general obligation (serial or term) bonds are required to be payable in maturities wherein a succeeding maturity may not exceed any prior maturity by more than 50%, or aggregate annual principal interest payments must be substantially equal. The term of an issue may not exceed thirty years.

LIMITATION OF INDEBTEDNESS

Municipalities shall not incur indebtedness through the issuance of bonds 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 Sections 12-129d and 7-528 of the Connecticut General Statutes.

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 LIMITATION
Pro Forma as of December 4, 2024

Total fiscal year 2023 tax collections (including interest and lien fees).....	\$ 29,968,633
State Reimbursement for Revenue Loss on Tax Relief for the Elderly.....	-
Base for Establishing Debt Limit.....	\$ 29,968,633

<u>Debt Limitation</u> ¹	<u>General Purpose</u>	<u>Schools</u>	<u>Sewers</u>	<u>Urban Renewal</u>	<u>Pension Deficit</u>	<u>Total Debt</u>
(2.25 times base).....	\$ 67,429,424					
(4.50 times base).....		\$ 134,858,849				
(3.75 times base).....			\$ 112,382,374			
(3.25 times base).....				\$ 97,398,057		
(3.00 times base).....					\$ 89,905,899	
(7.00 times base).....						\$ 209,780,431
Indebtedness (Including <i>This Issue</i>)						
Bonds Payable.....	\$ 11,623,000	\$ 6,137,000	\$ -	\$ -	\$ -	\$ 17,760,000
<i>The Notes (This Issue)</i> ...	270,900	4,099,100	-	-	-	4,370,000
Authorized but						-
Unissued Debt.....	7,581,395	650,680	15,684	-	-	8,247,759
Gross Direct Debt.....	19,475,295	10,886,780	15,684	-	-	30,377,759
School grants						
receivable ²	-	2,827,557	-	-	-	2,827,557
Underlying Debt.....	-	-	-	-	-	-
Net Direct and						
Underlying Debt.....	19,475,295	13,714,337	15,684	-	-	33,205,316
Excess of Limit Over						
Outstanding and						
Authorized Debt.....	\$ 47,954,129	\$ 121,144,511	\$ 112,366,690	\$ 97,398,057	\$ 89,905,899	\$ 176,575,115

¹ Under Connecticut General Statutes, as amended, total indebtedness for all classes cannot exceed seven times the base or \$209,780,431.

² See "School Building Grant Reimbursements" herein.

Source: Town of East Haddam financial statements.

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AUTHORIZED BUT UNISSUED DEBT

Project	Amount of	Prior Bonds/	Grants/	The Notes	Authorized
	Total Authorization	Paydowns	Paydowns/ Rebates ¹	(This Issue)	But Unissued Debt
Open Space/Municipal Property (2003).....	\$ 5,000,000	\$ 2,314,705	\$ 583,500	\$ -	\$ 2,101,795
Clean Water Fund.....	1,577,048	1,561,364	-	-	15,684
Middle School Project.....	34,118,000	18,506,295	15,340,252	-	271,453
Firehouse Improvements.....	508,000	500,000	-	-	8,000
Elementary School HVAC and High School Chiller ²	4,150,000	-	2,351,690	1,797,083	1,227
Nathan Hale High School Driveway.....	378,000	-	-	-	378,000
Open Space - Mulazzi	328,000	-	143,900	-	184,100
Open Space - Kronberg.....	514,000	-	243,100	270,900	-
Open Space (2024).....	5,000,000	-	-	-	5,000,000
Athletic Complex ³	2,800,000	-	1,800,000	1,000,000	-
Additional Town Wide Ratio System Improvements.....	287,500	-	-	-	287,500
Elementary School Envelope - Windows & Doors.....	1,794,654	-	587,624	1,207,030	-
Elementary School Envelope - Masonry & Exterior Work...	141,230	-	46,243	94,987	-
Total All Projects	\$ 56,596,432	\$22,882,364	\$21,096,309	\$ 4,370,000	\$ 8,247,759

¹ Includes approved but not yet received grants and rebates.

² Construction bids for the School HVAC and Chiller project came in higher than the approved project appropriation and bond authorization amount. As a result, Town officials have scheduled a referendum on November 19, 2024 seeking voter approval of an increase in the appropriation and bond authorization amount to \$6,200,000. If the increase to the appropriation and bond authorization amount is rejected by the voters, the Town will look to reduce or modify the scope of the project to meet the current appropriation and authorization amounts.

³ Town officials have scheduled a referendum on November 19, 2024 to increase the previously approved appropriation and bond authorization amount to \$2,944,387. If the increase to the appropriation and bond authorization amount is rejected by the voters, the Town will look to fund the final project costs from the General Fund or other Town sources.

CAPITAL IMPROVEMENT PROGRAM

	2024/2025	2025/2026	2026/2027	2027/2028	2028/2029	Total
Summary of Programs						
General Government.....	\$ 273,000	\$ 193,000	\$ 143,000	\$ 73,000	\$ 126,000	\$ 808,000
Public Safety.....	160,000	1,830,000	773,000	135,000	573,000	3,471,000
Public Works.....	1,934,700	7,075,560	2,887,770	846,000	1,022,488	13,766,518
Health and Human Services.....	13,000	25,000	10,000	-	30,000	78,000
Recreation and Leisure.....	413,000	378,000	285,000	250,000	250,000	1,576,000
Education.....	1,220,244	1,380,000	880,000	2,430,000	369,000	6,279,244
Total.....	\$ 4,013,944	\$10,881,560	\$ 4,978,770	\$ 3,734,000	\$ 2,370,488	\$ 25,978,762
Source of Funding						
General Fund Support.....	\$ 1,191,000	\$ 1,400,000	\$ 1,200,000	\$ 671,052	\$ -	4,462,052
General Obligation Bonds.....	1,120,661	5,440,725	1,036,472	-	-	7,597,858
LOCIP and State Town Aid.....	457,359	457,360	457,360	457,360	457,360	2,286,799
Capital Reserves.....	1,244,924	1,952,525	2,284,938	2,605,588	1,913,128	10,001,103
Federal Bridge Grants.....	-	1,630,950	-	-	-	1,630,950
Total.....	\$ 4,013,944	\$10,881,560	\$ 4,978,770	\$ 3,734,000	\$ 2,370,488	\$ 25,978,762

FUTURE CAPITAL PROJECT FINANCING

The Town has identified significant structural issues with its Moodus Company # 2 Firehouse and has determined through studies performed by engineering and architectural consultants that repairs to the existing building would be inefficient and unsustainable. As a result, the Town is looking to replace the Company #2 Firehouse with a new 14,000 square foot building. The Town has commissioned a conceptual design and its architects are currently completing the bid specifications for the project. The Board of Fire Commissioners held a public hearing in August 2024 to present the preliminary design to the public and gather community feedback. The current estimate for the project is approximately \$13.3 million. The Town officials expect to seek approval of the project from the Board of Finance and Board of Selectmen in the first quarter of calendar year 2025 and subsequently bring the project to voters at referendum in the second quarter of calendar year 2025. Town officials plan to obtain binding construction bids prior to bringing the project to referendum.

HISTORICAL DEBT STATEMENT

	<u>2024¹</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Population ²	8,921	8,921	8,921	8,973	9,032
Net taxable grand list.....	\$ 1,196,393,662	\$ 932,400,750	\$ 903,786,404	\$ 894,795,125	\$ 878,105,629
Estimated full value.....	\$ 1,709,133,803	\$ 1,332,001,071	\$ 1,291,123,434	\$ 1,278,278,750	\$ 1,254,436,613
Equalized net taxable grand list ³	\$1,710,287,559	\$1,754,231,228	\$1,551,002,123	\$1,368,095,622	\$1,332,416,464
Per capita income ²	\$ 60,034	\$ 60,034	\$ 60,034	\$ 55,488	\$ 51,773
Long-Term Debt					
Bonds.....	\$ 18,860,000	\$ 20,960,000	\$ 23,100,000	\$ 25,255,000	\$ 10,130,000
USDA Loan.....	-	-	-	-	13,313,906
Short-Term Debt					
Bond Anticipation Notes..	-	-	-	-	5,900,000
Total Direct Debt.....	<u>\$ 18,860,000</u>	<u>\$ 20,960,000</u>	<u>\$ 23,100,000</u>	<u>\$ 25,255,000</u>	<u>\$ 29,343,906</u>
Total Net Direct Debt.....	<u>\$ 18,860,000</u>	<u>\$ 20,960,000</u>	<u>\$ 23,100,000</u>	<u>\$ 25,255,000</u>	<u>\$ 29,343,906</u>

¹ Unaudited estimate.

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

³ Office of Policy and Management, State of Connecticut

HISTORICAL DEBT RATIOS

	<u>2024¹</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Total Direct Debt:					
Per Capita.....	\$ 2,114.11	\$ 2,349.51	\$ 2,589.40	\$ 2,814.55	\$ 3,248.88
To Net Taxable Grand List.....	1.58%	2.25%	2.56%	2.82%	3.34%
To Estimated Full Value.....	1.10%	1.57%	1.79%	1.98%	2.34%
To Equalized Net Grand List.....	1.10%	1.19%	1.49%	1.85%	2.20%
Debt per Capita to per Capita Income..	3.52%	3.91%	4.31%	5.07%	6.28%
Net Direct Debt:					
Per Capita.....	\$ 2,114.11	\$ 2,349.51	\$ 2,589.40	\$ 2,814.55	\$ 3,248.88
To Net Taxable Grand List.....	1.58%	2.25%	2.56%	2.82%	3.34%
To Estimated Full Value.....	1.10%	1.57%	1.79%	1.98%	2.34%
To Equalized Net Grand List.....	1.10%	1.19%	1.49%	1.85%	2.20%
Debt per Capita to per Capita Income..	3.52%	3.91%	4.31%	5.07%	6.28%

¹ Unaudited estimate

Source: Town of East Haddam financial statements.

RATIO OF DEBT SERVICE TO TOTAL EXPENDITURES AND TRANSFERS OUT

Fiscal Year Ended 6/30	Annual Debt Service	Total General Fund Expenditures and Transfers out	Ratio of General Fund Debt Service to Total General Fund Expenditures and Transfers Out %
2025 ¹	\$ 2,644,713	\$ 40,672,915	6.5%
2024 ²	2,830,488	37,039,763	7.6%
2023	2,953,017	38,997,894	7.6%
2022	3,401,401	37,273,725	9.1%
2021	2,606,533	36,506,941	7.1%

¹ *Adopted Budget.*

² *Unaudited estimate.*

Source: Audited financial statements; Town officials.

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VII. ADDITIONAL INFORMATION

LITIGATION

Following consultation with the Town Attorney and other attorneys providing legal services to the Town, Town officials advise that the Town of East Haddam, its officers, employees, boards and commissions are named defendants in a number of lawsuits. With regard to these pending lawsuits, it is the Town officials' opinion that such pending litigation will not be finally determined so as to result individually or in the aggregate in final judgements against the Town which would materially adversely affect 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 Notes. The Municipal Advisor has not independently verified any of the information contained in this Official Statement and makes no guarantee as to its completeness or accuracy. The Town may engage the Municipal Advisor to perform other services, including without limitation, providing certain investment services with regard to the investment of proceeds of the Notes.

TRANSCRIPTS AND CLOSING DOCUMENTS

Upon the delivery of the Notes, the winning bidder will be furnished with the following:

1. A Signature and No Litigation Certificate stating that at the time of delivery of the Notes, no litigation is pending or threatened affecting the validity of the Notes or the levy or collection of taxes to pay them;
2. A Certificate on behalf of the Town, signed by the First Selectman, the Treasurer and the Finance Director, which will be dated the date of delivery and attached to a signed copy of the Official Statement, certifying that to the best of said official's knowledge and belief, at the time bids on the Notes 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. Receipt for the purchase price of the Notes;
4. The approving opinion of Updike, Kelly & Spellacy, P.C., of Hartford, Connecticut, Bond Counsel in substantially the form attached hereto as Appendix B; and
5. An executed Continuing Disclosure Agreement in substantially the form attached hereto as Appendix C.

The Town has prepared this Preliminary Official Statement for the Notes which is dated November 12, 2024. The Town deems this Preliminary Official Statement final as of its date for purposes of SEC Rule 15c-12(b)(1), but it is subject to revision or amendment. The Town will make available to the winning bidder of the Notes a reasonable number of copies of the Official Statement at the Town's expense. The copies of the Official Statement will be made available to the winning bidder within seven business days of the bid opening. If the Town's Municipal Advisor is provided with the necessary information from the winning bidder by noon of the day following the day bids are received, the copies of the Official Statement will include an additional cover page and other pages indicating the interest rates, ratings, yields or reoffering prices, the name of the managing underwriter and any changes on the Notes. Additional copies may be obtained by the bidder at its own expense by arrangement with the printer.

A transcript of the proceedings taken by the Town in authorizing the Notes will be kept on file at the office of the Paying Agent, U.S. Bank Trust Company, National Association, and may be examined upon reasonable request.

CONCLUDING STATEMENT

Additional information may be obtained upon request from the Finance Director, Town of East Haddam, Municipal Office Complex, 1 Plains Road, Moodus, Connecticut 0469 at (860) 873-5022 or from Munistat Services, Inc. at (203) 421-2880.

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

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

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 EAST HADDAM, CONNECTICUT

By: _____
Irene M. Haines, *First Selectman*

By: _____
Maryjane T. Malavasi, *Treasurer*

By: _____
Valerie E. Belles, *Finance Director*

Dated: November __, 2024

APPENDIX A – AUDITED FINANCIAL STATEMENTS

TOWN OF EAST HADDAM TOWN, CONNECTICUT

June 30, 2023

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Appendix A – Audited Financial Statements - is taken from the Annual Financial Report of the Town of East Haddam Town for the Fiscal Year ending June 30, 2023 as presented by the auditors and does not include all of the schedules made in such report. A copy of the complete report is available upon request to the Treasurer, Town of East Haddam Town, Connecticut.



INDEPENDENT AUDITORS' REPORT

Board of Finance
Town of East Haddam, Connecticut
East Haddam, Connecticut

Report on the Audit of the Financial Statements

Opinions

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

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

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of East Haddam, Connecticut's basic financial statements. The report of tax collector, combining and individual nonmajor governmental fund financial statements and debt payment schedule are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the report of tax collector, combining and individual nonmajor governmental fund financial statements and debt payment schedule is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information


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

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

Board of Finance
Town of East Haddam, Connecticut

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 27, 2024, on our consideration of the Town of East Haddam, Connecticut’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town of East Haddam, 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 East Haddam, Connecticut’s internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

West Hartford, Connecticut
August 27, 2024

**TOWN OF EAST HADDAM, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2023**

This discussion and analysis of the Town of East Haddam, Connecticut's (the Town) financial performance is provided by management to give an overview of the Town's financial activities for the fiscal year ended June 30, 2023. Please read this MD&A in conjunction with the Town's financial statements, Exhibits I to IX.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the Town exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$94,677,241 (net position). Of this amount the unrestricted net position was \$3,216,939.
- The Town's total net position increased by \$3,447,015 or 3.7%. This increase is primarily due to:
 - An increase in Cash and Other Assets of \$1,023,869 This was driven by an increase in capital assets of \$2,286,223, an increase in deferred outflows of \$629,316.
 - An increase in liabilities of \$726,546. Resulting from a decrease in non-current liabilities due within one year, partially offset by an increase in non-current liabilities due in more than one year, for a net decrease in non-current liabilities of \$1,442,327. This activity relates to reclassification of bond payments to reflect the term. No new debt was taken on in FY23, hence the decrease in overall long-term liabilities.
- An increase of net investment in Capital Assets of \$5,170,263. The implementation of GASB 87 resulted in the inclusion of several leases as capital assets with offsetting Lease liability

Conversion to accrual basis on Exhibit IV

- Capital outlay net of depreciation expense of \$2,315,461
 - Net principal of debt activity \$2,123,823
 - Amortization of bond premiums \$361,330
 - Change in pension liability \$(166,917)
 - Change in total OPEB liability \$(944,321)
- As of the close of the fiscal year, the Town's governmental funds reported combined ending fund balances of \$15,574,521, a decrease of \$2,031,677 in comparison with the prior year. This decrease is the result of:
 - Positive operations of the general fund of \$739,367
 - Negative operations of the capital projects and reserve fund of \$(776,278)
 - Negative operations of the bonded capital projects fund \$(2,237,552)
 - Positive operations of the A.E. Purple Fund (investment losses) \$236,900
 - Positive operations the combined total of non-major funds of \$5,886.
 - At the close of the fiscal year, the unassigned fund balance for the general fund was \$5,688,284 or 15.3 % of total general fund budgetary basis expenditures and transfers out. This represents an increase of \$857,686 in unassigned fund balance. The treatment of budgeted reliance on unassigned general fund balance in 6/30/23 financial statements differ from prior years in that this amount (\$500,000 in this case), is recorded as a restricted balance. In prior years' financial statements there was no recognition of budgeted reliance on fund balance for the future fiscal year.

**TOWN OF EAST HADDAM, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2023**

- The Town's long-term debt decreased by \$2,140,000 in accordance with the debt service schedule. No new debt was incurred during the fiscal year.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of a series of financial statements. The statement of net position and the statement of activities (Exhibits I and II, respectively) provide information about the activities of the Town as a whole and present a longer-term view of the Town's finances. Fund financial statements are presented in Exhibits III to VI. 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 Town's operations in more detail than the government-wide statements by providing information about the Town's most significant funds. The remaining statements provide financial information about activities for which the Town 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 on Exhibits I and II. 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 the Town's financial health, or financial position. Over time, increases or decreases in the Town's net position are one indicator of whether its financial health is improving or deteriorating. The reader needs to consider other nonfinancial factors, however, such as changes in the Town's property tax base and the condition of the Town's capital assets, to assess the overall health of the Town.

In the statement of net position and the statement of activities, the Town reports its activities as follows:

- *Governmental Activities* - The Town's basic services are reported here, including education, public safety, public works, health and welfare, recreation and leisure and general administration. Property taxes, charges for services, and state and federal grants finance most of these activities.

**TOWN OF EAST HADDAM, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2023**

Fund Financial Statements

The fund financial statements begin with Exhibit III and provide detailed information about the most significant funds - not the Town as a whole. The Town establishes many funds to help control and manage financial activities for particular purposes or to show that it is meeting legal responsibilities for using grants and other money (like grants received from the State Department of Education). The Town's funds are divided into three categories: governmental, proprietary and fiduciary.

- *Governmental Funds (Exhibits III and IV)* - Most of 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 an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the Town's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Town's programs. The relationship (or differences) between governmental activities (reported in the statement of net position and the statement of activities) and governmental funds is described in a reconciliation included in the fund financial statements.

- *Fiduciary Funds (Exhibits V and VI)* - The Town is the trustee, or fiduciary, for its employees' pension plans. It is also responsible for other assets that, because of a trust arrangement, can be used only for the trust beneficiaries. All of the Town's fiduciary activities are reported in separate statements of fiduciary net position and changes in fiduciary net position. These activities are excluded from the Town's other financial statements because the Town cannot use these assets to finance its operations. The Town is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a Town's financial position. The Town's combined net position increased by 3.8% from a year ago, from \$91,230,226 to \$94,677,241. The analysis below focuses on the net position (Table 1) and changes in net position (Table 2) of the Town's governmental activities.

By far the largest portion of the Town's net position reflects its investment in capital assets (e.g. land, buildings, machinery and equipment, and infrastructure), less any related debt used to acquire those assets that is still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay the debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

**TOWN OF EAST HADDAM, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2023**

**TABLE 1
NET POSITION**

	Governmental Activities	
	2023	2022
Assets:		
Current and Other Assets	\$ 23,674,250	\$ 22,650,381
Capital Assets	102,917,069	100,630,846
Total Assets	<u>126,591,319</u>	<u>123,281,227</u>
Deferred Outflows of Resources	1,690,581	1,061,265
Liabilities:		
Long-Term Debt Outstanding	27,661,240	29,103,567
Other Liabilities	5,383,151	3,214,278
Total Liabilities	<u>33,044,391</u>	<u>32,317,845</u>
Deferred Inflows of Resources	<u>560,268</u>	<u>794,421</u>
Net Position:		
Net Investment in Capital Assets	78,780,725	74,565,875
Restricted	12,679,577	9,974,684
Unrestricted	<u>3,216,939</u>	<u>6,689,667</u>
Total Net Position	<u><u>\$ 94,677,241</u></u>	<u><u>\$ 91,230,226</u></u>

83.2% of the towns net position as of June 30, 2023, represents its net investment in capital assets, 13.4% of the Town's net position represents the resources that are subject to external restrictions on how they may be used. The remaining net position balance of \$3,216,939 (3.4%) is considered unrestricted and may be used to meet the Town's ongoing obligations to citizens and creditors. Capital assets are reported net of accumulated depreciation and both noncurrent (liabilities due in more than one year) and current liabilities are reported.

The Town's total net position increased by \$3,447,015. Significant changes to the components of the towns net position include:

- A decrease in long-term outstanding debt. No new debt was taken on during the year.
- A decrease in deferred inflows of resources relating to pension and OPEB liabilities.
- An increase in Capital Assets.
- An increase in Current Assets relating to market changes in investments, an increase in Capital Assets funded in short term through negative operations in the bonded capital projects fund.

**TOWN OF EAST HADDAM, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2023**

**TABLE 2
CHANGE IN NET POSITION**

	Governmental Activities	
	2023	2022
Revenues:		
Program Revenues:		
Charges for Services	\$ 2,400,562	\$ 1,569,978
Operating Grants and Contributions	10,790,981	7,883,431
Capital Grants and Contributions	1,142,389	1,275,868
General Revenues:		
Property Taxes	30,018,287	27,851,651
Grants and Contributions Not Restricted to Specific Purposes	214,438	27,978
Unrestricted Investment Earnings	1,388,728	(1,271,747)
Other General Revenues	52,195	64,121
Total Revenues	<u>46,007,580</u>	<u>37,401,280</u>
Program Expenses:		
General Government	4,524,060	4,028,298
Public Safety	2,564,410	2,403,687
Public Works	3,593,319	3,134,079
Health and Welfare	744,218	726,350
Recreation and Leisure	1,018,244	971,123
Education	29,533,647	26,093,884
Interest on Long-Term Debt	582,667	591,936
Total Program Expenses	<u>42,560,565</u>	<u>37,949,357</u>
Increase (Decrease) in Net Position	3,447,015	(548,077)
Net Position - Beginning of Year	<u>91,230,226</u>	<u>91,778,303</u>
Net Position - End of Year	<u>\$ 94,677,241</u>	<u>\$ 91,230,226</u>

Governmental Activities

There were significant changes in revenues and expenditures as compared to the prior year as follows:

Revenues: The Town's total revenues were \$46,007,580.

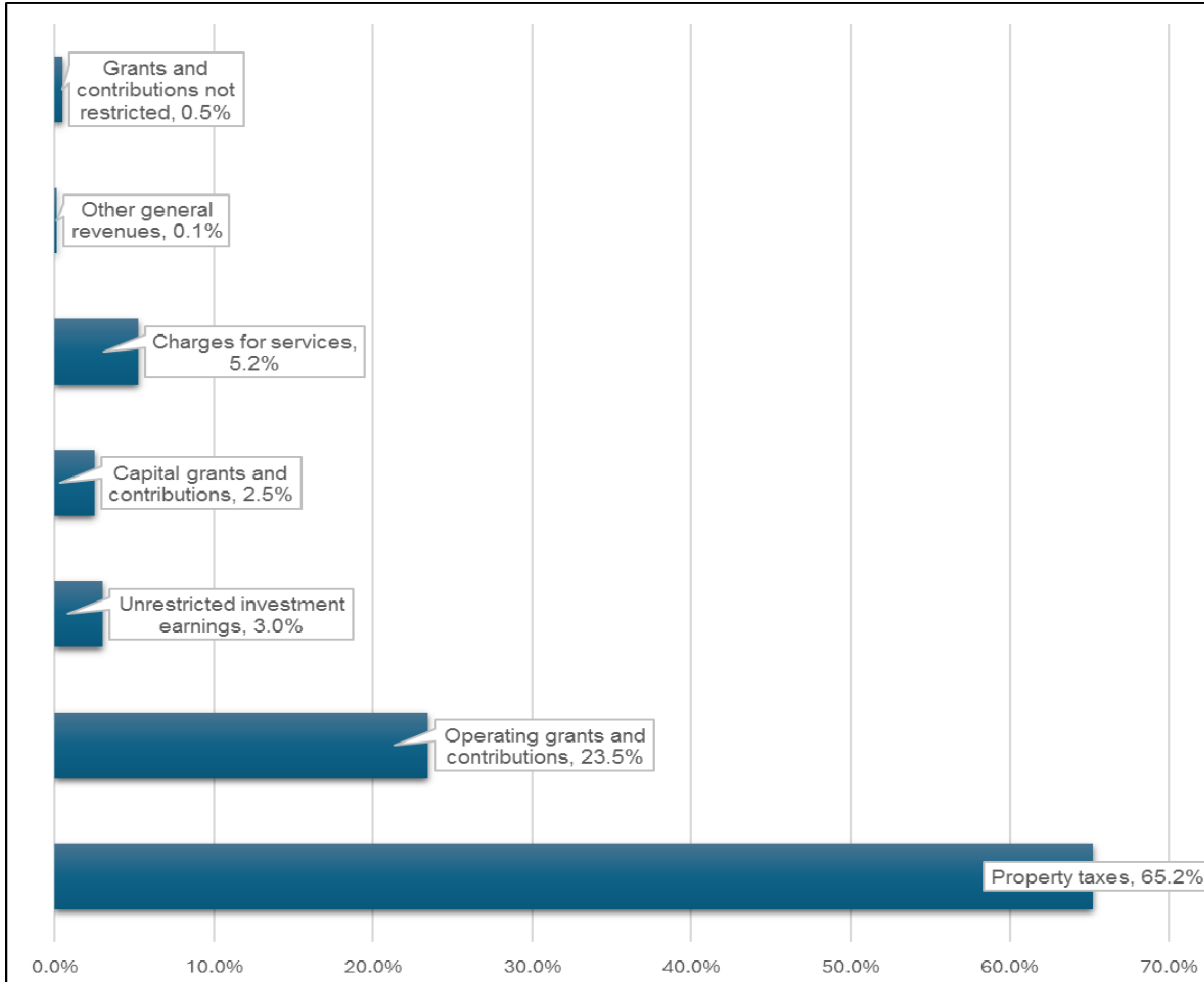
- Charges for Services: An increase in charges for services from 4.2% to 5.2%
- Operating grants and contributions: The increase of \$2,907,550 is primarily due to the increase of grants in education and general government.
- Capital grants and contributions: The decrease of \$133,479 was related to year over year FEMA grant revenues declining because of fewer open weather-related projects.

**TOWN OF EAST HADDAM, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2023**

- **Unrestricted investment earnings:** The increase of \$2,660,475 is due to \$1,271,747 market gains on investments in the A.E. Purple fund, and in the Cemetery and William F. Palmer (non-major) funds.

The mill rate for fiscal year 2023 was unchanged from the prior year at 31.79.

Revenue by Source—Governmental Activities



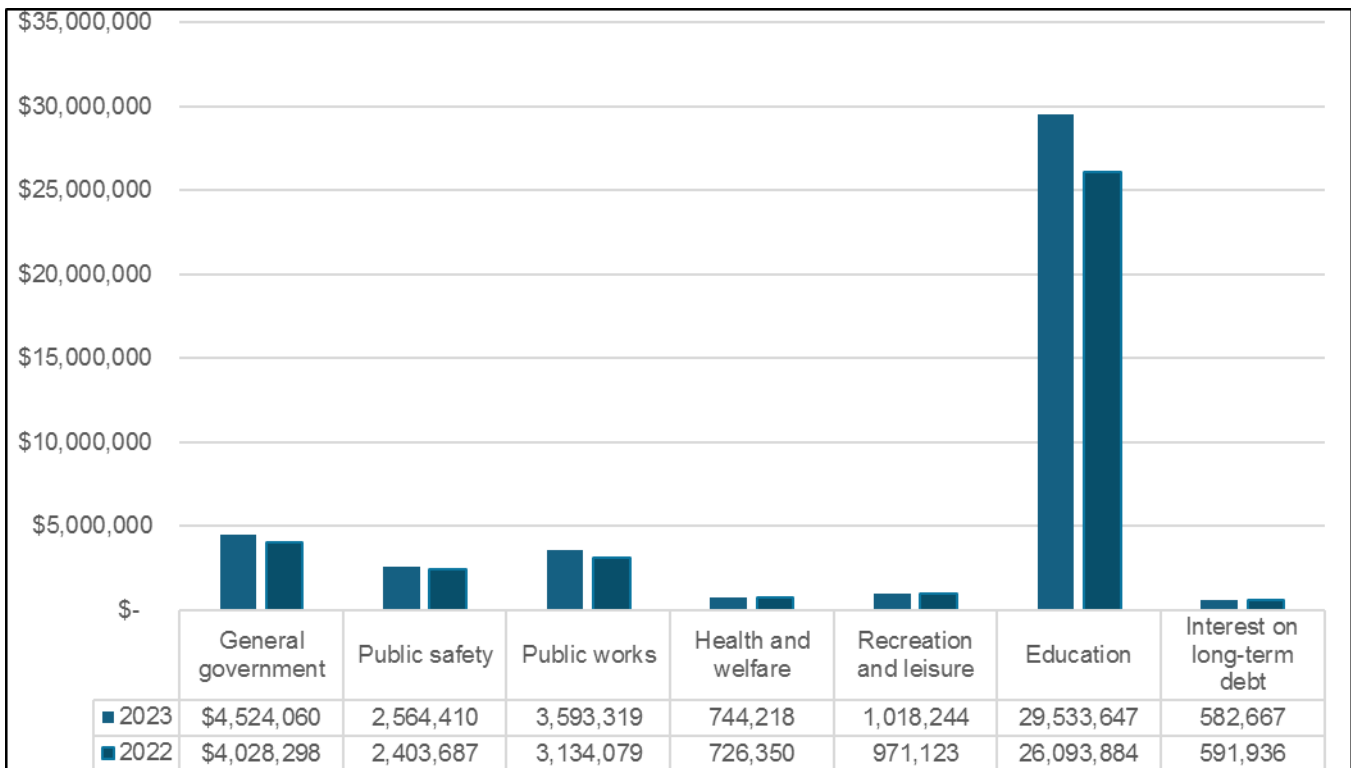
Expenses: The Town's total expenses were \$42,560,565.

- **General government:** The increase of \$495,762 largely resulted contractual obligations.
- **Public safety:** The increase of \$223,871 is largely due to an increase in Police Private Protection for construction projects (there is offsetting revenue).
- **Public works:** The increase of \$459,240 is largely due to the purchase of capital equipment.

**TOWN OF EAST HADDAM, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2023**

- Recreation & Leisure: The increase of \$47,121 is related to increased payroll and supplies for additional programming. There are partially offsetting revenues for these programs.
- Education: The increase of \$3,439,763 is related to increases in capital assets related to Education along with salary obligations and special education costs.
- Interest on long-term debt: The decrease of \$9,269 is due to repayment of debt per the debt service schedule, with no new debt issued during FY23.

Expenses by Function—Governmental Activities



Governmental Activities

Table 3 presents the cost of each of the Town’s largest programs - general government, public safety, public works, health and welfare, recreation and leisure, and education - as well as each program’s net cost (total cost less revenues generated by the activities). The net cost shows the financial burden that was placed on the Town’s taxpayers by each of these functions.

**TOWN OF EAST HADDAM, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2023**

**TABLE 3
GOVERNMENTAL ACTIVITIES**

	Total Cost of Services		Net Cost of Services	
	2023	2022	2023	2022
General Government	\$ 4,524,060	\$ 4,028,298	\$ 3,517,176	\$ 3,274,189
Public Safety	2,564,410	2,403,687	2,087,526	1,989,190
Public Works	3,593,319	3,134,079	1,761,330	1,895,999
Health and Welfare	744,218	726,350	731,195	703,204
Recreation and Leisure	1,018,244	971,123	669,481	667,875
Education	29,533,647	26,093,884	18,877,258	18,097,687
Other	582,667	591,936	582,667	591,936
Total	\$ 42,560,565	\$ 37,949,357	\$ 28,226,633	\$ 27,220,080

TOWN FUNDS FINANCIAL ANALYSIS

Governmental Funds

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

At the end of the fiscal year ended June 30, 2023, the Town's governmental funds reported combined ending balances of \$15,574,521.

Nonspendable	\$ 454,425
Restricted	9,672,063
Committed	2,062,940
Assigned	537,442
Unassigned	2,847,651

The total governmental fund balance decreased from \$17,606,198 to \$15,574,521. This decrease is a result of negative operations in the Capital Projects and Reserves fund, the bonded capital projects fund; offset by positive operations in the General Fund, A.E. Purple Fund and Nonmajor Governmental funds.

General Fund

The general fund is the operating fund of the Town. At the end of the fiscal year, unassigned fund balance of the general fund was \$5,688,284. As a measure of the general funds liquidity, it is useful to compare unassigned fund balance to total fund expenditures. Unassigned fund balance represents 14.9% of total general fund expenditures and transfers out.

**TOWN OF EAST HADDAM, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2023**

General Fund Highlights

Significant General Fund budget variances for Revenue and Expenditures, as shown on RSI-1 and RSI-2, respectively, are as follows:

Revenues:

➤ Receipts in excess of budget for property taxes, interest and penalties	\$ 249,412
➤ Receipts in excess of budget for Other Revenues (due to surplus of capital assets)	153,771
➤ Receipts in excess of budget for Building Department permit fees (due to increased construction activity)	156,677
➤ Local Capital Improvement (LoCIP) grant revenues were not received within the fiscal year. Receipt of this FY23 award is anticipated in FY24	(85,529)
➤ No reliance on fund balance as budgeted (expenses did not exceed revenues)	(500,000)

Expenditures:

➤ Expenses less than budget for Town Clerk	50,657
➤ Expenses less than budget for Board of Finance (minimal contingency use)	144,658
➤ Expenses less than budget for Insurance (no audit adjustment for WC insurance and less deductible and additional endorsement expenses than anticipated for LAP)	27,756
➤ Expenses less than budgeted for Police Officers (due to vacancies an change in Resident State Trooper)	180,205
➤ Expenses less than budget for General Highways (savings in wages due to vacancy)	94,725
➤ Expenses less than budget for Snow removal (fewer weather events)	76,587
➤ Expenses in excess of budget for Transfer Station (hauling fees, partially offset by additional related revenue)	(16,830)
➤ Expenses in excess of budget for Tree Care & Removal (additional contracted tree work)	(3,215)
➤ Expenses less than budget for Education	51,164

Additional appropriations totaled \$108,000. These appropriations for the following purposes:

- \$108,000 to Capital Projects and Reserves for an approved contributions toward Road Reclamation and Economic Development capital projects.

**TOWN OF EAST HADDAM, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2023**

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2023, the Town had \$102.9 million invested in a broad range of capital assets, including land, buildings, park facilities, vehicles and equipment, and roads (see Table 4).

**TABLE 4
CAPITAL ASSETS, Net of Depreciation
(In Thousands)**

	Governmental Activities	
	2023	2022
Land	\$ 10,057,000	\$ 10,057,000
Building and Improvements	65,146,000	65,781,000
Furniture and Equipment	3,367,000	3,173,000
Right to use Assets	371,000	362,000
Infrastructure	16,768,000	15,951,000
Construction in Progress	7,208,000	5,307,000
Total	<u>\$ 102,917,000</u>	<u>\$ 100,631,000</u>

More detailed information about the Town's capital assets is presented in Note 1 and Note 5 to the financial statements.

Long-Term Debt

**TABLE 5
OUTSTANDING DEBT, AT YEAR END**

	Governmental Activities	
	2023	2022
General Obligation Bonds	\$ 20,820,000	\$ 22,805,000
Notes Payable	140,000	295,000
Total	<u>\$ 20,960,000</u>	<u>\$ 23,100,000</u>

At June 30, 2023, the Town had \$20.9 million in bonds and notes outstanding versus \$23.1 million last year.

The State limits the amount of general obligation debt that towns can issue based on a formula determined under State Statutes based on type of debt and tax base. The Town's outstanding general obligation debt is significantly below this \$192 million state-imposed limit.

Other obligations include accrued vacation pay and sick leave. More detailed information about the Town's long-term liabilities is presented in Note 7 to the financial statements.

**TOWN OF EAST HADDAM, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2023**

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The Town's elected and appointed officials considered many factors when adopting the fiscal year 2023-2024 General Fund budget.

Revenues: The Town anticipated revenues from state, federal and local sources to increase by 1.2% largely due to an increase in LOCIP (Local Capital Improvement Grant) funding. The budget includes a reliance on the general fund of \$400,000 to balance the budget. This is less than the FY23 budgeted reliance on Fund Balance of \$860,713. The FY4 budget provides for an increase in property taxes of \$1,197,232 or 4%. From an increase to the grand list of an amount of 22%, the mill rate was decreased from 31.79 for the FY 2022-2023 budget to 25.30 for FY 2023-2024.

Expenses: The expenditure budget for 2023-2024 is \$37,911,165 or an increase of \$296,698 (over the 2022-2023 original budget). This increase is largely due to an increase in education, with small increases in town departments being offset by a decrease in debt service cost and capital project funding.

CONTACTING THE TOWN'S FINANCIAL MANAGEMENT

This financial report is designed to provide citizens, taxpayers, customers, 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 Finance Department, 1 Plains Road, Moodus, Connecticut 06469.

TOWN OF EAST HADDAM, CONNECTICUT
STATEMENT OF NET POSITION
JUNE 30, 2023

	Governmental Activities
ASSETS	
Cash and Cash Equivalents	\$ 9,763,639
Investments	9,565,112
Receivables, Net	4,171,362
Other Assets	14,632
Net Pension Asset	159,505
Capital Assets Not Being Depreciated	17,265,198
Capital Assets Being Depreciated, Net	85,651,871
Total Assets	126,591,319
DEFERRED OUTFLOWS OF RESOURCES	
Deferred Charges on Refunding	398,887
Changes Related to Pensions	244,631
Changes Related to OPEB	1,047,063
Total Deferred Outflows of Resources	1,690,581
LIABILITIES	
Accounts and Other Payables	2,564,202
Unearned Revenue	2,744,582
Due to Fiduciary Funds	74,367
Noncurrent Liabilities:	
Due Within One Year	2,951,082
Due in More Than One Year	24,710,158
Total Liabilities	33,044,391
DEFERRED INFLOWS OF RESOURCES	
Changes Related to Pensions	235,624
Changes Related to OPEB	324,644
Total Deferred Inflows of Resources	560,268
NET POSITION	
Net Investment in Capital Assets	78,780,725
Restricted for:	
Trust Purposes - Nonspendable	439,793
Trust Purposes - Expendable	225,958
Grants and Loan Receivables	2,408,216
Pension Benefits	159,505
General Government	64,731
Capital Projects	883,291
Public Safety	112,774
Recreation	1,852
Education	8,200,708
Health and Welfare	62,784
Sewer	119,965
Unrestricted	3,216,939
Total Net Position	\$ 94,677,241

See accompanying Notes to Basic Financial Statements.

**TOWN OF EAST HADDAM, CONNECTICUT
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2023**

Functions/Programs	Expenses	Program Revenues			Net Revenue (Expense) and Changes in Net Position Governmental Activities
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
GOVERNMENTAL ACTIVITIES					
General Government	\$ 4,524,060	\$ 655,132	\$ 351,752	\$ -	\$ (3,517,176)
Public Safety	2,564,410	430,981	45,903	-	(2,087,526)
Public Works	3,593,319	689,600	-	1,142,389	(1,761,330)
Health and Welfare	744,218	10,083	2,940	-	(731,195)
Recreation and Leisure	1,018,244	332,109	16,654	-	(669,481)
Education	29,533,647	282,657	10,373,732	-	(18,877,258)
Interest on Long-Term Debt	582,667	-	-	-	(582,667)
Total Governmental Activities	<u>\$ 42,560,565</u>	<u>\$ 2,400,562</u>	<u>\$ 10,790,981</u>	<u>\$ 1,142,389</u>	(28,226,633)
GENERAL REVENUES					
Property Taxes					30,018,287
Grants and Contributions Not Restricted to Specific Programs					214,438
Unrestricted Net Investment Income					1,388,728
Other					52,195
Total General Revenues					<u>31,673,648</u>
CHANGES IN NET POSITION					
					3,447,015
Net Position - Beginning of Year					<u>91,230,226</u>
NET POSITION - END OF YEAR					
					<u>\$ 94,677,241</u>

See accompanying Notes to Basic Financial Statements.

**TOWN OF EAST HADDAM, CONNECTICUT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2023**

	General	Capital Projects and Reserve Fund	Bonded Capital Projects Fund	Federal COVID Funds	A.E. Purple Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS							
Cash and Cash Equivalents	\$ 2,378,747	\$ 6,569,955	\$ -	\$ -	\$ 288,361	\$ 526,576	\$ 9,763,639
Investments	-	-	-	-	8,419,673	1,145,439	9,565,112
Receivables, Net	1,698,519	537,533	1,707,065	-	-	228,245	4,171,362
Due from Other Funds	7,002,565	-	400,000	2,406,958	-	773,673	10,583,196
Other	-	-	-	-	-	14,632	14,632
Total Assets	\$ 11,079,831	\$ 7,107,488	\$ 2,107,065	\$ 2,406,958	\$ 8,708,034	\$ 2,688,565	\$ 34,097,941
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES							
LIABILITIES							
Accounts and Other Payables	\$ 1,189,865	\$ 82,394	\$ 866,724	\$ 88,709	\$ 60,617	\$ 154,585	\$ 2,442,894
Due to Other Funds	3,254,998	4,637,025	2,335,197	-	400,000	30,343	10,657,563
Unearned Revenue	9,298	-	-	2,318,249	-	417,035	2,744,582
Total Liabilities	4,454,161	4,719,419	3,201,921	2,406,958	460,617	601,963	15,845,039
DEFERRED INFLOWS OF RESOURCES							
Unavailable Revenue - Property Taxes	270,165	-	-	-	-	-	270,165
Unavailable Revenue - Loans Receivable	13,000	-	-	-	-	-	13,000
Unavailable Revenue - Grants	116,779	537,533	1,707,065	-	-	33,839	2,395,216
Total Deferred Inflows of Resources	399,944	537,533	1,707,065	-	-	33,839	2,678,381
FUND BALANCES							
Nonspendable	-	-	-	-	400,000	54,425	454,425
Restricted	-	-	-	-	7,847,417	1,824,646	9,672,063
Committed	-	1,850,536	-	-	-	212,404	2,062,940
Assigned	537,442	-	-	-	-	-	537,442
Unassigned	5,688,284	-	(2,801,921)	-	-	(38,712)	2,847,651
Total Fund Balances	6,225,726	1,850,536	(2,801,921)	-	8,247,417	2,052,763	15,574,521
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 11,079,831	\$ 7,107,488	\$ 2,107,065	\$ 2,406,958	\$ 8,708,034	\$ 2,688,565	\$ 34,097,941

See accompanying Notes to Basic Financial Statements.

**TOWN OF EAST HADDAM, CONNECTICUT
BALANCE SHEET (CONTINUED)
GOVERNMENTAL FUNDS
JUNE 30, 2023**

RECONCILIATION TO THE STATEMENT OF NET POSITION

Total Fund Balances - Governmental Funds (Exhibit III) \$ 15,574,521

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

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

Governmental Capital Assets	139,020,576
Less: Accumulated Depreciation	<u>(36,103,507)</u>
Net Capital Assets	102,917,069

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

Net Pension Asset	159,505
Property Tax Receivables Greater Than 60 Days	226,382
Loan Receivables Greater Than 60 Days	13,000
Grant Receivables Greater Than 60 Days	2,395,216
Interest Receivable on Property Taxes	43,783
Deferred Amounts on Refunding	398,887
Deferred Outflows Related to OPEB	1,047,063
Deferred Outflows Related to Pensions	244,631

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

Bonds and Notes Payable	(20,960,000)
Interest Payable on Bonds and Notes	(121,308)
Compensated Absences	(1,148,862)
Bond Premium	(2,275,166)
Lease Liability	(344,652)
Termination Benefits	(248,631)
Net OPEB Obligation	(2,331,714)
Deferred Inflows Related to Pensions	(235,624)
Deferred Inflows Related to OPEB	(324,644)
Net Pension Liability	<u>(352,215)</u>

Net Position of Governmental Activities as Reported on the Statement of Net Position (Exhibit I)	<u><u>\$ 94,677,241</u></u>
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**TOWN OF EAST HADDAM, CONNECTICUT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2023**

	General	Capital Projects and Reserve Fund	Bonded Capital Projects Fund	Federal COVID Funds	A.E. Purple Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES							
Property Taxes	\$ 30,059,914	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 30,059,914
Intergovernmental	7,767,757	792,633	-	344,418	-	1,568,346	10,473,154
Charges for Services	1,103,330	-	-	-	-	800,962	1,904,292
Income on Investments	127,413	102,913	-	-	1,106,455	51,947	1,388,728
Miscellaneous	265,520	25,200	-	-	-	115,556	406,276
Total Revenues	<u>39,323,934</u>	<u>920,746</u>	<u>-</u>	<u>344,418</u>	<u>1,106,455</u>	<u>2,536,811</u>	<u>44,232,364</u>
EXPENDITURES							
Current:							
General Government	4,471,163	-	-	-	-	9,375	4,480,538
Public Safety	1,287,930	-	-	229,536	-	199,007	1,716,473
Public Works	2,338,835	-	-	-	-	205,701	2,544,536
Health and Welfare	535,816	-	-	-	-	22,549	558,365
Recreation and Leisure	686,789	-	-	-	-	239,685	926,474
Education	25,911,430	-	-	-	92,113	1,893,723	27,897,266
Debt Service	2,953,017	-	-	-	-	-	2,953,017
Capital Outlay	-	2,593,915	2,637,552	114,882	-	-	5,346,349
Total Expenditures	<u>38,184,980</u>	<u>2,593,915</u>	<u>2,637,552</u>	<u>344,418</u>	<u>92,113</u>	<u>2,570,040</u>	<u>46,423,018</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	1,138,954	(1,673,169)	(2,637,552)	-	1,014,342	(33,229)	(2,190,654)
OTHER FINANCING SOURCES (USES)							
Issuance of leases	-	158,977	-	-	-	-	158,977
Transfers In	413,327	737,914	400,000	-	-	75,000	1,626,241
Transfers Out	(812,914)	-	-	-	(777,442)	(35,885)	(1,626,241)
Total Other Financing Sources (Uses)	<u>(399,587)</u>	<u>896,891</u>	<u>400,000</u>	<u>-</u>	<u>(777,442)</u>	<u>39,115</u>	<u>158,977</u>
NET CHANGE IN FUND BALANCES	739,367	(776,278)	(2,237,552)	-	236,900	5,886	(2,031,677)
Fund Balances - Beginning of Year	<u>5,486,359</u>	<u>2,626,814</u>	<u>(564,369)</u>	<u>-</u>	<u>8,010,517</u>	<u>2,046,877</u>	<u>17,606,198</u>
FUND BALANCES - END OF YEAR	<u>\$ 6,225,726</u>	<u>\$ 1,850,536</u>	<u>\$ (2,801,921)</u>	<u>\$ -</u>	<u>\$ 8,247,417</u>	<u>\$ 2,052,763</u>	<u>\$ 15,574,521</u>

See accompanying Notes to Basic Financial Statements.

**TOWN OF EAST HADDAM, CONNECTICUT
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES (CONTINUED)
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2023**

RECONCILIATION TO THE STATEMENT OF ACTIVITIES

Net Change in Fund Balances - Governmental Funds (Exhibit IV) \$ (2,031,677)

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

Governmental funds report capital outlays as expenditures and donations of capital assets as revenues. In the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:

Capital Outlay	4,135,330
Depreciation and Amortization Expense	(1,819,869)

The statement of activities reports losses arising from the trade-in of existing capital assets to acquire new capital assets. Conversely governmental funds do not report any gain or loss on a trade-in of capital assets. (29,238)

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

Property Tax Receivable - Accrual Basis Change	(36,389)
Property Tax Interest and Lien Revenue - Accrual Basis Change	(5,238)
Grants Receivable	909,417
Change in Deferred Outflows Related to Pensions	(7,287)
Change in Deferred Outflows Related to OPEB	696,503
Change in Net Pension Asset	83,585

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

Bonds and Notes Principal Payments	2,140,000
Issuance of Leases	(158,977)
Amortization of Lease Liability	142,800

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

Compensated Absences	61,505
Accrued Interest	(64,702)
Termination Payments	6,907
Amortization of Deferred Charge on Refunding	(59,900)
Amortization of Bond Premiums	361,330
Change in Deferred Inflows Related to Pensions	148,108
Change in Deferred Inflows Related to OPEB	86,045
Change in Net Pension Liability	(166,917)
Change in Total OPEB Liability	(944,321)

Change in Net Position of Governmental Activities as Reported on the Statement of Activities (Exhibit II)	\$ 3,447,015
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See accompanying Notes to Basic Financial Statements.

**TOWN OF EAST HADDAM, CONNECTICUT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2023**

	<u>Pension Trust Funds</u>
ASSETS	
Cash and Cash Equivalents	\$ 184,283
Investments - Mutual Funds	6,467,698
Due from Other Funds	<u>74,367</u>
Total Assets	<u>6,726,348</u>
LIABILITIES	
Accounts and Other Payables	<u>-</u>
NET POSITION	
Net Position Restricted for Pensions	<u><u>\$ 6,726,348</u></u>

See accompanying Notes to Basic Financial Statements.

**TOWN OF EAST HADDAM, CONNECTICUT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
YEAR ENDED JUNE 30, 2023**

	Pension Trust Funds
ADDITIONS	
Contributions:	
Employer	\$ 313,973
Plan Members	400,734
Total Contributions	714,707
Investment Income:	
Net Change in Fair Value of Investments	58,700
Interest and Dividends	722,789
Net Investment Income	781,489
Total Additions	1,496,196
DEDUCTIONS	
Benefits	449,854
Administration	20,641
Total Deductions	470,495
NET INCREASE	1,025,701
Net Position - Beginning of Year	5,700,647
NET POSITION - END OF YEAR	\$ 6,726,348

See accompanying Notes to Basic Financial Statements.

**TOWN OF EAST HADDAM, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

The Town operates under the provisions of the Connecticut General Statutes. The form of government includes a Board of Selectmen consisting of a First Selectman, who is the chief administrative and executive official of the Town, and two other members. The Board of Selectmen and the Town Meeting have the legislative power of the Town and may enact ordinances consistent with the General Statutes. A nine-member Board of Education is responsible for the operation of the public school system.

A six-member Board of Finance is responsible for presenting fiscal operating budgets for Town Meeting and Referendum approval. The Treasurer receives all money belonging to the Town and makes expenditures based upon the appropriate authority.

Accounting principles generally accepted in the United States of America require that the reporting entity include the primary government, organizations for which the primary government is financially accountable, and 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. A government is financially accountable for a legally separate organization if it appoints a voting majority of the organization's governing body and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the government. These criteria have been considered and have resulted in the inclusion of the fiduciary component units as detailed below.

Fiduciary Component Units

The Town has established one single-employer defined benefit pension plan – Firefighters Incentive Plan, one defined contribution plan – Municipal Employees' Retirement Fund (Savings Plan), and one postretirement health care benefits (OPEB) plan to provide retirement benefits and postretirement health care benefits primary to employees and their beneficiaries. The Town performs the duties of a governing board for these plans and is required to make contributions.

The financial statements of the fiduciary component units are reported as Pension and OPEB Trust funds in the fiduciary fund financial statements. Separate financial statements have not been prepared for the fiduciary component units.

**TOWN OF EAST HADDAM, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the Town. For the most part, the effect of interfund activity has been removed from these statements.

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 properly included among program revenues are reported instead as general revenues.

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

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

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Town considers revenues to be available if they are collected within 60 days of the end of the current fiscal period for taxes and 180 days for state and federal grants. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

**TOWN OF EAST HADDAM, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation
(Continued)**

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

The Town reports the following major governmental funds:

General Fund

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

Capital Projects and Reserve Fund

The Capital Projects and Reserve Fund is used to set aside funds for future capital purchases. The major sources of revenue for this fund are intergovernmental receipts.

Bonded Capital Projects Fund

The Bonded Capital Projects Fund is used to account for capital purchases funded from general obligation bonds.

Federal COVID Funds

The Federal COVID Funds are used to account for fund received under the American Rescue Plan Act of 2021.

A.E. Purpose Fund

The A.E. Purple Fund is used to account for funds donated to the Town by A.E. Purple to be used for educational purposes. The major sources of revenue for this fund are income on investments.

Additionally, the Town reports the following fund types:

Pension Trust Funds

The Pension Trust Funds account for the fiduciary activities of the East Haddam Pension Plans, which accumulate resources for pension benefit payments to qualified Town and Board of Education employees, as well as volunteer firefighters.

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

**TOWN OF EAST HADDAM, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation
(Continued)**

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

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

D. Deposits and Investments

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

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

Investments for the Town are reported at fair value.

E. Receivables and Payables

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

**TOWN OF EAST HADDAM, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Receivables and Payables (Continued)

Property taxes are assessed as of October 1 and billed the following July. Assessments for real and personal property, excluding motor vehicles, are computed at 70% of the market value. Liens are filed on delinquent taxes by June 30 each year. Interest is charged on delinquent taxes at the rate of 1.5% per month (18% per year). An amount of \$17,530 has been established as an allowance for uncollectible taxes. At June 30, 2023, this represents 4.70% of all property taxes receivable.

F. Inventories and Prepaid Items

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

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

G. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets, donated works of art and similar items and capital assets received in a service concession arrangement are recorded at acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

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

Property, plant, and equipment are depreciated using the straight-line method over the following estimated useful lives:

Buildings and Improvements	25 to 50 Years
Furniture and Equipment	5 to 20 Years
Public Domain Infrastructure	20 to 50 Years

TOWN OF EAST HADDAM, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to a future period or periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Town reports a deferred charge on refunding and deferred outflows related to pension and other postemployment benefits other than pensions (OPEB) in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. A deferred outflow of resources related to pension and OPEB results from differences between expected and actual experience, changes in assumptions or other inputs, differences between projected and actual earnings on investments, and contributions subsequent to the measurement date. These amounts are deferred and included in pension and OPEB expense in a systematic and rational manner over a period equal to the average of the expected remaining service lives of all employees that are provided with benefits through the pension plan (active employees and inactive employees).

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

I. Compensated Absences

Employees are paid by prescribed formula for absence due to vacation or sickness. The liability for accumulated vacation and sick pay earned as of June 30, 2023, is reflected in the government-wide statement of net position.

**TOWN OF EAST HADDAM, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. Compensated Absences (Continued)

Town and noncertified Board of Education employees are granted vacation and sick leave based upon length of employment. In the event of termination, employees are compensated for accumulated vacation and, depending on the terms of their union contract, sick time. The General Fund generally funds the cost associated with compensated absences.

J. Long-Term Obligations

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

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

K. Leases

Lessee

The Town is a lessee for noncancellable leases of equipment. The Town recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the applicable governmental activities in the government-wide financial statements.

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

Key estimates and judgments related to leases include how the Town determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The Town uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the Town generally uses its estimated incremental borrowing rate as the discount rate for leases.

**TOWN OF EAST HADDAM, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. Leases (Continued)

Lessee (Continued)

- The lease term includes the noncancellable period of the lease.
- Lease payments included in the measurement of the lease liability are composed of fixed payments and the purchase option price that the Town is reasonably certain to exercise.

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

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

L. Equity

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

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

Restricted – Net position is restricted because the restrictions are externally imposed by creditors (such as through debt covenants), grantors, contributors or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The Town currently has assets under restriction in the A.E. Purple Fund, the Scholarship Trust Fund, and the Cemetery Trust.

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

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

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

Restricted Fund Balance – This represents amounts constrained for specific purposes by external parties, such as grantors, creditors, contributors or laws and regulations of their governments.

**TOWN OF EAST HADDAM, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

L. Equity (Continued)

Committed Fund Balance – This represents amounts constrained for a specific purpose by a government using its highest level of decision-making authority. The Town of East Haddam Board of Finance can commit fund balance through the adoption of a resolution prior to the end of the fiscal year. Once adopted, the limitation imposed by the resolution remains in place until similar action is taken to remove or revise the limitation.

Assigned Fund Balance – This balance represents amounts constrained for the intent to be used for a specific purpose by a governing body or a body or official that has been delegated authority to assign amounts by the Board of Finance.

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

When both restricted and unrestricted amounts are available for use, it is the Town's practice to use restricted resources first. Additionally, the Town would first use committed, then assigned, and lastly unassigned.

M. Termination Benefits

Upon the death or retirement from the teaching profession, a teacher who has been in the East Haddam School System for 20 or more years of active service shall be paid the equivalent of one-half of his or her accumulated sick leave. The teacher will be paid at the beginning of the next fiscal year. The maximum benefit available cannot exceed 40% of the salary schedule pay for the highest step of the MA column. Termination benefits as of June 30, 2023, totaled \$248,631. Payment will be paid over three fiscal years and funded by the General Fund.

N. Net Pension Liability

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

**TOWN OF EAST HADDAM, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

O. Total OPEB Liability

The total OPEB liability is measured as the portion of the actuarial present value of projected benefits that is attributed to past periods of employee service. The total OPEB liability is measured as of a date (measurement date) no earlier than the end of the employer's prior fiscal year and no later than the end of the current fiscal year, consistently applied from period to period.

P. Estimates

The preparation of the financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities including disclosures of contingent assets and liabilities and reported revenues expenditures during the fiscal year.

Q. Adoption of New Accounting Standards

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*

In May 2020, the GASB issued GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. This standard defines a subscription-based information technology arrangement (SBITA); establishes that a SBITA results in a right-to-use subscription asset (an intangible asset) and a corresponding subscription liability; provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and requires note disclosures regarding a SBITA. The Town adopted the requirements of the guidance effective July 1, 2022, and has applied the provisions of the standard to the beginning of the period of adoption and there are no arrangements of this nature that would materially impact the financial statements.

NOTE 2 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary Information

The General Fund budget is prepared in accordance with the Connecticut General Statutes. There are currently no legally adopted budgets for special revenue funds.

The First Selectman distributes forms to Town Officials, who compile annual budget requests and return them to the First Selectman. The Board of Selectmen prepares its budget document and submits it to the Board of Finance. The Board of Finance reviews all general government budgets with the Board of Selectmen.

The Board of Education prepares its budget document and submits it to the Board of Finance. After reviewing requested expenditures and estimating revenues, the Board of Finance prepares a budget for public hearing. The legal budget is at the departmental level. Following the hearing, the Board meets in public session to prepare a recommended budget for the Town Meeting and referendum. When the budget is approved, the Board of Finance sets the tax rate.

**TOWN OF EAST HADDAM, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 2 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (CONTINUED)

Budgetary Information (Continued)

The General Statutes provide the manner that is to be utilized by the Town Meeting in acting upon the budget, as well as the procedures to be utilized for additional appropriations during the year.

Funds for any additional appropriations or any emergency appropriations are drawn as directed by the Board of Finance from any available fund balance, an approved contingency fund or funds received or to be received from state, federal or other sources.

There were no supplemental appropriations during the year, and no appropriations were carried over to fiscal year 2023.

The General Fund budget is prepared on a modified accrual basis of accounting except for four items as follows:

- Encumbrances are recognized as a valid and proper charge against a budget appropriation in the year in which the purchase order, contract, or other commitment is issued, and, accordingly, encumbrances outstanding at year-end are reflected in budgetary reports as expenditures in the current year.
- The budget for payroll expenditures is prepared on a cash basis. Accrued payroll has been recorded as expenditures (Exhibit IV) in accordance with GAAP.
- The Town does not budget for revenue or expenditures for pension contributions made by the state of Connecticut for East Haddam teachers or reimbursements for special education excess costs. The amount for special education excess costs was \$300,858. The amount recognized as on-behalf payments for State Teacher's retirement pension and OPEB was \$3,287,768 and \$46,502, respectively.
- The Maintenance, Technology, and Grange Hall Funds are combined for financial reporting purposes rather than budgeted within the General Fund.

Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders, contracts) outstanding at year-end are reported as reservations of fund balances and do not constitute expenditures or liabilities because the commitments will be re-appropriated and honored during the subsequent year.

**TOWN OF EAST HADDAM, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 2 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (CONTINUED)

Expenditures over Appropriations

Several individual lines within the General Fund budget in which expenditures exceeded appropriations were due to additional administrative costs, staffing reassignments, unanticipated repairs, and greater private duty activity (resulting in greater revenue) which are shown in the following budget lines:

Department	Amount
Town Office Building	\$ 532
Finance Office	595
Tax Collector	1,239
Fringe Benefits	35,949
Open Space Committee	11,854
Shared Services	67,116
Transfer Station	16,830
Tree Care and Removal	3,215
Senior Services	7,946
Public Libraries	19,473
Recreation Commission	2,356
Greens Maintenance	2,393
Debt Service	91
Total	\$ 169,589

NOTE 3 CASH, CASH EQUIVALENTS, AND INVESTMENTS

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

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

**TOWN OF EAST HADDAM, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 3 CASH, CASH EQUIVALENTS, AND INVESTMENTS (CONTINUED)

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

Deposits

Deposit Custodial Credit Risk

Custodial credit risk is the risk that, in the event of a bank failure, the Town’s deposit will not be returned. The Town does not have a deposit policy for custodial credit risk. The deposit of public funds is controlled by the Connecticut General Statutes. Deposits may be placed with any qualified public depository that has its main place of business in the state of Connecticut. Connecticut General Statutes require that each depository maintain segregated collateral (not required to be based on a security agreement between the depository and the municipality and, therefore, not perfected in accordance with federal law) in an amount equal to a defined percentage of its public deposits based upon the depository’s risk-based capital ratio.

Based on the criteria described in GASB Statement No. 40, *Deposits and Investment Risk Disclosures—an amendment of GASB Statement No. 3*, \$10,226,288 of the Town’s bank balance of \$11,210,303 was exposed to custodial credit risk as follows:

Uninsured and Uncollateralized	\$ 9,131,056
Uninsured and Collateral Held by the Pledging Bank’s Trust Department, Not in the Town’s Name	1,095,232
Total Amount Subject to Custodial Credit Risk	\$ 10,226,288

Cash Equivalents

At June 30, 2023, the Town’s cash equivalents amounted to \$62,421 deposited in STIF, an investment pool of high-quality short-term money market instruments with an average maturity of less than 60 days. There are no limitations or restrictions on any withdrawals due to redemption notice periods, liquidity fees, or redemption rates.

The following table provides a summary of the Town’s cash equivalents (excluding U.S. government guaranteed obligations) as rated by nationally recognized statistical rating organizations:

	Standard & Poor’s
State Short-Term Investment Fund (STIF)	AAAm

**TOWN OF EAST HADDAM, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 3 CASH, CASH EQUIVALENTS, AND INVESTMENTS (CONTINUED)

Investments

As of June 30, 2023, the Town had the following investments:

Investment Type	Credit Rating	Investment Maturities			Fair Value
		Less Than 1 Year	1 to 10 Years	More Than 10 Years	
Interest-Bearing Investments:					
Certificates of Deposit	*	\$ 106,003	\$ -	\$ -	\$ 106,003
Corporate Bonds	Aaa	500,894	15,006	-	515,900
Corporate Bonds	Aa2	-	24,821	-	24,821
Corporate Bonds	Aa3	-	29,136	-	29,136
Corporate Bonds	A1	6,837	158,354	-	165,191
Corporate Bonds	A2	-	77,628	-	77,628
Corporate Bonds	A3	14,957	64,448	-	79,405
Corporate Bonds	Baa1	-	139,364	-	139,364
Corporate Bonds	Baa2	-	81,318	-	81,318
Corporate Bonds	Baa3	-	12,551	-	12,551
Corporate Bonds	Ba1	-	8,043	-	8,043
Total Interest-Bearing Investments		<u>\$ 628,691</u>	<u>\$ 610,669</u>	<u>\$ -</u>	<u>1,239,360</u>
Other Investments:					
Common Stock	N/A				8,114,135
Mutual Funds	N/A				6,666,652
Alternative Investments	N/A				12,663
Total					<u>\$ 16,032,810</u>

*Subject to coverage by Federal Depository Insurance and collateralization
N/A - Not applicable

Interest Rate Risk

The Town limits Palmer Fund investment maturities for a single security at 30 years and a weighted average portfolio at 15 years as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk – Investments

As indicated above, state statutes limit the investment options of cities and towns. The Town has an investment policy that allows the same type of investments as state statutes.

Concentration of Credit Risk

The Town limits investments with respect to the Palmer Fund and A.E. Purple Fund in any one issuer that is in excess of 5% and 10%, respectively, of the Town's total investments.

**TOWN OF EAST HADDAM, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 3 CASH, CASH EQUIVALENTS, AND INVESTMENTS (CONTINUED)

Custodial Credit Risk

Custodial credit risk for an investment is the risk that, in the event of the failure of the counterparty (the institution that pledges collateral or repurchase agreement securities to the Town or that sells investments to or buys them for the Town), the Town will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Town does not have a policy for custodial credit risk. At June 30, 2023, the Town had \$7,168,591 uninsured and unregistered securities held by the counterparty, or by its trust department or agent, that were not in the Town's name.

The Town categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements); followed by quoted prices in inactive markets or for similar assets or with observable inputs (Level 2 measurements); and the lowest priority to unobservable inputs (Level 3 measurements). The Town has the following recurring fair value measurements as of June 30, 2023:

	Fair Value Measurements Using			Total
	Level 1	Level 2	Level 3	
Investments by Fair Value Level:				
Corporate Bonds	\$ 1,133,357	\$ -	\$ -	\$ 1,133,357
Common Stock	8,126,798	-	-	8,126,798
Mutual Funds	6,666,652	-	-	6,666,652
Total Investments by Fair Value Level	\$ 15,926,807	\$ -	\$ -	15,926,807
Total Investments				\$ 15,926,807

Debt and equity securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. The Town has no Level 2 or 3 investments.

**TOWN OF EAST HADDAM, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 3 CASH, CASH EQUIVALENTS, AND INVESTMENTS (CONTINUED)

Concentration Risk

The investments in the Employee Savings Plan Pension Trust Fund that represents more than 5% of the respective Fund's net position as of June 30, 2023, as are follows:

1SGFSVI THE STANDARD GUARANTEED FIXED INTEREST ISGFSVI	\$ 993,276
VTTVX Vanguard Target Retirement 2025 Inv	531,284
VFIAX Vanguard 500 Index Admiral	430,530
SGFSVI The Standard Guaranteed Fixed Interest I	750,165

NOTE 4 RECEIVABLES

Receivables as of year-end for the Town's individual major funds, nonmajor funds, internal service, and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	General	Capital Projects and Reserve Fund	Bonded Capital Projects Fund	Nonmajor and Other Funds	Total
Receivables:					
Interest	\$ 43,783	\$ -	\$ -	\$ -	\$ 43,783
Taxes	372,923	-	-	-	372,923
Accounts	1,299,343	-	-	-	1,299,343
Intergovernmental	-	537,533	1,707,065	228,245	2,472,843
Gross Receivables	1,716,049	537,533	1,707,065	228,245	4,188,892
Less: Allowance for Uncollectibles	(17,530)	-	-	-	(17,530)
Net Total Receivables	<u>\$ 1,698,519</u>	<u>\$ 537,533</u>	<u>\$ 1,707,065</u>	<u>\$ 228,245</u>	<u>\$ 4,171,362</u>

**TOWN OF EAST HADDAM, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 5 CAPITAL ASSETS

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

	Balance - Beginning of Year	Increase	Decrease	Balance - End of Year
Governmental Activities:				
Capital Assets Not being Depreciated:				
Land	\$ 10,057,258	\$ -	\$ -	\$ 10,057,258
Construction in Progress	5,307,476	3,441,967	(1,541,503)	7,207,940
Total Capital Assets Not being Depreciated	<u>15,364,734</u>	<u>3,441,967</u>	<u>(1,541,503)</u>	<u>17,265,198</u>
Capital Assets being Depreciated:				
Buildings and Improvements	85,236,119	140,966	-	85,377,085
Furniture and Equipment	8,842,465	660,519	(49,334)	9,453,650
Right to Use Assets	454,996	158,977	(17,690)	596,283
Infrastructure	25,053,956	1,274,404	-	26,328,360
Total Capital Assets being Depreciated	<u>119,587,536</u>	<u>2,234,866</u>	<u>(67,024)</u>	<u>121,755,378</u>
Less Accumulated Depreciation and Amortization for:				
Buildings and Improvements	(19,455,315)	(776,035)	-	(20,231,350)
Furniture and Equipment	(5,669,933)	(437,139)	20,096	(6,086,976)
Right to Use Assets	(93,403)	(149,178)	17,690	(224,891)
Infrastructure	(9,102,773)	(457,517)	-	(9,560,290)
Total Accumulated Depreciation	<u>(34,321,424)</u>	<u>(1,819,869)</u>	<u>37,786</u>	<u>(36,103,507)</u>
Total Capital Assets being Depreciated, Net	<u>85,266,112</u>	<u>414,997</u>	<u>(29,238)</u>	<u>85,651,871</u>
Governmental Activities Capital Assets, Net	<u>\$ 100,630,846</u>	<u>\$ 3,856,964</u>	<u>\$ (1,570,741)</u>	<u>\$ 102,917,069</u>

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

Governmental Activities:	
General Government	\$ 205,120
Public Safety	173,395
Public Works	713,871
Health and Welfare	37,005
Recreation and Leisure	66,112
Education	624,366
Total Depreciation Expense - Governmental Activities	<u>\$ 1,819,869</u>

**TOWN OF EAST HADDAM, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 6 INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

During the course of operations, transactions are processed through the General Fund on behalf of other funds. A summary of interfund balances as of June 30, 2023, is presented below:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Bonded Capital Projects Fund	\$ 2,335,197
General Fund	Capital Projects and Reserve Fund	4,637,025
Bonded Capital Projects Fund	A.E. Purple Fund	400,000
Nonmajor Governmental Funds	General Fund	773,673
General Fund	Nonmajor Governmental Funds	30,343
Federal COVID Funds	General Fund	2,406,958
Pension Trust Fund	General Fund	74,367
Total		<u>\$ 10,657,563</u>

Most of the interfund balances are cash amounts fronted by the General fund for various capital projects and grant funded activity.

Interfund transfers:

	<u>Transfers In</u>				<u>Total</u>
	<u>General Fund</u>	<u>Reserve for Capital Projects</u>	<u>Bonded Capital Projects Fund</u>	<u>Nonmajor Governmental</u>	
Transfers Out:					
General Fund	\$ -	\$ 737,914	\$ -	\$ 75,000	\$ 812,914
A.E. Purple Fund	377,442	-	400,000	-	777,442
Nonmajor Governmental Funds	35,885	-	-	-	35,885
Total	<u>\$ 413,327</u>	<u>\$ 737,914</u>	<u>\$ 400,000</u>	<u>\$ 75,000</u>	<u>\$ 1,626,241</u>

Transfers are used to account for commitments appropriated to other funds in accordance with budget authorizations.

**TOWN OF EAST HADDAM, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 7 LONG-TERM DEBT

Changes in Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2023, was as follows:

	Balance - Beginning of Year	Additions	Reductions	Balance - End of Year	Due Within One Year
Governmental Activities:					
Bonds and Notes Payable:					
General Obligation Bonds	\$ 22,805,000	\$ -	\$ 1,985,000	\$ 20,820,000	\$ 1,960,000
Notes Payable	295,000	-	155,000	140,000	140,000
Bond Premiums	2,636,496	-	361,330	2,275,166	-
Total Bonds Payable	<u>25,736,496</u>	<u>-</u>	<u>2,501,330</u>	<u>23,235,166</u>	<u>2,100,000</u>
OPEB Liability	1,387,393	944,321	-	2,331,714	-
Net Pension Liability	185,298	166,917		352,215	-
Lease Liability	328,475	158,977	142,800	344,652	160,071
Compensated Absences	1,210,367	74,247	135,752	1,148,862	515,970
Termination Benefits	255,538	-	6,907	248,631	175,041
Governmental Activities Long-Term Liabilities	<u>\$ 29,103,567</u>	<u>\$ 1,344,462</u>	<u>\$ 2,786,789</u>	<u>\$ 27,661,240</u>	<u>\$ 2,951,082</u>

In prior years, the General Fund has typically been used to liquidate long term liabilities.

A schedule of bonds and notes outstanding at June 30, 2023, is presented below:

	Date of Issue	Date of Maturity	Interest Rate	Amount of Original Issue	Balance Outstanding
Bonds and Notes:					
General Obligation	2020	2040	0.8% to 1.8%	\$ 18,055,000	\$ 16,105,000
General Obligation	2020	2030	1.4% to 2.1%	455,000	360,000
Notes Payable	2013	2024	1.5% to 2.5%	1,845,000	140,000
Refunding Bonds	2015	2028	1.5% to 2.5%	9,165,000	4,355,000
Total					<u>\$ 20,960,000</u>

The following is a schedule of principal and interest requirements to maturity:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2024	\$ 2,100,000	\$ 730,488
2025	1,990,000	654,713
2026	2,025,000	578,013
2027	1,905,000	502,724
2028	1,940,000	426,959
2029 to 2033	4,880,000	1,346,549
2034 to 2038	4,725,000	569,025
2039 to 2040	1,395,000	38,325
Total	<u>\$ 20,960,000</u>	<u>\$ 4,846,796</u>

**TOWN OF EAST HADDAM, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 7 LONG-TERM DEBT (CONTINUED)

Changes in Long-Term Liabilities (Continued)

A summary of bonds authorized unissued is presented below:

Project	Authorization	Bonds and Notes Issued	Grants/ Contributions	Authorized Unissued
Open Space	\$ 5,894,500	\$ 2,643,705	\$ 1,149,000	\$ 2,101,795
Middle School Project*	34,118,000	18,506,295	15,340,252	271,453
East Haddam Elementary School*	2,707,000	2,300,000	413,599	(6,599)
Municipal Office Complex	15,000,000	15,000,000	-	-
Firehouse Improvements	508,000	500,000	-	8,000
Town-Wide Radio System Improvements	2,100,000	2,100,000	-	-
Total	<u>\$ 60,327,500</u>	<u>\$ 41,050,000</u>	<u>\$ 16,902,851</u>	<u>\$ 2,374,649</u>

*The authorized unissued amount is reduced by grants received by the state of Connecticut.

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

Category	Debt Limitation*	Indebtedness**	Balance
General Purpose	\$ 62,437,000	\$ 16,858,000	\$ 45,579,000
Schools	124,873,000	6,476,000	118,397,000
Sewers	104,061,000	-	104,061,000
Urban Renewal	90,186,000	-	90,186,000
Pension Deficit	83,249,000	-	83,249,000

* In no case shall total indebtedness exceed seven times annual receipts from taxation (\$194,247).

** Indebtedness includes bonds authorized unissued of \$265 related to the Middle School and East Haddam Elementary, \$8 for Firehouse and Radio System improvements, and \$2,102 related to open space.

Compensated Absences

Accrued sick and vacation pay for general government operations is \$455,460, and the amount for the Board of Education is \$693,402. This is a net decrease of \$61,505 from the previous year. The Board of Education has liabilities of \$248,631 related to retirement incentives and sick pay buyouts at retirement.

Lease Liability

The Town leases equipment for various terms under long-term, noncancelable lease agreements. The leases expire at various dates through 2028.

**TOWN OF EAST HADDAM, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 7 LONG-TERM DEBT (CONTINUED)

Changes in Long-Term Liabilities (Continued)

Total future minimum lease payments under lease agreements are as follows:

<u>Year Ending June 30,</u>	<u>Lease Principal</u>	<u>Lease Interest</u>
2024	\$ 160,071	\$ 12,014
2025	122,224	5,063
2026	29,327	1,782
2027	30,437	673
2028	2,593	11
Total	<u>\$ 344,652</u>	<u>\$ 19,543</u>

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

Equipment	\$ 596,283
Accumulated Depreciation	<u>(224,891)</u>
Net Leased Equipment	<u>\$ 361,593</u>

NOTE 8 RISK MANAGEMENT

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the Town carries commercial insurance. There are no significant reductions in insurance coverage from the prior year. The amount of claim settlements has not exceeded insurance coverage for each of the past three years.

During the fiscal year, the Board of Education discontinued its self-insurance plan for dental expenses. There were no expenses in the fund for claims during the year and no Incurred but not reported health claims have been accrued as a liability per the Plan administrator.

NOTE 9 EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS

A. Firefighters Incentive Plan

Plan Description and Benefits Provided

The Volunteer Fire Department Incentive Plan (Incentive Plan) is a single employer defined benefit pension plan administered by the Town to provide benefits for active Volunteer Firefighters who were members of the East Haddam Volunteer Fire Department prior to December 31, 2011. Plan provisions are established and amended by ordinance requiring Board of Selectman and Town Meeting approval. The pension plan is part of the Town's financial reporting entity and is accounted for as a pension trust fund. The plan does not issue separate, stand-alone financial reports.

**TOWN OF EAST HADDAM, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 9 EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (CONTINUED)

A. Firefighters Incentive Plan (Continued)

Plan Description and Benefits Provided (Continued)

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

Retiree and Beneficiaries Currently Receiving	
Benefits	11
Inactive with Deferred Benefits	5
Current Active Members	40
Total	56

Management of the plan rests with the Firefighters Pension Committee, which consists of a member of the Board of Selectmen, a member of the Board of Finance, an officer of the fire department, a member at large and a member of the Board of Fire Commissioners.

Summary of Significant Accounting Policies

The pension trust fund's financial statements are prepared using the accrual basis of accounting. Contributions are recognized when due, pursuant to formal commitments and contractual requirements, and investment income is recognized when earned. Expenses (benefits and administration) are recognized when due and payable in accordance with the terms of the plan.

The plan was previously funded by life insurance policies owned by the members. During the fiscal year, all of these policies were cashed and deposited into an investment account on behalf of the plan members. The value of the life insurance policies is shown as employee contributions.

Investments are valued at fair value, based upon quoted market prices. Securities traded on national exchanges are valued at the last reported sales price. Investment income is recognized as earned.

Volunteer firefighters will be eligible for accrued benefits on their normal retirement date, provided they have completed at least five active years of service in accordance with plan provision by December 31, 2011.

Funding Policy

The Town's current funding policy for pension obligations mirrors the benefits earned during the year. The monthly retirement benefit is \$15 per year for the first 20 years of credited service; thereafter, \$10 per year for the next 10 years of credited service; thereafter \$5 per year for the next 10 years of credited service.

**TOWN OF EAST HADDAM, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 9 EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (CONTINUED)

A. Firefighters Incentive Plan (Continued)

Investments

Investment Policy

The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the Firefighters Pension Committee by a majority vote of its members. It is the policy of the Firefighters Pension Committee to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The pension plan's investment policy discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans.

The following was the Board's adopted asset allocation policy as of June 30, 2023:

Asset Class	Target Allocation
International Fixed Income	5.0 %
Domestic Fixed Income	30.0
Domestic Equities	55.0
International Equities	5.0
Cash	5.0
Total	100.0 %

Rate of Return

For the year ended June 30, 2023, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 3.06%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Net Pension Liability (Asset) of the Town

The Town's net pension liability (asset) was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2023.

The components of the net pension liability (asset) of the Town at June 30, 2023, were as follows:

Total Pension Liability	\$ 774,633
Plan Fiduciary Net Position	(934,138)
Town's Net Pension Asset	\$ (159,505)

Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	120.59 %
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**TOWN OF EAST HADDAM, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 9 EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (CONTINUED)

A. Firefighters Incentive Plan (Continued)

Net Pension Liability (Asset) of the Town (Continued)

Actuarial Assumptions

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

Inflation	2.40 %
Salary Increases	N/A
Investment Rate of Return	5.50 %

Mortality rates were based on the RP-2014 Blue Collar mortality table generationally using MP 2015.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2023, (see the discussion of the pension plan's investment policy) are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
International Fixed Income	0.5 %
Domestic Fixed Income	1.1
Domestic Equities	4.5
International Equities	4.9
Cash	(0.2)

Discount Rate

The discount rate used to measure the total pension liability was 5.50%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that Town contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**TOWN OF EAST HADDAM, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 9 EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (CONTINUED)

A. Firefighters Incentive Plan (Continued)

Changes in the Net Pension Liability (Asset)

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
	(a)	(b)	(a) - (b)
Balances - Beginning of Year	\$ 769,829	\$ 845,749	\$ (75,920)
Changes for the Year:			
Service Cost	10,119	-	10,119
Interest on Total Pension Liability	41,639	-	41,639
Differences between Expected and Actual Experience	(3,856)	-	(3,856)
Changes in Assumptions	2,684	-	2,684
Employer Contributions	-	64,004	(64,004)
Net Investment Income	-	90,808	(90,808)
Benefit Payments, including Refund to Employee Contributions	(45,782)	(45,782)	-
Administrative Expenses	-	(20,641)	20,641
Other Changes	-	-	-
Net Changes	<u>4,804</u>	<u>88,389</u>	<u>(83,585)</u>
Balances - End of Year	<u>\$ 774,633</u>	<u>\$ 934,138</u>	<u>\$ (159,505)</u>

Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate

The following presents the net pension liability (asset) of the Town, calculated using the discount rate of 5.50%, 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 (4.50%) or 1-percentage-point higher (6.50%) than the current rate:

	1% Decrease (4.50%)	Current Discount Rate (5.50%)	1% Increase (6.50%)
Town's Net Pension Asset	<u>\$ (70,930)</u>	<u>\$ (159,505)</u>	<u>\$ (235,581)</u>

**TOWN OF EAST HADDAM, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 9 EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (CONTINUED)

A. Firefighters Incentive Plan (Continued)

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

For the year ended June 30, 2023, the Town recognized pension expense of \$23,148. At June 30, 2023, the Town reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	Employees' Pension Plan	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 13,911	\$ 10,606
Changes of Assumptions	6,913	164
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	108,010	94,986
Total	\$ 128,834	\$ 105,756

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

<u>Year Ending June 30,</u>	<u>Amount</u>
2024	\$ 585
2025	(185)
2026	28,878
2027	(7,126)
2028	1,754
Thereafter	(828)
Total	\$ 23,078

**TOWN OF EAST HADDAM, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 9 EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (CONTINUED)

B. Municipal Employees' Retirement Fund (Savings Plan)

The Municipal Employees' Retirement Fund (Savings Plan) is a defined contribution individual savings account plan. The plan, effective July 1, 1986, covers all full-time Town employees and noncertified school employees who work over 500 hours annually, except for those employees who are covered under the State of Connecticut Municipal Employees' Retirement System. Contributions to the plan are made both by the Board of Education and Town (4.75% and 5.0%, respectively, of annual compensation) and the employee (minimum 2.0% to 3.5% of annual compensation to a maximum 13%). Currently, there are 78 members participating in the plan. Benefits are vested at 20% after the first two years and 20% each year thereafter, with 100% vesting after six years. Normal retirement age is 65 with provisions for early retirement. The participants are funding individual savings accounts, and they have several options as to the method of receiving pension benefits (i.e., lump-sum, annuity, etc.). During the year, the employees contributed \$150,191 to the plan, and employer contributions were \$106,411. These amounts represent 5.6% and 4.8%, respectively, of covered payroll of \$2,197,318. Total Town and Board of Education payroll amounted to \$17,550,001

The plan was created by the authority of the Board of Selectmen and can be amended by that Board. This plan is reported as a Pension Trust Fund in this report. The plan's financial statements are prepared using the accrual basis of accounting. Employee and employer contributions are recognized as revenues in the period in which employee services are performed. All investments are invested and administered by the Sentry Insurance Company and are reported at fair value. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings.

C. Financial Information for Separate Plans

Statement of Net Position

	Pension Trust Funds		
	Employee Savings Plan	Firefighters Incentive Plan	Total Trust Funds
Assets:			
Cash and Cash Equivalents	\$ -	\$ 184,283	\$ 184,283
Investments	5,792,210	675,488	6,467,698
Due from Other Funds	-	74,367	74,367
Total Assets	5,792,210	934,138	6,726,348
Liabilities:			
Accounts and Other Payables	-	-	-
Net Position:			
Held in Trust for Pension Benefits	\$ 5,792,210	\$ 934,138	\$ 6,726,348

**TOWN OF EAST HADDAM, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 9 EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (CONTINUED)

C. Financial Information for Separate Plans (Continued)

Statement of Changes in Plan Assets

	Pension Trust Funds		
	Employee Savings Plan	Firefighters Incentive Plan	Total Trust Funds
Additions:			
Contributions:			
Employer	\$ 249,969	\$ 64,004	\$ 313,973
Plan Members	400,734	-	400,734
Total Contributions	<u>650,703</u>	<u>64,004</u>	<u>714,707</u>
Investment Income:			
Net Change in Fair Value of Investments	-	58,700	58,700
Interest and Dividends	690,681	32,108	722,789
Net Investment Income	<u>690,681</u>	<u>90,808</u>	<u>781,489</u>
Total Additions	1,341,384	154,812	1,496,196
Deductions:			
Benefits	404,072	45,782	449,854
Administration	-	20,641	20,641
Total Deductions	<u>404,072</u>	<u>66,423</u>	<u>470,495</u>
Change in Net Position	937,312	88,389	1,025,701
Net Position - Beginning of Year	<u>4,854,898</u>	<u>845,749</u>	<u>5,700,647</u>
Net Position - End of Year	<u>\$ 5,792,210</u>	<u>\$ 934,138</u>	<u>\$ 6,726,348</u>

D. Length of Service Award Plan

Effective January 1, 2012, the Town created a Length of Service Award Plan for Volunteer Members of East Haddam's Volunteer Fire Department (LOSAP). The LOSAP is a defined contribution plan that provides length of service awards to most active volunteer members of the Fire Department. Contribution provisions and benefit provisions of the LOSAP are established by and can be amended by the Board of Finance and Board of Selectmen.

**TOWN OF EAST HADDAM, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 9 EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (CONTINUED)

D. Length of Service Award Plan (Continued)

LOSAP covers individuals who perform fire and prevention services without compensation who are over the age of 18 and who were not members of the department on or before December 31, 2011. These individuals are able to enter into the plan when they have reached one year of volunteer service under the plan provisions and are in good standing with the department. Individuals who were members of the department on or before December 31, 2011, are eligible for the plan if they have not received benefits under the Town's Volunteer Incentive Plan and who have five or less years of credited service. Participants opting into this plan, if they were members prior to December 31, 2011, must waive all future benefits with the incentive plan.

Active members in the plan will receive benefits of \$500 for each of the volunteer's first five years of service on July 1 of the plan year that immediately follows the plan year for which the eligible volunteer met the five-year requirement. Participants will receive \$500 for each additional year, not to exceed \$20,000. There were seventeen volunteers who have met this eligibility requirement by the end of the fiscal year.

E. Connecticut State Teachers' Retirement System – Pension

Plan Description

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

Benefit Provisions

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

Normal Retirement

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

Early Retirement

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

**TOWN OF EAST HADDAM, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 9 EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (CONTINUED)

E. Connecticut State Teachers' Retirement System – Pension (Continued)

Benefit Provisions (Continued)

Disability Retirement

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

Contributions

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

Employer (School Districts)

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

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

For the year ended June 30, 2023, the amount of "on-behalf" contributions made by the state was \$3,287,768 and is recognized in the General Fund as intergovernmental revenues and education expenditures.

Employees

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

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

**TOWN OF EAST HADDAM, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 9 EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (CONTINUED)

E. Connecticut State Teachers' Retirement System – Pension (Continued)

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

At June 30, 2023, the Town reports no amounts for its proportionate share of the net pension liability, and related deferred outflows and inflows, due to the statutory requirement that the state pay 100% of the required contribution. The amount recognized by the Town as its proportionate share of the net pension liability, the related state support, and the total portion of the net pension liability that was associated with the Town were as follows:

Town's Proportionate Share of the Net Pension Liability	\$	-
State's Proportionate Share of the Net Pension Liability associated with the Town		41,700,284
Total		\$ 41,700,284

The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2022. At June 30, 2023, the Town has no proportionate share of the net pension liability.

For the year ended June 30, 2023, the Town recognized pension expense and revenue of \$4,030,379 in Exhibit II for on-behalf amounts for the benefits provided by the state.

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of June 30, 2022, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Salary Increase	3.00% to 6.50%, Including Inflation
Investment Rate of Return	6.90%, Net of Pension Plan Investment Expense, Including Inflation

Mortality rates were based on PubT-2010 Healthy Retiree Table (adjusted 105% for males and 103% for females at ages 82 and above), projected generationally with MP-2019 for the period after service retirement.

The actuarial assumptions used in the June 30, 2022, valuation were based on the results of an actuarial experience study for five-year period ended June 30, 2019.

**TOWN OF EAST HADDAM, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 9 EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (CONTINUED)

E. Connecticut State Teachers' Retirement System – Pension (Continued)

Actuarial Assumptions (Continued)

Assumption changes since the prior year are as follows:

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

Benefit changes since the prior year are as follows:

- Legislation was passed restoring the 25% wear down of Plan N benefits to vested members as of June 30, 2019.

Cost-of-Living Allowance

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

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

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

Long-Term Rate of Return

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

**TOWN OF EAST HADDAM, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 9 EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (CONTINUED)

E. Connecticut State Teachers' Retirement System – Pension (Continued)

Actuarial Assumptions (Continued)

Long-Term Rate of Return (Continued)

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>	<u>Target Allocation</u>
Domestic Equity Fund	5.40 %	20.00 %
Developed Market Intl. Stock Fund	6.40	11.00
Emerging Market Intl. Stock Fund	8.60	9.00
Core Fixed Income Fund	0.80	13.00
Private Credit	6.50	5.00
Emerging Market Debt Fund	3.80	5.00
High Yield Bond Fund	3.40	3.00
Real Estate Fund	5.20	19.00
Private Equity	9.40	10.00
Alternative Investments	3.10	3.00
Liquidity Fund	(0.40)	2.00
Total		<u>100.00 %</u>

Discount Rate

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

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

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

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued financial statements available at www.ct.gov.

Other Information

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

**TOWN OF EAST HADDAM, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 9 EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (CONTINUED)

F. Municipal Employees' Retirement System

Plan Description

All full-time employees participate in the Municipal Employees' Retirement System (MERS). MERS is a cost-sharing, multiemployer public employee retirement system established by the state of Connecticut and administered by the State Retirement Commission to provide pension benefits to employees of participating municipalities. Chapters 7-425 to 7-451 of the State of Connecticut General Statutes, which can be amended by legislative action, establishes MERS benefits, member contribution rates, and other plan provisions. MERS is considered to be part of the state of Connecticut's financial reporting entity and is included in the state's financial reports as a pension trust fund. Those reports can be obtained at www.ct.gov.

Benefit Provisions

The plan provides retirement, disability, and death benefits and annual cost-of-living adjustments to plan members and their beneficiaries. Employees are eligible to retire at age 55 with five years of continuous service, or 15 years of active aggregate service or 25 years of aggregate service. In addition, compulsory retirement is at age 65 for police and fire members. Employees under the age of 55 are eligible to retire with 25 years of service.

Normal Retirement

For members not covered by Social Security, retirement benefits are calculated as 2% of the average of the three highest paid years of service times the years of service. For members covered by Social Security, retirement benefits are calculated as 1½% of the average of the three highest paid years of service not in excess of the year's breakpoint plus 2% of average of the three highest paid years of service in excess of the year's breakpoint, times years of service. The year's breakpoint is defined as \$10,700 increased by 6.0% each year after 1982, rounded to the nearest multiple of \$100. Maximum benefit is 100% of average final compensation and the minimum benefit is \$1,000 annually.

Early Retirement

Members must have five years of continuous or 15 years of active aggregate service. Benefits are calculated as a service retirement allowance on the basis of the average of the three highest paid years of service to the date of termination. Benefits are deferred to normal retirement age, or an actuarially reduced allowance may begin at the time of separation.

**TOWN OF EAST HADDAM, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 9 EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (CONTINUED)

F. Municipal Employees' Retirement System (Continued)

Benefit Provisions (Continued)

Disability Retirement – Service Connected

This applies to employees who are totally and permanently disabled, and such disability has arisen out of and in the course of employment with the municipality. Disability due to heart and hypertension in the case of fire and police, who began employment prior to July 1, 1996, is presumed to have been suffered in the line of duty. Benefits are calculated as a service retirement allowance based on compensation and service to the date of the disability with a minimum benefit (including worker's compensation benefits) of 50% of compensation at the time of disability.

Disability Retirement – Nonservice Connected

This applies to employees who have 10 years of service and are totally and permanently disabled. Benefits are calculated as a service retirement allowance based on compensation and service to the date of the disability.

Preretirement Death Benefit

The plan offers a lump-sum return of contributions with interest or if vested and married, the surviving spouse will receive a lifetime benefit.

Contributions

Member

Contributions for members not covered by Social Security are 5% of compensation; for members covered by Social Security, 2¼% of compensation up to the Social Security taxable wage base plus 5%, if any, in excess of such base. Effective July 1, 2019, member contribution rates are set to increase by 0.5% of compensation each year for six years.

Employer

Participating employers make annual contributions consisting of a normal cost contribution, a contribution for the amortization of the net unfunded accrued liability, and a prior service amortization payment, which covers the liabilities of MERS not met by member contributions. In addition, there is also an annual administrative fee per active and retired member. The Town's required contribution rate for the year ended June 30, 2023, was 21.80% of annual payroll. Contributions to the pension plan from the Town were \$45,542 for the year ended June 30, 2023.

**TOWN OF EAST HADDAM, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 9 EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (CONTINUED)

F. Municipal Employees' Retirement System (Continued)

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

At June 30, 2023, the Town reports a liability of \$352,215 for its proportionate share of the net pension liability. The net pension liability was measured at June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation at June 30, 2022. The actuarial assumptions used in the June 30, 2022, valuation were based on results of an actuarial experience study for the period July 1, 2012 through June 30, 2017. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participants, actuarially determined. At June 30, 2023, the Town's proportion was 0.03%. The decrease in proportion from 2022 was 0.004%.

For the year ended June 30, 2023, the Town recognized pension expense of \$14,021. At June 30, 2023, the Town reported deferred outflows of resources related to pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Town Contributions Subsequent to the Measurement Date	\$ 36,664	\$ -
Net Difference between Projected and Actual Earning on Pension Plan Investments	51,841	-
Differences between Expected and Actual Experience	26,466	14,867
Change in Proportionate Share	826	115,001
Total	\$ 115,797	\$ 129,868

Amounts reported as deferred outflows of resources related to Town contributions after the measurement date will be recognized as a reduction of the net pension liability in the subsequent year. Amounts reported as deferred inflows and outflows of resources related to pension will be recognized in pension expense as follows:

Year Ending June 30,	Amount
2024	\$ (50,831)
2025	(37,433)
2026	46
2027	37,483
2028	-
Thereafter	-
Total	\$ (50,735)

**TOWN OF EAST HADDAM, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 9 EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (CONTINUED)

F. Municipal Employees' Retirement System (Continued)

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of June 30, 2022, using the following actuarial assumptions, applied to all periods included in the measurement period:

Inflation	2.50%
Salary Increase	3.50% to 10.00%, Including Inflation
Investment Rate of Return	7.00%, Net of Pension Plan Investment Expense, Including Inflation

Mortality rates were based on:

RP-2014 Combined Mortality Table adjusted to 2006 and projected to 2015 with Scale MP-2017 and projected to 2022 with Scale BB for General Employees.

RP-2014 Blue Collar Mortality Table adjusted to 2006 and projected to 2015 with Scale MP-2017 and projected to 2022 with Scale BB for Police and Fire.

For disabled retirees, the RP-2014 Disabled Mortality Table projected with Scale BB to 2020 was used.

Future cost-of-living adjustments for members who retired on or after January 1, 2002, are 60% of the annual increase in the CPI up to 6%. The minimum annual COLA is 2.5%; the maximum is 6%.

The long-term expected rate of return on pension plan investments was determined using a statistical analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major class are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>	<u>Target Allocation</u>
Global Equity	6.90 %	37.00 %
Public Credit	2.90	2.00
Core Fixed Income	0.40	13.00
Liquidity Fund	(0.40)	1.00
Risk Mitigation	0.10	5.00
Private Equity	11.20	15.00
Private Credit	6.20	10.00
Real Estate	6.30	10.00
Infra. & Natural Resources	7.70	7.00
Total		<u>100.00 %</u>

**TOWN OF EAST HADDAM, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 9 EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (CONTINUED)

F. Municipal Employees' Retirement System (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at the actuarially determined contribution rates in the future years. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following presents the Town's proportionate share of the net pension liability, calculated using the current discount rate, as well as what the Town's proportionate share of 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 (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
Town's Proportionate Share of the Net Pension Liability	\$ 487,030	\$ 352,215	\$ 239,146

G. Total Pension Expense

The Town's total pension expense for all plans amounted to \$4,067,548 for the fiscal year ended June 30, 2023.

NOTE 10 OTHER POSTEMPLOYMENT BENEFITS

A. Postretirement Medical Program

Plan Description

The Town, in accordance with various collective bargaining agreements, is committed to providing medical benefits to certain eligible retirees and their spouses. The Postretirement Medical Program (RMP) is a single employer plan that covers Town and Board of Education employees. The RMP is administered by the Town. Plan provisions are determined by union contract and may be amended through union negotiations.

**TOWN OF EAST HADDAM, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 10 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

A. Postretirement Medical Program (Continued)

Plan Description (Continued)

Retired program members and beneficiaries are required to contribute active employee premiums. The percentage contribution and the eligibility of the employees and retirees for these benefits vary and are detailed within the Town's various bargaining agreements. The Town does not issue a separate stand-alone financial statement for this program.

The Town funding and payment of postemployment benefits are accounted for in the General Fund on a pay-as-you-go basis. Per the recommendations of the Town's actuary and the size of the current liability, the Town has not established a trust fund to irrevocably segregate assets to fund the liability associated with postemployment benefits in accordance with GASB guidelines. The Town does not have an explicit liability for postretirement benefits because the retirees pay the full health insurance premium. However, the Town does have an implicit subsidy that recognizes the expected higher health costs attributed to retirees in general (i.e., the real cost of health coverage for retirees is more than the premiums being charged and the excess cost is being funded by the Town.) Although a trust fund may not be established in the future to exclusively control the funding and reporting of postemployment benefits, the Town anticipates a commitment to fund normal cost and a long-term approach to the amortization of the actuarial accrued liability. The goal is to absorb, within the budgetary process, the actual cost of benefits in the determination of the costs of providing services to taxpayers. The Town will evaluate the funding requirements on an annual basis to determine if establishing a trust is prudent.

Benefits Provided

Postemployment obligations are based upon characteristics of benefits on four distinct groups of employees established within their respective collective bargaining units and/or contracts and include the following:

- UPSEU Board of Education employees are eligible for retiree health care coverage for lifetime upon attainment of age 55 with 20 years of service.
- Teachers and School Administrators are eligible for retiree health care coverage for lifetime at the earlier of age 55 with 20 years of service or 25 years of service.
- Board of Education employees with individual contracts are assumed to be eligible for retiree health care coverage for lifetime upon attainment of age 55 with 20 years of service. The following employees have individual contracts: Superintendent.

**TOWN OF EAST HADDAM, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 10 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

A. Postretirement Medical Program (Continued)

Benefits Provided (Continued)

- Town employees who retire upon Medicare eligibility are eligible to purchase Medicare Supplement coverage through the Town. No retiree health care benefits are offered to Town employees who retire prior to Medicare eligibility.
- Surviving spouses of retired teachers and nonteachers at the school are allowed to remain on the plan.
- Surviving spouses of retirees and actives eligible to retire are allowed to remain on the plan.

Employees Covered by Benefit Terms

Membership in the plan consisted of the following at June 30, 2023, the date of the last actuarial valuation:

Inactive Employees Currently Receiving Benefit Payments	7
Active Employees	211
Total	218

Total OPEB Liability

The Town's total OPEB liability of \$1,387,393 was measured as of June 30, 2023, and was determined by an actuarial valuation as of July 1, 2021.

Actuarial Assumptions and Other Inputs

The total OPEB liability in the June 30, 2023, actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement unless otherwise specified:

Inflation	3.0% per Year
Salary Increases	3.00%
Discount Rate	4.13%
Healthcare Cost Trend Rates:	
Fiscal Year Ending June 30,	Medical/Rx
2024	8.0 %
2025	7.5 %
2026	7.0 %
2027	6.5 %
2028	6.0 %
2029	5.5 %
2030	5.0 %

**TOWN OF EAST HADDAM, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 10 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

A. Postretirement Medical Program (Continued)

Actuarial Assumptions and Other Inputs (Continued)

The discount rate was based on a yield for 20-year tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher (or equivalent quality on another rating scale).

Mortality rates were based on RP-2000 Healthy Annuitant Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA.

The actuarial assumptions used in the June 30, 2023, valuation were based on the results of an actuarial experience study from fiscal year 2019.

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance - Beginning of Year	\$ 1,387,393
Changes for the Year:	
Service Cost	53,690
Interest on Total OPEB Liability	57,619
Difference between Expected and Actual Experience	760,947
Changes in Assumptions or Other Inputs	137,311
Benefit Payments	(65,246)
Net Changes	944,321
Balance - End of Year	\$ 2,331,714

The discount rate was 4.09% as of June 30, 2023, and 2.19% as of June 30, 2022.

Sensitivity of the Total OPEB Liability to Changes in the 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 or 1-percentage-point higher than the current discount rate:

	1% Decrease (3.13%)	Current Discount Rate (4.13%)	1% Increase (5.13%)
Total OPEB Liability	\$ 2,543,983	\$ 2,331,714	\$ 2,140,456

**TOWN OF EAST HADDAM, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 10 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

A. Postretirement Medical Program (Continued)

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 are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	1% Decrease (7.0% Decreasing to 3.5%)	Healthcare Cost Trend Rates (8.0% Decreasing to 4.5%)	1% Increase (9.0% Decreasing to 5.5%)
Total OPEB Liability	\$ 2,099,172	\$ 2,331,714	\$ 2,601,816

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

For the year ended June 30, 2023, the Town recognized OPEB expense of \$106,405. At June 30, 2023, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Experience	\$ 802,779	\$ 151,142
Changes of Assumptions or Other Inputs	244,284	173,502
Total	\$ 1,047,063	\$ 324,644

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

<u>Year Ending June 30,</u>	<u>Amount</u>
2024	\$ 115,710
2025	120,440
2026	147,273
2027	134,780
2028	75,896
Thereafter	128,320
Total	\$ 722,419

**TOWN OF EAST HADDAM, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 10 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

B. State Teachers Retirement Plan

Plan Description

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

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

Benefit Provisions

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

Any member who is not currently participating in Medicare Parts A & B is eligible to continue health care coverage with their former employer. A subsidy of up to \$220 per month for a retired member plus an additional \$220 per month for a spouse enrolled in a local school district plan is provided to the school district to first offset the retiree's share of the cost of coverage, and any remaining portion is used to offset the district's cost. The subsidy amount is set by statute. A subsidy amount of \$440 per month may be paid for a retired member, spouse or the surviving spouse of a member who has attained the normal retirement age to participate in Medicare, is not eligible for Part A of Medicare without cost and contributes at least \$440 per month towards coverage under a local school district plan.

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

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

**TOWN OF EAST HADDAM, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 10 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

B. State Teachers Retirement Plan (Continued)

Survivor Health Care Coverage

Survivors of former employees or retirees remain eligible to participate in the plan and continue to be eligible to receive either the \$220 monthly subsidy or participate in the TRB-Sponsored Medicare Supplement or Medicare Advantage Plan options, as long as they do not remarry.

Eligibility

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

Credited Service

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

Normal Retirement

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

Early Retirement

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

Proratable Retirement

Age 60 with 10 years of Credited Service.

Disability Retirement

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

Termination of Employment

Ten or more years of Credited Service.

**TOWN OF EAST HADDAM, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 10 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

B. State Teachers Retirement Plan (Continued)

Contributions

State of Connecticut

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

Employer (School Districts)

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

For the year ended June 30, 2023, the amount of "on-behalf" contributions made by the state was \$46,502 and is recognized in the General Fund as intergovernmental revenues and education expenditures.

Employees/Retirees

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

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

At June 30, 2023, 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 was as follows:

Town's Proportionate Share of the Net OPEB Liability	\$ -
State's Proportionate Share of the Net OPEB Liability associated with the Town	3,651,988
Total	<u>\$ 3,651,988</u>

**TOWN OF EAST HADDAM, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 10 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

B. State Teachers Retirement Plan (Continued)

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

The net OPEB liability was measured as of June 30, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2022. At June 30, 2023, the Town has no proportionate share of the net OPEB liability.

For the year ended June 30, 2022, the Town recognized OPEB expense and revenue of \$220,133 in Exhibit II for on-behalf amounts for the benefits provided by the state.

Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of June 30, 2022, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Health Care Costs Trend Rate	Known increase until calendar year 2024 then general fund decreasing to an ultimate rate of 4.50 by 2031
Salary Increases	3.00% to 6.5%, Including Inflation
Investment Rate of Return	3.53, Net of OPEB Plan Investment Expense, Including Inflation
Year Fund Net Position will be Depleted	2027

Mortality rates were based on the PubT-2010 Healthy Retiree Table (adjusted 105% for males and 103% for females at ages 82 and above), projected generationally with MP-2019 for the period after service retirement.

The actuarial assumptions used in the June 30, 2022, valuation were based on the results of an actuarial experience study for the period July 1, 2014, through June 30, 2019.

The changes in the assumptions since the prior year are as follows:

- Discount rate changed from 2.17% to 3.53%;
- Expected annual per capita claims costs were updated to better reflect anticipated medical and prescription drug claim experience;
- The assumed age-related annual percentage increases in expected annual per capita health care claim costs were updated;

**TOWN OF EAST HADDAM, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 10 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

B. State Teachers Retirement Plan (Continued)

Actuarial Assumptions (Continued)

- Long-term health care cost trend rates were updated; and
- The percentages of participating retirees who are expected to enroll in the Medicare Supplement Plan and the Medicare Advantage Plan options were updated to better reflect anticipated plan experience.

The changes in the benefit terms since the prior year are as follows:

- There was a change in the maximum monthly subsidy amounts offered to retirees and their dependents from \$110/\$220 to \$220/\$440.

The long-term expected rate of return on plan assets is reviewed as part of the GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, valuation process. Several factors are considered in evaluating the long-term rate of return assumption, including the plan's current asset allocations and a log-normal distribution analysis using the best-estimate ranges of expected future real rates of return (expected return, net investment expense and inflation) for each major asset class. The long-term expected rate of return was determined by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The assumption is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption or a fundamental change in the market that alters expected returns in future years. The plan is 100% invested in U.S. Treasuries (Cash Equivalents) for which the expected 10-Year Geometric Real Rate of Return is (0.98)%.

Discount Rate

The discount rate used to measure the total OPEB liability was 3.53%. The projection of cash flows used to determine the discount rate was performed in accordance with GASB 75. The projection was based on an actuarial valuation performed as of June 30, 2022.

In addition to the actuarial methods and assumptions of the June 30, 2022, 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.

**TOWN OF EAST HADDAM, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 10 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

B. State Teachers Retirement Plan (Continued)

Discount Rate (Continued)

- 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 2027 and, as a result, the Municipal Bond Index Rate was used in the determination of the single equivalent rate.

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

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

OPEB Plan Fiduciary Net Position

Detailed information about the Connecticut State Teachers OPEB Plan fiduciary net position is available in the separately issued State of Connecticut Annual Comprehensive Financial Report at www.ct.gov.

Other Information

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

C. Total OPEB Expense

Total OPEB expense for the Town including all plans amounted to \$326,538 as of June 30, 2023.

**TOWN OF EAST HADDAM, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 11 FUND BALANCES

A. Components

	General Fund	Capital Projects and Reserve Fund	Bonded Capital Projects Fund	A.E. Purple Fund	Nonmajor Governmental Funds	Total
Fund Balances:						
Nonspendable:						
Inventory	\$ -	\$ -	\$ -	\$ -	\$ 14,632	\$ 14,632
Endowment	-	-	-	400,000	39,793	439,793
Restricted for:						
Capital						
Projects	-	-	-	-	871,077	871,077
Public Safety	-	-	-	-	112,774	112,774
Recreation	-	-	-	-	66,583	66,583
Education	-	-	-	7,847,417	353,291	8,200,708
Health and Welfare	-	-	-	-	288,742	288,742
Sewer Use	-	-	-	-	119,965	119,965
Capital Grants	-	-	-	-	12,214	12,214
Committed to:						
General						
Government	-	-	-	-	2,053	2,053
Recreation	-	-	-	-	160,962	160,962
Education	-	-	-	-	49,389	49,389
Open Space	-	1,850,536	-	-	-	1,850,536
Assigned to:						
Education	34,963	-	-	-	-	34,963
Recreation	1,500	-	-	-	-	1,500
Public Works	979	-	-	-	-	979
Subsequent Year's Budget	500,000	-	-	-	-	500,000
Unassigned	5,688,284	-	(2,801,921)	-	(38,712)	2,847,651
Total Fund Balances	<u>\$ 6,225,726</u>	<u>\$ 1,850,536</u>	<u>\$ (2,801,921)</u>	<u>\$ 8,247,417</u>	<u>\$ 2,052,763</u>	<u>\$ 15,574,521</u>

Significant encumbrances at June 30, 2023, are contained in the above table in the assigned categories of the General Fund of \$37,442.

B. Fund Deficits

The Bonded Capital Projects Fund and Police Services Funds have deficits of \$2,801,921 and \$4,111, respectively, and will be funded by the General Fund in the fiscal year ending June 30, 2024. The Educational Grants fund had a deficit of \$34,601 due to timing of funds received from the state of Connecticut.

NOTE 12 CONTINGENT LIABILITIES

The Town, its officials, employees, boards and commissions are defendants in several lawsuits. It is the opinion of Town officials that such pending litigation will not be finally determined so as to result individually or in the aggregate in a final judgment against the Town that would materially adversely affect its financial position.

REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF EAST HADDAM, CONNECTICUT
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED JUNE 30, 2023
(NON-GAAP BUDGETARY BASIS)

	Budgeted Amounts		Actual	Variance
	Original	Final		Favorable (Unfavorable)
REVENUES				
Property Taxes:				
Current and Prior Years' Levies	\$ 29,612,102	\$ 29,612,102	\$ 29,830,628	\$ 218,526
Interest and Penalties	170,000	170,000	200,296	30,296
Other Taxes	28,400	28,400	28,990	590
Total Property Taxes	29,810,502	29,810,502	30,059,914	249,412
Intergovernmental Revenues:				
General Government:				
PILOT State Property	27,483	27,483	205,170	177,687
Supplemental Municipal Aid	-	-	4,738	4,738
State Highway - Town Aid Road	326,549	326,549	324,756	(1,793)
Local Capital Improvement Program	85,529	85,529	-	(85,529)
Municipal Revenue Sales Tax Sharing	1,696	1,696	-	(1,696)
Emergency Management Grant	5,000	5,000	5,000	-
ARPA Funding	-	-	5,859.00	5,859
Tax Relief:				
Disability	761	761	715	(46)
Veterans	4,020	4,020	3,815	(205)
Education:				
Adult Education	6,251	6,251	5,936	(315)
Education Cost Sharing/Special Education	3,555,957	3,555,957	3,544,631	(11,326)
Total Intergovernmental Revenues	4,013,246	4,013,246	4,100,620	87,374
Investment and Interest Income:				
Investment Income	27,575	27,575	127,413	99,838
Local Revenue:				
Assessor Fees	100	100	40	(60)
Building Department	150,000	150,000	300,677	150,677
Cemeteries	2,000	2,000	2,075	75
Fire Permits	200	200	180	(20)
Historic District Permits	300	300	1,830	1,530
Land Use Offices Permit Fees	25,000	25,000	26,605	1,605
Other	25,000	25,000	178,771	153,771
Ambulance Association	15,000	15,000	25,804	10,804
PILOT Goodspeed Opera House	30,568	30,568	32,009	1,441
Rents	43,500	43,500	50,912	7,412
Telecommunications	26,800	26,800	19,856	(6,944)
Conveyance Tax	150,000	150,000	177,956	27,956
Town Clerk Fees	220,000	220,000	149,905	(70,095)
Town Clerk Licenses	15,000	15,000	15,588	588
Sanitation/Transfer Station	70,000	70,000	94,099	24,099
Zoning Board of Appeals	1,000	1,000	1,070	70

TOWN OF EAST HADDAM, CONNECTICUT
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES BUDGET AND ACTUAL (CONTINUED)
GENERAL FUND
YEAR ENDED JUNE 30, 2023
(NON-GAAP BUDGETARY BASIS)

	Budgeted Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Final		
REVENUES (CONTINUED)				
Local Revenue (Continued):				
Libraries:				
Library Endowment and Trust Income	\$ 80,000	\$ 80,000	\$ 76,269	\$ (3,731)
Library Fees and Fines	3,500	3,500	7,097	3,597
Library Receipts - Gifts and Donations	7,000	7,000	15,190	8,190
Total Local Revenue	864,968	864,968	1,175,933	310,965
Other:				
Ray School Corporation	205,000	205,000	204,340	(660)
Helon Cone Trust	23,500	23,500	20,186	(3,314)
Total Other	228,500	228,500	224,526	(3,974)
Total Revenues	34,944,791	34,944,791	35,688,406	743,615
OTHER FINANCING SOURCES				
Transfers from Other Funds:				
Albert E. Purple Fund	370,122	370,122	377,442	7,320
Palmer Fund	35,041	35,041	35,885	844
Reserve Fund	1,403,800	1,403,800	1,403,800	-
Reliance on Fund Balance	500,000	500,000	-	(500,000)
Total Other Financing Sources	2,308,963	2,308,963	1,817,127	(491,836)
Total Revenues and Other Financing Sources	\$ 37,253,754	\$ 37,253,754	37,505,533	\$ 251,779

Budgetary revenues are different than GAAP revenues because:

State of Connecticut on-behalf payments to the Connecticut State Teachers' Retirement System for Town teachers are not budgeted - Pension.	3,287,768
State of Connecticut OPEB on-behalf payments to the Connecticut State Teachers' Retirement System for Town teachers are not budgeted - OPEB.	46,502
State of Connecticut grants for Special Education Excess Costs are netted for budgetary purposes.	300,858
Revenue included in General Fund for GAAP purposes, but separate for budgetary purposes	400
Total Revenues and Other Financing Sources as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds - Exhibit IV	\$ 41,141,061

TOWN OF EAST HADDAM, CONNECTICUT
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED JUNE 30, 2023
(NON-GAAP BUDGETARY BASIS)

	Budgeted Amounts		Actual	Variance
	Original	Final		Favorable (Unfavorable)
EXPENDITURES:				
General Government:				
Assessor	\$ 97,490	\$ 97,490	\$ 89,982	\$ 7,508
Building Maintenance and Operation	24,480	24,480	23,923	557
Town Office Building	10,100	10,100	10,632	(532)
Elections and Registrars	52,493	52,493	41,055	11,438
Finance Office	74,026	74,026	74,621	(595)
Planning and Zoning/Land Use Office	179,897	179,897	150,149	29,748
Municipal Office Complex	396,487	396,487	390,673	5,814
Probate Court	14,812	14,812	14,812	-
Selectmen	180,729	180,729	179,853	876
Tax Collector	99,734	99,734	100,973	(1,239)
Town Clerk	272,969	272,969	222,312	50,657
Board of Finance	225,384	186,055	41,397	144,658
Fringe Benefits	1,260,374	1,260,374	1,296,323	(35,949)
Insurance	258,000	258,000	230,244	27,756
Legal Services	63,000	63,000	54,967	8,033
Board of Assessment Appeals	3,360	3,360	2,844	516
Agriculture Commission	1,750	1,750	-	1,750
Redevelopment Agency	27,500	27,500	6,693	20,807
Conservation Commission	14,200	14,200	7,099	7,101
Economic Development Commission	40,725	32,725	27,967	4,758
Historic District Commission	2,625	2,625	36	2,589
Open Space Committee	3,250	3,250	15,104	(11,854)
Zoning Board of Appeals	1,870	1,870	1,306	564
Shared Services	1,369,344	1,408,673	1,475,789	(67,116)
Total General Government	4,674,599	4,666,599	4,458,754	207,845
Public Safety:				
Protective Inspection	124,609	124,609	122,770	1,839
Emergency Management	164,084	164,084	161,671	2,413
Fire Department	557,068	557,068	501,426	55,642
Fire Marshal	24,378	24,378	12,492	11,886
Paramedic Services	8,872	8,872	8,872	-
Police Officers	498,702	498,702	318,497	180,205
Resident Trooper	192,300	192,300	160,817	31,483
Total Public Safety	1,570,013	1,570,013	1,286,545	283,468
Public Works:				
General Highways	1,322,121	1,322,121	1,227,396	94,725
Snow Removal	252,815	77,815	60,839	16,976
Transfer Station	764,133	764,133	780,963	(16,830)
Tree Care and Removal	151,000	226,000	229,215	(3,215)
Total Public Works	2,490,069	2,390,069	2,298,413	91,656

TOWN OF EAST HADDAM, CONNECTICUT
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES BUDGET AND ACTUAL (CONTINUED)
GENERAL FUND
YEAR ENDED JUNE 30, 2023
(NON-GAAP BUDGETARY BASIS)

EXPENDITURES (CONTINUED)	Budgeted Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Final		
Health and Welfare:				
Cemeteries	\$ 13,800	\$ 13,800	\$ 10,962	\$ 2,838
Health District	120,000	120,000	118,885	1,115
Human Services	3,920	3,920	3,920	-
Senior Services	165,577	165,577	173,523	(7,946)
Youth and Family Services	240,406	240,406	231,406	9,000
Total Health and Welfare	<u>543,703</u>	<u>543,703</u>	<u>538,696</u>	<u>5,007</u>
Recreation and Leisure:				
Lakes Association	33,333	33,333	19,972	13,361
Public Libraries	396,568	396,568	416,041	(19,473)
Recreation Commission	144,162	144,162	146,518	(2,356)
Greens Maintenance	128,041	128,041	130,434	(2,393)
Total Recreation and Leisure	<u>702,104</u>	<u>702,104</u>	<u>712,965</u>	<u>(10,861)</u>
Board of Education	22,211,626	22,211,626	22,160,462	51,164
Debt Service	<u>2,952,926</u>	<u>2,952,926</u>	<u>2,953,017</u>	<u>(91)</u>
Total Expenditures	35,145,040	35,037,040	34,408,852	628,188
OTHER FINANCING USES				
Transfers to Other Funds:				
Special Revenue Funds	75,000	75,000	75,000	-
Capital Projects	<u>2,033,714</u>	<u>2,141,714</u>	<u>2,141,714</u>	<u>-</u>
Total Other Financing Uses	<u>2,108,714</u>	<u>2,216,714</u>	<u>2,216,714</u>	<u>-</u>
Total Budgetary Expenditures and Other Financing Uses	<u>\$ 37,253,754</u>	<u>\$ 37,253,754</u>	36,625,566	<u>\$ 628,188</u>

Budgetary expenditures are different than GAAP expenditures because:

Encumbrances outstanding at June 30, 2023	(37,442)
Liquidation of prior year encumbrances	153,282
State of Connecticut on-behalf contribution to the Connecticut State Teachers' Retirement System for Town teachers are not budgeted - Pension.	3,287,768
State of Connecticut OPEB on-behalf contributions to the Connecticut State Teachers' Retirement System for Town teachers are not budgeted - OPEB.	46,502
Payroll accrual adjustment - payroll budgeted on a cash basis	25,160
State of Connecticut grants for Special Education Excess Costs are netted for budgetary purposes.	<u>300,858</u>

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

\$ 40,401,694

TOWN OF EAST HADDAM, CONNECTICUT
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
FIREFIIGHTERS PENSION PLAN
LAST TEN FISCAL YEARS

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability:										
Service Cost	\$ 10,119	\$ 12,742	\$ 12,078	\$ 12,117	\$ 11,842	\$ 12,269	\$ 10,661	\$ 9,448	\$ 9,420	\$ 9,345
Interest	41,639	41,336	40,824	41,349	36,583	37,156	36,253	35,612	33,560	33,288
Differences Between Expected and Actual										
Experience	(3,856)	-	(8,186)	-	23,043	(2,308)	-	(2,002)	23,844	-
Changes of Assumptions	2,684	-	6,015	-	-	-	-	(804)	3,144	2,288
Benefit Payments, including Refunds of Member										
Contributions	(45,782)	(46,135)	(38,040)	(36,600)	(33,500)	(32,100)	(32,100)	(33,900)	(35,280)	(37,080)
Other	-	-	-	-	-	-	-	(513)	(25)	-
Net Change in Total Pension Liability	4,804	7,943	12,691	16,866	37,968	15,017	14,814	7,841	34,663	7,841
Total Pension Liability - Beginning of Year	769,829	761,886	749,195	732,329	694,361	679,344	664,530	656,689	622,026	614,185
Total Pension Liability - End of Year	774,633	769,829	761,886	749,195	732,329	694,361	679,344	664,530	656,689	622,026
Plan Fiduciary Net Position:										
Contributions - Employer	64,004	64,004	59,268	64,004	62,182	59,739	52,990	59,739	64,601	79,182
Net Investment Income (Loss)	90,808	(126,728)	201,456	48,859	52,242	56,633	60,800	(1,676)	16,978	51,486
Benefit Payments, including Refunds of Member										
Contributions	(45,782)	(46,135)	(38,040)	(36,600)	(33,500)	(32,100)	(32,100)	(33,900)	(35,280)	(37,080)
Administrative Expense	(20,641)	(10,720)	(17,676)	(26,645)	(12,105)	(16,518)	(9,381)	(17,020)	(10,021)	(12,687)
Other	-	-	-	-	1,500	-	-	-	-	-
Net Change in Plan Fiduciary Net Position	88,389	(119,579)	205,008	49,618	70,319	67,754	72,309	7,143	36,278	80,901
Plan Fiduciary Net Position - Beginning of Year	845,749	965,328	760,320	710,702	640,383	572,629	500,320	493,177	456,899	375,998
Plan Fiduciary Net Position - End of Year	934,138	845,749	965,328	760,320	710,702	640,383	572,629	500,320	493,177	456,899
Net Pension Liability (Asset)	<u>\$ (159,505)</u>	<u>\$ (75,920)</u>	<u>\$ (203,442)</u>	<u>\$ (11,125)</u>	<u>\$ 21,627</u>	<u>\$ 53,978</u>	<u>\$ 106,715</u>	<u>\$ 164,210</u>	<u>\$ 163,512</u>	<u>\$ 165,127</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset)	120.59 %	109.86 %	126.70 %	101.48 %	97.05 %	92.23 %	84.29 %	75.29 %	75.10 %	73.45 %
Covered Payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Net Pension Liability (Asset) as a Percentage of Covered Payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

**TOWN OF EAST HADDAM, CONNECTICUT
SCHEDULE OF EMPLOYER CONTRIBUTIONS
FIREFIGHTERS PENSION PLAN
LAST TEN FISCAL YEARS**

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Actuarially Determined Contribution	\$ 12,416	\$ 13,443	\$ 13,849	\$ 15,008	\$ 22,306	\$ 22,767	\$ 23,504	\$ 23,957	\$ 25,415	\$ 29,915
Contributions in Relation to the Actuarially Determined Contribution	64,004	64,004	59,268	64,004	62,182	59,739	52,990	59,739	64,601	79,182
Contribution Excess	<u>\$ (51,588)</u>	<u>\$ (50,561)</u>	<u>\$ (45,419)</u>	<u>\$ (48,996)</u>	<u>\$ (39,876)</u>	<u>\$ (36,972)</u>	<u>\$ (29,486)</u>	<u>\$ (35,782)</u>	<u>\$ (39,186)</u>	<u>\$ (49,267)</u>
Covered Payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Contributions as a Percentage of Covered Payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Notes to Schedule:

Valuation Date June 30, 2023
 Measurement Date June 30, 2023

Methods and Assumptions Used to Determine

Contribution Rates:
 Actuarial Cost Method Entry Age Normal Cost Method
 Amortization Method 20-Year Level Dollar Amortization Method (Open), Using 5.5% Discount
 Asset Valuation Method Market Value
 Inflation 2.4%
 Salary Increases Not Applicable
 Investment Rate of Return 5.50%, Net of Pension Plan Investment Expense, including Inflation
 Retirement Age 100% at Age 65
 Mortality PubS-2010 Mortality Tables Projected Generationally Using MP-2020
 Pubs-2010 Disabled Mortality Tables, Projected Generationally Using MP-2020
 Pubs-2010 Continuing Survivor Mortality Tables, Projected Generationally Using MP-2020

**TOWN OF EAST HADDAM, CONNECTICUT
SCHEDULE OF INVESTMENT RETURNS
FIREFIGHTERS PENSION PLAN
LAST TEN FISCAL YEARS**

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Annual Money-Weighted Rate of Return, Net of Investment Expense	3.06 %	5.09 %	7.69 %	5.43 %	6.39 %	7.90 %	9.59 %	2.51 %	1.29 %	14.10 %

**TOWN OF EAST HADDAM, CONNECTICUT
SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
TEACHERS RETIREMENT PLAN
LAST NINE FISCAL YEARS***

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Town's Proportion of the Net Pension Liability	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
Town's Proportionate Share of the Net Pension Liability	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State's Proportionate Share of the Net Pension Liability Associated with the Town	41,700,284	34,424,291	43,464,549	39,537,660	30,485,833	31,090,473	32,800,687	25,916,149	23,954,286
Total	<u>\$ 41,700,284</u>	<u>\$ 34,424,291</u>	<u>\$ 43,464,549</u>	<u>\$ 39,537,660</u>	<u>\$ 30,485,833</u>	<u>\$ 31,090,473</u>	<u>\$ 32,800,687</u>	<u>\$ 25,916,149</u>	<u>\$ 23,954,286</u>
Town's Covered Payroll	\$ 10,542,672	\$ 10,249,642	\$ 9,893,630	\$ 9,861,593	\$ 9,678,280	\$ 9,390,729	\$ 9,490,790	\$ 9,152,747	\$ 8,748,161
Town's Proportionate Share of the Net Pension Liability as a Percentage of Its Covered Payroll	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	54.06 %	60.77 %	49.24 %	52.00 %	57.69 %	55.93 %	52.26 %	59.50 %	61.51 %

Notes to Schedule:

Changes in Benefit Terms	Legislation was passed restoring the 25% wear down of Plan N benefits to vested members as of June 30, 2019.
Changes of Assumptions	None
Actuarial Cost Method	Entry Age
Amortization Method	Level Percent of Pay, Closed, Grading to a Level Dollar Amortization Method for the June 30, 2024 Valuation
Single Equivalent Amortization Period	27.8 Years
Asset Valuation Method	4-Year Smoothed Market
Inflation	2.50%
Salary Increase	3.00% to 6.50%, Including Inflation
Investment Rate of Return	6.90%, Net of Investment Related Expense

The measurement date is one year earlier than the employer's reporting date.

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

TOWN OF EAST HADDAM, CONNECTICUT
SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM
LAST NINE FISCAL YEARS*

	2023	2022	2021	2020	2019	2018	2017	2016	2015 (as Restated)
Town's Proportion of the Net Pension Liability	0.03 %	0.03 %	0.04 %	0.07 %	0.08 %	0.12 %	0.12 %	0.24 %	0.24 %
Town's Proportionate Share of the Net Pension Liability	\$ 352,215	\$ 185,298	\$ 393,158	\$ 721,070	\$ 732,302	\$ 330,617	\$ 392,573	\$ 325,104	\$ 230,476
Town's Covered Payroll	\$ 220,674	\$ 274,380	\$ 390,547	\$ 502,238	\$ 515,507	\$ 491,605	\$ 476,120	\$ 512,160	\$ 528,067
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	68.71 %	82.59 %	71.18 %	72.69 %	73.60 %	91.68 %	88.29 %	92.72 %	90.48 %

The measurement date is one year earlier than the employer's reporting date.

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

**TOWN OF EAST HADDAM, CONNECTICUT
SCHEDULE OF EMPLOYER CONTRIBUTIONS
MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM
LAST TEN FISCAL YEARS**

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Actuarially Determined Contribution	\$ 45,542	\$ 40,824	\$ 41,020	\$ 65,962	\$ 71,154	\$ 72,861	\$ 63,369	\$ 54,183	\$ 64,594	\$ 63,306
Contributions in Relation to the Actuarially Determined Contribution	45,542	40,824	41,020	65,962	71,154	72,861	63,369	54,183	61,357	63,263
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,237	\$ 43
Covered Payroll	\$ 208,909	\$ 220,674	\$ 274,380	\$ 390,547	\$ 502,238	\$ 515,507	\$ 491,605	\$ 476,120	\$ 512,160	\$ 528,067
Contributions as a Percentage of Covered Payroll	21.80 %	18.50 %	14.95 %	16.89 %	14.17 %	14.13 %	12.89 %	11.38 %	11.98 %	11.98 %

Notes to Schedule:

Valuation Date June 30, 2022
 Measurement Date June 30, 2022

The actuarially determined contributions are calculated as of June 30 each biennium for the fiscal years ending two and three years after the valuation date.

Methods and Assumptions Used to Determine

Contribution Rates:

Actuarial Cost Method Entry Age
 Amortization Method Level Dollar, Closed
 Single Equivalent Amortization Period 20 Years
 Asset Valuation Method 5 Years' Smoothed Market (20% Write-up)
 Inflation 2.50%
 Salary Increases 3.50% - 10.00%, Including Inflation
 Investment Rate of Return 7%, Net of Investment Related Expense

Changes in Assumptions:

In 2019, the latest experience study for the System updated most of the actuarial assumptions utilized in the June 30, 2020, valuation to include: Rates of inflation, real investment return, mortality, withdrawal, disability, retirement, and salary increase were adjusted to more closely reflect actual and anticipated experience. These assumptions were recommended as part of the experience study for the System for the five-year period ended June 30, 2017.

**TOWN OF EAST HADDAM, CONNECTICUT
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS
POSTRETIREMENT MEDICAL PROGRAM
LAST SIX FISCAL YEARS***

	2023	2022	2021	2020	2019	2018
Total OPEB Liability:						
Service Cost	\$ 53,690	\$ 80,826	\$ 58,089	\$ 47,624	\$ 54,488	\$ 55,672
Interest	57,619	38,192	33,594	39,047	47,870	43,053
Differences between Expected and Actual Experience	760,947	(130,702)	263,441	-	(202,249)	-
Changes of Assumptions and Other Inputs	137,311	(236,287)	148,717	87,468	14,409	(33,075)
Benefit Payments	<u>(65,246)</u>	<u>(55,130)</u>	<u>(36,126)</u>	<u>(32,093)</u>	<u>(32,187)</u>	<u>(41,473)</u>
Net Change in Total OPEB Liability	944,321	(303,101)	467,715	142,046	(117,669)	24,177
Total OPEB Liability - Beginning of Year	<u>1,387,393</u>	<u>1,690,494</u>	<u>1,222,779</u>	<u>1,080,733</u>	<u>1,198,402</u>	<u>1,174,225</u>
Total OPEB Liability - End of Year	<u>\$ 2,331,714</u>	<u>\$ 1,387,393</u>	<u>\$ 1,690,494</u>	<u>\$ 1,222,779</u>	<u>\$ 1,080,733</u>	<u>\$ 1,198,402</u>
Covered-Employee Payroll	\$ 13,641,658	\$ 12,772,333	\$ 12,496,283	\$ 12,483,744	\$ 12,430,348	\$ 12,408,419
Total OPEB Liability as a Percentage of Covered-Employee Payroll	17.09 %	10.86 %	13.53 %	9.79 %	8.69 %	9.66 %

Notes to Schedule:

The Discount Rate was changed to 4.13% as of June 30, 2023, from 4.09% as of June 30, 2022.

There are no assets accumulated in a trust that meets the criteria of GASB codification P22.1011 or P52.101 to pay related benefits for this plan.

Measurement Date	June 30, 2023
Valuation Date	July 01, 2023
Inflation Rate	3.00% per Year
Actuarial Cost Method	Entry Age Normal
Payroll Growth	3.00% per Year for General Wage Inflation
Healthcare Cost Trend Rates:	
Year Ending June 30,	Medical/Rx
2024	8.00%
2025	7.50%
2026	7.00%
2027	6.50%
2028	6.00%
2029	5.50%
2030	5.00%

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

**TOWN OF EAST HADDAM, CONNECTICUT
SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
TEACHERS RETIREMENT PLAN
LAST SIX FISCAL YEARS***

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Town's Proportion of the Net OPEB Liability	0.00 %	0.00 %	0.00 %	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>3,651,988</u>	<u>3,750,463</u>	<u>6,482,739</u>	<u>6,166,120</u>	<u>6,094,329</u>	<u>8,002,327</u>
Total	<u>\$ 3,651,988</u>	<u>\$ 3,750,463</u>	<u>\$ 6,482,739</u>	<u>\$ 6,166,120</u>	<u>\$ 6,094,329</u>	<u>\$ 8,002,327</u>
Town's Covered Payroll	\$ 10,542,672	\$ 10,249,642	\$ 9,893,630	\$ 9,861,593	\$ 9,678,280	\$ 9,390,729
Town's Proportionate Share of the Net OPEB Liability as a Percentage of Its Covered Payroll	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	9.46 %	6.11 %	2.50 %	2.08 %	1.49 %	1.79 %

Notes to Schedule:

Changes in Benefit Terms

Change in the maximum monthly subsidy amounts offered to retirees and their dependents from \$110 / \$220 to \$220 / \$440

Changes of Assumptions

Based on the procedure described in GASB 75:

The discount rate used to measure plan obligations for financial accounting purposes as of June 30, 2022, was updated to equal the Municipal Bond Index Rate as of June 30, 2022.

Expected annual per capita claims costs were updated to better reflect anticipated medical and prescription drug claim experience

The assumed age related annua percentage increases in expected annual per capita health care claim costs were updated.

Long-term health care cost trend rates were updated; and The percentages of participating retirees who are expected to enroll in the Medicare Supplemental Plan and the Medicare Advantage Plan options were updated to better reflect anticipated plan experiences.

Actuarial Cost Method

Entry Age

Amortization Method

Level Percent of Payroll over an Open Period

Remaining Amortization Period

30 Years

Asset Valuation Method

Market Value of Assets

Investment Rate of Return

3.00%, Net of Investment Related Expense including Price Inflation

Price Inflation

2.50%

The measurement date is one year earlier than the employer's reporting date.

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

APPENDIX B – FORM OF OPINION OF BOND COUNSEL AND TAX MATTERS

December 4, 2024

Town of East Haddam
Municipal Office Complex
1 Plains Road
Moodus, CT 06469

RE: Town of East Haddam, Connecticut
\$4,370,000 General Obligation Bond Anticipation Notes, dated December 4, 2024

Greetings:

We have acted as bond counsel to the Town of East Haddam, Connecticut (the “Town”) in connection with the issuance by the Town of its \$4,370,000 General Obligation Bond Anticipation Notes, dated December 4, 2024 (the “Notes”).

In connection therewith, we have examined the law and such other materials as we have deemed necessary in order to render this opinion and have relied upon originals or copies, certified or otherwise identified to our satisfaction, of such public and private records, certificates and correspondence of public officials, including certificates of officials of the Town, and such other documents as were provided to us. In making such examinations, we have assumed the genuineness of all signatures, the authenticity of all documents submitted to us as originals and the conformity to original documents of documents submitted as certified or photostatic copies, the validity of all applicable statutes, ordinances, rules and regulations, the capacity of all persons executing documents and the proper indexing and accuracy of all public records and documents. As to questions of fact material to our opinion, we have relied upon written representations and agreements executed by officials of the Town authorized to issue the Notes, in connection with the issuance and delivery of the Notes, without undertaking to verify the same by independent investigation.

Based upon the foregoing examination, we are of the opinion, as of the date hereof and under existing law, as follows:

1. When certified as provided thereon by a duly authorized official of U.S. Bank National Association, the Notes will be the valid and binding general obligations of the Town.

2. The Notes will be payable as to both principal and interest, unless paid from other sources, from *ad valorem* taxes which may be levied on all taxable property in the territory of the Town without limitation regarding rate or amount, except as to certain classified property. Pursuant to the Connecticut General Statutes, classified property includes certified forest land taxable at a limited rate and dwelling houses of qualified elderly persons of low income or qualified disabled persons taxable at limited amounts.

2. Interest on the Notes is excludable from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the “Code”), and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals; however, such interest on the Notes may be taken into account for the purpose of computing the alternative minimum tax imposed on certain corporations.

The Town has designated the Notes as “qualified tax-exempt obligations” within the meaning of Section 265(b)(3) of the Code, and, in the case of certain financial institutions (within the meaning of Section 265(b)(5) of the Code), a deduction is allowed for 80% of that portion of such financial institutions’ interest expense allocable to interest on the Notes.

The opinions set forth in the preceding paragraphs are subject to the condition that the Town comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Notes in order that interest thereon be, and continue to be, excludable from gross income for federal income tax purposes under Section 103 of the Code. The Town has covenanted to comply with all such requirements. Failure to comply with certain of such requirements may cause interest on the Notes to be includable in gross income for federal income tax purposes retroactively to the date of issuance of the Notes.

3. Interest on the Notes is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates and is excluded from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates subject to and required to pay the federal alternative minimum tax.

The rights of the holders of the Notes and the enforceability of the Notes are limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting the rights and remedies of creditors, and by equitable principles, whether considered at law or in equity.

We express no opinion regarding the accuracy, adequacy, or completeness of the Preliminary Official Statement dated November 12, 2024, the final Official Statement dated November 19, 2024, or any other offering material relating to the Notes.

Further, we express no opinion regarding tax consequences arising with respect to the Notes other than as expressly set forth herein.

The opinions given in this opinion letter are given as of the date set forth above, and we assume no obligations to revise or supplement them to reflect any facts or circumstances that may later come to our attention, or any changes in law that may later occur.

Very truly yours,

UPDIKE, KELLY & SPELLACY, P.C.

TAX MATTERS

Federal Tax Matters

The Internal Revenue Code of 1986, as amended (the "Code"), imposes certain requirements which must be met at and subsequent to delivery of the Notes in order that interest on the Notes be and remains excluded from gross income for federal income tax purposes. Failure to comply with the continuing requirements of the Code may cause interest on the Notes to be includable in gross income for federal income tax purposes retroactively to the date of issuance of the Notes, irrespective of the date on which such noncompliance occurs. The Tax Regulatory Agreement, which will be executed and delivered by the Town concurrently with the Notes, contains certain representations, covenants and procedures relating to the use, expenditure and investment of proceeds of the Notes in order to comply with requirements of the Code. Pursuant to the Tax Regulatory Agreement, the Town also covenants and agrees that it shall perform all things necessary or appropriate under any valid provision of law to ensure interest on the Notes shall be excluded from gross income for federal income tax purposes under the Code.

In the opinion of Bond Counsel, based on existing statutes and court decisions and assuming continuing compliance by the Town with its covenants and the procedures contained in the Tax Regulatory Agreement, interest on the Notes is excluded from gross income for federal income tax purposes and is not treated as an item of tax preference for purposes of computing the federal alternative minimum tax; however, such interest is taken into account in determining the adjusted financial statement income of certain corporations for the purpose of computing the alternative minimum tax imposed on corporations.

Ownership of the Notes may result in certain collateral federal income tax consequences to certain taxpayers, including, without limitation, financial institutions, property and casualty insurance companies, certain foreign corporations doing business in the United States, certain S corporations with excess passive income, individual recipients of Social Security and Railroad Retirement benefits, taxpayers utilizing the earned income credit and taxpayers who have or are deemed to have incurred indebtedness to purchase or carry tax exempt obligations, such as the Notes. The foregoing is not intended to be an exhaustive list of potential tax consequences. Prospective purchasers of the Notes, particularly those who may be subject to special rules, are advised to consult their own tax advisors regarding the federal tax consequences of ownership and disposition of the Notes.

State Taxes

In the opinion of Bond Counsel, based on existing statutes, interest on the Notes is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates, and is excluded from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay the federal alternative minimum tax. The opinion of Bond Counsel is rendered as of its date and is based on existing law, which is subject to change. Bond Counsel assumes no obligation to update or supplement its opinion to reflect any facts or circumstances that may come to its attention, or to reflect any changes in law that may thereafter occur or become effective.

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

No assurance can be given that future legislation, or amendments to the income tax law of the State of Connecticut, if enacted into law, will not contain provisions that could, directly or indirectly, reduce the benefit of the exclusion of the interest on the Notes or any gain made on the sale or exchange thereof from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates, and Bond Counsel expresses no opinion thereon.

Prospective purchasers of the Notes are advised to consult their own tax advisors regarding other state and local tax consequences of ownership and disposition of the Notes.

Original Issue Discount

With respect to any of the Notes where the initial public offering prices of certain maturities of the Notes (the “OID Notes”), may be less than their stated principal amounts, the difference between the stated principal amount and the initial public offering price of each maturity of the OID Notes to the public (excluding bond houses and brokers) at which a substantial amount of such maturity of the OID Notes is sold will constitute original issue discount (“OID”). The offering prices relating to the yields set forth on the cover page of the Official Statement for the OID Notes are expected to be the initial offering prices to the public at which a substantial amount of each maturity of the OID Notes are sold. Under existing law, OID on the Notes accrued and properly allocable to the owners thereof under the Code is not includable in gross income of the owners of the Notes for federal income tax purposes if interest on the Notes is not included in gross income for federal income tax purposes. Accrued original issue discount on an OID Note is also excludable from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates and is excludable 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.

Under Section 1288 of the Code, the amount of original issue discount treated as having accrued with respect to any bond during each day it is owned is added to the adjusted basis of such owner for purposes of determining gain or loss upon the sale or other disposition of such bonds by such owner. Original issue discount on any bond is treated as accruing on the basis of economic accrual, computed by a constant semiannual compounding method using the yield to maturity on such bond, and the adjusted basis of such OID Note acquired at such initial offering price by an initial purchaser thereof will be increased by the amount of such accrued original issue discount. Owners of the OID Notes are advised to consult with their tax advisors with respect to the Federal, state and local tax consequences of owning the OID Notes.

Prospective purchasers of OID Notes 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 Notes purchasing such Notes after the initial offering and sale, and the state and local tax consequences of owning or disposing of such OID Notes.

Original Issue Premium

With respect to any of the Notes where the initial public offering prices of certain maturities of the Notes is greater than the amount payable on those Notes at maturity (the “OIP Notes”), the excess of the price paid by the first owner of an OIP Note over the principal amount payable at maturity, of such OIP Note constitutes original issue premium. Original issue premium on any bond is treated as amortizing on the basis of the taxpayer’s yield to maturity using the taxpayer’s adjusted basis and a constant semiannual compounding method. The portion of such premium amortizing over the period the OIP Note is held by the owner does not reduce taxable income for purposes of either the federal income tax or the Connecticut income tax on individuals, trusts and estates and does not reduce 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, but it does reduce the owner’s adjusted basis in the OIP Note for purposes of determining gain or loss on its disposition. Prospective purchasers of OIP Notes should consult their own tax advisors regarding the amortization of premium and the effect upon basis.

Proposed Legislation and Other Matters

Federal, state or local legislation, administrative pronouncements or court decisions may affect the tax-exempt status of interest on the Notes, gain from the sale or other disposition of the Notes, the market value of the Notes, or the marketability of the Notes, or otherwise prevent the owners of the Notes from realizing the full current benefit of the exclusion from gross income of the interest thereon. For example, federal legislative proposals have been made recently and in recent years that would, among other things, limit the exclusion from gross income of interest on obligations such as the Notes for higher-income taxpayers. If enacted into law, such proposals could affect the tax exemption of interest on the Notes or the market price for, or marketability of, the Notes. No assurance can be given with respect to the impact of future legislation on the Notes. Prospective purchasers of the Notes should consult their own tax and financial advisors regarding such matters.

General

The opinions of Bond Counsel are rendered as of their date, and Bond Counsel assumes no obligation to update or supplement their opinion to reflect any facts or circumstances that may come to their attention or any changes in law that may occur after the date of their opinion. Bond Counsel's opinions are based on existing law, which is subject to change. Bond Counsel has not undertaken to advise in the future whether any events after the date of issuance of the Notes may affect the tax status of interest on the Notes. No assurance can be given that future federal legislation enacted or proposed after the date of issuance of the Notes will not have an adverse effect on the tax-exempt status or market price of the Notes or will not change the effect of other federal tax law consequences discussed above of owning and disposing of the Notes. No assurance can be given that future legislation, or amendments to the State of Connecticut income tax law, if enacted into law, will not contain provisions which could, directly or indirectly, reduce the benefit of the exclusion of the interest on the Notes or any gain made on the sale or exchange thereof from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates. The opinions of Bond Counsel are further based on factual representations made to Bond Counsel as of the date of issuance. Moreover, Bond Counsel's opinions are not a guarantee of a particular result, and are not binding on the Internal Revenue Service or the courts; rather, such opinions represent Bond Counsel's professional judgment based on its review of existing law, and in reliance on the representations and covenants that it deems relevant to such opinions.

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 who 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 Notes, including any tax consequences arising under the laws of any state or other taxing jurisdiction.

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APPENDIX C - FORM OF CONTINUING DISCLOSURE AGREEMENT

CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement (“Agreement”) is executed and delivered as of the 4th day of December, 2024, by the Town of East Haddam, Connecticut (the “Town”), acting by its undersigned officers, duly authorized, in connection with the issuance of \$4,370,000 General Obligation Bond Anticipation Notes, dated December 4, 2024 (the “Notes”) for the benefit of the beneficial owners from time to time of the Notes.

Section 1. Definitions.

For purposes of this Agreement, the following capitalized terms shall have the following meanings:

“Final Official Statement” means the official statement of the Town, dated November __, 2024, prepared in connection with the Notes.

“Listed Events” means any of the events listed in Section 2 of this Agreement.

“MSRB” means the Municipal Securities Rulemaking Board established under the Securities Exchange Act of 1934, as amended, or any successor thereto.

“Repository” means the MSRB, through the operation of the Electronic Municipal Market Access (EMMA) system as described in 1934 Act Release No. 59061 and maintained by the MSRB for purposes of the Rule, or any other nationally recognized municipal securities information repository or organization recognized by the SEC from time to time for purposes of the Rule.

“Rule” means rule 15c2-12 adopted by the SEC 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. Reporting of Listed Events.

The Town agrees to provide, or cause to be provided, to the Repository in an electronic format, accompanied by identifying information, as prescribed by the MSRB, notice of the occurrence of any of the following Listed Events with respect to the Notes, in a timely manner not later than ten (10) business days after the occurrence of any such Listed Event:

- (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 Notes, or other material events affecting the tax status of the Notes;
- (g) modifications to rights of holders of the Notes, if material;
- (h) bond calls, if material, and tender offers;
- (i) defeasances;

- (j) release, substitution, or sale of property securing repayment of the Notes, if material;
- (k) rating changes;
- (l) bankruptcy, insolvency, receivership or similar event of the Town;

Note to clause (l): For the purposes of the event identified in clause (l) above, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Town in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or government authority has assumed jurisdiction over substantially all of the assets or business of the Town, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the 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 trustee, if material;
- (o) the incurrence of a financial obligation of the Town, 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 securities holders, if material; and
- (p) a 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.

Note to clauses (o) and (p): For the purposes of the events identified in clauses (o) and (p) above, the term “financial obligation” shall mean 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) but shall not include municipal securities as to which a final official statement has been provided to MSRB consistent with the Rule.

Section 3. Use of Agents.

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 4. 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 Notes, or (ii) such time as the Town ceases to be an obligated person with respect to the Notes within the meaning of the Rule.

Section 5. Enforcement.

The Town acknowledges that the undertakings set forth in Section 2 of this Agreement are intended to be for the benefit of, and enforceable by, the beneficial owners from time to time of the Notes. 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 five (5) business days) from the time the First Selectman, or a successor, receives written notice from any beneficial owner of the Notes of such failure. For purposes of this section, notice to the Town should be made to the First Selectman, Municipal Office Complex, 1 Plains Road, Moodus, Connecticut 06469.

In the event the Town does not cure such failure within the time specified above, the beneficial owner of any of the Notes shall be entitled only to the remedy of specific performance. 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 Notes.

Section 6. 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 Notes. 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 provisions 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) this Agreement as so amended or waived would have complied with the requirements of the Rule as of the date of this Agreement, taking into account any amendments or interpretations of the Rule, as well as any change in circumstances, and (iii) such amendment or waiver is supported by either an opinion of counsel expert in federal securities laws to the effect that such amendment or waiver would not materially adversely affect the beneficial owners of the Notes or an approving vote by the holders of not less than 66 2/3% of the aggregate principal amount of the Notes then outstanding. A copy of any such amendment or waiver will be filed in a timely manner with the Repository in electronic format.

TOWN OF EAST HADDAM, CONNECTICUT

By: _____
IRENE M. HAINES
First Selectman

By: _____
MARYJANE T. MALAVASI
Treasurer

By: _____
VALERIE E. BELLES
Finance Director

APPENDIX D – NOTICE OF SALE

NOTICE OF SALE

TOWN OF EAST HADDAM, CONNECTICUT

\$4,370,000 GENERAL OBLIGATION BOND ANTICIPATION NOTES

PROPOSALS will be received by the TOWN OF EAST HADDAM, CONNECTICUT (the “Town”), by ELECTRONIC BID via PARITY® at the Office of Finance Director, Municipal Office Complex, 1 Plains Road, Moodus, Connecticut 06469, until 11:00 A.M. (Eastern Time) on TUESDAY,

NOVEMBER 19, 2024

for the purchase, when issued, of all, or any part of, the Town’s \$4,370,000 General Obligation Bond Anticipation Notes, dated December 4, 2024 and due June 3, 2025 (the “Notes”).

The Notes are due and payable as to both principal and interest at maturity at the rate or rates per annum fixed in the proposal or proposals accepted for their purchase, which rates shall be in multiples of 1/100 of 1% per annum. Interest shall be computed on the basis of a 30-day month and a 360-day year. The Notes are not subject to redemption prior to maturity.

Nature of Obligation. The Notes will constitute general obligations of the Town, and the Town will pledge its full faith and credit to pay the principal of and interest on the Notes when due. Unless paid from other sources, the Notes are payable from ad valorem taxes levied against all taxable property subject to taxation by the Town. All property taxation is without limit as to rate or amount, except as to classified property such as certified forest land taxable at a limited rate and dwelling houses of qualified elderly persons of low income and of qualified disabled persons taxable at limited amounts.

Bank Qualification. The Notes **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 Notes.

Delivery Date and Payment. The Notes will be delivered against payment in immediately available federal funds through the facilities of The Depository Trust Company, New York, New York on December 4, 2024.

Book-Entry. The Notes will be issued by means of a book-entry system with no physical distribution of note certificates made to the public. The Notes will be issued in registered form and one note certificate for each interest rate 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. A book-entry system will be employed, evidencing ownership of the Notes in principal amounts of \$5,000, or any integral multiples thereof, with transfers of ownership affected 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 Notes, will be required to deposit the note certificates with DTC, registered in the name of Cede & Co. Principal of and interest on the Notes will be payable by the Town or its agent to DTC or its nominee as registered owner of the Notes. 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. Upon receipt from the Town, the Paying Agent will pay principal of and interest on the Notes directly to DTC so long as DTC or its nominee, Cede & Co, is the noteholder.

Bid Terms and Basis of Award. Except as otherwise provided herein, bidders may submit proposals for all or any part of the Notes, but any proposal for a part must be for a minimum of \$100,000 of principal amount or integral multiples of \$5,000 in excess thereof. A separate proposal is required for each part of the Notes for which a separate stated interest rate is bid. Bidders are to name one rate of interest in a multiple of one hundredths (1/100ths) of one per cent for each part of the Notes for which a separate interest rate is bid. Unless all bids are rejected, the Notes will be awarded to the responsible bidder or bidders offering to purchase the Notes at the lowest net interest cost to the Town, which will be determined for each interest rate stated in the proposal based on the total interest to be payable at such rate and deducting therefrom any premium. If there is more than one responsible bidder making said offer at the same lowest net interest cost, the Notes will be sold to the responsible bidder with a proposal for the highest principal amount of Notes specified. No bid for less than par and accrued interest, if any, will be considered. The Town reserves the right to award to any bidder all or any part of the Notes bid in its proposal. If a bidder is awarded only a part of the Notes, any premium offered in such proposal will be proportionately reduced so that the resulting net interest rate with respect to the Notes awarded is the same as that contained in the bidder's proposal with respect to the entire amount bid, carried to four places. The right is reserved to reject any and all bids and to waive any irregularity or informality with respect to any bid. The Town further reserves the right to postpone the sale to another time and date in its sole discretion for any reason. The Town will use its best efforts to notify prospective bidders in a timely manner of any need for a postponement.

Electronic Proposals Bidding Procedure. Electronic bids for the purchase of the Notes must be submitted through the facilities of **PARITY®** by 11:00 A.M. (Eastern Time) on Tuesday, November 19, 2024. Any prospective bidder must be a subscriber of Ipreo's BiDCOMP competitive bidding system. Further information about **PARITY®**, including any fee charged, may be obtained from **PARITY®**, c/o Ipreo LLC, 1359 Broadway, 2nd Floor, New York, New York 10018, Attention: Customer Support (telephone: (212) 849-5021 – email notice: parity@ihsmarkit.com). The Town neither will confirm any subscription nor be responsible for any failure of a prospective bidder to subscribe. All bids shall be deemed to incorporate the provisions of this Notice.

Once an electronic bid made through the facilities of **PARITY®** is communicated to the Town, it shall constitute an irrevocable offer, in response to this Notice, and shall be binding upon the bidder as if made by the signed, sealed bid delivered to the Town. By submitting a bid for the Notes via **PARITY®**, the bidder represents and warrants to the Town that such bidder's bid for the purchase of the Notes 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 bid by the Town will bind the bidder by a legal, valid and enforceable contract, for the purchase of the Notes on the terms described in this Notice. **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®, or the inaccuracies of any information, including bid information or worksheets supplied by PARITY®, the use of PARITY® facilities being the sole risk of the prospective bidder. Each Bidder is solely responsible for knowing the terms of the sale as set forth herein.**

Disclaimer. Each of **PARITY®** prospective electronic bidders shall be solely responsible to make necessary arrangements to access **PARITY®** for the purpose of submitting its bid in a timely manner and in compliance with the requirements of this Notice. 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 or **PARITY®** shall be responsible for a bidder's failure to make a bid or for the 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 Notes. The Town is not bound by any advice and determination of **PARITY®** to the effect that any particular bid complies with the terms of this Notice and in particular the bid requirements herein set forth. All costs and expenses incurred by prospective bidders in connection with their subscription to, arrangements with and submission of bids via **PARITY®** are the sole responsibility of the bidders; and the Town is not responsible directly or indirectly, for any of such costs or expenses. If the prospective bidder encounters any difficulty in arranging to bid or submitting, modifying or withdrawing a bid for the Notes, the prospective bidder should telephone **PARITY®** at (212) 849-5021. If any provision of this Notice shall conflict with information provided by **PARITY®**, this Notice shall control.

For the purpose of the sealed proposals bidding procedure and the electronic proposals bidding procedure, the time maintained on **PARITY®** shall constitute the official time.

Certifying Agent, Registrar, Paying Agent and Transfer Agent. The Notes will be certified by U.S. Bank Trust Company, National Association, Hartford, Connecticut. U.S. Bank Trust Company, National Association will also act as Registrar, Paying Agent and Transfer Agent.

Bond Counsel Opinion. The legality of the issue will be passed upon by Bond Counsel, and the purchaser will be furnished with its opinion, without charge, substantially in the form attached as Appendix B to the Official Statement. The opinion will appear on each Note certificate and will state that the Notes are valid and binding obligations of the Town. Absent special circumstances preventing compliance, Bond Counsel will require as a precondition to release of its opinion printed on the Notes that the purchaser of such Notes deliver to it a completed “issue price” certificate regarding public offering prices with respect to the Notes awarded to such bidder, as described below under “Establishment of Issue Price”.

Establishment of Issue Price. In order to provide the Town with information that enables it to comply with certain requirements of the Internal Revenue Code of 1986, as amended (the “Code”), relating to the exclusion of interest on the Notes from the gross income of their owners, the winning bidder will be required to complete, execute, and deliver to the Town at or prior to the delivery of the Notes an “issue price” or similar certificate setting forth the reasonably expected initial offering price to the Public (the “Initial Offering Price”) or the actual sales price or prices of the Notes, as circumstances may determine, together with the supporting pricing wires or equivalent communications, with such modifications as may be appropriate or necessary, in the reasonable judgment of Bond Counsel. Communications relating to this “Establishment of Issue Price” section, the completed certificate(s) and any supporting information shall be delivered to (1) Bond Counsel at Jennifer Egan, Esq., Updike, Kelly & Spellacy, P.C., 225 Asylum Street, 20th Floor, Hartford, CT 06103, Telephone: (860) 548-2628, E-mail: jegan@uks.com and (2) the Municipal Advisor at William Lindsay, Managing Director, Munistat Services, Inc., 129 Samson Rock Drive, Suite A, Madison, Connecticut 06443, Telephone: (203) 421-2880, E-mail: bill.lindsay@munistat.com (the “Municipal Advisor”). Questions related to this “Establishment of Issue Price” section should be directed to Bond Counsel or the Municipal Advisor. For purposes of this “Establishment of Issue Price” section, Bond Counsel may act on behalf of the Town and the Municipal Advisor may act on behalf of the Town.

By submitting a bid, each bidder is certifying that its bid is a firm offer to purchase the Notes, 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 requirements relating to the establishment of the “issue price” of the Notes 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.

By submitting a bid, a bidder represents to the Town that it has an established industry reputation for underwriting new issuances of municipal bonds such as the Notes, represents that such bidder’s bid is submitted for or on behalf of such bidder by an officer or agent who is duly authorized to bind the bidder to a legal, valid and enforceable contract for the purchase of the Notes, and understands that upon award by the Town that this Notice of Sale constitutes a written contract between such bidder, as winning bidder, and the Town.

By submitting a bid, the bidder agrees that if the Competitive Sale Rule (as set forth below) is not met, it will satisfy either the Actual Sales Rule (as set forth below) or the Hold-the-Offering-Price Rule (as set forth below).

Bids will not be subject to cancellation in the event that the competitive sale requirements are not satisfied.

Notification of Contact Information of Winning Bidder. Promptly upon award, the winning bidder shall notify the Municipal Advisor and Bond Counsel of the contact name, telephone number and e-mail address of the person(s) of the winning bidder for purposes of communications concerning this “Establishment of Issue Price” section.

Competitive Sale Rule. The Town intends that the provisions of Treasury Regulations Section 1.148-1(f)(3)(i) (defining “competitive sale” for purposes of establishing the issue price of the Notes) will apply to the initial sale of the Notes (the “Competitive Sale Rule”) because:

- (1) the Town shall disseminate, or have disseminated on its behalf, this Notice of Sale to potential bidders in a manner that is reasonably designed to reach potential bidders;
- (2) all bidders shall have an equal opportunity to bid;
- (3) the Town anticipates receiving bids from at least three (3) underwriters of municipal bonds who have established industry reputations for underwriting new issuances of municipal bonds; and
- (4) the Town anticipates awarding the sale of the Notes to the bidder who submits a firm offer to purchase the Notes at the lowest true interest cost (“TIC”), as set forth in this Notice of Sale.

Competitive Sale Rule Met. The Town, or the Municipal Advisor on behalf of the Town, shall at the time of award advise the winning bidder if the Competitive Sale Rule has been met. Within two (2) hours of award (or such other time as agreed to by Bond Counsel), the winning bidder shall provide Bond Counsel and the Municipal Advisor, via e-mail, a completed “ISSUE PRICE CERTIFICATE” in the form attached hereto as Attachment A.

Competitive Sale Rule Not Met. In the event that the Competitive Sale Rule is not satisfied, the Town, or the Municipal Advisor on behalf of the Town, shall at the time of award advise the winning bidder. The Town may determine to treat (i) the first price at which ten percent (10%) of a Maturity of the Notes (the “Actual Sales Rule”) is sold to the Public as the issue price of that Maturity, and/or (ii) the Initial Offering Price to the Public as of the Sale Date of any Maturity of the Notes as the issue price of that Maturity (the “Hold-the-Offering-Price Rule”), in each case applied on a Maturity-by-Maturity basis. In the event that the Competitive Sale Rule is not satisfied, the winning bidder, by 3:30 p.m. (Eastern Time) on the Sale Date, shall notify and provide, via e-mail, Bond Counsel and the Municipal Advisor (A)(I) of the first price at which ten percent (10%) of each Maturity of Notes has been sold to the Public and (II) reasonable supporting documentation or certifications of such price the form of which is acceptable to Bond Counsel; i.e., those Maturities of the Notes that satisfy the Actual Sales Rule as of the Sale Date, and (B) those Maturities of the Notes that the winning bidder is purchasing for its own account and not with a view to distribution or resale of such Maturity to the Public. After such receipt, the Town, or Bond Counsel on behalf of the Town, shall promptly confirm with the winning bidder, via e-mail, which Maturities of the Notes shall be subject to the Actual Sales Rule and which Maturities shall be subject to the Hold-the-Offering-Price Rule.

For those Maturities of Notes subject to the Hold-the-Offering-Price Rule, the winning bidder shall (i) provide Bond Counsel (via e-mail) a copy of pricing wire or equivalent communication for the Notes, (ii) confirm that each Underwriter (as defined below) has offered or will offer all of the Notes to the Public on or before the date of award at the Initial Offering Prices, and (iii) agree, on behalf of each Underwriter participating in the purchase of the Notes, that each Underwriter will neither offer nor sell unsold Notes of any Maturity to which the Hold-the-Offering-Price Rule shall apply to any person at a price that is higher than the Initial Offering Price for such Maturity during the period starting on the Sale Date and ending on the earlier of the following:

- (1) the close of the fifth (5th) business day after the Sale Date; or
- (2) the date on which the Underwriters have sold at least ten percent (10%) of that Maturity of the Notes to the Public at a price that is no higher than the Initial Offering Price.

The winning bidder shall promptly advise Bond Counsel and the Municipal Advisor, via e-mail, when the Underwriters have sold ten percent (10%) of that Maturity of the Notes to the Public at a price that is no higher than the Initial Offering Price, if that occurs prior to the close of the fifth (5th) business day after the Sale Date.

By submitting a bid, each bidder confirms that: (i) any agreement among underwriters, any selling group agreement and each third party distribution agreement (to which the bidder is a party) relating to the initial sale of the Notes to the Public, together with the related pricing wires, contains or will contain language obligating each Underwriter, each dealer who is a member of the selling group, and each broker-dealer that is a party to such third party distribution agreement, as applicable, to (A) report the prices at which it sells to the Public the unsold Notes of each Maturity allotted to it until it is notified by the winning bidder that either the Actual Sales Rule has been satisfied as to the Notes of that Maturity or all Notes of that Maturity have been sold to the Public, and (B) comply with the Hold-the-Offering-Price Rule, if applicable, in each case if and for so long as directed by the winning bidder and as set forth in the related pricing wires, and (ii) any agreement among underwriters relating to the initial sale of the Notes to the Public, together with the related pricing wires, contains or will contain language obligating each Underwriter that is a party to a third party distribution agreement to be employed in connection with the initial sale of the Notes to the Public to require each broker-dealer that is a party to such third party distribution agreement to (A) report the prices at which it sells to the Public the unsold Notes of each Maturity allotted to it until it is notified by the winning bidder or such Underwriter that either the Actual Sales Rule has been satisfied as to the Notes of that Maturity or all Notes of that Maturity have been sold to the Public, and (B) comply with the Hold-the-Offering-Price Rule, if applicable, in each case if and for so long as directed by the winning bidder or such Underwriter and as set forth in the related pricing wires.

Sales of any Notes to any person that is a Related Party (as defined below) to an Underwriter shall not constitute sales to the Public for purposes of this Notice of Sale.

Definitions. For purposes of this “Establishment of Issue Price” section:

- (1) “Maturity” means Notes with the same credit and payment terms. Notes with different maturity dates, or Notes with the same maturity date but different stated interest rates, are treated as separate Maturities.
- (2) “Public” means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a Related Party to an Underwriter.
- (3) “Related Party” generally means any two or more persons who have greater than 50% common ownership, directly or indirectly.
- (4) “Underwriter” means (i) any person that agrees pursuant to a written contract with the Town (or with the lead Underwriter to form an underwriting syndicate) to participate in the initial sale of the Notes to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this definition to participate in the initial sale of the Notes to the Public (including a member of a selling group or a party to a third party distribution agreement participating in the initial sale of the Notes to the Public).

Official Statement. For more information regarding the Notes or the Town, reference is made to the Preliminary Official Statement dated November 12, 2024 (the “Official Statement”) describing the Notes and the financial condition of the Town. The Official Statement is available in electronic format at www.i-dealprospectus.com, and such electronic access is being provided as a matter of convenience only. Copies of the Official Statement may be obtained from the Municipal Advisor. The Town deems such Official Statement to be a final official statement for purposes of complying with Securities and Exchange Commission Rule 15c2-12 (the “Rule”), but such Official Statement is subject to revision or amendment as appropriate. The Town will make available to the purchaser a reasonable number of copies of the final Official Statement at the Town’s expense, and the final Official Statement will be made available to the purchaser by no later than the earlier of the delivery of the Notes or by the seventh (7th) business day after the day bids on the Notes are received. If the Town’s Municipal Advisor, is provided with the necessary information from the purchaser by 12:00 noon on the day after the Sale Date, the copies of the final Official Statement will include an additional cover page and other pages, if necessary, indicating the interest rates, rating(s), yields or reoffering prices and the name of the managing underwriter of the Notes, and any corrections. 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 of the final Official Statement may be obtained by the purchaser at its own expense by arrangement with the printer.

Continuing Disclosure. As required by the Rule, the Town will undertake, pursuant to a Continuing Disclosure Agreement, to provide notice of the occurrence of certain events with respect to the Notes within ten (10) business days of the occurrence of such events. The Continuing Disclosure Agreement will be substantially in the form attached as Appendix C to the Official Statement. The winning bidder’s obligation to purchase the Notes shall be conditioned upon its receiving, at or prior to delivery of the Notes, an executed copy of the Continuing Disclosure Agreement.

Delivery, Payment and Closing Requirements. The Notes will be delivered against payment in immediately available federal funds through the facilities of DTC, New York, New York or its agent via Fast Automated Securities Transfer (“FAST”) on or about December 4, 2024. At or prior to the delivery of the Notes, the winning bidder shall be furnished, without cost, with (a) the approving opinion of Updike, Kelly & Spellacy, P.C. of Hartford, Connecticut (see “Bond Counsel Opinion” above); (b) a signature and no litigation certificate, in form satisfactory to said firm, dated as of the date of delivery of the Notes, and stating that there is no litigation pending, or to the knowledge of the signer or signers thereof threatened, affecting the validity of the Notes or the power of the Town to levy and collect taxes to pay them; (c) a signed copy of the Official Statement prepared for this note issue; (d) a certificate of Town Officials relating to the accuracy and completeness of the Official Statement, (e) an executed copy of the Continuing Disclosure Agreement; and (f) a receipt of payment for the Notes.

The Town will have no responsibility to pay for any expenses of the purchaser except to the extent specifically stated in this Notice of Sale. The purchaser will have no responsibility to pay for any of the Town's costs of issuance except to the extent specifically stated in this Notice of Sale. The purchaser will be responsible for the clearance or exemption with respect to the status of the Notes for sale under securities or "Blue Sky" laws and the preparation of any surveys or memoranda in connection with such sale. The Town shall have no responsibility for such clearance, exemption or preparation.

CUSIP Numbers. The deposit of the Notes with DTC under book-entry system requires the assignment of CUSIP numbers prior to delivery. The Town's Municipal Advisor will apply for CUSIP numbers for the Notes prior to delivery. Neither the failure to print such CUSIP number on any note, nor any error with respect thereto, shall constitute cause for a failure or refusal by the purchaser thereof to accept delivery of and pay for the Notes. All expenses in relation to the printing of CUSIP numbers on the Notes shall be paid by the Town provided, however, that the Town assumes no responsibility for any CUSIP Service Bureau charge or other charge that may be imposed for assignment of such numbers, which charges shall be the responsibility of and shall be paid for by the purchaser.

TOWN OF EAST HADDAM, CONNECTICUT

IRENE M. HAINES
First Selectman

MARYJANE T. MALAVASI
Treasurer

VALERIE E. BELLES
Finance Director

November 12, 2024

ATTACHMENT A

ISSUE PRICE CERTIFICATE

Town of East Haddam, Connecticut
\$4,370,000 General Obligation Bond Anticipation Notes
Dated and Issued December 4, 2024

The undersigned, on behalf of [Underwriter] (“[Short Name of Underwriter]”), hereby certifies as set forth below with respect to the sale of the above-captioned obligations (the “Notes”).

1. **Due Authorization.** The undersigned is a duly authorized representative of [Short Name of Underwriter], the purchaser of the Notes.

2. **Purchase Price.** The Town of East Haddam, Connecticut (the “Issuer”) sold to [Short Name of Underwriter], for delivery on or about December 4, 2024 (the “Issue Date”), the Notes at a price of par (\$[Par]), plus an aggregate net premium of \$ _____ and less an underwriter’s discount of \$ _____, resulting in an aggregate net purchase price of \$ _____.

3. **Reasonably Expected Initial Offering Price.**

(a) As of November 19, 2024 (the “Sale Date”), the reasonably expected initial offering price(s) of the Notes to the Public by [Short Name of Underwriter] are the prices listed in **Schedule A** (the “Expected Offering Prices”). The Expected Offering Prices are the prices for the Maturities of the Notes used by [Short Name of Underwriter] in formulating its bid to purchase the Notes. Attached as **Schedule B** is a true and correct copy of the bid provided by [Short Name of Underwriter] to purchase the Notes.

(b) [Short Name of Underwriter] was not given the opportunity to review other bids prior to submitting its bid.

(c) The bid submitted by [Short Name of Underwriter] constituted a firm offer to purchase the Notes.

4. **Defined Terms.**

(a) “Maturity” means Notes with the same credit and payment terms. Notes with different maturity dates, or Notes with the same maturity date but different stated interest rates, are treated as separate Maturities.

(b) “Public” means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term “related party” for purposes of this certificate generally means any two or more persons who have greater than fifty percent (50%) common ownership, directly or indirectly.

(c) “Underwriter” means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Notes to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this definition to participate in the initial sale of the Notes to the Public (including a member of the selling group or a party to a third party distribution agreement participating in the initial sale of the Notes to the Public).

5. **Representations and Information.** The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents [Short Name of Underwriter]’s interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder (collectively, the “Code”). The undersigned understands that the foregoing information will be relied upon by the Issuer in making its certification as to issue price of the Notes under the Code and with respect to compliance with the federal income tax rules affecting the Notes. Updike, Kelly & Spellacy, P.C., bond counsel, may rely on the foregoing representations in rendering its opinion on the exclusion from federal gross income of the interest on the Notes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer relating to the Notes. Except as set forth above, no third party may rely on the foregoing certifications, and no party may rely hereon for any other purpose.

IN WITNESS WHEREOF, the undersigned has executed this Certificate as of December 4, 2024.

[UNDERWRITER]

By: _____

Name:

Title:

Schedule A to Issue Price Certificate

<u>Maturity</u> <u>Date</u>	<u>Principal Amount (\$)</u>	<u>Interest</u> <u>Rate (%)</u>	<u>Price</u> <u>(\$, not Yield)</u>
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Schedule B to Issue Price Certificate

[Copy of Bid]