

PRELIMINARY OFFICIAL STATEMENT DATED OCTOBER 2, 2026

New Money Issue

Moody's Rating:
(See "Ratings" herein)

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



TOWN OF OLD SAYBROOK, CONNECTICUT

\$11,500,000

GENERAL OBLIGATION BONDS, ISSUE OF 2026 (BOOK-ENTRY-ONLY)

Dated: Date of Delivery

Due: Serially, October 15, as shown below

The \$11,500,000 General Obligation Bonds, Issue of 2026 (the "Bonds") will be general obligations of the Town of Old Saybrook, Connecticut (the "Town") and the Town will pledge its full faith and credit to pay the principal of and the interest on the Bonds when due. (See "Security and Remedies" herein).

The Bonds will bear interest payable semiannually on April 15 and October 15 in each year until maturity, commencing April 15, 2027. The Bonds are issuable only as fully registered bonds, without coupons, and, when issued, will be registered in the name of Cede & Co., as Bondowner and nominee for The Depository Trust Company ("DTC"). DTC will act as securities depository for the Bonds. Purchases of the Bonds will be made in book-entry-only form, in the denomination of \$5,000 or any integral multiple thereof. Purchasers will not receive certificates representing their ownership interest in the Bonds. So long as Cede & Co. is the Bondowner, as nominee of DTC, reference herein to the Bondowner or owners shall mean Cede & Co., as aforesaid, and shall not mean the Beneficial Owners (as defined herein) of the Bonds. (See "Book-Entry-Only Transfer System" herein).

The Bonds are subject to optional redemption prior to maturity. (See "Optional Redemption" herein).

U.S. Bank Trust Company, National Association, Hartford, Connecticut will serve as Registrar, Transfer Agent, Certifying Agent and Paying Agent with respect to the Bonds.

The Bonds are being offered for sale in accordance with an official Notice of Sale dated October 2, 2026. Electronic bids solely via PARITY® for the Bonds will be received until 11:00 A.M. (Eastern Time) on Tuesday, October 13, 2026, as described in the official Notice of Sale. (See Appendix D herein).

MATURITY SCHEDULE AND AMOUNTS

<u>Maturity</u>	<u>Amount</u>	<u>Coupon</u>	<u>Yield</u>	<u>CUSIP</u> ⁽¹⁾	<u>Maturity</u>	<u>Amount</u>	<u>Coupon</u>	<u>Yield</u>	<u>CUSIP</u> ⁽¹⁾
2027	\$575,000			680265***	2037	\$575,000			680265***
2028	575,000			680265***	2038	575,000			680265***
2029	575,000			680265***	2039	575,000			680265***
2030	575,000			680265***	2040	575,000			680265***
2031	575,000			680265***	2041	575,000			680265***
2032	575,000			680265***	2042	575,000			680265***
2033	575,000			680265***	2043	575,000			680265***
2034	575,000			680265***	2044	575,000			680265***
2035	575,000			680265***	2045	575,000			680265***
2036	575,000			680265***	2046	575,000			680265***

The Bonds are offered for delivery when, as and if issued, subject to the final approving opinion of Shipman & Goodwin LLP, Bond Counsel, of Hartford, Connecticut. It is expected that delivery of the Bonds in definitive form will be made on or about October 27, 2026 through the facilities of DTC.

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

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

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

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

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

Other than matters expressly set forth in Appendix B to this Official Statement, 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 they have independently verified the same.

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

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

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

TABLE OF CONTENTS

	<u>Page</u>		<u>Page</u>
	i	V. Financial Information	20
Bond Issue Summary	1	Fiscal Year	20
I. Securities Offered	1	Accounting Policies	20
Introduction	1	Budgetary Procedures	20
Description of the Bonds	1	Municipal Budget Expenditure Cap	20
Optional Redemption	1	Annual Audit	20
Notice of Redemption	1	Employee Pension Systems	20
Authorization and Use of Proceeds	2	Defined Contribution Retirement Plan	23
Ratings	2	Other Post-Employment Benefits	23
Security and Remedies	2	Investment Policies and Practices	23
Book-Entry-Only Transfer System	3	Property Tax Revenues	24
Replacement Bonds	4	Intergovernmental Revenues	24
DTC Practices	4	Expenditures	25
Cybersecurity	5	Comparative General Fund Operating Statement ..	25
Climate Change	5	Comparative General Fund Balance Sheets	26
Qualification for Financial Institutions	5	Analysis of General Fund Equity	26
Availability of Continuing Disclosure	5	Comparative General Fund Revenues and	
II. The Issuer	6	Expenditures	27
Description of the Town	6	VI. Debt Summary	28
Form of Government	7	Principal Amount of Indebtedness	28
Municipal Officials	7	Schedule of Long-Term Debt Through Maturity ..	29
Summary of Municipal Services	7	Overlapping and Underlying Indebtedness	29
Educational System	9	Debt Statement	29
Educational Facilities	9	Current Debt Ratios	30
Educational Enrollment	9	Legal Requirements for Approval of Borrowing ..	30
Municipal Employment	10	Temporary Financing	30
Municipal Employment by Category	10	School Building Grant Reimbursements	31
Municipal Employees Bargaining Units	11	Limitation of Indebtedness	31
III. Economic and Demographic Information	12	Statement of Statutory Debt Limitation	32
Population Trends	12	Authorized but Unissued Debt	32
Age Characteristics of the Population	12	Historical Debt Statement	33
Income Distribution	12	Historical Debt Ratios	33
Selected Wealth and Income Levels	13	Ratio of Annual Debt Service Expenditures	
Educational Attainment	13	To Total General Fund Expenditures and	
Major Employers	13	Transfers Out	33
Employment by Industry	14	VII. Legal and Other Litigation	34
Unemployment Rate Statistics	14	Litigation	34
Characteristics of Housing Units	15	Municipal Advisor	34
Age Distribution of Housing	15	Documents Accompanying Delivery of the	
Number and Value of Building Permits	16	Bonds	34
Breakdown of Land Use	16	Concluding Statement	35
IV. Tax Base Data	17		
Assessment Practices	17	Appendix A – Audited Financial Statements	
Property Tax Collection Procedure	17	Appendix B – Form of Legal Opinion of Bond Counsel	
Motor Vehicle Property Tax Rate	17	and Tax Exemption	
Real Property Tax Levies and Collections	18	Appendix C – Form of Continuing Disclosure Agreement	
Taxable Grand List	18	Appendix D – Notice of Sale	
Ten Largest Taxpayers	18		
Equalized Net Grand List	19		

BOND ISSUE SUMMARY

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

Date of Sale:	Tuesday, October 13, 2026, 11:00 AM (Eastern Time).
Location of Sale:	Electronic bids <u>solely</u> via PARITY ® as described in the official Notice of Sale. (See "Appendix D" to this Official Statement).
Issuer:	Town of Old Saybrook, Connecticut (the "Town").
Issue:	\$11,500,000 General Obligation Bonds, Issue of 2026 (the "Bonds").
Dated Date:	Date of delivery.
Interest Due:	Semiannually on April 15 and October 15 in each year until maturity, commencing April 15, 2027.
Principal Due:	Serially, October 15, 2027 through October 15, 2046, as detailed in this Official Statement.
Purpose and Authority:	The proceeds of the Bonds will be used to fund various Town projects as authorized by the voters of the Town. See "Authorization and Use of Proceeds" herein.
Redemption:	The Bonds are subject to redemption prior to maturity. (See "Optional Redemption" herein).
Security:	The Bonds 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 Bonds when due.
Credit Rating:	The Bonds have been rated "___" by Moody's Investors Service, Inc. ("Moody's"). The rating on the Town's outstanding general obligation bonds is currently "___" by Moody's. See "Ratings" herein.
Basis of Award:	Lowest True Interest Cost ("TIC"), as of dated date.
Tax Exemption:	See Appendix B to this Official Statement.
Bank Qualification:	The Bonds shall NOT be designated by the Town as qualified tax-exempt obligations under the provisions of Section 265(b) of the Internal Revenue Code of 1986, for purposes of the deduction by financial institutions for certain interest expenses allocable to the Bonds.
Continuing Disclosure:	See Appendix C to this Official Statement.
Registrar, Transfer Agent, Certifying Agent and Paying Agent:	U.S. Bank Trust Company, National Association, CityPlace I, 185 Asylum Street, 27 th Floor, Hartford, Connecticut 06103.
Legal Opinion:	Shipman & Goodwin LLP of Hartford, Connecticut will act as Bond Counsel.
Delivery and Payment:	It is expected that delivery of the Bonds in book-entry-only form will be made to The Depository Trust Company on or about October 27, 2026 against payment in Federal Funds .
Issuer Official:	Questions concerning the Official Statement should be directed to Sarah Sanders, Finance Director, Town of Old Saybrook, 302 Main Street, Old Saybrook, Connecticut 06475. Telephone: 860-395-3525.
Municipal Advisor:	Munistat Services, Inc., 129 Samson Rock Drive, Suite A, Madison, Connecticut 06443, attention: Mark Chapman, Managing Director, Telephone: 203-421-2087.

I. SECURITIES OFFERED

INTRODUCTION

This Official Statement, including the cover page and appendices, is provided for the purpose of presenting certain information relating to the Town of Old Saybrook, Connecticut (the "Town") in connection with the issuance of \$11,500,000 General Obligation Bonds, Issue of 2026 (the "Bonds") of the Town, and may not be reproduced or used in whole or in part for any other purpose.

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

The presentation of information is intended to show recent historical trends and is not intended to indicate future or continuing trends in the financial or other positions of the Town. 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 their opinion in Appendix B) and they make no representation that they have independently verified the same.

DESCRIPTION OF THE BONDS

The Bonds will be dated the date of delivery, and will mature in annual installments on October 15 in each of the years and in the principal amounts as set forth on the cover page hereof. Interest on the Bonds will be calculated on the basis of a 360-day year consisting of twelve 30-day months and will be payable semiannually on April 15 and October 15 in each year until maturity commencing April 15, 2027 and will be payable to the registered owner of the Bonds as of the last business day of March and September in each year. The Bonds will be issued in fully-registered form in denominations of \$5,000 or any integral multiple thereof for any single maturity. A book-entry system will be employed evidencing ownership of the Bonds with transfers of ownership effected on the records of The Depository Trust Company, ("DTC"), and its participants pursuant to rules and procedures established by DTC and its participants. (See "Book-Entry-Only Transfer System" herein). The Registrar, Transfer Agent, Certifying Agent and Paying Agent will be U.S. Bank Trust Company, National Association, in Hartford, Connecticut, 06103.

OPTIONAL REDEMPTION

The Bonds maturing on or before October 15, 2036 are not subject to redemption prior to maturity. The Bonds maturing on October 15, 2037 and thereafter are subject to redemption prior to maturity, at the option of the Town, on and after October 15, 2036, at any time, in whole or in part, and by lot within a maturity, in such amounts and in such order of maturity as the Town may determine at the redemption price (expressed as a percentage of principal amount of the Bonds to be redeemed) set forth in the following table, together with interest accrued and unpaid to the redemption date:

<u>Redemption Date</u>	<u>Redemption Price</u>
October 15, 2036 and thereafter	100.00%

NOTICE OF REDEMPTION

Notice of redemption shall be mailed not less than twenty (20) days prior to the redemption date to the registered owner of such Bonds, designated for redemption in whole or in part, at the address of such registered owner as it last appears on the registration books for the Bonds kept for such purpose. So long as a book-entry system is used for the Bonds, the Town will send any notice of redemption only to DTC (or a successor securities depository) or its nominee.

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

The Town, so long as a book-entry system is used for the Bonds being called for redemption, will send any notice of redemption only to The Depository Trust Company, or a successor securities depository, or DTC nominee. Any failure of DTC to advise any Direct Participant or of any Direct Participant or Indirect Participant to notify any Indirect Participant or Beneficial Owner, of any such notice and its content or effect will not affect the validity of the redemption of such Bonds called for redemption. (See "Book-Entry-Only Transfer System" herein for discussion of DTC and definitions of "DTC Participant", "Indirect Participant" and "Beneficial Owner".) Redemption of portions of the Bonds of any maturity by the Town will reduce the outstanding principal amount of Bonds held by DTC. In such event it is the current practice of DTC to allocate by lot, through its book-entry system, among the interest held by Direct Participants in the Bonds to be redeemed, the interest to be reduced by such redemptions in accordance with its own rules or other agreements with Direct Participants. The Direct Participants and Indirect Participants may allocate reductions of the interests in the Bonds to be redeemed held by the Beneficial Owners. Any such allocation of interests in the Bonds to be redeemed will not be governed by the determination of the Town authorizing the issuance of the Bonds and will not be conducted by the Town, or be the responsibility of, the Town, the Registrar or Paying Agent for the Bonds.

AUTHORIZATION AND USE OF PROCEEDS

The Bonds are issued pursuant to Title 7 of the General Statutes of Connecticut, as amended, and resolutions approved by the voters at referendum held on September 29, 2026.

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

Projects	Amount of Total Bond Authorization	Prior Bonds	Additions / (Reductions)	The Bonds (This Issue)
Public Works Garage.....	\$ 5,200,000	\$ -	\$ 5,200,000	\$ 5,200,000
Katharine Hepburn Cultural Arts Center Addition & Renovations.....	6,300,000	-	6,300,000	6,300,000
Total	\$ 11,500,000	\$ -	\$ 11,500,000	\$ 11,500,000

RATINGS

The Bonds have been rated "___" by Moody's Investors Service, Inc. ("Moody's"). The rating on the Town's outstanding general obligation bonds has recently been affirmed as "___" by Moody's. 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. There is no assurance that such rating will continue for any given period of time or that it will not be revised or withdrawn entirely by the rating 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 Town's bonds or notes, including the Bonds.

SECURITY AND REMEDIES

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

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

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

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

The Town is subject to suit on its general obligation bonds and notes (collectively, the “obligations”) 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 obligations from funds lawfully available therefor or, in the absence thereof, to order the Town to take all lawful action to obtain the same, including the raising of the required amount in the next annual tax levy. In exercising their discretion as to whether to enter such an order, the courts may take into account all relevant factors including the current operating needs of the Town and the availability and adequacy of other remedies.

Enforcement of a claim for payment of principal of or interest on the Bonds would also be subject to the applicable provisions of Federal bankruptcy laws as well as other bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors’ rights heretofore or hereafter enacted by the Congress or the Connecticut General Assembly and to the exercise of judicial discretion. Under the Federal bankruptcy code, the Town may seek relief only, among other requirements, if it is specifically authorized in its capacity as a municipality or by name, to be a debtor under Chapter 9 thereof, or by State law or a governmental officer or organization empowered by State law to authorize such entity to become a debtor under such Chapter. Section 7-566 of the Connecticut General Statutes provides that no Connecticut municipality shall file a petition in bankruptcy under Chapter 9 of Title 11 of the United States Code 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 notes or other obligations.

The Town has never defaulted on the payment of principal or interest on its bonds or notes.

BOOK-ENTRY-ONLY TRANSFER SYSTEM

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

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

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

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

Principal and interest payments on, and redemption premium, if any, with respect to the Bonds will be made to Cede & Co. or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Town or the Paying Agent 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, and redemption premium, if any, 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 Bonds at any time by giving reasonable notice to the Town or its agent. Under such circumstances, in the event that a successor securities depository is not obtained, note certificates are required to be printed and delivered.

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

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

REPLACEMENT BONDS

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

DTC PRACTICES

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

CYBERSECURITY

The Town, like many public and private organizations, relies extensively on technology to support its daily operations and deliver essential services. As a result, the Town and its departments are subject to cybersecurity risks, including, but not limited to, hacking, malware, viruses, phishing, ransomware, and other malicious attacks targeting computer systems, networks, and sensitive data.

To reduce the risk of operational disruption and financial loss resulting from cyber incidents, the Town has implemented a range of cybersecurity measures and operational controls, including policies, procedures, and technologies designed to protect its information systems and government networks. The Town also maintains cybersecurity insurance to provide financial protection in the event of a covered cyber incident.

To date, the Town has not experienced any known cybersecurity breaches that have materially impacted its operations. However, no cybersecurity program can eliminate all risk, and there can be no assurance that the Town's security measures will be successful in preventing or mitigating every cyber threat. A significant cyber incident could disrupt municipal operations, compromise digital systems or data, and result in substantial costs associated with investigation, recovery, remediation, legal compliance, and other related activities.

CLIMATE CHANGE

As a coastal town bordering both the Long Island Sound and the tidal Connecticut River, Old Saybrook is front and center in facing sea level rise ("SLR") and other natural hazards due to climate change. This issue is a concern to many residents who deal with flooding from tides and surges as well as other storm damage. The Town has been proactive in studying the potential effects of SLR and climate change, and in addition to the Town's [2026 Natural Hazard Mitigation Plan](#) has conducted three studies since 2015 to make plans to adapt to, mitigate against or retreat from SLR. More information regarding the studies can be found at the following links. The, [2015 Report of Findings](#), [2018 Old Saybrook Coastal Resilience and Adaptation Study](#) and [Four Shore Coastal Resiliency Plan \(2025\)](#).

The Town is now focusing on implementing the resiliency projects identified in these plans and has secured grant funding to begin more focused studies including the [2023 Back River Shoreline Marsh Stabilization Project](#) and the [Chalker Beach and Cold Spring Brook Marshes Restoration, Erosion Control and Flood Mitigation Investigation \(June 2026\)](#) that is expected to result in a Chalker Beach Marsh Management/Restoration Plan and Chapman Beach to Indiantown neighborhood-scale flood mitigation strategies in September 2026. The next steps will be to secure funding and permit these projects.

As another SLR adaptation strategy, the Town participates in the National Flood Insurance Program (NFIP) and has adopted higher standards for making structures resilient to flooding.

QUALIFICATION FOR FINANCIAL INSTITUTIONS

The Bonds shall **NOT** be designated as qualified tax-exempt obligations under the provisions of Section 265(b)(3) of the Internal Revenue Code of 1986 for purposes of the deduction by financial institutions for interest expense allocable to the Bonds.

AVAILABILITY OF CONTINUING DISCLOSURE

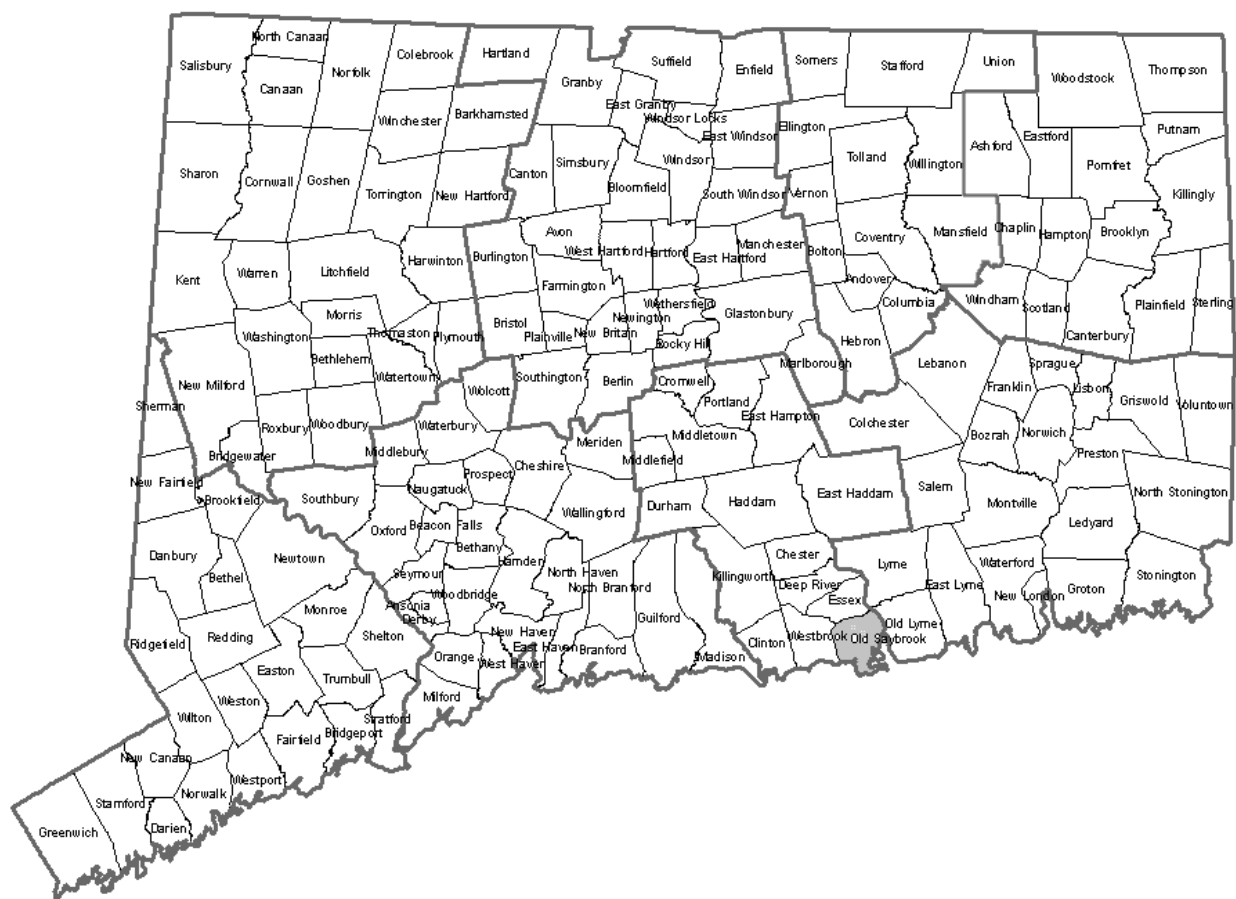
The Town prepares, in accordance with State law, annual audited financial statements and files such annual audits with the State Office of Policy and Management.

In accordance with the requirements of Rule 15c2-12(b)(5) promulgated by the Securities and Exchange Commission, the Town will agree to provide, or cause to be provided, (i) annual financial information and operating data, (ii) timely, but not in excess of ten (10) business days after the occurrence of the event, notice of the occurrence of certain events with respect to the Bonds and (iii) timely notice of a failure by the Town to provide the required annual financial information and operating data on or before the date specified in the Continuing Disclosure Agreement, pursuant to a Continuing Disclosure Agreement to be executed by the Town substantially in the form attached as Appendix C to this Official Statement.

The Town has previously undertaken in continuing disclosure agreements entered into for the benefit of holders of certain of its general obligation bonds or notes to provide annual financial information and event notices pursuant to Rule 15c2-12(b)(5). In the past five years, the Town has not failed to comply in any material respect with its previous undertakings under such agreements.

II. THE ISSUER

State of Connecticut



DESCRIPTION OF THE TOWN

The Town was incorporated in 1854, the one-hundred-fifth town in the State of Connecticut. The Town covers 15.3 square miles located on the south central coast of Long Island Sound, in the southeastern part of the state. The Town is bordered to the east by the Connecticut River and the Town of Old Lyme, to the west by the Town of Westbrook and to the north by the Town of Essex. The Town is approximately 101 miles east of New York City, 45 miles south of Hartford and approximately 105 miles southwest of Boston.

The Town is intersected by numerous major highways; from the east and west by I-95, State Route 80 and U.S. Route 1 (Boston Post Road); north/south highways are Routes 9, 145, 153, 154 and 156. The Town is served by numerous interstate transportation carriers including truck services, bus services, Amtrak and Metro-North which provide both freight and passenger rail services. Air transportation is available from Tweed New Haven Regional Airport, Bradley International Airport in Hartford, T.F. Green International Airport in Providence, Rhode Island, Kennedy and LaGuardia Airports in New York.

The Town is a residential community of homes in the middle and upper price ranges. The Town has a significant summer vacation industry that has benefited the Town for over one hundred years.

The Town utilizes an adopted Plan of Conservation and Development to maintain the composition of the existing character of the Town. Zoning regulations have been in effect since the 1950's, with various modifications over the years.

The Town has approximately 28% of its land area set aside for parks and open space consisting of 2,975 acres of dedicated open space and 10 acres dedicated to organized active recreation. The Town operates a recently renovated mini-golf course, two public beaches, one splash pad/water park, eight baseball and softball fields and three running tracks. Other programs the Town provides are summer outdoor and year round indoor recreation activities, summer teen theater, teen centers, Fine Arts Academy, band concerts, youth and adult dances and social consciousness groups.

The Town enjoys an ideal location where two major arteries, Routes 9 and I-95, intersect making the Town an active shopping and commercial hub along the shoreline. Several companies are headquartered in Old Saybrook, the newest being a bio-medical start-up company, Iterum Therapeutics, established in 2017 that is now expanding its local operations. The Town's active shopping and commercial areas are primarily located along the Boston Post Road (Route 1) and Main Street. In addition to a strong retail base the Town is served by six banking institutions. The Town is provided all public utilities include natural gas, electric, water, broadband options, and telephone. The Town has two weekly newspapers, and is covered by the New London Day, the Middletown Press, the Hartford Courant and the New Haven Register daily newspapers, and has delivery of all other major regional newspapers including the New York Times and the Boston Globe.

The Town's educational facilities consist of three schools, one elementary school, one middle school and one high school. In addition there is a K-8 grade parochial school in Town.

FORM OF GOVERNMENT

The Town was organized and has operated since 1854 under the Town Charter and utilizes the Board of Selectmen, Board of Finance, and Town Meeting form of government. The First Selectman is the elected full-time Chief Executive Officer of the Town who is responsible for supervising and coordinating all matters pertaining to the delivery of Town programs and services. The Town Meeting is the Town's legislative body. The Board of Finance has seven (7) members, which are elected for terms of four (4) years. The terms are staggered so that three (3) members are elected at the regular biennial municipal election and four (4) members are elected at the next regular biennial election. The Board of Selectmen has three (3) members, each of whom is elected biennially for two year terms.

MUNICIPAL OFFICIALS

Office	Name	Manner of Selection	Term Expires
First Selectman.....	Carl P. Fortuna, Jr.....	Elected	November 2027
Selectman.....	Scott Giegerich.....	Elected	November 2027
Selectman.....	Jane Wisialowski.....	Elected	November 2027
Town Treasurer.....	Barbara Labriola.....	Elected	November 2027
Chairman of the Board of Finance.....	George Chang.....	Elected	November 2027
Finance Director.....	Sarah K. Sanders.....	Appointed	Indefinite
Chairman of the Board of Education.....	Karen Brodeur.....	Elected	November 2029
Superintendent of Schools.....	Chris Drezek.....	Appointed	N/A

SUMMARY OF MUNICIPAL SERVICES

Public Safety: The Town maintains a full time, twenty four hour municipal police department known as the Old Saybrook Department of Police Services. The Department consists of approximately fifty-two sworn and civilian employees who provide a comprehensive range of traditional and specialized law enforcement and public safety services to the Town's residents, businesses, and visitors. The Department is led by a Chief of Police who reports to the Town's elected seven-member Police Commission.

The Department is organized into six operational divisions: Patrol Operations, Criminal Investigations, Communications, Administration, Professional Standards and Technology, and Special Services. These divisions provide a broad range of public safety functions, including patrol operations, criminal investigations, emergency communications, emergency management, marine patrol, animal control, school resource services, bicycle patrol, traffic enforcement, homeland security, accreditation, records and evidence management, fleet management, training, community policing initiatives, crime prevention, and public education.

The Department's command staff consists of a Chief of Police, Captain of Operations, Lieutenant of Administration, Patrol Master Sergeant, Detective Sergeant, and Patrol Sergeants, who supervise certified police officers, detectives, emergency telecommunications dispatchers, school resource officers, animal control officers, records personnel, administrative staff, and other civilian employees. Together, these professionals deliver proactive policing, emergency response, crime prevention, community engagement, specialized public safety services, and problem-oriented policing while maintaining a strong commitment to professionalism, accountability, innovation, and exceptional customer service.

The Department also operates and manages the Town's Emergency Communications Center, which is staffed twenty-four hours a day by nationally and State of Connecticut certified Emergency Telecommunications Dispatchers. The Communications Center is responsible for answering all E-911 emergency and non-emergency calls for service and provides dispatch and communications support for the Old Saybrook Department of Police Services, Old Saybrook Fire Department, Old Saybrook Ambulance Association, Office of Emergency Management, and the Department of Public Works. In addition, the Communications Center serves as the Town's primary after hours point of contact for all municipal departments and plays a critical role in coordinating emergency incidents, planned special events, major community gatherings, and large-scale emergencies.

The Department works collaboratively with local, regional, state, and federal public safety partners to enhance community preparedness, strengthen regional emergency response capabilities, and ensure the safety and resilience of the Town through coordinated planning, training, and mutual aid.

Public Works: The Public Works Department is divided into the Highway Division and the Transfer Station Division. Both functions are supervised by the Director of Public Works. The Department employs nine full-time and three part-time workers. The Town owns seven CDL snowplow trucks, 3 mason dump trucks, a street sweeper, two loaders, two backhoes, a roadside mower, a track loader, three trailers, a mini excavator, a tub grinder and a roll-off truck. The Town also provides occasional public works services for the Board of Education on an in-kind basis.

Recreation: The Town Recreation Department, headed by a Parks and Recreation Director, employs five permanent year-round staff, but hires over 45 summer part-time staff to help run the many summer activities and 20 parks and facilities under its jurisdiction. A Recreation Center with a walking track, full sized gym, teen center and classrooms. Two Town-owned beaches and a 180-acre park containing natural woodlands and several miles of trails are available for citizen use. In addition, the Town maintains other parks/recreation facilities offering tennis courts, a baseball field and a basketball court. The Town also owns 2.3 acres of land on historic Saybrook Point which offers miniature golf, fishing, and other passive recreation opportunities. There are also several smaller passive and active parks including two separate open space forests that feature several miles of trails. The Preserve containing 926 acres of land is the largest unprotected coastal forest between New York City and Boston, permanently protected from future development, and provides hiking, biking and equestrian opportunities. Eleven marinas with complete boating facilities and two State/Town owned boat-launching ramps provide recreational and commercial boating access to Long Island Sound and the lower Connecticut River. The annual Outdoor Art and Crafts Show and Summer Pops are sponsored by the Chamber of Commerce. The show is traditionally held on the fourth weekend of July on the Town Green and features over 220 artists and crafts persons from New England and many distant states. The first week of December is highlighted by the Torch Light Parade of Colonial Fife and Drum Corps and is the only known event of its kind in the United States.

Library: The Acton Public Library (the "Library") is Town supported and is administered by an appointed Librarian and a nine person Board of Directors. With a circulation of approximately 115,546 items, the Library's own collection is over 76,282 volumes. The Acton Public Library is a member of Libraries Online (LION), a consortium of public libraries (plus one high school library and one college library), formed to share a common integrated library system and to provide easy access to all of the consortium's collections. The LION collection totals over 800,000 titles and 3.5 million items. Through the consortium, the Library offers downloadable audio books and e-books and e-magazines. The Library provides 24 computers for public use, along with free Wi-Fi internet access. The Library also cooperates with a statewide inter-library loan service. A variety of programs are held at the Library for all ages throughout the year. Art exhibits and displays are scheduled on a rotating basis, featuring local artists. There are meeting rooms available for community use.

Finance: The Town's financial operations are handled by an appointed Finance Director and an accounting staff of four full-time employees. The Finance Department is responsible for the continued strengthening of internal controls, particularly segregation of duties; documentation of policies and procedures and a more in-depth budget preparation and monitoring process. The staff continues to build upon and strengthen these controls and processes.

Water: Water is supplied to the Town of Old Saybrook from the Connecticut Water Company, a publicly owned utility, and individual owner wells.

Electricity: Electricity is distributed by Eversource, a publicly owned utility, and supplied by several national electric suppliers.

Telephone Service: Voice telephone service is furnished by Masergy, a subsidiary of Comcast, carried over the State of Connecticut's "Nutmeg" fiber optic network. Services for emergency systems (fire alarms, security, elevators) are furnished by Starlink and /or Frontier.

Municipal Solid Waste ("MSW"): The Town operates a transfer station for the collection of some of its municipal solid waste which is then transported to a collection facility in Essex, CT. Nine towns, including Old Saybrook, have entered into an agreement with the CWPM, a trash hauler, which operates the collection facility (a regional transfer station) and transfers the MSW to a final disposal site, a burn plant in Preston, CT. Recyclables are also disposed of through this agreement with CWPM. Not all the Town's MSW is disposed of at its transfer station. The Town estimates that over 50% of its residents enter into a business contract with a private hauler to collect household waste and recyclables.

The Town has agreed to deliver to the Essex facility all the solid waste under the legal control of the municipality. CWPM imposes service payments at a uniform rate per ton for all municipalities that deliver to the Essex facility. There is no minimum required tonnage that the town must deliver. For fiscal year ending June 30, 2026, the tipping fee was \$141 per ton. For fiscal year ending June 2027, the tipping fee is \$145.

EDUCATIONAL SYSTEM

The Town's school system consists of one school for grades Pre-K - 3; one school for grades 4 - 8; and one school for grades 9 - 12. The schools are governed by an elected nine-member Board of Education.

EDUCATIONAL FACILITIES

<u>School Name</u>	<u>Grades</u>	<u>Date Occupied</u>	<u>Addition/ Renovation</u>	<u>No.of Classroom</u>	<u>Enrollment 10/1/2025</u>
Kathleen E. Goodwin School	Pre-K-3	1962	N/A	33	399
Old Saybrook Middle School	4-8	1989	2008	53	269
Old Saybrook High School	9-12	1967	2008	43	322
Total				129	990

Source: Board of Education

EDUCATIONAL ENROLLMENT

Actual Enrollments

<u>School Year</u>	<u>Pre-K-3</u>	<u>4-8</u>	<u>9-12</u>	<u>Total</u>
2016-17	363	456	431	1,250
2017-18	356	451	457	1,264
2018-19	317	459	443	1,219
2019-20	396	370	429	1,195
2020-21	365	331	384	1,080
2021-22	392	336	362	1,090
2022-23	401	318	353	1,072
2023-24	381	303	349	1,033
2024-25	383	308	340	1,031
2025-26	399	269	322	990

Projected Enrollments

2026-27	427	259	307	993
2027-28	426	253	290	969

Note: Does not include out placed special education students.

Source: Board of Education; NESDEC projections.

MUNICIPAL EMPLOYMENT

<u>Fiscal Year</u>	<u>Board of Education</u>	<u>General Government</u>	<u>Total</u>
2018	282	173	455
2019	269	169	438
2020	271	176	447
2021	272	163	435
2022	272	173	445
2023	266	171	437
2024	261	176	437
2025	268	172	440
2026	257	172	429
2027	257	151	408

Source: Town Officials

MUNICIPAL EMPLOYMENT BY CATEGORY

<u>Department</u>	<u>Employees</u>
<u>General Government</u>	
Administrators.....	12
Administrative Support.....	63
Police.....	42
Department Heads.....	10
Public Works.....	11
Social Services.....	2
Parks and Recreation.....	11
Subtotal.....	151
<u>Board of Education</u>	
Administrators and Principals.....	11
Teachers.....	142
Administrative Support.....	38
Paraeducators.....	50
Custodians and Maintenance.....	16
Subtotal.....	257
Total Town Employees.....	408

Source: Town Officials.

[The remainder of this page intentionally left blank]

MUNICIPAL EMPLOYEES BARGAINING UNITS

<u>Organization</u>		<u>Number of Employees</u>	<u>Current Contract Expiration Date</u>
<u>General Government</u>			
Police Department	C.O.P.S	27	6/30/2027
Supervisors	Local 818 of Council #4, AFSCME (AFL-CIO)	9	6/30/2030
Town Hall Employees	Local 1203-278 of Council #4, AFSCME (AFL-CIO)	44	6/30/2027
Dispatchers	United Public Serv. Emp.; Emer. Telecomm Unit #911	9	6/30/2025 (1)
	Organized	89	
	Non-Union	62	
	General Government sub-total	151	
<u>Board of Education</u>			
Administrators	Old Saybrook Administrators Association	9	6/30/2027
Secretaries	AFSCME (AFL-CIO) Local 3270	14	6/30/2028
Custodians	AFSCME (AFL-CIO) #4 Local 1303	16	6/30/2027
Paraeducators	CILU Local 53	50	6/30/2027
Teachers	Old Saybrook Education Association	142	8/31/2029
	Organized	231	
	Non-Union	26	
	Board of Education sub-total	257	
	Total General Government and Board of Education	408	

(1) In negotiations.

Source: Town Officials.

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

[The remainder of this page intentionally left blank]

III. ECONOMIC AND DEMOGRAPHIC INFORMATION

POPULATION TRENDS

<u>Year</u>	<u>Town of</u>	<u>Middlesex</u>	<u>Lower CT</u>	<u>State of</u>
	<u>Old Saybrook</u>	<u>County</u>	<u>River Valley</u> <u>Planning Region (1)</u>	<u>Connecticut</u>
1980	9,287	129,017	n/a	3,107,564
1990	9,552	143,196	n/a	3,287,116
2000	10,367	155,071	n/a	3,405,565
2010	10,242	165,676	n/a	3,574,097
2024	10,575	n/a	175,822	3,624,508

(1) Starting with the 2018-2022 American Community Survey data, the area was adjusted to reflect the Lower CT River Valley Planning Region. Previous to the 2022 data, Middlesex County data is shown.

Source: U.S. Department of Commerce, Bureau of Census, 1980, 1990, 2000, 2010; U.S. Census Bureau, 2020-2024 American Community Survey.

AGE CHARACTERISTICS OF POPULATION

<u>Age</u>	<u>Lower CT River</u>					
	<u>Town of Old Saybrook</u>		<u>Valley Planning Region</u>		<u>State of Connecticut</u>	
	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>
Under 5.....	333	3.1	7,192	4.1	181,691	5.0
5 - 9.....	242	2.3	7,837	4.5	195,164	5.4
10 - 14.....	462	4.4	8,440	4.8	214,972	5.9
15 - 19.....	438	4.1	10,474	6.0	239,710	6.6
20 - 24.....	419	4.0	10,583	6.0	238,387	6.6
25 - 34.....	936	8.9	20,311	11.6	454,892	12.6
35 - 44.....	907	8.6	21,569	12.3	460,916	12.7
45 - 54.....	996	9.4	22,017	12.5	453,917	12.5
55 - 59.....	1,119	10.6	13,877	7.9	256,068	7.1
60 - 64.....	1,468	13.9	14,452	8.2	258,234	7.1
65 - 74.....	1,375	13.0	22,328	12.7	386,232	10.7
75 - 84.....	1,240	11.7	11,520	6.6	196,373	5.4
85 and over.....	640	6.1	5,222	3.0	87,952	2.4
Total.....	10,575	100.0	175,822	100.0	3,624,508	100.0

Source: U.S. Census Bureau, 2020-2024 American Community Survey.

INCOME DISTRIBUTION

	<u>Lower CT River</u>					
	<u>Town of Old Saybrook</u>		<u>Valley Planning Region</u>		<u>State of Connecticut</u>	
	<u>Families</u>	<u>Percent</u>	<u>Families</u>	<u>Percent</u>	<u>Families</u>	<u>Percent</u>
Less than \$10,000.....	45	1.6	787	1.7	24,004	2.6
\$ 10,000 to 14,999.....	24	0.8	347	0.8	12,584	1.4
\$ 15,000 to 24,999.....	23	0.8	888	1.9	27,285	3.0
\$ 25,000 to 34,999.....	52	1.8	1,351	2.9	33,429	3.6
\$ 35,000 to 49,999.....	82	2.8	1,844	4.0	59,826	6.5
\$ 50,000 to 74,999.....	214	7.4	4,824	10.4	106,611	11.6
\$ 75,000 to 99,999.....	288	10.0	5,642	12.2	106,893	11.6
\$100,000 to 149,999...	528	18.3	9,870	21.3	182,785	19.8
\$150,000 to 199,999...	641	22.3	8,275	17.9	131,310	14.3
\$200,000 or more.....	982	34.1	12,415	26.8	236,661	25.7
Total	2,879	100.0	46,243	100.0	921,388	100.0

Source: U.S. Census Bureau, 2020-2024 American Community Survey.

SELECTED WEALTH AND INCOME LEVELS

	Median Family Income		Per Capita Income	
	(2000)	(2024)	(2000)	(2024)
Town of Old Saybrook.....	\$ 72,868	\$ 168,445	\$ 30,720	\$ 76,905
Lower CT River Valley Planning Region...	n/a	136,577	n/a	59,075
Connecticut.....	65,521	122,706	28,766	55,915
United States.....	49,600	99,999	21,690	44,673

Source: U.S. Census Bureau, 2020-2024 American Community Survey.

EDUCATIONAL ATTAINMENT

Years of School Completed Age 25 and Over

	Town of Old Saybrook		Lower CT River Valley Planning Region		State of Connecticut	
	Number	Percent	Number	Percent	Number	Percent
Less than 9th grade.....	186	2.1	2,037	1.6	101,458	4.0
9th to 12th grade.....	144	1.7	3,896	3.0	114,887	4.5
High School Graduate.....	1,395	16.1	31,135	23.7	647,192	25.3
Some College.....	1,304	15.0	22,401	17.1	410,903	16.1
Associate Degree.....	638	7.3	11,432	8.7	195,081	7.6
Bachelor Degree.....	2,970	34.2	33,225	25.3	595,631	23.3
Graduate or Professional Degree.....	2,044	23.5	27,170	20.7	489,432	19.2
Total.....	8,681	100.0	131,296	100.0	2,554,584	100.0
Percent High School Graduate or Higher.....		96.2%		95.5%		91.5%
Percent Bachelor Degree or Higher.....		57.8%		46.0%		42.5%

Source: U.S. Census Bureau, 2020-2024 American Community Survey.

MAJOR EMPLOYERS

Name of Employer	Nature of Entity	Estimated Number of Employees
Town of Old Saybrook.....	Government / Education.....	408
Saybrook Point Inn.....	Restaurant and Inn.....	245
Gladeview.....	Long-Term Care Facility.....	139
Stop & Shop.....	Grocery Store.....	135
Walmart.....	Retail.....	130
Big Y.....	Grocery Store.....	117
Apple Rehab.....	Rehabilitation Services.....	105
Infiltrator.....	Manufacturing / Engineering.....	80
FTD/Millrock East Jewelry.....	E-Commerce.....	75
Sound Manufacturing.....	Manufacturer.....	52

Source: Town Officials and Town businesses

[The remainder of this page intentionally left blank]

EMPLOYMENT BY INDUSTRY

Employment Sector	Town of Old Saybrook		Lower CT River Valley Planning Region		State of Connecticut	
	Number	Percent	Number	Percent	Number	Percent
Agriculture, Forestry, Fishing, Hunting & Mining.....	10	0.2	1,679	0.3	7,132	0.4
Construction.....	435	8.2	25,100	5.0	113,006	6.1
Manufacturing.....	523	9.8	53,830	10.7	198,526	10.7
Wholesale Trade.....	116	2.2	9,930	2.0	35,592	1.9
Retail Trade.....	552	10.4	53,136	10.6	192,698	10.4
Transportation, Warehousing & Utilities.....	168	3.2	27,678	5.5	87,076	4.7
Information.....	74	1.4	8,212	1.6	37,488	2.0
Finance, Insurance & Real Estate.....	395	7.4	52,430	10.4	161,226	8.7
Professional, Scientific & Management.....	794	14.9	58,810	11.7	228,229	12.3
Educational Services & Health Care.....	1,467	27.6	131,914	26.3	496,559	26.8
Arts, Entertainment, Recreation & Food Services.....	499	9.4	37,232	7.4	143,851	7.8
Other Service (including nonprofit).....	138	2.6	20,247	4.0	80,617	4.4
Public Administration.....	142	2.7	21,656	4.3	67,864	3.7
Total.....	<u>5,313</u>	<u>100.0</u>	<u>501,854</u>	<u>100.0</u>	<u>1,849,864</u>	<u>100.0</u>

Source: U.S. Census Bureau, 2020-2024 American Community Survey.

UNEMPLOYMENT RATE STATISTICS

Yearly Average	Town of Old Saybrook Percent	Hartford Labor Market (1) Percent	State of Connecticut Percent	United States Percent
2016	3.8	4.9	4.9	4.9
2017	3.5	4.4	4.4	4.4
2018	3.0	3.9	3.9	3.9
2019	2.8	3.6	3.6	3.7
2020	6.1	7.9	8.0	8.1
2021	5.0	6.5	6.5	5.4
2022	3.5	4.1	4.1	3.7
2023	2.6	3.1	3.2	3.6
2024	2.7	3.3	3.2	4.0
2025 (2)	3.0	4.0	3.9	4.3

2026 Monthly

January	4.3	5.4	5.5	4.7
February	4.3	5.7	5.8	4.7
March	4.1	5.0	5.1	4.3
April	3.8	5.3	5.2	4.0
May	4.1	4.9	5.0	4.1
June	3.9	4.9	4.9	4.4
July	4.5	5.8	5.8	4.4
August	3.3	4.8	4.7	4.3

(1) Effective January in 2025 the Town has been assigned to the Hartford-West Hartford-East Hartford Labor Market Area ("LMA").

(2) Due to the Federal Government shut down, the annual figure does not include the October employment figures.

Source: Department of Labor, State of Connecticut.

CHARACTERISTICS OF HOUSING UNITS

Value of Owner Occupied Units	Town of Old Saybrook		Lower CT River Valley Planning Region		State of Connecticut	
	Number	Percent	Number	Percent	Number	Percent
Less than \$50,000.....	42	1.1	1,106	2.0	23,262	2.4
\$ 50,000 to \$ 99,999.....	40	1.0	847	1.5	14,209	1.5
\$ 100,000 to \$149,999.....	7	0.2	1,090	1.9	31,134	3.3
\$ 150,000 to \$199,999.....	19	0.5	3,201	5.7	65,851	6.9
\$ 200,000 to \$299,999.....	200	5.0	11,049	19.7	205,349	21.5
\$ 300,000 to \$499,999.....	1,484	37.2	24,838	44.2	350,277	36.8
\$ 500,000 to \$999,999.....	1,756	44.1	12,051	21.5	197,853	20.8
\$1,000,000 and over.....	438	11.0	1,954	3.5	65,054	6.8
Total	<u>3,986</u>	<u>100.0</u>	<u>56,136</u>	<u>100.0</u>	<u>952,989</u>	<u>100.0</u>
Median Value.....	\$ 538,200		\$ 379,700		\$ 366,900	

Source: U.S. Census Bureau, 2020-2024 American Community Survey.

AGE DISTRIBUTION OF HOUSING

Year Structure Built	Town of Old Saybrook		Lower CT River Valley Planning Region		State of Connecticut	
	Units	Percent	Units	Percent	Units	Percent
1939 or earlier.....	1,008	16.8	15,937	19.1	311,584	20.2
1940 to 1949.....	218	3.6	3,842	4.6	96,711	6.3
1950 to 1959.....	976	16.3	9,047	10.9	217,807	14.1
1960 to 1969.....	1,117	18.7	10,282	12.3	199,847	13.0
1970 to 1979.....	903	15.1	12,975	15.6	210,797	13.7
1980 to 1989.....	929	15.5	11,938	14.3	199,083	12.9
1990 to 1999.....	359	6.0	7,974	9.6	115,803	7.5
2000 to 2009.....	284	4.7	7,590	9.1	109,783	7.1
2010 to 2019.....	128	2.1	3,365	4.0	69,596	4.5
2020 or later.....	63	1.1	313	0.4	10,811	0.7
Total.....	<u>5,985</u>	<u>100.0</u>	<u>83,263</u>	<u>100.0</u>	<u>1,541,822</u>	<u>100.0</u>

Source: U.S. Census Bureau, 2020-2024 American Community Survey.

[The remainder of this page intentionally left blank]

NUMBER AND VALUE OF BUILDING PERMITS

Fiscal Year Ending 6/30	Residential		Commercial and Industrial		Total	
	Number	Value	Number	Value	Number	Value
2026	1,390	\$ 43,213,322	190	\$ 14,241,031	1,580	\$ 57,454,353
2025	1,257	34,500,364	166	15,052,772	1,423	49,553,136
2024	1,260	31,928,775	163	8,274,186	1,423	40,202,961
2023	1,224	27,509,055	164	9,568,899	1,388	37,077,954
2022	1,249	23,107,912	191	5,167,184	1,440	28,275,096
2021	1,389	20,679,819	162	7,288,521	1,551	27,968,340
2020	1,118	17,315,698	137	4,039,224	1,255	21,354,922
2019	982	17,523,287	127	5,956,278	1,109	23,479,565
2018	537	10,115,792	81	2,481,651	618	12,597,443

Source: Town Officials; Building Inspector's Office.

BREAKDOWN OF LAND USE

	Land Area in Use (Acres)	Total Town Area
Developed.....	5,597	53.02%
Vacant.....	2,975	28.18%
Committed Open Space (1) ..	1,166	11.05%
Water.....	818	7.75%
Total.....	<u>10,556</u>	<u>100.00%</u>

(1) Includes properties with community facilities.

Sources: Assessor and the Land Use Department.

[The remainder of this page intentionally left blank]

IV. TAX BASE DATA

ASSESSMENT PRACTICES

The Town of Old Saybrook last revalued its real property to be effective on its October 1, 2023 Grand List. Under Section 12-62 of the Connecticut General Statutes, the Town must do a revaluation every five years based on generally accepted mass appraisal methods and a revaluation by physical inspection no later than 10 years from the preceding physical inspection. Prior to the completion of each revaluation, the Assessor shall conduct a field review. The maintenance of an equitable tax base and the location and appraisal of all real and personal property within the Town for inclusion on the Grand List is the responsibility of the Assessor. The Grand List represents the total of assessed value for all taxable real and personal property located within the Town as of October 1. A Board of Assessment Appeals determines whether adjustments to the Assessor's list on assessments under appeal are warranted. Assessments for real property are computed at seventy percent (70%) of the estimated market value at the time of the last general revaluation.

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

All business personal property (furniture, fixtures, equipment, machinery and leased equipment) is assessed annually. Assessments for both personal property and motor vehicles are computed at seventy percent (70%) of present market value.

PROPERTY TAX COLLECTION PROCEDURE

Taxes for the fiscal year are paid on the grand list of the prior October 1, and are due July 1, payable in two installments, one half on July 1 and one half on January 1. Payments not received by August 1 and February 1 become delinquent. Motor vehicle taxes must be paid in a single installment due July 1. Real estate and personal property taxes of less than \$100 are due in full in July. Supplemental motor vehicle taxes (those vehicles registered between October 2 and August 31) are due in one installment in January.

According to Connecticut General Statutes, delinquent property taxes are subject to interest at the rate of 1.5% per month (18% per annum) for all delinquent property taxes. Real estate is lien for delinquent taxes within one year after the tax due date.

MOTOR VEHICLE PROPERTY TAX RATE

Connecticut General Statutes Section 12-71e (the "General Statutes") has been amended whereby the mill rate for motor vehicles shall not exceed 32.46 mills for the assessment year commencing October 1, 2021, and each assessment year thereafter. Section 4-66l of the General Statutes, diverts a portion of the 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 assessment year commencing October 1, 2025 (Fiscal Year ending June 30, 2027) is 15.77 mills.

[The remainder of this page intentionally left blank]

REAL PROPERTY TAX LEVIES AND COLLECTIONS

Fiscal Year Ending 6/30	Net Taxable Grand List	Tax Rate (In Mills)	Adjusted Tax Levy	Annual Levy Collected	Uncollected Taxes	
					End of Each Fiscal Year	As of 6/30/25
2027 (Adopted Budget)	\$ 3,363,768,672	15.77	\$52,594,879	In process	In process	In process
2026 (Unaudited Estimates)	3,300,650,655	15.62	50,658,408	In process	In process	In process
2025 (1)	3,315,738,229	15.20	50,139,068	99.3%	\$ 349,182	\$ 349,182
2024	2,385,582,897	20.46	48,893,995	99.3	356,119	153,472
2023	2,369,836,344	20.08	47,528,187	99.3	321,576	53,899
2022	2,299,963,500	20.05	46,261,203	99.2	352,694	34,781
2021	2,296,882,810	20.05	45,632,316	99.2	358,865	4,579
2020 (1)	2,286,997,270	19.75	44,708,904	99.2	355,733	5,419
2019	2,259,100,312	19.60	44,315,443	99.4	262,891	4,658
2018	2,416,481,846	19.66	44,068,196	99.2	335,736	4,643

(1) Years of revaluation.

Source: Town Officials.

TAXABLE GRAND LIST (1)

Grand List Dated	Real Property	Personal Property	Motor Vehicle Property	Gross Taxable Grand List	Less Exemptions	Net Taxable Grand List
10/01/25	\$ 3,092,966,954	\$135,248,870	\$151,561,106	\$ 3,379,776,930	\$ 16,008,258	\$ 3,363,768,672
10/01/24	3,072,666,333	104,640,620	137,744,449	3,315,051,402	14,400,747	3,300,650,655
10/01/23 (1)	3,066,418,470	96,180,270	164,509,849	3,327,108,589	11,370,360	3,315,738,229
10/01/22	2,135,187,793	91,060,330	170,719,770	2,396,967,893	11,384,996	2,385,582,897
10/01/21	2,128,880,224	85,935,640	166,847,510	2,381,663,374	11,827,030	2,369,836,344
10/01/20	2,109,653,413	84,361,490	119,898,376	2,313,913,279	13,949,779	2,299,963,500
10/01/19	2,098,183,300	94,004,329	119,046,903	2,311,234,532	14,351,722	2,296,882,810
10/01/18 (1)	2,107,008,400	76,622,500	115,275,940	2,298,906,840	11,909,570	2,286,997,270
10/01/17	2,090,183,500	74,179,123	109,448,064	2,273,810,687	14,710,375	2,259,100,312
10/01/16	2,251,020,221	75,111,360	107,211,280	2,433,342,861	16,861,015	2,416,481,846

(1) Years of revaluation.

Source: Town Officials.

TEN LARGEST TAXPAYERS

Name	Nature of Business	Valuation as of 10/01/25	Rank	Percent of Total
Eversource.....	Utility.....	\$ 41,575,330	1	1.24
Old Saybrook Owner LLC (Formerly GM)....	Apartment.....	30,367,100	2	0.90
Old Saybrook Associates LLC.....	Shopping Center.....	19,541,200	3	0.58
Saybrook Point Marina LLC.....	Hotel/Marina.....	17,892,000	4	0.53
Max's Place LLC.....	Shopping Center.....	15,583,000	5	0.46
O&G/ TP Joint Venture.....	Amtrack CT River Bridge.....	13,151,370	6	0.39
EAN Holdings LLC.....	Car Rental.....	11,503,010	7	0.34
Cubalmart LF.....	Self Storage.....	9,235,930	8	0.27
Connecticut Water Co.....	Utility.....	8,214,570	9	0.24
Yale New Haven Hospital Inc.....	Medical facility.....	7,225,721	10	0.21
Total		<u>\$ 174,289,231</u>		<u>5.16</u>

Source: Town Officials.

EQUALIZED NET GRAND LIST

Grand List of 10/1	Equalized Net Grand List	Percentage Growth
2024	\$ 5,835,399,210	23.35%
2023 (1)	4,730,658,369	-2.36%
2022	4,844,785,346	5.47%
2021	4,593,540,378	12.44%
2020	4,085,424,226	20.06%
2019	3,402,728,103	4.78%
2018 (1)	3,247,477,200	-5.29%
2017	3,428,889,821	5.82%
2016	3,240,199,816	-1.33%
2015	3,284,001,676	3.22%

- (1) Years of revaluation. In the year of revaluation, the methodology utilized by the State of Connecticut to estimate the Equalized Net Grand List does include developing a ratio of actual property sale values to their individual assessed values as it does in non-revaluation years.

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

[The remainder of this page intentionally left blank]

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 "Significant Accounting Policies" in the Notes to Financial Statements.

BUDGETARY PROCEDURES

The process of compiling the annual budget begins in November when guidelines are provided to individual boards, commissions and departments. Boards, commissions and departments submit budget requests to the First Selectman on or before January 1. The Board of Education must submit its budget request by February 3. All budget requests are reviewed by the First Selectman and department heads and then submitted to the Board of Selectmen not later than January 15. During January and February, a series of meetings are held with representatives of key agencies and the Board of Selectmen. The Board of Selectmen then submits the budget to the Board of Finance not later than March 1. In March, the Board of Finance reviews and holds public hearings on the proposed budget. At the public hearing (held at least two weeks prior to the Annual Town Budget Meeting (the "ATBM") in March or April, the budget is presented for discussion and comment by residents. The Board of Finance then makes any adjustments it considers appropriate and recommends proposed appropriations. The budget is then submitted to the ATBM for approval by the voters. The ATBM is required to have at least two percent of registered voters present to constitute a quorum. Otherwise, the ATBM is to adjourn and the budget goes directly to referendum.

MUNICIPAL BUDGET EXPENDITURE CAP

Connecticut General Statutes Section 4-66I creates a cap on adopted general budget expenditures for municipalities in Connecticut in order for municipalities to be eligible to receive the full amount of the State's municipal revenue sharing grant. Beginning in fiscal year ending June 30, 2018, and in each fiscal year thereafter, the Office of Policy and Management ("OPM") must reduce the municipal revenue sharing grant amount for those municipalities whose adopted general budget expenditures (with certain exceptions including, but, not limited to, debt service, special education, implementation of court orders or arbitration awards, budgeting for an audited deficit, nonrecurring grants, capital expenditures of \$100,000 or more, or payments on unfunded pension liabilities, and certain major disaster or emergency expenditures) exceeds the spending limits specified in the statute. For each applicable fiscal year, OPM must determine the municipality's percentage growth in general budget expenditures over the prior fiscal year and reduce the grant if the growth rate is equal to or greater than 2.5% or the inflation rate, whichever is greater, each of those amounts adjusted by an amount proportionate to any increase in the municipality's population from the previous fiscal year. The reduction is generally equal to 50 cents for every dollar the municipality spends over this cap. Each municipality must annually certify to the Secretary of the OPM whether such municipality has exceeded the cap set forth in the statute and if so the amount by which the cap was exceeded.

ANNUAL AUDIT

Pursuant to Connecticut law, the Town is required to undergo an annual examination by an independent certified public accountant. The audit must be conducted under the guidelines issued by the State of Connecticut, Office of Policy and Management and a copy of the report must be filed with such Office within six months of the end of the fiscal year. For the fiscal year ended June 30, 2025, the examination was conducted by the firm of Mahoney Sabol & Company, LLP certified public accountants, of Glastonbury, Connecticut. Mahoney Sabol & Company, LLP will also be conducting the fiscal year ended June 30, 2026 audit.

EMPLOYEE PENSION SYSTEMS

The Town administers two single employer, defined benefit pension plans (Town of Old Saybrook Employees' Retirement Plan and Town of Old Saybrook Fire Company #1 Retirement Plan). The Fire Company Retirement Plan covers the Town's volunteer firefighters. The Town Employees' Retirement Plan (the "Town Plan"), adopted on July 1, 1967 by actions of the Board of Selectmen, covers all other eligible employees. The Pension and Benefits Board makes recommendations for plan provisions which are approved by the Board of Selectmen. The pension plans are included in the financial statements as a single pension trust fund since the assets may be used to pay benefits or refunds of any plan member or beneficiary. Separate, stand-alone reports are not issued. For further discussion, see Appendix A, Note 9 herein.

In accordance with Government Accounting Standards Board's (GASB) Statement No. 67, the components of the net pension liability of the Town plans as of June 30 were as follows:

Town Employees' Retirement Plan					
	2025	2024	2023	2022	2021
Total pension liability.....	\$ 33,905,175	\$ 32,663,591	\$ 32,251,188	\$ 31,410,478	\$ 29,161,349
Plan fiduciary net position.....	29,811,177	27,864,268	25,922,209	24,309,378	29,148,450
Net pension liability.....	<u>\$ 4,093,998</u>	<u>\$ 4,799,323</u>	<u>\$ 6,328,979</u>	<u>\$ 7,101,100</u>	<u>\$ 12,899</u>
Plan fiduciary net position as a % of total pension liability.....	87.93%	85.31%	80.38%	77.39%	99.96%

Fire Company Retirement Plan					
	2025	2024	2023	2022	2021
Total pension liability.....	\$ 3,970,672	\$ 3,319,538	\$ 3,180,656	\$ 3,081,828	\$ 2,755,452
Plan fiduciary net position.....	2,130,528	1,948,028	1,759,814	1,601,785	1,826,684
Net pension liability.....	<u>\$ 1,840,144</u>	<u>\$ 1,371,510</u>	<u>\$ 1,420,842</u>	<u>\$ 1,480,043</u>	<u>\$ 928,768</u>
Plan fiduciary net position as a % of total pension liability.....	53.7%	58.7%	55.3%	52.0%	66.3%

The following represents the net pension liability of the Town's pension plans, calculated using the discount rates listed below, 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:

Town Employees' Retirement Plan			
	1% Decrease	Current	1% Increase
	5.75%	Discount Rate	7.75%
		6.75%	
Net Pension Liability....	\$ 8,000,689	\$ 4,093,998	\$ 822,969

Fire Company Retirement Plan			
	1% Decrease	Current	1% Increase
	5.50%	Discount Rate	7.50%
		6.50%	
Net Pension Liability....	\$ 2,305,274	\$ 1,840,144	\$ 1,448,812

[The remainder of this page intentionally left blank]

Based on the most recent actuarial valuations for the Town Plan and the Fire Company Retirement Plan, the actuarial value of assets and actuarial liabilities for the pension plans and the schedule of funding progress were as follows:

Schedule of Funding Progress – Town Plan

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Over (Under) Funded AAL (b-a)	Funded AAL Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a) / c)
7/1/2021	\$25,851,456	\$30,424,392	\$(4,572,936)	85.0%	\$ 6,127,886	(74.6)
7/1/2022	26,659,977	31,371,020	(4,711,043)	85.0%	6,026,862	(78.2)
7/1/2023	27,230,972	31,962,731	(4,731,759)	85.2%	5,505,562	(85.9)
7/1/2024	27,996,421	33,152,792	(5,156,371)	84.4%	4,912,884	(105.0)
7/1/2025	29,337,643	34,056,319	(4,718,676)	86.1%	5,429,394	(86.9)

Schedule of Funding Progress – Fire Company Retirement Plan

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Over (Under) Funded AAL (b-a)	Funded AAL Ratio (a/b)
7/1/2017	\$ 1,075,773	\$ 2,132,450	(1,056,677)	50.4%
7/1/2019	1,332,392	2,650,565	(1,318,173)	50.3%
7/1/2021	1,646,076	3,121,432	(1,475,356)	52.7%
7/1/2023	1,840,915	3,343,105	(1,502,190)	55.1%
7/1/2025	2,089,734	4,051,819	(1,962,085)	51.6%

Schedule of Employer Contributions – Town Plan

Year Ended June 30	Actuarial Determined Contribution	Actual Contribution	Percentage Contributed
2023	\$ 788,953	\$ 838,725	106.3%
2024	844,066	851,211	100.8%
2025	753,118	885,226	117.5%
2026	834,181	887,000	106.3%
2027 (1)	807,240	814,800	100.9%

(1) As budgeted for fiscal year 2026-27.

Schedule of Employer Contributions – Fire Company Retirement Plan

Year Ended June 30	Actuarial Determined Contribution	Actual Contribution	Percentage Contributed
2023	\$ 175,829	\$ 180,000	102.4%
2024	187,258	180,000	96.1%
2025	194,407	214,000	110.1%
2026	276,476	271,000	98.0%
2027 (1)	281,569	281,000	99.8%

(1) As budgeted for fiscal year 2026-27.

The Town’s teachers participate in a contributory retirement plan administered by the State Teachers Retirement Board. Neither the Board of Education nor the Town has a legal obligation to contribute to the retirement fund. The State makes contributions to the system based on an actuarial study utilizing the total payroll of covered teachers in the State. Teachers who are covered by the Connecticut State Teachers' Retirement System are ineligible to participate in the Town's pension plans. For further details regarding the two pension plans, see Appendix A, Note 9.

DEFINED CONTRIBUTION RETIREMENT PLAN

As of July 1, 2017, the Town established a new defined contribution plan which is presently managed by Empower and the plan is named “The Town of Old Saybrook 401(a) Plan”. To date, several union and all non-union employees hired after July 1, 2017 will participate in this defined contribution plan.

OTHER POST-EMPLOYMENT BENEFITS

The Town administers one single-employer, post-retirement healthcare plan for the Town, Police and Board of Education, for the Town of Old Saybrook Other Post-Employment Benefits ("OPEB"). The plan provides medical and dental benefits, and life insurance to eligible retirees and their spouses. The plan does not issue stand-alone reports. For further discussion, see Appendix A herein. The Town's most recent OPEB actuarial valuation was as of July 1, 2024.

As of July 1, 2024, membership in the plan consisted of 198 active members and 63 retirees and dependents for a total of 261 members.

In accordance with GASB Statement No. 74, the components of the OPEB liability of the Town’s pension plan as of June 30 were as follows:

	2025	2024	2023	2022	2021
Total OPEB liability.....	\$ 6,398,961	\$ 7,948,136	\$ 8,271,851	\$ 9,143,298	\$ 10,943,231
Plan fiduciary net position.....	-	-	-	-	-
Net OPEB liability.....	<u>\$ 6,398,961</u>	<u>\$ 7,948,136</u>	<u>\$ 8,271,851</u>	<u>\$ 9,143,298</u>	<u>\$ 10,943,231</u>
Plan fiduciary net position as a % of total OPEB liability.....	0.0%	0.0%	0.0%	0.0%	0.0%

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

	1% Decrease	Current	1% Increase
	4.20%	Discount Rate	6.20%
Net Pension Liability.....	\$ 7,079,751	\$ 6,398,961	\$ 5,827,170

For further details on the plans, see Appendix A, Note 10.

INVESTMENT POLICIES AND PRACTICES

Under the Town Charter and under Connecticut General Statutes Sections 7-400, 7-401 and 7-402, the Town may invest in (a) obligations of the United States of America, including joint and several obligations of the Federal Home Loan Mortgage Corporation, the Federal National Mortgage Association, the Government National Mortgage Association, the Federal Savings and Loan Insurance Corporation, obligations of the United States Postal Service, all the federal home loan banks, the Tennessee Valley Authority, or any other agency of the United States government, (b) shares in certain custodial arrangements, pools or investment companies which meet certain conditions and (c) certain state and municipal bonds and notes, and may make deposits with certain "qualified public depositories".

In its February 2022 meeting, the Board of Finance adopted an investment policy which covers all non-pension investments which codified the Town's investment practices. The Town's investment practices have been to invest in certificates of deposit, United States Treasury Bills and the State of Connecticut Short-Term Investment Fund. The Town does not invest in derivative-based investment products. An investment committee consisting of the Town Treasurer, First Selectman and Finance Director approve all investment decisions. Funds are currently invested in various Connecticut Banks, the State of Connecticut Short-Term Investment Fund and U.S. Treasuries.

All Town pension funds are invested with investment managers. For educators, the State of Connecticut Retirement Commission oversees the investment pool for teachers and administrators.

PROPERTY TAX REVENUES

Fiscal Year	General Fund Revenues	Property Tax Revenues	Property Tax As a % of General Fund
2027 (Adopted Budget)	\$ 54,779,879	\$ 52,594,879	96.0
2026 (Unaudited Estimates)	55,348,099	51,451,750	93.0
2025	58,950,260	50,377,927	85.5
2024	58,283,305	49,174,291	84.4
2023	55,571,827	48,158,883	86.7
2022	52,382,878	46,207,758	88.2
2021	51,540,003	45,547,276	88.4
2020	50,460,449	44,597,989	88.4
2019	50,681,684	44,516,591	87.8
2018	49,473,534	44,196,678	89.3

(1) Budgetary figures for FYS 2026 and 2027 do not include one-time pass-through state funding for the teachers' retirement system pension and OPEB liability. The figure was \$4,453,204 in FY 2025.

Source: Annual audited financial statements for FYs 2018-2025, estimated actuals for FY 2026 and adopted budget for FY 2027. (See "Budgetary Procedures" herein).

INTERGOVERNMENTAL REVENUES

Fiscal Year	General Fund Revenues	State and Federal Aid	Aid As % of General Fund Revenues
2027 (Adopted Budget)	\$ 54,779,879	\$ 525,000	1.0
2026 (Unaudited Estimates)	55,348,099	793,505	1.4
2025	58,950,260	5,069,144	8.6
2024	58,283,305	5,610,464	9.6
2023	55,571,827	4,979,088	9.0
2022	52,382,878	4,657,889	8.9
2021	51,540,003	4,451,450	8.6
2020	50,460,449	4,659,039	9.2
2019	50,681,684	4,756,675	9.4
2018	49,473,534	3,939,889	8.0

(1) Budgetary figures for FYS 2026 and 2027 do not include one-time pass-through state funding for the teachers' retirement system pension and OPEB liability. The figure was \$4,453,204 in FY 2025.

Source: Annual audited financial statements for FYs 2018-2025, estimated actuals for FY 2026 and adopted budget for FY 2027. (See "Budgetary Procedures" herein).

EXPENDITURES

Fiscal Year	Board of Education %	Public Safety %	General Government %	Public Works %	Debt Service %
2027 (Adopted Budget)	58.7	12.9	9.0	7.3	4.8
2026 (Unaudited Estimates)	59.1	12.9	9.2	7.1	4.8
2025	62.2	12.2	8.8	5.3	5.8
2024	60.7	11.6	8.9	6.5	6.9
2023	60.6	11.9	8.7	6.5	7.0
2022	61.0	12.7	7.5	7.3	7.1
2021	59.9	12.3	7.4	6.6	7.2
2020	62.5	12.4	7.7	7.2	5.7
2019	62.0	11.8	7.4	6.5	7.3
2018	57.3	11.9	7.9	6.0	7.9

(1) Budgetary figures for FYS 2026 and 2027 do not include one-time pass-through state funding for the teachers' retirement system pension and OPEB liability. The figure was \$4,453,204 in FY 2025.

Source: Annual audited financial statements for FYs 2018-2025, estimated actuals for FY 2026 and adopted budget for FY 2027. (See "Budgetary Procedures" herein).

COMPARATIVE GENERAL FUND OPERATING STATEMENT

Budget and Actual
(Budgetary Basis)

	Fiscal Year 2024-25			FY 2025-26 Unaudited Estimates	FY 2026-27 Adopted Budget
	Final Budget	Actual	Variance Favorable (Unfavorable)		
Revenues					
Property taxes, interest and lien fees.....	\$ 49,355,042	\$ 50,337,484	\$ 982,442	\$ 51,451,750	\$ 52,594,879
Intergovernmental.....	525,000	615,940	90,940	793,505	525,000
Charges for services.....	960,000	1,432,926	472,926	1,556,665	910,000
Interest income.....	600,000	1,851,734	1,251,734	1,546,179	750,000
Total Revenues.....	51,440,042	54,238,084	2,798,042	55,348,099	54,779,879
Expenditures					
General government.....	4,722,604	4,623,211	99,393	4,806,390	4,903,520
Public safety.....	6,842,147	6,534,003	308,144	6,721,136	7,091,684
Public works.....	3,858,524	3,654,683	203,841	3,714,891	3,988,065
Culture and recreation.....	2,055,871	2,107,159	(51,288)	2,124,940	2,194,813
Health and welfare.....	799,091	783,955	15,136	810,705	858,078
Education.....	29,805,318	29,281,393	523,925	30,847,428	32,155,913
Capital outlay.....	776,800	775,493	1,307	645,195	970,000
Debt service.....	2,579,687	2,579,688	(1)	2,481,588	2,617,806
Total Expenditures.....	51,440,042	50,339,585	1,100,457	52,152,273	54,779,879
Excess (deficiency) of revenues over expenditures.....	-	3,898,499	3,898,499	3,195,826	-
Other financing sources (uses)					
Appropriation of fund balance.....	3,268,284	-	(3,268,284)	(2,945,826)	-
Transfers in.....		20,000	20,000	-	-
Transfers out.....	(3,268,284)	(3,268,284)	-	-	-
Total other financing sources (uses).....	-	(3,248,284)	(3,248,284)	(2,945,826)	-
Net change in budgetary fund balances.....	\$ -	\$ 650,215	\$ 650,215	\$ 250,000	\$ -

Source: Annual audited financial statements for FY 2025, estimated actuals for FY 2026 and adopted budget for FY 2027. (See "Budgetary Procedures" herein).

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

Fiscal Year Ended:	2021	2022	2023	2024	2025
Assets					
Cash and cash equivalents.....	\$ 14,694,868	\$ 6,599,756	\$ 6,326,373	\$ 5,428,765	\$ 6,617,852
Restricted cash and cash equivalents.....	844,543	1,004,966	1,034,194	1,108,038	1,099,053
Investments.....	-	7,913,520	10,047,835	10,510,585	11,105,678
Restricted investments.....	181,144	-	-	-	-
Receivables:					
Property taxes.....	718,269	904,195	629,744	637,783	641,835
Interest on property taxes.....	253,485	347,083	239,464	253,726	232,669
Intergovernmental.....					-
Other.....	1,293	-	36,776	28,805	25,748
Due from other funds.....	691,780	352,449	39,423	45,668	23,524
Total Assets.....	\$ 17,385,382	\$ 17,121,969	\$ 18,353,809	\$ 18,013,370	\$ 19,746,359
Liabilities					
Accounts payable.....	\$ 1,879,953	\$ 1,709,433	\$ 1,286,418	\$ 1,654,321	\$ 898,703
Accrued liabilities.....	305,195	340,187	507,521	358,472	452,967
Deposits payable.....	1,118,437	1,106,678	1,203,722	1,281,767	1,252,902
Due to other funds.....	250,000	-	-	-	206,273
Unearned revenue.....	23,531	7,210	-	-	-
Total Liabilities.....	3,577,116	3,163,508	2,997,661	3,294,560	2,810,845
Deferred Inflows of Resources					
Unavailable revenue - property taxes & interest.....	971,754	1,251,278	869,208	891,509	874,504
Advance tax collections.....	4,454,258	3,996,275	5,431,840	4,285,089	5,319,898
Total Deferred inflows of resources.....	5,426,012	5,247,553	6,301,048	5,176,598	6,194,402
Fund Balances					
Committed.....	343,274	352,814	522,157	828,744	1,374,033
Assigned.....	-	142,552	-	-	-
Unassigned.....	8,038,980	8,215,542	8,532,943	8,713,468	9,367,079
Total Fund Balances.....	8,382,254	8,710,908	9,055,100	9,542,212	10,741,112
Total Liabilities, Deferred Inflows of Resources and Fund Balances.....	\$ 17,385,382	\$ 17,121,969	\$ 18,353,809	\$ 18,013,370	\$ 19,746,359

Source: Annual audited financial statements.

ANALYSIS OF GENERAL FUND EQUITY
(GAAP BASIS)

Fiscal Year Ended:	Actual 2020-21	Actual 2021-22	Actual 2022-23	Actual 2023-24	Actual 2024-25
Committed.....	\$ 343,274	\$ 352,814	\$ 522,157	\$ 828,744	\$ 1,374,033
Unassigned.....	8,038,980	8,215,542	8,532,943	8,713,468	9,367,079
Total Fund Balance.....	\$ 8,382,254	\$ 8,568,356	\$ 9,055,100	\$ 9,542,212	\$ 10,741,112
Unassigned Fund Balance as % of					
Total Expenditures & Transfers.....	<u>16.12%</u>	<u>16.37%</u>	<u>16.21%</u>	<u>16.66%</u>	<u>16.67%</u>

Source: Annual audited financial statements.

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

Fiscal Year Ended:	2021	2022	2023	2024	2025
Revenues					
Property taxes.....	\$ 45,547,276	\$ 46,207,758	\$ 48,158,883	\$ 49,174,291	\$ 50,377,927
Intergovernmental.....	4,451,450	4,657,889	4,979,088	5,610,464	5,069,144
Charges for services.....	1,479,199	1,508,606	1,534,776	1,518,387	1,645,129
Investment income.....	62,078	8,625	899,080	1,634,325	1,858,060
Other.....	-	-	-	345,838	-
Total Revenues.....	51,540,003	52,382,878	55,571,827	58,283,305	58,950,260
Expenditures					
Current:					
General government.....	3,724,531	3,722,697	4,533,957	4,713,476	4,664,279
Public safety.....	6,191,359	6,313,062	6,177,665	6,189,322	6,474,415
Public works.....	3,345,176	3,624,711	3,374,895	3,446,808	2,790,816
Culture and recreation.....	1,723,625	1,852,358	1,918,186	2,016,732	2,075,142
Health and welfare.....	285,626	315,043	312,461	316,571	318,063
Education.....	30,216,371	30,377,101	31,445,577	32,276,837	32,976,539
Capital outlays.....	1,344,000	30,948	467,645	560,995	669,043
Debt Services.....	3,653,563	3,547,767	3,628,691	3,656,841	3,062,147
Total Expenditures.....	50,484,251	49,783,687	51,859,077	53,177,582	53,030,444
Excess (deficiency) of revenues over expenditures.....	1,055,752	2,599,191	3,712,750	5,105,723	5,919,816
Other financing sources (uses)					
Capital lease financing.....	1,344,000	-	442,645	543,649	-
Operating transfers in.....	248,696	258,219	425,798	329,968	175,503
Operating transfers out.....	(2,155,292)	(2,528,756)	(4,321,730)	(5,492,228)	(4,896,419)
Total other financing sources (uses).....	(562,596)	(2,270,537)	(3,453,287)	(4,618,611)	(4,720,916)
Net change in fund balances.....	493,156	328,654	259,463	487,112	1,198,900
Fund Balance - July 1.....	7,889,098 (1)	8,382,254	8,795,637 (1)	9,055,100	9,542,212
Fund Balance - June 30.....	\$ 8,382,254	\$ 8,710,908	\$ 9,055,100	\$ 9,542,212	\$ 10,741,112

(1) As restated.

Source: Annual audited financial statements.

[The remainder of this page intentionally left blank]

VI. DEBT SUMMARY

PRINCIPAL AMOUNT OF INDEBTEDNESS

As of October 27, 2026 (Pro Forma)

Long-Term Debt: Bonds

<u>Date of Issue</u>	<u>Purpose</u>	<u>Rate %</u>	<u>Original Issue Amount</u>	<u>Principal Outstanding as of 10/27/26</u>	<u>Fiscal Year Final Maturity</u>
<u>General Purpose</u>					
7/21/2016	Refunding - General Purpose.....	2.00 - 4.00	\$ 7,540,000	\$ 4,094,000	2034
9/26/2019	Refunding - General Purpose.....	2.00 - 5.00	2,215,000	950,000	2032
10/27/2026	General Purpose - (This Issue).....	TBD	11,500,000	11,500,000	2047
			\$ 21,255,000	\$ 16,544,000	
<u>Schools</u>					
7/21/2016	Refunding - Schools	2.00 - 4.00	2,435,000	1,656,000	2034
9/26/2019	Refunding - Schools	2.00 - 5.00	1,665,000	-	2027
			\$ 4,100,000	\$ 1,656,000	
<u>Sewers</u>					
9/26/2019	Refunding - Sewers	2.00 - 5.00	8,685,000	4,740,000	2035
			\$ 8,685,000	\$ 4,740,000	
	Total		\$ 34,040,000	\$ 22,940,000	

Other Long-Term Commitments: Leases Payable

Fiscal Year June 30:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2027	\$ 144,452	\$ 11,768	\$ 156,220
2028	89,039	2,090	91,129
Total leases payables.....	\$ 233,491	\$ 13,858	\$ 247,349

[The remainder of this page intentionally left blank]

SCHEDULE OF LONG-TERM DEBT THROUGH MATURITY

As of October 27, 2026 (Pro Forma)

Fiscal Year	Existing Indebtness			The Bonds (This Issue) Principal	All Issues Total Principal (1)
	Outstanding Principal Payments	Outstanding Interest Payments	Outstanding Total Debt Service		
2026-27	\$ -	\$ 178,869	\$ 178,869	\$ -	\$ -
2027-28	1,730,000	326,938	2,056,938	575,000	2,305,000
2028-29	1,755,000	269,238	2,024,238	575,000	2,330,000
2029-30	1,775,000	214,938	1,989,938	575,000	2,350,000
2030-31	1,840,000	159,088	1,999,088	575,000	2,415,000
2031-32	1,770,000	102,413	1,872,413	575,000	2,345,000
2032-33	1,350,000	54,406	1,404,406	575,000	1,925,000
2033-34	1,095,000	19,813	1,114,813	575,000	1,670,000
2034-35	125,000	2,500	127,500	575,000	700,000
2035-36	-	-	-	575,000	575,000
2036-37	-	-	-	575,000	575,000
2037-38	-	-	-	575,000	575,000
2038-39	-	-	-	575,000	575,000
2039-40	-	-	-	575,000	575,000
2040-41	-	-	-	575,000	575,000
2041-42	-	-	-	575,000	575,000
2042-43	-	-	-	575,000	575,000
2043-44	-	-	-	575,000	575,000
2044-45	-	-	-	575,000	575,000
2045-46	-	-	-	575,000	575,000
2046-47	-	-	-	575,000	575,000
Total	<u>\$ 11,440,000</u>	<u>\$ 1,328,200</u>	<u>\$ 12,768,200</u>	<u>\$ 11,500,000</u>	<u>\$ 22,940,000</u>

(1) Excludes principal payments of \$1,960,000 and interest payments of \$215,344 made prior to October 27, 2026.

OVERLAPPING AND UNDERLYING INDEBTEDNESS

Within the Town there are eight beach associations and special tax districts that have authority to issue tax-exempt debt which constitutes underlying debt of the Town. It has been determined that such tax districts have no outstanding indebtedness as of June 30, 2026.

DEBT STATEMENT

As of October 27, 2026 (Pro Forma)

Long Term Indebtedness (1)	
The Bonds (This Issue).....	\$ 11,500,000
General Purpose.....	5,044,000
Schools.....	1,656,000
Sewers.....	4,740,000
Total Long-Term Indebtedness.....	<u>22,940,000</u>
Short Term Indebtedness.....	<u>-</u>
Total Direct Indebtedness.....	<u>22,940,000</u>
Exclusions:	
Sewer assessments receivable (2).....	(1,405,222)
Total Net Direct Indebtedness.....	<u><u>\$ 21,534,778</u></u>

(1) Does not include authorized but unissued debt in the amount of \$22,876,282. See "Authorized but Unissued Debt" herein.

(2) Sewer assessments receivable as of June 30, 2025.

CURRENT DEBT RATIOS
As of October 27, 2026 (Pro Forma)

Total Direct Indebtedness.....	\$	22,940,000
Net Direct Indebtedness.....	\$	21,534,778
Population (1).....		10,575
Net Taxable Grand List (10/1/25).....	\$	3,363,768,672
Equalized Net Taxable Grand List (2024) (2).....	\$	5,835,399,210
Per Capita Income (1).....	\$	76,905
Total Direct Indebtedness:		
Per Capita.....		\$2,169.27
To Net Taxable Grand List		0.68%
To Equalized Net Taxable Grand List.....		0.39%
Per Capita to Per Capita Income.....		2.82%
Net Direct Indebtedness:		
Per Capita.....		\$2,036.39
To Net Taxable Grand List.....		0.64%
To Equalized Net Taxable Grand List.....		0.37%
Per Capita to Per Capita Income.....		2.65%

(1) U.S. Census Bureau, 2020-2024 American Community Survey.

(2) Office of Policy and Management, State of Connecticut.

LEGAL REQUIREMENTS FOR APPROVAL OF BORROWING

The Town has the power to incur indebtedness by issuing its bonds or notes as authorized by the General Statutes of the State of Connecticut, as amended, subject to statutory debt limitations and the requirements of the Town Charter for the authorization of indebtedness. Bond resolutions require approval of the Town Meeting voted upon by the electors and those qualified to vote by the use of voting machines of the Town, except for refunding bonds which only require the approval of the Board of Selectmen.

TEMPORARY FINANCING

When general obligation bonds have been authorized, bond anticipation notes may be issued. Bond anticipation notes may be renewed up to ten years from their original date of issue as long as all project grant payments are applied toward payment of project costs or such 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 notes remain outstanding, in an amount equal to a minimum of 1/20th (1/30th for sewer projects, certain school projects and in certain instances, refundings) of the estimated net project cost (CGS Sec. 7-378a). The maximum term of the bond issue is reduced by the amount of time temporary financing exceeds two years.

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

Temporary notes issued to finance the operation of a waterworks system (CGS Sec. 7-244a) or a sewage system (CGS Sec. 7-264a) may be issued for up to 15 years. 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, such 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).

SCHOOL BUILDING GRANT REIMBURSEMENTS

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

LIMITATION OF INDEBTEDNESS

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

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

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

Section 7-374 of the Connecticut General Statutes also provides 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.

[The remainder of this page intentionally left blank]

STATEMENT OF STATUTORY DEBT LIMITATION (1)

As of October 27, 2026

(Pro Forma)

Total tax collections (including interest and lien fees).	\$ 50,316,673
State Reimbursement for Revenue Loss on:	
Tax Relief for the Elderly	-
Base for Establishing Debt Limit	<u>\$ 50,316,673</u>

Debt Limitation	General Purpose	Schools	Sewers	Urban Renewal	Past Pension	Total Debt
(2.25 times base).....	\$ 113,212,514					
(4.50 times base).....		\$ 226,425,029				
(3.75 times base).....			\$ 188,687,524			
(3.25 times base).....				\$ 163,529,187		
(3.00 times base).....					\$ 150,950,019	
(7.00 times base).....						\$ 352,216,711
Indebtedness (Including the Bonds)						
Bonds Payable.....	\$ 5,044,000	\$ 1,656,000	\$ 4,740,000	\$ -	\$ -	\$ 11,440,000
The Bonds (This Issue).....	11,500,000	-	-	-	-	11,500,000
Authorized but Unissued Debt (2)....	-	30,944	22,845,338	-	-	22,876,282
Total Indebtedness.....	<u>16,544,000</u>	<u>1,686,944</u>	<u>27,585,338</u>	<u>-</u>	<u>-</u>	<u>45,816,282</u>
Sewer assessments receivable (3).....	-	-	(1,405,222)	-	-	(1,405,222)
Total Net Indebtedness.....	<u>16,544,000</u>	<u>1,686,944</u>	<u>26,180,116</u>	<u>-</u>	<u>-</u>	<u>44,411,060</u>
Excess of Limit Over Outstanding and Authorized Debt.....	<u>\$ 96,668,514</u>	<u>\$ 224,738,085</u>	<u>\$ 162,507,408</u>	<u>\$ 163,529,187</u>	<u>\$ 150,950,019</u>	<u>\$ 307,805,651</u>

(1) Under Connecticut General Statutes total indebtedness for all classes cannot exceed seven times the base, or \$352,216,711.

(2) See "Authorized but Unissued Debt" and "Capital Improvement Program" herein.

(2) Sewer assessments receivable as of June 30, 2025.

Source: Town annual audited financial statements, Town officials.

AUTHORIZED BUT UNISSUED DEBT

As of October 27, 2026 (Pro Forma)

Project	Amount Authorized	Previously Bonded	Short-Term Debt Payable	Grants and Paydowns	The Bonds (This Issue)	Authorized But Unissued
Decentralized Wasterwater Systems (1).....	\$ 42,171,200	\$ 12,267,255	\$ -	\$ 7,058,607	\$ -	\$ 22,845,338
Various School Projects.....	3,900,000	3,281,000	-	588,056	-	30,944
Public Works Garage.....	5,200,000	-	-	-	5,200,000	-
Katharine Hepburn Cultural Arts Center Addition & Renovations....	6,300,000	-	-	-	6,300,000	-
Total	<u>\$ 57,571,200</u>	<u>\$ 15,548,255</u>	<u>\$ -</u>	<u>\$ 7,646,663</u>	<u>\$11,500,000</u>	<u>\$ 22,876,282</u>

Source: Town Officials.

(1) The \$22,845,338 authorized but unissued amount for the Phase 3 of this project is expected to be funded by the State of Connecticut Clean Water Fund Program (Connecticut General Statutes Section 22a-475 et seq., as amended) which provides financial assistance through a combination of grants and loans bearing interest at a rate of 2% per annum. The loan will likely be backed by revenues generated by assessments on homeowners, as has been done in the past.

HISTORICAL DEBT STATEMENT

	2025-26 (1)	2024-25	2023-24	2022-23	2021-22
Population (2).....	10,575	10,575	10,575	10,575	10,575
Net taxable grand list.....	\$ 3,300,650,655	\$ 3,315,738,229	\$ 2,385,582,897	\$ 2,369,836,344	\$ 2,299,963,500
Equalized net taxable grand list (3)....	\$ 5,835,399,210	\$ 4,730,658,369	\$ 4,844,785,346	\$ 4,593,540,378	\$ 4,085,424,226
Per capita income (2).....	\$76,905	\$76,905	\$76,905	\$76,905	\$76,905
Short-term debt.....	\$ -	\$ -	\$ -	\$ -	\$ -
Long-term debt.....	13,400,000	15,540,000	17,640,000	20,315,000	22,940,000
Total Direct Indebtedness.....	\$ 13,400,000	\$ 15,540,000	\$ 17,640,000	\$ 20,315,000	\$ 22,940,000
Net Direct Indebtedness.....	\$ 11,994,778	\$ 14,134,778	\$ 16,045,730	\$ 18,572,115	\$ 20,947,374

(1) Unaudited Estimates.

(2) U.S. Census Bureau, 2020-2024 American Community Survey.

(3) Office of Policy and Management, State of Connecticut.

Source: Annual Audited Financial Statements FYs 2022-2025.

HISTORICAL DEBT RATIOS

	2025-26 (1)	2024-25	2023-24	2022-23	2021-22
Total Direct Indebtedness:					
Per capita.....	\$1,267.14	\$1,469.50	\$1,668.09	\$1,921.04	\$2,169.27
To net taxable grand list.....	0.41%	0.47%	0.74%	0.86%	1.00%
To equalized net taxable grand list.....	0.23%	0.33%	0.36%	0.44%	0.56%
Debt per capita to per capita income.....	1.65%	1.91%	2.17%	2.50%	2.82%
Net direct Indebtedness:					
Per capita.....	\$1,134.26	\$1,336.62	\$1,517.33	\$1,756.23	\$1,980.84
To net taxable grand list.....	0.36%	0.43%	0.67%	0.78%	0.91%
To equalized net taxable grand list.....	0.21%	0.30%	0.33%	0.40%	0.51%
Debt per capita to per capita income.....	1.47%	1.74%	1.97%	2.28%	2.58%

RATIO OF ANNUAL DEBT SERVICE EXPENDITURES TO TOTAL GENERAL FUND 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 %
2027 (1)	\$ 2,617,806	\$ 54,779,879	4.78%
2026 (1)	2,481,588	55,098,099	4.50%
2025	3,062,147	57,926,863	5.29%
2024	3,656,841	58,669,810	6.23%
2023	3,628,691	56,180,807	6.46%
2022	3,547,767	52,312,443	6.78%
2021	3,653,563	52,639,543	6.94%
2020	2,689,090	50,175,963	5.36%
2019	3,529,074	49,862,677	7.08%
2018	3,765,956	49,177,688	7.66%

(1) Annual audited financial statements for FYs 2018-2025, estimated actuals for FY 2026 and adopted budget FY 2027. See "Budgetary Procedures" herein.

VII. LEGAL AND OTHER LITIGATION

LITIGATION

In the opinion of the Town's Attorney, as of the date of this Official Statement, there are no claims or litigation pending or to his knowledge threatened, which would individually or in the aggregate result in final judgments against the Town which would have a material adverse affect on the finances of the Town or which would impact the validity of the Bonds or the power of the Town to levy and collect taxes to pay the principal of and interest on the Bonds.

MUNICIPAL ADVISOR

Munistat Services, Inc. (the "Municipal Advisor"), is a Municipal Advisor, registered with the Securities and Exchange Commission and the Municipal Securities Rulemaking Board. The Municipal Advisor serves as independent municipal advisor to the Town on matters relating to debt management. The Municipal Advisor is a municipal advisory and consulting organization and is not engaged in the business of underwriting, marketing, or trading municipal securities or any other negotiated instruments. The plan of financing and the structuring of the Bonds was based on materials provided by the Town and other sources of information believed to be reliable. The Municipal Advisor has not audited, authenticated, or otherwise verified the information provided by the Town or the information set forth in this Official Statement or any other information available to the Town with respect to the appropriateness, accuracy, or completeness of disclosure of such information and no guarantee, warranty, or other representation is made by the Municipal Advisor respecting the accuracy and completeness of or any other matter related to such information and this Official Statement. The Municipal Advisor's fee for services is contingent upon the issuance and delivery of the Bonds.

DOCUMENTS ACCOMPANYING DELIVERY OF THE BONDS

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

1. A Signature and No Litigation Certificate stating that at the time of delivery no litigation is pending or threatened affecting the validity of the Bonds or the levy or collection of taxes to pay them;
2. A certificate on behalf of the Town, signed by the First Selectman and the Town Treasurer, which will be dated the date of delivery and which will certify to the best of said officials' knowledge and belief, that at the time bids were accepted on the Bonds, 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 the light of the circumstances under which they were made, not misleading, and that there has been no material adverse change in the financial condition of the Town from that set forth in or contemplated by the Official Statement;
3. The approving opinion of Shipman & Goodwin LLP, of Hartford, Connecticut substantially in the form attached as Appendix B;
4. An executed Continuing Disclosure Agreement for the Bonds in substantially the form attached as Appendix C;
5. A receipt for the purchase price of the Bonds; and
6. Within seven business days of the bid opening, the Town will furnish the winning bidders of the Bonds a reasonable number of copies of the Official Statement, as prepared by the Town.

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

[The remainder of this page intentionally left blank]

CONCLUDING STATEMENT

Additional information may be obtained upon request from the Office of the Finance Director at (860) 395-3525 or from the Municipal Advisor at (203) 421-2087.

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

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

TOWN OF OLD SAYBROOK, CONNECTICUT

BY: CARL P. FORTUNA, JR.
First Selectman

BY: BARBARA LABRIOLA
Town Treasurer

Dated: October __, 2026

[THIS PAGE INTENTIONALLY LEFT BLANK]

APPENDIX A – FINANCIAL STATEMENTS

TOWN OF OLD SAYBROOK, CONNECTICUT

TABLE OF CONTENTS

JUNE 30, 2025

	<u>Page</u>
<i>Independent Auditors' Report</i>	1
<i>Management's Discussion and Analysis</i>	4
 <i>BASIC FINANCIAL STATEMENTS</i>	
Statement of Net Position	15
Statement of Activities	16
Balance Sheet – Governmental Funds	17
Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental Funds	19
Statement of Net Position – Proprietary Funds	21
Statement of Revenues, Expenses and Changes in Fund Net Position – Proprietary Funds	22
Statement of Cash Flows – Proprietary Funds	23
Statement of Fiduciary Net Assets – Fiduciary Funds	24
Statement of Changes in Fiduciary Net Position – Fiduciary Funds	25
Notes to Financial Statements	26
<i>Required Supplementary Information</i>	66

Appendix A - Financial Statements - is taken from the Annual Financial Report of the Town for the Fiscal Year ending June 30, 2025 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 Finance Director, Town of Old Saybrook, Connecticut.

[THIS PAGE INTENTIONALLY LEFT BLANK]

INDEPENDENT AUDITOR'S REPORT

To the Board of Finance
Town of Old Saybrook, 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 Old Saybrook, Connecticut, (the Town) as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Town'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 Old Saybrook, Connecticut, as of June 30, 2025, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town 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's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town'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'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 on pages 4 through 14 and the information on pages 66 through 79 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

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

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 19, 2025, on our consideration of the Town'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'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's internal control over financial reporting and compliance.



Certified Public Accountants
Glastonbury, Connecticut
December 19, 2025

MANAGEMENT'S DISCUSSION AND ANALYSIS

TOWN OF OLD SAYBROOK, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2025

As management of the Town of Old Saybrook, Connecticut, (the Town) we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2025.

FINANCIAL HIGHLIGHTS

- The Town's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$97,601,021 (net position). Of this amount, \$14,298,953 represents the Town's unrestricted net position.
- The Town's total net position increased by \$9,432,197 during the current fiscal year.
- As of the close of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$30,907,261, an increase of \$4,801,698 in comparison with the prior year.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$9,367,079 or 17.7% of the Town's original General Fund budgetary expenditure appropriations for fiscal year 2026. Expressed another way, unassigned fund balance for the General Fund was sufficient to cover approximately 2.1 months of General Fund budgetary expenditures.
- The Town's long-term debt, consisting of general obligation bonds and financed purchases, decreased by \$2,299,452 or 12.5%.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Town's basic financial statements. The Town's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements

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

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

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

The government-wide financial statements display information about the Town's governmental activities, which include general government, public safety, public works, culture and recreation, health and welfare, and education. The Town does not have any business-type activities. The government-wide financial statements include only the Town itself because there are no legally separate organizations for which the Town is financially accountable.

The government-wide financial statements can be found on pages 15 and 16 of this report.

TOWN OF OLD SAYBROOK, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2025

OVERVIEW OF THE FINANCIAL STATEMENTS *(Continued)*

Fund Financial Statements

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

Governmental Funds

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

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

The Town maintains several individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, the Capital Projects Fund, the Capital Nonrecurring Fund, and the Economic Development Fund, all of which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The basic governmental fund financial statements can be found on pages 17 through 20 of this report.

Proprietary Funds

The town maintains one type of proprietary fund. Internal service funds are an accounting device used to accumulate and allocate costs internally among the Town's various functions. The Town uses internal service funds to report activities that provide supplies and services for the Town's other programs and activities. Because these services benefit governmental functions, they have been included within governmental activities in the government-wide financial statements.

The basic proprietary fund financial statements can be found on pages 21 through 23 of this report.

Fiduciary Funds

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

The basic fiduciary fund financial statements can be found on pages 24 and 25 of this report.

TOWN OF OLD SAYBROOK, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (Continued)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2025

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

Notes to the Financial Statements

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 26 through 65 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also contains required supplementary information other than this management's discussion and analysis that can be found on pages 66 through 79 of this report. Combining and individual fund financial statements and schedules can be found on pages 80 through 96 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net Position

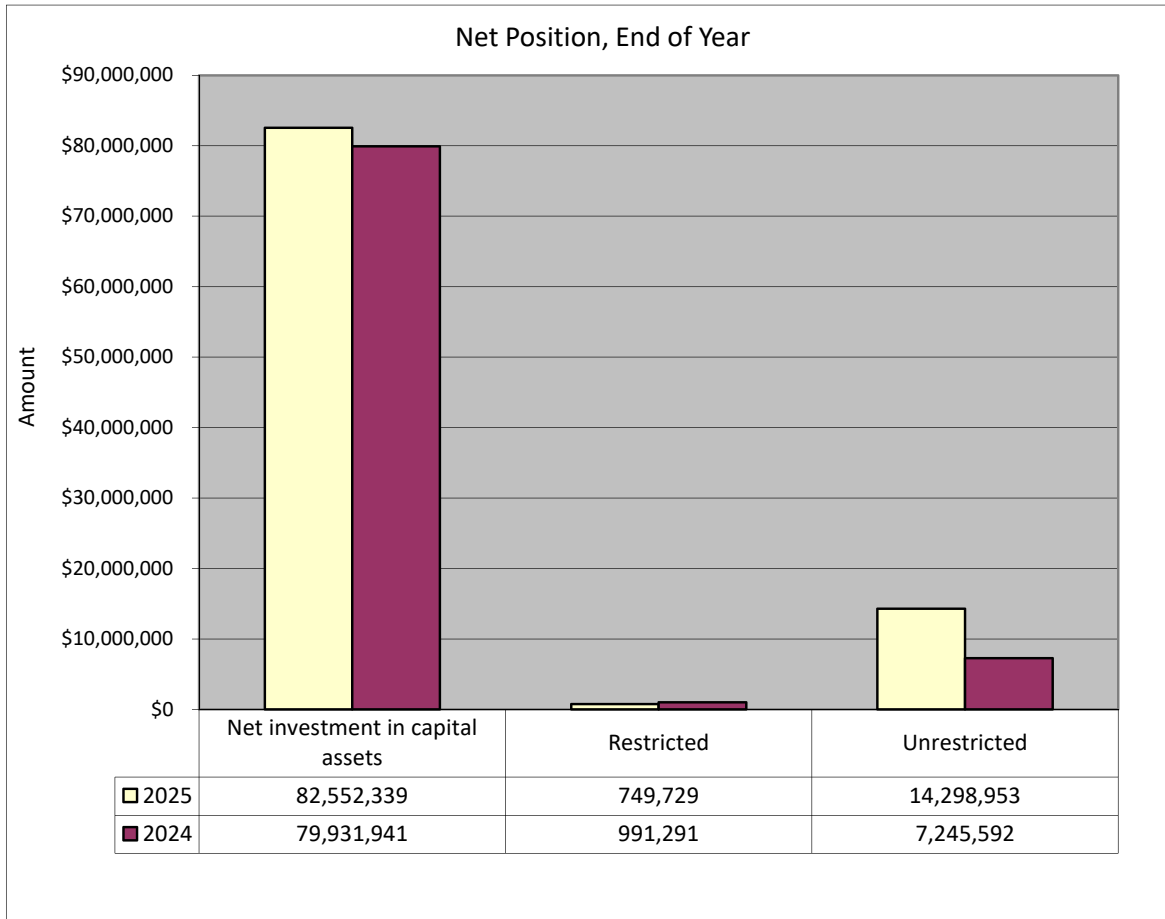
Over time, net position may serve as one measure of a government's financial position. Net position of the Town totaled \$97,601,021 as of June 30, 2025 and \$88,168,824 as of June 30, 2024 and are summarized as follows. As disclosed in Note 13 to financial statements, the Town implemented the provisions of Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences*. The net position of the Town as of June 30, 2024 has been restated for the implementation of this statement.

	2025	2024 As Restated	\$ Variance	% Variance
Current and other assets	\$ 42,713,341	\$ 39,291,168	\$ 3,422,173	8.7%
Capital assets, net	99,921,469	99,977,232	(55,763)	-0.1%
Total assets	<u>142,634,810</u>	<u>139,268,400</u>	<u>3,366,410</u>	2.4%
Deferred outflows of resources	<u>1,872,611</u>	<u>3,497,918</u>	<u>(1,625,307)</u>	-46.5%
Current liabilities	4,320,831	6,570,415	(2,249,584)	-34.2%
Long-term liabilities	31,552,284	35,890,525	(4,338,241)	-12.1%
Total liabilities	<u>35,873,115</u>	<u>42,460,940</u>	<u>(6,587,825)</u>	-15.5%
Deferred inflows of resources	<u>11,033,285</u>	<u>12,136,554</u>	<u>(1,103,269)</u>	-9.1%
Net position:				
Net investment in capital assets	82,552,339	79,931,941	2,620,398	3.3%
Restricted	749,729	991,291	(241,562)	-24.4%
Unrestricted	14,298,953	7,245,592	7,053,361	97.3%
Total net position	<u>\$ 97,601,021</u>	<u>\$ 88,168,824</u>	<u>\$ 9,432,197</u>	10.7%

TOWN OF OLD SAYBROOK, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (Continued)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2025

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

Net Position (Continued)



The majority of the Town's total net position reflects its investment in capital assets, 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 this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

Approximately 0.8% of the Town's net position is subject to external restrictions on how they may be used and are therefore presented as restricted net position.

The remainder of the Town's net position represents an unrestricted net position of \$14,298,953.

Overall, net position increased by \$9,432,197 in comparison with the prior year.

TOWN OF OLD SAYBROOK, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (Continued)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2025

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

Changes in Net Position

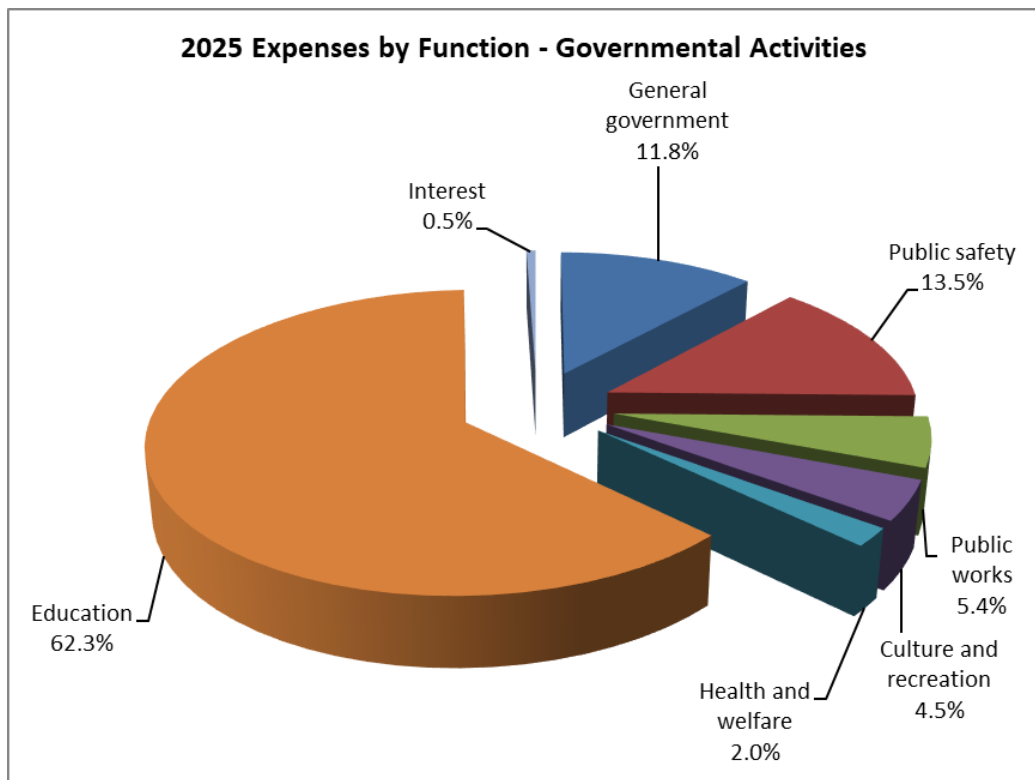
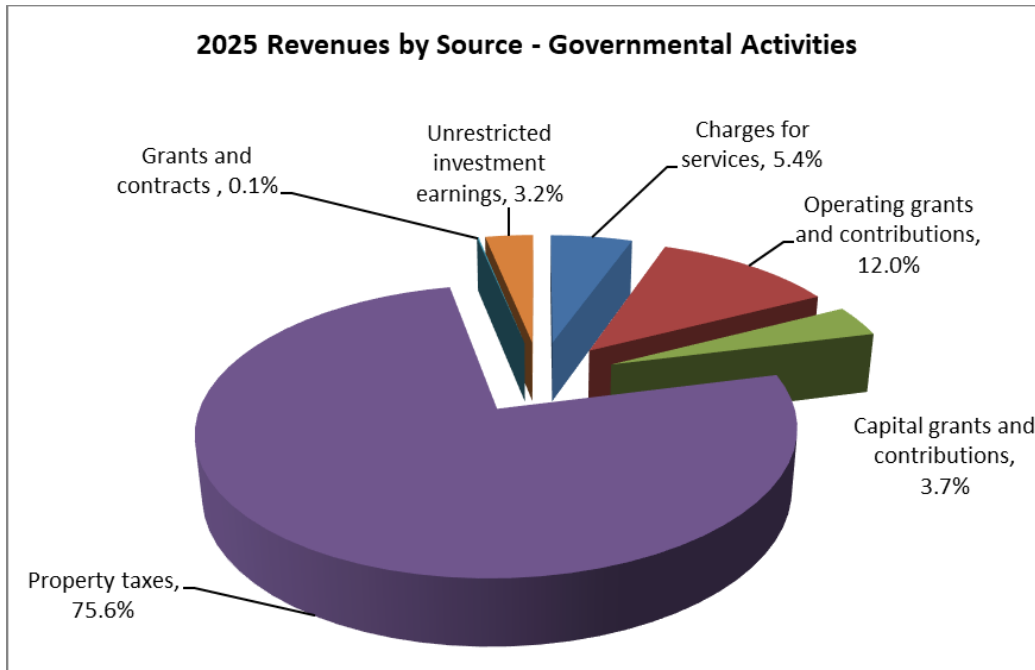
Changes in net position for the years ended June 30, 2025 and 2024 are as follows. As disclosed in Note 13 to financial statements, the Town implemented the provisions of Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences*. The change in net position of the Town for the year ended June 30, 2024 has not been restated for the implementation of this statement.

	2025	2024	\$ Variance	% Variance
Program revenues:				
Charges for services	\$ 3,613,494	\$ 3,152,568	\$ 460,926	14.6%
Operating grants and contributions	7,968,169	7,257,907	710,262	9.8%
Capital grants and contributions	2,438,881	835,501	1,603,380	191.9%
General revenues:				
Property taxes	50,360,922	49,196,592	1,164,330	2.4%
Grants and contracts	69,240	212,055	(142,815)	-67.3%
Unrestricted investment earnings	2,117,278	1,894,161	223,117	11.8%
Total revenues	<u>66,567,984</u>	<u>62,548,784</u>	<u>4,019,200</u>	6.4%
Program expenses:				
General government	6,745,994	6,723,551	22,443	0.3%
Public safety	7,708,464	7,021,213	687,251	9.8%
Public works	3,090,083	3,468,403	(378,320)	-10.9%
Culture and recreation	2,466,900	2,532,609	(65,709)	-2.6%
Health and welfare	1,131,195	1,067,462	63,733	6.0%
Education	35,680,269	34,285,283	1,394,986	4.1%
Interest	312,882	394,783	(81,901)	-20.7%
Total expenses	<u>57,135,787</u>	<u>55,493,304</u>	<u>1,642,483</u>	3.0%
Change in net position	<u>\$ 9,432,197</u>	<u>\$ 7,055,480</u>	<u>\$ 2,376,717</u>	33.7%

TOWN OF OLD SAYBROOK, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (Continued)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2025

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

Changes in Net Position (Continued)



TOWN OF OLD SAYBROOK, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (Continued)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2025

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

Governmental Activities

Governmental activities resulted in an increase in the Town's net position of \$9,432,197 for the fiscal year. Total revenues increased by \$4,019,200, or 6.4%, while total expenses increased by \$1,642,483, or 3.0%, compared to the prior year. A significant factor affecting both revenues and expenses was the recognition of pension and other post-employment benefit activity associated with the Town's participation in the Connecticut Teachers' Retirement System, which increased by \$1,055,087 during the year. This noncash activity contributed to increases in both operating grant revenues and education expenditures. Property tax revenues also increased to support higher spending levels approved in the Town's annual budget. In addition, capital grant revenues increased as the Town recognized reimbursements from the State's Clean Water Fund program for costs incurred in connection with the decentralized wastewater management system project.

FINANCIAL ANALYSIS OF THE TOWN'S FUNDS

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

Governmental Funds

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

As of the end of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$30,907,261, an increase of \$4,801,698 in comparison with the prior year. Approximately 97.6% or \$30,157,532 of this total amount is unrestricted (committed, assigned or unassigned) and is available for spending at the Town's discretion.

General Fund

The General Fund is the chief operating fund of the Town. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$9,367,079, while total fund balance was \$10,741,112. As a measure of the General Fund's liquidity, it may be useful to compare unassigned fund balance to total budgetary expenditures. Unassigned fund balance represents 17.7% of the Town's original General Fund budgetary expenditure appropriations for fiscal year 2026. Expressed another way, unassigned fund balance for the General Fund was sufficient to cover approximately 2.1 months of General Fund budgetary expenditures.

The fund balance of the Town's General Fund increased by \$1,198,900 during the current fiscal year.

Proprietary Fund

The internal service fund's net position decreased by \$28,972 this year. The fund maintains a positive net position of \$58,620 as of June 30, 2025.

Capital Projects Fund

The Capital Projects Fund has a fund balance of \$10,232,344 as of June 30, 2025, an increase in the fund balance of \$2,508,683 from the prior year. Significant capital outlays in the current year consisted of costs incurred in connection with road and infrastructure improvements.

TOWN OF OLD SAYBROOK, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (Continued)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2025

FINANCIAL ANALYSIS OF THE TOWN'S FUNDS (Continued)

Capital Nonrecurring Fund

The Capital Nonrecurring Fund has a fund balance of \$4,597,155 as of June 30, 2025, a decrease in the fund balance of \$1,098,449 from the prior year. Significant capital outlays in the current year consisted of costs incurred in connection with the decentralized wastewater management system project.

Economic Development Fund

The Economic Development Fund has a fund balance of \$1,266,545 as of June 30, 2025, an increase in the fund balance of \$954,319 from the prior year.

GENERAL FUND BUDGETARY HIGHLIGHTS

The Town's original budget did not contemplate the use of fund balance to balance revenues and expenditures. The actual net change in the fund balance of the General Fund on a budgetary basis was an increase of \$650,215. Expenditures were \$1,100,457 lower than budgeted and revenues were \$2,798,042 higher than budgeted, resulting in a \$3,898,499 budgetary surplus. The Town subsequently authorized to transfer \$3,268,284 of the surplus to other funds for the purpose of funding capital projects and to offset fluctuations in debt service in future years.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The Town's investment in capital assets for its governmental activities as of June 30, 2025 totaled \$99,921,469 (net of accumulated depreciation). This investment in capital assets includes land and land improvements, construction in progress, buildings and building improvements, right-to-use leased assets, machinery and equipment, and infrastructure. The Town's investment in capital assets decreased by \$55,763 over the prior year.

Major capital asset events during the current fiscal year included the following:

- air conditioning improvements at the Town's educational facilities in the amount of \$177 thousand,
- air conditioning improvements at the Town Hall in the amount of \$247 thousand,
- improvements to the decentralized wastewater management system in the amount of \$1,399,043
- paving projects in the amount of \$552 thousand,
- fire department radio purchases in the amount of \$590 thousand,
- vehicle purchases in the amount of \$352 thousand,
- improvements to the high school track in the amount of \$410 thousand, and
- Main Street connections park improvements in the amount of \$130 thousand.

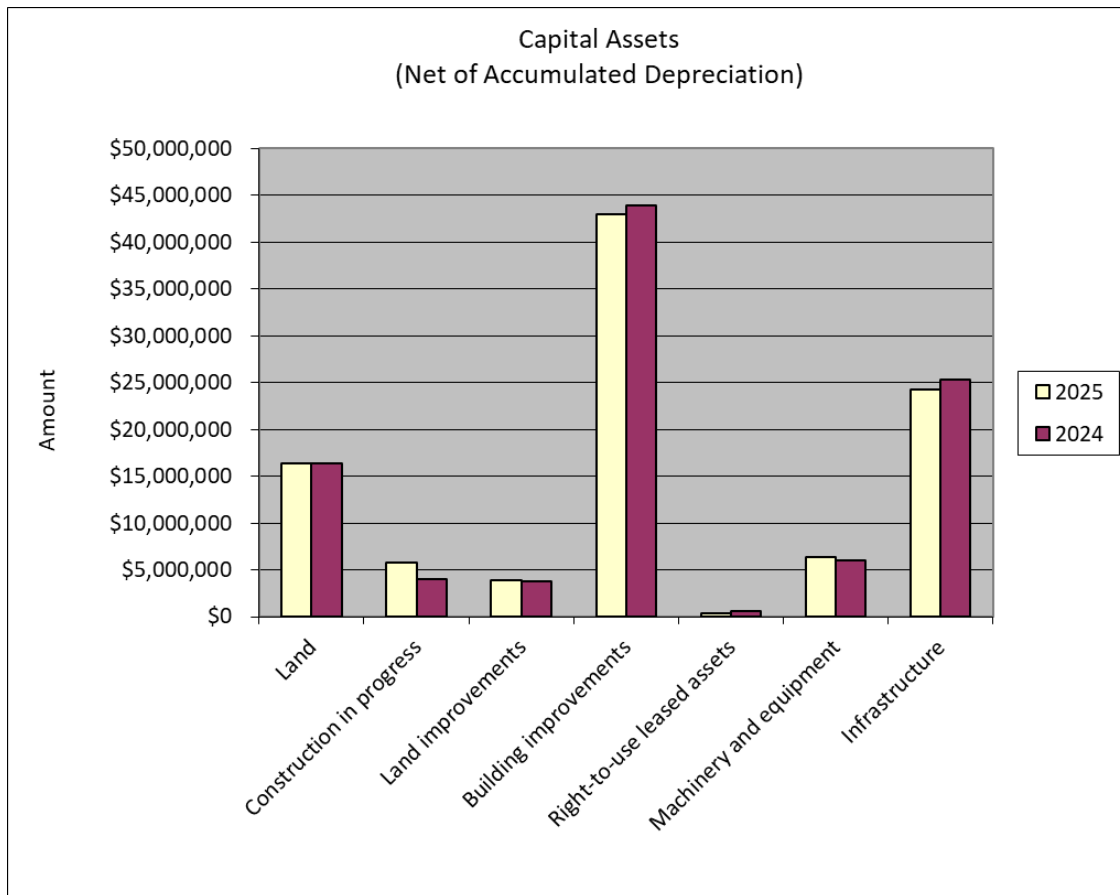
TOWN OF OLD SAYBROOK, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (Continued)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2025

CAPITAL ASSET AND DEBT ADMINISTRATION (Continued)

Capital Assets (Continued)

The following table is a two-year comparison of the investment in capital assets, net of accumulated depreciation:

	2025	2024	\$ Variance	% Variance
Land	\$ 16,323,231	\$ 16,323,231	\$ -	0.0%
Construction in progress	5,827,555	3,946,330	1,881,225	47.7%
Land improvements	3,829,435	3,799,849	29,586	0.8%
Building improvements	42,967,936	43,948,171	(980,235)	-2.2%
Right-to-use leased assets	326,189	615,646	(289,457)	-47.0%
Machinery and equipment	6,327,058	6,012,611	314,447	5.2%
Infrastructure	24,320,065	25,331,394	(1,011,329)	-4.0%
Totals	<u>\$ 99,921,469</u>	<u>\$ 99,977,232</u>	<u>\$ (55,763)</u>	-0.1%



Additional information on the Town's capital assets can be found in Note 4 of this report.

TOWN OF OLD SAYBROOK, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (Continued)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2025

CAPITAL ASSET AND DEBT ADMINISTRATION (Continued)

Long-term Debt

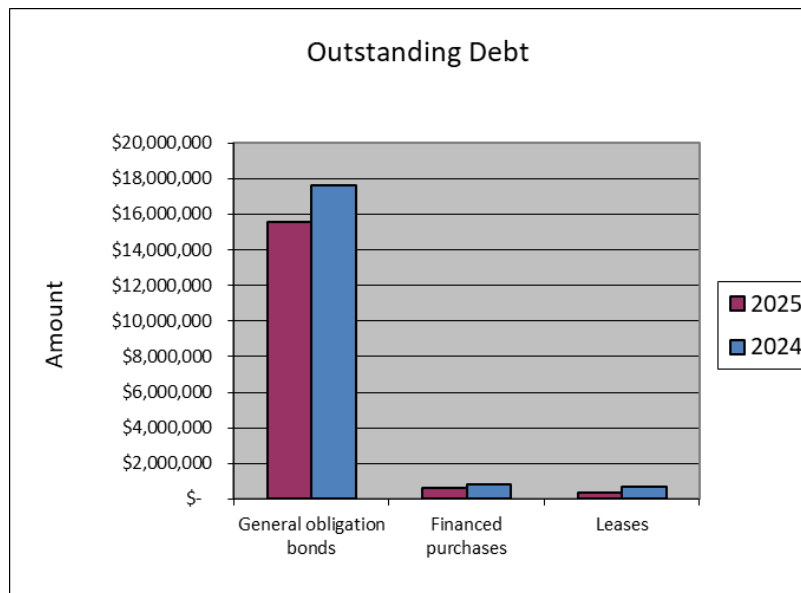
At the end of the current fiscal year, the Town had total statutory debt outstanding of \$15,540,000, which is backed by the full faith and credit of the government. The Town's statutory debt decreased by \$2,100,000 or 11.9% during the current fiscal year due to scheduled principal repayments. The Town's long-term debt for financed purchases and leases decreased by \$199,452 and \$289,391, respectively, during the current fiscal year due to scheduled principal repayments.

The Town's capital plan is established to control the level of capital expenditures and debt service expenditures in order to maintain a level amount of debt service expenditures and to avoid any sharp increase in property tax rates. Debt levels are managed to ensure that debt service requirements of new debt reasonable coincide with the normal amortization of existing debt service expenditures.

State statutes limit the amount of general obligation debt the Town may issue to seven times its annual receipts from taxation, as defined by the statutes. The current debt limitation for the Town is significantly in excess of the Town's outstanding general obligation debt.

The following tables are a two-year comparison of long-term debt:

	2025	2024	\$ Variance	% Variance
General obligation bonds	\$ 15,540,000	\$ 17,640,000	\$ (2,100,000)	-11.9%
Financed purchases	616,670	816,122	(199,452)	-24.4%
Leases	368,204	657,595	(289,391)	-44.0%
Totals	<u>\$ 16,524,874</u>	<u>\$ 19,113,717</u>	<u>\$ (2,588,843)</u>	-13.5%



Additional information on the Town's long-term debt can be found in Note 7 of this report.

TOWN OF OLD SAYBROOK, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) *(Concluded)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2025

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

A summary of key economic factors affecting the Town are as follows:

- Significant estimates affecting next year's budget that are subject to change in the near term consist of the following:
 - For purposes of calculating property tax revenues for fiscal year 2026, the assessor's grand list was used along with an estimated tax rate, and an estimated rate of collection, with deductions for taxes to be paid by the State on behalf of certain taxpayers.
 - Intergovernmental grants were based on estimates from the State.
 - It is unknown how changes in market interest rates will impact real estate activity and related revenues collected by the Town Clerk and the amount of conveyance taxes and interest income.

All of these factors were considered in preparing the Town's budget for fiscal year 2026. The Town's fiscal year 2026 General Fund budget contemplates expenditures of \$52,843,435.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Town's finances for all those with an interest in the Town's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Finance Department, Town of Old Saybrook, 302 Main Street, Old Saybrook, Connecticut 06475.

BASIC FINANCIAL STATEMENTS

TOWN OF OLD SAYBROOK, CONNECTICUT
STATEMENT OF NET POSITION
AS OF JUNE 30, 2025

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 27,911,454
Investments	11,240,318
Receivables:	
Property taxes	641,835
Interest on property taxes	232,669
Assessments	1,405,222
Grants and contracts	31,402
Other	139,622
Other assets	11,766
Restricted cash and cash equivalents	1,099,053
Noncurrent assets:	
Capital assets:	
Non-depreciable	22,150,786
Depreciable, net	77,770,683
Total assets	<u>142,634,810</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred charges on refundings	189,961
Pension related	525,177
OPEB related	1,157,473
Total deferred outflows of resources	<u>1,872,611</u>
LIABILITIES	
Accounts payable	1,155,849
Accrued liabilities:	
Accrued interest	172,995
Other	510,229
Unearned revenue	1,228,856
Deposits payable	1,252,902
Noncurrent liabilities:	
Due within one year	2,704,390
Due in more than one year	28,847,894
Total liabilities	<u>35,873,115</u>
DEFERRED INFLOWS OF RESOURCES	
Pension related	1,629,282
OPEB related	4,084,105
Advance tax collections	5,319,898
Total deferred inflows of resources	<u>11,033,285</u>
NET POSITION	
Net investment in capital assets	82,552,339
Restricted for:	
Endowments:	
Nonexpendable	5,000
Expendable	1,059
Grant programs	152,398
Scholarships	144,651
Student activities	446,621
Unrestricted	14,298,953
Total net position	<u>\$ 97,601,021</u>

The accompanying notes are an integral part of these financial statements .

TOWN OF OLD SAYBROOK, CONNECTICUT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2025

		Program Revenues			Net (Expense) Revenue and Changes in Net Position
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Primary Government:					
Governmental activities:					
General government	\$ 6,745,994	\$ 1,074,834	\$ 307,657	\$ -	\$ (5,363,503)
Public safety	7,708,464	593,317	55,171	500,000	(6,559,976)
Public works	3,090,083	377,375	535,772	1,834,433	(342,503)
Culture and recreation	2,466,900	605,305	426,252	104,448	(1,330,895)
Health and welfare	1,131,195	85,485	296,111	-	(749,599)
Education	35,680,269	877,178	6,347,206	-	(28,455,885)
Interest expense	312,882	-	-	-	(312,882)
Total governmental activities	<u>\$ 57,135,787</u>	<u>\$ 3,613,494</u>	<u>\$ 7,968,169</u>	<u>\$ 2,438,881</u>	<u>(43,115,243)</u>
General revenues:					
Property taxes, levied for general purposes					50,360,922
Grants and contributions not restricted to specific programs					69,240
Unrestricted investment earnings					<u>2,117,278</u>
Total general revenues					<u>52,547,440</u>
		Change in net position			9,432,197
		Net position - beginning, as restated			<u>88,168,824</u>
		Net position - ending			<u>\$ 97,601,021</u>

The accompanying notes are an integral part of these financial statements.

TOWN OF OLD SAYBROOK, CONNECTICUT
BALANCE SHEET -
GOVERNMENTAL FUNDS
AS OF JUNE 30, 2025

	General Fund	Capital Projects Fund	Capital Nonrecurring Fund	Economic Development Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS						
Cash and cash equivalents	\$ 6,617,852	\$ 11,031,287	\$ 4,736,611	\$ 1,384,917	\$ 4,081,290	\$ 27,851,957
Restricted cash and cash equivalents	1,099,053	-	-	-	-	1,099,053
Investments	11,105,678	-	-	-	134,640	11,240,318
Receivables:						
Property taxes	641,835	-	-	-	-	641,835
Interest on property taxes	232,669	-	-	-	-	232,669
Assessments	-	1,405,222	-	-	-	1,405,222
Grants and contracts	-	-	-	-	31,402	31,402
Other	25,748	-	-	38,058	69,850	133,656
Due from other funds	23,524	130,835	-	65,244	10,194	229,797
Total assets	<u>\$ 19,746,359</u>	<u>\$ 12,567,344</u>	<u>\$ 4,736,611</u>	<u>\$ 1,488,219</u>	<u>\$ 4,327,376</u>	<u>\$ 42,865,909</u>
LIABILITIES						
Accounts payable	\$ 898,703	\$ 130,935	\$ 9,456	\$ 71,292	\$ 45,463	\$ 1,155,849
Accrued liabilities	452,967	-	-	-	57,262	510,229
Deposits payable	1,252,902	-	-	-	-	1,252,902
Due to other funds	206,273	4,915	-	-	-	211,188
Unearned revenue	-	793,928	130,000	150,382	154,546	1,228,856
Total liabilities	<u>2,810,845</u>	<u>929,778</u>	<u>139,456</u>	<u>221,674</u>	<u>257,271</u>	<u>4,359,024</u>
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue - property taxes and interest	874,504	-	-	-	-	874,504
Unavailable revenue - assessments	-	1,405,222	-	-	-	1,405,222
Advance tax collections	5,319,898	-	-	-	-	5,319,898
Total deferred inflows of resources	<u>6,194,402</u>	<u>1,405,222</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,599,624</u>
FUND BALANCES						
Nonspendable	-	-	-	-	5,000	5,000
Restricted	-	-	-	-	744,729	744,729
Committed	1,374,033	10,232,344	4,597,155	1,266,545	3,320,376	20,790,453
Unassigned	9,367,079	-	-	-	-	9,367,079
Total fund balances	<u>10,741,112</u>	<u>10,232,344</u>	<u>4,597,155</u>	<u>1,266,545</u>	<u>4,070,105</u>	<u>30,907,261</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 19,746,359</u>	<u>\$ 12,567,344</u>	<u>\$ 4,736,611</u>	<u>\$ 1,488,219</u>	<u>\$ 4,327,376</u>	<u>\$ 42,865,909</u>

The accompanying notes are an integral part of these financial statements.

TOWN OF OLD SAYBROOK, CONNECTICUT
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
AS OF JUNE 30, 2025

Total fund balance for governmental funds	\$	30,907,261
---	----	------------

Total net position reported for governmental activities in the statement of net position is different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds. Those assets consist of:

Land	\$	16,323,231	
Construction in progress		5,827,555	
Land improvements		6,972,475	
Building improvements		78,693,049	
Right-to-use assets		986,294	
Machinery and equipment		16,836,785	
Infrastructure		49,687,373	
Less: accumulated depreciation and amortization		<u>(75,405,293)</u>	
Total capital assets, net			99,921,469

Some of the Town's taxes and assessments will be collected after year end, but are not available soon enough to pay for the current period's expenditures, and, therefore, are reported as deferred inflows of resources in the governmental funds.

2,279,726

Deferred outflows and inflows of resources resulting from changes in the components of the net pension and total OPEB liabilities are reported in the statement of net position.

(4,030,737)

Long-term liabilities applicable to the Town's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities - both current and long-term - are reported in the statement of net position. Those liabilities consist of:

Accrued interest	(172,995)		
Long-term debt:			
Bonds, net	(16,443,282)		
Deferred charges on refunding	189,961		
Other long-term liabilities:			
Financed purchases	(616,670)		
Leases	(368,204)		
Compensated absences	(1,621,025)		
Heart and hypertension	(170,000)		
Net pension liabilities	(5,934,142)		
Total OPEB liability	<u>(6,398,961)</u>		
Total long-term liabilities			(31,535,318)

An internal service fund is used by the Town to charge the cost of risk management activities to individual funds. The assets and liabilities of the internal service fund are included in the governmental activities statement of net position.

58,620

Net position of governmental activities	\$	<u><u>97,601,021</u></u>
---	----	--------------------------

The accompanying notes are an integral part of these financial statements .

TOWN OF OLD SAYBROOK, CONNECTICUT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2025

	General Fund	Capital Projects Fund	Capital Nonrecurring Fund	Economic Development Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES						
Property taxes	\$ 50,377,927	\$ -	\$ -	\$ -	\$ -	\$ 50,377,927
Intergovernmental	5,069,144	542,032	1,795,829	346,913	1,047,245	8,801,163
Charges for services	1,645,129	462,296	2,790	-	1,750,735	3,860,950
Contributions	-	18,636	-	-	322,227	340,863
Investment income	1,858,060	-	189,906	33,671	35,641	2,117,278
Other	-	121,152	-	258,100	112,606	491,858
Total revenues	<u>58,950,260</u>	<u>1,144,116</u>	<u>1,988,525</u>	<u>638,684</u>	<u>3,268,454</u>	<u>65,990,039</u>
EXPENDITURES						
Current:						
General government	4,664,279	-	90,151	380,360	63,659	5,198,449
Public safety	6,474,415	-	-	-	358,420	6,832,835
Public works	2,790,816	-	-	-	-	2,790,816
Culture and recreation	2,075,142	-	-	-	282,104	2,357,246
Health and welfare	318,063	-	-	-	826,317	1,144,380
Education	32,976,539	-	-	-	1,739,284	34,715,823
Capital outlays	669,043	1,694,880	2,515,970	104,448	-	4,984,341
Debt service:						
Principal payments	2,471,870	7,326	97,849	-	11,798	2,588,843
Interest and fiscal charges	590,277	-	10,046	-	1,087	601,410
Total expenditures	<u>53,030,444</u>	<u>1,702,206</u>	<u>2,714,016</u>	<u>484,808</u>	<u>3,282,669</u>	<u>61,214,143</u>
Excess (deficiency) of revenues over expenditures	5,919,816	(558,090)	(725,491)	153,876	(14,215)	4,775,896
OTHER FINANCING SOURCES (USES)						
Transfers in	175,503	3,991,285	770,966	800,443	1,335,892	7,074,089
Transfers out	(4,896,419)	(924,512)	(1,143,924)	-	(83,432)	(7,048,287)
Total other financing sources (uses)	<u>(4,720,916)</u>	<u>3,066,773</u>	<u>(372,958)</u>	<u>800,443</u>	<u>1,252,460</u>	<u>25,802</u>
Net change in fund balances	1,198,900	2,508,683	(1,098,449)	954,319	1,238,245	4,801,698
Fund balances - beginning	<u>9,542,212</u>	<u>7,723,661</u>	<u>5,695,604</u>	<u>312,226</u>	<u>2,831,860</u>	<u>26,105,563</u>
Fund balances - ending	<u>\$ 10,741,112</u>	<u>\$ 10,232,344</u>	<u>\$ 4,597,155</u>	<u>\$ 1,266,545</u>	<u>\$ 4,070,105</u>	<u>\$ 30,907,261</u>

The accompanying notes are an integral part of these financial statements .

TOWN OF OLD SAYBROOK, CONNECTICUT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2025

Net change in fund balances - total governmental funds	\$	4,801,698
--	----	-----------

Total change in net position reported for governmental activities in the statement of activities is different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The amount by which depreciation and amortization expense exceeded capital outlays in the current period is as follows:

Expenditures for capital assets	\$ 4,372,122	
Depreciation and amortization expense	(4,303,131)	
Net adjustment		68,991

The statement of activities reports losses arising from the disposal of existing capital assets. Conversely, governmental funds do not report any gain or loss on disposal of capital assets. This amount represents the loss on disposal of capital assets.

(124,754)

Deferred outflows and inflows of resources resulting from changes in the components of the net pension liability and total OPEB liability are amortized as a component of pension and OPEB expense in the statement of activities.

559,545

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal on long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. The net effect of these differences in the treatment of long-term obligations is as follows:

Principal repayments:		
Bonds	2,100,000	
Financed purchases	199,452	
Leases	289,391	
Net adjustment		2,588,843

Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the statement of activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is not recognized under the modified accrual basis of accounting until due, rather than as it accrues. The net effect of such items is as follows:

Accrued interest	70,275	
Amortization of deferred charges on refunding	(46,774)	
Amortization of bond premium	265,027	
Compensated absences	(336,495)	
Heart and hypertension	35,000	
Net pension liabilities	236,691	
Total OPEB liability	1,549,175	
		1,772,899

Certain revenues reported in the statement of activities do not provide current financial resources and therefore are reported as deferred inflows of resources in the governmental funds. This amount represents the change in unavailable revenues

(206,053)

Internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenue (expense) of the internal service fund is reported within the governmental activities.

(28,972)

Change in net position of governmental activities	\$	9,432,197
---	----	-----------

The accompanying notes are an integral part of these financial statements .

TOWN OF OLD SAYBROOK, CONNECTICUT
STATEMENT OF NET POSITION -
PROPRIETARY FUNDS
AS OF JUNE 30, 2025

	Governmental Activities
	Internal Service Funds
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 59,497
Receivables	5,966
Other	11,766
Total current assets	<u>77,229</u>
LIABILITIES	
Current liabilities:	
Due to other funds	18,609
Total current liabilities	<u>18,609</u>
NET POSITION	
Unrestricted	58,620
Total net position	<u><u>\$ 58,620</u></u>

The accompanying notes are an integral part of these financial statements.

TOWN OF OLD SAYBROOK, CONNECTICUT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION -
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2025

	Governmental Activities Internal Service Funds
OPERATING REVNEUES	
Charges for services	\$ 43,517
Total operating revenues	<u>43,517</u>
OPERATING EXPENSES	
Cost of services	46,687
Total operating expenses	<u>46,687</u>
Operating loss before transfers	(3,170)
TRANSFERS:	
Transfers in	22,000
Transfers out	(47,802)
Total tansfers	<u>(25,802)</u>
Change in net position	(28,972)
Net position - beginning	<u>87,592</u>
Net position - ending	<u><u>\$ 58,620</u></u>

The accompanying notes are an integral part of these financial statements.

TOWN OF OLD SAYBROOK, CONNECTICUT
STATEMENT OF CASH FLOWS -
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2025

	Governmental Activities
	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received for charges for services	\$ 37,551
Cash payments for cost of services	(48,309)
Net cash used in operating activities	<u>(10,758)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Interfund activity	<u>(25,802)</u>
Net decrease in cash and cash equivalents	(36,560)
Cash and cash equivalents, beginning of year	96,057
Cash and cash equivalents, end of year	<u><u>\$ 59,497</u></u>
RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES	
Operating loss	\$ (3,170)
Changes in assets and liabilities:	
Accounts receivable	(5,966)
Accounts payable	(13,286)
Other	4,451
Due to (from)	7,213
Net cash used in operating activities	<u><u>\$ (10,758)</u></u>

The accompanying notes are an integral part of these financial statements.

TOWN OF OLD SAYBROOK, CONNECTICUT
STATEMENT OF FIDUCIARY NET POSITION -
FIDUCIARY FUNDS
AS OF JUNE 30, 2025

	Pension Trust Funds	Private Purpose Trust Fund - Scholarship Fund
ASSETS		
Cash and cash equivalents	\$ 806,537	\$ 1,795
Investments:		
Corporate bonds	7,871,059	-
U.S. Treasury securities	1,459,858	-
U.S. Agency securities	32,557	-
Equity securities	18,258,768	-
Exchange traded funds	1,340,523	30,701
Mutual funds	2,172,403	372,733
Total assets	<u>31,941,705</u>	<u>405,229</u>
NET POSITION		
Restricted for pension benefits and other purposes	<u>\$ 31,941,705</u>	<u>\$ 405,229</u>

The accompanying notes are an integral part of these financial statements .

TOWN OF OLD SAYBROOK, CONNECTICUT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION -
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2025

	Pension Trust Funds	Private Purpose Trust Fund - Scholarship Fund
ADDITIONS		
Contributions:		
Employer	\$ 1,099,226	\$ -
Plan members	309,476	-
Total contributions	<u>1,408,702</u>	<u>-</u>
Investment earnings:		
Net change in the fair value of investments	2,312,455	3,839
Interest and dividends	836,008	29,831
Total investment earnings	<u>3,148,463</u>	<u>33,670</u>
Less: investment fee expense	<u>(221,463)</u>	<u>(2,274)</u>
Net investment earnings	<u>2,927,000</u>	<u>31,396</u>
Total additions	<u>4,335,702</u>	<u>31,396</u>
DEDUCTIONS		
Benefit payments	2,160,169	-
Administrative expenses	46,124	-
Total deductions	<u>2,206,293</u>	<u>20,919</u>
Change in net position	2,129,409	10,477
Net position - beginning	<u>29,812,296</u>	<u>394,752</u>
Net position - ending	<u><u>\$ 31,941,705</u></u>	<u><u>\$ 405,229</u></u>

The accompanying notes are an integral part of these financial statements .

TOWN OF OLD SAYBROOK, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Town of Old Saybrook, Connecticut, (the Town) have been prepared in conformity with accounting principles generally accepted in the United States of America, 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 Town's significant accounting policies are described below.

Financial Reporting Entity

The Town was incorporated in 1854. The Town covers 18.3 square miles and is located in Middlesex County. The Town operates under a Town Meeting/Board of Selectman/Board of Finance form of government and provides a full range of services including public safety (police and fire), public works, sanitation, parks and recreation, health and social services, planning and zoning, and education.

The legislative power of the Town is with the Board of Selectman and Town Meeting. The Board of Selectman may enact, amend or repeal ordinance and resolutions. The Board of Finance is responsible for financial and taxation matters as prescribed by Connecticut General Statutes and is responsible for presenting fiscal operating budgets for Town Meeting approval.

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 following fiduciary component units as detailed below.

Fiduciary Component Units - The Town has established two single-employer defined benefit pension plans to provide retirement benefits to employees and their beneficiaries. The Town performs the duties of a governing board for the pension plans and makes contributions to the plans. The financial statements of the fiduciary component units are reported as Pension Trust Funds in the fiduciary fund financial statements. Separate financial statements have not been prepared for the fiduciary component units.

Government-wide and Fund Financial Statements

Government-wide Financial Statements

The statement of net position and the statement of activities display information about the Town and include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. The statements are intended to distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties. The Town has no business-type activities.

TOWN OF OLD SAYBROOK, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS (Continued)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government-wide and Fund Financial Statements (Continued)

Government-wide Financial Statements (Continued)

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. 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 and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported as general revenues.

Fund Financial Statements

The fund financial statements provide information about the Town's funds, including its fiduciary funds. Separate statements for each fund category - governmental, proprietary and fiduciary - are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds. The Town reports the following major governmental funds:

General Fund - This fund is the Town's primary operating fund. It accounts for all financial resources of the general government, except those not accounted for and reported in another fund.

Capital Projects Fund - This capital projects fund is used to account for the revenues and expenditures associated with the Town's various multi-year capital projects funded primarily by debt issuances.

Capital Nonrecurring Fund - This fund accounts for the financial revenues to be used for major capital asset construction and/or purchases funded substantially by grants and General Fund appropriations.

Economic Development Fund - This fund accounts for grant and contribution revenues restricted for economic development purposes.

In addition, the Town reports the following proprietary and fiduciary fund types:

Internal Service Fund - This fund accounts for activities that provide goods or services to other funds, departments, or agencies of the Town on a cost-reimbursement basis.

Pension Trust Funds - These funds are used to account for resources held in trust for the members and beneficiaries of the Town's defined benefit pension plans. The Town utilizes these funds to account for activities of the Town Pension Trust Fund and the Fire Company #1 Pension Trust Fund.

Private Purpose Trust Fund - This fund type is used to account for trust arrangements under which principal and income benefit individuals, private organizations, or other governments. As the designated trustee or agent, the Town utilizes the assets of the private purpose trust funds in capacity stipulated in the related trust agreement.

TOWN OF OLD SAYBROOK, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS (Continued)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of recognition in the financial statements of various kinds of transactions or events.

The government-wide, proprietary, and fiduciary fund financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as 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.

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized when they have been earned and 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. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service principal and interest expenditures on general long-term debt, including lease liabilities, as well as expenditures related to compensated absences, claims and judgments, and postemployment benefits are recognized later based on specific accounting rules applicable to each, generally when payment is due. General capital asset acquisitions, including entering into contracts giving the Town the right-to-use leased assets, are reported as expenditures in governmental funds. Issuance of long-term debt and financing through leases are reported as other financing sources.

Property taxes and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues in the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is either received or available to be received during the period or within the availability period for this revenue source (within 60 days of yearend). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is either received or available to be received during the period or within the availability period for this revenue source (within 60 days of yearend). All other revenue items are considered to be measurable and available only when the cash is received.

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

Assets, Liabilities, Deferred Outflows and Inflows of Resources and Net Position/Fund Balance

Cash and Cash Equivalents

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. For purposes of the statement of cash flows, the Town's proprietary funds consider their demand deposits and all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents.

TOWN OF OLD SAYBROOK, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Assets, Liabilities, Deferred Outflows and Inflows of Resources and Net Position/Fund Balance *(Continued)*

Investments

Investments with a maturity of less than one year when purchased, non-negotiable certificates of deposit, and other nonparticipating investments are reported at cost or amortized cost. Investments in certain external investment pools that meet specific criteria for measuring its investments at amortized cost are reported at amortized cost. All other investments in external investment pools and investments with maturity greater than one year when purchased are stated at fair value. Fair value is the price that would be received to sell an investment in an orderly transaction at year end.

Endowments

The Town has received certain endowments. The amounts are reflected in net position as restricted for trust purposes in the government-wide financial statements and fiduciary fund financial statements. Investment income (including appreciation) is approved for expenditure by applicable oversight board. The Town allocates investment income of donor-restricted endowments in accordance with donor restrictions and Connecticut law, which has adopted the provisions of the Uniform Prudent Management of Institutional Funds Act (UPMIFA). Under UPMIFA, investment income earned on donor-restricted endowment funds is considered to be unrestricted in the absence of explicit donor restrictions. Further, in the absence of explicit donor restrictions regarding investment appreciation, such appreciation is treated the same as the related investment income. Investment losses that reduce the value of endowment investments below the original principal amount serve to reduce restricted net position or unrestricted net position, depending on the applicable donor's stipulations regarding the treatment of investment income and appreciation.

Restricted Cash and Cash Equivalents

The restricted cash and cash equivalents are for performance bonds. Performance bonds are restricted until the monies are returned to the vendor after satisfactory completion of the contract or the Town calls the bond for nonperformance.

Property Taxes

Property taxes are assessed as of October 1 and are levied on the following July 1. Real estate and personal property taxes are due in two installments, July 1 and the following January 1. Motor vehicle and personal property taxes are billed in July and are due in one installment, July 1. Supplemental motor vehicle taxes are due in full January 1. Taxes become delinquent thirty days after the installment is due and liens are filed on delinquent real estate taxes within one year. Interest is charged on delinquent amounts at a statutory rate of 1.5% per month. The Town has not established an allowance for doubtful accounts as of June 30, 2025.

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

TOWN OF OLD SAYBROOK, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Assets, Liabilities, Deferred Outflows and Inflows of Resources and Net Position/Fund Balance *(Continued)*

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. roads, bridges, and sidewalks), are reported in the government-wide financial statements. Capital assets are defined by the Town as assets with an initial individual cost of more than \$5,000 for vehicles, machinery and equipment, \$20,000 for improvements and \$75,000 for infrastructure and an estimated useful life greater than one year.

As the Town constructs or acquires capital assets each period, they are capitalized and reported at historical cost. The reported value excludes normal maintenance and repairs, which are amounts spent in relation to capital assets that do not increase the asset's capacity or efficiency or increase its estimated useful life. Donated capital assets are recorded at acquisition value at the date of donation. Acquisition value is the price that would be paid to acquire an asset with equivalent service potential on the date of the donation. Intangible assets follow the same capitalization policies as tangible capital assets and are reported with tangible assets in the appropriate capital asset class.

Land and construction in progress are not depreciated. Other tangible and intangible property and equipment are depreciated/amortized using the straight-line method over the following estimated useful lives:

Assets	Years
Buildings	50-100
Building improvements	20-100
Land improvements	20-100
Machinery and equipment	5-20
Vehicles	5-8
Infrastructure	30
Intangible assets	30-50

Unearned Revenue

This liability represents resources that have been received but not yet earned.

Deferred Outflows and Inflows of Resources

Deferred outflows and inflows of resources represent an acquisition or composition of net assets that applies to a future period(s) and so will not be recognized as an inflow or outflow of resources until that time.

Deferred outflows of resources consists of deferred charges on refundings and deferred charges on pension expenses. Deferred charges on refunding are reported in the government-wide statement of net position. This amount is being amortized to interest expense using the effective-interest method over the life of the related bonds. Deferred charges on pension and OPEB expenses are also reported in the government-wide statement of net position. These amounts are amortized as a component of pension or OPEB expense on a systematic and rational basis.

Deferred inflows of resources consists of revenue that is considered unavailable under the modified accrual basis of accounting and deferred charges on pension and OPEB expenses. Unavailable revenue is reported in the governmental funds balance sheet and is recognized as an inflow of resources in the period that the amounts become available. Deferred charges on pension and OPEB expenses are reported in the government-wide statement of net position and are amortized as a component of pension and OPEB expenses on a systematic and rational basis.

TOWN OF OLD SAYBROOK, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS (Continued)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities, Deferred Outflows and Inflows of Resources and Net Position/Fund Balance (Continued)

Long-term Obligations

Long-term Debt

The applicable accounting standards define debt as a liability that arises from a contractual obligation to pay cash, or other assets that may be used in lieu of cash, in one or more payments to settle an amount that is fixed at the date the contractual obligation is established. For disclosure purposes, debt does not include accounts payable or leases, except for contracts reported as financed purchase of the underlying assets.

In the government-wide financial statements, long-term debt is reported as liabilities in the statement of net position. Premiums and discounts on long-term debt are deferred and amortized over the life of the related debt using the effective interest rate method and the debt is reported net of any unamortized premium or discount. In the governmental fund financial statements, premiums and discounts are recognized in the current period.

In the governmental fund financial statements, debt premiums and discounts are recognized 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.

Leases (as Lessee)

The Town recognizes a lease receivable and a deferred inflow of resources in the government-wide and governmental fund financial statements. At the commencement of a lease, the Town initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments include how the Town determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts. The Town uses its estimated incremental borrowing rate as the discount rate for leases. The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee. The Town monitors changes in circumstances that would require a remeasurement of its lease, and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

Compensated Absences

Compensated absences represent leave for which employees are entitled to receive payment. This includes cash payments for leave taken, payouts for unused leave upon termination of employment, and noncash settlements. Liabilities for compensated absences, including salary related payments, are reported in the government-wide financial statements for leave that is more likely than not to be used or otherwise paid or settled, and for leave that has been taken but not yet paid or settled. The Town considers benefits earned in the current year to be used before any benefits that have been carried forward from prior years.

TOWN OF OLD SAYBROOK, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Assets, Liabilities, Deferred Outflows and Inflows of Resources and Net Position/Fund Balance *(Continued)*

Net Position and Fund Balances

The statement of net position presents the Town's assets, deferred outflows and inflows of resources, and liabilities, with net position as the residual of these elements. Net position reported in three categories:

Net investment in capital assets - This component of net position consists of capital assets, net of accumulated depreciation and amortization and reduced by outstanding balances for bonds, notes and other debt that are attributed to the acquisition, construction or improvement of capital assets.

Restricted net position - This component of net position consists of amounts whose use is restricted either through external restrictions imposed by creditors, grantors, contributors, and the like, or through restrictions imposed by law through constitutional provisions or enabling legislation. None of the Town's restricted net position is restricted through enabling legislation.

Unrestricted net position - This component of net position is the net amount of assets, liabilities, and deferred outflows and inflows of resources which do not meet the definition of the preceding two categories.

The Town's governmental funds report the following fund balance categories:

Nonspendable - Amounts that cannot be spent because they are not in spendable form or they are legally or contractually required to be maintained intact.

Restricted - Constraints placed on the use of resources that are either externally imposed by creditors, grantors, contributors or laws and regulations of other governments, or imposed by law through enabling legislation.

Committed - Amounts can be only used for specific purposes pursuant to constraints imposed by formal action of the Town and cannot be used for any other purpose unless the Town removes or changes the specified use by taking the same formal action.

Assigned - Amounts are constrained by the government's intent to be used for specific purposes, but are not restricted or committed. Amounts may be constrained to be used for a specific purpose by a governing board or body or official that has been delegated authority to assign amounts by the Town Charter.

Unassigned - Residual classification for the General Fund or amounts necessary in other governmental funds to eliminate otherwise negative fund balance amounts in the other four categories.

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

Donor-restricted endowments - The Town has received certain endowments for the perpetual care of the Upper Cemetery. The amounts are reflected in net position as restricted for perpetual care. Investment income is approved for expenditure by the board of the benefiting activity. There was \$1,059 of appreciation available for appropriation at June 30, 2025.

TOWN OF OLD SAYBROOK, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Assets, Liabilities, Deferred Outflows and Inflows of Resources and Net Position/Fund Balance *(Continued)*

Interfund Activity

During the course of operations the Town has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. Further, certain activity occurs during the year involving transfers of resources between funds reported at gross amounts as transfers in/out. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental and internal service funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column.

Use of Estimates

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

NOTE 2 - CASH DEPOSITS AND INVESTMENTS

Cash Deposits – Custodial Credit Risk

Custodial credit risk is the risk that, in the event of a bank failure, the Town will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The Town's policy provides for uninsured demand and time deposits with banks and savings and loan institutions to be collateralized as prescribed in the Connecticut general statutes, as described below. In addition, in order to anticipate market changes and provide for a level of security for all funds, all public deposits shall be held in qualified public depositories. As of June 30, 2025, \$24,499,991 of the Town's bank balance of \$25,264,124 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 22,049,992
Uninsured and collateralized with securities held by the pledging bank's trust department or agent but not in the Town's name	2,449,999
	<u>\$ 24,499,991</u>

TOWN OF OLD SAYBROOK, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2025

NOTE 2 - CASH DEPOSITS AND INVESTMENTS *(Continued)*

Cash Deposits – Custodial Credit Risk *(Continued)*

All of the Town's deposits were in qualified public institutions as defined by Connecticut general statutes. Under these statutes, any bank holding public deposits must at all times maintain, segregated from its other assets, eligible collateral in an amount equal to a certain percentage of its public deposits. The applicable percentage is determined based on the bank's risk-based capital ratio. The amount of public deposits is determined based on either the public deposits reported on the most recent quarterly call report, or the average of the public deposits reported on the four most recent quarterly call reports, whichever is greater. The collateral is kept in the custody of the trust department of either the pledging bank or another bank in the name of the pledging bank.

A reconciliation of the Town's cash and cash equivalents as of June 30, 2025 is as follows:

Government-wide statement of net position:	
Cash and cash equivalents	\$ 27,911,454
Restricted cash and cash equivalents	1,099,053
Statement of fiduciary net position:	
Cash and cash equivalents	808,332
	<u>29,818,839</u>
Less: cash equivalents considered investments for disclosure purposes	(5,251,729)
	<u><u>\$ 24,567,110</u></u>

Investments

A reconciliation of the Town's investments as of June 30, 2025 is as follows:

Government-wide statement of net position:	
Investments	\$ 11,240,318
Statement of fiduciary net position:	
Investments	31,538,602
	<u>42,778,920</u>
Add: cash equivalents considered investments for disclosure purposes	5,251,729
	<u><u>\$ 48,030,649</u></u>

TOWN OF OLD SAYBROOK, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2025

NOTE 2 - CASH DEPOSITS AND INVESTMENTS *(Continued)*

Investments *(Continued)*

As of June 30, 2025, the Town's investments consisted of the following:

Investment type	Valuation Basis	Value	Investment Maturities (In Years)			
			Less Than 1	1 to 5	6 to 10	More Than 10
Debt Securities:						
Governmental Activities:						
Money market mutual funds	Amortized cost	\$ 33,783	\$ 33,783	\$ -	\$ -	\$ -
Short-term Investment Fund	Amortized cost	4,801,878	4,801,878	-	-	-
U.S. Treasury securities	Amortized cost	11,105,678	11,105,678	-	-	-
Fiduciary Funds:						
Money market mutual funds	Amortized cost	416,068	416,068	-	-	-
U.S. Treasury securities	Fair value	1,459,858	115,910	934,561	409,387	-
U.S. Agency securities	Fair value	32,557	-	-	-	32,557
Corporate bonds	Fair value	7,871,059	987,104	5,653,694	1,230,261	-
		25,720,881	\$ 17,460,421	\$ 6,588,255	\$ 1,639,648	\$ 32,557
Other investments:						
Governmental Activities:						
Mutual funds	Fair value	134,640				
Fiduciary Funds:						
Mutual funds	Fair value	2,545,136				
Exchange traded funds	Fair value	1,371,224				
Equity securities	Fair value	18,258,768				
		\$ 48,030,649				

Interest Rate Risk

The Town does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk

The Town has no investment policy that would further limit its investment choices beyond those already limited by Connecticut state statutes. Connecticut state statutes permit no Town to invest in: (1) obligations of the United States, including its instrumentalities and agencies; (2) in obligations of any state or of any political subdivision, authority or agency thereof, provided such obligations are rated within one of the top two rating categories of any recognized rating services; (3) in shares or other interests in custodial arrangements or pools maintaining constant net asset values and in highly rated no-load open end money markets and mutual funds (with constant or fluctuating net assets values) whose portfolios are limited to obligations of the United States and its agencies, and repurchase fully collateralized by such obligations; (4) or in obligations of the State of Connecticut or of any political subdivision thereof, provided such obligations are rated within one of the top three rating categories of any recognized rating service. Other provisions if the statutes cover specific municipal funds with particular investment authority.

TOWN OF OLD SAYBROOK, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS (Continued)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2025

NOTE 2 - CASH DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

Credit Risk (Continued)

The provisions of the statutes regarding the investment of municipal pension funds does not specify permitted investments. Therefore, the investments of such funds is generally controlled by the laws applicable to fiduciaries and the provisions of the applicable pension plan. The Town's investments in debt securities, whose ratings are required to be disclosed, were rated by Standard & Poor's as follows at June 30, 2025:

Investment type	AAA	AA	A	BBB	BB	B	Unrated	Total
<i>Governmental Activities</i>								
Money market mutual funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 33,783	\$ 33,783
Short-term Investment Fund	4,801,878	-	-	-	-	-	-	4,801,878
<i>Fiduciary Funds:</i>								
Money market mutual funds	-	-	-	-	-	-	416,068	416,068
U.S. Agency securities	-	-	-	-	-	-	32,557	32,557
Corporate bonds	-	18,971	1,322,944	216,872	1,813,100	4,499,172	-	7,871,059
	<u>\$ 4,801,878</u>	<u>\$ 18,971</u>	<u>\$ 1,322,944</u>	<u>\$ 216,872</u>	<u>\$ 1,813,100</u>	<u>\$ 4,499,172</u>	<u>\$ 482,408</u>	<u>13,155,345</u>
						Add: U.S. Treasury securities		12,565,536
								<u>\$ 25,720,881</u>

Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of the failure of a counterparty, 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. The Town's investments in mutual funds are not evidenced by securities and are therefore not exposed to custodial credit risk.

Concentrations of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of the Town's investment in a single issuer. Investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments are excluded from concentration of credit risk disclosures. The Town's investment policy generally restricts investments in any one issuer that is in excess of 5.0%. In addition, the Town's policy defines other limitations in an effort to avoid incurring unreasonable inherent risk of over-concentration in specific instruments, individual issuers or maturities. As of June 30, 2025, 69.1% of the Town's investments reported in governmental activities were invested in U.S. Treasury securities. The Town had no other investments in any one issuer that exceeded 5.0% of the total investments reported in either the Town's governmental activities or fiduciary activities.

TOWN OF OLD SAYBROOK, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS (Continued)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2025

NOTE 3 - FAIR VALUE MEASUREMENTS

The Town measures and records its investments using fair value measurement guidelines established by generally accepted accounting principles. These guidelines recognize a three-tiered fair value hierarchy as follows:

- Level 1: Quoted prices for identical investments in active markets;
- Level 2: Observable inputs other than those in Level 1; and
- Level 3: Unobservable inputs.

Investments are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. The Town's financial assets that are accounted for at fair value on a recurring basis as of June 30, 2025, by level within the fair value hierarchy are presented in the table below:

Financial Assets Measured at Fair Value	Prices in Active Market (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
<i>Governmental Activities:</i>				
Mutual Funds	\$ 134,640	\$ -	\$ -	\$ 134,640
<i>Fiduciary Funds:</i>				
U.S. Treasury securities	1,459,858	-	-	1,459,858
U.S. Agency securities	-	32,557	-	32,557
Corporate bonds	-	7,871,059	-	7,871,059
Mutual funds	2,545,136	-	-	2,545,136
Exchange traded funds	1,371,224	-	-	1,371,224
Equity securities	18,258,768	-	-	18,258,768
	<u>\$ 23,769,626</u>	<u>\$ 7,903,616</u>	<u>\$ -</u>	<u>31,673,242</u>
	Add: Investments measured at amortized cost			<u>16,357,407</u>
				<u>\$ 48,030,649</u>

Mutual funds, exchange traded funds and equity securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Debt securities classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

TOWN OF OLD SAYBROOK, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS (Continued)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2025

NOTE 4 - CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2025 consisted of the following:

	Beginning Balance	Increases	Decreases and Transfers	Ending Balance
Governmental Activities				
Capital assets, not being depreciated:				
Land	\$ 16,323,231	\$ -	\$ -	\$ 16,323,231
Construction in progress	3,946,330	2,128,275	(247,050)	5,827,555
Total capital assets, not being depreciated	<u>20,269,561</u>	<u>2,128,275</u>	<u>(247,050)</u>	<u>22,150,786</u>
Capital assets, being depreciated:				
Land improvements	6,781,365	432,632	(241,522)	6,972,475
Buildings and improvements	78,368,679	77,320	247,050	78,693,049
Right-to-use assets	986,294	-	-	986,294
Machinery and equipment	15,728,029	1,182,286	(73,530)	16,836,785
Infrastructure	49,137,357	551,609	(1,593)	49,687,373
Total capital assets, being depreciated	<u>151,001,724</u>	<u>2,243,847</u>	<u>(69,595)</u>	<u>153,175,976</u>
Less accumulated depreciation and amortization for:				
Land improvements	2,981,516	288,323	(126,799)	3,143,040
Buildings and improvements	34,420,508	1,304,605	-	35,725,113
Right-to-use assets	370,648	289,457	-	660,105
Machinery and equipment	9,715,418	859,401	(65,092)	10,509,727
Infrastructure	23,805,963	1,561,345	-	25,367,308
Total accumulated depreciation and amortization	<u>71,294,053</u>	<u>4,303,131</u>	<u>(191,891)</u>	<u>75,405,293</u>
Total capital assets, being depreciated, net	<u>79,707,671</u>	<u>(2,059,284)</u>	<u>122,296</u>	<u>77,770,683</u>
Governmental activities capital assets, net	<u>\$ 99,977,232</u>	<u>\$ 68,991</u>	<u>\$ (124,754)</u>	<u>\$ 99,921,469</u>

Depreciation and amortization expense was charged to functions of the Town as follows:

Governmental Activities:	
General government	\$ 1,677,440
Public safety	800,110
Public works	373,573
Culture and recreation	203,579
Health and Welfare	9,189
Education	1,239,240
Total depreciation and amortization expense - governmental activities	<u>\$ 4,303,131</u>

TOWN OF OLD SAYBROOK, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2025

NOTE 5 - INTERFUND RECEIVABLES AND PAYABLES

Interfund receivable and payable balances at June 30, 2025 are as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Governmental Funds:		
General Fund	Internal Service Funds	\$ 18,609
	Capital Projects Fund	4,915
		<u>23,524</u>
Capital Projects Fund	General Fund	130,835
Economic Development Fund	General Fund	65,244
Other Governmental Funds	General Fund	10,194
		<u>\$ 229,797</u>

The above balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

NOTE 6 - INTERFUND TRANSFERS

Interfund transfers for the year ended June 30, 2025 consisted of the following:

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
Governmental Funds:		
General Fund	Internal Service Fund	\$ 47,802
	Capital Projects Fund	80,000
	Other Governmental Funds	47,701
		<u>175,503</u>
Capital Projects Fund	General Fund	2,933,630
	Capital Nonrecurring Fund	1,021,924
	Other Governmental Funds	35,731
		<u>3,991,285</u>
Capital Nonrecurring Fund	General Fund	676,454
	Capital Projects Fund	94,512
		<u>770,966</u>
Economic Development Fund	General Fund	50,443
	Capital Projects Fund	750,000
		<u>800,443</u>
Other Governmental Funds	General Fund	1,235,892
	Capital Nonrecurring Fund	100,000
		<u>1,335,892</u>
	Total Governmental Funds	<u>\$ 7,074,089</u>
Proprietary Funds:		
Internal Service Fund	Capital Nonrecurring Fund	<u>\$ 22,000</u>

TOWN OF OLD SAYBROOK, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2025

NOTE 6 - INTERFUND TRANSFERS *(Continued)*

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them, to the fund that statute or budget requires to expend them, and (2) use revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

NOTE 7 - LONG-TERM LIABILITIES

Changes in Long-term Liabilities

Changes in the Town's long-term liabilities for the year ended June 30, 2025, are as follows:

	Beginning Balance, As Restated	Increases	Decreases	Ending Balance	Due Within One Year
Governmental Activities					
Bonds payable:					
General obligation bonds	\$ 17,640,000	\$ -	\$ (2,100,000)	\$ 15,540,000	\$ 2,140,000
Unamortized premium	1,168,309	-	(265,027)	903,282	-
Total bonds payable	18,808,309	-	(2,365,027)	16,443,282	2,140,000
Financed purchases	816,122	-	(199,452)	616,670	99,225
Leases	657,595	-	(289,391)	368,204	134,713
Compensated absences	1,284,530	336,495	-	1,621,025	295,452
Heart and Hypertension	205,000	-	(35,000)	170,000	35,000
Net pension liability - Town <i>(Note 9)</i>	4,799,323	-	(705,325)	4,093,998	-
Net pension liability - Fire <i>(Note 9)</i>	1,371,510	468,634	-	1,840,144	-
Total OPEB liability <i>(Note 10)</i>	7,948,136	-	(1,549,175)	6,398,961	551,000
	<u>\$ 35,890,525</u>	<u>\$ 805,129</u>	<u>\$ (5,143,370)</u>	<u>\$ 31,552,284</u>	<u>\$ 3,255,390</u>

The above liabilities have typically been liquidated by the General Fund and collections from taxpayers for the sewer project. The change in compensated absences is reported net.

General Obligation Bonds

The Town issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations of the Town for which full faith and credit are pledged and payable from taxes levied on all taxable properties located within the Town. General obligation bonds currently outstanding are as follows:

Purpose of Bonds	Date of Issue	Original Issue	Interest Rates	Maturity Date	Amount Outstanding
Governmental Activities					
Bonds payable:					
General Obligation Refunding Bonds	07/2016	\$ 9,975,000	2.0% - 4.0%	07/2033	\$ 7,425,000
General Obligation Refunding Bonds	12/2017	3,010,000	2.0% - 5.0%	08/2025	220,000
General Obligation Refunding Bonds	09/2019	12,565,000	2.0% - 5.0%	08/2034	7,895,000
					<u>\$ 15,540,000</u>

TOWN OF OLD SAYBROOK, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS (Continued)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2025

NOTE 7 - LONG-TERM LIABILITIES (Continued)

Financed Purchases

The Town has entered into financed purchase arrangements for the purchase of capital assets. The contracts include non-appropriation clauses and provide the obligors with security interests in the underlying assets in the event of default. Ownership of the underlying assets are transferred to the Town at the end of the contract. The Town makes equal annual payments of principal and interest at an interest rates ranging from 1.1% to 2.3% through various maturity dates.

Advance Refunding

The Town has advanced refunded general obligation bonds in prior years. The net proceeds from the refundings were deposited in an irrevocable trust with an escrow agent to provide fund for the future debt service payment on the refunded bonds. The refunded bonds are considered defeased and the liability for the bonds has been removed from the government-wide statement of net position. The difference between the reacquisition prices (the amounts placed in escrow) and the net carrying amounts of the refunded bonds have resulted in deferred gains and losses on refundings. These amounts, net of accumulated amortization, have been presented as deferred charges on refundings in the government-wide financial statements and are being amortized to interest expense using the effective-interest method over the life of the new bonds. Amortization of deferred charges on refundings totaled \$46,774 for the year ended June 30, 2025.

Legal Debt Limit

Connecticut General Statutes Section 7-374(b) provides that authorized debt of the Town shall not exceed seven times base receipts, as defined in the statute. Further, the statute limits the amount of debt that may be authorized by the Town for general purposes, schools, sewers, urban renewal and pension deficit. The statute does exclude from the Town's aggregate debt calculation any debt issued (a) in anticipation of taxes; (b) for water, gas, or electricity supply, electric demand response, conservation and load management, distributed generation, renewable energy projects, cable, wire, and pipe subway construction, underground cable, wire, and pipe conduit construction, constructing and operating a municipal community antenna television system, or a combination of such projects; (c) in anticipation of public improvement benefit assessment revenue; (d) in anticipation of state or federal grant funding; (e) for water pollution control projects in order to meet the energy and environmental protection commissioner's abatement order requirements; and debt issued (f) for which funds have been placed in escrow (from the proceeds of refunding bonds, notes, or other obligations or other municipal funds) in an amount sufficient, together with investment earnings, to provide for the payment when due of the principal of and interest on such debt. The Town did not exceed this statutory debt limitation as of June 30, 2025.

Authorized and Unissued Debt

As of June 30, 2025, the Town had authorized but unissued debt totaling \$25,071,024.

TOWN OF OLD SAYBROOK, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2025

NOTE 7 - LONG-TERM LIABILITIES *(Continued)*

Long-term Debt Service Requirements

The debt service requirements for the Town's long-term debt are as follows:

Year ending June 30:	Governmental Activities			
	Bonds Payable		Financed Purchases	
	Principal	Interest	Principal	Interest
2026	\$ 2,140,000	\$ 471,587	\$ 99,225	\$ 8,670
2027	1,960,000	394,212	100,620	7,275
2028	1,730,000	326,937	102,034	5,861
2029	1,755,000	269,237	103,469	4,426
2030	1,775,000	214,937	104,924	2,971
2031-2035	6,180,000	338,223	106,398	1,496
	<u>\$ 15,540,000</u>	<u>\$ 2,015,133</u>	<u>\$ 616,670</u>	<u>\$ 30,699</u>

Leases

The Town is a lessee for noncancellable leases of equipment. The terms of the leases are 5 years. The Town makes fixed monthly or annual payments with interest rates of 4.0% and 7.0%. The net book value of the right-to-use leased equipment totaled \$326,189 as of the end of June 30, 2025. The amount of the related lease liability was \$368,204 as of June 30, 2025. The future principal and interest lease payments as of June 30, 2025, are as follows:

Year ending June 30:	Principal	Interest	Total
2026	\$ 134,713	\$ 21,507	\$ 156,220
2027	144,452	11,768	156,220
2028	89,039	2,090	91,129
	<u>\$ 368,204</u>	<u>\$ 35,365</u>	<u>\$ 403,569</u>

TOWN OF OLD SAYBROOK, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS (Continued)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2025

NOTE 8 - FUND BALANCE

The various components of fund balance at June 30, 2025 are as follows:

	General Fund	Capital Projects Fund	Capital Nonrecurring Fund	Economic Development Fund	Nonmajor Governmental Funds	Total
Nonspendable:						
Permanent fund principal	\$ -	\$ -	\$ -	\$ -	\$ 5,000	\$ 5,000
Restricted for:						
Donor restrictions	-	-	-	-	1,059	1,059
Education	-	-	-	-	152,398	152,398
Scholarships	-	-	-	-	144,651	144,651
Student activities	-	-	-	-	446,621	446,621
Committed to:						
Dog fund	125,692	-	-	-	-	125,692
Animal control fund	2,696	-	-	-	-	2,696
Catastrophic illness fund	256,590	-	-	-	-	256,590
Retirement payout fund	286,604	-	-	-	-	286,604
Contingency fund	103,205	-	-	-	-	103,205
Town clerk exchange fund	74,734	-	-	-	-	74,734
Benefits reserve	524,512	-	-	-	-	524,512
Capital purposes	-	10,232,344	4,597,155	-	-	14,829,499
Other programs	-	-	-	1,266,545	-	1,266,545
General government	-	-	-	-	516,576	516,576
Public safety	-	-	-	-	658,921	658,921
Culture and recreation	-	-	-	-	1,271,673	1,271,673
Health and welfare	-	-	-	-	355,194	355,194
Education	-	-	-	-	518,012	518,012
Unassigned	9,367,079	-	-	-	-	9,367,079
	<u>\$ 10,741,112</u>	<u>\$ 10,232,344</u>	<u>\$ 4,597,155</u>	<u>\$ 1,266,545</u>	<u>\$ 4,070,105</u>	<u>\$ 30,907,261</u>

NOTE 9 - PENSION PLANS

Defined Benefit Pension Plans

The Town accounts for activity relating to three defined benefit pension plans, (1) the Town of Old Saybrook Retirement Plan, (2) the Town of Old Saybrook Fire Company No. 1 Retirement Plan, and (3) the Connecticut Teachers' Retirement System. As of and for the year ended June 30, 2025, the three plans had the following balances reported in the Town's government-wide financial statements:

	Net Pension Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	On Behalf Revenues	Pension Expense (Benefit)
Old Saybrook Retirement Plan	\$ 4,093,998	\$ 186,634	\$ 1,539,488	\$ -	\$ (1,239,964)
Old Saybrook Fire Company No. 1 Retirement Plan	1,840,144	338,543	89,794	-	791,449
Connecticut Teachers' Retirement System (proportionate share)	-	-	-	5,110,565	5,110,565
	<u>\$ 5,934,142</u>	<u>\$ 525,177</u>	<u>\$ 1,629,282</u>	<u>\$ 5,110,565</u>	<u>\$ 4,662,050</u>

Detailed disclosures for each plan follow.

TOWN OF OLD SAYBROOK, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS (Continued)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2025

NOTE 9 - PENSION PLANS (Continued)

Single Employer Pension Plans

Plan Description

The Town administers two single employer, defined benefit pension plans (the Town of Old Saybrook Retirement Plan and the Town of Old Saybrook Fire Company #1 Retirement Plan). The Fire Company Plan covers the Town's volunteer firefighters. The Town Plan, adopted on July 1, 1967 by actions of the Board of Selectman, covers all other eligible employees. The Pension and Benefits Board makes recommendations for plan provisions which are approved by the Board of Selectman. The pension plans are included in the financial statements as pension trust funds since the assets may be used to pay benefits or refunds of any plan member or beneficiary. Separate, stand-alone reports are not issued.

Summary of Significant Accounting Policies

The Plans are accounted for using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions to the Plans are recognized when due and the employer has made a formal commitment to provide contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plans.

Investments - Investments are reported at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Short-term investments are reported at cost, which approximates fair value. Investments for which market quotations are not readily available are valued at their fair values as determined by the custodian under the direction of the Town, with the assistance of a valuation service. Investment income is recognized when earned and gains and losses on sales or exchanges are recognized on the transaction date.

Investment policy - The pension plans' policy in regard to the allocation of invested assets is established and may be amended by the Pension and Benefits Board. It is the policy of the Town's Pension and Benefits Board to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes.

Concentrations - The Plan's investments that are explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools and other pooled investments, are excluded from the concentration of credit risk disclosure requirements.

Rate of return - For the year ended June 30, 2025, the annual money-weighted rate of return on the Town Plan's and the Fire Plan's pension plan investments, net of pension plan investment expense, was 9.96% and 9.34%, respectively. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Administrative costs - Administrative costs of the Plans are funded through investment earnings of the Plans.

TOWN OF OLD SAYBROOK, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2025

NOTE 9 - PENSION PLANS *(Continued)*

Single Employer Pension Plans *(Continued)*

Plan Membership

Membership of the Plans consisted of the following as of at the date of the latest actuarial valuations:

	Town Plan	Fire Company Plan
Active participants	63	61
Terminated vested and other inactive participants	19	24
Retirees and beneficiaries receiving benefits	101	37
	<u>183</u>	<u>122</u>

Town Plan Benefit Provisions

The plan's membership is open to substantially all Town employees with the exception of certified teachers and administrative personnel at the Board of Education. Administrative costs are financed from investment earnings.

The plan's normal retirement date of any police participant is the first day of the month coinciding with or next following the earlier of the member's 60th birthday or the attainment of 25 years of credited service. For any non-police participant, the normal retirement date shall be the first day of the month coinciding with or next following the earlier of the member's 62nd birthday and the completion of 5 years of credited service. The plan's early retirement date of any participant who is 55 years of age and has completed at least 15 years of credited service is the first day of any month on or after such date in which the participant elects to terminate employment and retire prior to his or her normal retirement date.

The retirement benefits at normal retirement:

Police participants with 25 or more years of credited service - 2% of participant's final average earnings multiplied by such participant's years of credited service. The maximum multiple for credited service is 35 years.

Police participants retiring prior to age 62 and have not completed 25 years of credited service:

- *Benefit payable prior to attainment of age 62* - 2% of participant's final average earnings multiplied by such participant's years of credited service. The maximum multiple for credited service is 35 years.
- *Benefit payable after attainment of age 62* - 1.5% of participant's final average earnings multiplied by such participant's years of credited service. The maximum multiple for credited service is 35 years.

Non-Police participants - 1.5% of participant's final average earnings multiplied by such participant's years of credited service prior to July 1, 1988 plus 2% of participant's final average earnings multiplied by such participant's years of credited service after June 30, 1988. The maximum multiple for credited service is 35 years.

Early retirement benefits are computed in accordance with the benefits under normal retirement date but shall be reduced by one-half percent (1/2%) for each month by which such participant's early retirement date precedes his or her normal retirement date.

TOWN OF OLD SAYBROOK, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2025

NOTE 9 - PENSION PLANS *(Continued)*

Single Employer Pension Plans *(Continued)*

Fire Company Plan Benefits Provisions

The plan covers substantially all active volunteers of the Old Saybrook Fire Company #1. In order to be eligible for the plan, the employee must complete one year of service. Administrative costs are financed from investment earnings.

The retirement benefits at normal retirement:

The plan's normal retirement date of members in the plan is the first day of the month coinciding with or next following the member's 65th birthday. The normal retirement benefit received annually is as follows:

- Effective July 1, 2014 - \$270 multiplied by years of credited service up to a maximum of 30 years.
- For members who retire after July 1, 2003 but prior to July 1, 2014 - \$215 multiplied by years of credited service up to a maximum of 25 years.
- For members who retire prior to July 1, 2003 - \$174 multiplied by years of credited service up to a maximum of 25 years.

The retirement benefits at early retirement:

The plan's early retirement date of any member who is 55 years of age and has completed at least 15 years of credited service is the first day of any subsequent month after election to retire by not later than his normal retirement date. Such benefit will be reduced by 6% per year for each year that early retirement date precedes normal retirement date.

Contributions

Employer - Recommended contributions to each of the plans are determined each year as part of the actuarial valuation using the entry age normal cost method. For the year ended June 30, 2025, employer contributions to the Town Plan represented approximately 16.08% of covered payroll.

Employee - Members enrolled in the Town Plan are required to contribute 5.0% of earnings to the plan. Members enrolled in the Fire Plan are not required to contribute to the plan.

Net Pension Liabilities

The components of the Town's net pension liability for each of its Plans as of June 30, 2025, were as follows:

	Town Plan	Fire Company Plan	Total
Total pension liability	\$ 33,905,175	\$ 3,970,672	\$ 37,875,847
Plan fiduciary net position	29,811,177	2,130,528	31,941,705
Town's net pension liability	<u>\$ 4,093,998</u>	<u>\$ 1,840,144</u>	<u>\$ 5,934,142</u>

Plan fiduciary net position as a percentage
of the total pension liability

87.93%

53.66%

TOWN OF OLD SAYBROOK, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2025

NOTE 9 - PENSION PLANS *(Continued)*

Single Employer Pension Plans *(Continued)*

Net Pension Liabilities *(Continued)*

The components of the change in the net pension liability for both of the Town's Plans for the year ended June 30, 2025 were as follows:

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Town Plan			
Balance as of June 30, 2024	\$ 32,663,591	\$ 27,864,268	\$ 4,799,323
Changes for the year:			
Service cost	481,414	-	481,414
Interest	2,172,048	-	2,172,048
Change in benefit terms	631,439	-	631,439
Effect of economic/demographic gains or losses	(78,228)	-	(78,228)
Contributions - employer	-	885,226	(885,226)
Contributions - employee	-	309,476	(309,476)
Net investment income	-	2,742,531	(2,742,531)
Benefit payments, including refunds	(1,965,089)	(1,965,089)	-
Administrative expense	-	(25,235)	25,235
Net changes	<u>1,241,584</u>	<u>1,946,909</u>	<u>(705,325)</u>
Balance as of June 30, 2025	<u>\$ 33,905,175</u>	<u>\$ 29,811,177</u>	<u>\$ 4,093,998</u>
Fire Company Plan			
Balance as of June 30, 2024	\$ 3,319,538	\$ 1,948,028	\$ 1,371,510
Changes for the year:			
Service cost	59,079	-	59,079
Interest	213,370	-	213,370
Effect of economic/demographic gains or losses	573,765	-	573,765
Contributions - employer	-	214,000	(214,000)
Net investment income	-	184,469	(184,469)
Benefit payments, including refunds	(195,080)	(195,080)	-
Administrative expense	-	(20,889)	20,889
Net changes	<u>651,134</u>	<u>182,500</u>	<u>468,634</u>
Balance as of June 30, 2025	<u>\$ 3,970,672</u>	<u>\$ 2,130,528</u>	<u>\$ 1,840,144</u>

TOWN OF OLD SAYBROOK, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS (Continued)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2025

NOTE 9 - PENSION PLANS (Continued)

Single Employer Pension Plans (Continued)

Net Pension Liabilities (Continued)

Actuarial assumptions - The total pension liabilities for the Town Plan and Fire Company Plan were determined by actuarial valuations as of July 1, 2024, using the following actuarial assumptions, applied to all periods included in the measurement:

Town Plan	
Inflation	2.75%
Salary increases	Graded salary growth with an ultimate rate of 2.75%
Investment rate of return	6.75%
Discount rate	6.75%
Fire Company Plan	
Inflation	2.75%
Investment rate of return	6.50%
Discount rate	6.50%

Mortality rates for the Town Plan were based on PubG-2010 Mortality Table, with generational projection per the MP-2021 Ultimate Scale. Mortality Rates for the Fire Plan were based on PubS-2010 Mortality Table with generational projection per the MP-2021 Ultimate Table.

The long-term expected rate of returns 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 each of the plan's target asset allocation as of June 30, 2025 are summarized in the following table:

Asset Class	Target Allocation		Long-term Expected Real Rate of Return	
	Town Plan	Fire Company Plan	Town Plan	Fire Company Plan
Cash	3.0%	3.0%	3.6%	3.6%
Fixed Income	33.0%	33.0%	5.1%	5.1%
Equity	64.0%	64.0%	7.0%	7.0%

Discount rate - The discount rates used to measure the total pension liability for the Town Plan and the Fire Plan was 6.75% and 6.50%, respectively. The projection of cash flows used to determine the discount rates assumed that plan member contributions will be made at the current contribution rates and that the Town's contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rates.

TOWN OF OLD SAYBROOK, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS (Continued)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2025

NOTE 9 - PENSION PLANS (Continued)

Single Employer Pension Plans (Continued)

Net Pension Liabilities (Continued)

Town Plan - Based on those assumptions, the 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 rates of return on each Plan's investments were applied to all periods of projected benefit payments to determine the plan's total pension liability.

Fire Company Plan - Based on those assumptions, the 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 rates of return on each Plan's investments were applied to all periods of projected benefit payments to determine the plan's total pension liability.

Sensitivity of the net pension liability to changes in the discount rate - The following presents the net pension liability for each Plan, calculated using the discount rate disclosed above, as well as what the Town's net pension liability would be for each of the Plans if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
Town Plan - Net pension liability	\$ 8,000,689	\$ 4,093,998	\$ 822,969
Fire Company Plan - Net pension liability	2,305,274	1,840,144	1,448,812

Pension Expense and Deferred Outflows and Inflows of Resources

For the year ended June 30, 2025, the Town recognized a negative pension expense of \$(1,239,964) for the Town Plan and a pension expense of \$791,449 for the Fire Company Plan. At June 30, 2025, the Town reported deferred outflows and inflows of resources related to each of the Plans from the following sources:

	Town Plan		Fire Company Plan	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 77,080	\$ 279,915	\$ 67,258	\$ 49,736
Change of assumptions	109,554	841,231	271,285	5,402
Net difference between projected and actual earnings on pension plan investments	-	418,342	-	34,656
Total	<u>\$ 186,634</u>	<u>\$ 1,539,488</u>	<u>\$ 338,543</u>	<u>\$ 89,794</u>
	Combined			
	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferrals	
Differences between expected and actual experience	\$ 144,338	\$ 329,651	\$ (185,313)	
Change of assumptions	380,839	846,633	(465,794)	
Net difference between projected and actual earnings on pension plan investments	-	452,998	(452,998)	
Total	<u>\$ 525,177</u>	<u>\$ 1,629,282</u>	<u>\$ (1,104,105)</u>	

TOWN OF OLD SAYBROOK, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2025

NOTE 9 - PENSION PLANS *(Continued)*

Single Employer Pension Plans *(Continued)*

Pension Expense and Deferred Outflows and Inflows of Resources *(Continued)*

Amounts reported as deferred outflows and inflows of resources related to the Town's plans will be recognized as an increase or (decrease) to pension expense in future years as follows:

	<u>Town Plan</u>	<u>Fire Company Plan</u>	<u>Combined</u>
Year ended June 30,			
2026	\$ (131,546)	\$ 104,150	\$ (27,396)
2027	(637,819)	10,890	(626,929)
2028	(405,596)	28,789	(376,807)
2029	(177,893)	49,350	(128,543)
2030	-	39,205	39,205
Thereafter	-	16,365	16,365
	<u>\$ (1,352,854)</u>	<u>\$ 248,749</u>	<u>\$ (1,104,105)</u>

Plan Financial Statements

The following presents the statement of fiduciary net position and the statement of changes in fiduciary net position for the Town and Fire Plans as of June 30, 2025:

	<u>Town Plan</u>	<u>Fire Plan</u>	<u>Combined</u>
ASSETS			
Cash and cash equivalents	\$ 719,300	\$ 87,237	\$ 806,537
Investments:			
Corporate bonds	7,375,583	495,476	7,871,059
U.S. Treasury securities	1,399,633	60,225	1,459,858
U.S. Agency securities	-	32,557	32,557
Equity securities	17,120,518	1,138,250	18,258,768
Mutual and exchange traded funds	3,196,143	316,783	3,512,926
Total assets	<u>29,811,177</u>	<u>2,130,528</u>	<u>31,941,705</u>
NET POSITION			
Restricted for pension benefits	<u>\$ 29,811,177</u>	<u>\$ 2,130,528</u>	<u>\$ 31,941,705</u>

TOWN OF OLD SAYBROOK, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2025

NOTE 9 - PENSION PLANS *(Continued)*

Single Employer Pension Plans *(Continued)*

Plan Financial Statements *(Continued)*

	<u>Town Plan</u>	<u>Fire Plan</u>	<u>Combined</u>
ADDITIONS			
Contributions:			
Employer	\$ 885,226	\$ 214,000	\$ 1,099,226
Plan members	309,476	-	309,476
Total contributions	<u>1,194,702</u>	<u>214,000</u>	<u>1,408,702</u>
Investment earnings:			
Net change in fair value			
of investments	2,179,588	132,867	2,312,455
Interest and dividends	769,278	66,730	836,008
Total investment earnings	<u>2,948,866</u>	<u>199,597</u>	<u>3,148,463</u>
Less: investment fee expense	(206,335)	(15,128)	(221,463)
Net investment earnings	<u>2,742,531</u>	<u>184,469</u>	<u>2,927,000</u>
Total additions	<u>3,937,233</u>	<u>398,469</u>	<u>4,335,702</u>
DEDUCTIONS			
Benefit payments	1,965,089	195,080	2,160,169
Administrative expenses	25,235	20,889	46,124
Total deductions	<u>1,990,324</u>	<u>215,969</u>	<u>2,206,293</u>
Change in net position	1,946,909	182,500	2,129,409
Net position - beginning	<u>27,864,268</u>	<u>1,948,028</u>	<u>29,812,296</u>
Net position - ending	<u>\$ 29,811,177</u>	<u>\$ 2,130,528</u>	<u>\$ 31,941,705</u>

Connecticut State Teachers' Retirement System

Plan Description

The Connecticut Teachers' Retirement System (TRS or the Plan) is the public pension plan offered by the State of Connecticut (the State) to provide retirement, disability, survivorship and health insurance benefits for Connecticut public school teachers and their beneficiaries. The Plan is governed by Connecticut Statute Title 10, Chapter 167a of the Connecticut General Statutes. TRS is a multiemployer pension plan administered by the Connecticut State Teachers' Retirement Board (TRB). The State Treasurer is responsible for investing TRS funds for the exclusive benefit of TRS members.

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

TOWN OF OLD SAYBROOK, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS (Continued)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2025

NOTE 9 - PENSION PLANS (Continued)

Connecticut Teachers' Retirement System (Continued)

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 the employees are calculated as 2.0% of the average annual salary times the years of credited service (maximum benefit is 75.0% of average annual salary during the 3 years of highest salary). In addition, amounts derived from the accumulation of the 6.0% contributions made prior to July 1, 1989 and voluntary contributions are payable.

Early Retirement: Employees are eligible after 25 years of credited service with a minimum of 20 years of Connecticut service, or age 55 with 20 years of credited service with a minimum of 15 years of Connecticut service. Benefit amounts are reduced by 6.0% per year for the first 5 years preceding normal retirement age and 4.0% per year for the next 5 years preceding normal retirement age. Effective July 1, 1999, the reduction for individuals with 30 or more years of service is 3% per year by which retirement precedes normal retirement date.

Minimum Benefit: Effective January 1, 1999, Public Act 98-251 provides a minimum monthly benefit of \$1,200 to teachers who retire under the normal retirement provisions and who have completed at least 25 years of full time Connecticut service at retirement.

Disability Retirement: Employees are eligible for service-related disability benefits regardless of length of service. Five years of credited service is required to be eligible for non-service related disability. Disability benefits are calculated as 2.0% per year of service times the average of the highest three years of pensionable salary, but not less than 15.0%, nor more than 50.0%. In addition, disability benefits under this Plan (without regard to cost-of-living adjustments) plus any initial award of Social Security benefits and workers' compensation cannot exceed 75.0% of average annual salary. A plan member who leaves service and has attained 10 years of service will be entitled to 100.0% of the accrued benefit as of the date of termination of covered employment. Benefits are payable at age 60, and early retirement reductions are based on the number of years of service the member would have had if they had continued work until age 60.

Pre-Retirement Death Benefit: The plan also offers a lump-sum return of contributions with interest or surviving spouse benefit depending on length of service.

Contributions

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

Employers - School District employers are not required to make contributions to the Plan, as contributions are required only from employees and the State.

Employees - Each teacher is required to contribute 7.0% of pensionable salary.

TOWN OF OLD SAYBROOK, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS (Continued)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2025

NOTE 9 - PENSION PLANS (Continued)

Connecticut Teachers' Retirement System (Continued)

Administrative Expenses

Administrative costs of the plan are to be paid by the General Assembly per Section 10-183r of the Connecticut General Statutes.

Basis of Presentation

The components associated with pension expense and deferred outflows and inflows of resources have been determined based on fiduciary net position as audited by the State of Connecticut Auditors of Public Accounts as part of the State of Connecticut Annual Comprehensive Financial Report as of and for the year ended June 30, 2024. The net pension liability has been calculated using the audited amounts. TRS is included in the State of Connecticut audit as a pension trust fund. The State of Connecticut's Annual Comprehensive Financial Report can be obtained at www.ct.gov.

The accounting standards require participating employers to recognize their proportional share of the collective net pension liability, deferred outflows and inflows of resources and pension expense. Contributions remitted by the State are recognized when legally due, based upon statutory requirements.

Allocation Methodology

The allocations for participating employers are based on the expected contribution effort for each participating employer. The employer allocations were then applied to the net pension liability and pension expense to determine the amount applicable to each employer. Based upon the employee contributions made by the employees of each employer, as compared to the total employee contributions, an employer allocation percentage is calculated to six decimal places and is used to allocate the elements noted above. The employer allocation applied to Town totaled 0.283% as of the most recent measurement date.

Collective Net Pension Liability

The following summarizes the collective net pension liability of the State for the TRS as of June 30, 2024, the measurement date, in addition to the Town's and State's proportionate shares of the collective net pension liability that is attributed to the Town:

Collective Net Pension Liability of the State for the TRS		<u>\$ 15,771,213,000</u>
	<u>Proportion</u>	<u>Proportionate Share</u>
Town's proportionate share of the Collective Net Pension Liability	0.000%	<u>\$ -</u>
State's proportionate share of the Collective Net Pension Liability attributed to the Town	0.283%	<u>\$ 44,555,000</u>

TOWN OF OLD SAYBROOK, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS (Continued)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2025

NOTE 9 - PENSION PLANS (Continued)

Connecticut Teachers' Retirement System (Continued)

Collective Pension Expense

The Town's expected contribution effort for allocation purposes totaled \$4,391,716 or 0.283% of the total expected contribution effort. The Town has recognized this amount as an on-behalf payment into the TRS as intergovernmental revenues and related education expenditures in the General Fund for the year ended June 30, 2025.

The collective pension expense includes certain current period changes in the collective net pension liability, projected earnings on pension plan investments and the amortization of deferred outflows of resources and deferred inflows of resources for the current period. The portion of the collective pension expense attributed to the Town totaled \$5,110,565 or 0.283% of the total collective pension expense and has been recognized as an operating contribution and related education expenses in the statement of activities for the year ended June 30, 2025.

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of June 30, 2024 using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Salary increases	3.00% - 6.50%, including inflation
Investment rate of return	6.90%, net of pension plan investment expense, including inflation
Administrative expenses	\$0 assumption as expenses are paid for by the General Assembly

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

Future cost-of-living increases for teachers who retired prior to September 1, 1992, are made in accordance with increases in the Consumer Price Index, with a minimum of 3.0% and a maximum of 5.0% 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 6.0% 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 5.0% per annum. If the return on assets in the previous year was less than 11.5%, the maximum increase is 3.0%, 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.

TOWN OF OLD SAYBROOK, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS (Continued)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2025

NOTE 9 - PENSION PLANS (Continued)

Connecticut Teachers' Retirement System (Continued)

Long-Term Rate of Return (Continued)

The current capital market assumptions and the target asset allocation as provided by the Treasurer's Office are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Equity	37.0%	6.8%
Public Credit	2.0%	2.9%
Core Fixed Income	13.0%	0.4%
Liquidity Fund	1.0%	-0.4%
Risk Mitigation	5.0%	0.1%
Private Equity	15.0%	11.2%
Private Credit	10.0%	6.1%
Real Estate	10.0%	6.2%
Infrastructure and Natural Resources	7.0%	7.7%
	100%	

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 the State contributions will be made at the actuarially determined rates in 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.

NOTE 10 - OTHER POST-EMPLOYMENT BENEFITS (OPEB)

The Town accounts for activity relating to two other post-employment benefits plans, (1) the Town and Board of Education Other Post-employment Benefit Plan and (2) the Connecticut Teachers' Retirement System. As of and for the year ended June 30, 2025, the two plans had the following balances reported in the Town's government-wide financial statements:

	Total OPEB Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	On Behalf Revenues	OPEB Expense (Benefit)
Town of Old Saybrook Other Post-employment Benefits Program	\$ 6,398,961	\$ 1,157,473	\$ 4,084,105	\$ -	\$ (239,073)
Connecticut Teachers' Retirement System (proportionate share)	-	-	-	126,637	126,637
	\$ 6,398,961	\$ 1,157,473	\$ 4,084,105	\$ 126,637	\$ (112,436)

Detailed disclosures for each plan follow.

TOWN OF OLD SAYBROOK, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS (Continued)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2025

NOTE 10 - OTHER POST-EMPLOYMENT BENEFITS (OPEB) (Continued)

Town and Board of Education Plan

Plan Descriptions

The Town, in accordance with collective bargaining agreements, is committed to providing medical benefits to certain eligible retirees, spouses and beneficiaries. The other post-employment benefit program (OPEB) covers Town, Police and Board of Education retired employees. The percentage contribution of the employees and retirees for these benefits vary and are detailed in the Town's various bargaining agreements. The Town does not issue a separate stand-alone financial statement for this program.

The Town, in accordance with collective bargaining agreements, is committed to providing medical benefits to certain eligible retirees, spouses and beneficiaries. The other post-employment benefit program (OPEB) covers Town, Police and Board of Education retired employees. The percentage contribution of the employees and retirees for these benefits vary and are detailed in the Town's various bargaining agreements. The Town does not issue a separate stand-alone financial statement for this program.

Benefits Provided and Funding Policy

The Town funding and payment of post-employment benefits are accounted for in the General Fund on a pay-as-you-go basis. The Town has not established a trust fund to irrevocably segregate assets to fund the liability associated with post-employment benefits. The Town is currently developing a funding strategy to provide for normal cost and the amortization of the accrued liability. Although a trust fund may not be established in the future to exclusively control the funding and reporting of post-employment 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's funding strategy for post-employment obligations are based upon characteristics of benefits on 10 distinct groups of employees established within their respective collective bargaining units and/or contracts. Full-time employees of the Town or Board of Education who retire from the Town are eligible if they meet the following criteria:

Town of Old Saybrook

- Town Hall/Dispatchers/Non-Union: Age 62 with 15 years of service
- Non-Union Town Administrators: Age 62 with 15 years of service
- Highway - hired prior to July 1, 2004: Age 60 with 15 years of service;
- Highway - hired after July 1, 2004: Age 60 with 18 years of service
- Police: The earlier of the following:
 - Age 50 with 25 years of service
 - Age 60 with 20 years of service
 - Age 65

TOWN OF OLD SAYBROOK, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2025

NOTE 10 - OTHER POST-EMPLOYMENT BENEFITS (OPEB) *(Continued)*

Town and Board of Education Plan *(Continued)*

Benefits Provided and Funding Policy *(Continued)*

Board of Education

- Administrators - hired prior to July 1, 2002: 12 years of service
- Administrators - hired after July 1, 2002: 15 years of service
- CILU Secretaries and Nurses: 15 years of service
- Custodians: Age 55 with 15 years of service
- Teachers: Age 57 (the eligibility for teachers is an estimate based upon the State of Connecticut's eligibility of 35 years as a teacher assuming employment begins at an estimated age of 22, a teacher becomes eligible 35 years later, or age 57)

Employees Covered by Benefit Terms

As of July 1, 2024, the valuation date, the following employees were covered by the benefit terms:

Active plan members	198
Retirees and beneficiaries receiving benefits	63
	<u>261</u>

Total OPEB Liability

The Town's total OPEB liability reported as of June 30, 2025 was \$6,398,961. The total OPEB liability has been measured and determined as of June 30, 2025 by an actuarial valuation performed as of July 1, 2024.

Actuarial Assumptions and Other Inputs - The total OPEB liability in the July 1, 2024 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Discount rate	5.20%
Inflation rate	2.60%
Medical trend rates	6.2% - 4.00% over 50+ years (pre-65)
Salary increases, including inflation	Graded by service

The discount rate was based on the Bond Buyer 20 (GO 20 Index) as of the measurement date, which represents municipal bond trends based on a portfolio of 20 general obligation bonds that mature in 20 years.

Mortality tables for Teachers and Administrator have been based on the PubT-2010 Mortality Table for Employees and Healthy Annuitants (adjusted 105% for males and 103% for females at ages 82 and above) with generational projection of future improvements per the MP-2021. Mortality tables for Police have been based on the PubS-2010 Mortality Table for Employees and Healthy Annuitants with generational projection of future improvements per the MP-2021. Mortality tables for all other employees have been based on PubG-2010 Mortality Table for Employees and Healthy Annuitants with generational projection of future improvements per the MP-2021.

TOWN OF OLD SAYBROOK, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2025

NOTE 10 - OTHER POST-EMPLOYMENT BENEFITS (OPEB) *(Continued)*

Town and Board of Education Plan *(Continued)*

Total OPEB Liability *(Continued)*

Assumptions regarding participation and coverage election relating to benefits provided to Teachers and Board of Education Administrators are as follows:

- 50% of current actives and pre-65 retirees are assumed either to enroll in retiree health coverage through the Connecticut State Teachers' Retirement System as age 65, or transfer to a Medicare Supplemental Plan. 95% of current actives and pre-65 retirees are assumed to be Medicare-eligible.
- 100% of current actives and pre-65 retirees under the following groupings, Police Non-Union (hires on or before December 30, 2004), Town Non-Union (hired on or before December 30, 2004), Town Support (hired on or before July 26, 2004) and Dispatchers are assumed to continue coverage beyond age 65.
- It is assumed that there is no implicit rate subsidy associated with dental benefits or with post-65 medical benefits for Medicare eligible members who are paying 100% of the premiums.

Changes in the Total OPEB Liability

	Total OPEB Liability
Balances as of June 30, 2024	\$ 7,948,136
Changes for the year:	
Service cost	87,896
Interest	304,945
Effect of plan changes	54,868
Effect of economic/demographic gains or losses	(605,332)
Effect of assumption changes or inputs	(832,956)
Benefit payments, including	
refunds of member contributions	(558,596)
Net changes	(1,549,175)
Balances as of June 30, 2025	\$ 6,398,961

Changes of assumptions and other inputs primarily reflects a change in the discount rate from 3.93% utilized in the June 30, 2024 measurement to 5.20% utilized in the June 30, 2025 measurement.

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 (4.20%) or 1-percentage-point higher (6.20%) than the current discount rate:

	Discount Rates		
	1% Decrease	Current	1% Increase
Total OPEB liability	\$ 7,079,751	\$ 6,398,961	\$ 5,827,170

TOWN OF OLD SAYBROOK, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2025

NOTE 10 - OTHER POST-EMPLOYMENT BENEFITS (OPEB) *(Continued)*

Town and Board of Education Plan *(Continued)*

Changes in the Total OPEB Liability *(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:

	Healthcare Cost Trend Rates		
	1% Decrease	Current	1% Increase
Total OPEB liability	\$ 5,918,598	\$ 6,398,961	\$ 6,968,341

OPEB Expense and Deferred Outflows and Inflows of Resources

For the year ended June 30, 2025, the Town recognized a negative OPEB expense of \$(239,073). At June 30, 2025, the Town reported deferred outflows and inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferrals
Difference between expected and actual experience	\$ 47,578	2,114,224	\$ (2,066,646)
Changes of assumptions	1,109,895	1,969,881	(859,986)
	<u>\$ 1,157,473</u>	<u>\$ 4,084,105</u>	<u>\$ (2,926,632)</u>

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

Year Ended June 30:	
2026	\$ (640,962)
2027	(640,962)
2028	(618,710)
2029	(599,754)
2030	(354,234)
Thereafter	(72,010)
	<u>\$ (2,926,632)</u>

Connecticut State Teachers' Retirement System

Plan Description

The Connecticut Teachers' Retirement System (TRS or the Plan) is the public pension plan offered by the State of Connecticut (the State) to provide retirement, disability, survivorship and health insurance benefits for Connecticut public school teachers and their beneficiaries. The Plan is governed by Connecticut Statute Title 10, Chapter 167a of the Connecticut General Statutes. TRS is a multiemployer pension plan administered by the Connecticut State Teachers' Retirement Board (TRB). The State Treasurer is responsible for investing TRS funds for the exclusive benefit of TRS members.

TOWN OF OLD SAYBROOK, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS (Continued)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2025

NOTE 10 - OTHER POST-EMPLOYMENT BENEFITS (OPEB) (Continued)

Connecticut Teachers' Retirement System (Continued)

Plan Description (Continued)

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

Benefit Provisions

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

Any member that 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, 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 that is currently participating in Medicare Parts A & B is eligible to either continue health care coverage with their former employer, if offered, or enroll in the plan sponsored by the System. If they elect to remain in the Plan with their former employer, the same subsidies as above will be paid to offset the cost of coverage. If a member participating in Medicare Parts A & B so elects, they may enroll in one of the CTRB Sponsored Medicare Supplemental Plans. Active members, retirees, and the State pay equally toward the cost of the basic coverage (medical and prescription drug benefits).

Employees are eligible to retire at age 60 with 20 years of credited service in Connecticut, or 35 years of credited service including at least 25 years of service in Connecticut.

Contributions

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

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

TOWN OF OLD SAYBROOK, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS (Continued)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2025

NOTE 10 - OTHER POST-EMPLOYMENT BENEFITS (OPEB) (Continued)

Connecticut Teachers' Retirement System (Continued)

Contributions (Continued)

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.

Administrative Expenses

Administrative costs of the Plan are to be paid by the General Assembly per Section 10-183r of the Connecticut General Statutes.

Basis of Presentation

The components associated with the other postemployment benefits (OPEB) expense and deferred outflows and inflows of resources have been determined using the unrecognized portions of each year's experience and assumption changes as audited by the State of Connecticut Auditors of Public Accounts as part of the State of Connecticut Annual Comprehensive Financial Report as of and for the year ended June 30, 2024. The net OPEB liability has been calculated using the audited amounts. The OPEB trust fund is included in the TRS, and the TRS is included in the State of Connecticut audit as a pension trust fund. The State of Connecticut's Annual Comprehensive Financial Report can be obtained at www.ct.gov.

The accounting standards require participating employers to recognize their proportional share of the collective net OPEB liability, deferred outflows and inflows of resources and OPEB expense. Contributions remitted by the State are recognized when legally due, based upon statutory requirements.

Allocation Methodology

The allocations for participating employers are based on the expected contribution effort of the date of the latest biennial valuation. The employer allocations were then applied to the net OPEB liability and OPEB expense to determine the amount applicable to each employer. Based upon the employee contributions made by the employees of each employer, as compared to the total employee contributions, an employer allocation percentage is calculated to six decimal places and is used to allocate the elements noted above. The employer allocation applied to Town totaled 0.283% as of the most recent measurement date.

TOWN OF OLD SAYBROOK, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS (Continued)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2025

NOTE 10 - OTHER POST-EMPLOYMENT BENEFITS (OPEB) (Continued)

Connecticut Teachers' Retirement System (Continued)

Collective Net OPEB Liability

The following summarizes the collective net OPEB liability of the State for the TRS as of June 30, 2024, the measurement date, in addition to the Town's and State's proportionate shares of the collective net OPEB liability that is attributed to the Town:

Collective Net OPEB Liability of the State for the TRS		\$ 3,235,218,000
	Proportion	Proportionate Share
Town's proportionate share of the Collective Net OPEB Liability	0.000%	\$ -
State's proportionate share of the Collective Net OPEB Liability attributed to the Town	0.283%	\$ 9,140,000

Collective OPEB Expense

The Town's expected contribution effort for allocation purposes totaled \$61,488 or 0.283% of the total expected contribution effort. The Town has recognized this amount as an on-behalf payment into the TRS as intergovernmental revenues and related education expenditures in the General Fund for the year ended June 30, 2025.

The collective OPEB expense includes certain current period changes in the collective net OPEB liability, projected earnings on OPEB plan investments and the amortization of deferred outflows of resources and deferred inflows of resources for the current period. The portion of the collective OPEB expense attributed to the Town totaled \$126,637 or 0.283% of the total collective OPEB expense and has been recognized as an operating contribution and education expense in the statement of activities for the year ended June 30, 2025.

Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of June 30, 2024 using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Real Wage Growth	0.50%
Wage Inflation	3.00%
Salary increases	3.00% - 6.50%, including inflation
Investment rate of return	3.00%, net of OPEB plan investment expense, including inflation
Healthcare cost trend rates:	
Medicare	Known increases until calendar year 2024, then general trend decreasing to an ultimate rate of 4.50% by 2031

TOWN OF OLD SAYBROOK, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS (Continued)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2025

NOTE 10 - OTHER POST-EMPLOYMENT BENEFITS (OPEB) (Continued)

Connecticut Teachers' Retirement System (Continued)

Actuarial Assumptions (Continued)

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.

Long-Term Rate of Return

The long-term expected rate of return on plan assets is reviewed as part of the actuarial valuation process. Several factors are considered in evaluating the long-term rate of return assumption, including the Plan's current asset allocations and a log-normal distribution analysis using the best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) for each major asset class. The long-term expected rate of return was determined by weighing the 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 target asset allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Expected 10-Year Geometric Real Rate of Return
U.S. Treasuries (Cash Equivalents)	100.0%	1.26%
Long-Term Inflation Expectation		2.50%
Long-Term Expected Nominal Return		3.76%

Discount Rate

The discount rate used to measure the total OPEB liability was 3.93%. The projection of cash flows used to determine the discount rate was performed in accordance with the applicable standards. The projection's basis was an actuarial valuation performed as of June 30, 2024. In addition to the actuarial methods and assumptions of the June 30, 2024 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 annual at a rate of 3.00%.
- Employee contributions were assumed to be made at the current member contribution rate. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.
- Annual State contributions were assumed to be equal to the most recent five-year average of state contributions toward the fund.

Based on those assumptions, the Plan's fiduciary net position was projected to be depleted in 2027 and, as a result, the Municipal Bond Index Rate was used in the determination of the single equivalent rate.

TOWN OF OLD SAYBROOK, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS (Continued)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2025

NOTE 11 - RISK MANAGEMENT

The Town is exposed to various risks of loss related to torts, theft of, damage to, or destruction of assets; errors or omissions; injuries to employees or acts of God for which the Town carries commercial insurance. Neither the Town nor its insurers have settled any claims, which exceed the Town's insurance coverage form amounts in the prior year.

Retrospectively Rated Policy

The commercial insurance carried for workers' compensation is a retrospectively rated policy for which the Town's contribution is based on the Town's loss experience. It is not possible to estimate the possible loss.

The Town purchases commercial insurance for all other risks of loss, including blanket and umbrella policies. Settled claims have not exceeded commercial coverage in any of the past three years and there has been no significant reduction of insurance coverage from amounts held in prior years.

Self-Insurance Cooperative

The Town of Old Saybrook's Board of Education (BOE) participates in the Eastern CT Healthcare Cooperative (the Cooperative) to provide medical, prescription and dental health coverage for BOE employees. The Cooperative was established in June 2013 by several eastern Connecticut entities under the provisions of Connecticut Public Act 10-174 for the purpose of providing one or more health care benefits as allowed by such act for their employees. The Cooperative is a public entity risk pool operating as a common risk management and insurance program for its members. The Cooperative is designed to be self-sustaining through actuarially determined premiums established annually to cover expected claims, administration and a margin for unexpected losses or expenses. The Cooperative reinsures for medical, dental and prescription drug claims in excess of \$1,000,000 maximum aggregate benefit. The members are subject to supplemental assessments in the event of deficiencies. A withdrawing member is responsible for any losses and expenses incurred consisting of paid claims, administrative costs, total claims losses, and the larger of the incurred but not reported claims or runout claims up to one year from withdrawal.

NOTE 12 - COMMITMENTS AND CONTINGENCIES

Litigation, Claims and Assessments

The Town, in the normal course of operations, is named as defendants in lawsuits, tax appeals, administrative proceedings and other miscellaneous claims. The outcome and eventual liability to the Town, if any, for such matters are not known at this time. The Town's management, based upon consultation with legal counsel, estimates that potential claims against the Town, not covered by insurance, resulting from such matters would not materially affect the financial position of the Town.

Federal Awards and State Financial Assistance

The Town has received state and federal grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursement to the grantor agency for any expenditure disallowed under terms of the grant. Based on prior experience, Town management believes such disallowances, if any, will not be material.

TOWN OF OLD SAYBROOK, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2025

NOTE 13 - RESTATEMENT

Change in Accounting Principle

For the year ended June 30, 2025, the Town implemented the provisions of Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences*. This statement establishes updated recognition and measurement guidance for compensated absences.

Adjustment to and Restatement of Beginning Balances

During the year ended June 30, 2025, the change in accounting principle resulted in an adjustment to and restatement of beginning net position as follows:

	<u>6/30/2024 As Previously Reported</u>	<u>Change in Accounting Principle</u>	<u>6/30/2024 As Restated</u>
Government-Wide			
Governmental Activities	<u>\$ 88,757,203</u>	<u>\$ (588,379)</u>	<u>\$ 88,168,824</u>

REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF OLD SAYBROOK, CONNECTICUT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2025

	Budgeted Amounts			Variance With Final Budget Over (Under)
	Original	Final	Actual	
REVENUES				
Property taxes	\$ 49,355,042	\$ 49,355,042	\$ 50,337,484	\$ 982,442
Intergovernmental	525,000	525,000	615,940	90,940
Charges for services	960,000	960,000	1,432,926	472,926
Investment income	600,000	600,000	1,851,734	1,251,734
Total revenues	<u>51,440,042</u>	<u>51,440,042</u>	<u>54,238,084</u>	<u>2,798,042</u>
EXPENDITURES				
Current:				
General government	4,722,604	4,722,604	4,623,211	(99,393)
Public safety	6,842,147	6,842,147	6,534,003	(308,144)
Public works	3,858,524	3,858,524	3,654,683	(203,841)
Culture and recreation	2,055,871	2,055,871	2,107,159	51,288
Health and welfare	799,091	799,091	783,955	(15,136)
Education	29,805,318	29,805,318	29,281,393	(523,925)
Capital outlays	776,800	776,800	775,493	(1,307)
Debt service	2,579,687	2,579,687	2,579,688	1
Total expenditures	<u>51,440,042</u>	<u>51,440,042</u>	<u>50,339,585</u>	<u>(1,100,457)</u>
Excess (deficiency) of revenues over expenditures	-	-	3,898,499	3,898,499
OTHER FINANCING SOURCES (USES)				
Appropriation of the current year surplus	-	3,268,284	-	(3,268,284)
Transfers in	-	-	20,000	20,000
Transfers out	-	(3,268,284)	(3,268,284)	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(3,248,284)</u>	<u>(3,248,284)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 650,215</u>	<u>\$ 650,215</u>

See accompanying notes to required supplementary information.

TOWN OF OLD SAYBROOK, CONNECTICUT
SCHEDULE OF CHANGES IN NET PENSION LIABILITY
TOWN PENSION PLAN (UNAUDITED)
LAST TEN FISCAL YEARS

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Total pension liability										
Service cost	\$ 481,414	\$ 550,451	\$ 632,527	\$ 599,385	\$ 1,466,148	\$ 854,009	\$ 808,509	\$ 914,097	\$ 1,618,345	\$ 1,372,450
Interest	2,172,048	2,148,425	2,101,427	2,025,160	1,656,920	1,790,761	1,773,796	1,756,566	1,579,806	1,499,834
Change in benefit terms	631,439	201	-	-	-	-	-	-	-	-
Effect of economic/demographic gains or losses	(78,228)	(308,134)	50,898	472,965	(1,391,047)	42,837	507,816	(1,671,676)	26,054	(551,895)
Effect of assumptions changes or inputs	-	-	(92,385)	839,906	(14,368,341)	11,756,337	1,497,585	(1,999,612)	(8,263,420)	5,491,460
Benefit payments, including refunds	(1,965,089)	(1,978,540)	(1,851,757)	(1,688,287)	(1,591,720)	(1,600,910)	(1,697,716)	(1,512,407)	(1,205,958)	(1,239,891)
Net change in total pension liability	1,241,584	412,403	840,710	2,249,129	(14,228,040)	12,843,034	2,889,990	(2,513,032)	(6,245,173)	6,571,958
Total pension liability - beginning	32,663,591	32,251,188	31,410,478	29,161,349	43,389,389	30,546,355	27,656,365	30,169,397	36,414,570	29,842,612
Total pension liability - ending	33,905,175	32,663,591	32,251,188	31,410,478	29,161,349	43,389,389	30,546,355	27,656,365	30,169,397	36,414,570
Plan fiduciary net position										
Contributions - employer	885,226	851,211	838,725	817,165	751,340	560,074	558,125	1,576,474	500,830	475,113
Contributions - members	309,476	264,752	268,648	294,669	310,166	314,895	328,653	344,580	365,321	343,843
Net investment income	2,742,531	2,848,090	2,385,552	(4,209,967)	6,422,505	890,946	1,483,398	1,252,278	2,112,454	(6,912)
Benefit payments, including refunds	(1,965,089)	(1,978,540)	(1,851,757)	(1,688,287)	(1,591,720)	(1,600,910)	(1,697,716)	(1,512,407)	(1,205,958)	(1,239,891)
Administrative expense	(25,235)	(43,454)	(28,337)	(52,652)	(26,930)	(31,506)	(36,089)	(51,962)	(6,391)	(77,632)
Net change in plan fiduciary net position	1,946,909	1,942,059	1,612,831	(4,839,072)	5,865,361	133,499	636,371	1,608,963	1,766,256	(505,479)
Plan fiduciary net position - beginning	27,864,268	25,922,209	24,309,378	29,148,450	23,283,089	23,149,590	22,513,219	20,904,256	19,138,000	19,643,479
Plan fiduciary net position - ending	29,811,177	27,864,268	25,922,209	24,309,378	29,148,450	23,283,089	23,149,590	22,513,219	20,904,256	19,138,000
Town's net pension liability	\$ 4,093,998	\$ 4,799,323	\$ 6,328,979	\$ 7,101,100	\$ 12,899	\$ 20,106,300	\$ 7,396,765	\$ 5,143,146	\$ 9,265,141	\$ 17,276,570
Plan fiduciary net position as a percentage of total pension liability	87.93%	85.31%	80.38%	77.39%	99.96%	53.66%	75.79%	81.40%	69.29%	52.56%
Covered payroll	\$ 5,505,562	\$ 6,026,862	\$ 6,127,886	\$ 6,462,149	\$ 6,628,087	\$ 6,746,930	\$ 6,518,727	\$ 6,391,246	\$ 5,112,538	\$ 5,040,802
Town's net pension liability as a percentage of covered payroll	74.36%	79.63%	103.28%	109.89%	0.19%	298.01%	113.47%	80.47%	181.22%	342.73%

See accompanying notes to required supplementary information.

TOWN OF OLD SAYBROOK, CONNECTICUT
SCHEDULE OF CONTRIBUTIONS AND INVESTMENT RETURNS
TOWN PENSION PLAN (UNAUDITED)
LAST TEN FISCAL YEARS

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Actuarially determined contribution	\$ 753,118	\$ 844,066	\$ 788,953	\$ 813,814	\$ 786,169	\$ 598,170	\$ 575,704	\$ 675,326	\$ 828,573	\$ 802,803
Contributions in relation to the actuarially determined contribution	885,226	851,211	838,725	817,165	751,340	560,074	558,125	1,576,474	500,829	475,113
Contribution deficiency (excess)	<u>\$ (132,108)</u>	<u>\$ (7,145)</u>	<u>\$ (49,772)</u>	<u>\$ (3,351)</u>	<u>\$ 34,829</u>	<u>\$ 38,096</u>	<u>\$ 17,579</u>	<u>\$ (901,148)</u>	<u>\$ 327,744</u>	<u>\$ 327,690</u>
Covered payroll	\$ 5,505,562	\$ 6,026,862	\$ 6,127,886	\$ 6,462,149	\$ 6,628,087	\$ 6,746,930	\$ 6,518,727	\$ 6,391,246	\$ 5,112,538	\$ 5,040,802
Contributions as a percentage of covered payroll	16.08%	14.12%	13.69%	12.65%	11.34%	8.30%	8.56%	24.67%	9.80%	9.43%
Annual money-weighted rate of return, net of investment expense	9.96%	11.05%	9.89%	-14.71%	28.10%	3.89%	6.81%	5.98%	11.06%	-0.11%

See accompanying notes to required supplementary information.

TOWN OF OLD SAYBROOK, CONNECTICUT
SCHEDULE OF CHANGES IN NET PENSION LIABILITY
FIRE COMPANY PENSION PLAN (UNAUDITED)
LAST TEN FISCAL YEARS

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Total pension liability										
Service cost	\$ 59,079	\$ 57,479	\$ 62,672	\$ 52,774	\$ 58,601	\$ 48,289	\$ 52,166	\$ 48,089	\$ 60,032	\$ 55,714
Interest	213,370	205,077	199,178	194,817	187,849	166,284	159,138	167,175	159,028	150,274
Effect of plan changes	573,765	-	-	-	-	-	-	-	-	48,629
Effect of economic/demographic gains or losses	-	52,356	-	23,412	-	(7,182)	-	(202,528)	-	172,274
Effect of assumptions changes or inputs	-	(7,144)	-	205,876	-	326,600	-	54,269	-	50,256
Benefit payments, including refunds	(195,080)	(168,886)	(163,022)	(150,503)	(135,430)	(114,702)	(109,685)	(103,057)	(100,975)	(93,840)
Net change in total pension liability	651,134	138,882	98,828	326,376	111,020	419,289	101,619	(36,052)	118,085	383,307
Total pension liability - beginning	3,319,538	3,180,656	3,081,828	2,755,452	2,644,432	2,225,143	2,123,524	2,159,576	2,041,491	1,658,184
Total pension liability - ending	3,970,672	3,319,538	3,180,656	3,081,828	2,755,452	2,644,432	2,225,143	2,123,524	2,159,576	2,041,491
Plan fiduciary net position										
Contributions - employer	214,000	180,000	180,000	180,000	183,957	183,897	183,747	173,587	161,102	127,411
Contributions - members	-	-	-	-	-	-	-	-	-	-
Net investment income	184,469	193,797	151,076	(244,636)	377,839	44,480	72,523	65,461	95,036	(311)
Benefit payments, including refunds	(195,080)	(168,886)	(163,022)	(150,503)	(135,430)	(114,702)	(109,685)	(103,057)	(100,975)	(93,840)
Administrative expense	(20,889)	(16,697)	(10,025)	(9,760)	(4,320)	(15,773)	(6,558)	(13,862)	(216)	(3,502)
Net change in plan fiduciary net position	182,500	188,214	158,029	(224,899)	422,046	97,902	140,027	122,129	154,947	29,758
Plan fiduciary net position - beginning	1,948,028	1,759,814	1,601,785	1,826,684	1,404,638	1,306,736	1,166,709	1,044,580	889,633	859,875
Plan fiduciary net position - ending	2,130,528	1,948,028	1,759,814	1,601,785	1,826,684	1,404,638	1,306,736	1,166,709	1,044,580	889,633
Town's net pension liability	<u>\$ 1,840,144</u>	<u>\$ 1,371,510</u>	<u>\$ 1,420,842</u>	<u>\$ 1,480,043</u>	<u>\$ 928,768</u>	<u>\$ 1,239,794</u>	<u>\$ 918,407</u>	<u>\$ 956,815</u>	<u>\$ 1,114,996</u>	<u>\$ 1,151,858</u>
Plan fiduciary net position as a percentage of total pension liability	53.66%	58.68%	55.33%	51.98%	66.29%	53.12%	58.73%	54.94%	48.37%	43.58%

See accompanying notes to required supplementary information.

TOWN OF OLD SAYBROOK, CONNECTICUT
SCHEDULE OF CONTRIBUTIONS AND INVESTMENT RETURNS
FIRE COMPANY PENSION PLAN (UNAUDITED)
LAST TEN FISCAL YEARS

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Actuarially determined contribution	\$ 194,407	\$ 187,258	\$ 175,829	\$ 171,642	\$ 160,226	\$ 169,368	\$ 153,467	\$ 173,587	\$ 161,102	\$ 127,111
Contributions in relation to the actuarially determined contribution	214,000	180,000	180,000	180,000	183,957	183,897	183,747	173,587	161,102	127,411
Contribution deficiency (excess)	<u>\$ (19,593)</u>	<u>\$ 7,258</u>	<u>\$ (4,171)</u>	<u>\$ (8,358)</u>	<u>\$ (23,731)</u>	<u>\$ (14,529)</u>	<u>\$ (30,280)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (300)</u>
Annual money-weighted rate of return, net of investment expense	9.34%	10.94%	9.70%	-13.49%	26.59%	3.27%	6.15%	5.98%	11.06%	-0.11%

See accompanying notes to required supplementary information.

TOWN OF OLD SAYBROOK, CONNECTICUT
SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE COLLECTIVE NET PENSION LIABILITY* -
CONNECTICUT TEACHERS' RETIREMENT SYSTEM (UNAUDITED)
LAST TEN FISCAL YEARS
(Rounded to the Nearest Thousand)

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Town's proportion of the collective net pension liability	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Town's proportionate share of the collective net pension liability	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the collective net pension liability attributed to the Town	44,555,000	49,371,000	52,484,000	43,990,000	55,542,000	50,661,000	39,062,000	39,921,000	42,117,000	32,426,000
Total	<u>\$ 44,555,000</u>	<u>\$ 49,371,000</u>	<u>\$ 52,484,000</u>	<u>\$ 43,990,000</u>	<u>\$ 55,542,000</u>	<u>\$ 50,661,000</u>	<u>\$ 39,062,000</u>	<u>\$ 39,921,000</u>	<u>\$ 42,117,000</u>	<u>\$ 32,426,000</u>
Town's covered payroll	\$ 13,664,000	\$ 14,506,000	\$ 13,103,000	\$ 13,264,000	\$ 12,829,000	\$ 13,026,000	\$ 12,824,000	\$ 12,668,000	\$ 12,210,000	\$ 11,784,000
Town's proportionate share of the collective net pension liability as a percentage of its covered payroll	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Plan fiduciary net position as a percentage of the total collective pension liability	62.68%	58.39%	54.06%	60.77%	49.24%	52.00%	57.69%	55.93%	52.26%	59.50%

* Amounts presented for each year are based on a measurement date as of June 30 of the previous year.

See accompanying notes to required supplementary information.

TOWN OF OLD SAYBROOK, CONNECTICUT
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY -
OTHER POST-EMPLOYMENT BENEFITS PROGRAMS (UNAUDITED)
LAST EIGHT FISCAL YEARS*

	2025	2024	2023	2022	2021	2020	2019	2018
Total OPEB liability								
Service cost	\$ 87,896	\$ 136,203	\$ 111,030	\$ 265,818	388,305	\$ 271,780	\$ 238,872	\$ 317,124
Interest on total OPEB liability	304,945	297,702	318,757	237,371	260,388	369,505	442,887	418,715
Effect of plan changes	54,868	-	-	-	(600,764)	-	-	-
Effect of economic/demographic gains and losses	(605,332)	-	(1,862,346)	-	111,873	-	(1,574,470)	-
Effect of assumptions changes or inputs	(832,956)	(249,405)	1,065,245	(1,861,503)	(402,118)	932,732	483,923	(402,183)
Benefit payments, including refunds	(558,596)	(508,215)	(504,133)	(441,619)	(414,535)	(514,446)	(507,054)	(507,782)
Net change in total OPEB liability	(1,549,175)	(323,715)	(871,447)	(1,799,933)	(656,851)	1,059,571	(915,842)	(174,126)
Total OPEB liability - beginning	7,948,136	8,271,851	9,143,298	10,943,231	11,600,082	10,540,511	11,456,353	11,630,479
Total OPEB liability - ending	<u>\$ 6,398,961</u>	<u>\$ 7,948,136</u>	<u>\$ 8,271,851</u>	<u>\$ 9,143,298</u>	<u>\$ 10,943,231</u>	<u>\$ 11,600,082</u>	<u>\$ 10,540,511</u>	<u>\$ 11,456,353</u>

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

See accompanying notes to required supplementary information.

TOWN OF OLD SAYBROOK, CONNECTICUT
SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE COLLECTIVE NET OPEB LIABILITY* -
CONNECTICUT TEACHERS' RETIREMENT SYSTEM (UNAUDITED)
LAST SEVEN FISCAL YEARS**
(Rounded to the Nearest Thousand)

	2025	2024	2023	2022	2021	2020	2019
Town's proportion of the collective net OPEB liability	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Town's proportionate share of the collective net OPEB liability	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the collective net OPEB liability attributed to the Town	9,140,000	4,625,000	4,596,000	4,793,000	8,284,000	7,901,000	7,809,000
Total	<u>\$ 9,140,000</u>	<u>\$ 4,625,000</u>	<u>\$ 4,596,000</u>	<u>\$ 4,793,000</u>	<u>\$ 8,284,000</u>	<u>\$ 7,901,000</u>	<u>\$ 7,809,000</u>
Town's covered payroll	\$ 13,664,000	\$ 14,506,000	\$ 13,103,000	\$ 13,264,000	\$ 12,829,000	\$ 13,026,000	\$ 12,824,000
Town's proportionate share of the collective net OPEB liability as a percentage of its covered payroll	0.00%	0.00%	0.00%	0.0%	0.0%	0.0%	0.0%
Plan fiduciary net position as a percentage of the total collective OPEB liability	7.40%	11.92%	9.46%	6.11%	2.50%	2.08%	1.49%

* Amounts presented for each year are based on a measurement date as of June 30 of the previous year.

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

See accompanying notes to required supplementary information.

TOWN OF OLD SAYBROOK, CONNECTICUT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2025

NOTE 1 - STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND

Budgetary Information

The General Fund is the only fund for which an annual budget is legally adopted. The Town adheres to the following procedures in establishing the budgetary data included in the General Fund financial statements, in accordance with provision of its Town Charter:

- Each board, commission, department, agency or officer of the Town shall, on or before January 15th of each year, submit to the First Selectman a detailed estimate of the expenditures to be made by said board, commission, department, agency or officer for the Town's fiscal year beginning July 1st of the year, together with a statement of revenues (other than tax revenues) which are estimated to be collected by such board, commission, department, agency or officer for said ensuing fiscal year; provided; however, that said submission by the Board of Education shall be on or before March 1st of each year, rather than January 15th thereof. For those boards, commissions, departments, agencies and officials which provide programs and services, budgets shall be accompanied by a statement or statements, in narrative form, describing such programs or services, which have been accomplished or expected to be accomplished during its present fiscal year, and those such programs and services which are expected to be accomplished in the ensuing fiscal year.
- The First Selectman shall compile all general governmental budgets, excluding the Board of Education, no later than February 15th of each year, and present to the Board of Selectmen a consolidated proposed budget.
- On or before March 1st of each year, the Board of Selectman and Board of Education shall present its completed budget to the Board of Finance. Following the receipt of said budget from the Board of Selectmen, the Board of Finance will present the proposed General Government Budget. Also, prior to April 1st, the Board of Finance will hold a public hearing at which time the Board of Education will present the proposed Board of Education Budget. Following such public hearings and at least two (2) weeks before the Annual Town Budget Meeting, the Board of Finance shall hold a public hearing, at which time it will present a proposed Town Budget, together with the statement of anticipated revenues and estimated mill rate based upon such proposed Town Budget. The Board of Finance may hold additional public hearings, if it deems necessary. At any of the public hearings referred to in this section, any elector or taxpayer may be heard regarding the proposed budget for the next ensuing fiscal year.
- The Annual Budget Meeting shall be held not less than one month prior to the beginning of the next ensuing fiscal year for the purpose of action upon the budget, in accordance with the provisions of Section 7-388 of the General Statutes of the State of Connecticut, as amended.

TOWN OF OLD SAYBROOK, CONNECTICUT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED) *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2025

NOTE 1 - STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND *(Continued)*

Budgetary Information *(Continued)*

- The Town Clerk shall prepare and have available in her office a mandatory petition at least 14 days prior to the first Annual Budget Meeting, if, at least 24 hours prior to such meeting, at least 100 persons entitled to vote at such meeting have signed such petition (or petition confirming to the requirements of Section 7-7 of the General Statutes of Connecticut on the same question), then the question of the adoption of said proposed Annual Budget shall be decided by a “yes” or “no” vote on the voting machines in accordance with the same provisions of Section 7-7 of the General Statutes of Connecticut. In the event that a proposed budget shall be rejected, then the same procedure shall be established with regard to any subsequent budget meeting for that fiscal year; provided, however, that such mandatory petition shall be available 5 days prior to any subsequent meeting.
- The Board of Finance shall lay a tax on the grand list in accordance with General Statutes 7-344 only after both the General Government and Board of Education budgets have been approved, provided that, in any fiscal year shall begin without a budget having been approved, the Board of Finance shall be authorized to lay such tax on the grand list as the Board deems advisable in accordance with General Statutes 7-344.
- Budgetary control is maintained at the department level. However, the Board of Finance may transfer between budget items and between departments, thus amending the budget, as long as total expenditures are not exceeded. Any transfers to one department totaling \$25,000 or more for the year must be approved by Town Meeting. The Town authorized the transfer of \$3,268,284 from the current year budgetary surplus to fund capital projects and to establish a reserve to offset future debt service.
- The Board of Education is authorized under state law to transfer unexpended balances from one account to another within its total line appropriation.
- Classification of certain revenues and expenditures under accounting principles generally accepted in the United States of America (GAAP) differ from classifications used for budgetary purposes.

As described above, accounting principles applied for purposes of developing data on a budgetary basis differ from those used to present financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP basis).

TOWN OF OLD SAYBROOK, CONNECTICUT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED) *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2025

NOTE 1 - STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND *(Continued)*

A reconciliation of General Fund amounts presented on the budgetary basis to amounts presented on the GAAP basis is as follows for the year ended June 30, 2025:

	Total Revenues	Total Expenditures	Other Financing Uses, Net	Net Change in Fund Balance
Budgetary basis	\$ 54,238,084	\$ 50,339,585	\$ (3,248,284)	\$ 650,215
"On-behalf" payments -				
State Teachers' Retirement Fund	4,453,204	4,453,204	-	-
Consolidation of reserve funds	118,529	158,522	588,678	548,685
Certain transfers recorded as				
expenditures for budgetary				
purposes	140,443	(1,920,867)	(2,061,310)	-
GAAP basis	<u>\$ 58,950,260</u>	<u>\$ 53,030,444</u>	<u>\$ (4,720,916)</u>	<u>\$ 1,198,900</u>

NOTE 2 - SCHEDULE OF CHANGES IN NET PENSION LIABILITY - TOWN PENSION PLAN

Actuarial valuations are prepared every year with the most recent available actuarial valuation performed as of July 1, 2024. The July 1, 2024 actuarial valuation was rolled forward to the most recent measurement date of June 30, 2025. This information is utilized by the Town for reporting as of June 30, 2025.

Benefit Changes - There have been no benefit term changes that have had a significant effect on the measurement of the net pension liability.

Assumption Changes - The following assumption changes had a significant effect on the calculation of the Town's net pension liability:

- In 2022, the assumed investment rate of return and discount rate were lowered from 7.00% to 6.75%.
- In 2021, the assumed investment rate of return was lowered from 7.125% to 7.00%. In addition, the discount rate was increased from 3.76% to 7.00%
- In 2020, the assumed investment rate of return was lowered from 7.25% to 7.125%. In addition, the discount rate was decreased from 5.85 to 3.76%.
- In 2019, the assumed investment rate of return was lowered from 7.50% to 7.25%. In addition, the discount rate was decreased from 6.42% to 5.85%.
- In 2018, the discount rate was increased from 5.79% to 6.42%.
- In 2017, the assumed investment rate of return was lowered from 7.75% to 7.50%. In addition, the discount rate was increased from 4.22% to 5.79%.

TOWN OF OLD SAYBROOK, CONNECTICUT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED) *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2025

NOTE 3 - SCHEDULE OF CONTRIBUTIONS AND INVESTMENT RETURNS - TOWN PENSION PLAN

Actuarially determined contributions rates are calculated as of July 1, one year prior to the end of the fiscal year in which contributions are reported.

The following methods and assumptions were utilized to determine the contribution rates for the year ended June 30, 2025.

Valuation date:	July 1, 2023
Actuarial cost method:	Entry Age Normal
Amortization method:	Level Percentage
Remaining amortization period	30 years, closed (16 years remaining as of July 1, 2023)
Asset valuation method	5 Year Smoothed Market Value
Actuarial assumptions:	
Investment rate of return	6.75%
Discount rate	6.75%
Inflation rate	2.75%
Salary increases	Graded salary growth with an ultimate rate of 2.75%
Retirement age	Police - Earlier of age 60 or 25 years of service All other - age based rates

Mortality rates were based on the PUB-2010 Mortality Table with generational projection per the MP-2021 Ultimate Scale.

NOTE 4 - SCHEDULE OF THE CHANGES IN NET PENSION LIABILITY - FIRE PENSION PLAN

Actuarial valuations are prepared every two years with the most recent available actuarial valuation performed as of July 1, 2024. The July 1, 2024 actuarial valuation was rolled forward to the most recent measurement date of June 30, 2025. This information is utilized by the Town for reporting as of June 30, 2025.

Benefit Changes - There have been no benefit term changes that have had a significant effect on the measurement of the Town's net pension liability.

Assumption Changes - The following assumption changes had a significant effect on the calculation of the Town's net pension liability:

- In 2022, the assumed investment rate of return and discount rates were lowered to 6.50%.
- In 2020, the assumed investment rate of return and discount rates were lowered to 7.125%.
- In 2018, the assumed investment rate of return and discount rates were lowered to 7.50%.

TOWN OF OLD SAYBROOK, CONNECTICUT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED) (Continued)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2025

NOTE 5 - SCHEDULE OF CONTRIBUTIONS AND INVESTMENT RETURNS - FIRE PENSION PLAN

Actuarially determined contributions rates are calculated as of July 1, one year prior to the end of the fiscal year in which contributions are reported.

The following methods and assumptions were utilized to determine the contribution rates for the year ended June 30, 2025.

Valuation date:	July 1, 2023
Actuarial cost method:	Entry Age Normal
Amortization method:	Level Percentage
Remaining amortization period	30 years, closed (16 years remaining as of July 1, 2023)
Asset valuation method	5 Year Smoothed Market Value
Actuarial assumptions:	
Investment rate of return	6.50%
Discount rate	6.50%
Inflation rate	2.75%
Salary increases	N/A
Retirement age	65

Mortality rates were based on the PubS-2010 Mortality Table with generational projection per the MP-2021 Ultimate Table.

NOTE 6 - SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE COLLECTIVE NET PENSION LIABILITY - CONNECTICUT TEACHERS' RETIREMENT SYSTEM

Actuarial valuations are prepared every two years with the most recent available actuarial valuation performed as of June 30, 2024. The liabilities were estimated based on a measurement date of June 30, 2024. The employer allocations were then applied to the net pension liability and pension expense to determine the amount applicable to each employer. This information is utilized by the Town for reporting as of June 30, 2025.

Benefit changes - There have been no changes in benefit terms that have had a significant effect on the measurement of the Town's proportionate share of the net pension liability.

Assumption Changes - There have been no changes in assumptions that have had a significant effect on the measurement of the Town's proportionate share of the net pension liability.

NOTE 7 - SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY - OTHER POST-EMPLOYMENT BENEFITS PLAN

The Town began to report this schedule when it implemented GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pension*, in fiscal year 2018. GASB Statement No. 75 requires the information within this schedule to be presented for the ten most recent fiscal years.

Actuarial valuations are prepared every two years with the most recent available actuarial valuation performed as of July 1, 2024. The July 1, 2024 actuarial valuation was rolled forward to the most recent measurement date of June 30, 2025. This information is utilized by the Town for reporting as of June 30, 2025.

Benefit Changes - There have been no benefit term changes that have had a significant effect on the measurement of the Town's total OPEB liability.

TOWN OF OLD SAYBROOK, CONNECTICUT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED) *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2025

NOTE 7 - SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY - OTHER POST-EMPLOYMENT BENEFITS PLAN
(Continued)

Assumption Changes - The following assumption changes has a significant effect on the calculation of the Town's total OPEB liability:

- In 2025, the assumed discount rate was increased from 3.93% to 5.20%.
- In 2024, the assumed discount rate was increased from 3.65% to 3.93%.
- In 2023, the assumed discount rate was increased from 3.54% to 3.65%.
- In 2022, the assumed discount rate was increased from 2.16% to 3.54%.
- In 2021, the assumed discount rate was decreased from 2.21% to 2.16%.
- In 2020, the assumed discount rate was decreased from 3.50% to 2.21%.

NOTE 8 - SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE COLLECTIVE NET OTHER POST-EMPLOYMENT BENEFITS LIABILITY - CONNECTICUT STATE TEACHERS' RETIREMENT SYSTEM

The Town began to report this schedule when it implemented GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pension*, in fiscal year 2018. GASB Statement No. 75 requires the information within this schedule to be presented for the ten most recent fiscal years.

Actuarial valuations are prepared every two years with the most recent available actuarial valuation performed as of June 30, 2024. The liabilities were estimated based on a measurement date of June 30, 2024. The employer allocations were then applied to the net OPEB liability and OPEB expense to determine the amount applicable to each employer. This information is utilized by the Town for reporting as of June 30, 2025.

Benefit Changes - There have been no changes in benefit terms that have had a significant effect on the measurement of the Town's proportionate share of the collective net OPEB liability.

Assumption Changes - There have been no changes in assumptions that have had a significant effect on the measurement of the Town's proportionate share of the collective net OPEB liability.

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

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

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

Town of Old Saybrook, Connecticut
Town Hall
302 Main Street
Old Saybrook, Connecticut 06475

Ladies and Gentlemen:

We have acted as bond counsel in connection with the issuance by the Town of Old Saybrook, Connecticut (the "Town") of its \$11,500,000 General Obligation Bonds, Issue of 2026, dated October 27, 2026, maturing October 15, 2027-2046 (the "Bonds").

In connection with our representation of the Town as bond counsel with respect to the Bonds, we have examined the executed Tax Certificate and Tax Compliance Agreement of the Town, each dated as of October 27, 2026, the executed Bonds, and certified records of proceedings of the Town authorizing the Bonds. In addition, we have examined and relied on originals or copies, identified to us as genuine, of such other documents, instruments or records, and have made such investigations of law as we considered necessary or appropriate for the purposes of this opinion. In making the statements contained in this opinion, we have assumed, without independently verifying, the genuineness of all signatures, the authenticity of all documents submitted to us as originals, the conformity to original documents of documents submitted to us as certified or photostatic copies, and the legal capacity and authority of all persons executing such documents.

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

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

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

3. The Internal Revenue Code of 1986, as amended (the "Code"), establishes certain requirements that must be met subsequent to the issuance and delivery of the Bonds if interest on the Bonds is to be excludable from gross income under Section 103 of the Code. The Town has covenanted in the Tax Compliance Agreement that it will at all times perform all acts and things necessary or appropriate under any valid provision of law to ensure that interest paid on the Bonds will not be includable in the gross income of the owners thereof for federal income tax purposes under the Code. In our opinion, under existing law:

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

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

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

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

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

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

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

Very truly yours,

Shipman & Goodwin LLP

CERTAIN ADDITIONAL FEDERAL TAX CONSEQUENCES.

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

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

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

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

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

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

Financial Institutions. The Code provides that commercial banks, thrift institutions and certain other financial institutions may not deduct the portion of their interest expense allocable to tax-exempt obligations acquired after August 7, 1986, other than "qualified tax-exempt obligations". The Bonds **shall not be** designated by the Town as "qualified tax-exempt obligations" for purposes of the deduction for federal income tax purposes by financial institutions of a portion of interest expense allocable to tax-exempt obligations.

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

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

STATE OF CONNECTICUT TAX ON INTEREST.

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

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

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

ORIGINAL ISSUE DISCOUNT.

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

Under the Code, for purposes of determining an owner’s adjusted basis in an OID Bond, OID treated as having accrued while the owner holds the OID Bond will be added to the owner’s basis. OID will accrue on a constant-yield-to-maturity method based on regular compounding. The owner’s adjusted basis will be used to determine taxable gain or loss upon the sale or other disposition (including redemption or payment at maturity) of an OID Bond.

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

ORIGINAL ISSUE PREMIUM.

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

* * * * *

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

APPENDIX C – FORM OF CONTINUING DISCLOSURE AGREEMENT

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

CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement (the "Agreement") is made as of the 27th day of October, 2026 by the Town of Old Saybrook, Connecticut (the "Town") acting by its undersigned officers, duly authorized, in connection with the issuance of the Town's \$11,500,000 General Obligation Bonds, Issue of 2026 (the "Bonds"), dated October 27, 2026 for the benefit of the beneficial owners from time to time of the Bonds.

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

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

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

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

Section 2. Annual Financial Information.

(a) The Town agrees to provide, or cause to be provided, to the MSRB in an electronic format as prescribed by the MSRB, in accordance with the provisions of the Rule and this Agreement, annual financial information and operating data (commencing with information and data for the fiscal year ending June 30, 2026), as follows:

(i) the audited general purpose financial statements of the Town, which financial statements include the Town's general fund, any special revenue funds, enterprise and internal service (proprietary) funds, agency and trust (fiduciary) funds and the general fixed assets and general long-term debt account groups, for the prior fiscal year, which statements shall be prepared in accordance with generally accepted accounting principles or mandated state statutory principles as in effect from time to time. As of the date of this Agreement, the Town prepares its financial statements in accordance with generally accepted accounting principles.

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

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

- G. ratios of the total direct debt and total direct net debt of the Town to the Town's net taxable grand list,
- H. statement of statutory debt limitation as of the close of the fiscal year, and
- I. funding status of the Town's pension benefit obligation.

(b) The financial information and operating data described above shall be provided not later than eight months after the close of the fiscal year for which such information is being provided, commencing with information for the fiscal year ending June 30, 2026. The Town agrees that if audited information is not available eight months after the close of the fiscal year, it shall submit unaudited information by such time and will submit audited information when available.

(c) Annual financial information and operating data may be provided in whole or in part by reference to other documents available to the public on the MSRB's internet website or filed with the SEC. All or a portion of the financial information and operating data may be provided in the form of a comprehensive annual financial report.

(d) The Town reserves the right (i) to provide financial statements which are not audited if no longer required by law, (ii) to modify from time to time the format for the presentation of such information or data, and (iii) to modify the accounting principles it follows to the extent required or permitted by law, by changes in generally accepted accounting principles, or by changes in accounting principles adopted by the Town; provided that the Town agrees that any such modification will be done in a manner consistent with the Rule.

(e) The Town may file information with the MSRB, from time to time, in addition to that specifically required by this Agreement (a "Voluntary Filing"). If the Town chooses to make a Voluntary Filing, the Town shall have no obligation under this Agreement to update information contained in such Voluntary Filing or include such information in any future filing. Notwithstanding the foregoing provisions of this Section 2(e), the Town is under no obligation to provide any Voluntary Filing.

Section 3. Listed Events.

The Town agrees to provide, or cause to be provided, in a timely manner, not in excess of ten (10) business days after the occurrence of the event, to the MSRB in an electronic format as prescribed by the MSRB, notice of the occurrence of any of the following events with respect to the Bonds:

- (a) principal and interest payment delinquencies;
- (b) non-payment related defaults, if material;
- (c) unscheduled draws on debt service reserves reflecting financial difficulties;
- (d) unscheduled draws on credit enhancements reflecting financial difficulties;
- (e) substitution of credit or liquidity providers, or their failure to perform;
- (f) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the Bonds;
- (g) modifications to rights of holders of the Bonds, if material;
- (h) Bond calls, if material, and tender offers;
- (i) Bond defeasances;
- (j) release, substitution, or sale of property securing repayment of the Bonds, if material;
- (k) rating changes;
- (l) bankruptcy, insolvency, receivership or similar event of the Town;

- (m) the consummation of a merger, consolidation, or acquisition involving the Town or the sale of all or substantially all of the assets of the Town, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
- (n) appointment of a successor or additional trustee or the change of name of a trustee, if material;
- (o) incurrence of a financial obligation, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the Town, any of which affect security holders, if material; and
- (p) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the Town, any of which reflect financial difficulties.

For purposes of events (o) and (p) above, the term “financial obligation” is defined as a (i) debt obligation, (ii) derivative instrument entered into in connection with or pledged as security or a source of payment for an existing or planned debt obligation, or (iii) guarantee of (i) or (ii). The term financial obligation does not include municipal securities for which a final official statement has been filed with the MSRB pursuant to the Rule.

Section 4. Notice of Failure to Provide Annual Financial Information.

The Town agrees to provide, or cause to be provided, in a timely manner, to the MSRB in an electronic format as prescribed by the MSRB, notice of any failure by the Town to provide annual financial information as set forth in Section 2(a) hereof on or before the date set forth in Section 2(b) hereof.

Section 5. Use of Agents.

Annual financial information and operating data and notices to be provided pursuant to this Agreement may be provided by the Town or by any agents which may be employed by the Town for such purpose from time to time.

Section 6. Termination.

The obligations of the Town under this Agreement shall terminate upon the earlier of (i) payment or legal defeasance, at maturity or otherwise, of all of the Bonds, or (ii) such time as the Town ceases to be an obligated person with respect to the Bonds within the meaning of the Rule.

Section 7. Identifying Information.

All documents provided to the MSRB shall be accompanied by identifying information as prescribed by the MSRB.

Section 8. Enforcement.

The Town acknowledges that the undertakings set forth in this Agreement are intended to be for the benefit of, and enforceable by, the beneficial owners from time to time of the Bonds. In the event the Town shall fail to perform its duties hereunder, the Town shall have the option to cure such failure within a reasonable time (but not exceeding thirty (30) days with respect to the undertakings set forth in Section 2 hereof or five (5) business days with respect to undertakings set forth in Sections 3 and 4 hereof) from the time the First Selectman receives written notice from any beneficial owner of the Bonds of such failure. The present address of the First Selectman is Town of Old Saybrook, Town Hall, 302 Main Street, Old Saybrook, Connecticut 06475. In the event the Town does not cure such failure within the time specified above, the beneficial owner of any Bonds shall be entitled only to the remedy of specific performance. The Town expressly acknowledges and the beneficial owners are hereby deemed to expressly agree that no monetary damages shall arise or be payable hereunder nor shall any failure to comply with this Agreement constitute an event of default with respect to the Bonds.

Section 9. Miscellaneous.

(a) The Town shall have no obligation to provide any information, data or notices other than as set forth in this Agreement; provided, however, nothing in this Agreement shall be construed as prohibiting the Town from providing such additional information, data or notices from time to time as it deems appropriate in connection with the Bonds. If the Town elects to provide any such additional information, data or notices, the Town shall have no obligation under this Agreement to update or continue to provide further additional information, data or notices of the type so provided.

(b) This Agreement shall be governed by the laws of the State of Connecticut.

(c) Notwithstanding any other provision of this Agreement, the Town may amend this Agreement, and any provision of this Agreement may be waived, if (i) such amendment or waiver is made in connection with a change of circumstances that arises from a change in legal requirements, a change in law, or a change in the identity, nature or status of the Town, (ii) the Agreement as so amended or waived would have complied with the requirements of the Rule as of the date of the Agreement, taking into account any amendments or interpretations of the Rule, as well as any changes in circumstances, and (iii) such amendment or waiver is supported by an opinion of counsel expert in federal securities laws to the effect that such amendment or waiver would not materially adversely affect the beneficial owner of the Bonds. A copy of any such amendment or waiver will be filed in a timely manner with the MSRB. The annual financial information provided on the first date following the adoption of any such amendment or waiver will explain, in narrative form, the reasons for the amendment or waiver and the impact of the change in the type of operating data or financial information being provided.

TOWN OF OLD SAYBROOK, CONNECTICUT

By _____
Carl P. Fortuna, Jr.
First Selectman

By _____
Barbara Labriola
Treasurer

APPENDIX D – NOTICE OF SALE

NOTICE OF SALE

\$11,500,000

TOWN OF OLD SAYBROOK, CONNECTICUT

GENERAL OBLIGATION BONDS, ISSUE OF 2026 BOOK-ENTRY-ONLY

ELECTRONIC PROPOSALS via PARITY® Competitive Bidding System ("PARITY") will be received by the Town of Old Saybrook, Connecticut (the "Town") until **11:00 A.M. (Eastern Time) on TUESDAY,**

OCTOBER 13, 2026

for the purchase, when issued, of the whole of the Town's \$11,500,000 General Obligation Bonds, Issue of 2026, dated October 27, 2026, bearing interest payable semiannually on April 15 and October 15 in each year until maturity, commencing April 15, 2027 and maturing on October 15 in each year as follows:

2027	\$575,000	2037	\$575,000
2028	\$575,000	2038	\$575,000
2029	\$575,000	2039	\$575,000
2030	\$575,000	2040	\$575,000
2031	\$575,000	2041	\$575,000
2032	\$575,000	2042	\$575,000
2033	\$575,000	2043	\$575,000
2034	\$575,000	2044	\$575,000
2035	\$575,000	2045	\$575,000
2036	\$575,000	2046	\$575,000

(the "Bonds"). The Bonds will be delivered against payment in Federal funds in New York, New York on or about October 27, 2026. The Bonds **shall NOT be** designated by the Town as "qualified tax-exempt obligations" for purposes of the deduction for federal income tax purposes by financial institutions of a portion of interest expense allocable to tax-exempt obligations.

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

The Bonds maturing on or before October 15, 2036 are not subject to redemption prior to maturity. The Bonds maturing on October 15, 2037 and thereafter are subject to redemption prior to maturity, at the option of the Town, on and after October 15, 2036, at any time in whole or in part and by lot within a maturity, in such amounts and in such order of maturity as the Town may determine, at the redemption price (expressed as a percentage of the principal amount of the Bonds to be redeemed) set forth in the following table, plus interest accrued and unpaid to the redemption date:

<u>Redemption Dates</u>	<u>Redemption Price</u>
October 15, 2036 and thereafter	100%

Proposals. All proposals for the purchase of the Bonds must specify the amount bid for the Bonds (which shall be the aggregate par value of the Bonds, and, at the option of the bidder, a premium), and must specify in a multiple of 1/20 or 1/8 of 1% the rate or rates of interest per annum which the Bonds are to bear, but shall not specify (a) more than one interest rate for any Bonds having a like maturity, or (b) any interest rate for any Bonds which exceeds the interest rate specified in such proposal for any other Bonds by more than 2%. Interest shall be computed on the basis of a 360-day year consisting of twelve 30-day months. In addition to the amount bid for the Bonds, the purchaser must pay an amount equal to any interest on the Bonds accrued to the date of delivery. **No proposal for less than the entire \$11,500,000 Bonds, or for less than par and accrued interest, will be considered.**

Basis of Award. As between proposals which comply with this Notice of Sale, the Bonds will be sold to the responsible bidder or bidders offering to purchase the Bonds at the lowest true interest cost to the Town. For the purpose of determining the successful bidder, the true interest cost to the Town will be the annual interest rate, compounded semiannually, which, when used to discount all payments of principal and interest payable on the Bonds to October 27, 2026, the date of the Bonds, results in an amount equal to the purchase price for the Bonds, excluding interest accrued to the date of delivery. If there is more than one responsible bidder making said offer at the same lowest true interest cost, the Bonds will be sold to the responsible bidder whose proposal is selected by the Town by lot from among all such proposals. It is requested that each proposal be accompanied by a statement of the percentage of true interest cost completed to four decimal places. Such statement shall not be considered as part of the proposal.

The Town reserves the right to reject any and all proposals, to reject any proposal not complying with this Notice of Sale and to waive any irregularity or informality with respect to any proposal.

Electronic Proposals Bidding Procedure. Electronic proposals for the purchase of the Bonds must be submitted through the facilities of PARITY® by **11:00 A.M. (Eastern Time), on Tuesday, October 13, 2026**. Any prospective bidder must be a subscriber of Bidcomp's competitive bidding system. Further information about Bidcomp/ PARITY®, including any fee charged, may be obtained from i-Deal LLC, 1359 Broadway, 2nd Floor, New York, New York 10018, telephone (212) 849-5021. The Town will neither confirm any subscription nor be responsible for any failure of a prospective bidder to subscribe.

Once an electronic proposal made through the facilities of PARITY® is communicated to the Town, it shall constitute an irrevocable offer, in response to this Notice of Sale, and shall be binding upon the bidder as if made by a signed, sealed proposal delivered to the Town. By submitting a proposal for the Bonds via PARITY®, the bidder represents and warrants to the Town that such bidder's proposal for the purchase of the Bonds is submitted for and on behalf of such prospective bidder by an officer or agent who is duly authorized to bind the prospective bidder by an irrevocable offer and that acceptance of such proposal by the Town will bind the bidder by a legal, valid and enforceable contract, for the purchase of the Bonds on the terms described in this Notice of Sale. The Town shall not be responsible for any malfunction or mistake made by, or as a result of the use of the facilities of, PARITY®, the use of such facilities being the sole risk of the prospective bidder.

Disclaimer - Each PARITY® prospective electronic bidder shall be solely responsible to make necessary arrangements to access PARITY® for the purposes of submitting its proposal in a timely manner and in compliance with the requirements of this Notice of Sale. Neither the Town nor PARITY® shall have any duty or obligation to undertake such arrangements to bid for any prospective bidder or to provide or assure such access to any prospective bidder, and neither the Town nor PARITY® shall be responsible for a bidder's failure to make a proposal or for proper operation of, or have any liability for, any delays or interruptions of, or any damages caused by, PARITY®. The Town is using PARITY® as a communication mechanism, and not as the Town's agent, to conduct the electronic bidding for the Bonds. The Town is not bound by any advice and determination of PARITY® to the effect that any particular proposal complies with the terms of this Notice of Sale and in particular the proposal requirements set forth herein. All costs and expenses incurred by prospective bidders in connection with their subscription to, arrangements with and submission of proposals via PARITY® are the sole responsibility of the bidders, and the Town is not responsible, directly or indirectly, for any such costs or expenses. If a prospective bidder encounters any difficulty in arranging to bid or submitting, modifying or withdrawing a proposal for the Bonds, the prospective bidder should telephone PARITY® at (212) 849-5021. If any provision of this Notice of Sale conflicts with information provided by PARITY®, this Notice of Sale shall control.

For the purpose of the bidding process, the time as maintained on PARITY® shall constitute the official time. For information purposes only, bidders are requested to state in their proposals the true interest cost to the Town, as described under "Basis of Award" above, represented by the rate or rates of interest and the premium, if any, specified in their respective proposals. All electronic proposals shall be deemed to incorporate the provisions of this Notice of Sale.

Bond Counsel Opinion. The legal opinion of Shipman & Goodwin LLP of Hartford, Connecticut, Bond Counsel, will be furnished without charge and will be placed on file with the certifying bank for the Bonds. A copy of the opinion will be delivered to each purchaser of the Bonds. The opinion of Bond Counsel will cover the following matters: (1) that the Bonds will be valid and binding general obligations of the Town when duly certified, (2) that, assuming the accuracy of and continuing compliance by the Town with its representations and covenants relating to certain requirements contained in the Internal Revenue Code of 1986, as amended (the “Code”), based on existing law, interest on the Bonds is excludable from gross income of the owners thereof for federal income tax purposes and is not treated as an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals; however, such interest is taken into account in determining the annual adjusted financial statement income of certain corporations for the purpose of computing the alternative minimum tax imposed on corporations under the Code; and (3) that interest on the Bonds is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates, and is excluded from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay the federal alternative minimum tax.

Obligation to Deliver Issue Price Certificate. Pursuant to the Code and applicable Treasury Regulations, the Town must establish the “issue price” of the Bonds. **In order to assist the Town, the winning bidder is obligated to deliver to the Town a certificate (an “Issue Price Certificate”) and such additional information satisfactory to Bond Counsel described below, prior to the delivery of the Bonds.** The Town will rely on the Issue Price Certificate and such additional information in determining the issue price of the Bonds. The form of Issue Price Certificate is available by contacting Mr. Mark Chapman, Managing Director, Munistat Services, Inc., Email: mark.chapman@munistat.com, Telephone: (203) 421-2087, municipal advisor to the Town (the “Municipal Advisor”).

By submitting a bid, each bidder is certifying that its bid is a firm offer to purchase the Bonds, is a good faith offer which the bidder believes reflects current market conditions, and is not a “courtesy bid” being submitted for the purpose of assisting in meeting the competitive sale rule relating to the establishment of the issue price of the Bonds pursuant to Section 148 of the Code, including the requirement that bids be received from at least three (3) underwriters of municipal bonds who have established industry reputations for underwriting new issuances of municipal bonds (the “Competitive Sale Rule”).

The Municipal Advisor will advise the winning bidder if the Competitive Sale Rule was met at the same time it notifies the winning bidder of the award of the Bonds. **Bids will not be subject to cancellation in the event that the Competitive Sale Rule is not satisfied.**

Competitive Sale Rule Met. If the Municipal Advisor advises the winning bidder that the Competitive Sale Rule has been met, the winning bidder shall, within one (1) hour after being notified of the award of the Bonds, advise the Municipal Advisor by electronic or facsimile transmission of the reasonably expected initial offering price to the public of each maturity of the Bonds as of October 13, 2026 (the “Sale Date”).

Competitive Sale Rule Not Met. By submitting a bid, the winning bidder agrees (unless the winning bidder is purchasing the Bonds for its own account and not with a view to distribution or resale to the public) that if the Competitive Sale Rule is not met, it will satisfy either the **10% Sale Rule** or the **Hold the Offering Price Rule** described below with respect to each maturity of the Bonds prior to the delivery date of the Bonds. The rule selected with respect to each maturity of the Bonds shall be set forth on an Issue Price Rule Selection Certificate, which shall be sent to the winning bidder promptly after the award of the Bonds. The winning bidder shall complete and execute the Issue Price Rule Selection Certificate and email it to Bond Counsel and the Municipal Advisor by 5:00 P.M. Eastern Time on the day after the Sale Date. **If the Issue Price Rule Selection Certificate is not returned by this deadline, or if no selection is made with respect to maturity, the winning bidder agrees that the Hold the Offering Price Rule shall apply to such maturities.**

10% Sale Rule. To satisfy the 10% Sale Rule for any maturity, the winning bidder:

(i) will make a bona fide offering to the public of all of the Bonds at the initial offering prices and provide the Town with reasonable supporting documentation, such as a copy of the pricing wire or equivalent communication, the form of which is acceptable to Bond Counsel;

(ii) will report to the Town information regarding the actual prices at which at least 10 percent (10%) of the Bonds of each maturity have been sold to the public;

(iii) will provide the Town with reasonable supporting documentation or certifications of such sales prices, the form of which is acceptable to Bond Counsel. If the 10% Sale Rule is used with respect to a maturity of the Bonds, this reporting requirement will continue, beyond the closing date of the Bonds, if necessary, until such date that at least 10 percent (10%) of such maturity of the Bonds has been sold to the public; and

(iv) has or will include in any agreement among underwriters, selling group agreement or retail distribution agreement (to which the winning bidder is a party) relating to the initial sale of the Bonds to the public, together with the related pricing wires, language obligating each underwriter to comply with the reporting requirement described above.

Hold the Offering Price Rule. To satisfy the Hold the Offering Price Rule for any maturity, the winning bidder:

(i) will make a bona fide offering to the public of all of the Bonds at the initial offering prices and provide Bond Counsel with reasonable supporting documentation, such as a copy of the pricing wire or equivalent communication, the form of which is acceptable to Bond Counsel;

(ii) will neither offer nor sell to any person any Bonds of such maturity at a price that is higher than the initial offering price of each maturity until the earlier of (i) the date on which the winning bidder has sold to the public at least ten percent (10%) of the Bonds of such maturity at a price that is no higher than the initial offering price of such maturity or (ii) the close of business on the fifth (5th) business day after the Sale Date of the Bonds; and

(iii) has or will include within any agreement among underwriters, selling group agreement or retail distribution agreement (to which the winning bidder is a party) relating to the initial sale of the Bonds to the public, together with the related pricing wires, language obligating each underwriter to comply with the limitations on the sale of the Bonds as set forth above.

For purposes of the 10% Sale Rule or the Hold the Offering Price Rule, a “maturity” refers to Bonds that have the same interest rate, credit and payment terms.

If the winning bidder has purchased any maturity of the Bonds for its own account and not with a view to distribution or resale to the public, then, whether or not the Competitive Sale Rule was met, the Issue Price Certificate will recite such facts and identify the price or prices at which such maturity of the Bonds was purchased.

For purposes of this Notice of Sale, the “public” does not include the winning bidder or any person that agrees pursuant to a written contract with the winning bidder to participate in the initial sale of the Bonds to the public (such as a retail distribution agreement between a national lead underwriter and a regional firm under which the regional firm participates in the initial sale of the Bonds to the public). In making the representations described above, the winning bidder must reflect the effect on the offering prices of any “derivative products” (e.g., a tender option) used by the bidder in connection with the initial sale of any of the Bonds.

Preliminary Official Statement and Official Statement. The Town has prepared a Preliminary Official Statement dated October 2, 2026 for this Bond issue. The Town deems such Preliminary Official Statement final as of its date for purposes of Securities and Exchange Commission Rule 15c2-12(b)(1), except for omissions permitted thereby, but the Preliminary Official Statement is subject to revision or amendment. The Town will make available to the winning purchaser a reasonable number of copies of the final Official Statement at the Town's expense by the delivery of the Bonds or, if earlier, by the seventh business day after the day proposals on the Bonds are received. The purchaser shall arrange with the Municipal Advisor the method of delivery of the copies of the final Official Statement to the purchaser. Additional copies may be obtained by the purchaser at its own expense by arrangement with the printer.

The purchaser agrees to promptly file the final Official Statement with the Municipal Securities Rulemaking Board and to take any and all other actions necessary to comply with applicable Securities and Exchange Commission and Municipal Securities Rulemaking Board rules governing the offering, sale and delivery of the Bonds to the ultimate purchasers.

DTC Book-Entry. The Bonds will be issued by means of a book-entry-only system with no physical distribution of bond certificates made to the public. The Bonds will be issued in registered form and one bond certificate for each maturity will be issued to the Depository Trust Company (“DTC”), New York, New York, registered in the name of its nominee, Cede & Co., and immobilized in its custody. Ownership of the Bonds will be evidenced in principal amounts of \$5,000 or integral multiples thereof, with transfers of ownership effected on the records of DTC and its Participants pursuant to rules and procedures adopted by DTC and its Participants. The purchaser, as a condition to delivery of the Bonds, will be required to deposit the bond certificates with DTC, registered in the name of Cede & Co. Principal of and interest on the Bonds will be payable by the Town or its agent to DTC or its nominee as registered owner of the Bonds. Principal and interest payments by DTC to Participants of DTC will be the responsibility of DTC; principal and interest payments to Beneficial Owners by Participants of DTC will be the responsibility of such Participants and other nominees of Beneficial Owners. The Town will not be responsible or liable for payments by DTC to its Participants or by DTC Participants or Indirect Participants to Beneficial Owners or for maintaining, supervising or reviewing the records maintained by DTC, its Participants or persons acting through such Participants.

Certifying, Transfer and Paying Agent; Registrar. The Bonds will be certified by U.S. Bank Trust Company, National Association, Hartford, Connecticut, which will also act as transfer and paying agent and registrar.

CUSIP Numbers. The deposit of the Bonds with DTC under a book-entry-only system requires the assignment of CUSIP numbers prior to delivery. It shall be the responsibility of the Town's Municipal Advisor, Munistat Services, Inc., to apply for CUSIP numbers for the Bonds by no later than one business day after dissemination of this Notice of Sale. Munistat Services, Inc. will provide CUSIP Global Services with the final details of the sale of the Bonds in accordance with Rule G-34 of the Municipal Securities Rulemaking Board, including the identity of the winning purchaser. The Town will not be responsible for any delay caused by the inability to deposit the Bonds with DTC due to the failure of Munistat Services, Inc. to obtain such numbers and provide them to the Town in a timely manner. The Town assumes no responsibility for any CUSIP Service Bureau charge or other charge that may be imposed for the assignment of such numbers, which charges shall be the responsibility of and shall be paid for by the purchaser.

Continuing Disclosure Agreement. The Town will agree, in a Continuing Disclosure Agreement entered into in accordance with the requirements of Rule 15c2-12(b)(5) promulgated by the Securities and Exchange Commission, to provide, or cause to be provided, (i) certain annual financial information and operating data; (ii) timely, but not in excess of ten (10) business days after the occurrence of the event, notice of the occurrence of certain events with respect to the Bonds; and (iii) timely notice of a failure by the Town to provide the required annual financial information on or before a specified date. The winning purchaser's obligation to purchase the Bonds shall be conditioned upon its receiving, at or prior to the delivery of the Bonds, an executed copy of the Continuing Disclosure Agreement for the Bonds.

Additional Information. For more information regarding this Bond issue and the Town, reference is made to the Preliminary Official Statement dated October 2, 2026. The Preliminary Official Statement may be accessed via the Internet at www.munios.com. Electronic access to the Preliminary Official Statement is being provided as a matter of convenience only. The only official version of the Preliminary Official Statement is the printed version for physical delivery. Copies of the Preliminary Official Statement and Official Statement may be obtained from Mr. Mark Chapman, Managing Director, Munistat Services, Inc., 129 Samson Rock Drive, Suite A, Madison, Connecticut 06443, Telephone (203) 421-2087.

October 2, 2026

Carl P. Fortuna, Jr.
First Selectman

Barbara Labriola
Town Treasurer

ISSUE PRICE RULE SELECTION CERTIFICATE

Town of Old Saybrook, Connecticut
\$11,500,000 General Obligation Bonds, Issue of 2026

The undersigned, on behalf of [NAME OF UNDERWRITER/REPRESENTATIVE] (the “Representative”), on behalf of itself and [OTHER UNDERWRITERS] (together, the “Underwriting Group”), hereby certifies that it will use the rule selected below for the respective maturity of the above-captioned bonds (the “Bonds”), as described in the Notice of Sale for the Bonds, dated October 2, 2026 (the “Notice of Sale”). For a description of the requirements of each rule, please refer to the section “Obligation to Deliver Issue Price Certificate” in the Notice of Sale. Capitalized terms used but not defined herein are defined in the Notice of Sale.

<u>Date of Maturity</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	10% Sale Rule (Underwriter has or will comply with 10% Sale Rule for this Maturity)		Hold the Offering Price Rule (Underwriter will comply with Hold the Offering Price Rule for this Maturity)	
			<u>Check Box</u>	<u>Sales Price</u>	<u>Check Box</u>	<u>Initial Offering Price</u>
10/15/2027	\$575,000	____%	☐	\$ _____	☐	\$ _____
10/15/2028	575,000	____%	☐	\$ _____	☐	\$ _____
10/15/2029	575,000	____%	☐	\$ _____	☐	\$ _____
10/15/2030	575,000	____%	☐	\$ _____	☐	\$ _____
10/15/2031	575,000	____%	☐	\$ _____	☐	\$ _____
10/15/2032	575,000	____%	☐	\$ _____	☐	\$ _____
10/15/2033	575,000	____%	☐	\$ _____	☐	\$ _____
10/15/2034	575,000	____%	☐	\$ _____	☐	\$ _____
10/15/2035	575,000	____%	☐	\$ _____	☐	\$ _____
10/15/2036	575,000	____%	☐	\$ _____	☐	\$ _____
10/15/2037	575,000	____%	☐	\$ _____	☐	\$ _____
10/15/2038	575,000	____%	☐	\$ _____	☐	\$ _____
10/15/2039	575,000	____%	☐	\$ _____	☐	\$ _____
10/15/2040	575,000	____%	☐	\$ _____	☐	\$ _____
10/15/2041	575,000	____%	☐	\$ _____	☐	\$ _____
10/15/2042	575,000	____%	☐	\$ _____	☐	\$ _____
10/15/2043	575,000	____%	☐	\$ _____	☐	\$ _____
10/15/2044	575,000	____%	☐	\$ _____	☐	\$ _____
10/15/2045	575,000	____%	☐	\$ _____	☐	\$ _____
10/15/2046	575,000	____%	☐	\$ _____	☐	\$ _____

(All Sales Prices or Initial Offering Prices must be filled in prior to the delivery date of the Bonds.)

[NAME OF UNDERWRITER
/REPRESENTATIVE]

By: _____

Name:

Title:

Email this completed and executed certificate to the following by 5:00 P.M. (Eastern Time) on October 14, 2026:

Bond Counsel: dbraun@goodwin.com

Municipal Advisor: mark.chapman@munistat.com



Mixed Sources
Product group from well managed
forests, controlled sources and
recycled wood or fibres.

Printed by: ImageMaster, LLC
www.imagemaster.com