

PRELIMINARY OFFICIAL STATEMENT DATED JANUARY 8, 2024

NEW MONEY / REFUNDING ISSUE

BOND ANTICIPATION NOTES

In the opinion of Bond Counsel, rendered in reliance upon and assuming the accuracy of and continuing compliance by the Town with certain representations and covenants relating to the applicable requirements of the Internal Revenue Code of 1986, as amended (the "Code"), under existing law, interest on the Notes is excluded from gross income for federal income tax purposes and is not treated as an item of tax preference for purposes of the federal alternative minimum tax 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. In the opinion of Bond Counsel, under existing statutes, interest on the Notes is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates and is excluded from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay the federal alternative minimum tax. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the Notes. (See "Tax Matters" herein.)

TOWN OF CLINTON, CONNECTICUT

**\$2,000,000 GENERAL OBLIGATION BOND ANTICIPATION NOTES (the "Notes")
(BANK QUALIFIED)**

Dated: February 1, 2024

Due: January 30, 2025

| <u>Amount</u> | <u>Coupon</u> | <u>Yield</u> | <u>CUSIP (1)</u> |
|---------------|---------------|--------------|------------------|
| \$ 2,000,000 | % | % | 187360*** |

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

The Notes are NOT subject to redemption prior to maturity.

Unless requested by the successful purchaser as described under "Option For No Book Entry" herein for the Notes, the Notes will be issued by means of a book-entry transfer system and will be registered in the name of Cede & Co., as Noteowner, respectively, and nominee for The Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository for the Notes. Ownership of the Notes will be in the denominations of \$5,000 or integral multiples thereof plus any odd amount. The Beneficial Owners will not receive certificates representing their ownership interest in the Notes. Principal and interest on the Notes will be payable by the Town or its agent to DTC or its nominee as registered owner of the Notes. So long as Cede & Co. is the Noteowner as nominee for DTC, reference herein to the or Noteowner or owners shall mean Cede & Co., as aforesaid, and shall not mean the Beneficial Owners (as defined herein) of the Notes. (See "Book-Entry-Only Transfer System" herein).

If requested by the successful purchaser as described under "Option For No Book Entry" herein, the Notes will be issued in the form of a single fully-registered physical certificate in the par amount of the Notes.

Unless the successful bidder on the Notes is designated as the certifying bank, registrar, transfer and paying agent for the Notes as provided in "Option For No Book Entry" herein, the Notes will be certified by U.S. Bank Trust Company, National Association, in Hartford, Connecticut, which will also act as transfer and paying agent and registrar.

The Notes are being offered for sale in accordance with an official Notice of Sale dated January 8, 2024. Telephone bids and electronic bids via *PARITY*® for the Notes will be received until 11:00 A.M. (E.T.) on Thursday, January 18, 2024, at the offices of Munistat Services, Inc., 129 Samson Rock Drive, Suite A, Madison, Connecticut, as described in the official Notice of Sale. (See "Appendix D" herein).

The Notes are offered for delivery when, as and if issued, subject to the final approving opinion of Pullman & Comley, LLC of Hartford and Bridgeport, Connecticut, Bond Counsel. It is expected that delivery of the Notes will be made on or about February 1, 2024.

- (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 Notes. The Town is not responsible for the selection or use of these CUSIP numbers, does not undertake any responsibility for their accuracy, and makes no representation as to their correctness on the Notes or as indicated above. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Notes as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of such maturity or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Notes.

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

No dealer, broker, salesperson or other person has been authorized by the Town of Clinton, Connecticut (the "Town") 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 representation must not be relied upon as having been authorized by the Town.

This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Notes by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information set forth herein has been obtained by the Town from sources which are believed to be reliable but it is not guaranteed as to accuracy or completeness.

This Official Statement has been prepared only in connection with the initial offering and sale of the Notes and may not be reproduced or used in whole or in part for any other purpose. The information, estimates and expressions of opinion herein are subject to change without notice. Neither the delivery of this Official Statement nor any sale hereunder shall, under any circumstances, create any implication that there has been no material change in the affairs of the Town since the date of this Official Statement.

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

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

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 is in a form "deemed final" by the Town for purposes of Securities and Exchange Commission Rule ("SEC") 15c2-12(b)(1), but is subject to revision or amendment.

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; and (xi) other factors contained in this Official Statement.

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THE NOTES ISSUE SUMMARY

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

| | |
|--|---|
| Date of Sale: | Thursday, January 18, 2024, 11:00 A.M. (Eastern Time). |
| Location of Sale: | Office of Munistat Services, Inc., 129 Samson Rock Drive, Suite A, Madison, Connecticut, 06443. |
| Issuer: | Town of Clinton, Connecticut (the "Town"). |
| Issue: | \$2,000,000 General Obligation Bond Anticipation Notes (the "Notes"). |
| Dated Date: | Date of Delivery, February 1, 2024. |
| Interest Due: | At maturity, January 30, 2025. |
| Principal Due: | At maturity, January 30, 2025. |
| Purpose and Authority: | The Notes are being issued to finance various capital projects of the Town as authorized by bond resolutions approved at referendum. See "Authorization and Use of Proceeds" herein. |
| Redemption: | The Notes are NOT subject to redemption prior to maturity. |
| Security: | The Notes will be general obligations of the Town and the Town will pledge its full faith and credit to the payment of principal of and interest on the Notes when due. |
| Credit Rating: | The Town has NOT applied for a rating on the Notes with S&P Global Ratings ("S&P"). Certain outstanding bonds of the Town are currently rated "AA+" by S&P. (See "Ratings" herein). |
| Tax Matters: | See "Section I – Tax Matters" herein. |
| Bank Qualification: | The Notes SHALL BE designated as qualified tax-exempt obligations under the provisions of Section 265(b) of the Internal Revenue Code of 1986, as amended, for purposes of the deduction by financial institutions for interest expense incurred to carry the Notes. |
| Continuing Disclosure: | 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, notices of certain events not in excess of ten (10) business days of the occurrence of such events pursuant to a Continuing Disclosure Agreement to be executed by the Town substantially in the form attached as Appendix C to this Official Statement. |
| Registrar, Transfer Agent, Certifying Agent and Paying Agent: | Unless the successful purchaser of the Notes is designated as the certifying bank, registrar, transfer and paying agent for the Notes as provided in "Option For No Book Entry" herein, the Notes will be certified by U.S. Bank Trust Company, National Association, CityPlace I, 185 Asylum Street, 27 th Floor, Hartford, Connecticut 06103. |
| Legal Opinion: | Pullman & Comley, LLC of Hartford and Bridgeport, Connecticut will act as Bond Counsel. |
| Delivery and Payment: | It is expected that delivery of the Notes in book-entry-only form will be made to The Depository Trust Company on or about February 1, 2024 against payment in Federal Funds . |
| Issuer Official: | Questions regarding the Town and this Official Statement should be directed to Karl F. Kilduff, Town Manager, 54 East Main Street, Clinton, Connecticut 06413; Telephone (860) 669-9333. |
| Municipal Advisor: | Munistat Services, Inc., 129 Samson Rock Drive, Suite A, Madison, Connecticut 06443, attention: Mr. Mark N. Chapman, Managing Director, Telephone: (203) 421-2087. |

I. SECURITIES OFFERED

INTRODUCTION

This Official Statement, including the cover page and appendices thereto, has been prepared by the Town of Clinton, Connecticut (the "Town") with assistance of its municipal advisor in connection with the issuance and sale of \$2,000,000 General Obligation Bond Anticipation Notes (the "Notes") of the Town.

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 Notes and the proceedings of the Town relating thereto are qualified in their entirety by reference to the definitive form of the Notes 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 opinions in Appendix B) and they make no representation that they have independently verified the same.

DESCRIPTION OF THE NOTES

The Notes will be dated the date of delivery and will bear interest at the rate or rates per annum shown on the cover page of this Official Statement. The Notes will be payable as to both principal and interest at maturity. The Notes will be issued as fully registered notes in denominations of \$5,000 or any integral multiple thereof. Interest will be calculated on the basis of a 360-day year, consisting of twelve 30-day months. A book-entry-only transfer system may be employed evidencing ownership of the Notes with transfers of ownership on the records of DTC, and its participants pursuant to rules and procedures established by DTC and its participants. See "Book-Entry Transfer System" herein. Principal of and interest on the Notes will be payable by the Town or its agent to the successful purchaser, as registered owner of the Notes.

Unless the successful purchaser of the Notes is designated as the Certifying Agent, Registrar, Transfer and Paying Agent for the Notes as provided in "Option For No Book Entry" herein, the Certifying Agent, Paying Agent, Registrar, and Transfer Agent will be U.S. Bank Trust Company, National Association, CityPlace I, 185 Asylum Street, 27th Floor, Hartford, Connecticut. The legal opinion on the Notes will be rendered by Pullman & Comley, LLC, in substantially the form set forth in Appendix B to this Official Statement.

AUTHORIZATION AND USE OF PROCEEDS (1)

Authorization. The Notes are issued pursuant to the Connecticut General Statutes, as amended, the Charter of the Town of Clinton and resolutions recommended and adopted by the Board of Selectmen, the Board of Finance and approved at a town wide referendum.

(1) These resolutions were approved before the Town's government changed from Board of Selectmen / First Selectman governing body to Town Council / Town Manager form of government. (See page 9 for discussion).

Use of Proceeds. Proceeds of the Notes will be used to finance the following capital projects:

| Projects | Original Amount | Prior Bonds Issued | Notes Maturing | (Reductions) | Additions | The Notes (This Issue) |
|--|--------------------|-----------------------|-------------------|--------------|-----------|---------------------------|
| | Authorized | | February 1, 2024 | | | |
| 2019 Various Infrastructure Improvement Projects.. | \$ 10,700,000 | \$ 2,780,000 | \$ 2,000,000 | \$ (22,125) | \$ 22,125 | \$ 2,000,000 |

RATINGS

The Town has not applied for a rating on the Notes. Currently, the rating on certain outstanding bond issues is "AA+" by S&P Global Ratings ("S&P"). Such ratings reflect only the views of such organizations and any explanation of the significance of such ratings should be obtained from the rating agency furnishing the same, at the following address: S&P Global Ratings, 55 Water Street, New York, New York 10041. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. The Town furnished certain information and materials to S&P, some of which may not have been included in this Official Statement. There is no assurance that such ratings will continue for any given period of time or that the ratings will not be revised or withdrawn entirely by the agency if, in the judgment of such rating agency, circumstances so warrant. A revision or withdrawal of such ratings may have an effect on the market price of the Town's outstanding bonds and notes, including the Notes.

SECURITY AND REMEDIES

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

Unless paid from other sources, the Notes are payable from the general property tax revenues of the Town. 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. On the last completed Grand List of the Town, there were no acres certified as such forest land. 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 which the Town would have received except for the limitation under certain of the statutes upon its power to tax such dwelling houses of qualified elderly persons of low income.

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

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

The Town is subject to suit on its general obligation bonds and notes, and a court of competent jurisdiction has the power in appropriate proceedings to render a judgment against the Town. Courts of competent jurisdiction also have the power in appropriate proceedings to order payment of a judgment on such bonds or notes 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 Notes would also be subject to the applicable provisions of Federal bankruptcy laws as well as other bankruptcy, insolvency, reorganization, moratorium and similar laws affecting creditors' rights heretofore on hereafter enacted and to the exercise of judicial discretion. Section 7-566 of the Connecticut General Statutes, as amended, provides that no Connecticut municipality shall file a petition in bankruptcy without the express prior written consent of the Governor. This prohibition applies to any town, city, borough, metropolitan district or any other political subdivision of the State having the power to levy taxes and issue bonds or other obligations.

[Remainder of this page intentionally left blank]

OPTION FOR NO BOOK ENTRY

As described in the official Notice of Sale dated January 8, 2024, a bidder for the Notes may request that the Notes be issued in the form of a single fully-registered physical certificate in the par amount of the Notes, rather than in book-entry form through the facilities of DTC, provided the bid is for all the Notes at the same interest rate. A bidder for the Notes requesting that the Notes be issued in non-book-entry form may request that it be designated by the Town as the certifying agent, registrar and paying and transfer agent for the Notes if it is a bank or trust company authorized to act in such capacity pursuant to the Connecticut General Statutes. The Town reserves the right to decline any request to issue the Notes in non-book-entry form, or to designate the successful bidder as certifying agent, registrar and paying and transfer agent for the Notes, if it should determine, in its sole discretion, that issuing the Notes in this manner is not in its best interests. If the Notes are issued in non-book-entry form, they are non-transferable and must be held to maturity by the winning bidder requesting the No Book Entry Option. The successful bidder shall not impose or charge the Town for any costs or expenses related to the services as certifying agent, registrar and paying and transfer agent for the Notes if the successful bidder is so designated.

Unless the successful purchaser makes a request for no book entry as described herein and in the official Notice of Sale, the Notes will be issued by means of a book-entry system with no physical distribution of note certificates made to the public.

BOOK-ENTRY TRANSFER SYSTEM

The Depository Trust Company (“DTC”) of New York, New York, will act as securities depository for the Notes, unless directed otherwise by the purchaser of the Notes. The Notes will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Note certificate will be issued for each interest rate of the Notes and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its 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 Notes under the DTC system must be made by or through Direct Participants, which will receive a credit for the Notes on DTC's records. The ownership interest of each actual purchaser of each Note ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Notes are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Notes, except in the event that use of the book-entry system for the Notes is discontinued.

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

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

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

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

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

REPLACEMENT NOTES

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

DTC PRACTICES

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

TAX MATTERS

Federal Taxes. In the opinion of Bond Counsel, under existing law, (i) interest on the Notes is excluded from gross income for federal income tax purposes, and (ii) such interest is not an item of tax preference for purposes of the federal alternative minimum tax; 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.

Bond Counsel's opinion with respect to the Notes will be rendered in reliance upon and assuming the accuracy of and continuing compliance by the Town with its representations and covenants relating to certain requirements of the Internal Revenue Code of 1986, as amended (the "Code"). The Code and regulations promulgated thereunder establish certain requirements which must be satisfied at and subsequent to the issuance of the Notes in order that interest on the Notes be and remain excludable from gross income for federal income tax purposes. Failure to comply with such requirements may cause interest on the Notes to be included in gross income for federal income tax purposes retroactively to the date of issuance of the Notes irrespective of the date on which such noncompliance occurs. In the Tax Regulatory Agreement, which will be delivered concurrently with the issuance of the Notes, the Town will covenant to comply with certain provisions of the Code and will make certain representations designed to assure compliance with such requirements of the Code including, but not limited to, investment restrictions, periodic payments of arbitrage profits to the United States, requirements regarding the proper use of the Notes proceeds and certain other matters. The opinion of Bond Counsel delivered on the date of issuance of the Notes is conditioned upon compliance by the Town with such requirements.

No other opinion is expressed by Bond Counsel regarding the federal tax consequences of the ownership of, or the receipt or accrual of interest on, the Notes.

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

Other Federal Tax Matters. Prospective purchasers of the Notes should be aware that ownership of the Notes may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, financial institutions, certain insurance companies, recipients of Social Security or Railroad Retirement benefits, certain S corporations, foreign corporations subject to the branch profits tax, taxpayers eligible for the earned income credit, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations. Bond Counsel does not express any opinion regarding such collateral tax consequences. Prospective purchasers of the Notes should consult their tax advisors regarding collateral federal income tax consequences. Prospective purchasers of the Notes may also wish to consult with their tax advisors with respect to the need to furnish certain taxpayer information in order to avoid backup withholding.

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

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

Owners of the Notes should consult their own tax advisors with respect to the determination for state and local income tax purposes of original issue discount or original issue premium accrued upon sale or redemption thereof, and with respect to the state and local tax consequences of owning or disposing of such Notes.

Changes in Federal and State Tax Law. Legislation affecting tax-exempt obligations is regularly considered by the United States Congress. Court proceedings may also be filed, the outcome of which could modify the tax treatment of obligations such as the Notes. There can be no assurance that legislation enacted or proposed, or actions by a court, after the issuance of the Notes will not have an adverse effect on the tax status of interest on the Notes or the market value or marketability of the Notes. These adverse effects could result, for example, from changes to federal or state income tax rates, changes in the structure of federal or state income taxes (including replacement with another type of tax), or repeal (or reduction in the benefit) of the exclusion of interest on the Notes from gross income for federal or state income tax purposes for all or certain taxpayers.

Investors in the Notes should be aware that future legislative actions may increase, reduce or otherwise change (including retroactively) the financial benefits and the treatment of all or a portion of the interest on the Notes for federal income tax purposes for all or certain taxpayers. In all such events, the market value of the Notes may be adversely affected and the ability of holders to sell their Notes in the secondary market may be reduced. The Notes are not subject to special mandatory redemption, and the interest rates on the Notes are not subject to adjustment, in the event of any such change in the tax treatment of interest on the Notes.

General. The opinion of Bond Counsel is rendered as of its date, and Bond Counsel assumes no obligation to update or supplement its opinion to reflect any facts or circumstances that may come to its attention or any changes in law that may occur after the date of its opinion. Bond Counsel’s opinion is based on existing law, which is subject to change. Such opinion is further based on factual representations made to Bond Counsel as of the date of issuance. Moreover, Bond Counsel’s opinion is not a guarantee of a particular result, and is not binding on the Internal Revenue Service or the courts; rather, such opinion represents Bond Counsel’s professional judgment based on its review of existing law, and in reliance on the representations and covenants that it deems relevant to such opinion.

The discussion above does not purport to deal with all aspects of federal or state or local taxation that may be relevant to a particular owner of the Notes. Prospective owners of the Notes, particularly those who may be subject to special rules, are advised to consult their own tax advisors regarding the federal, state and local tax consequences of owning and disposing of the Notes.

THE COVID-19 OUTBREAK AND FUTURE PANDEMICS

On January 30, 2020, the outbreak of COVID-19 was declared a Public Health Emergency of International Concern by the World Health Organization. On March 13, 2020, the President of the United States declared a national emergency as a result of the COVID-19 outbreak. On March 10, 2020, Governor Lamont declared a state of emergency throughout the State of Connecticut (the “State”) and took steps to mitigate the spread and impacts of COVID-19. As of May 11, 2023, the federal and State public health emergency declarations have been terminated.

In response to the COVID-19 pandemic, on March 11, 2021, President Biden signed into law the \$1.9 trillion American Rescue Plan Act of 2021 (the “Rescue Plan”) that provided various forms of financial assistance and other relief to state and local governments. The Town received \$3.8 million from the Rescue Plan. The Town developed a plan for the use of such funds that will focus on infrastructure improvements and other initiatives that comply with the program eligibility criteria.

For up-to-date information concerning the State’s actions in response to COVID-19, see <https://portal.ct.gov/coronavirus>. Neither the Town, nor the parties involved with the issuance of the Notes, has reviewed the information provided by the State on its website and such parties take no responsibility for the accuracy thereof.

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

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

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

CYBERSECURITY

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

CLIMATE CHANGE

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

The Town has undertaken many steps to plan for resiliency. The Town participates in the Lower Connecticut River Valley Council of Governments (RiverCOG) Multi-Jurisdictional Natural Hazard Mitigation Plan, adopted by FEMA in 2021. The Town also worked with the University of Connecticut and the Center for Land Use Education and Research (CLEAR) in 2021 and 2022 to review reduction to storm water run-off and prepare a Coastal Community Resiliency Report to identify areas of concern for further evaluation by the Town. In 2023, the Town joined a regional effort with the Towns of Old Saybrook, Westbrook and the Borough of Fenwick to develop a regional coastal resiliency plan. The Plan will assess the impacts of climate change, including storm surge, flooding, extreme weather events, and sea level rise, and will identify community needs across connected systems within the built and natural environment. Focus areas include social and cultural systems, historic assets, the local economy, infrastructure, facilities and the needs of the natural environment. The Plan will identify and prioritize projects which address risks and hazards to Town infrastructure and coastal properties (public and private) that will increase community resilience. The Town Council also appointed a Coastal Resiliency Task Force to work on the Plan with Town staff.

QUALIFICATION FOR FINANCIAL INSTITUTIONS

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

AVAILABILITY OF CONTINUING DISCLOSURE INFORMATION

The Town will enter into a Continuing Disclosure Agreement with respect to the Notes, substantially in the form attached hereto as Appendix C to this Official Statement (the "Continuing Disclosure Agreement"), to provide or cause to be provided, in accordance with the requirements of SEC Rule 15c2-12, timely notice of the occurrence of certain events not in excess of ten (10) business days after the occurrence of such events with respect to the Notes.

The Town has previously undertaken in continuing disclosure agreements entered into for the benefit of holders of certain of its general obligation bonds and notes to provide certain annual financial information and event notices pursuant to Rule 15c2-12(b)(5). For the past five years, the Town has not failed to meet any of its undertakings in any material respect under such agreements with the exception of the following. The Town failed to file a defeasance notice in a timely manner for the refunding of the 2012-A, 2013 and 2014 bond issues in May 2019. The defeasance notice and the failure to file notice were both filed on December 31, 2019, as soon as this filing failure became known. The Town also failed to file the rating change on certain outstanding bonds for the April 2022 rating upgrade from Moody's Investors Service. The Town filed the event notice for this on November 2, 2023. The Town is aware of the February 27, 2019 SEC amendment to the Rule 15c2-12 to include additional disclosures and has several outstanding leases that they have deemed not material. The Town has adopted procedures to ensure timely filing of future financial information and event notices with respect to its continuing disclosure undertakings. The Town has hired a dissemination agent to file their annual disclosure requirements.

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II. THE ISSUER



DESCRIPTION OF THE TOWN

The Town of Clinton (the “Town”) was incorporated as Connecticut’s 137th town in May, 1838. The Town is located seventeen miles east of New Haven, adjacent to Madison to the west, Westbrook to the east, Long Island Sound to the south and Killingworth to the north. The Town is located approximately 100 miles east of New York City, 40 miles south of Hartford, Connecticut and 120 miles southwest of Boston. The Town encompasses approximately 17.2 square miles within Middlesex County.

The Town is traversed by the Connecticut Turnpike (Interstate 95), the Boston Post Road (Route 1), and Routes 81 and 145. Metro-North/Shoreline East and Amtrak also provide rail service to New Haven, Boston, and New York. In addition, Bradley International Airport, Connecticut’s busiest commercial airport and the second-busiest airport in New England is located 53 miles north of Clinton in Windsor Locks, Connecticut and is serviced by over 12 major airlines. The Town is served by the State of Connecticut Department of Transportation that operates buses on multiple routes that include New Haven, East Haven, Middletown, Guilford, Madison and Old Saybrook, as well as the Nine Town Transit Services providing transportation locally as well as to New London and Middletown.

Clinton is a balanced community of residential, waterfront, commercial, retail development, industrial/manufacturing and rural areas. Employee opportunities in Clinton are multifaceted with Healthcare, Manufacturing, Education and Retail accounting for 50% of the employment opportunities. Clinton is the home of the Clinton Premium Outlets. With over 70 retail spaces and approximately 1,000 full and part time employees, it continues to be one of the major attractions and employers in Town.

The Clinton Public Schools provide a comprehensive education consisting of a balanced, rigorous curriculum and social emotional learning and support to approximately 1,500 students in grades PK-12. Clinton high school students have access to area vocational, agricultural and magnet school options within Middlesex, New Haven and New London counties.

The Town's location adjacent to Long Island Sound provides residents with a public beach, two public launch ramps, and 6 marinas that provide approximately two hundred mooring and seven hundred boat slips. The Town beach includes a pavilion and recreation facilities. In addition, the Town maintains a Town Marina with a second smaller public beach facility as well as docking for approximately 56 boats.

The majority of Town government offices are housed in the historic William Stanton Andrews Memorial Town Hall. Because of its character and magnificent setting overlooking Long Island Sound and located on Route 1, the historic auditorium in addition to other historic rooms throughout the building are always in high demand for rental by theatrical, musical and cultural groups.

In addition to the above-mentioned Town-owned facilities, Clinton is the home of the Clinton Country Club, a private 18-hole golf course.

FORM OF GOVERNMENT

The Town of Clinton is organized and has operated since 1839 under the Town Charter that now provides for a Town Council form of government utilizing a Town Manager. The Town Council consists of seven members serving four-year staggered terms. The Town Manager is appointed by the Town Council and is responsible for supervising and coordinating all matters pertaining to the delivery of Town programs and services. The Town Meeting is the legislative body of the Town.

The voters of the Town at referendum must approve the annual budget, supplemental appropriations and bond authorizations exceeding certain amounts. Refunding bond authorizations are approved solely by the Town Council.

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MUNICIPAL OFFICIALS

| Name | Position | Term | Term Expires | Length of Service |
|---------------------------|--------------------------------|---------------------|---------------|-------------------|
| Karl F. Kilduff (1)..... | Town Manager..... | Appointed | January 2026 | 4.0 years |
| Carrie Allen..... | Town Council - Chairman..... | 4 Years - Elected | November 2025 | 2.0 years |
| Christopher Passante..... | Town Council - Vice Chairman.. | 4 Years - Elected | November 2025 | 2.0 years |
| Chris Aniskovich..... | Town Council..... | 4 Years - Elected | November 2027 | 4.0 years |
| Dennis Donovan..... | Town Council..... | 4 Years - Elected | November 2027 | 4.0 years |
| Thomas Hollinger..... | Town Council..... | 4 Years - Elected | November 2025 | 2.0 years |
| Henry Teskey..... | Town Council..... | 4 Years - Elected | November 2027 | < 1.0 year |
| Brian Roccapriore..... | Town Council..... | 4 Years - Elected | November 2027 | < 1.0 year |
| Todd Pozefsky..... | Treasurer..... | Appointed - 2 Years | November 2025 | 9.0 years |
| Open..... | Director of Finance..... | Appointed | Open | Open |
| Sharon Uricchio..... | Town Clerk..... | Appointed | Indefinite | 8.0 years |
| Lisa Bibbiani..... | Tax Collector..... | Appointed | Indefinite | 4.0 years |
| Donna M. Sempey..... | Town Assessor..... | Appointed | Indefinite | 13.0 years |
| Maryann O'Donnell..... | Superintendent of Schools..... | Appointed | Indefinite | 6.0 years |
| Murtha Cullina LLP..... | Town Attorney..... | Appointed | Indefinite | 3.0 years |

(1) Karl F. Kilduff will be stepping down effective February 19, 2024. It is expected that the Town Council will appoint Richard Brown as the Interim Town Manager at the January 17, 2024 council meeting. Richard Brown has over 40 years of municipal experience.

SUMMARY OF MUNICIPAL SERVICES

The Town operates under a Town Council, Town Manager structure consisting of the following divisions: Administration, Finance, Public Safety, Health and Well Being, Parks and Recreation and Public Works. All areas report to the Town Manager.

Administration: This division includes the Town Manager's Office, Town Clerk, Town Attorney, Registrar of Voters, Police Commission, Board of Education, Planning and Zoning as well as the office of the Judge of Probate. The division provides administrative support services to the general public, the Town Council and most departments. The Town's first Town Manager, Karl F. Kilduff, was appointed on January 6, 2020.

Finance: This division consists of five areas; financial administration, accounting, purchasing, tax assessment and tax collection. The Finance division, under the direction of the Director of Finance, is responsible for overall supervision of the Town's financial management, including the Town Police and Fire pension fund and debt management program.

Public Safety: This division of Police, Fire, Emergency Medical Services and Animal Control is responsible for the security and safety of the community.

Police Department: The police department has 27 sworn officers, 10 full-time and 3 part-time employees and operates a 24-hour public safety dispatch center which coordinates responses to all safety services. Besides vehicle patrol, the police have a twenty-five-foot Safe Defender class boat that patrols the harbors and waterfront areas of Town. Numerous grants help fund community based police programs, particularly in the drug and substance abuse area. The Police Department provides animal control services with a staff of one full time and several part time certified animal control officers.

Clinton Volunteer Fire Department: The Clinton Volunteer Fire Department operates out of two stations providing fire suppression, heavy rescue, public safety, medical response, marine emergency response (through the use of dedicated fire/rescue boat) and disasters services to assist in the protection of life and property in the Town of Clinton. The department advances public safety through training in fire prevention and education programs. The core values of the department are Service, Ethics, Bravery, Safety, Honor, Dedication and Preparedness. By combining all the components of its core values, the department maintains a constant state of readiness to meet all threats and challenges, traditional and new. The department has 70 active firefighters and 46 active Emergency Medical Service members who make up the ambulance division of the department.

Health and Well Being: The Health and Well Being division provides health and environmental services as well as social services for Town residents and emergency financial support where needed. The Town belongs to the Connecticut River Area Health District serving the Towns of Deep River, Old Saybrook, Haddam and Clinton. This group is working to uphold and enforce the Connecticut Public Health Code, while working with member towns to implement new public health programs. Clinton's Human Service Department provides assistance to Town residents that have a social service need including food, heat, shelter and a range of financial issues. Counseling and/or parenting services are provided for children and families with emotional or behavioral services. Prevention services are also provided for children and youth to reduce drug and alcohol abuse and other problematic behaviors.

Library: The public library functions as a multi-purpose informational and cultural center funded primarily by separate Town appropriations. The Henry Carter Hull Library offers many cultural and educational programs to the community such as children's music and movement classes, various weekly wellness programs for all ages, author talks, nature and wildlife programs, and SAT and ACT prep classes. The library provides open Wi-Fi and hosts Volunteer Income Tax Assistance tax preparation sessions in addition to book, audio book and DVD lending. The library has a certified U.S. State Passport agent on staff as well as a Notary Public.

Parks and Recreation: The Town operates the Peters Recreational complex consisting of 50 acres of active and passive recreation facilities that include five ball fields, one of which is lighted, a lighted football/soccer/lacrosse field, a four-hundred-meter track, one lighted basketball court, a lighted skateboard park, a combination maintenance/restroom building, a picnic area, a press booth with a maintenance storage area, a lighted multi-sport field and a concession stand with bathrooms. The Indian River Recreation Complex encompasses 47 acres that include athletic fields, hiking trails, open space nature areas and a community building. In addition, it contains a lighted turf field used for soccer, lacrosse and field hockey, a lighted baseball field, a lighted basketball/pickleball court and a playground with a pavilion. The Town Beach contains 2 pavilions, a splash pad, bocce court, beach volleyball court, a designated basketball court, a walking dog trail, a concession stand and 2 bath houses. Additionally, Hesper's Pond provides three acres of passive recreation area with a pavilion and a picnic area and offers ice skating during the winter. The recreation department operates approximately 60 programs for both children and adults in the Town.

Public Works: The Public Works Department is responsible for the design, development, bidding, building and supervision of all construction projects undertaken by the Town. The Department is responsible for the maintenance of all Town owned properties, buildings, facilities, and athletic complexes. In addition the Department maintains the grounds surrounding all Board of Education Buildings as well as all Board of Education athletic complexes. The Department provides construction services for the Town and all agencies as requested and is responsible for maintaining 77 miles of roadway and all associated sidewalks, bridges, culverts and a storm water diversion system. In addition, the Department operates the Town transfer facility and land fill operation located at 117 Nod Road. The Department also provide disaster response in coordination with the Police and Fire Department coordinated through the Director of Emergency Management.

Service Contract - Solid Waste Disposal: The Town has executed a Service Contract (the "Service Contract") with Materials Innovation and Recycling Authority ("MIRA") for disposal of solid waste through the Mid-Connecticut System (the "System"). The Service Contract became effective upon execution and will remain in effect until June 30, 2027.

Harbor Management Commission: The Harbor Management Commission is responsible for the management and maintenance of Town water facilities. The Commission recommends rates for services to the Town Council, collects fees and acts as the regulatory authority for waterfront activities. The Town Dock provides for 45 boat slips, a two-50 foot tie-up for transient boats along with 21 moorings and stakes off the dock in Clinton Harbor. The Commission also manages and levies fees for the Grove Street dock, the Cedar Island dock and the Town boat launch.

Waste Water Management: The Town was formerly in negotiations and discussions with the Towns of Westbrook and Old Saybrook to establish a tri-town agreement for a common sewer system. Because of the Connecticut Supreme Court decision to eliminate the previously projected tri-town agreement, the Town is presently re-evaluating its long-range plan. The Town is currently under contract with Camp, Dresser, McKee & Smith to evaluate and propose a long-term solution.

It is expected that the Town will finance \$23,000,000 for a waste water solution by participating in the State of Connecticut Clean Water Fund Program which provides financial assistance through a combination of grants and loans bearing an interest rate of 2% per annum. All participating municipalities receive a grant of 20% and a loan of 80% of total eligible costs. Any remaining projects are expected to be funded by a combination of the following: the general fund, capital projects fund, grants and bonding.

Until a long-term solution can be instituted, the Town will continue to maintain its well organized and documented sewer avoidance program. The sewer avoidance program is an ordinance that requires property owners to pump out their septic systems at least once every five years, and the Town to maintain a database, to distribute reminders and to hire personnel to physically inspect for problem areas.

Clinton Housing Authority: The Clinton Housing Authority presently owns and operates 30 dwelling units located in its Glen Haven facility. The Authority is presently investigating the possibility of either expanding the existing facility or acquiring an additional location. The Housing Authority Commissioners are now appointed by the Town Council to five year terms.

Water: Water for both domestic consumption and fire suppression is supplied to approximately 2,950 residential and business customers by the Connecticut Water Company, headquartered in Clinton. All other water users maintain their own wells.

Electricity: Electricity is furnished by Eversource.

Telephone Service: Telephone service is furnished by Frontier.

EDUCATIONAL SYSTEM

The Town’s school system consists of three schools located throughout the Town. There is one elementary school for pupils in grades pre-K through 4; a middle school for grades 5-8, and a high school for grades 9-12. The schools are governed by a seven-member, elected Board of Education.

EDUCATIONAL FACILITIES

| <u>School</u> | <u>Grades</u> | <u>Occupied</u> | <u>Renovation</u> | <u>Enrollment 10/01/23</u> | <u>Capacity</u> |
|--------------------------------|---------------|-----------------|------------------------|--------------------------------|-----------------|
| Lewin G. Joel Elementary..... | Pre K-4 | 1963 | 1966, 1971, 1986, 2000 | 546 | 860 |
| Jared Eliot Middle School..... | 5 - 8 | 1960 | 1965, 1971, 1984 | 431 | 775 |
| The Morgan School..... | 9 - 12 | 2016 | | 478 | 585 |
| Total..... | | | | <u>1,455</u> | <u>2,220</u> |

Source: Superintendent of Schools.

EDUCATIONAL ENROLLMENT HISTORY AND PROJECTIONS

| <u>Actual as of 10/1</u> | | | | | |
|--------------------------|------------------|--------------|--------------|---------------|--------------|
| <u>School Year</u> | <u>Pre K - 3</u> | <u>4 - 5</u> | <u>6 - 8</u> | <u>9 - 12</u> | <u>Total</u> |
| 2014-15 | 556 | 317 | 462 | 565 | 1,900 |
| 2015-16 | 522 | 312 | 455 | 551 | 1,840 |
| 2016-17 | 497 | 280 | 451 | 559 | 1,787 |
| 2017-18 | 476 | 273 | 443 | 572 | 1,764 |
| 2018-19 | 469 | 256 | 435 | 582 | 1,742 |
| <u>School Year (1)</u> | <u>Pre K - 4</u> | | <u>5 - 8</u> | <u>9 - 12</u> | <u>Total</u> |
| 2019-20 | 559 | | 521 | 598 | 1,678 |
| 2020-21 | 525 | | 473 | 566 | 1,564 |
| 2021-22 | 557 | | 452 | 534 | 1,543 |
| 2022-23 | 549 | | 418 | 523 | 1,490 |
| 2023-24 | 546 | | 431 | 478 | 1,490 |
| <u>Projected</u> | | | | | |
| 2024-25 | 553 | | 415 | 457 | 1,425 |
| 2025-26 | 561 | | 420 | 424 | 1,405 |
| 2026-27 | 563 | | 433 | 401 | 1,397 |
| 2027-28 | 579 | | 420 | 402 | 1,401 |

(1) Adjustment due to the Abraham Pierson Elementary School’s closing at the end of the 2018-19 school year. Effective the fall of 2019, the fourth and fifth grade students are now attending the Lewin G. Joel Elementary School and Jared Eliot Middle School, respectively.

Source: Superintendent of Schools.

MUNICIPAL EMPLOYMENT

| <u>Fiscal Year</u> | <u>2024</u> | <u>2023</u> | <u>2022</u> | <u>2021</u> | <u>2020</u> |
|-------------------------|-------------|-------------|-------------|-------------|-------------|
| General Government..... | 79 | 81 | 80 | 79 | 79 |
| Board of Education..... | 322 | 327 | 325 | 320 | 317 |
| Total..... | <u>401</u> | <u>408</u> | <u>405</u> | <u>399</u> | <u>396</u> |

Source: Town Officials.

MUNICIPAL EMPLOYEES BY CATEGORY

| <u>Department</u> | <u>Employees</u> |
|--|------------------|
| <u>General Government</u> | |
| General Administration..... | 18 |
| Public Safety..... | 35 |
| Public Works..... | 15 |
| Planning and Development..... | 6 |
| Parks and Recreation..... | 2 |
| Health and Well Being..... | 3 |
| Total General Government..... | <u>79</u> |
| <u>Board of Education</u> | |
| Certified Behavior Analyst..... | 2 |
| Behavior Technicians..... | 4 |
| Administration and Principals..... | 10 |
| Teachers..... | 174 |
| Administrative Assistants..... | 19 |
| Para-Educators..... | 64 |
| Custodial/Maintenance..... | 20 |
| Cafeteria Workers..... | 13 |
| Athletic Director..... | 1 |
| Food Services Director..... | 1 |
| Director of Buildings and Grounds..... | 1 |
| Business Manager..... | 1 |
| Technical Technicians..... | 3 |
| Network and Security Manager..... | 1 |
| Director of Technology..... | 1 |
| School Nurses / Health Aides..... | 7 |
| Total Board of Education..... | <u>322</u> |
| Grand Total..... | <u>401</u> |

Source: Town Officials.

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MUNICIPAL EMPLOYEES BARGAINING ORGANIZATIONS

| <u>Employees</u> | <u>Organization</u> | <u>Number of Employees</u> | <u>Current Contract Expiration Date</u> |
|-------------------------------------|--|----------------------------|---|
| General Government | | | |
| Police..... | International Brotherhood of Police Officers, Local 360.... | 23 | 6/30/23 (1) |
| Public Works..... | AFSCME - AFL-CIO, Local 1303-008..... | 13 | 6/30/24 |
| Clerical..... | AFSCME - AFL-CIO, Local 1303-199, Administrative, Technical and Clerical Employees..... | 18 | 6/30/24 |
| Supervisors..... | AFCME - AFL-CIO, Local 818, Supervisors..... | 7 | 6/30/24 |
| Dispatchers / Animal Control ... | CT Independent Labor Union, Local 59..... | 8 | 6/30/27 |
| | Non-Bargaining Employees..... | 10 | |
| Sub-total - General Government..... | | <u>79</u> | |
| Board of Education | | | |
| Teachers..... | Education Association of Clinton..... | 175 | 6/30/25 |
| Administrators..... | Clinton Administrators Association..... | 8 | 6/30/25 |
| Administrative Assistants..... | Local 506, Municipal Employees Union Independent..... | 13 | 6/30/24 |
| Paraeducators..... | Municipal Employees Union Independent, Local 506, SEIU..... | 64 | 6/30/26 |
| | Non-Bargaining Employees..... | 62 | |
| Sub-total - Board of Education..... | | <u>322</u> | |
| Total..... | | <u>401</u> | |

(1) Currently in negotiations.

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 municipal entity may reject an arbitration panel's decision by a two-thirds majority vote. The State of Connecticut and the employee organization must be advised in writing of the reasons for rejection. The State then appoints a new panel of either one or three arbitrators to review the decisions on each of the rejected issues. The panel must accept the last best offer of either party. In reaching its determination, the arbitration panel gives priority to the public interest and the financial capability of the municipal employer, including consideration of other demands on the financial capability of the municipal employer. For binding arbitration of teachers' contracts, in assessing the financial capability of a municipal entity, there is an irrefutable presumption that a budget reserve of 5% is not available for payment of the cost of any item subject to arbitration. For binding arbitration of all other municipal employee contracts, there is an irrebuttable presumption that a budget reserve of 15% 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.

ECONOMIC DEVELOPMENT

The Town's position as a residential community is illustrated by the fact that approximately 72% of the October 2022 grand list was residential. The Town has several subdivisions in various stages of completion.

The economic base of the Town is diverse. In the current tax period, commercial property generates the majority of the revenues with the leading taxpayers being and the estimated taxes; the Clinton Premium Outlets, \$1,515,969, Connecticut Water Company \$921,734, Indian River Shops Killingworth Turnpike (Big Y grocery store and retail shops) \$511,576, Connecticut Light and Power (Eversource) \$473,771, Triple Net Clinton, (Shop Rite grocery store and retail plaza) \$369,318, Jerome Properties (Stop & Shop grocery and retail plaza) \$359,692. These top taxpayers are examples of the mix in economic enterprises within the Town.

According to the Connecticut Department of Labor, at September 2023, Clinton's unemployment rate is 2.3% and is comparable with the area and overall State rates as reported by the State of Connecticut Economic Digest Report for September 2023. The Town's Per Capita income was \$47,722 and the Median Family Income was \$120,865 as reported by the U.S. Census Bureau, 2017-2021.

Clinton continues to support development and redevelopment of properties throughout the community, in support of economic and community goals outlines in the Town's Plan of Conservation and Development.

Ongoing redevelopment at the former Morgan High School site included the completion of a second phase of retail space, which opened in August of 2023. Final traffic improvements at the north end of this property were completed to better connect this commercial area to the Clinton Premium Outlets. Playground and park improvements within the development were completed and are enjoyed by customers and the general community. Additional development pads have been graded and permitting is in place to expand the commercial footprint in the future.

Redevelopment of the former Unilever property continued during the last fiscal year. The Transit Oriented Development District, which governs land use for this project, was expanded to include additional properties the developer acquired. Master planning documents for the site were updated to support next phases of development. "The Grand," a 45-unit apartment building, opened in September of 2023. The building's adjacency to the recently renovated train station and close proximity to Clinton's downtown and I-95 has led to strong demand for units. The next phase of the 300,000 square foot facilities includes construction of a multi-use sports complex and additional apartments. Buildout for the sports facility is anticipated in 2024. Final permitting for the next phase of apartments and expansion of the road network is expected in the next year. New construction through the site will better connect the property to I-95's exit 63 interchange and is a key step in enabling future development shown in the approved master plan.

The Town began a process to review future uses for the former Pierson School, located on East Main Street in the heart of Clinton. A Request for Proposals was issued to assess opportunities for affordable housing and community space. Activating this 47,000 square foot vacant property is an ongoing priority. Proposals are currently under review.

Additional commercial projects approved during fiscal 2023 included a restaurant, six apartments, retail space including a boutique salt therapy and tearoom. In September 2023, the redevelopment of a long-vacant former bank was approved and will result in a new restaurant and apartment on the west side of Town.

In fiscal 2021, the Town received a \$128,205 grant from the State of Connecticut for use as a financial incentive to assist property owners and tenants of commercial buildings with grants to reimburse renovation expenses that improve the exterior conditions of their facilities, including facades or site improvements. The Town to date has awarded over \$87,888 to property owners and tenants under this program leveraging an additional \$39,633 in private investment and has commitments to property owners for the remaining grant funds.

In fiscal 2023, the Town received a \$500,000 grant from the State of Connecticut towards funding the \$5 million upgrade of the Town's public safety radio communications system. This project currently in process, will equip the communications department with the latest technology and resources allowing for better communications and efficiency among public safety responders within the Town of Clinton as well as surrounding towns. The project is anticipated to be completed in fiscal 2025.

III. ECONOMIC AND DEMOGRAPHIC INFORMATION

POPULATION TRENDS

| <u>Year</u> | <u>Town of Clinton</u> | <u>Middlesex County</u> | <u>State of Connecticut</u> |
|-------------|------------------------|-------------------------|-----------------------------|
| 1980 | 11,195 | 129,017 | 3,107,576 |
| 1990 | 12,767 | 143,196 | 3,287,116 |
| 2000 | 13,094 | 155,071 | 3,405,565 |
| 2010 | 13,260 | 165,676 | 3,574,097 |
| 2021 | 13,283 | 164,568 | 3,605,330 |

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

AGE CHARACTERISTICS OF POPULATION

| <u>Age</u> | <u>Town of Clinton</u> | | <u>Middlesex County</u> | | <u>State of Connecticut</u> | |
|-------------------|------------------------|----------------|-------------------------|----------------|-----------------------------|----------------|
| | <u>Number</u> | <u>Percent</u> | <u>Number</u> | <u>Percent</u> | <u>Number</u> | <u>Percent</u> |
| Under 5..... | 313 | 2.4 | 6,544 | 4.0 | 182,122 | 5.1 |
| 5 - 9..... | 490 | 3.7 | 7,519 | 4.6 | 196,540 | 5.5 |
| 10 - 14..... | 926 | 7.0 | 8,791 | 5.3 | 224,371 | 6.2 |
| 15 - 19..... | 877 | 6.6 | 10,316 | 6.3 | 245,790 | 6.8 |
| 20 - 24..... | 794 | 6.0 | 10,041 | 6.1 | 241,370 | 6.7 |
| 25 - 34..... | 1,228 | 9.2 | 18,507 | 11.2 | 445,861 | 12.4 |
| 35 - 44..... | 1,452 | 10.9 | 18,867 | 11.5 | 439,098 | 12.2 |
| 45 - 54..... | 2,024 | 15.2 | 23,165 | 14.1 | 488,283 | 13.5 |
| 55 - 59..... | 1,085 | 8.2 | 13,857 | 8.4 | 269,688 | 7.5 |
| 60 - 64..... | 1,173 | 8.8 | 13,188 | 8.0 | 252,028 | 7.0 |
| 65 - 74..... | 1,718 | 12.9 | 19,732 | 12.0 | 357,409 | 9.9 |
| 75 - 84..... | 933 | 7.0 | 9,749 | 5.9 | 173,149 | 4.8 |
| 85 and over..... | 270 | 2.0 | 4,292 | 2.6 | 89,621 | 2.5 |
| Total..... | 13,283 | 100.0 | 164,568 | 100.0 | 3,605,330 | 100.0 |

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

EDUCATIONAL ATTAINMENT Years of School Completed, Age 25 & Older

| <u>Educational Attainment Group</u> | <u>Town of Clinton</u> | | <u>Middlesex County</u> | | <u>State of Connecticut</u> | |
|--|------------------------|----------------|-------------------------|----------------|-----------------------------|----------------|
| | <u>Number</u> | <u>Percent</u> | <u>Number</u> | <u>Percent</u> | <u>Number</u> | <u>Percent</u> |
| Less than 9th grade..... | 49 | 0.5 | 2,073 | 1.7 | 101,461 | 4.0 |
| 9th to 12th grade..... | 470 | 4.8 | 4,011 | 3.3 | 123,560 | 4.9 |
| High School graduate..... | 2,383 | 24.1 | 30,523 | 25.2 | 656,949 | 26.1 |
| Some college - no degree..... | 1,822 | 18.4 | 20,366 | 16.8 | 418,214 | 16.6 |
| Associates degree..... | 1,011 | 10.2 | 11,447 | 9.4 | 194,987 | 7.8 |
| Bachelor's degree..... | 2,153 | 21.8 | 29,559 | 24.4 | 561,567 | 22.3 |
| Graduate or professional degree..... | 1,995 | 20.2 | 23,378 | 19.3 | 458,399 | 18.2 |
| Total..... | 9,883 | 100.0 | 121,357 | 100.0 | 2,515,137 | 100.0 |
| Percentage of High School Graduates..... | | 94.7% | | 95.0% | | 91.1% |
| Percentage of College Graduates or Higher..... | | 42.0% | | 43.6% | | 40.6% |

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

SELECTED WEALTH AND INCOME INDICATORS

| | <u>Median Family Income (2000)</u> | <u>Median Family Income (2021)</u> | <u>Per Capita Income (2000)</u> | <u>Per Capita Income (2021)</u> |
|----------------------|--|--|-------------------------------------|-------------------------------------|
| Town of Clinton..... | \$ 71,403 | \$ 120,865 | \$ 26,080 | \$ 47,722 |
| Middlesex County.... | 71,319 | 118,595 | 28,251 | 48,670 |
| Connecticut..... | 65,521 | 106,441 | 28,766 | 47,869 |
| United States..... | 49,600 | 85,028 | 21,690 | 37,638 |

Source: U.S. Census Bureau, Census 2000 and 2017-2021 American Community Survey.

INCOME DISTRIBUTION

| | <u>Town of Clinton</u> | | <u>Middlesex County</u> | | <u>State of Connecticut</u> | |
|----------------------------|------------------------|----------------|-------------------------|----------------|-----------------------------|----------------|
| | <u>Families</u> | <u>Percent</u> | <u>Families</u> | <u>Percent</u> | <u>Families</u> | <u>Percent</u> |
| Less than \$10,000 | 26 | 0.7 | 729 | 1.7 | 23,811 | 2.6 |
| \$ 10,000 to 14,999 | 11 | 0.3 | 380 | 0.9 | 14,243 | 1.6 |
| \$ 15,000 to 24,999 | 59 | 1.6 | 1,065 | 2.5 | 36,091 | 4.0 |
| \$ 25,000 to 34,999 | 160 | 4.5 | 1,464 | 3.4 | 44,586 | 4.9 |
| \$ 35,000 to 49,999 | 192 | 5.4 | 2,597 | 6.1 | 71,397 | 7.8 |
| \$ 50,000 to 74,999 | 534 | 14.9 | 5,465 | 12.8 | 123,873 | 13.6 |
| \$ 75,000 to 99,999 | 365 | 10.2 | 5,502 | 12.9 | 113,529 | 12.5 |
| \$100,000 to 149,999 | 847 | 23.7 | 10,329 | 24.2 | 188,052 | 20.7 |
| \$150,000 to 199,999 | 648 | 18.1 | 6,688 | 15.7 | 117,255 | 12.9 |
| \$200,000 or more | 736 | 20.6 | 8,384 | 19.7 | 177,169 | 19.5 |
| Total | <u>3,578</u> | <u>100.0</u> | <u>42,603</u> | <u>100.0</u> | <u>910,006</u> | <u>100.0</u> |

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

EMPLOYMENT BY INDUSTRY

| | <u>Town of Clinton</u> | | <u>Middlesex County</u> | | <u>State of Connecticut</u> | |
|---|------------------------|----------------|-------------------------|----------------|-----------------------------|----------------|
| | <u>Number</u> | <u>Percent</u> | <u>Number</u> | <u>Percent</u> | <u>Number</u> | <u>Percent</u> |
| Agriculture, forestry, fisheries..... | 78 | 1.0 | 338 | 0.4 | 7,314 | 0.4 |
| Construction..... | 529 | 7.0 | 5,733 | 6.5 | 113,665 | 6.2 |
| Manufacturing..... | 871 | 11.5 | 9,675 | 11.0 | 192,688 | 10.6 |
| Wholesale trade..... | 143 | 1.9 | 1,973 | 2.2 | 41,165 | 2.3 |
| Retail trade..... | 840 | 11.1 | 8,767 | 10.0 | 194,081 | 10.6 |
| Transportation & warehousing & utilities..... | 132 | 1.7 | 3,523 | 4.0 | 80,481 | 4.4 |
| Information..... | 126 | 1.7 | 1,450 | 1.6 | 36,259 | 2.0 |
| Finance, insurance, real estate..... | 457 | 6.0 | 7,915 | 9.0 | 164,657 | 9.0 |
| Professional, scientific & management..... | 606 | 8.0 | 9,974 | 11.3 | 212,866 | 11.7 |
| Educational, health & social services..... | 2,310 | 30.4 | 23,835 | 27.1 | 482,274 | 26.5 |
| Arts, entertainment & recreation..... | 881 | 11.6 | 7,271 | 8.3 | 148,835 | 8.2 |
| Other professional services..... | 323 | 4.3 | 3,737 | 4.2 | 82,217 | 4.5 |
| Public administration..... | 303 | 4.0 | 3,906 | 4.4 | 66,493 | 3.6 |
| Total..... | <u>7,599</u> | <u>100.0</u> | <u>88,097</u> | <u>100.0</u> | <u>1,822,995</u> | <u>100.0</u> |

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

MAJOR EMPLOYERS

| Name of Employer | Nature of Entity | Estimated Number of Employees |
|-----------------------------------|---|----------------------------------|
| Clinton Crossing..... | Discount Shopping Mall..... | 1,000 |
| Town of Clinton..... | Local Government and Board of Education.. | 401 |
| Stop & Shop..... | Supermarket..... | 130 |
| Big Y..... | Supermarket..... | 130 |
| Connecticut Water Company..... | Water Utility..... | 118 |
| Shop Rite..... | Supermarket..... | 110 |
| Bausch Advanced Technologies..... | Manufacturer Specialized Packaging..... | 83 |
| Ocean State Job Lot..... | Retail..... | 37 |
| Cedar Island (1)..... | Marina..... | 35 |
| T. J. Maxx..... | Clothing..... | 34 |

(1) Includes seasonal employees.

Source: Town of Clinton

UNEMPLOYMENT RATE STATISTICS

| Yearly Average | Town of Clinton Percent | New Haven Labor Market Percent | State of Connecticut Percent | United States Percent |
|---------------------|-------------------------------|--------------------------------------|------------------------------------|-----------------------------|
| 2013 | 6.7 | 8.1 | 8.0 | 7.4 |
| 2014 | 5.5 | 6.7 | 6.6 | 6.2 |
| 2015 | 4.6 | 5.6 | 5.6 | 5.3 |
| 2016 | 3.8 | 4.8 | 4.8 | 4.9 |
| 2017 | 3.7 | 4.4 | 4.4 | 4.4 |
| 2018 | 3.2 | 3.8 | 3.9 | 3.9 |
| 2019 | 3.1 | 3.5 | 3.6 | 3.7 |
| 2020 | 6.2 | 6.8 | 7.3 | 8.1 |
| 2021 | 4.9 | 5.9 | 6.3 | 5.4 |
| 2022 | 3.3 | 3.9 | 4.2 | 3.7 |
| 2023 Monthly | | | | |
| January | 3.5 | 3.9 | 4.2 | 3.9 |
| February | 3.9 | 4.2 | 4.6 | 3.9 |
| March | 3.5 | 3.9 | 4.3 | 3.6 |
| April | 2.3 | 2.7 | 3.0 | 3.1 |
| May | 3.0 | 3.5 | 3.7 | 3.4 |
| June | 3.0 | 3.8 | 4.0 | 3.8 |
| July | 2.8 | 3.7 | 3.9 | 3.8 |
| August | 2.6 | 3.3 | 3.5 | 3.9 |
| September | 2.3 | 2.8 | 3.0 | 3.6 |
| October | 2.5 | 3.2 | 3.4 | 3.6 |
| November | 2.8 | 3.3 | 3.5 | 3.5 |

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

NUMBER AND VALUE OF BUILDING PERMITS

| Fiscal Year Ending 6/30 | Number | Value |
|------------------------------------|---------------|-----------------|
| 2024 (1) | 339 | \$ 10,002,439 |
| 2023 | 981 | 22,618,813 |
| 2022 | 1,216 | 27,340,205 |
| 2021 | 1,159 | 32,862,865 |
| 2020 | 1,001 | 18,878,330 |
| 2019 | 1,007 | 21,291,285 |
| 2018 | 978 | 19,432,819 |
| 2017 | 909 | 14,246,942 |
| 2016 | 977 | 14,608,017 |
| 2015 | 877 | 124,633,795 (2) |

(1) As of October 31, 2023.

(2) Includes permits for the New High School construction.

Source: Town of Clinton, Office of Building Inspections.

NUMBER OF DWELLING UNITS

| 2021 | 2010 | 2000 | 1990 | % Increase 1990-2021 | % Increase 2000-2021 | % Increase 2010-2021 |
|-------------|-------------|-------------|-------------|---------------------------------|---------------------------------|---------------------------------|
| 6,254 | 6,065 | 5,757 | 5,361 | 16.7% | 8.6% | 3.1% |

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

CHARACTERISTICS OF HOUSING UNITS

| Sales Price Category | Town of Clinton | | Middlesex County | | State of Connecticut | |
|-------------------------------|------------------------|----------------|-------------------------|----------------|-----------------------------|----------------|
| | Number | Percent | Number | Percent | Number | Percent |
| Less than \$50,000 | 142 | 3.1 | 879 | 1.7 | 19,747 | 2.1 |
| \$ 50,000 to \$ 99,999 | 112 | 2.4 | 1,084 | 2.1 | 25,603 | 2.8 |
| \$ 100,000 to \$149,999 | 106 | 2.3 | 2,484 | 4.9 | 68,932 | 7.4 |
| \$ 150,000 to \$199,999 | 391 | 8.5 | 5,507 | 10.9 | 130,158 | 14.1 |
| \$ 200,000 to \$299,999 | 1,784 | 38.6 | 15,589 | 30.8 | 250,981 | 27.1 |
| \$ 300,000 to \$499,999 | 1,561 | 33.8 | 19,082 | 37.8 | 268,183 | 29.0 |
| \$ 500,000 to \$999,999 | 495 | 10.7 | 4,987 | 9.9 | 117,839 | 12.7 |
| \$1,000,000 and over | 34 | 0.7 | 932 | 1.8 | 44,060 | 4.8 |
| Total | 4,625 | 100.0 | 50,544 | 100.0 | 925,503 | 100.0 |
| Median Value..... | \$290,200 | | \$298,300 | | \$286,700 | |

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

AGE DISTRIBUTION OF HOUSING

| Year Built | Town of Clinton | | Middlesex County | | State of Connecticut | |
|----------------------|------------------------|----------------|-------------------------|----------------|-----------------------------|----------------|
| | Units | Percent | Units | Percent | Units | Percent |
| 1939 or earlier..... | 957 | 15.3 | 15,190 | 19.9 | 323,631 | 21.2 |
| 1940 - 1949..... | 256 | 4.1 | 3,728 | 4.9 | 100,445 | 6.6 |
| 1950 - 1959..... | 744 | 11.9 | 8,551 | 11.2 | 224,412 | 14.7 |
| 1960 - 1969..... | 1,534 | 24.5 | 8,933 | 11.7 | 203,726 | 13.3 |
| 1970 - 1979..... | 706 | 11.3 | 11,529 | 15.1 | 206,448 | 13.5 |
| 1980 - 1989..... | 1,147 | 18.3 | 11,827 | 15.5 | 191,539 | 12.5 |
| 1990 - 1999..... | 356 | 5.7 | 7,588 | 9.9 | 118,124 | 7.7 |
| 2000 - 2009..... | 430 | 6.9 | 6,472 | 8.5 | 104,519 | 6.8 |
| 2010 - 2019..... | 124 | 2.0 | 2,439 | 3.2 | 53,427 | 3.5 |
| 2020 or later..... | 0 | 0.0 | 30 | 0.0 | 768 | 0.1 |
| Total..... | 6,254 | 100 | 76,287 | 100 | 1,527,039 | 100 |

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

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IV. TAX BASE DATA

ASSESSMENT PRACTICES

The Town last revalued its real property to be effective on the October 1, 2020 Grand List, for the 2021-22 fiscal year. The next revaluation is scheduled for October 1, 2025. Under Section 12-62 of the Connecticut General Statutes, the Town must revalue all real estate by physical inspection no later than ten years following the preceding physical inspection. The Town must conduct a statistical revaluation no later than five years after the last physical inspection. 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 are computed at seventy percent (70%) of 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.

Motor vehicle lists are furnished to the Town by the State of Connecticut and appraisals of motor vehicles are accomplished in accordance with an automotive price schedule as recommended by the State Office of Policy and Management and the Assessor. Section 12-71b of the Connecticut General Statutes provides that motor vehicles which are registered with the Commissioner of Motor Vehicles after the October 1 assessment date but before the next August 1 are subject to a property tax as if the motor vehicle had been included on the October 1 Grand List. The tax is prorated, and the pro-ration is based on the number of months of ownership between October 1 and the following July 31. Cars purchased in August and September are not taxed until the next October 1 Grand list. If the motor vehicle replaces a motor vehicle that was taxed on the October Grand List, the taxpayer is entitled to certain credits.

All business personal property (furniture, fixtures, equipment, machinery and leased equipment) is assessed annually. An assessor's clerk and audit is completed periodically. Assessments for both personal property and motor vehicles are computed at seventy (70%) of present market value.

Section 12-124a of the Connecticut General Statutes permits a municipality, upon approval of its legislative body, to abate property taxes on owner-occupied residences to the extent that the taxes exceed eight percent of the owner's total income, from any source, adjusted for self-employed persons to reflect expenses allowed in determining adjusted gross income. The owner must agree to pay the amount of taxes abated with interest at 6% per annum, or at such rate approved by the legislative body, at such time that the residence is sold or transferred or on the death of the last surviving owner. A lien for such amounts is recorded in the land records but does not take precedence over any mortgage recorded before the lien. The Town has approved the use of this abatement provision.

TAX COLLECTION PROCEDURE

The fiscal year begins on July 1 and ends the following year on June 30th. Property is assessed on October 1st each year. Motor vehicles assessed on October 1 are due and payable in full on July 1 that follows. The first installment of real estate and personal property over \$100.00 and the entire amount of taxes for real estate and personal property of \$100.00 or less are due and payable on July 1. The second installment of real estate and personal property is due on January 1. Motor vehicles registered after October 1 and registered before the following August 1 are due and payable in one installment on the following January 1.

Late payments are subject to interest at the rate of 1.5% per month, 18% per annum from the due date of the tax. Minimum interest per installment is \$2.00.

MOTOR VEHICLE PROPERTY TAX RATE

Connecticut General Statutes Section 12-71e, as amended, allows municipalities to tax motor vehicles at a different rate than other taxable property, but caps the motor vehicle rate at 32.46 mills for the assessment year commencing October 1, 2021. Section 4-661 of the General Statutes, as amended ("Section 4-661"), diverts a portion of the state collected sales tax revenue to provide funding to municipalities to mitigate the revenue loss attributed to motor vehicle property tax cap. The Town's motor vehicle tax rate for current 2022 assessment year (Fiscal Year ending June 30, 2024) is 29.83 mills.

PROPERTY TAX LEVIES AND COLLECTIONS (1)

| Fiscal Year Ending 6/30 | Net Taxable Grand List (1) | Tax Rate (In Mills) | Total Adjusted Tax Levy | Percentage Collected End of Each FY | Uncollected Taxes End of Each FY | Uncollected Taxes As of 6/30/23 |
|--|---------------------------------------|--------------------------------|--|--|---|--|
| 2024 (Adopted Budget) | \$ 1,742,068,723 | 29.83 | \$ 51,698,017 | In Process | In Process | In Process |
| 2023 | 1,709,636,916 | 29.83 | 51,101,159 | 99.1 | \$ 630,207 | \$ 630,207 |
| 2022 | 1,647,352,005 | 29.83 | 49,433,308 | 99.0 | 514,834 | 148,972 |
| 2021 | 1,560,653,395 | 31.25 | 48,761,484 | 99.2 | 412,558 | 110,432 |
| 2020 | 1,543,849,049 | 31.25 | 48,309,034 | 99.0 | 421,859 | 97,754 |
| 2019 | 1,533,002,511 | 30.54 | 46,793,476 | 99.4 | 263,488 | 65,265 |
| 2018 | 1,525,469,492 | 29.91 | 45,455,718 | 99.3 | 311,683 | 32,555 |
| 2017 | 1,522,148,055 | 27.14 | 41,129,362 | 99.4 | 244,081 | 23,765 |
| 2016 | 1,509,658,837 | 26.77 | 40,224,220 | 99.3 | 272,794 | 34,248 |
| 2015 | 1,505,482,578 | 26.27 | 39,363,348 | 99.3 | 293,700 | 28,512 |

(1) Net Taxable Grand List as of October 1 (Includes Board of Assessment Appeals).

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 |
|---------------------------------|--------------------------|------------------------------|---------------------------------------|---|----------------------------|-----------------------------------|
| 10/01/22 | \$ 1,506,559,311 | \$ 93,164,688 | \$ 152,861,684 | \$ 1,752,585,683 | \$ 10,516,960 | \$ 1,742,068,723 |
| 10/01/21 | 1,489,960,281 | 86,204,030 | 143,154,965 | 1,719,319,276 | 9,682,360 | 1,709,636,916 |
| 10/01/20 | 1,469,420,555 | 76,935,193 | 111,547,351 | 1,657,903,099 | 10,551,094 | 1,647,352,005 |
| 10/01/19 | 1,395,244,785 | 71,798,803 | 105,288,371 | 1,572,331,959 | 11,678,564 | 1,560,653,395 |
| 10/01/18 | 1,384,494,678 | 68,369,388 | 102,071,558 | 1,554,935,624 | 11,086,575 | 1,543,849,049 |
| 10/01/17 | 1,377,811,662 | 65,588,989 | 99,950,860 | 1,543,351,511 | 10,349,000 | 1,533,002,511 |
| 10/01/16 | 1,372,594,718 | 65,214,744 | 98,160,370 | 1,535,969,832 | 10,500,340 | 1,525,469,492 |
| 10/01/15 | 1,368,142,540 | 67,083,742 | 97,869,122 | 1,533,095,404 | 10,947,349 | 1,522,148,055 |
| 10/01/14 | 1,360,151,926 | 64,535,941 | 95,916,190 | 1,520,604,057 | 10,945,220 | 1,509,658,837 |
| 10/01/13 | 1,356,992,590 | 62,414,261 | 95,216,227 | 1,514,623,078 | 9,140,500 | 1,505,482,578 |

(1) The Grand List represents the total of assessed value for all taxable real and personal property located within the Town as of October 1 (Includes Board of Assessment Appeals). A Board of Assessment Appeals determines whether adjustments to the Assessor's list on assessments under appeal are warranted. Assessments are computed at seventy percent (70%) of market value at the time of the last revaluation (Grand List of 10/1/20). The next revaluation is scheduled for 10/1/25.

REAL PROPERTY BREAKDOWN BY CATEGORY

| Grand List Dated | Residential Property | Commercial Property | Public Utilities/ Vacant Land | Industrial Property | Total Real Property |
|-----------------------------|---------------------------------|--------------------------------|--|--------------------------------|--------------------------------|
| 10/01/22 | \$ 1,255,472,623 | \$ 196,280,443 | \$ 15,780,210 | \$ 39,026,035 | \$ 1,506,559,311 |
| 10/01/21 | 1,244,236,722 | 190,412,991 | 16,380,433 | 38,930,135 | 1,489,960,281 |
| 10/01/20 | 1,241,235,004 | 173,280,244 | 16,012,372 | 38,892,935 | 1,469,420,555 |
| 10/01/19 | 1,186,616,218 | 168,495,327 | 15,969,300 | 24,163,940 | 1,395,244,785 |
| 10/01/18 | 1,171,999,809 | 173,076,799 | 16,067,810 | 23,350,280 | 1,384,494,698 |
| 10/01/17 | 1,164,938,823 | 173,132,609 | 16,426,910 | 23,313,320 | 1,377,811,662 |
| 10/01/16 | 1,165,423,259 | 167,237,239 | 16,737,820 | 23,196,400 | 1,372,594,718 |
| 10/01/15 | 1,158,295,191 | 169,272,849 | 17,107,700 | 23,466,800 | 1,368,142,540 |
| 10/01/14 | 1,182,352,773 | 137,317,283 | 17,056,040 | 23,425,830 | 1,360,151,926 |
| 10/01/13 | 1,179,612,477 | 133,438,803 | 17,481,560 | 26,459,750 | 1,356,992,590 |

Source: Town of Clinton Assessor's Office.

LARGEST TAXPAYERS

| <u>Name of Taxpayer</u> | <u>Nature of Operations</u> | <u>Valuation As of 10/1/22</u> | <u>Rank</u> | <u>Percent of Total</u> |
|---|-----------------------------|------------------------------------|-------------|-----------------------------|
| Chelsea GCA Realty Partnership LP..... | Retail Factory Outlet..... | \$ 50,820,290 | 1 | 2.917 |
| Connecticut Water Company..... | Public Water Supply Co..... | 30,899,573 | 2 | 1.774 |
| Indian River Shops Killingworth Turnpike..... | Retail Shopping Plaza..... | 17,149,720 | 3 | 0.984 |
| Eversource..... | Utility..... | 15,882,380 | 4 | 0.912 |
| 1 John Street & R&R Clinton Ventures LLC.. | Real Estate..... | 13,346,630 | 5 | 0.766 |
| Triple Net Clinton LLC..... | Retail Shopping Plaza..... | 12,380,780 | 6 | 0.711 |
| Jerome Property LLC..... | Retail Shopping Plaza..... | 12,058,090 | 7 | 0.692 |
| CIM LLC..... | Real Estate..... | 5,360,000 | 8 | 0.308 |
| MGF Incorporated..... | Manufacturing..... | 3,716,473 | 9 | 0.213 |
| Dark Horse Reality II LLC (Walgreens)..... | Retail..... | 3,541,745 | 10 | 0.203 |
| Total..... | | <u>\$ 165,155,681</u> | | <u>9.480</u> |

Source: Town of Clinton Assessor's Office.

EQUALIZED NET GRAND LIST

| <u>Grand List of 10/1</u> | <u>Equalized Net Grand List</u> | <u>% Growth</u> |
|-------------------------------|-------------------------------------|---------------------|
| 2021 | \$ 3,181,090,324 | 30.25% |
| 2020 (1) | 2,442,344,838 | 4.02% |
| 2019 | 2,347,957,614 | 0.06% |
| 2018 | 2,346,625,118 | -0.69% |
| 2017 | 2,362,962,231 | 4.81% |
| 2016 | 2,254,579,501 | 3.63% |
| 2015 (1) | 2,175,563,971 | 1.84% |
| 2014 | 2,136,348,483 | 1.05% |
| 2013 | 2,114,190,882 | -1.35% |
| 2012 | 2,143,157,440 | 2.20% |

(1) Years of revaluation.

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V. FINANCIAL INFORMATION

ACCOUNTING POLICIES

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

BASIS OF ACCOUNTING

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

AUDIT

Pursuant to the provisions as delineated in the Municipal Auditing Act (Chapter 111 of the Connecticut General Statutes), the Town is obligated to undergo an annual examination by an independent certified public accountant. The firm of PKF O'Connor Davies, LLP of Wethersfield, Connecticut, is the auditor, and is required to conduct an examination under the guidelines issued by the State of Connecticut, Office of Policy & Management, which receives a copy of said audit report when completed.

The most recent audited report covers the fiscal year ended June 30, 2023. Included in this Official Statement and made a part hereof as "Appendix A" are the Independent Auditor's Report, Management's Discussion and Analysis, the Town's Basic Financial Statements and Notes to the Financial Statements, together with the report of the independent auditor as prepared by PKF O'Connor Davies, LLP. The information contained in "Appendix A" is not the entire audit report. A copy of the complete report is available upon request to the Director of Finance, Town of Clinton.

BUDGETARY PROCEDURES

The Town follows the following procedure in establishing the budgetary data included in the General Fund and certain Special Revenue Funds financial statements. The Town Manager shall present to the Town Council a budget and recommendations. The Town Council shall hold one or more public hearings on the proposed budget not less than fourteen (14) days before the Annual Budget Meeting. At the hearings any person qualified to vote at the Annual Budget Meeting may be heard. The proposed budget shall be published in a newspaper having general circulation in the Town at least ten (10) days in advance of the public hearing, and shall be available at the Town Clerk's Office, and the Town Council shall have sufficient copies of the proposed budget and report available at the public hearing.

All unencumbered appropriations lapse at year end, except those for the Capital Projects Fund and certain special revenue grants. Appropriations for Capital Projects are continued until completion of applicable projects, even when projects extend more than one fiscal year.

MUNICIPAL BUDGET EXPENDITURE CAP

Connecticut General Statutes Section 4-661, as amended, 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, expenditures associated with a major disaster or emergency declaration by the President of the United States, a disaster emergency declaration issued by the Governor pursuant to C.G.S. Chapter 517, budgeting for an audited deficit, nonrecurring grants, and capital expenditures or payments on unfunded pension liabilities) 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.

For fiscal years ending June 30, 2020 to June 30, 2023, inclusive, each municipal revenue sharing grant is proportionately reduced if amounts in the revenue sharing account are insufficient to fund all the revenue sharing grants.

EMPLOYEE PENSION SYSTEMS

The Town is the administrator of three single-employer Public Employee Retirement Systems ("PERS") established and administered by the Town to provide benefits that cover the police employees, education noncertified employees and volunteer firefighters of the Town. The pension plans are single employer defined benefit plans. The PERS is considered to be part of the Town's financial reporting entity and is included in the Town's financial reports as a pension trust fund.

In accordance with GASB Statement No. 67, the components of the net pension liability of the Town's – Police Plan as of June 30 were as follows:

| | Town - Police Plan | | | | |
|---|---------------------------|---------------------|---------------------|---------------------|---------------------|
| | 2023 | 2022 | 2021 | 2020 | 2019 |
| Total pension liability..... | \$ 27,569,958 | \$ 24,628,254 | \$ 23,643,116 | \$ 22,334,014 | \$ 21,665,878 |
| Plan fiduciary net position..... | 16,092,398 | 15,080,582 | 17,349,244 | 13,865,092 | 13,728,200 |
| Net pension liability..... | <u>\$ 11,477,560</u> | <u>\$ 9,547,672</u> | <u>\$ 6,293,872</u> | <u>\$ 8,468,922</u> | <u>\$ 7,937,678</u> |
| Plan fiduciary net position as a % of total pension liability..... | 58.37% | 61.23% | 73.38% | 62.08% | 63.36% |

The following represents the net pension liability of the Town, calculated using the discount rate of 6.75%, 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 (5.75%) or 1 percentage point higher (7.75%) than the current rate:

| | 1% Decrease | Current | 1% Increase |
|---|--------------------|----------------------|--------------------|
| | 5.75% | Discount Rate | 7.75% |
| | 5.75% | 6.75% | 7.75% |
| Town - Police Plan Net Pension Liability..... | \$ 14,816,349 | \$ 11,477,560 | \$ 8,700,061 |

In accordance with GASB Statement No. 67, the components of the net pension liability of the Town's – Board of Education Noncertified Employees Plan as of June 30 were as follows:

| | Board of Education Noncertified Employees Plan | | | | |
|---|---|---------------------|-------------------|---------------------|---------------------|
| | 2023 | 2022 | 2021 | 2020 | 2019 |
| Total pension liability..... | \$ 8,202,438 | \$ 7,979,374 | \$ 8,515,444 | \$ 8,218,051 | \$ 8,079,825 |
| Plan fiduciary net position..... | 7,158,298 | 6,493,457 | 7,570,934 | 6,042,867 | 6,493,309 |
| Net pension liability..... | <u>\$ 1,044,140</u> | <u>\$ 1,485,917</u> | <u>\$ 944,510</u> | <u>\$ 2,175,184</u> | <u>\$ 1,586,516</u> |
| Plan fiduciary net position as a % of total pension liability..... | 87.27% | 81.38% | 88.91% | 73.53% | 80.36% |

The following represents the net pension liability of the Town, calculated using the discount rate of 6.50%, as well as what the Town's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (5.50%) or 1 percentage point higher (7.5%) than the current rate:

| | 1% Decrease | Current | 1% Increase |
|--|--------------------|----------------------|--------------------|
| | 5.50% | Discount Rate | 7.50% |
| | 5.50% | 6.50% | 7.50% |
| Board of Education - Noncertified Employees Plan Net Pension Liability..... | \$ 1,933,591 | \$ 1,044,140 | \$ 284,794 |

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In accordance with GASB Statement No. 67, the components of the net pension liability of the Town's – Volunteer Firefighters' Pension Plan as of June 30 were as follows:

| | Volunteer Firefighters' Plan | | | | |
|---|-------------------------------------|-------------------|-------------------|-------------------|-------------------|
| | 2023 | 2022 | 2021 | 2020 | 2019 |
| Total pension liability..... | \$ 1,073,909 | \$ 981,525 | \$ 973,547 | \$ 976,459 | \$ 957,109 |
| Plan fiduciary net position..... | 195,131 | 164,368 | 174,137 | 122,791 | 100,015 |
| Net pension liability..... | <u>\$ 878,778</u> | <u>\$ 817,157</u> | <u>\$ 799,410</u> | <u>\$ 853,668</u> | <u>\$ 857,094</u> |
| Plan fiduciary net position as a % of total pension liability..... | 18.17% | 16.75% | 17.89% | 12.58% | 10.45% |

The following represents the net pension liability of the Town, calculated using the discount rate of 6.25%, 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 (5.25%) or 1 percentage point higher (7.25%) than the current rate:

| | 1% Decrease | Current | 1% Increase |
|---|--------------------|----------------------|--------------------|
| | 5.25% | Discount Rate | 7.25% |
| | 6.25% | 6.25% | 7.25% |
| Volunteer Firefighters' Plan - Net Pension Liability..... | \$ 1,005,515 | \$ 878,778 | \$ 771,371 |

Based on the July 1, 2023 actuarial valuations for the Town-Police, the July 1, 2022 actuarial valuations for the Board of Education-Noncertified Plans and Volunteer Firefighters Employee Plan, the actuarial value of assets and actuarial liabilities were as follows:

**Schedule of Funding Progress
(Town - Police Plan)**

| Actuarial Valuation July 1 | Actuarial Value of Assets (a) | Actuarial Accrued Liability (AAL) (b) | Funded (Unfunded) AAL (UAAL) (a) - (b) | Percentage Funded Ratio (a) / (b) |
|---|--|--|---|--|
| 2019 | \$ 14,018,130 | \$ 21,903,169 | \$ (7,885,039) | 64.0 |
| 2020 | 14,474,198 | 23,242,445 | (8,768,247) | 62.3 |
| 2021 | 15,574,505 | 24,180,444 | (8,605,939) | 64.4 |
| 2022 | 16,363,886 | 27,196,871 | (10,832,985) | 60.2 |
| 2023 | 16,752,218 | 28,205,898 | (11,453,680) | 59.4 |

(Board of Education - Noncertified Employees Plan)

| Actuarial Valuation July 1 | Actuarial Value of Assets (a) | Actuarial Accrued Liability (AAL) (b) | Funded (Unfunded) AAL (UAAL) (a) - (b) | Percentage Funded Ratio (a) / (b) |
|---|--|--|---|--|
| 2018 | \$ 5,823,584 | \$ 7,659,103 | \$ (1,835,519) | 76.0 |
| 2019 | 5,801,314 | 7,826,555 | (2,025,241) | 74.1 |
| 2020 | 6,056,142 | 8,275,445 | (2,219,303) | 73.2 |
| 2021 | 6,649,690 | 7,782,795 | (1,133,105) | 85.4 |
| 2022 | 7,059,859 | 7,907,623 | (847,764) | 89.3 |

(Town - Volunteer Firefighters' Plan)

| Actuarial Valuation July 1 | Actuarial Value of Assets (a) | Actuarial Accrued Liability (AAL) (b) | Funded (Unfunded) AAL (UAAL) (a) - (b) | Percentage Funded Ratio (a) / (b) |
|---|--|--|---|--|
| 2016 | \$ - | \$ 871,066 | \$ (871,066) | 0.0 |
| 2018 | 71,304 | 935,430 | (864,126) | 7.6 |
| 2020 | 122,792 | 965,481 | (842,689) | 12.7 |
| 2022 | 164,368 | 1,059,463 | (895,095) | 15.5 |

**Schedule of Employer Contributions
(Town - Police Plan)**

| Fiscal Year | Actuarially Determined Employer Contribution | Actual Contribution | Percentage Contributed |
|--------------------|---|--------------------------------|-----------------------------------|
| 2020 | \$ 968,500 | \$ 968,500 | 100.0 |
| 2021 | 1,032,780 | 1,032,780 | 100.0 |
| 2022 | 1,166,480 | 1,166,480 | 100.0 |
| 2023 | 1,198,510 | 1,198,510 | 100.0 |
| 2024 (1) | 1,494,210 | 1,494,210 | 100.0 |

(Board of Education - Noncertified Employees Plan)

| Fiscal Year | Actuarially Determined Employer Contribution | Actual Contribution | Percentage Contributed |
|--------------------|---|--------------------------------|-----------------------------------|
| 2020 | \$ 455,549 | \$ 455,549 | 100.0 |
| 2021 | 491,221 | 491,221 | 100.0 |
| 2022 | 549,750 | 549,750 | 100.0 |
| 2023 | 450,114 | 450,114 | 100.0 |
| 2024 (1) | 462,853 | 462,853 | 100.0 |

(Town - Volunteer Firefighters' Plan)

| Fiscal Year | Actuarially Determined Employer Contribution | Actual Contribution | Percentage Contributed |
|--------------------|---|--------------------------------|-----------------------------------|
| 2020 | \$ 77,675 | \$ 77,675 | 100.0 |
| 2021 | 78,002 | 78,002 | 100.0 |
| 2022 | 72,388 | 72,388 | 100.0 |
| 2023 | 72,593 | 72,593 | 100.0 |
| 2024 (1) | 77,997 | 77,997 | 100.0 |

(1) As budgeted for fiscal year 2023-24.

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All full-time employees of the Town of Clinton, except the Board of Education and police department personnel, participate in the Municipal Employees' Retirement System ("MERS"), a cost-sharing multiple-employer public employee retirement system ("PERS") established by the State of Connecticut and administered by the State Retirement Commission to provide pension benefits to employees of participating municipalities. See Appendix A, page 71 for further details of the plan.

The following represents the Town's proportionate share of the net pension liability, calculated using the discount rate of 7.0%, 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 (6.0%) or 1 percentage point higher (8.0%) than the current rate:

| | 1% Decrease 6.00% | Current Discount Rate 7.00% | 1% Increase 8.00% |
|---|------------------------------------|--|------------------------------------|
| Town's proportionate share of the MERS Net Pension Liability..... | \$ 7,524,104 | \$ 5,494,612 | \$ 3,776,635 |

Teachers, principals, superintendents or supervisors engaged in service of public schools are provided with pensions through the State of Connecticut Teachers Retirement System ("CTRS"), a cost-sharing multiple-employer public employee retirement system ("PERS") administered by the Teachers Retirement Board. The Town does not contribute to CTRS, which is State administered as required by State statutes. See Appendix A, page 77 for further details on the Plan and its funding status.

OTHER POST-EMPLOYMENT BENEFITS

The Town, in accordance with various collective bargaining agreements, is committed to providing medical benefits to certain eligible retirees and their spouses. The Post-Retirement Medical Program ("RMP") covers Town and Board of Education employees. Eligible retirees and their spouses can receive medical and life insurance in accordance with the plan documents. The percentage contribution and eligibility of the employees and retirees for these benefits vary and are detailed within the Town's various bargaining agreements. The Town does not issue a separate stand-alone financial statement for this program.

The Town's funding and payment of postemployment benefits are accounted for in the General Fund on a pay-as-you-go basis. The Town has established a trust fund to irrevocably segregate assets to fund the liability associated with postemployment benefits in accordance with GASB guidelines. The Town is currently developing a funding strategy to provide for normal cost and the amortization of the accrued liability. Although a trust fund has been established, it is not intended to exclusively control the funding and reporting of postemployment benefits. The Town anticipates a commitment to fund normal cost and a long-term approach to the amortization of the actuarial accrued liability. The goal is to absorb, within the budgetary process, the actual cost of benefits in the determination of the costs of providing services to taxpayers. The Town's funding strategy for postemployment obligations are based upon characteristics of benefits on two distinct groups of employees established within their respective collective bargaining units and/or contracts and include the following:

- Clinton Board of Education Retirees are required to pay 100% of the health premium for self and spouse, less the \$1,320 annual CT Teachers Retirement Board subsidy, who retire from the school system meeting the following criteria by bargaining group:
 - Teachers and Administrators are eligible at the earliest of age 60 with 20 years of service, or completion of 35 years of service regardless of age for normal retirement and earliest of age 60 with 10 years of service, any age with 25 years of service, or age 55 with 20 years of service under early retirement.
 - BOE Non-Certified employees are eligible for retirement at age 65 with 10 years of service. Early retirement is age 55 with 10 years of service.
- The Town of Clinton funds 100% of the cost of life insurance and medical insurance for Town Employees who retire meeting the following criteria by bargaining group:
 - Administrative employees at the Town are eligible to receive life insurance at age 55 with 10 years of service and medical insurance only if they retire after age 65 with 10 years of service. Administrators' life insurance is \$10,000.
 - Police employees age 55 with 10 years of continuous service or age 55 and 15 years of noncontinuous service or 25 years of service have access to a Major Medical plan until age 62 at no cost to the retiree.

- All other Town employees are eligible to receive life insurance at age 55 and 10 years of service and medical insurance only if they retire after age 65 with 10 years of service. Eligible life insurance for these individuals is \$5,000.
- Only two existing retirees have spouse coverage, and no future retirees are eligible for spouse coverage.

In accordance with Government Accounting Standards Board's ("GASB") Statement No. 75, the net position is based on the fair market value as of the end of the fiscal year and the total OPEB liability is based on the actuarial assumptions as of the prior valuation date updated to the end of the fiscal year. The components of the net OPEB liability of the Town as of June 30 were as follows:

| | Town Plan | | | | |
|--|---------------------|---------------------|---------------------|---------------------|---------------------|
| | 2023 | 2022 | 2021 | 2020 | 2019 |
| Total OPEB liability..... | \$ 2,022,859 | \$ 2,498,623 | \$ 2,926,380 | \$ 3,168,592 | \$ 2,778,991 |
| Plan fiduciary net position..... | 41,595 | 34,768 | 41,021 | 32,320 | 32,351 |
| Net pension liability..... | <u>\$ 1,981,264</u> | <u>\$ 2,463,855</u> | <u>\$ 2,885,359</u> | <u>\$ 3,136,272</u> | <u>\$ 2,746,640</u> |
| Plan fiduciary net position as a % of total OPEB liability..... | 2.06% | 1.39% | 1.40% | 1.02% | 1.16% |

The following represents the net OPEB liability of the Town, calculated using the discount rate of 3.65%, as well as what the Town's OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.65%) or 1 percentage point higher (4.65%) than the current rate:

| | 1% Decrease | Current Rate | 1% Increase |
|------------------------------|--------------------|---------------------|--------------------|
| | 2.65% | 3.65% | 4.65% |
| Net Town OPEB Liability..... | \$ 2,243,395 | \$ 1,981,264 | \$ 1,769,180 |

The following represents the Town's net OPEB liability of the Town, calculated using healthcare cost trend rates that are 1 percentage point lower or 1 percentage point higher than the current healthcare cost trend rate:

| | Healthcare Cost | | |
|------------------------------|------------------------|--------------------|--------------------|
| | 1% Decrease | Trend Rates | 1% Increase |
| Net Town OPEB Liability..... | \$ 1,805,636 | \$ 1,981,264 | \$ 2,203,100 |

In accordance with GASB Statement No. 75, the net position is based on the fair market value as of the end of the fiscal year and the total OPEB liability is based on the actuarial assumptions as of the prior valuation date updated to the end of the fiscal year. The components of the net OPEB liability of the Board of Education as of June 30 were as follows:

| | Board of Education Plan | | | | |
|--|--------------------------------|---------------------|---------------------|---------------------|---------------------|
| | 2023 | 2022 | 2021 | 2020 | 2019 |
| Total pension liability..... | \$ 4,685,883 | \$ 4,591,416 | \$ 6,713,421 | \$ 6,454,364 | \$ 8,041,598 |
| Plan fiduciary net position..... | 84,023 | 76,925 | 96,007 | 75,413 | 75,486 |
| Net pension liability..... | <u>\$ 4,601,860</u> | <u>\$ 4,514,491</u> | <u>\$ 6,617,414</u> | <u>\$ 6,378,951</u> | <u>\$ 7,966,112</u> |
| Plan fiduciary net position as a % of total OPEB liability..... | 1.79% | 1.68% | 1.43% | 1.17% | 0.94% |

The following represents the net OPEB liability of the Board of Education, calculated using the discount rate of 3.65%, as well as what the Town's OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.65%) or 1 percentage point higher (4.65%) than the current rate:

| | 1% Decrease | Current Rate | 1% Increase |
|--|--------------------|---------------------|--------------------|
| | 2.65% | 3.65% | 4.65% |
| Net Board of Education OPEB Liability..... | \$ 5,054,513 | \$ 4,601,860 | \$ 4,199,603 |

The following represents the net OPEB liability of the Board of Education, calculated using healthcare cost trend rates that are 1 percentage point lower or 1 percentage point higher than the current healthcare cost trend rate:

| | <u>1% Decrease</u> | <u>Healthcare Cost Trend Rates</u> | <u>1% Increase</u> |
|--|--------------------|--|--------------------|
| Net Board of Education OPEB Liability..... | \$ 4,052,417 | \$ 4,601,860 | \$ 5,246,991 |

The Town's annual other postemployment benefit ("OPEB") cost is calculated based on the actuarially determined employer contribution ("ADEC"), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ADEC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years.

Based on the July 1, 2022 and July 1, 2021 actuarial valuations, the actuarial value of assets and actuarial liabilities for the Town-Police and Board of Education-Noncertified Plans, respectively, were as follows:

**Schedule of Funding Progress
(Town Plan)**

| Actuarial Valuation July 1 | Actuarial Value of Assets (a) | Actuarial Accrued Liability (AAL) (b) | Funded (Unfunded) AAL (UAAL) (a) - (b) | Percentage Funded Ratio (a) / (b) |
|---|--|--|---|--|
| 7/1/2014 | \$ - | \$ 2,254,800 | \$ (2,254,800) | 0.0 |
| 7/1/2016 | - | 2,316,000 | (2,316,000) | 0.0 |
| 7/1/2018 | 31,900 | 2,692,800 | (2,660,900) | 1.2 |
| 7/1/2020 | 32,320 | 2,416,836 | (2,384,516) | 1.3 |
| 7/1/2022 | 34,768 | 1,897,162 | (1,862,394) | 1.8 |

(Board of Education Plan)

| Actuarial Valuation July 1 | Actuarial Value of Assets (a) | Actuarial Accrued Liability (AAL) (b) | Funded (Unfunded) AAL (UAAL) (a) - (b) | Percentage Funded Ratio (a) / (b) |
|---|--|--|---|--|
| 7/1/2013 | \$ - | \$ 8,150,872 | \$ (8,150,872) | 0.0 |
| 7/1/2015 | - | 5,464,261 | (5,464,261) | 0.0 |
| 7/1/2017 | 70,730 | 6,712,069 | (6,641,339) | 1.1 |
| 7/1/2019 | 74,357 | 5,324,354 | (5,249,997) | 1.4 |
| 7/1/2021 | 95,716 | 5,220,076 | (5,124,360) | 1.8 |

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**Schedule of Employer Contributions
(Town Plan)**

| <u>Fiscal Year</u> | <u>Actuarially Determined Employer Contribution</u> | <u>Actual Contribution</u> | <u>Percentage Contributed</u> |
|--------------------|---|--------------------------------|-----------------------------------|
| 2020 | \$ 201,100 | \$ 202,808 | 100.8 |
| 2021 | 203,300 | 200,145 | 98.4 |
| 2022 | 198,000 | 182,257 | 92.0 |
| 2023 | 200,800 | TBD | |
| 2024 | 193,400 | TBD | |

(Board of Education Plan)

| <u>Fiscal Year</u> | <u>Actuarially Determined Employer Contribution</u> | <u>Actual Contribution</u> | <u>Percentage Contributed</u> |
|--------------------|---|--------------------------------|-----------------------------------|
| 2019 | \$ 631,574 | \$ 220,414 | 34.9 |
| 2020 | 679,650 | 217,908 | 32.1 |
| 2021 | 486,309 | 213,118 | 43.8 |
| 2022 | 520,446 | 207,855 | 39.9 |
| 2023 | 405,000 | TBD | |
| 2024 | 405,000 | TBD | |

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as accrual results are compared with past expectations and new estimates are made about the future. Projections for benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the July 1, 2022 actuarial valuation for the Town employees, the projected unit credit actuarial cost method was used. The actuarial assumptions include a 4.0% investment rate of return, which is the rate of the expected long-term investment returns of plan assets calculated based on the funding policy of the plan at the valuation date. The actuarial value of assets was determined using the open group method. The UAAL is being amortized each year over a constant 30-year on an open basis.

In the July 1, 2021 actuarial valuation, the Board of Education utilized the entry age normal cost method. The actuarial assumptions include a 2.16% investment rate of return, which is the rate of the expected long-term investment returns of plan assets calculated based on the funding policy of the plan at the valuation date. The actuarial value of assets was determined using the closed group method. The UAAL is being amortized each year over a constant 30-year period, as a level dollar amount.

INVESTMENT POLICIES AND PROCEDURES

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

The Town's investment practices have been to invest in certificates of deposit, the State of Connecticut Short-Term Investment Fund ("STIF") and the Tax-Exempt Proceeds Fund ("TEPF"). The Town does not invest in derivative investment products.

PROPERTY TAX REVENUES

| Fiscal Year | General Fund Revenues | Property Tax Revenues | Property Tax as a Percentage of General Fund Revenues |
|-----------------------|------------------------------|------------------------------|--|
| 2024 (Adopted Budget) | \$ 58,834,955 | \$ 50,651,585 | 86.1 |
| 2023 | 65,417,169 | 51,354,766 | 78.5 |
| 2022 | 62,176,383 | 49,567,812 | 79.7 |
| 2021 | 61,865,434 | 48,819,588 | 78.9 |
| 2020 | 62,399,776 | 48,222,539 | 77.3 |
| 2019 | 57,371,913 | 46,961,357 | 81.9 |
| 2018 | 60,470,112 | 45,804,387 | 75.7 |
| 2017 | 56,320,422 | 41,499,416 | 73.7 |
| 2016 | 53,224,618 | 40,509,880 | 76.1 |
| 2015 | 51,449,628 | 39,563,337 | 76.9 |

Source: Annual audited financial statements, fiscal years 2023-24 adopted budget.

INTERGOVERNMENTAL REVENUES

| Fiscal Year | General Fund Revenues | Intergovernmental Revenues | Intergovernmental Revenues as a Percentage of General Fund Revenues |
|-----------------------|------------------------------|-----------------------------------|--|
| 2024 (Adopted Budget) | \$ 58,834,955 | \$ 6,155,240 | 10.5 |
| 2023 | 65,417,169 | 12,079,041 | 18.5 |
| 2022 | 62,176,383 | 11,210,445 | 18.0 |
| 2021 | 61,865,434 | 11,417,679 | 18.5 |
| 2020 | 62,399,776 | 12,953,145 | 20.8 |
| 2019 | 57,371,913 | 9,232,561 | 16.1 |
| 2018 | 60,470,112 | 13,477,597 | 22.3 |
| 2017 | 56,320,422 | 13,772,705 | 24.5 |
| 2016 | 53,224,618 | 11,393,179 | 21.4 |
| 2015 | 51,449,628 | 10,931,383 | 21.2 |

Source: Annual audited financial statements, fiscal years 2023-24 adopted budget.

EXPENDITURES

| Fiscal Year | Board of Education Percent | General Government Percent | Debt Service Percent | Public Safety Percent | Public Works Percent |
|-----------------------|-----------------------------------|-----------------------------------|-----------------------------|------------------------------|-----------------------------|
| 2024 (Adopted Budget) | 60.3 | 15.5 | 8.6 | 8.2 | 3.6 |
| 2023 | 65.3 | 12.3 | 8.3 | 7.6 | 3.3 |
| 2022 | 64.5 | 12.4 | 8.8 | 7.8 | 3.4 |
| 2021 | 64.5 | 12.0 | 9.1 | 7.8 | 3.3 |
| 2020 | 64.8 | 12.4 | 7.7 | 8.9 | 3.1 |
| 2019 | 63.9 | 13.1 | 8.1 | 8.5 | 3.5 |
| 2018 | 68.1 | 12.1 | 6.6 | 7.4 | 3.3 |
| 2017 | 68.4 | 12.3 | 5.2 | 7.9 | 3.2 |
| 2016 | 67.0 | 12.0 | 4.9 | 8.3 | 3.0 |
| 2015 | 68.1 | 12.2 | 4.4 | 8.2 | 3.3 |

Source: Annual audited financial statements, fiscal years 2023-24 adopted budget.

COMPARATIVE GENERAL FUND OPERATING STATEMENT
(Budget and Actual – Budgetary Basis)

| | <u>Fiscal Year 2022-23</u> | | | <u>Fiscal Year</u> |
|--|----------------------------|---------------------|----------------------|--------------------|
| | <u>Final</u> | <u>Actual</u> | <u>Favorable</u> | <u>2023-24</u> |
| | <u>Budget</u> | <u>Operations</u> | <u>(Unfavorable)</u> | <u>Adopted</u> |
| REVENUES | | | | Budget |
| Property taxes..... | \$ 50,332,228 | \$ 51,354,766 | \$ 1,022,538 | \$ 50,651,585 |
| Intergovernmental..... | 6,491,771 | 6,645,489 | 153,718 | 6,155,240 |
| Charges for services..... | 929,872 | 1,163,938 | 234,066 | 1,506,130 |
| Investment income..... | 40,000 | 819,424 | 779,424 | 500,000 |
| Miscellaneous..... | - | - | - | 22,000 |
| Total Revenues..... | 57,793,871 | 59,983,617 | 2,189,746 | 58,834,955 |
| EXPENDITURES | | | | |
| Current: | | | | |
| General government..... | 8,186,200 | 7,498,798 | 687,402 | 9,055,624 |
| Public safety..... | 4,778,278 | 4,663,268 | 115,010 | 4,827,503 |
| Public works..... | 2,096,552 | 1,998,745 | 97,807 | 2,121,066 |
| Planning and development..... | 390,564 | 364,738 | 25,826 | 429,372 |
| Health and welfare..... | 537,542 | 471,708 | 65,834 | 563,296 |
| Library..... | 820,319 | 820,319 | - | 836,271 |
| Parks and recreation..... | 332,914 | 318,720 | 14,194 | 368,399 |
| Education..... | 34,552,204 | 34,398,172 | 154,032 | 35,296,476 |
| Debt service..... | 5,086,759 | 5,086,759 | - | 5,020,675 |
| Total Expenditures..... | 56,781,332 | 55,621,227 | 1,160,105 | 58,518,682 |
| Revenues over (under) expenditures..... | 1,012,539 | 4,362,390 | 3,349,851 | 316,273 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Appropriation of fund balance..... | 1,872,600 | - | (1,872,600) | 3,314,000 |
| Sale of capital assets..... | - | 32,759 | 32,759 | - |
| Operating transfers in..... | 3,000 | 251,316 | 248,316 | - |
| Operating transfers out..... | (2,888,139) | (2,881,139) | 7,000 | (3,630,273) |
| Total Other Financing Sources | | | | |
| (Uses)..... | (1,012,539) | (2,597,064) | (1,584,525) | (316,273) |
| Revenues and other financing sources over (under) expenditures and other financing (uses)..... | <u>\$ -</u> | <u>\$ 1,765,326</u> | <u>\$ 1,765,326</u> | <u>\$ -</u> |

Source: Annual audited financial statements for fiscal year 2022-23 and fiscal year 2023-24 adopted budget; Town finance office.

COMPARATIVE BALANCE SHEETS - GENERAL FUND

| | <u>2019</u> | <u>2020</u> | <u>2021</u> | <u>2022</u> | <u>2023</u> |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|
| ASSETS | | | | | |
| Cash and cash equivalents..... | \$ 15,100,522 | \$ 20,002,682 | \$ 24,024,199 | \$ 25,833,500 | \$ 26,975,436 |
| Property taxes..... | 406,775 | 985,900 | 1,011,555 | 1,113,468 | 1,173,185 |
| Intergovernmental..... | - | 112,794 | 445,292 | 15,154 | 3,789 |
| Other receivable..... | 1,051,291 | 145,806 | 256,685 | 47,209 | 81,997 |
| Inventories and other assets..... | 134,644 | 120,789 | 125,583 | - | - |
| Due from other funds..... | 365,746 | 396,951 | 419,768 | 383,892 | 667,379 |
| Prepays..... | - | - | - | 123,078 | 125,321 |
| Total Assets..... | <u>\$ 17,058,978</u> | <u>\$ 21,764,922</u> | <u>\$ 26,283,082</u> | <u>\$ 27,516,301</u> | <u>\$ 29,027,107</u> |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES | | | | | |
| LIABILITIES | | | | | |
| Accounts payable..... | \$ 1,037,600 | \$ 923,296 | \$ 1,263,523 | \$ 682,499 | \$ 478,661 |
| Accrued payroll and related liabilities... | - | 291,793 | 508,613 | 364,629 | 185,010 |
| Performance bonds..... | - | 474,606 | 544,644 | 543,868 | 538,318 |
| Other..... | - | 24,860 | 39,281 | 176,475 | 73,896 |
| Due to other funds..... | 63,984 | 1,610,522 | - | - | - |
| Total Liabilities..... | <u>1,101,584</u> | <u>3,325,077</u> | <u>2,356,061</u> | <u>1,767,471</u> | <u>1,275,885</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | | |
| Unavailable revenue | | | | | |
| Property taxes..... | 873,243 | 985,900 | 1,011,555 | 1,113,468 | 1,173,185 |
| Advance property tax collections.. | 5,121,577 | 4,098,724 | 3,806,869 | 5,067,980 | 5,292,322 |
| Total Deferred Inflows of Resources..... | <u>5,994,820</u> | <u>5,084,624</u> | <u>4,818,424</u> | <u>6,181,448</u> | <u>6,465,507</u> |
| FUND BALANCES | | | | | |
| Nonspendable..... | 134,644 | 120,789 | 125,583 | 123,078 | 125,321 |
| Committed..... | 350,000 | 1,017,209 | 957,156 | 844,268 | 800,675 |
| Assigned..... | 320,965 | 1,075,000 | 2,619,800 | 1,869,000 | 3,314,000 |
| Unassigned..... | 9,156,965 | 11,142,223 | 15,406,058 | 16,731,036 | 17,045,719 |
| Total Fund Balances..... | <u>9,962,574</u> | <u>13,355,221</u> | <u>19,108,597</u> | <u>19,567,382</u> | <u>21,285,715</u> |
| Total Liabilities, Deferred Inflows of Resources and Fund Balances..... | <u>\$ 17,058,978</u> | <u>\$ 21,764,922</u> | <u>\$ 26,283,082</u> | <u>\$ 27,516,301</u> | <u>\$ 29,027,107</u> |

Source: Town annual audited financial statements.

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

| | <u>Actual 2018-19</u> | <u>Actual 2019-20</u> | <u>Actual 2020-21</u> | <u>Actual 2021-22</u> | <u>Actual 2022-23</u> |
|-------------------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|
| Nonspendable..... | \$ 134,644 | \$ 120,789 | \$ 125,583 | \$ 123,078 | \$ 125,321 |
| Committed..... | 350,000 | 1,017,209 | 957,156 | 844,268 | 800,675 |
| Assigned..... | 320,965 | 1,075,000 | 2,619,800 | 1,869,000 | 3,314,000 |
| Unassigned..... | 9,156,965 | 11,142,223 | 15,406,058 | 16,731,036 | 17,045,719 |
| Total Fund Balance..... | <u>\$ 9,962,574</u> | <u>\$ 13,355,221</u> | <u>\$ 19,108,597</u> | <u>\$ 19,567,382</u> | <u>\$ 21,285,715</u> |
| Unassigned Fund Balance as % of | | | | | |
| Total Expenditures & Transfers..... | 16.05% | 18.88% | 26.36% | 27.08% | 26.64% |

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - GENERAL FUND
(GAAP Basis)

| | <u>2019</u> | <u>2020</u> | <u>2021</u> | <u>2022</u> | <u>2023</u> |
|---|---------------------|----------------------|----------------------|----------------------|----------------------|
| REVENUES: | | | | | |
| Property taxes..... | \$ 46,961,357 | \$ 48,222,539 | \$ 48,819,588 | \$ 49,567,812 | \$ 51,354,766 |
| Intergovernmental..... | 9,232,561 | 12,953,145 | 11,417,679 | 11,210,445 | 12,079,041 |
| Charges for services..... | 1,062,263 | 1,107,403 | 1,580,199 | 1,340,245 | 1,163,938 |
| Investment income..... | 90,103 | 116,689 | 47,968 | 57,881 | 819,424 |
| Miscellaneous..... | 25,629 | - | - | - | - |
| Total Revenues..... | <u>57,371,913</u> | <u>62,399,776</u> | <u>61,865,434</u> | <u>62,176,383</u> | <u>65,417,169</u> |
| EXPENDITURES: | | | | | |
| Current: | | | | | |
| General government..... | 7,048,469 | 7,119,608 | 6,877,295 | 7,286,875 | 7,498,798 |
| Public safety..... | 4,367,628 | 4,451,840 | 4,471,926 | 4,567,513 | 4,663,268 |
| Public works..... | 1,859,752 | 1,765,138 | 1,865,073 | 1,994,379 | 1,998,745 |
| Planning and development..... | 874,956 | 377,370 | 342,665 | 342,029 | 364,738 |
| Health and welfare..... | 464,923 | 459,961 | 462,855 | 482,246 | 471,708 |
| Culture and recreation..... | 237,198 | 1,013,813 | 1,032,866 | 1,038,242 | 1,139,039 |
| Education..... | 34,422,312 | 37,320,247 | 36,839,417 | 37,916,176 | 39,871,717 |
| Debt service..... | 4,576,020 | 5,101,417 | 5,184,480 | 5,161,419 | 5,086,759 |
| Total Expenditures..... | <u>53,851,258</u> | <u>57,609,394</u> | <u>57,076,577</u> | <u>58,788,879</u> | <u>61,094,772</u> |
| Excess (deficiency) of revenues over expenditures..... | <u>3,520,655</u> | <u>4,790,382</u> | <u>4,788,857</u> | <u>3,387,504</u> | <u>4,322,397</u> |
| OTHER FINANCING SOURCES (USES): | | | | | |
| Issuance of refunding bonds..... | 12,015,123 | - | - | - | - |
| Payment to escrow..... | (13,457,278) | - | - | - | - |
| Premium on refunding bonds..... | 1,442,155 | - | - | - | - |
| Sale of capital assets..... | - | 5,266 | 2,200,000 | 28,851 | 32,759 |
| Operating transfers in..... | - | - | 133,225 | 33,476 | 251,316 |
| Operating transfers out..... | (3,218,700) | (1,403,001) | (1,368,706) | (2,991,046) | (2,888,139) |
| Total Other Financing Sources (Uses)..... | <u>(3,218,700)</u> | <u>(1,397,735)</u> | <u>964,519</u> | <u>(2,928,719)</u> | <u>(2,604,064)</u> |
| Net change in fund balances..... | 301,955 | 3,392,647 | 5,753,376 | 458,785 | 1,718,333 |
| Fund Balances - beginning of year... | <u>9,660,619</u> | <u>9,962,574</u> | <u>13,355,221</u> | <u>19,108,597</u> | <u>19,567,382</u> |
| Fund Balances - end of year..... | <u>\$ 9,962,574</u> | <u>\$ 13,355,221</u> | <u>\$ 19,108,597</u> | <u>\$ 19,567,382</u> | <u>\$ 21,285,715</u> |

Source: Town annual audited financial statements.

VI. DEBT SUMMARY

PRINCIPAL AMOUNT OF INDEBTEDNESS

As of February 1, 2024

(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 2/1/24</u> | <u>Date of Fiscal Year Maturity</u> |
|-------------------------------|---|---------------|------------------------------|---|-------------------------------------|
| <u>General Purpose</u> | | | | | |
| 2/25/2016 | Refunding - General Purpose..... | 2.50 - 5.00 | \$ 3,015,000 | \$ 1,604,000 | 2031 |
| 2/7/2018 | General Purpose..... | 2.00 - 5.00 | 2,800,000 | 1,125,000 | 2038 |
| 5/2/2019 | Refunding - General Purpose..... | 3.00 - 5.00 | 6,690,000 | 4,190,000 | 2034 |
| 2/5/2020 | General Purpose..... | 2.00 - 5.00 | 3,215,359 | 2,966,000 | 2040 |
| 11/2/2020 | Series C - Refunding - General Purpose..... | 0.40 - 2.45 | 2,930,000 | 2,575,000 | 2036 |
| 2/3/2022 | General Purpose..... | 3.00 - 4.00 | 1,790,000 | 1,790,000 | 2042 |
| 2/3/2022 | Refunding - General Purpose..... | 4.00 | 538,000 | 337,000 | 2027 |
| | | | \$ 20,978,359 | \$ 14,587,000 | |
| <u>Schools</u> | | | | | |
| 2/25/2016 | Refunding - Schools..... | 2.50 - 5.00 | \$ 585,000 | \$ 311,000 | 2031 |
| 2/8/2017 | Schools..... | 2.00 - 5.00 | 14,000,000 | 800,000 | 2025 |
| 5/2/2019 | Refunding - Schools..... | 3.00 - 5.00 | 5,440,000 | 3,770,000 | 2034 |
| 2/5/2020 | Schools..... | 2.00 - 5.00 | 2,494,641 | 2,294,000 | 2040 |
| 11/2/2020 | Series B - Refunding - General Purpose..... | 1.50 - 4.00 | 3,515,000 | 3,145,000 | 2035 |
| 11/2/2020 | Series C - Refunding - General Purpose..... | 0.40 - 2.45 | 17,310,000 | 17,225,000 | 2037 |
| 2/3/2022 | Schools..... | 3.00 - 4.00 | 990,000 | 990,000 | 2042 |
| 2/3/2022 | Refunding - Schools..... | 4.00 | 3,272,000 | 2,053,000 | 2027 |
| | | | \$ 47,606,641 | \$ 30,588,000 | |
| | Total | | \$ 68,585,000 | \$ 45,175,000 | |

Short-Term Debt: Notes

| <u>Date of Issue</u> | <u>Purpose</u> | <u>Rate %</u> | <u>Original Issue Amount</u> | <u>Principal Outstanding as of 2/1/24</u> | <u>Date of Fiscal Year Maturity</u> |
|-------------------------------|----------------------|---------------|------------------------------|---|-------------------------------------|
| <u>General Purpose</u> | | | | | |
| 2/1/2024 | General Purpose..... | TBD | \$ 2,000,000 | \$ 2,000,000 | 2025 |
| | Total | | \$ 2,000,000 | \$ 2,000,000 | |

[The remainder of this page intentionally left blank]

Other Long-Term Commitments: Lease Liabilities

| Fiscal Year Ended June 30 | Principl | Interest |
|----------------------------------|-------------------|------------------|
| 2024 | \$ 195,119 | \$ 6,351 |
| 2025 | 173,465 | 4,251 |
| 2026 | 136,199 | 2,356 |
| 2027 | 37,086 | 877 |
| 2028 | 17,183 | 485 |
| 2029 | 2,907 | 289 |
| 2030 | 3,043 | 233 |
| 2031 | 3,183 | 175 |
| 2032 | 3,328 | 114 |
| 2033 | 2,597 | 50 |
| Total lease payments | <u>\$ 574,110</u> | <u>\$ 15,181</u> |

SCHEDULE OF LONG-TERM DEBT THROUGH MATURITY

As of February 1, 2024 (Pro Forma)

| Fiscal Year | Principal Payments (1) | Interest Payments | Total Debt Service (1) |
|--------------------|-------------------------------|--------------------------|-------------------------------|
| 2023-24 | \$ 3,500,000 | \$ 1,314,083 | \$ 4,814,083 |
| 2024-25 | 3,585,000 | 1,174,076 | 4,759,076 |
| 2025-26 | 3,620,000 | 1,032,594 | 4,652,594 |
| 2026-27 | 3,770,000 | 916,526 | 4,686,526 |
| 2027-28 | 3,805,000 | 801,639 | 4,606,639 |
| 2028-29 | 3,800,000 | 703,550 | 4,503,550 |
| 2029-30 | 3,795,000 | 607,521 | 4,402,521 |
| 2030-31 | 3,800,000 | 510,285 | 4,310,285 |
| 2031-32 | 3,530,000 | 421,108 | 3,951,108 |
| 2032-33 | 3,555,000 | 337,953 | 3,892,953 |
| 2033-34 | 3,205,000 | 257,613 | 3,462,613 |
| 2034-35 | 2,740,000 | 189,806 | 2,929,806 |
| 2035-36 | 2,425,000 | 127,290 | 2,552,290 |
| 2036-37 | 1,530,000 | 78,309 | 1,608,309 |
| 2037-38 | 665,000 | 50,469 | 715,469 |
| 2038-39 | 485,000 | 33,225 | 518,225 |
| 2039-40 | 510,000 | 20,813 | 530,813 |
| 2040-41 | 175,000 | 8,025 | 183,025 |
| 2041-42 | 180,000 | 2,700 | 182,700 |
| | <u>\$ 48,675,000</u> | <u>\$ 8,587,585</u> | <u>\$ 57,262,585</u> |

(1) Does not reflect principal payments of \$3,500,000 made by the Town as of February 1, 2024.

Source: Town Officials.

THE TOWN OF CLINTON, CONNECTICUT HAS NEVER DEFAULTED ON THE PAYMENT OF PRINCIPAL OR INTEREST ON ITS BONDS OR NOTES

OVERLAPPING AND UNDERLYING INDEBTEDNESS

Within the Town are numerous improvement districts and beach associations that have authority to issue tax-exempt debt which constitutes underlying debt of the Town. Currently such jurisdictions report no underlying debt.

CAPITAL IMPROVEMENT PROGRAM

The Town, as part of the annual budget preparation process, updates its five-year capital improvement plan (the "Plan"). The Plan is a systematic program to add or replace capital items for each department within the General Government and Board of Education. The 2024-2028 Plan projects a total of approximately \$117 million in capital improvement projects which includes approximately \$90 million estimated for further design development and eventual construction of a wastewater collection system and community treatment facilities.

DEBT STATEMENT
As of February 1, 2024 (Pro Forma)

| | |
|--|----------------------|
| Long-Term Indebtedness (1) | |
| General Purpose..... | \$ 14,587,000 |
| Schools..... | 30,588,000 |
| Total Long-Term Indebtedness..... | 45,175,000 |
| Short-Term Indebtedness | |
| The Notes (This Issue)..... | 2,000,000 |
| Total Direct Indebtedness..... | 47,175,000 |
| Exclusions: | |
| (State School Building Grants Receivable)..... | - |
| Total Net Direct Indebtedness..... | \$ 47,175,000 |

(1) Does not include authorized but unissued debt of \$7,301,254 and \$574,110 in capital lease obligations. (See "Authorized but Unissued Debt" herein.)

CURRENT DEBT RATIOS
As of February 1, 2024 (Pro Forma)

| | |
|--|------------------|
| Total Direct Indebtedness..... | \$ 47,175,000 |
| Total Net Direct Indebtedness..... | \$ 47,175,000 |
| Population (1)..... | |
| | 13,283 |
| Net Taxable Grand List (10/1/22)..... | \$ 1,742,068,723 |
| Estimated Full Value..... | \$ 2,488,669,604 |
| Equalized Net Taxable Grand List (2021) (2)..... | \$ 3,181,090,324 |
| Per Capita Income (2021) (1)..... | \$ 47,722 |
| Total Direct Indebtedness: | |
| Per Capita..... | \$3,551.53 |
| To Net Taxable Grand List | 2.71% |
| To Estimated Full Value | 1.90% |
| To Equalized Net Taxable Grand List..... | 1.48% |
| Per Capita to Per Capita Income..... | 7.44% |
| Total Net Direct Indebtedness: | |
| Per Capita..... | \$3,551.53 |
| To Net Taxable Grand List..... | 2.71% |
| To Estimated Full Value..... | 1.90% |
| To Equalized Net Taxable Grand List..... | 1.48% |
| Per Capita to Per Capita Income..... | 7.44% |

(1) U.S. Census Bureau, 2017-2021 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 Connecticut General Statutes, as amended, subject to statutory debt limitations and the requirements of the Town Charter for the authorization of indebtedness. Prior to November 19, 2019 before the Town Charter was revised (the “Old Charter”), upon vote of the Board of Selectmen after recommendation by the Board of Finance, and after approval by voters at a Town Meeting, the Town was authorized to issue bonds pursuant to the General Statutes for the purposes and amounts authorized by the Town but to the limit allowed by the General Statutes. Pursuant to the Old Charter, a referendum was required if such bond resolutions equal five percent or more of the current tax levy. Effective as of November 19, 2019, the Town approved a revised charter (the “Current Charter”) which provides for a Town Manager, Town Council form of government and eliminates the positions of First Selectman, the Board of Selectmen and the Board of Finance. Accordingly, the legal requirements for approval of borrowing have been amended pursuant to the Current Charter. Upon vote of the Town Council after recommendation by the Town Manager, and after approval by voters at a Town Meeting, the Town may issue bonds pursuant to the General Statutes for purposes and amounts authorized by the Town but to the limit allowed by the General Statutes. A referendum is now required if such bond resolutions equal three percent or more of the current tax levy. In accordance with Section 7-370c of the Connecticut General Statutes, the issuance of refunding bonds may be authorized by resolution of the Town Council.

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.

All 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 REIMBURSEMENT

Pursuant to Section 10-287i of the Connecticut General Statutes, the State of Connecticut will provide proportional progress payments for eligible school construction expenses on projects approved after July 1, 1996. State grants will be paid directly to the municipality after it submits its request for progress payments, and accordingly, the municipality will issue its bonds only for the net share of project costs. Under the current program, the State of Connecticut will make proportional progress payments for eligible construction costs during certain phases of construction.

The following projects are being reimbursed at the estimated reimbursement rate shown below:

| Project | Amount of Total Authorization | Estimated Non-reimbursable Costs | Estimated Eligible Cost For Reimbursement | Reimbursement Rate % (1) | Estimated Grants (1) |
|---------------------------------|--------------------------------------|---|--|---------------------------------|-----------------------------|
| New Morgan High School..... | \$ 64,750,000 | \$ 3,974,237 | \$ 60,775,763 | 43.90 | \$ 26,680,560 |
| Eliot Phase I Roof 6th Grade... | 544,547 | 124,990 | 419,557 | 40.00 | 167,823 |
| Joel Phase I Roof..... | 2,201,359 | 919,334 | 1,282,025 | 40.00 | 512,810 |
| Total..... | \$ 67,495,906 | \$ 5,018,561 | \$ 62,477,345 | | \$ 27,361,193 |

(1) Estimated grants for total project. Eligible costs to be determined upon completion of the project audit and are likely to change.

LIMITATION OF INDEBTEDNESS

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

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

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

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

COMPUTATION OF STATUTORY DEBT LIMIT

As of February 1, 2024 (Pro Forma)

| | |
|---|----------------------|
| Total tax collections (including interest and lien fees) for prior year | \$ 49,530,279 |
| Base for Establishing Debt Limit | <u>\$ 49,530,279</u> |

| <u>Debt Limitation</u> | <u>General Purpose</u> | <u>Schools</u> | <u>Sewers</u> | <u>Urban Renewal</u> | <u>Past Pension</u> | <u>Total Debt</u> |
|---|------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| (2.25 times base)..... | \$ 111,443,128 | | | | | |
| (4.50 times base)..... | | \$ 222,886,256 | | | | |
| (3.75 times base)..... | | | \$ 185,738,546 | | | |
| (3.25 times base)..... | | | | \$ 160,973,407 | | |
| (3.00 times base)..... | | | | | \$ 148,590,837 | |
| (7.00 times base)..... | | | | | | \$ 346,711,953 |
| Indebtedness (Including the Notes) | | | | | | |
| Bonds Payable..... | \$ 14,587,000 | \$ 30,588,000 | \$ - | \$ - | \$ - | \$ 45,175,000 |
| The Notes (This Issue)..... | 2,000,000 | - | - | - | - | 2,000,000 |
| Authorized but Unissued Debt..... | <u>2,367,020</u> | <u>4,934,234</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>7,301,254</u> |
| Total Indebtedness..... | 18,954,020 | 35,522,234 | - | - | - | 54,476,254 |
| Grants Receivable (1)..... | - | <u>(2,665,416)</u> | - | - | - | <u>(2,665,416)</u> |
| Total Net Indebtedness..... | <u>18,954,020</u> | <u>32,856,818</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>51,810,838</u> |
| Excess of Limit Over Outstanding and Authorized Debt..... | <u>\$ 92,489,108</u> | <u>\$ 190,029,438</u> | <u>\$ 185,738,546</u> | <u>\$ 160,973,407</u> | <u>\$ 148,590,837</u> | <u>\$ 294,901,115</u> |

(1) It is estimated that the Town will receive State of Connecticut School Construction grant progress payments in the amount of \$27,361,193 during the construction of the projects. As of February 1, 2024, the Town has received progress payments in the amount of \$24,695,777. (See "School Projects" and "Authorized but Unissued Debt" herein).

Source: Town Officials.

AUTHORIZED BUT UNISSUED DEBT

| Projects | Revised Amount Authorized | Prior Bonds Issued | Paydowns/ Grants | The Notes (This Issue) | Authorized But Unissued |
|--|---------------------------------|-----------------------|------------------------|---------------------------|----------------------------|
| 2011 Various Infrastructure Improvement Projects | | | | | |
| Roads, Sidewalks & Drainage..... | \$ 2,000,000 | \$ 2,000,000 | \$ - | \$ - | \$ - |
| WSAM Restoration..... | 2,000,000 | 2,000,000 | - | - | - |
| IRRC Artificial Turf..... | 1,001,000 | 1,000,000 | - | - | 1,000 (1) |
| Beach Building..... | 109,000 | - | - | - | 109,000 (1) |
| Bulkheads and Uplands..... | 900,000 | 900,000 | - | - | - |
| Various School Projects..... | 775,000 | - | - | - | 775,000 (1) |
| Fiber Optics..... | 500,000 | - | - | - | 500,000 (1) |
| Salt Shed..... | 600,000 | 600,000 | - | - | - |
| Old Police Department..... | 1,495,000 | 1,495,000 | - | - | - |
| New Morgan High School..... | 64,750,000 | 38,000,000 | (24,695,777) | - | 2,054,223 (2) |
| 2017 Various Infrastructure Improvement Projects.. | 7,120,000 | 3,960,000 | (1,949,159) | - | 1,210,841 (3) |
| 2019 Various Infrastructure Improvement Projects.. | 10,700,000 | 2,780,000 | (3,268,810) (4) | 2,000,000 (5) | 2,651,190 |
| Total..... | \$ 91,950,000 | \$ 52,735,000 | \$ (29,913,746) | \$ 2,000,000 | \$ 7,301,254 |

- (1) It is expected that the Town will cash fund the balances of these projects and no additional borrowing will be needed.
- (2) It is estimated that the Town will receive State of Connecticut School Construction grant progress payments in the amount of \$27,361,193 during the construction of these projects. As of February 1, 2024, the Town has received progress payments in the amount of \$24,695,777 for the New Morgan High School Project. The grants received will reduce the authorized but unissued debt by similar amounts. (See "School Projects" herein).
- (3) The Town received \$1,949,159 in grants during the construction of the projects. The grants received reduced the authorized but unissued debt by a similar amount.
- (4) This amount includes grants the Town received in the amount of \$3,228,185 plus \$40,625 in statutory paydowns paid to date during the construction of the projects. The grants received and the paydowns reduced the authorized but unissued debt by a similar amount.
- (5) Includes \$22,125 of new money notes.

HISTORICAL DEBT STATEMENT

| | 2022-23 | 2021-22 | 2020-21 | 2019-20 | 2018-19 |
|--|------------------|------------------|------------------|------------------|------------------|
| Population (1)..... | 13,283 | 13,283 | 13,283 | 13,283 | 13,283 |
| Net taxable grand list..... | \$ 1,709,636,916 | \$ 1,647,352,005 | \$ 1,560,653,395 | \$ 1,543,849,049 | \$ 1,533,002,511 |
| Estimated full value..... | \$ 2,442,338,451 | \$ 2,353,360,007 | \$ 2,229,504,850 | \$ 2,205,498,641 | \$ 2,190,003,587 |
| Equalized net taxable grand list (2).... | \$ 3,181,090,324 | \$ 2,442,344,838 | \$ 2,347,957,614 | \$ 2,346,625,118 | \$ 2,362,965,232 |
| Per capita income (2021) (1)..... | \$ 47,722 | \$ 47,722 | \$ 47,722 | \$ 47,722 | \$ 47,722 |
| Short-term debt..... | \$ 2,000,000 | \$ 2,000,000 | \$ 4,000,000 | \$ 3,150,000 | \$ 5,000,000 |
| Long-term debt..... | 48,675,000 | 52,085,000 | 53,055,000 | 55,520,000 | 52,925,000 |
| Total Direct Indebtedness..... | \$ 50,675,000 | \$ 54,085,000 | \$ 57,055,000 | \$ 58,670,000 | \$ 57,925,000 |
| Net Direct Indebtedness..... | \$ 50,675,000 | \$ 54,085,000 | \$ 57,055,000 | \$ 58,670,000 | \$ 57,925,000 |

- (1) U.S. Census Bureau, 2017-2021 American Community Survey.
- (2) Office of Policy and Management, State of Connecticut

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HISTORICAL DEBT RATIOS

| | <u>2022-23</u> | <u>2021-22</u> | <u>2020-21</u> | <u>2019-20</u> | <u>2018-19</u> |
|--|----------------|----------------|----------------|----------------|----------------|
| Total Direct Indebtedness: | | | | | |
| Per capita..... | \$3,815.03 | \$4,071.75 | \$4,295.34 | \$4,416.92 | \$4,360.84 |
| To net taxable grand list..... | 2.96% | 3.28% | 3.66% | 3.80% | 3.78% |
| To estimated full value..... | 2.07% | 2.30% | 2.56% | 2.66% | 2.64% |
| To equalized net taxable grand list..... | 1.59% | 2.21% | 2.43% | 2.50% | 2.45% |
| Debt per capita to per capita income..... | 7.99% | 8.53% | 9.00% | 9.26% | 9.14% |
| Net Direct Indebtedness: | | | | | |
| Per capita..... | \$3,815.03 | \$4,071.75 | \$4,295.34 | \$4,416.92 | \$4,360.84 |
| To net taxable grand list..... | 2.96% | 3.28% | 3.66% | 3.80% | 3.78% |
| To estimated full value..... | 2.07% | 2.30% | 2.56% | 2.66% | 2.64% |
| To equalized net taxable grand list..... | 1.59% | 2.21% | 2.43% | 2.50% | 2.45% |
| Debt per capita to per capita income..... | 7.99% | 8.53% | 9.00% | 9.26% | 9.14% |

RATIO OF ANNUAL DEBT SERVICE EXPENDITURES TO TOTAL GENERAL FUND EXPENDITURES AND TRANSFERS OUT

| <u>Fiscal Year Ended 6/30</u> | <u>Annual Debt Service</u> | <u>Total General Fund Expenditures and Transfers out</u> | <u>Ratio of General Fund Debt Service to Total General Fund Expenditures and Transfers Out %</u> |
|-----------------------------------|--------------------------------|--|--|
| 2024 (1) | \$ 5,020,675 | \$ 62,148,955 | 8.08% |
| 2023 | 5,086,759 | 63,982,911 | 7.95% |
| 2022 | 5,161,419 | 61,779,925 | 8.35% |
| 2021 | 5,184,480 | 58,445,283 | 8.87% |
| 2020 | 5,101,417 | 59,012,395 | 8.64% |
| 2019 | 4,576,020 | 57,069,958 | 8.02% |
| 2018 | 3,735,863 | 58,038,686 | 6.44% |
| 2017 | 2,873,042 | 57,014,057 | 5.04% |
| 2016 | 2,589,876 | 54,388,944 | 4.76% |
| 2015 | 2,214,104 | 52,138,339 | 4.25% |

(1) Adopted Budget.

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VII. LEGAL AND OTHER LITIGATION

LITIGATION

The Town of Clinton, its officers, employees, boards and commissions are defendants in various lawsuits. The Town Attorney is of the opinion that all pending litigation will not be finally determined so as to result individually or in the aggregate in final judgments against the Town which would materially adversely affect its financial position.

MUNICIPAL ADVISOR

The Town has retained Munistat Services, Inc. (the "Municipal Advisor") to serve as its municipal advisor in connection with the issuance of the Notes. The Municipal Advisor has not independently verified any of the information contained in this Official Statement and makes no guarantee as to its completeness or accuracy.

DOCUMENTS ACCOMPANYING DELIVERY OF THE NOTES

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

1. A signature and no litigation certificate stating that at the time of delivery no litigation is pending or threatened affecting the validity of the Notes or the levy or collection of taxes to pay them;
2. A certificate on behalf of the Town, signed by the Town Manager and Treasurer, which will be dated the date of delivery and attached to a confirmed copy of the Official Statement, and which will certify to the best of said officials' knowledge and belief, at the time the bids were accepted on the Notes, that the descriptions and statements in the Official Statement relating to the Town of Clinton 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. A receipt for the purchase price of the Notes;
4. The approving opinion of Pullman & Comley, LLC, Bond Counsel, of Hartford, Connecticut in substantially the form set out in Appendix B to the Official Statement;
5. An executed Continuing Disclosure Agreement for the Notes in substantially the form attached to the Official Statement as Appendix C;
6. Within seven business days of the bid opening, the Town will furnish the winning purchaser with a reasonable number of copies of the Official Statement as prepared by the Town.

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CONCLUDING STATEMENT

Additional information concerning the Town and this issue may be obtained upon request from the Finance Office at (203) 699-9465 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 construed as a contract or agreement between the Town and the purchasers or holders of any of the Notes.

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

TOWN OF CLINTON, CONNECTICUT

BY: _____

KARL F. KILDUFF
Town Manager

BY: _____

TODD POZEFSKY
Treasurer

Dated: January 8, 2024

APPENDIX A - FINANCIAL STATEMENTS

TOWN OF CLINTON, CONNECTICUT

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JUNE 30, 2023

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Appendix A - Financial Statements - is taken from the Comprehensive Annual Financial Report of the Town of Clinton for the Fiscal Year ending June 30, 2023 as presented by the Auditors and does not include all of the schedules or management letter made in such report. A copy of the complete report is available upon request to the Director of Finance, Town of Clinton, Connecticut.



Independent Auditors' Report

**Town Council
Town of Clinton, Connecticut**

Report on the Audit of the Financial Statements

Opinions

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

In our opinion, the accompanying 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, as of June 30, 2023, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("GAAS") and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town, 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.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists.

**Town Council
Town of Clinton, Connecticut**

Page 2

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town'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 Management's Discussion and Analysis, budgetary comparisons, and the pension and other post-employment benefit schedules as listed in the table of contents, 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 combining 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 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 annual comprehensive financial report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 19, 2023 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.

PKF O'Connor Davies, LLP

Wethersfield, Connecticut
December 19, 2023



TOWN OF CLINTON, CONNECTICUT

**Management's Discussion and Analysis
For the Year Ended June 30, 2023**

As management of the Town of Clinton, Connecticut ("Town"), we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2023. Please read it in conjunction with the Town's financial statements immediately following this section.

Financial highlights

- On a government-wide basis, the assets and deferred outflows of resources of the Town exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year as follows:

| | |
|---------------------------|--------------|
| Change in net position | \$ 6,144,103 |
| Total net position | 65,452,981 |
| Unrestricted net position | (6,394,761) |

Governmental activities:

- Significant factors for the increase in net position are as follows:

| | |
|---|--------------|
| ➤ positive operations of the general fund of | \$ 1,718,333 |
| ➤ negative operations of the capital projects fund of | (487,226) |

Conversion to accrual basis on Exhibit E:

| | |
|--|-------------|
| ➤ capital outlay net of depreciation/amortization expense of | 1,558,602 |
| ➤ net principal debt activity of | 3,431,275 |
| ➤ change in net pension liability of | (4,197,046) |
| ➤ change in OPEB liability of | 391,022 |
| ➤ change in pension related deferred outflows/inflows of | 3,348,085 |
| ➤ change in OPEB related deferred outflows/inflows of | (125,573) |

- Capital assets increased by \$1,558,602 due to additions in excess of depreciation/amortization expense.
- The Town's long-term debt decreased by \$3,450,515 during the current fiscal year due to scheduled principal payments of \$3,803,895.

Governmental funds:

- As of the close of the current fiscal year, the Town's governmental funds reported a combined ending fund balance of \$24,081,470, an increase of \$1,123,101 in comparison with the prior year. The majority of the increase is due to positive operations of the general fund of \$1,718,333, partially offset by negative operations in the capital projects fund of \$487,226.
- The general fund has positive operations of \$1,718,333 substantially due to revenues in excess of budget of \$2,189,746 and budget savings of \$1,160,105. These were partially offset by appropriation of fund balance of \$1,872,600. The Town ended the year with an unassigned fund balance of \$17,045,719.
- The capital projects fund has negative operations of \$487,226 due to the timing of capital project expenditures.

Overview of the basic financial statements

This discussion and analysis is intended to serve as an introduction to the Town of Clinton'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 financial statements. The statement of fiduciary net position is used to present financial information about activities for which the Town acts solely as an agent for the benefit of employees and others

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, liabilities and deferred inflows of resources with the difference between these accounts reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the 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 reported in this statement are for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

The government-wide financial statements present the functions of the Town that are principally supported by taxes and intergovernmental revenues (governmental activities). The governmental activities of the Town include general government, public safety, public works, planning and development, culture and recreation, health and welfare, and education.

Fund financial statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The 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.

Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the general fund and capital projects fund, 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 other governmental funds is provided in the form of combining schedules on Schedules 4 and 5.

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's Internal Service fund is the only proprietary fund and captures the risk financing activity for heart and hypertension. Because these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financials.

Fiduciary funds

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

Notes to financial statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Required supplementary information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information as follows:

- A budgetary comparison schedule for the General Fund to demonstrate compliance with this budget.
- Schedules to demonstrate the Town's progress in funding its obligation to provide pension benefits.
- Schedules to demonstrate the Town's progress in funding its obligation to provide other post-employment benefits.

Other information

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

Government-wide financial analysis

The analysis below focuses on the net position and the changes in net position. Unrestricted net position at year end totaled \$(6,394,761).

**Summary Statement of Net Position
June 30**

| | 2023 | 2022 |
|-----------------------------------|---------------|---------------|
| Current and other assets | \$ 39,169,200 | \$ 36,776,539 |
| Capital assets (net) | 122,586,456 | 121,027,854 |
| Total assets | 161,755,656 | 157,804,393 |
| Deferred outflows of resources | 7,812,229 | 6,301,253 |
| Current liabilities outstanding | 12,108,617 | 10,988,944 |
| Long-term liabilities outstanding | 81,394,603 | 81,741,351 |
| Total liabilities | 93,503,220 | 92,730,295 |
| Deferred inflows of resources | 10,611,684 | 12,066,473 |
| Net position: | | |
| Net investment in capital assets | 70,399,026 | 64,674,173 |
| Restricted | 1,448,716 | 2,285,410 |
| Unrestricted | (6,394,761) | (7,650,705) |
| Total net position | \$ 65,452,981 | \$ 59,308,878 |

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

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

A portion of the Town's net position, 2.2%, represents resources that are subject to external restrictions on how they may be used.

**Statement of Changes in Net Position
For the Years Ended June 30**

| | 2023 | 2022 |
|---|----------------------|----------------------|
| Revenues: | | |
| Program revenues: | | |
| Charges for services | \$ 2,060,506 | \$ 2,205,810 |
| Operating grants and contributions | 14,761,448 | 13,800,480 |
| Capital grants and contributions | 2,834,673 | 2,827,032 |
| General revenues: | | |
| Property taxes | 51,414,483 | 49,669,725 |
| Grants and contributions not restricted to specific programs | 604,465 | 353,222 |
| Income from investments | 840,071 | 56,977 |
| Other | 6,074 | - |
| Total revenues | 72,521,720 | 68,913,246 |
| Expenses: | | |
| General government | 8,372,898 | 8,986,884 |
| Public safety | 6,167,305 | 5,331,516 |
| Public works | 3,382,741 | 3,559,868 |
| Planning and development | 364,738 | 342,029 |
| Culture and Recreation | 1,492,832 | 1,254,683 |
| Health and welfare | 996,347 | 858,052 |
| Education | 44,800,901 | 41,994,910 |
| Interest | 799,855 | 918,678 |
| Total expenses | 66,377,617 | 63,246,620 |
| Change in net position | 6,144,103 | 5,666,626 |
| Net position - July 1 | 59,308,878 | 53,642,252 |
| Net position - June 30 | \$ 65,452,981 | \$ 59,308,878 |

The Town's net position increased by \$6,144,103. The major factors for the increase are as follows:

Revenues

- Operating grants and contributions increased by \$960,968 primarily due to a \$452,320 increase in ESSER grants and a \$760,915 increase in state teachers on behalf payments. This was partially offset by a \$191,610 decrease in cafeteria grants.
- Property taxes increased by \$1,744,758. This 3.5% increase was primarily due to an increase in the total adjusted tax levy due to the increase in the budget and the amount of taxes necessary to support the adopted budget.
- Income from investments increased due to increased interest rates and additional funds invested from grant monies received, including the second tranche of ARPA funding.

Expenses

- The decrease of \$613,986 in general government expense is primarily due to \$576,219 spent on riverbank repair in the prior fiscal year that was not a capitalizable expense.
- The increase of \$835,789 in public safety expense is primarily due to a \$569,208 increase in pension expense and a \$108,000 heart and hypertension settlement.
- The increase of \$2,805,991 in education expense is primarily due to the increase in the education budget, more spending due to the removal of COVID restrictions, and increases in supplies and transportation expenses due to inflation. Additionally, \$452,320 of the increase was due to increased spending on the ESSER grants and \$760,915 increase in state teachers on behalf payments.

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 expendable 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 a combined ending fund balance of \$24,081,470, an increase of \$1,123,101 in comparison with the prior year.

Certain components of fund balance were as follows:

| | |
|--------------|----------------------|
| Nonspendable | \$ 125,321 |
| Restricted | 1,448,716 |
| Committed | 2,147,714 |
| Assigned | 3,314,000 |
| Unassigned | <u>17,045,719</u> |
| Total | <u>\$ 24,081,470</u> |

General Fund. The general fund is the operating fund of the Town. At the end of the current fiscal year, the total fund balance of the general fund was \$21,285,715. Of this balance, \$125,321 was nonspendable, \$800,675 was committed and \$3,314,000 was assigned. The unassigned fund balance represents 29.1% of actual budgetary expenditures and transfers out.

During the current fiscal year, the fund balance of the Town's general fund increased by \$1,718,333. The increase was attributable to revenues exceeding the amount budgeted by \$2,189,746, the largest sum being property taxes in excess of budget by \$1,022,538.

Expenditures were under budget by \$1,160,105, with the largest savings being from general government of \$687,402.

The positive revenue and expenditure variances combined to offset the \$1,872,600 appropriation of fund balance resulting in the increase in fund balance. These budget variances are described in more detail in the General Fund budgetary highlights section.

Capital Projects Fund. The fund accounts for financial resources to be used for various construction projects. During the year, the fund had expenditures of \$5,938,536. Funding sources primarily include state and federal grants for bridge and other projects of \$2,106,228 and transfers in from the general fund of \$2,788,139. This net activity decreased fund balance from \$766,054 in the prior year to \$278,828 at year end. This is a result of the timing of the financing as compared to expenditures for various projects.

Internal Service Fund. The internal service fund is used to account for heart and hypertension claims. The internal service fund's net position decreased by \$8,000 due to a settlement, partially offset by a transfer in from the general fund. The internal service fund has an unrestricted net position deficit of \$(91,928) at year end.

General Fund budgetary highlights

Significant budget transfers during the year included:

- Appropriation of committed fund balance of \$3,600 to fund additional transfers out to the capital projects fund, to fund landfill expenditures.
- Increased the transfer out budget by \$173,723 to fund capital projects. Transfers were from various other line items.

Revenues

- Property taxes were in excess of the amount budgeted by \$1,022,538 due to conservative budgeting as well as an increase in prior year taxes paid.
- Intergovernmental revenues were in excess of the amount budgeted due to unbudgeted municipal revenue sharing grant totaling \$256,014.
- Income from investments was in excess of budget by \$779,424 due to conservative budgeting, increased interest rates and additional funds invested from grant monies received, including the second tranche of ARPA funding.

Expenditures

Significant departments that were underspent during the year were as follows:

- General government was underspent by \$687,402 primarily due to:
 - Underspent health and life insurance of \$336,982 due to conservative estimates during the budget process as actual price increases were not known until after the budget was adopted. The health insurance was budgeted with a 10% increase and the actual price increase was 7%. Health insurance savings were also due to changes throughout the year in the number of employees opting for coverage as well as employees adjusting their level of coverage.

Capital assets and debt administration

Capital assets

The Town's investment in capital assets amounts to \$122,586,456 (net of accumulated depreciation/amortization). This investment in capital assets is as follows:

**Capital Assets (Net)
June 30**

| | 2023 | 2022 |
|---------------------------------------|-----------------------|-----------------------|
| Land | \$ 6,058,110 | \$ 6,058,110 |
| Intangible right-to-use leased land | 73,420 | 73,420 |
| Construction in progress | 611,424 | 868,001 |
| Intangible right-to-use leased assets | 590,953 | 474,978 |
| Land improvements | 2,218,016 | 2,343,625 |
| Buildings and improvements | 77,064,241 | 78,480,359 |
| Machinery and equipment | 4,835,574 | 4,259,732 |
| Infrastructure | 31,134,718 | 28,469,629 |
| Total | \$ 122,586,456 | \$ 121,027,854 |

The capital assets (net of depreciation/amortization) increased in the current year by \$1,558,602. The increase is due to capital asset additions exceeding depreciation/amortization expense. In the current year, the Town had capital asset additions totaling \$5,300,144. Major capital asset additions consisted of the following:

Construction in progress:

➤ Radio system \$ 536,981

Intangible right-to-use assets

➤ Education copiers 168,839

Buildings and improvements:

➤ Library roof 132,400

Machinery and equipment:

➤ Fire truck 384,447

➤ Dump truck 226,121

➤ Eliot PA upgrade 120,000

➤ Sweeper 123,200

➤ Wter tank 173,836

Infrastructure

➤ Various road paving 461,738

➤ Library paving 130,000

➤ Carter Hill Bridge 2,893,224

Additional information on the Town's capital assets can be found in Note III D.

Long-term debt

At the end of the fiscal year, the Town had total long-term debt outstanding of \$49,640,324. All debt is backed by the full faith and credit of the Town.

| | Long-Term Debt | |
|--------------------------|-----------------------|----------------------|
| | June 30, | |
| | 2023 | 2022 |
| | <hr/> | <hr/> |
| General obligation bonds | \$ 48,675,000 | \$ 52,085,000 |
| Notes payable | 311,564 | 470,010 |
| Leases | 574,110 | 535,829 |
| Subscriptions | 79,650 | - |
| | <hr/> | <hr/> |
| Total | \$ 49,640,324 | \$ 53,090,839 |
| | <hr/> | <hr/> |

During the current fiscal year, the Town's total debt decreased by \$3,450,515 due to \$353,380 issuance of leases and subscriptions, offset by scheduled principal payments of \$3,803,895.

The Town maintains a “AA+” credit rating from Standard and Poor’s Investor Service and a “Aa2” credit rating from Moody’s Investor Services.

State Statutes limit the amount of general obligation debt a governmental entity may issue to seven times total prior year tax collections including interest and lien fees and the tax relief for elderly freeze grant. The current debt limitation for the Town is \$346,711,953, which is significantly in excess of the Town's outstanding general obligation debt.

Additional information on the Town's long-term debt can be found in Note III G.

Economic factors and next year’s budgets and rates

The 2023-2024 general fund adopted budget totaled \$62,148,955. The following economic factors currently affect the Town of Clinton and were considered in developing the 2023-2024 fiscal year budget:

- As of June 2023, the unemployment rate for the State was 3.6%, which is a decrease from a rate of 4.1% a year ago. The Town’s unemployment rate was 3.0% as compared to 2.8% in the prior year.

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 government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Town of Clinton, Finance Department, 54 Main Street, Clinton, Connecticut 06413.

**Basic
Financial
Statements**

Town of Clinton, Connecticut

Governmental Activities
Statement of Net Position
June 30, 2023

Assets

| | |
|---|--------------------|
| Current assets: | |
| Cash | \$ 3,887,986 |
| Investments | 28,798,091 |
| Receivables (net): | |
| Property taxes | 475,438 |
| Intergovernmental | 2,944,728 |
| Loans | 4,721 |
| Other | 153,413 |
| Prepays | 125,321 |
| Other | 18,204 |
| Total current assets | <u>36,407,902</u> |
| Noncurrent assets: | |
| Restricted assets: | |
| Temporarily restricted: | |
| Cash | 76,513 |
| Investments | 461,805 |
| Total restricted assets | <u>538,318</u> |
| Receivables (net): | |
| Property taxes | 697,747 |
| Loans | 226,233 |
| Intergovernmental | 1,299,000 |
| Total receivables (net) | <u>2,222,980</u> |
| Capital assets (net of accumulated depreciation/amortization): | |
| Land | 6,058,110 |
| Intangible right-to-use land | 73,420 |
| Construction in progress | 611,424 |
| Intangible right-to-use assets | 590,953 |
| Land improvements | 2,218,016 |
| Buildings and improvements | 77,064,241 |
| Machinery and equipment | 4,835,574 |
| Infrastructure | 31,134,718 |
| Total capital assets (net of accumulated depreciation/amortization) | <u>122,586,456</u> |
| Total noncurrent assets | <u>125,347,754</u> |
| Total assets | <u>161,755,656</u> |

Deferred Outflows of Resources

| | |
|--------------------------------------|------------------|
| Deferred amount on refunding | 720,921 |
| Pension related | 6,201,029 |
| OPEB related | 890,279 |
| Total deferred outflows of resources | <u>7,812,229</u> |

(Continued)

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

Town of Clinton, Connecticut

Governmental Activities
Statement of Net Position
June 30, 2023

Liabilities

Liabilities:

Current liabilities:

| | |
|---|--------------|
| Accounts payable | \$ 1,007,056 |
| Retainage payable | 72,000 |
| Accrued payroll and related liabilities | 188,380 |
| Unearned revenue | 3,353,622 |
| Bond anticipation notes | 2,000,000 |
| Other | 73,896 |
| Accrued interest payable | 679,098 |
| Long-term debt payable | 3,854,811 |
| Compensated absences | 646,862 |
| Landfill closure | 122,200 |
| Heart and hypertension | 110,692 |
| | <hr/> |
| Total current liabilities | 12,108,617 |

Noncurrent liabilities:

| | |
|--|------------|
| Performance bonds | 538,318 |
| Long-term debt and related liabilities | 46,784,670 |
| Compensated absences | 1,636,160 |
| Net pension liability | 18,895,090 |
| Net OPEB liability | 6,583,124 |
| Heart and hypertension | 76,287 |
| Landfill closure and post closure | 6,880,954 |
| | <hr/> |
| Total noncurrent liabilities | 81,394,603 |
| | <hr/> |
| Total liabilities | 93,503,220 |

Deferred Inflows of Resources

| | |
|-------------------------------------|------------|
| Advance property tax collections | 5,292,322 |
| Pension related | 1,272,812 |
| OPEB related | 4,046,550 |
| | <hr/> |
| Total deferred inflows of resources | 10,611,684 |

Net Position

| | |
|------------------------------------|---------------|
| Net investment in capital assets | 70,399,026 |
| Restricted for: | |
| Historical document preservation | 34,158 |
| Public safety programs | 5,400 |
| Residential housing rehabilitation | 282,031 |
| Education | 544,241 |
| Food service program | 582,886 |
| Unrestricted | (6,394,761) |
| | <hr/> |
| Total net position | \$ 65,452,981 |

(Concluded)

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

Town of Clinton, Connecticut

Governmental Activities
Statement of Activities
For the Year Ended June 30, 2023

| Functions/Programs | Expenses | Program Revenues | | | Net (Expenses) Revenues and Changes in Net Position |
|--|----------------------|-------------------------|--|--|--|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | |
| General government | \$ 8,372,898 | \$ 905,828 | \$ 435,101 | \$ - | \$ (7,031,969) |
| Public safety | 6,167,305 | 67,889 | 2,011 | 500,000 | (5,597,405) |
| Public works | 3,382,741 | 65,979 | 162,493 | 2,334,673 | (819,596) |
| Planning and development | 364,738 | 10,632 | - | - | (354,106) |
| Culture and recreation | 1,492,832 | 314,266 | 6,372 | - | (1,172,194) |
| Health and welfare | 996,347 | 14,668 | 323,652 | - | (658,027) |
| Education | 44,800,901 | 681,244 | 13,831,819 | - | (30,287,838) |
| Interest | 799,855 | - | - | - | (799,855) |
| Total | \$ 66,377,617 | \$ 2,060,506 | \$ 14,761,448 | \$ 2,834,673 | \$ (46,720,990) |
| General revenues: | | | | | |
| Property taxes | | | | | 51,414,483 |
| Grants and contributions not restricted to specific programs | | | | | 604,465 |
| Income from investments | | | | | 840,071 |
| Other | | | | | 6,074 |
| Total general revenues | | | | | 52,865,093 |
| Change in net position | | | | | 6,144,103 |
| Net position - July 1, 2022 | | | | | 59,308,878 |
| Net position - June 30, 2023 | | | | | \$ 65,452,981 |

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

Town of Clinton, Connecticut

Governmental Funds
Balance Sheet
June 30, 2023

| | General | Capital Projects | Other Governmental Funds | Total Governmental Funds |
|---|----------------------|---------------------|--------------------------------|--------------------------------|
| <u>Assets</u> | | | | |
| Cash | \$ 979,934 | \$ 775,698 | \$ 2,037,303 | \$ 3,792,935 |
| Restricted cash | 76,513 | - | - | 76,513 |
| Investments | 25,457,184 | 2,850,000 | 490,907 | 28,798,091 |
| Restricted investments | 461,805 | - | - | 461,805 |
| Receivables (net): | | | | |
| Property taxes | 1,173,185 | - | - | 1,173,185 |
| Intergovernmental | 3,789 | 1,979,497 | 961,442 | 2,944,728 |
| Loans | - | - | 236,054 | 236,054 |
| Other | 81,997 | - | 71,416 | 153,413 |
| Due from other funds | 667,379 | - | 48,952 | 716,331 |
| Prepays | 125,321 | - | - | 125,321 |
| Other | - | - | 18,204 | 18,204 |
| Total assets | <u>\$ 29,027,107</u> | <u>\$ 5,605,195</u> | <u>\$ 3,864,278</u> | <u>\$ 38,496,580</u> |
| <u>Liabilities</u> | | | | |
| Accounts payable | \$ 478,661 | \$ 196,870 | \$ 331,525 | \$ 1,007,056 |
| Retainage payable | - | 72,000 | - | 72,000 |
| Accrued payroll and related liabilities | 185,010 | - | 3,370 | 188,380 |
| Due to other funds | - | - | 716,331 | 716,331 |
| Unearned revenue | - | 3,057,497 | 296,125 | 3,353,622 |
| Bond anticipation notes | - | 2,000,000 | - | 2,000,000 |
| Performance bonds | 538,318 | - | - | 538,318 |
| Other | 73,896 | - | - | 73,896 |
| Total liabilities | <u>1,275,885</u> | <u>5,326,367</u> | <u>1,347,351</u> | <u>7,949,603</u> |
| <u>Deferred Inflows of Resources</u> | | | | |
| Unavailable revenue: | | | | |
| Property taxes | 1,173,185 | - | - | 1,173,185 |
| Advance property tax collections | 5,292,322 | - | - | 5,292,322 |
| Total deferred inflows of resources | <u>6,465,507</u> | <u>-</u> | <u>-</u> | <u>6,465,507</u> |
| <u>Fund Balances</u> | | | | |
| Nonspendable | 125,321 | - | - | 125,321 |
| Restricted | - | - | 1,448,716 | 1,448,716 |
| Committed | 800,675 | 278,828 | 1,068,211 | 2,147,714 |
| Assigned | 3,314,000 | - | - | 3,314,000 |
| Unassigned | 17,045,719 | - | - | 17,045,719 |
| Total fund balances | <u>21,285,715</u> | <u>278,828</u> | <u>2,516,927</u> | <u>24,081,470</u> |
| Total liabilities, deferred inflows of resources and fund balances | <u>\$ 29,027,107</u> | <u>\$ 5,605,195</u> | <u>\$ 3,864,278</u> | <u>\$ 38,496,580</u> |

(Continued)

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

Town of Clinton, Connecticut

Reconciliation of Fund Balance
to Net Position of Governmental Activities
June 30, 2023

Amounts reported in the statement of net position (Exhibit A) are different from the governmental fund balance sheet due to:

| | |
|--|----------------------|
| Total fund balance (Exhibit C, Page 1) | <u>\$ 24,081,470</u> |
|--|----------------------|

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

| | |
|--|--------------------|
| Beginning capital assets (net) | 121,027,854 |
| Current year additions (net of construction in progress) | 5,300,144 |
| Depreciation/amortization expense | <u>(3,741,542)</u> |

| | |
|-------|--------------------|
| Total | <u>122,586,456</u> |
|-------|--------------------|

Other long-term assets and deferred outflows of resources are not available resources and therefore, are not reported in the funds:

| | |
|---------------------------------------|----------------|
| Allowance for doubtful accounts | (5,100) |
| Deferred amount on refunding | 720,921 |
| Deferred outflows related to pensions | 6,201,029 |
| Deferred outflows related to OPEB | <u>890,279</u> |

| | |
|-------|------------------|
| Total | <u>7,807,129</u> |
|-------|------------------|

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

| | |
|---|------------------|
| Property tax receivable - accrual basis change | 1,173,185 |
| Intergovernmental receivable - accrual basis change | <u>1,299,000</u> |

| | |
|-------|------------------|
| Total | <u>2,472,185</u> |
|-------|------------------|

The internal service fund is used by management to charge the cost of various self-insured risk premiums to benefiting activities

| | |
|---|-----------------|
| The assets and liabilities of the internal service fund are included in the statement of net position | <u>(91,928)</u> |
|---|-----------------|

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

| | |
|---|--------------------|
| Bonds, notes and related liabilities | (49,985,721) |
| Leases payable | (574,110) |
| Subscriptions payable | (79,650) |
| Compensated absences | (2,283,022) |
| Landfill closure and post closure liability | (7,003,154) |
| Net pension liability | (18,895,090) |
| Net OPEB liability | (6,583,124) |
| Accrued interest payable | (679,098) |
| Deferred inflows related to pensions | (1,272,812) |
| Deferred inflows related to OPEB | <u>(4,046,550)</u> |

| | |
|-------|---------------------|
| Total | <u>(91,402,331)</u> |
|-------|---------------------|

| | |
|--------------------------|----------------------|
| Net position (Exhibit A) | <u>\$ 65,452,981</u> |
|--------------------------|----------------------|

(Concluded)

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

Town of Clinton, Connecticut

Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2023

| | <u>General</u> | <u>Capital Projects</u> | <u>Other Governmental Funds</u> | <u>Total Governmental Funds</u> |
|--|----------------------|-----------------------------|---|---|
| Revenues: | | | | |
| Property taxes | \$ 51,354,766 | \$ - | \$ - | \$ 51,354,766 |
| Intergovernmental | 12,079,041 | 2,106,228 | 3,839,445 | 18,024,714 |
| Charges for services | 1,163,938 | 21,830 | 874,738 | 2,060,506 |
| Income from investments | 819,424 | - | 159 | 819,583 |
| Net change in fair value | - | - | 20,488 | 20,488 |
| Contributions | - | - | 13,379 | 13,379 |
| Other | - | - | 6,074 | 6,074 |
| Total revenues | <u>65,417,169</u> | <u>2,128,058</u> | <u>4,754,283</u> | <u>72,299,510</u> |
| Expenditures: | | | | |
| Current: | | | | |
| General government | 7,498,798 | 156,183 | 66,245 | 7,721,226 |
| Public safety | 4,663,268 | - | 516,048 | 5,179,316 |
| Public works | 1,998,745 | 72,100 | - | 2,070,845 |
| Planning and development | 364,738 | - | - | 364,738 |
| Culture and recreation | 1,139,039 | - | 207,195 | 1,346,234 |
| Health and welfare | 471,708 | 157,830 | 327,023 | 956,561 |
| Education | 39,871,717 | - | 3,494,462 | 43,366,179 |
| Debt service | 5,086,759 | 28,390 | - | 5,115,149 |
| Capital outlay | - | 5,524,033 | - | 5,524,033 |
| Total expenditures | <u>61,094,772</u> | <u>5,938,536</u> | <u>4,610,973</u> | <u>71,644,281</u> |
| Excess (deficiency) of revenues over expenditures | <u>4,322,397</u> | <u>(3,810,478)</u> | <u>143,310</u> | <u>655,229</u> |
| Other financing sources (uses): | | | | |
| Sale of capital assets | 32,759 | - | - | 32,759 |
| Issuance of debt | - | 353,380 | - | 353,380 |
| Premium | - | 19,240 | - | 19,240 |
| Proceeds from insurance | - | 162,493 | - | 162,493 |
| Transfers in | 251,316 | 2,788,139 | - | 3,039,455 |
| Transfers out | <u>(2,888,139)</u> | <u>-</u> | <u>(251,316)</u> | <u>(3,139,455)</u> |
| Net other financing sources (uses) | <u>(2,604,064)</u> | <u>3,323,252</u> | <u>(251,316)</u> | <u>467,872</u> |
| Net change in fund balances | 1,718,333 | (487,226) | (108,006) | 1,123,101 |
| Fund balances - July 1, 2022 | <u>19,567,382</u> | <u>766,054</u> | <u>2,624,933</u> | <u>22,958,369</u> |
| Fund balances - June 30, 2023 | <u>\$ 21,285,715</u> | <u>\$ 278,828</u> | <u>\$ 2,516,927</u> | <u>\$ 24,081,470</u> |

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

Town of Clinton, Connecticut

Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to Statement of Activities
For the Year Ended June 30, 2023

Amounts reported in the statement of activities (Exhibit B) are different due to:

Net change in fund balances - total governmental funds (Exhibit D) \$ 1,123,101

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/amortization expense.

| | |
|-----------------------------------|--------------------|
| Capital outlay | 5,300,144 |
| Depreciation/amortization expense | <u>(3,741,542)</u> |

| | |
|-------|------------------|
| Total | <u>1,558,602</u> |
|-------|------------------|

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

| | |
|--|---------------|
| Change in property tax receivable - accrual basis change | <u>59,717</u> |
|--|---------------|

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

| | |
|--------------------------|-----------|
| Debt issued or incurred: | |
| Premium | (19,240) |
| Leases | (236,227) |
| Subscriptions | (117,153) |

| | |
|------------------------------------|---------------|
| Principal repayments: | |
| General obligation bonds and notes | 3,568,446 |
| Leases | 197,946 |
| Subscriptions | <u>37,503</u> |

| | |
|-------|------------------|
| Total | <u>3,431,275</u> |
|-------|------------------|

(Continued)

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

Town of Clinton, Connecticut

Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to Statement of Activities
For the Year Ended June 30, 2023

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

| | |
|---|---------------------|
| Change in/amortization of: | |
| Compensated absences | \$ (78,798) |
| Net pension liability | (4,197,046) |
| Net OPEB liability | 391,022 |
| Accrued interest payable | 64,648 |
| Landfill closure and post closure liability | 130,319 |
| Deferred charges | (32,405) |
| Premium | 479,156 |
| Deferred outflows related to pension | 1,712,844 |
| Deferred inflows related to pension | 1,635,241 |
| Deferred outflows related to OPEB | (169,463) |
| Deferred inflows related to OPEB | 43,890 |
| Total | <u>(20,592)</u> |
| Change in net position (Exhibit B) | <u>\$ 6,144,103</u> |

(Concluded)

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

Town of Clinton, Connecticut

Proprietary Funds
Statement of Net Position
June 30, 2023

| | <u>Internal Service Funds</u> |
|-----------------------|---------------------------------------|
| <u>Assets</u> | |
| Current asset: | |
| Cash | <u>\$ 95,051</u> |
| <u>Liabilities</u> | |
| Current liability: | |
| Claims payable | \$ 110,692 |
| Noncurrent liability: | |
| Claims payable | <u>76,287</u> |
| Total liabilities | <u>186,979</u> |
| <u>Net Position</u> | |
| Unrestricted | <u><u>\$ (91,928)</u></u> |

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

Town of Clinton, Connecticut

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

| | <u>Internal Service Funds</u> |
|------------------------------------|---------------------------------------|
| Operating expenses: | |
| Claims | <u>\$ 108,000</u> |
| Operating income (loss) | (108,000) |
| Transfers in | <u>100,000</u> |
| Change in net position | (8,000) |
| Total net position - July 1, 2022 | <u>(83,928)</u> |
| Total net position - June 30, 2023 | <u><u>\$ (91,928)</u></u> |

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

Town of Clinton, Connecticut
Proprietary Funds
Statement of Cash Flows
For the Year Ended June 30, 2023

| | <u>Internal Service Funds</u> |
|--|---------------------------------------|
| Cash flows from (used in) operating activities: | |
| Cash paid for benefits and claims | \$ (738) |
| Cash flows from noncapital and related financing activities: | |
| Transfers in from other funds | <u>100,000</u> |
| Net increase (decrease) in cash | 99,262 |
| Cash - July 1, 2022 | <u>(4,211)</u> |
| Cash - June 30, 2023 | <u><u>\$ 95,051</u></u> |
| Reconciliation of operating income (loss) to net cash from (used in) operating activities: | |
| Operating income (loss) | \$ (108,000) |
| Adjustments to reconcile operating income (loss) to net cash from (used in) operating activities: | |
| Increase (decrease) in: | |
| Claims payable | <u>107,262</u> |
| Net cash from (used in) operating activities | <u><u>\$ (738)</u></u> |

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

Town of Clinton, Connecticut

Fiduciary Funds
Statement of Fiduciary Net Position
June 30, 2023

| | <u>Pension and OPEB Trust Funds</u> | <u>Private- Purpose Trust Fund</u> |
|------------------------------------|---|--|
| <u>Assets</u> | | |
| Cash | \$ 268,042 | \$ 450 |
| Investments: | | |
| Mutual funds: | | |
| Money market | 244,887 | 21,439 |
| Equity | 9,310,938 | - |
| Fixed income | 8,060,213 | - |
| Diversified | 597,522 | - |
| Bank money market | 56,263 | - |
| U.S. treasury obligations | 354,907 | - |
| U.S. government agency obligations | 368,542 | - |
| Common stock | 3,683,382 | - |
| Corporate bonds | 628,796 | - |
| Total investments | <u>23,305,450</u> | <u>21,439</u> |
| Accounts receivable | <u>15,453</u> | <u>-</u> |
| Total assets | <u>23,588,945</u> | <u>21,889</u> |
| <u>Liabilities</u> | | |
| Accounts payable | <u>17,500</u> | <u>-</u> |
| <u>Net Position</u> | | |
| Restricted for: | | |
| Pensions | 23,445,827 | - |
| OPEB | 125,618 | - |
| Individuals | <u>-</u> | <u>21,889</u> |
| Total net position | <u>\$ 23,571,445</u> | <u>\$ 21,889</u> |

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

Town of Clinton, Connecticut

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

| | <u>Pension and OPEB Trust Funds</u> | <u>Private- Purpose Trust Fund</u> |
|---|---|--|
| Additions: | | |
| Contributions: | | |
| Employer | \$ 2,002,309 | \$ - |
| Plan members | <u>171,824</u> | <u>-</u> |
| Total contributions | <u>2,174,133</u> | <u>-</u> |
| Investment income (loss): | | |
| Net change in fair value of investments | 1,495,265 | - |
| Interest and dividends | <u>652,215</u> | <u>10</u> |
| Total investment income (loss) | 2,147,480 | 10 |
| Less investment expenses | <u>127,119</u> | <u>-</u> |
| Net investment income (loss) | <u>2,020,361</u> | <u>10</u> |
| Total additions | <u>4,194,494</u> | <u>10</u> |
| Deductions: | | |
| Benefits | 2,459,709 | - |
| Administration | <u>17,641</u> | <u>-</u> |
| Total deductions | <u>2,477,350</u> | <u>-</u> |
| Changes in net position | 1,717,144 | 10 |
| Net position - July 1, 2022 | <u>21,854,301</u> | <u>21,879</u> |
| Net position - June 30, 2023 | <u><u>\$ 23,571,445</u></u> | <u><u>\$ 21,889</u></u> |

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

Town of Clinton, Connecticut

**Notes to Financial Statements
As of and for the Year Ended June 30, 2023****History and organization**

The Town of Clinton, Connecticut (“Town”) operates under a Town Manager-Council form of government established by a charter adopted in November 2019. The Town offers a full range of services authorized by the charter, including general government, public safety, public works, planning and development, culture and recreation, health and welfare and education to its residents.

The accompanying financial statements present the Town and its component units, entities for which the Town is considered to be financially accountable. The Town is financially accountable for the pension and OPEB trust funds and therefore, they are considered fiduciary component units. The financial statements of the fiduciary component units are reported as pension and OPEB trust funds in the fiduciary fund financial statements. The pension and OPEB trust funds do not issue separate financial statements.

I. Summary of significant accounting policies**A. Government-wide and fund financial statements**

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the Town. *Governmental activities* are normally supported by taxes and intergovernmental revenues.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

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

B. Measurement focus, basis of accounting and financial statement presentation

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

Town of Clinton, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2023

B. Measurement focus, basis of accounting and financial statement presentation (continued)

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Town considers reimbursement grants to be available if they are collected within one year of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, pension and OPEB benefits, certain other employee benefits, and certain other long-term liabilities are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in the governmental funds.

Expenditure reimbursement type grants, certain intergovernmental revenues, charges for services, transfers and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items, including property taxes, are considered to be measurable and available only when cash is received by the Town.

The Town reports the following major governmental funds:

| | |
|-----------------------|---|
| General Fund | The Town's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. |
| Capital Projects Fund | Accounts for and reports resources and expenditures that are restricted, committed or assigned for the acquisition and construction of capital facilities, including those that are financed through special assessments. |

Additionally, the Town reports the following fund types:

| | |
|----------------------------|--|
| Special Revenue Funds | Accounts for and reports the proceeds of specific revenue resources that are restricted, committed or assigned to expenditures for specified purposes other than debt. |
| Internal Service Fund | Accounts for risk financing activities for heart and hypertension as allowed by GASB Statement No. 10. |
| Pension Trust Funds | Accounts for the activities of the Police, Board of Education Noncertified and Volunteer Firefighters Retirement Plans, which accumulates resources for pension benefit payments to qualified employees. |
| OPEB Trust Fund | Accounts for the activities of the OPEB Plan, which accumulates resources for OPEB benefits. |
| Private-Purpose Trust Fund | Accounts for the receipt of private donations to be used for student awards. |

Town of Clinton, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2023**B. Measurement focus, basis of accounting and financial statement presentation (continued)**

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

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

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. The principal operating revenues of the Town's internal service fund are charges to other funds for heart and hypertension claims.

For purposes of measuring the net pension and OPEB liability, deferred outflows of resources and deferred inflows of resources related to pensions and OPEB, and pension and OPEB expense, information about the fiduciary net position and additions to/deductions from fiduciary net position of the Town pension and OPEB plans, the Connecticut Municipal Employees Retirement Systems ("MERS"), the Connecticut State Teachers' Retirement System ("TRS"), and the Connecticut State Retiree Health Insurance Plan ("RHIP") have been determined on the same basis as they are reported by the Town's pension and OPEB plans, MERS, TRS, and RHIP. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms.

C. Assets, liabilities, deferred outflows/inflows of resources and equity**1. Cash and investments****a. Cash**

The Town considers cash as cash on hand and demand deposits.

For cash flow purposes the Town considers cash equivalents money market accounts and short-term investments with original maturities of three months or less from the date of acquisition.

b. Investments

In general, State of Connecticut Statutes allow the Town to invest in obligations of the United States of America or United States government sponsored corporations, in shares or other interests in any custodial arrangement, pool or no-load, open-end management type investment company or investment trust (as defined), in obligations of any State or political subdivision rated within the top two rating categories of any nationally recognized rating service, or in obligations of the State of Connecticut or political subdivision rated within the top three rating categories of any nationally recognized rating service. For the capital nonrecurring fund, not more than 31.00% can be invested in equity securities. Investment income is recorded in the fund in which it was earned.

Town of Clinton, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2023

C. Assets, liabilities, deferred outflows/inflows of resources and equity (continued)

State Treasurers Short-Term Investment Fund is an investment pool managed by the State of Connecticut Office of the State Treasurer. Investments must be made in instruments authorized by Connecticut General Statutes 3-27c - 3-27e. Investment guidelines are adopted by the State Treasurer. The fair value of the position in the pool is the same as the value of the pool shares.

The Police and Education Noncertified pension plans have adopted a formal investment policy that defines allowable investments, prohibited investments, prohibited transactions, asset allocation guidelines, diversification guidelines and fixed income and cash guidelines.

The investment guidelines are as follows:

| | Target Allocation | |
|----------------------------|-------------------|---------------------------|
| | Police | Education Noncertified |
| Equities | 34-64% | 50-75% |
| Fixed income | 30-60% | 20-50% |
| Cash | 0-5% | 0-20% |
| Real estate or alternative | 0-12% | 0-10% |

c. Method used to value investments

Investments for the Town 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.

Fair value of investments

The Town measures and records its investments using fair value measurement guidelines established by accounting principles generally accepted in the United States of America (GAAP). These guidelines recognize a three-tiered fair value hierarchy, as follows:

| | |
|---------|--|
| Level 1 | Quoted prices for identical investments in active markets |
| Level 2 | Quoted prices for identical investments in markets that are not active |
| Level 3 | Unobservable inputs |

d. Risk policies

| | |
|--------------------|---|
| Interest rate risk | Interest rate risk is the risk that the government will incur losses in fair value caused by changing interest rates. The Town does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. |
| Credit risk | Credit risk is the risk that an issuer or other counterparty will not fulfill its specific obligation even without the entity's complete failure. The Town has no investment policy that would limit its investment choices due to credit risk other than State Statutes governing investments in obligations of any State or political subdivision or in obligations of the State of Connecticut or political subdivision. |

Town of Clinton, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2023

C. Assets, liabilities, deferred outflows/inflows of resources and equity (continued)

| | |
|------------------------------|--|
| Concentration of credit risk | Concentration of credit risk is the risk attributed to the magnitude of an entity's investments in a single issuer. The Town follows the limitations specified in the Connecticut General Statutes. Generally, the Town's deposits cannot be 75% or more of the total capital in any one depository. |
| Custodial credit risk | Custodial credit risk is the risk that, in the event of the failure of the counterparty, the Town will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. The Town does not have a formal policy with respect to custodial credit risk. |
| Foreign currency risk | Foreign currency risk is the risk that the value of the investment may be affected by changes in the rate of exchange. The Town does not have a formal policy with respect to foreign currency risk. |

2. Receivables and payables

a. Interfunds

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans).

b. Property taxes and other receivables

In the fund financial and government-wide financial statements, all trade and property tax receivables are shown net of an allowance for uncollectibles. Allowance percentages range from 2.00% to 30.00% of outstanding receivable balances and are calculated based upon prior collections.

In the fund financial statements, property tax revenues are recognized when they become available. Only taxes collected during the fiscal year are recorded as revenue.

Property taxes are assessed on property as of October 1. Taxes are billed in the following July and are due in two installments, July 1, and January 1. Personal property and motor vehicle taxes are billed in July and are due in one installment, on July 1, and supplemental motor vehicle taxes are due in full January 1. Liens are effective on the assessment date and are continued by filing before the end of the year following the due date.

3. Prepaid items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

Town of Clinton, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2023

C. Assets, liabilities, deferred outflows/inflows of resources and equity (continued)**4. Restricted assets**

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

5. Capital assets

Capital assets are reported in the applicable governmental columns in the government-wide financial statements. Capital assets are defined by the Town as assets with an initial, individual cost as noted in the table below and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Capital assets of the Town are depreciated/amortized using the straight-line method over the following estimated useful lives:

| <u>Assets</u> | <u>Years</u> | <u>Threshold</u> |
|----------------------------------|-------------------|------------------|
| Land improvements | 5-10 | \$ 5,000 |
| Buildings and improvements | 10-50 | 5,000 |
| Machinery and equipment | 5-25 | 5,000 |
| Infrastructure | 20-70 | 5,000 |
| Right-to-use leased assets | Lease term | 20,000 |
| Right-to-use subscription assets | Subscription term | 20,000 |

6. Deferred outflows/inflows of resources

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

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

The Town reports deferred outflows and inflows of resources related to pensions and OPEB in the government-wide statements for differences between expected and actual experience, changes in assumptions, net difference between projected and actual earnings on plan investments, changes in proportional share and contributions subsequent to the measurement date. The deferred outflow or inflow related to differences between expected and actual experience, changes in assumptions, and changes in proportional share will be amortized over the average remaining service life of all plan members. The deferred outflow or inflow related to the net difference between projected and actual earnings on plan investments will be amortized over a five-year period. Contributions subsequent to the measurement date will be recognized in the subsequent year.

Town of Clinton, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2023**C. Assets, liabilities, deferred outflows/inflows of resources and equity (continued)**

Deferred outflows of resources also include deferred outflows relating to advance refunding of debt. These amounts are deferred and are amortized over the shorter of the life of the old or new debt.

Advance tax collections represent taxes associated with a future period. This amount is recognized during the period in which the revenue is associated.

For governmental funds, the Town reports unavailable revenue, which arises only under the modified accrual basis of accounting. Accordingly, unavailable revenue is reported only in the governmental funds' balance sheet. The governmental funds report unavailable revenues from property taxes (including advance collections, if any). These amounts are recognized as an inflow of resources in the period that the amounts become available.

7. Compensated absences

Town employees accumulate vacation and sick leave hours for subsequent use or for payment upon termination or retirement. Sick leave and vacation leave expenditures are recognized in the governmental funds in the current year to the extent they are paid during the year or the vested amount is expected to be paid with available resources. A liability for these amounts has been recorded in the government-wide financial statements.

8. Long-term liabilities

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

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

9. Lease and subscription liabilities

The Town is a lessee for noncancellable leases of buildings and equipment. Additionally, the Town has certain software subscriptions that require recognition in the financial statements. The Town recognizes a lease/subscription liability and an intangible right-to-use lease/subscription asset (lease/subscription asset) in the government-wide financial statements. The Town recognizes lease/subscription liabilities with an initial, individual value of \$20,000 or more.

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

Town of Clinton, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2023

C. Assets, liabilities, deferred outflows/inflows of resources and equity (continued)

Key estimates and judgments related to leases and subscriptions include:

| | |
|---------------|---|
| Discount rate | The Town uses the interest rate charged by the lessor/subscription vendor as the discount rate to discount the expected payments to the present value. When the interest rate charged is not provided, the Town generally uses its estimated incremental borrowing rate as the discount rate. |
| Term | The lease/subscription term includes the noncancellable period of the lease/agreement. |
| Payments | Lease/subscription payments included in the measurement of the liability are composed of fixed payments and any purchase option price that the Town is reasonably certain to exercise. |

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

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

10. Net position and fund balances

In the government-wide financial statements, net position is classified into the following categories:

| | |
|----------------------------------|--|
| Net Investment in Capital Assets | This category presents the net position that reflects capital assets net of depreciation/amortization and net of only the debt applicable to the acquisition or construction of these assets. Debt issued for non-capital purposes, and unspent bond proceeds, are excluded. |
| Restricted Net Position | This category presents the net position restricted by external parties (creditors, grantors, contributors or laws and regulations). |
| Unrestricted Net Position | This category presents the net position of the Town which is not classified in the preceding two categories. |

Sometimes the Town will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Town's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

Town of Clinton, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2023

C. Assets, liabilities, deferred outflows/inflows of resources and equity (continued)

In the fund financial statements, fund balances are classified into the following categories:

| | |
|--------------|---|
| Nonspendable | This category presents amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact. |
| Restricted | This category presents amounts that can be spent only for specific purposes because of enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors or the laws or regulations of other governments. |
| Committed | This category presents amounts that can be used only for specific purposes determined by a formal action at the highest level of decision-making authority for the Town. Commitments may be established, modified or rescinded only through resolutions approved by the Town Council. |
| Assigned | This category presents amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Under the Town's fund balance policy, the Town Council has by resolution authorized the Finance Director to assign fund balance. Intent is also expressed by a properly approved purchase order (encumbrance). |
| Unassigned | This category presents amounts that do not meet the criteria above and are available for any purpose. This category is only reported in the general fund for positive amounts and in any other fund that has a fund balance deficit. |

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 Town Council has provided otherwise in its commitment or assignment actions.

Minimum fund balance policy

The Town Council has adopted a minimum fund balance policy for the General Fund. The policy establishes the intent to maintain a level of unassigned fund balance of an amount no less than 15.00% of the Town's general fund budget.

Town of Clinton, Connecticut

**Notes to Financial Statements
As of and for the Year Ended June 30, 2023****C. Assets, liabilities, deferred outflows/inflows of resources and equity (continued)****11. Use of estimates**

The preparation of the 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, deferred outflows and inflows of resources including disclosures of contingent assets and liabilities and reported revenues, expenses and expenditures during the fiscal year. Actual results could differ from those estimates.

12. Reclassifications

Certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

II. Stewardship, compliance and accountability**A. Basis of budgeting**

The Town has a legally adopted annual budget for the General Fund. The legal level of control is the department level.

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

B. Donor-restricted endowments

The Town has received certain endowments for student awards. The amounts are reflected in fiduciary net position as restricted for individuals. Investment income is approved for disbursement by the Trustee. At year end, there was no appreciation available for appropriation.

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 upon the applicable donor's stipulations regarding the treatment of investment income and appreciation.

Town of Clinton, Connecticut
Notes to Financial Statements
As of and for the Year Ended June 30, 2023

C. Capital projects authorizations

The following is a summary of certain capital projects:

| <u>Project</u> | <u>Project Authorization</u> | <u>Cumulative Expenditures</u> | <u>Balance</u> |
|-------------------------------|----------------------------------|------------------------------------|---------------------|
| Underground water tanks | \$ 1,200,000 | \$ 173,836 | \$ 1,026,164 |
| Communications system upgrade | 1,750,000 | 36,981 | 1,713,019 |
| Small bridge repairs | 738,370 | 240,733 | 497,637 |
| Totals | <u>\$ 3,688,370</u> | <u>\$ 451,550</u> | <u>\$ 3,236,820</u> |

III. Detailed notes

A. Cash and investments

1. Deposits – custodial credit risk

At year end, the Town's bank balance was exposed to custodial credit risk as follows:

| | |
|--|----------------------|
| Bank balance | <u>\$ 30,309,487</u> |
| Uninsured and uncollateralized | \$ 26,187,777 |
| Uninsured and collateral held by the pledging bank's trust department, not in the Town's name | <u>3,119,209</u> |
| Total amount subject to custodial credit risk | <u>\$ 29,306,986</u> |

Financial instruments that potentially subject the Town to significant concentrations of credit risk consist primarily of cash. From time to time, the Town's cash account balances exceeded the Federal Deposit Insurance Corporation limit. The Town reduces its credit risk by maintaining its cash deposits with major financial institutions and monitoring their credit ratings.

Town of Clinton, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2023

A. Cash and investments (continued)**2. Investments**

- a. The Town's investments consisted of the following types and maturities. Specific identification was used to determine maturities:

| Type of Investment | Fair Value | Investment Maturities (In Years) | | | |
|------------------------------------|----------------------|----------------------------------|----------------------|-------------------|---------------------|
| | | N/A | Less Than 1 | 1-5 Years | 5-10 Years |
| Mutual funds | | | | | |
| Money market | \$ 244,887 | \$ - | \$ 244,887 | \$ - | \$ - |
| Equity | 9,310,938 | 9,310,938 | - | - | - |
| Fixed income funds | 8,060,213 | - | - | - | 8,060,213 |
| Diversified | 597,522 | 597,522 | - | - | - |
| Pooled fixed income | 3,362,411 | - | 3,362,411 | - | - |
| Certificates of deposit | 85,116 | - | 85,116 | - | - |
| Bank money markets | 25,519,378 | - | 25,519,378 | - | - |
| U.S. treasury obligations | 354,907 | - | - | - | 354,907 |
| U.S. government agency obligations | 368,542 | - | 189,025 | 179,517 | - |
| Common stock | 4,054,075 | 4,054,075 | - | - | - |
| Corporate bonds | 628,796 | - | - | 215,327 | 413,469 |
| Total | \$ 52,586,785 | \$ 13,962,535 | \$ 29,400,817 | \$ 394,844 | \$ 8,828,589 |

Town of Clinton, Connecticut
Notes to Financial Statements
As of and for the Year Ended June 30, 2023

A. Cash and investments (continued)

b. The Town had the following recurring fair value measurements:

| | Amount | Quoted Market Prices in Active Markets Level 1 | Significant Observable Inputs Level 2 |
|--|----------------------|---|--|
| <u>Investments by fair value level</u> | | | |
| Mutual funds | | | |
| Money market | \$ 244,887 | \$ 244,887 | \$ - |
| Equity | 9,310,938 | 9,310,938 | - |
| Fixed income funds | 8,060,213 | 8,060,213 | - |
| Diversified | 597,522 | 597,522 | - |
| U.S. treasury obligations | 354,907 | 354,907 | - |
| U.S. government agency obligations | 368,542 | - | 368,542 |
| Common stock | 4,054,075 | 4,054,075 | - |
| Corporate bonds | 628,796 | - | 628,796 |
| Total investments by fair value level | <u>23,619,880</u> | <u>\$ 22,622,542</u> | <u>\$ 997,338</u> |
| <u>Other investments</u> | | | |
| Pooled fixed income | 3,362,411 | | |
| Certificates of deposit | 85,116 | | |
| Bank money markets | <u>25,519,378</u> | | |
| Total other investments | <u>28,966,905</u> | | |
| Total investments | <u>\$ 52,586,785</u> | | |

Level 1: Quoted prices for identical investments in active markets;

Level 2: Observable inputs other than quoted prices for identical securities in markets that are not active. The fair value was determined based on quoted prices in less active, dealer or broker markets. Fair values are primarily obtained from third party pricing services for identical or comparable assets.

Town of Clinton, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2023

A. Cash and investments (continued)

- c. The Town's investments subject to credit risk had average ratings by Standard & Poor's as follows:

| Type of Investment | Ratings | | | Total |
|---------------------|---------------------|-------------------|---------------------|----------------------|
| | AAA | AA | Unrated | |
| Mutual funds | | | | |
| Money market | \$ - | \$ - | \$ 244,887 | \$ 244,887 |
| Fixed income funds | - | - | 8,060,213 | 8,060,213 |
| Pooled fixed income | 3,362,411 | - | - | 3,362,411 |
| Corporate bonds | - | 628,796 | - | 628,796 |
| Total | <u>\$ 3,362,411</u> | <u>\$ 628,796</u> | <u>\$ 8,305,100</u> | <u>\$ 12,296,307</u> |

- d. Certain investments are covered by the Securities Investor Protection Corporation ("SIPC") up to \$500,000, including \$250,000 of cash from sale or for purchase of investments, but not cash held solely for the purpose of earning interest. SIPC protects securities such as notes, stocks, debentures, certificates of deposit and money funds.

The following Town investments are held by the counterparty's trust department or agent but not in the Town's name and, therefore, are subject to custodial credit risk.

| Type of Investment | Total | Less Insured Amounts | Amount Subject to Custodial Credit Risk |
|------------------------------------|---------------------|----------------------|---|
| U.S. treasury obligations | \$ 354,907 | \$ - | \$ 354,907 |
| U.S. government agency obligations | 368,542 | - | 368,542 |
| Common stock | 4,054,075 | 370,693 | 3,683,382 |
| Corporate bonds | 628,796 | 500,000 | 128,796 |
| Total | <u>\$ 5,406,320</u> | <u>\$ 870,693</u> | <u>\$ 4,535,627</u> |

Town of Clinton, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2023

B. Receivables

Receivable balances have been disaggregated by type and presented separately in the financial statements. Only receivables with allowances for uncollectible accounts, including the applicable allowances for uncollectible accounts, are presented below:

| | Property Taxes | | | CDBG Loans |
|-----------------------------------|----------------|---------------------------|------------|---------------|
| | Taxes | Interest and Lien Fees | Total | |
| Current portion | \$ 342,278 | \$ 133,160 | \$ 475,438 | \$ 4,721 |
| Long-term portion | 764,700 | 208,047 | 972,747 | 231,333 |
| Less allowance for uncollectibles | (175,000) | (100,000) | (275,000) | (5,100) |
| Net long-term portion | \$ 589,700 | \$ 108,047 | \$ 697,747 | \$ 226,233 |

C. Interfund accounts

1. Interfund payables and receivables

A summary of interfund balances is as follows:

| | Corresponding Fund | Due From | Due To |
|--------------------------------|-----------------------|------------|------------|
| General fund | | | |
| Miscellaneous fund | N/A | \$ 295,740 | \$ - |
| School cafeteria fund | N/A | 15,482 | - |
| Education grant fund | N/A | 284,108 | - |
| School activity fund | N/A | 72,049 | - |
| Total general fund | | 667,379 | - |
| Other governmental funds | | | |
| Miscellaneous fund | General fund | - | 295,740 |
| School cafeteria fund | General fund | - | 15,482 |
| Education grant fund | School activity fund | - | 48,952 |
| Education grant fund | General fund | - | 284,108 |
| School activity fund | General fund | - | 72,049 |
| School activity fund | Education grant fund | 48,952 | - |
| Total other governmental funds | | 48,952 | 716,331 |
| Total | | \$ 716,331 | \$ 716,331 |

Town of Clinton, Connecticut
Notes to Financial Statements
As of and for the Year Ended June 30, 2023

C. Interfund accounts (continued)

All interfund balances resulted from the time lag between the dates payments occurred between funds for interfund goods, payroll and services provided or in instances where certain funds do not have a cash account.

2. Interfund transfers

A summary of interfund transfers for the fiscal year is as follows:

| | Corresponding Fund | Transfers In | Transfers Out |
|--------------------------------|-----------------------|-----------------|------------------|
| General fund | | | |
| Capital projects fund | N/A | \$ - | \$ 2,788,139 |
| Miscellaneous fund | N/A | 248,316 | - |
| Culture and recreation fund | N/A | 3,000 | - |
| Internal service funds | N/A | - | 100,000 |
| Total general fund | | 251,316 | 2,888,139 |
| Capital projects fund | General fund | 2,788,139 | - |
| Proprietary funds | | | |
| Internal service funds | General fund | 100,000 | - |
| Other governmental funds | | | |
| Miscellaneous fund | General fund | - | 248,316 |
| Culture and recreation fund | General fund | - | 3,000 |
| Total other governmental funds | | - | 251,316 |
| Total | | \$ 3,139,455 | \$ 3,139,455 |

Transfers are used to move budgeted appropriations from the general fund for funding of capital projects.

Town of Clinton, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2023

D. Capital assets

Capital asset activity for the fiscal year was as follows:

| | Balance June 30, 2022 | Increases | Decreases | Balance June 30, 2023 |
|--|--------------------------|---------------------|-------------------|--------------------------|
| <u>Capital assets, not being depreciated/amortized:</u> | | | | |
| Land | \$ 6,058,110 | \$ - | \$ - | \$ 6,058,110 |
| Right-to-use leased land | 73,420 | - | - | 73,420 |
| Construction in progress | 868,001 | 611,424 | 868,001 | 611,424 |
| Total capital assets, not being depreciated/ amortized | 6,999,531 | 611,424 | 868,001 | 6,742,954 |
| <u>Capital assets, being depreciated/amortized:</u> | | | | |
| Intangible right-to-use assets | 626,378 | 353,380 | 39,406 | 940,352 |
| Land improvements | 12,439,035 | 38,630 | - | 12,477,665 |
| Buildings and improvements | 105,817,747 | 230,958 | - | 106,048,705 |
| Machinery and equipment | 13,933,517 | 1,291,524 | 300,339 | 14,924,702 |
| Infrastructure | 47,511,260 | 3,642,229 | - | 51,153,489 |
| Total capital assets, being depreciated/amortized | 180,327,937 | 5,556,721 | 339,745 | 185,544,913 |
| Total capital assets | 187,327,468 | 6,168,145 | 1,207,746 | 192,287,867 |
| <u>Less accumulated depreciation/amortization for:</u> | | | | |
| Intangible right-to-use assets | 151,400 | 237,405 | 39,406 | 349,399 |
| Land improvements | 10,095,410 | 164,239 | - | 10,259,649 |
| Buildings and improvements | 27,337,388 | 1,647,076 | - | 28,984,464 |
| Machinery and equipment | 9,673,785 | 715,682 | 300,339 | 10,089,128 |
| Infrastructure | 19,041,631 | 977,140 | - | 20,018,771 |
| Total accumulated depreciation/amortization | 66,299,614 | 3,741,542 | 339,745 | 69,701,411 |
| Total capital assets, being depreciated/ amortized, net | 114,028,323 | 1,815,179 | - | 115,843,502 |
| Capital assets, net | \$ 121,027,854 | \$ 2,426,603 | \$ 868,001 | \$ 122,586,456 |

Town of Clinton, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2023

D. Capital assets (continued)

Intangible right-to-use assets by category are as follows:

| | <u>Asset</u> | <u>Accumulated Amortization</u> |
|--|-------------------|-------------------------------------|
| Intangible right-to-use leased buildings | \$ 31,968 | \$ 5,442 |
| Intangible right-to-use leased machinery and equipment | 791,231 | 304,906 |
| Intangible right-to-use subscription based assets | <u>117,153</u> | <u>39,051</u> |
| Total intangible right-to-use assets | <u>\$ 940,352</u> | <u>\$ 349,399</u> |

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

| | |
|---|---------------------|
| General government | \$ 346,196 |
| Public safety | 575,563 |
| Public works | 1,140,977 |
| Culture and recreation | 80,792 |
| Education | <u>1,598,014</u> |
| Total depreciation/amortization expense | <u>\$ 3,741,542</u> |

E. Construction commitments

The Town has the following construction commitments:

| | |
|-------------------------------|------------------|
| Communication systems upgrade | <u>\$ 94,759</u> |
|-------------------------------|------------------|

F. Short-term liabilities – bond anticipation notes

The Town uses bond anticipation notes during the construction period of various projects prior to the issuance of the bonds at the completion of the project.

Short-term liabilities activity for the fiscal year was as follows:

| Purpose | Date of Issue | Date of Maturity | Interest Rate | Balance July 1, 2022 | Additions | Deductions | Balance June 30, 2023 |
|-----------------------------|------------------|---------------------|------------------|-------------------------|---------------------|---------------------|--------------------------|
| Infrastructure improvements | 2/3/2022 | 2/2/2023 | 3.00% | \$ 2,000,000 | \$ - | \$ 2,000,000 | \$ - |
| Infrastructure improvements | 2/2/2023 | 2/1/2024 | 4.00% | - | 2,000,000 | - | 2,000,000 |
| Total | | | | <u>\$ 2,000,000</u> | <u>\$ 2,000,000</u> | <u>\$ 2,000,000</u> | <u>\$ 2,000,000</u> |

Town of Clinton, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2023

G. Changes in long-term liabilities

General obligation bonds, equipment financing notes and leases are direct borrowings and pledge the full faith and credit of the Town.

1. Summary of changes

The following is a summary of changes in long-term liabilities during the fiscal year:

| Description | Original Amount | Date of Issue | Date of Maturity | Interest Rate | Balance July 1, 2022 | Additions | Deductions | Balance June 30, 2023 | Current Portion | Long-Term Portion |
|------------------------------|----------------------|---------------|------------------|---------------|----------------------|-----------|------------------|-----------------------|------------------|-------------------|
| Bonds: | | | | | | | | | | |
| General purpose: | | | | | | | | | | |
| Refunding bonds | \$ 2,996,000 | 02/15/13 | 08/01/23 | 3.0-4.0% | \$ 300,000 | \$ - | \$ 300,000 | \$ - | \$ - | \$ - |
| Refunding bonds | 3,015,000 | 02/11/16 | 07/15/30 | 2.0-5.0% | 2,069,000 | - | 230,000 | 1,839,000 | 235,000 | 1,604,000 |
| Bonds | 2,800,000 | 01/24/18 | 02/01/38 | 2.0-5.0% | 1,365,000 | - | 120,000 | 1,245,000 | 120,000 | 1,125,000 |
| Refunding bonds | 6,690,000 | 03/27/19 | 08/01/33 | 3.0-5.0% | 5,420,000 | - | 570,000 | 4,850,000 | 660,000 | 4,190,000 |
| Bonds | 3,710,000 | 01/22/20 | 02/01/40 | 2.0-5.0% | 3,215,359 | - | 124,359 | 3,091,000 | 125,000 | 2,966,000 |
| Refunding bonds (Series C)* | 2,930,000 | 11/22/20 | 06/30/37 | 0.4-2.25% | 2,761,000 | - | - | 2,761,000 | 186,000 | 2,575,000 |
| Bonds | 1,790,000 | 02/03/22 | 08/01/41 | 3.0-4.0% | 1,790,000 | - | - | 1,790,000 | - | 1,790,000 |
| Refunding bonds | 538,000 | 02/03/22 | 08/01/26 | 4.0% | 538,000 | - | 100,000 | 438,000 | 101,000 | 337,000 |
| Total general purpose | 24,469,000 | | | | 17,458,359 | - | 1,444,359 | 16,014,000 | 1,427,000 | 14,587,000 |
| School bonds: | | | | | | | | | | |
| Refunding bonds | 804,000 | 02/15/13 | 08/01/23 | 3.0-4.0% | 80,000 | - | 80,000 | - | - | - |
| Refunding bonds | 585,000 | 02/11/16 | 07/15/30 | 2.0-5.0% | 401,000 | - | 45,000 | 356,000 | 45,000 | 311,000 |
| School bond | 14,000,000 | 01/25/17 | 02/01/37 | 3.0-5.0% | 2,400,000 | - | 800,000 | 1,600,000 | 800,000 | 800,000 |
| Refunding bonds | 5,440,000 | 03/27/19 | 08/01/33 | 3.0-5.0% | 4,580,000 | - | 335,000 | 4,245,000 | 475,000 | 3,770,000 |
| School bond | 2,000,000 | 01/22/20 | 02/01/40 | 2.0-5.0% | 2,494,641 | - | 100,641 | 2,394,000 | 100,000 | 2,294,000 |
| Refunding bonds (Series B) | 3,515,000 | 11/22/20 | 06/30/35 | 3.0-4.0% | 3,145,000 | - | - | 3,145,000 | - | 3,145,000 |
| Refunding bonds (Series C)* | 17,310,000 | 11/22/20 | 06/30/37 | 0.4-2.25% | 17,264,000 | - | - | 17,264,000 | 39,000 | 17,225,000 |
| School bond | 990,000 | 02/03/22 | 08/01/41 | 3.0-4.0% | 990,000 | - | - | 990,000 | - | 990,000 |
| Refunding bonds | 3,272,000 | 02/03/22 | 08/01/26 | 4.0% | 3,272,000 | - | 605,000 | 2,667,000 | 614,000 | 2,053,000 |
| Total school bonds | 47,916,000 | | | | 34,626,641 | - | 1,965,641 | 32,661,000 | 2,073,000 | 30,588,000 |
| Total bonds | \$ 72,385,000 | | | | 52,085,000 | - | 3,410,000 | 48,675,000 | 3,500,000 | 45,175,000 |

Town of Clinton, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2023

G. Changes in long-term liabilities (continued)

| Description | Original Amount | Date of Issue | Date of Maturity | Interest Rate | Balance July 1, 2022 | Additions | Deductions | Balance June 30, 2023 | Current Portion | Long-Term Portion |
|---|--------------------|------------------|---------------------|------------------|-------------------------|---------------|---------------|--------------------------|--------------------|----------------------|
| <u>Notes: (direct borrowings)</u> | | | | | | | | | | |
| Equipment financing notes | | | | | \$ 470,010 | \$ - | \$ 158,446 | \$ 311,564 | \$ 120,658 | \$ 190,906 |
| Total notes | | | | | 470,010 | - | 158,446 | 311,564 | 120,658 | 190,906 |
| Total bonds and notes | | | | | 52,555,010 | - | 3,568,446 | 48,986,564 | 3,620,658 | 45,365,906 |
| Leases | | | | | 535,829 | 236,227 | 197,946 | 574,110 | 195,119 | 378,991 |
| Subscriptions | | | | | - | 117,153 | 37,503 | 79,650 | 39,034 | 40,616 |
| Total long-term debt | | | | | 53,090,839 | 353,380 | 3,803,895 | 49,640,324 | 3,854,811 | 45,785,513 |
| Premium | | | | | 1,459,073 | 19,240 | 479,156 | 999,157 | - | 999,157 |
| Total long-term debt and related | | | | | 54,549,912 | 372,620 | 4,283,051 | 50,639,481 | 3,854,811 | 46,784,670 |
| Compensated absences | | | | | 2,204,224 | 141,475 | 62,677 | 2,283,022 | 646,862 | 1,636,160 |
| Landfill closure and post closure liability | | | | | 7,133,473 | - | 130,319 | 7,003,154 | 122,200 | 6,880,954 |
| Net pension liability | | | | | 14,698,044 | 11,296,562 | 7,099,516 | 18,895,090 | - | 18,895,090 |
| Net OPEB liability | | | | | 6,974,146 | 541,731 | 932,753 | 6,583,124 | - | 6,583,124 |
| Heart and hypertension | | | | | 79,717 | 108,000 | 738 | 186,979 | 110,692 | 76,287 |
| Total long-term liabilities | | | | | \$ 85,639,516 | \$ 12,460,388 | \$ 12,509,054 | \$ 85,590,850 | \$ 4,734,565 | \$ 80,856,285 |

* Taxable

All long-term liabilities are generally liquidated by the general fund except for heart and hypertension which is liquidated from the internal service fund.

Town of Clinton, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2023

G. Changes in long-term liabilities (continued)**2. The following is a summary of principal and interest amounts of bond and note maturities:**

| Year Ended June 30, | Governmental Activities | | |
|------------------------|-------------------------|-------------------|---------------------|
| | Bond Principal | Note Principal | Total Interest |
| 2024 | \$ 3,500,000 | \$ 120,658 | \$ 1,320,019 |
| 2025 | 3,585,000 | 58,266 | 1,178,616 |
| 2026 | 3,620,000 | 59,653 | 1,035,493 |
| 2027 | 3,770,000 | 34,889 | 918,150 |
| 2028 | 3,805,000 | 22,620 | 802,512 |
| 2029 | 3,800,000 | 15,478 | 703,733 |
| 2030 | 3,795,000 | - | 607,521 |
| 2031 | 3,800,000 | - | 510,285 |
| 2032 | 3,530,000 | - | 421,108 |
| 2033 | 3,555,000 | - | 337,953 |
| 2034 | 3,205,000 | - | 257,613 |
| 2035 | 2,740,000 | - | 189,806 |
| 2036 | 2,425,000 | - | 127,290 |
| 2037 | 1,530,000 | - | 78,309 |
| 2038 | 665,000 | - | 50,469 |
| 2039 | 485,000 | - | 33,225 |
| 2040 | 510,000 | - | 20,813 |
| 2041 | 175,000 | - | 8,025 |
| 2042 | 180,000 | - | 2,700 |
| Total | <u>\$ 48,675,000</u> | <u>\$ 311,564</u> | <u>\$ 8,603,640</u> |

3. Assets pledged as collateral

The Town's outstanding equipment financing notes of \$311,564 are secured with collateral of the equipment purchased.

Town of Clinton, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2023

G. Changes in long-term liabilities (continued)**4. Statutory debt limitations**

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

| Category | Debit Limit | Net Indebtedness | Balance |
|-----------------|----------------|------------------|---------------|
| General purpose | \$ 111,443,128 | \$ 18,014,000 | \$ 93,429,128 |
| Schools | 222,886,256 | 32,661,000 | 190,225,256 |
| Sewers | 185,738,546 | - | 185,738,546 |
| Urban renewal | 160,973,407 | - | 160,973,407 |
| Pension deficit | 148,590,837 | - | 148,590,837 |

The total overall statutory debt limit for the Town is equal to 7 times the annual receipts for the prior year taxation:

\$ 346,711,953

The indebtedness reflected above includes bonds outstanding in addition to the amount of bonds authorized and unissued against which bond anticipation notes are issued and outstanding.

5. Authorized/unissued bonds

The amount of authorized, unissued bonds are as follows:

| | |
|-----------------|----------------------|
| General purpose | \$ 5,366,145 |
| Schools | <u>5,206,647</u> |
| Total | <u>\$ 10,572,792</u> |

6. Leases

Lease agreements are summarized as follows:

| Description | Year | Lease Term (years) | Interest Rate* | Original Amount | Balance June 30, 2023 |
|----------------------------|------|--------------------------|-------------------|--------------------|-----------------------------|
| Town servers | 2022 | 5.00 | 0.99% | \$ 347,628 | \$ 210,628 |
| Town copiers | 2022 | 2.80 | 0.99% | 31,398 | 9,320 |
| Cell tower - Meadows Road | 2022 | 4.67 | 1.92% | 73,420 | 44,048 |
| Cell tower - Cow Hill Road | 2022 | 11.75 | 1.92% | 31,968 | 27,711 |
| Education laptops | 2022 | 3.25 | 0.99% | 43,865 | 14,765 |
| Education laptops | 2022 | 4.00 | 0.99% | 132,114 | 66,708 |
| Education copiers | 2022 | 1.83 | 0.99% | 39,406 | - |
| Education copiers | 2023 | 5.00 | 0.99% | 168,839 | 150,141 |
| Education laptops | 2023 | 4.00 | 0.99% | 67,388 | 50,789 |
| Totals | | | | <u>\$ 936,026</u> | <u>\$ 574,110</u> |

*All interest rates have been imputed based on the rate from recently issued debt as there were no interest rates specified in the lease agreement.

Town of Clinton, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2023

G. Changes in long-term liabilities (continued)

| Description | Terms |
|----------------------------|---|
| Town servers | The lease agreement includes a 36-month additional term that the Town does not anticipate renewing. |
| Town copiers | The lease is not renewable and the Town does not expect to exercise the purchase option at the end of the term. |
| Cell tower - Meadows road | The lease agreement includes two 5-year extension periods, however either the lessor or lessee can choose not to renew the lease, therefore the extension periods are not included in the lease term. |
| Cell tower - Cow Hill road | The lease is not renewable and the Town will not acquire the tower at the end of the term. |
| Education laptops | The lease is not renewable and the Town does not expect to exercise the purchase option at the end of the term. |
| Education copiers | The lease is not renewable and the Town does not expect to exercise the purchase option at the end of the term. |

The following is a summary of principal and interest payments to maturity:

| Year Ending June 30 | Principal | Interest |
|---------------------------|-------------------|------------------|
| 2024 | \$ 195,119 | \$ 6,351 |
| 2025 | 173,465 | 4,251 |
| 2026 | 136,199 | 2,356 |
| 2027 | 37,086 | 877 |
| 2028 | 17,183 | 485 |
| 2029 | 2,907 | 289 |
| 2030 | 3,043 | 233 |
| 2031 | 3,183 | 175 |
| 2032 | 3,328 | 114 |
| 2033 | <u>2,597</u> | <u>50</u> |
| Totals | <u>\$ 574,110</u> | <u>\$ 15,181</u> |

Town of Clinton, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2023

G. Changes in long-term liabilities (continued)

7. Subscription arrangements

Subscription arrangements are summarized as follows:

| Description | Year | Subscription Term (years) | Interest Rate* | Original Amount | Balance June 30, 2023 |
|---------------------|------|---------------------------|----------------|-----------------|-----------------------|
| Accounting software | 2023 | 3 | 0.99% | \$ 117,153 | \$ 79,650 |

*All interest rates have been imputed based on the rate from recently issued debt as there were no interest rates specified in the subscription agreement.

| Description | Terms |
|---------------------|---|
| Accounting software | The Town has a subscription arrangement for accounting software. This arrangement auto-renews for three year periods unless terminated by either party. |

The following is a summary of principal and interest payments to maturity:

| Year Ending June 30 | Principal | Interest |
|---------------------|-----------|----------|
| 2024 | \$ 39,034 | \$ 789 |
| 2025 | 40,616 | 402 |
| Totals | \$ 79,650 | \$ 1,191 |

8. Landfill closure and post-closure care costs

State and Federal laws and regulations require that the Town place a cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the landfill site for 30 years after closure. The cost of landfill closure and post closure care is allocated based on landfill capacity used to date. The landfill has been converted to a transfer station facility for residents.

The Town is in the process of closing its landfill in accordance with the requirements of the State of Connecticut Department of Energy and Environmental Protection and the Federal Environmental Protection Agency. The estimated total current costs of landfill closure is \$6,403,154, which is based on what it would cost to perform all closure at 2023 prices with a third party performing the closure work.

Estimated total current costs of landfill post-closure care is \$600,000, which is based on the amount estimated to be paid for all equipment, facilities and services required to monitor and maintain the landfill. However, the actual cost of closure and monitoring and other post-closure care may be higher due to inflation, deflation, changes in technology or changes in landfill laws and regulations.

The Town has established \$301,400 of committed fund balance in the General Fund to partially fund the closure.

Town of Clinton, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2023

H. Fund balances and restricted net position

Fund balances are composed of the following:

| Fund Balance Component | General Fund | Capital Projects | Other Governmental Funds | Total |
|---------------------------------------|----------------------|---------------------|--------------------------------|----------------------|
| <u>Nonspendable:</u> | | | | |
| Prepays | \$ 125,321 | \$ - | \$ - | \$ 125,321 |
| <u>Restricted:</u> | | | | |
| Historical document preservation* | - | - | 34,158 | 34,158 |
| Housing rehabilitation | - | - | 282,031 | 282,031 |
| Public safety programs | - | - | 5,400 | 5,400 |
| Education programs | - | - | 544,241 | 544,241 |
| Food service program* | - | - | 582,886 | 582,886 |
| Total restricted | - | - | 1,448,716 | 1,448,716 |
| <u>Committed:</u> | | | | |
| Civic and human service programs | - | - | 61,293 | 61,293 |
| Public safety programs | - | - | 2,935 | 2,935 |
| Culture and recreation programs | - | - | 381,504 | 381,504 |
| Social service programs | - | - | 87,801 | 87,801 |
| Construction contracts | - | 94,759 | - | 94,759 |
| Other capital projects | - | 184,069 | - | 184,069 |
| Education programs | 499,275 | - | 534,678 | 1,033,953 |
| Landfill closure | 301,400 | - | - | 301,400 |
| Total committed | 800,675 | 278,828 | 1,068,211 | 2,147,714 |
| <u>Assigned:</u> | | | | |
| Subsequent year's budget - capital | 3,064,000 | - | - | 3,064,000 |
| Subsequent year's budget - operations | 250,000 | - | - | 250,000 |
| Total assigned | 3,314,000 | - | - | 3,314,000 |
| <u>Unassigned</u> | 17,045,719 | - | - | 17,045,719 |
| Total | <u>\$ 21,285,715</u> | <u>\$ 278,828</u> | <u>\$ 2,516,927</u> | <u>\$ 24,081,470</u> |

*The amount of net position restricted by enabling legislation totaled:

\$ 617,044

Town of Clinton, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2023

IV. Other information

A. Risk management

The Town is exposed to various risks of loss including torts, theft of, damage to and destruction of assets; errors or omissions; injuries to employees and natural disasters. Generally, the Town obtains commercial insurance for these risks, but has chosen to retain limited risks for heart and hypertension claims. The Town contracts with outside organizations to pay claims and provide administrative services. Additionally, insurance coverage has been purchased to limit the Town’s liability for worker’s compensation, general liability and medical claims. Settled claims have not exceeded commercial coverage in any of the past three years, and there has not been any significant reductions in insurance coverage from amounts held in prior years.

The Town is a member of Connecticut Interlocal Risk Management Association (“CIRMA”). CIRMA is a public entity risk pool established under the provisions of the Connecticut General Statutes Section 7-479a et. seq. The Town is liable only for contributions to the pool. Members do not retain the risk of loss, as they have transferred the risk by purchasing pool coverage with no deductible retention. A separate agreement limits the member’s obligation to pay indemnification obligations and expenses should CIRMA be unable to do so.

The Town is a member of CIRMA's Workers' Compensation Pool, a risk sharing pool. The Workers' Compensation Pool provides statutory benefits pursuant to the provisions of the Connecticut Workers' Compensation Act. The coverage is subject to an insured loss retrospective rating plan and losses incurred in the coverage period will be evaluated at 18, 30 and 42 months after the effective date of coverage. The premium is subject to a payroll audit at the close of the coverage period. CIRMA's Workers' Compensation Pool retains \$1,000,000 per occurrence and purchases reinsurance about that amount to the limit of liability of \$10,000,000 per occurrence.

The Town is a self-insured provider of claims under C.G.S. 7-433c, the Heart and Hypertension Act. The death benefits liability is adjusted annually to reflect cost of living increases. The present value of benefits was computed at an assumed rate of return of three percent. The plan is funded monthly by budget appropriations and employee contributions, as required.

The Town utilizes a risk management fund (the Internal Service Fund) to account for and finance its uninsured risks of loss for heart and hypertension. The fund records all claim expenditures and liabilities when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. Town departments are charged premiums by the Internal Service Fund, which are included in department expenditures, to cover the estimated cost of claims payment based on historical cost estimates of the amounts needed to pay prior and current year claims.

| | Claims Payable July 1 | Current year Claims and Changes in Estimates | Claims Paid | Claims Payable June 30 | Current Portion | Long-Term Portion |
|-------------------------------|-----------------------|--|-------------|------------------------|-----------------|-------------------|
| <u>Heart and hypertension</u> | | | | | | |
| 2021-2022 | \$ 80,404 | \$ - | \$ 687 | \$ 79,717 | \$ 2,613 | \$ 77,104 |
| 2022-2023 | 79,717 | 108,000 | 738 | 186,979 | 110,692 | 76,287 |

Town of Clinton, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2023**B. Commitments and litigation**

Amounts received or receivable from Federal and State grantor agencies are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time, although the Town expects such amounts, if any, to be immaterial.

The Town is a defendant in various lawsuits and the outcome of these lawsuits is not presently determinable. The resolution of these matters are not expected to have a material adverse effect on the financial condition of the Town.

C. Tax abatements

The Town is authorized by Connecticut State Statutes to enter into property tax abatement agreements for the purpose of economic development, competitiveness and to encourage business investment.

There are currently two companies participating in the economic development tax incentive program.

The amount of the tax abatement under the agreements for the fiscal year was \$206,081.

V. Pensions and other post-employment benefit (“OPEB”) plans**A. Town pension plans****1. Plan description****a. Plan administration**

The Town of Clinton is the administrator of three single-employer public employee retirement systems established and administered by the town to provide benefits that cover the police employees, education noncertified employees and volunteer firefighters of the Town (“Plans”). All other Town employees are covered by the State of Connecticut Municipal Employees Retirement Fund except for certified teachers who are covered by the State of Connecticut Teachers’ Retirement System. The plans are considered to be part of the Town financial reporting entity and are included in the Town’s financial reports as a pension trust fund. The Plans were established by Town Meeting. The plans do not issue a standalone report. Benefits and refunds of post-employment defined plans are recognized when due and payable in accordance with the terms of the Plan. The Town’s General Fund contributes an amount as recommended by their Actuary to fund the net pension obligations.

Benefits and contributions are established by the Town, via negotiated contracts, and may be amended only by the approval of the Town Council, and as agreed upon with the appropriate bargaining unit.

The Police Plan is closed to new non-union entrants as of July 1, 2018. The Volunteer Firefighters’ Plan is closed to new entrants as of June 1, 2015.

Town of Clinton, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2023

A. Town pension plans (continued)

Management of the Police Plan rests with the Police Retirement Board, which consists of three elected members. Management of the Education Plan rests with the Education Retirement Board, which consists of four members. Management of the Volunteer Firefighters Plan rests with the Town Council.

b. Plan membership

As of July 1, 2022, the memberships in the Plans are comprised of the following:

| | Police | Education Noncertified | Volunteer Firefighters |
|---|-----------|---------------------------|---------------------------|
| Retirees and beneficiaries receiving benefits | 26 | 32 | 23 |
| Terminated employees entitled to benefits | 1 | 29 | 2 |
| Active members | 27 | 93 | 13 |
| Total | <u>54</u> | <u>154</u> | <u>38</u> |

2. Benefit provisions

| | Police | Education Noncertified | Volunteer Firefighters |
|----------------------------|--|--|---------------------------------|
| Normal retirement | Age 55 with 10 years of continuous service (15 years if non-continuous) or 25 years of service | Age 65 with 10 years of service | Age 65 with 20 years of service |
| Benefit calculation | <u>Union:</u> 2.00% of final average annual earnings multiplied by years of service, not to exceed 75% of final average annual earnings <u>Non-Union:</u> 3.00% of final average annual earnings multiplied by years of service, not to exceed 75% of final average annual earnings | <u>Secretaries and central office staff:</u> 2.00% of average annual earnings multiplied by years of service <u>All others:</u> 1.20% | \$400 per month |
| Final average compensation | <u>Union:</u> Hired before May 1, 1998: average annual compensation for 3 highest years. Hired after May 1, 1998: average annual compensation for last 3 years <u>Non-Union:</u> Highest annual compensation | Average annual compensation of 5 highest plan years in final ten years | N/A - volunteer plan |

Town of Clinton, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2023

A. Town pension plans (continued)

| | Police | Education Noncertified | Volunteer Firefighters |
|------------------------------|--|--|------------------------|
| Early retirement requirement | <u>Union:</u> 10 years of service <u>Non-Union:</u> None | Age 55 and 10 years of service | None |
| Early retirement benefit | <u>Union:</u> Accrued benefit as of early retirement date <u>Non-Union:</u> None | Benefit reduced by 1/15th for first 5 years and 1/30th for next 5 years until normal retirement date | None |
| Vesting - service | 10 years continuous service, 15 years non-continuous | 40% with 4 years of service increasing annually to 100% with 11 years of service | None |
| Cost of living adjustments | <u>Union:</u> Hired before May 1, 1998, 1.00-3.00%. Hired after May 1, 1998, none <u>Non-Union:</u> 4.00% | None | None |

3. Contributions

Each participant is required to contribute the following percentage of their pensionable wages to the plan.

| | Police | Education Noncertified | Volunteer Firefighters |
|--|--------|------------------------|-------------------------------------|
| Participants - active member contribution rate of annual base compensation | 6.0% | Secretaries - 2.0% | None |
| | | All others - 1.0% | |
| Town - average contribution rate of covered payroll | 60.78% | 15.47% | N/A - Actuarially determined amount |

Town of Clinton, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2023

A. Town pension plans (continued)**4. Investments****a. Investment policy**

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

The following is the Board's adopted asset allocation policy for the plans:

| Asset Class | Target Allocation | | |
|-------------------------|-------------------|---------------------------|---------------------------|
| | Police | Education Noncertified | Volunteer Firefighters |
| Large cap | 31.00% | 30.00% | 21.50% |
| Mid cap | 13.50% | 9.00% | 9.50% |
| Small cap | 5.50% | 4.00% | 0.00% |
| International equity | 8.00% | 9.00% | 9.00% |
| Emerging markets equity | 2.00% | 9.00% | 5.00% |
| REIT equity | 0.00% | 2.00% | 0.00% |
| Fixed income | 35.00% | 28.00% | 0.00% |
| Intermediate corporate | 0.00% | 0.00% | 11.00% |
| Intermediate government | 0.00% | 0.00% | 8.00% |
| High-yield bonds | 0.00% | 0.00% | 5.00% |
| International bonds | 0.00% | 0.00% | 4.00% |
| Short term bonds | 0.00% | 0.00% | 19.00% |
| Cash | 5.00% | 5.00% | 4.00% |
| Commodities | 0.00% | 4.00% | 0.00% |
| Real estate (core) | 0.00% | 0.00% | 4.00% |
| Total | 100.00% | 100.00% | 100.00% |

b. Concentrations

There were no investments in any one organization that represented 5.00% or more of the pension plan's net position.

Town of Clinton, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2023

A. Town pension plans (continued)**c. Rate of return**

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

| Asset Class | Long-Term Expected Real Rate of Return | | |
|-----------------------------------|--|---------------------------|---------------------------|
| | Police | Education Noncertified | Volunteer Firefighters |
| Large cap | 4.60% | 4.08% | 4.60% |
| Mid cap | 5.20% | 3.96% | 5.20% |
| Small cap | 5.20% | 4.65% | 0.00% |
| International equity | 7.55% | 5.56% | 5.80% |
| Emerging markets equity | 0.00% | 5.97% | 7.55% |
| REIT equity | 0.00% | 4.11% | 0.00% |
| Fixed income | 1.45% | 1.84% | 0.00% |
| Intermediate corporate | 0.00% | 0.00% | 1.45% |
| Intermediate government | 0.00% | 0.00% | 0.70% |
| High-yield bonds | 0.00% | 0.00% | 3.30% |
| International bonds | 0.00% | 0.00% | 1.00% |
| Short term bonds | 0.00% | 0.00% | 0.60% |
| Cash | -0.30% | 0.20% | -0.30% |
| Commodities | 0.00% | 1.18% | 0.00% |
| Real estate (core) | 0.00% | 0.00% | 5.00% |
| Alternatives | 0.00% | 0.00% | 0.00% |
| Long-term inflation expectation | 2.60% | 2.75% | 2.60% |
| Long-term expected nominal return | 6.27% | 6.50% | 5.71% |

d. Annual money-weighted rate of return

The annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was as follows:

| | Police | Board of Education Noncertified | Volunteer Firefighters |
|----------------|--------|---------------------------------------|---------------------------|
| Rate of return | 8.21% | 11.41% | 8.75% |

The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Town of Clinton, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2023

A. Town pension plans (continued)**5. Net pension liability**

The components of the net pension liability were as follows:

| | Police | Education Noncertified | Volunteer Firefighters |
|---|----------------------|---------------------------|---------------------------|
| Total pension liability | \$ 27,569,958 | \$ 8,202,438 | \$ 1,073,909 |
| Plan fiduciary net position | 16,092,398 | 7,158,298 | 195,131 |
| Net pension liability | <u>\$ 11,477,560</u> | <u>\$ 1,044,140</u> | <u>\$ 878,778</u> |
| Plan fiduciary net position as a percentage of the total pension liability | <u>58.37%</u> | <u>87.27%</u> | <u>18.17%</u> |

6. Actuarial methods and significant assumptions

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

| | Police | Education Noncertified | Volunteer Firefighters |
|----------------------------|---|---|---|
| Valuation date | July 1, 2022 | July 1, 2021 | July 1, 2020 |
| Actuarial cost method | Entry age normal | Entry age normal | Entry age normal |
| Asset valuation method | Fair value | Fair value | Fair value |
| Investment rate of return | 6.75% | 6.50% | 6.25% |
| Inflation | 2.40% | 2.75% | 2.40% |
| Salary increases | 3.90% | 4.00% | N/A |
| Cost of living adjustments | Union: Hired before May 1, 1998, 1.00-3.00%. Hired after May 1, 1998, none Non-Union: 4.00% | None | None |
| Mortality rates | Pub-2010 Public Retirement Plans Amount-Weighted Mortality Tables (Public Safety Employees), projected to the valuation date with Scale MP-2021 | PubG-2010 Mortality Table with generational projection per the MP-2021 Ultimate scale | Pub-2010 Public Retirement Plans Amount-Weighted Mortality Tables (Public Safety Employees), projected to the valuation date with Scale MP-2021 |

Town of Clinton, Connecticut
Notes to Financial Statements
As of and for the Year Ended June 30, 2023

A. Town pension plans (continued)**7. Changes from prior year****a. Changes in assumptions**

Police Plan

- The investment rate of return decreased from 7.00% to 6.75%
- The mortality assumption was updated from RP-2014 with Scale MP-2020 to Pub-2010 with Scale MP-2021

Board of Education Noncertified Plan

- The mortality assumption was updated from PubG-2010 with Scale MP-2020 to PubG-2010 with Scale MP-2021

Volunteer Firefighters' Plan

- The investment rate of return decreased from 6.50% to 6.25%
- The mortality assumption was updated from RP-2014 with Scale MP-2020 to Pub-2010 with Scale MP-2021

b. Changes in benefit terms

There were no changes in benefit terms.

8. Discount rate

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

| | Police | Education Noncertified | Volunteer Firefighters |
|---------------|--------|---------------------------|---------------------------|
| Discount rate | 6.75% | 6.50% | 6.25% |

The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that Town contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's projected fiduciary net position will be sufficient to cover projected benefit payments and administrative expenses indefinitely. Therefore, the long-term expected rate of return on pension plan investments was used to discount plan liabilities.

Town of Clinton, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2023

A. Town pension plans (continued)**9. Changes in the net pension liability**

The Town's net pension liability was measured at June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation dated as noted below. The changes in net pension liability were as follows:

| Valuation Date: July 1, 2022 | Increase (Decrease) | | |
|--|-----------------------------------|---------------------------------------|---------------------------------------|
| Police | Total Pension Liability (a) | Plan Fiduciary Net Position (b) | Net Pension Liability (a) - (b) |
| Balance at July 1, 2022 | \$ 24,628,254 | \$ 15,080,583 | \$ 9,547,671 |
| Service cost | 388,619 | - | 388,619 |
| Interest | 1,695,533 | - | 1,695,533 |
| Differences between expected and actual experience | 368,695 | - | 368,695 |
| Changes in assumptions | 2,078,798 | - | 2,078,798 |
| Contributions - employer | - | 1,198,510 | (1,198,510) |
| Contributions - member | - | 138,122 | (138,122) |
| Net investment income | - | 1,277,262 | (1,277,262) |
| Benefit payments, including refunds of member contributions | (1,589,941) | (1,589,941) | - |
| Administration | - | (12,138) | 12,138 |
| Net change | 2,941,704 | 1,011,815 | 1,929,889 |
| Balance at June 30, 2023 | \$ 27,569,958 | \$ 16,092,398 | \$ 11,477,560 |

Town of Clinton, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2023

A. Town pension plans (continued)

| Valuation Date: July 1, 2022 | Increase (Decrease) | | |
|--|-----------------------------------|---------------------------------------|---------------------------------------|
| Education Noncertified | Total Pension Liability (a) | Plan Fiduciary Net Position (b) | Net Pension Liability (a) - (b) |
| Balance at July 1, 2022 | \$ 7,979,374 | \$ 6,493,457 | \$ 1,485,917 |
| Service cost | 308,114 | - | 308,114 |
| Interest | 521,762 | - | 521,762 |
| Differences between expected and actual experience | (27,387) | - | (27,387) |
| Changes in assumptions | (50,349) | - | (50,349) |
| Contributions - employer | - | 450,114 | (450,114) |
| Contributions - member | - | 33,702 | (33,702) |
| Net investment income | - | 710,101 | (710,101) |
| Benefit payments, including refunds of member contributions | (529,076) | (529,076) | - |
| Net change | 223,064 | 664,841 | (441,777) |
| Balance at June 30, 2023 | <u>\$ 8,202,438</u> | <u>\$ 7,158,298</u> | <u>\$ 1,044,140</u> |
| Valuation Date: July 1, 2022 | Increase (Decrease) | | |
| Volunteer Firefighters | Total Pension Liability (a) | Plan Fiduciary Net Position (b) | Net Pension Liability (a) - (b) |
| Balance at July 1, 2022 | \$ 981,525 | \$ 164,368 | \$ 817,157 |
| Service cost | 8,743 | - | 8,743 |
| Interest | 62,460 | - | 62,460 |
| Differences between expected and actual experience | 29,276 | - | 29,276 |
| Changes in assumptions | 51,505 | - | 51,505 |
| Contributions - employer | - | 72,593 | (72,593) |
| Net investment income | - | 17,770 | (17,770) |
| Benefit payments, including refunds of member contributions | (59,600) | (59,600) | - |
| Net change | 92,384 | 30,763 | 61,621 |
| Balance at June 30, 2023 | <u>\$ 1,073,909</u> | <u>\$ 195,131</u> | <u>\$ 878,778</u> |

Town of Clinton, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2023

A. Town pension plans (continued)**10. Sensitivity of the net pension liability to changes in the discount rate**

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

| <u>Net pension liability</u> | <u>Discount Rate</u> | <u>1% Decrease</u> | <u>Current Discount Rate</u> | <u>1% Increase</u> |
|------------------------------|--------------------------|------------------------|----------------------------------|------------------------|
| Police | <u>6.75%</u> | <u>\$ 14,816,349</u> | <u>\$ 11,477,560</u> | <u>\$ 8,700,061</u> |
| Education noncertified | <u>6.50%</u> | <u>\$ 1,933,591</u> | <u>\$ 1,044,140</u> | <u>\$ 284,794</u> |
| Volunteer firefighters | <u>6.25%</u> | <u>\$ 1,005,515</u> | <u>\$ 878,778</u> | <u>\$ 771,371</u> |

11. Pension expense and deferred outflows and inflows of resources

The Town recognized pension expense for the plans of:

| | <u>Police</u> | <u>Education Noncertified</u> | <u>Volunteer Firefighters</u> |
|-----------------|---------------------|-----------------------------------|-----------------------------------|
| Pension expense | <u>\$ 1,847,618</u> | <u>\$ 345,338</u> | <u>\$ 69,709</u> |

The Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| <u>Police</u> | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> | <u>Net</u> |
|--|---|--|---------------------|
| Differences between expected and actual experience | \$ 545,498 | \$ 19,844 | \$ 525,654 |
| Changes in assumptions | 2,144,123 | 23,012 | 2,121,111 |
| Net difference between projected and actual earnings on pension plan investments | <u>858,326</u> | <u>-</u> | <u>858,326</u> |
| Total | <u>\$ 3,547,947</u> | <u>\$ 42,856</u> | <u>\$ 3,505,091</u> |

Town of Clinton, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2023

A. Town pension plans (continued)

| <u>Education Noncertified</u> | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> | <u>Net</u> |
|--|---|--|---------------------|
| Differences between expected and actual experience | \$ 69,118 | \$ 656,378 | \$ (587,260) |
| Changes in assumptions | 171,745 | 123,081 | 48,664 |
| Net difference between projected and actual earnings on pension plan investments | <u>242,384</u> | <u>-</u> | <u>242,384</u> |
| Total | <u>\$ 483,247</u> | <u>\$ 779,459</u> | <u>\$ (296,212)</u> |
| | | | |
| <u>Volunteer Firefighters</u> | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> | <u>Net</u> |
| Differences between expected and actual experience | \$ 25,616 | \$ 44,017 | \$ (18,401) |
| Changes in assumptions | 78,056 | - | 78,056 |
| Net difference between projected and actual earnings on pension plan investments | <u>4,167</u> | <u>-</u> | <u>4,167</u> |
| Total | <u>\$ 107,839</u> | <u>\$ 44,017</u> | <u>\$ 63,822</u> |

Actual investment earnings below (or above) projected earnings are amortized over 5.00 years. Changes of assumptions and experience losses (gains) are amortized over the average remaining service period of actives and inactive employees, which was:

| <u>Plan</u> | <u>Years</u> |
|------------------------|--------------|
| Police | 5.30 |
| Education noncertified | 6.90 |
| Volunteer firefighters | 8 |

Town of Clinton, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2023

A. Town pension plans (continued)

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

| Year Ending June 30, | Police | Education Noncertified | Volunteer Firefighters |
|-------------------------|---------------------|---------------------------|---------------------------|
| 2024 | \$ 879,965 | \$ (50,032) | \$ 9,191 |
| 2025 | 766,224 | (102,946) | 8,081 |
| 2026 | 1,275,112 | 172,025 | 13,304 |
| 2027 | 445,252 | (182,385) | 7,023 |
| 2028 | 138,538 | \$ (122,734) | 8,358 |
| Thereafter | - | (10,140) | 17,865 |
| Total | <u>\$ 3,505,091</u> | <u>\$ (296,212)</u> | <u>\$ 63,822</u> |

B. Defined contribution retirement savings plan

Volunteer Firefighters are eligible to participate in a defined contribution plan administered by the Town, known as the Length of Service Awards Program 457E plan ("Plan"). The benefits and contribution requirements are established by approval of the Town Council. The Plan requires the Town to contribute \$1,000 per eligible member. The Town contributions for each member (and interest allocated to the members' account) are vested after five years of service. No member contributions are allowed. During the year, the employer contributions were \$24,000.

C. Connecticut municipal employees' retirement system**1. Plan description**

The Connecticut Municipal Employees' Retirement System ("MERS") is the public pension plan offered by the State of Connecticut for municipal employees in participating municipalities. MERS is a cost-sharing defined benefit pension plan administered by the Connecticut State Retirement Commission.

Municipalities may designate which departments (including elective officers if so specified) are to be covered under the Connecticut Municipal Employees' Retirement System ("MERS"). This designation may be the result of collective bargaining. Only employees covered under the State Teachers' Retirement System may not be included. There are no minimum age or service requirements. Membership is mandatory for all regular full time employees of participating departments except Police and Fire hired after age 60.

The plan has 4 sub plans as follows:

- General employees with social security
- General employees without social security
- Police officers and firefighters with social security
- Police officers and firefighters without social security

Town of Clinton, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2023

C. Connecticut municipal employees' retirement system (continued)

2. Benefit provisions

| | |
|--|---|
| Normal retirement | |
| General Employees | Age 55 with 5 years of continuous service, or 15 years of active aggregate service or 25 years of aggregate service |
| Police and Fire | Compulsory retirement age is age 65 |
| Benefit calculation | The maximum benefit is 100% of average final compensation and the minimum benefit is \$1,000 annually. Both the minimum and the maximum include workers' compensation and social security benefits. |
| With social security | 1.50% of the average final compensation not in excess of the year's breakpoint plus 2.00% of average final compensation in excess of the year's breakpoint, times years of service. If any member covered by social security retires before age 62, the benefit until age 62 is reached or a social security disability award is received, is computed as if the member is not under social security. |
| Without social security | 2.00% of average final compensation, times years of service |
| Final average compensation | Average of the three highest paid years of service |
| Early retirement | 5 years of continuous service or 15 years of active aggregate service |
| Early retirement amount | Calculated on the basis of average final compensation and service to date of termination. Deferral to normal retirement age, or an actuarially reduced allowance may begin at the time of separation |
| Service connected disability amount | Calculated based on compensation and service to the date of the disability with a minimum benefit (including workers' compensation benefits) of 50% of compensation at the time of disability |
| Non-service connected disability service requirement | 10 years of service |
| Non-service connected disability service amount | Calculated based on compensation and service to the date of the disability |
| Pre-retirement death benefit amount | Lump-sum return of contributions with interest of if vested and married, the surviving spouse will receive a lifetime benefit |
| Cost of living increases | 2.50% - 6.00% depending on retirement date and increase in CPI |

Town of Clinton, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2023

C. Connecticut municipal employees' retirement system (continued)

3. Contributions

Employer

Participating municipalities make annual contributions consisting of a normal cost contribution, a contribution for the amortization of the net unfunded accrued liability and a prior service amortization payment which covers the liabilities of the system not met by member contributions.

Employees

For employees not covered by social security, each person is required to contribute 6.00% of compensation.

For employees covered by social security, each person is required to contribute 3.25% of compensation up to the social security taxable wage base plus 6.00% of compensation, if any, in excess of such base.

4. Pension liabilities, pension expense, and deferred outflows of resources and deferred inflows of resources related to pensions

The Town reported \$5,494,612 for its proportionate share of the collective net pension liability. The collective net pension liability was measured as of June 30, 2022, and the collective total pension liability used to calculate the collective net pension liability was determined by an actuarial valuation as of June 30, 2022. The Town's proportionate share of the collective net pension liability was based upon the Town's 2022 actuarial (expected) payroll relative to the payroll of all the participating employers as of that date. The Town's proportional share and change from the prior year was as follows:

| <u>Plan Description</u> | <u>Proportionate share</u> | <u>Change from prior year</u> |
|---|----------------------------|-------------------------------|
| General employees with social security sub plan | 1.222101% | 0.019067% |

Subsequent to the measurement date, there were no changes in benefit terms or any expected changes that will have an impact on the measurement of the net pension liability.

For the fiscal year, the Town recognized pension expense of \$307,512.

Town of Clinton, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2023

C. Connecticut municipal employees' retirement system (continued)

The Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| Description of outflows/inflows | Deferred Outflows of Resources | Deferred Inflows of Resources | Net Deferred Outflows and Inflows |
|--|--------------------------------------|-------------------------------------|---|
| Net difference between projected and actual earnings on pension plan investments | \$ 808,734 | \$ - | \$ 808,734 |
| Change in assumptions | - | - | - |
| Change in proportional share | 195,922 | 174,546 | 21,376 |
| Difference between expected and actual experience | 412,875 | 231,934 | 180,941 |
| Contributions subsequent to measurement date | <u>644,465</u> | <u>-</u> | <u>644,465</u> |
| Total | <u>\$2,061,996</u> | <u>\$ 406,480</u> | 1,655,516 |
| Contributions subsequent to the measurement date to be recognized as a reduction of the net pension liability in the subsequent year | | | <u>(644,465)</u> |
| Net amortized amount of deferred inflows and outflows | | | <u>\$ 1,011,051</u> |

Other amounts reported as deferred outflows (inflows) of resources related to pensions will be recognized in pension expense as follows:

| Year Ending June 30, | |
|-------------------------|--------------------|
| 2024 | \$ 136,258 |
| 2025 | 185,391 |
| 2026 | 144,280 |
| 2027 | <u>545,122</u> |
| Total | <u>\$1,011,051</u> |

Town of Clinton, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2023

C. Connecticut municipal employees' retirement system (continued)

5. Actuarial assumptions

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

| | |
|----------------------------|---|
| Investment rate of return | 7.00% |
| Inflation | 2.50% |
| Salary increases | 3.50-10.00%, including inflation |
| Cost of living adjustments | Future cost-of-living adjustments for members who retire on or after January 1, 2002 are 60% of the annual increase in the CPI up to 6.00%. The minimum annual COLA is 2.50%, the maximum is 6.00%. |
| Mortality rates | <u>Employees</u> : Mortality rates were based on RP-2014 Combined Mortality Table adjusted to 2006 and projected to 2015 with Scale MP-2017 and projected to 2022 with Scale BB. <u>Police and Fire</u> : RP-2014 Blue Collar Mortality Table adjusted to 2006 and projected to 2015 with Scale MP-2017 and projected 2022 with Scale BB. <u>Disabled</u> : For disabled retirees, the RP-2014 Disabled Mortality Table projected with Scale BB to 2020 was used. |

The actuarial assumptions used in the June 30, 2022 valuation were based on the results of an actuarial experience study for the 5-year period ended June 30, 2017.

Long-term expected rate of return

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

Town of Clinton, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2023

C. Connecticut municipal employees' retirement system (continued)

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

| <u>Asset Class</u> | <u>Target Allocation</u> | <u>Long-Term Target Expected Real Rate of Return</u> |
|--------------------------------------|------------------------------|--|
| Global equity | 37.00% | 6.90% |
| Public credit | 2.00% | 2.90% |
| Core fixed income | 13.00% | 0.40% |
| Liquidity fund | 1.00% | (0.40%) |
| Risk mitigation | 5.00% | 0.10% |
| Private equity | 15.00% | 11.20% |
| Private credit | 10.00% | 6.20% |
| Real estate | 10.00% | 6.30% |
| Infrastructure and natural resources | <u>7.00%</u> | 7.70% |
| Total | <u><u>100.00%</u></u> | |

6. Discount rate

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

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

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

| | <u>Discount Rate</u> | <u>1% Decrease</u> | <u>Current Discount Rate</u> | <u>1% Increase</u> |
|---|--------------------------|---------------------|--------------------------------------|---------------------|
| Town's proportionate share of the net pension liability | <u>7.00%</u> | <u>\$ 7,524,104</u> | <u>\$ 5,494,612</u> | <u>\$ 3,776,635</u> |

Town of Clinton, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2023

C. Connecticut municipal employees' retirement system (continued)

8. Plan fiduciary net position

Detailed information about the MERS plan's fiduciary net position is available in the separately issued State of Connecticut Annual Comprehensive Financial Report as of and for the year ended June 30, 2022.

D. Connecticut state teachers' retirement system

1. Plan description

Teachers, principals, superintendents or supervisors engaged in service of public schools are provided with pensions through the Connecticut State Teachers' Retirement System ("TRS"), a cost sharing multiple-employer defined benefit pension plan administered by the Teachers' Retirement Board ("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/trb.

2. Benefit provisions

| | |
|--|--|
| Normal retirement | Age 60 with 20 years of credited service in Connecticut, or 35 years of credited service including at least 25 years of service in Connecticut |
| Benefit calculation | 2.00% of the average annual salary times the years of credited service (maximum benefit is 75% of average annual salary during the 3 years of highest salary) |
| Early retirement | 25 years of credited service including 20 years of Connecticut service, or age 55 with 20 years of credited service including 15 years of Connecticut service |
| Early retirement amount | Benefit amounts are reduced by 6.00% per year for the first 5 years preceding normal retirement age and 4.00% per year for the next 5 years preceding the normal retirement age. Effective July 1, 1999, the reduction for individuals with 30 or more years of service is 3.00% per year by which retirement precedes normal retirement date |
| Service connected disability amount | 2.00% of average annual salary times credited service to date of disability, but not less than 15% of average annual salary, nor more than 50% of average annual salary. 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% of annual average salary |
| Non-service connected disability service requirement | Five years of credited service |
| Vesting - service | 10 years of service |
| Vesting - amount | 100% |
| Pre-retirement death benefit amount | Lump-sum return of contributions with interest or surviving spouse benefit depending on length of service |

Town of Clinton, Connecticut
Notes to Financial Statements
As of and for the Year Ended June 30, 2023

D. Connecticut state teachers' retirement system (continued)

3. 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 State Teachers' Retirement Board and appropriated by the General Assembly. The contributions are actuarially determined as an amount that, when combined with employee contributions and investment earnings, is expected to finance the costs of the benefits earned by employees during the year, with any additional amount to finance any unfunded accrued liability.

Employer (school districts)

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

Employees

Each teacher is required to contribute 7.00% of their pensionable wages for the pension benefit.

4. Pension liabilities, pension expense, and deferred outflows of resources and deferred inflows of resources related to pensions

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

| | |
|---|----------------------------|
| Town's proportionate share of the collective net pension liability | \$ - |
| State's proportionate share of the collective net pension liability associated with the Town | <u>67,955,062</u> |
| Total | <u><u>\$67,955,062</u></u> |
| During the year, the Town recognized pension expense and revenue for on-behalf amounts for contributions to the plan by the State of Connecticut: | <u><u>\$ 5,357,772</u></u> |

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

Town of Clinton, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2023

D. Connecticut state teachers' retirement system (continued)**5. Actuarial assumptions**

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

| | |
|---------------------------|--|
| Investment rate of return | 6.90% |
| Inflation | 2.50% |
| Salary increases | 3.00-6.50%, including inflation |
| Mortality rates | Mortality rates were based on the PubT-2010 Table, projected generationally with MP-2019 |

Future cost-of-living increases - For teachers who retired prior to September 1, 1992, pension benefit adjustments are made in accordance with increases in the Consumer Price Index, with a minimum of 3.00% and a maximum of 5.00% 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 6.00% per annum. If the return on assets in the previous year was less than 8.50%, the maximum increase is 1.50%. 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 5.00% per annum. If the return on assets in the previous year was less than 11.50%, the maximum increase is 3.00%, and if the return on the assets in the previous year was less than 8.50%, the maximum increase is 1.00%.

The actuarial assumptions used in the June 30, 2022 valuation were based on the results of an actuarial experience study for the 5-year period ending June 30, 2019.

Changes in assumptions and inputs

There were no changes in assumptions from the prior measurement date.

Long-term expected 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 Clinton, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2023

D. Connecticut state teachers' retirement system (continued)

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

| <u>Asset Class</u> | <u>Target Allocation</u> | <u>Long-Term Expected Real Rate of Return</u> |
|---|--------------------------|---|
| Domestic equity fund | 20.00% | 5.40% |
| Developed market international stock fund | 11.00% | 6.40% |
| Emerging market international stock fund | 9.00% | 8.60% |
| Core fixed income fund | 13.00% | 0.80% |
| Emerging market debt fund | 5.00% | 3.80% |
| High yield bond fund | 3.00% | 3.40% |
| Real estate fund | 19.00% | 5.20% |
| Private equity | 10.00% | 9.40% |
| Private credit | 5.00% | 6.50% |
| Alternative investments | 3.00% | 3.10% |
| Liquidity fund | <u>2.00%</u> | (0.40%) |
| Total | <u><u>100.00%</u></u> | |

6. Discount rate

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

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

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

8. Plan fiduciary net position

Detailed information about the Connecticut State Teachers' Retirement Plan fiduciary net position is available in the separately issued State of Connecticut Annual Comprehensive Financial Report as of and for the year ended June 30, 2022.

Town of Clinton, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2023

E. Total pension plans

| | Net Pension Liability | Deferred Outflows of Resources | Deferred Inflows of Resources | Pension Expense |
|------------------------|--------------------------|--------------------------------------|-------------------------------------|---------------------|
| Police | \$ 11,477,560 | \$ 3,547,947 | \$ 42,856 | \$ 1,847,618 |
| Education noncertified | 1,044,140 | 483,247 | 779,459 | 345,338 |
| Volunteer firefighters | 878,778 | 107,839 | 44,017 | 69,709 |
| MERS | 5,494,612 | 2,061,996 | 406,480 | 307,512 |
| Total | <u>\$ 18,895,090</u> | <u>\$ 6,201,029</u> | <u>\$ 1,272,812</u> | <u>\$ 2,570,177</u> |

F. Other post-employment benefit plan**1. Plan description****a. Plan administration**

The Town administers one single-employer defined benefit, post-retirement healthcare plan for the Town and Board of Education through the Town of Clinton Other Post-Employment Benefit ("OPEB") trust fund ("Plan"). The plan provides health and life insurance benefits to eligible retirees and their spouses. The plan does not issue standalone financial reports.

b. Plan membership

As of July 1, 2022 for the Town and July 1, 2021 for the Education, the plans' membership consisted of:

| | <u>Town</u> | <u>Education</u> |
|---|-------------|------------------|
| Retirees and beneficiaries receiving benefits | 45 | 13 |
| Active members | <u>69</u> | <u>239</u> |
| Total | <u>114</u> | <u>252</u> |

2. Benefit provisions

In addition to providing pension benefits, various Town employee agreements provide for a portion of health insurance coverage or subsidized coverage to retired employees. These benefits are negotiated through union contracts, personnel policies, and/or individual employment agreements.

Town of Clinton, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2023

F. Other post-employment benefit plan (continued)

3. Contributions

| | |
|---------------------------------|---|
| Employees | 0% |
| Town retirees | <p><u>Police:</u> Age 55 and 10 years of continuous service or 15 years of noncontinuous service or 25 years of service - access to a major medical plan up to age 62. Town pays 100% of cost</p> <p><u>All other retirees:</u> Age 55 and 10-15 years of service on retiring (dependent on bargaining unit), up to age 65. Retiree pays 100% of the cost</p> |
| Noncertified education retirees | Retiree pays 100% of the cost up to age 65 |
| Teachers and administrators | Teachers who no longer work for the Board of Education are allowed by State Statute to participate in the Town's group medical insurance plan until they formally begin receiving benefits from the State Teachers' Retirement Plan. These retirees are required to contribute the cost of the insurance to the Town |
| Employer | Actuarially determined on a bi-annual basis |

4. Investments

a. Investment policy

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

The following was the Board's adopted asset allocation policy:

| Asset Class | Target Allocation | |
|-------------------------|-------------------|-----------|
| | Town | Education |
| Large cap | 44.00% | 20.00% |
| Mid/small cap | 12.00% | 12.00% |
| Large growth | 0.00% | 12.00% |
| Large value | 0.00% | 12.00% |
| International | 15.00% | 10.00% |
| Intermediate bond | 23.00% | 0.00% |
| Short term bond/cash | 1.00% | 1.00% |
| Fixed income | 0.00% | 28.00% |
| Emerging markets equity | 0.00% | 5.00% |
| Specialty/alternatives | 5.00% | 0.00% |
| Total | 100.00% | 100.00% |

Town of Clinton, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2023

F. Other post-employment benefit plan (continued)**b. Concentrations**

There were no investments in any one organization that represents 5.00% or more of the OPEB plans' net position.

c. Rate of return

The long-term expected rate of return on OPEB 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 OPEB 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 geometric real rates of return for each major asset class included in the OPEB plan's target asset allocation (see the discussion of the OPEB plan's investment policy) are as follows:

| Asset Class | Long-Term Expected Real Rate of Return | |
|-----------------------------------|---|-----------|
| | Town | Education |
| Large cap | 5.00% | 4.03% |
| Mid/small cap | 5.30% | 3.96% |
| Large growth | 0.00% | 3.77% |
| Large value | 0.00% | 3.93% |
| International | 6.40% | 5.84% |
| Intermediate bond | 2.05% | 0.00% |
| Short term bond/cash | 0.05% | 0.20% |
| Fixed income | 0.00% | 1.84% |
| Emerging markets equity | 0.00% | 5.97% |
| Specialty/alternatives | 3.00% | 0.00% |
| Long-term inflation expectation | 2.70% | 2.75% |
| Long-term expected rate of return | 7.12% | 6.25% |

d. The annual money-weighted rate of return on OPEB plan investments, net of investment expense was:

| | Town | Education |
|----------------|-------|-----------|
| Rate of return | 8.39% | 8.85% |

The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Town of Clinton, Connecticut
Notes to Financial Statements
As of and for the Year Ended June 30, 2023

F. Other post-employment benefit plan (continued)

5. Net OPEB liability

The components of the net OPEB liability were measured as of June 30, 2023 and were as follows:

| | Town | Education |
|---|-------------|-------------|
| Total OPEB liability | \$2,022,859 | \$4,685,883 |
| Plan fiduciary net position | 41,595 | 84,023 |
| Net OPEB liability | \$1,981,264 | \$4,601,860 |
| Plan fiduciary net position as a percentage of the total OPEB liability | 2.06% | 1.79% |

6. Actuarial methods and significant assumptions

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

| | Town | Education |
|---|---|--|
| Valuation date | July 1, 2022 | July 1, 2021 |
| Actuarial cost method | Entry age normal | Entry age normal |
| Asset valuation method | Fair value | Fair value |
| Investment rate of return | 3.65% | 6.25% |
| Discount rate | 3.65% | 3.65% |
| Salary increases | 2.40% | Graded by age for teachers and administrators, 4.00% for all others |
| Inflation | 2.40% | 2.75% |
| Healthcare cost trend rates: Initial medical trend rate Ultimate medical trend rate | 6.50% 4.40% | 5.10% 4.10% |
| Mortality rates | Pub-2010 Public Retirement Plans Amount-Weighted Mortality Tables, projected to the valuation date with Scale MP-2021 | PubT-2010 Mortality Table for Employees and Healthy Annuitants with generational projection of future improvements per the MP-2019 Ultimate Scale. |

Town of Clinton, Connecticut
Notes to Financial Statements
As of and for the Year Ended June 30, 2023

F. Other post-employment benefit plan (continued)

7. Changes from prior year

a. Changes in assumptions

Town

- The discount rate and investment rate of return increased from 3.54% to 3.65%
- The inflation rate decreased from 2.50% to 2.40%
- The healthcare trend rates changed from 4.50 – 7.00% for 2025 and later to 4.40 – 6.50% for 2033 and later
- The mortality tables changed from RP-2014 with Scale MP-2020 to Pub-2010 with Scale MP-2021

Education

- The discount rate increased from 3.54% to 3.65%

b. Changes in benefit terms

There were no changes in benefit terms in the current year.

8. Discount rate

The discount rate used to measure the total OPEB liability was:

| | <u>Town</u> | <u>Education</u> |
|---------------|-------------|------------------|
| Discount rate | 3.65% | 3.65% |

The discount rate was based on the Bond Buyer municipal bond 20-year high grade index as of the measurement date.

The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that Town contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the OPEB plan's fiduciary net position was not projected to be available to make all projected future benefit payments of current plan members. Therefore, the municipal bond rate was applied to all periods of projected benefit payments to determine the total OPEB liability.

Town of Clinton, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2023

F. Other post-employment benefit plan (continued)**9. Changes in the net OPEB liability**

The Town's OPEB liability was measured at June 30, 2023 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of July 1, 2022 for the Town and July 1, 2021 for the Board of Education.

| Town | Increase (Decrease) | | |
|--|--------------------------------|---------------------------------------|------------------------------------|
| | Total OPEB Liability (a) | Plan Fiduciary Net Position (b) | Net OPEB Liability (a) - (b) |
| Balance at July 1, 2022 | \$ 2,498,623 | \$ 38,678 | \$ 2,459,945 |
| Service cost | 70,274 | - | 70,274 |
| Interest | 89,305 | - | 89,305 |
| Changes of benefit terms | - | - | - |
| Differences between expected and actual experience | (656,485) | - | (656,485) |
| Changes in assumptions | 114,261 | - | 114,261 |
| Contributions - employer | - | 93,119 | (93,119) |
| Net investment income | - | 4,733 | (4,733) |
| Benefit payments, including refunds of member contributions | (93,119) | (93,119) | - |
| Administrative expenses | - | (1,816) | 1,816 |
| Net change | (475,764) | 2,917 | (478,681) |
| Balance at June 30, 2023 | <u>\$ 2,022,859</u> | <u>\$ 41,595</u> | <u>\$ 1,981,264</u> |

| Education | Increase (Decrease) | | |
|--|--------------------------------|---------------------------------------|------------------------------------|
| | Total OPEB Liability (a) | Plan Fiduciary Net Position (b) | Net OPEB Liability (a) - (b) |
| Balance at July 1, 2022 | \$ 4,591,416 | \$ 77,215 | \$ 4,514,201 |
| Service cost | 111,513 | | 111,513 |
| Interest | 163,186 | | 163,186 |
| Differences between expected and actual experience | - | | - |
| Changes in assumptions | 7,741 | | 7,741 |
| Contributions - employer | - | 187,973 | (187,973) |
| Net investment income | - | 10,495 | (10,495) |
| Benefit payments, including refunds of member contributions | (187,973) | (187,973) | - |
| Administrative expenses | - | (3,687) | 3,687 |
| Net change | 94,467 | 6,808 | 87,659 |
| Balance at June 30, 2023 | <u>\$ 4,685,883</u> | <u>\$ 84,023</u> | <u>\$ 4,601,860</u> |

Town of Clinton, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2023

F. Other post-employment benefit plan (continued)

10. Sensitivity of the OPEB liability to changes in the discount rate

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

| <u>Net OPEB Liability</u> | <u>Discount Rate</u> | <u>1% Decrease</u> | <u>Current Discount Rate</u> | <u>1% Increase</u> |
|---------------------------|----------------------|--------------------|------------------------------|--------------------|
| Town | 3.65% | \$ 2,243,395 | \$ 1,981,264 | \$ 1,769,180 |
| Education | 3.65% | \$ 5,054,513 | \$ 4,601,860 | \$ 4,199,603 |

11. Sensitivity of the OPEB liability to changes in the healthcare cost trend rate

The following presents the OPEB liability, as well as what the OPEB liability would be if it were calculated using trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current trend rates:

| <u>Net OPEB Liability</u> | <u>Trend Rates</u> | <u>1% Decrease</u> | <u>Current Trend Rate</u> | <u>1% Increase</u> |
|---------------------------|--------------------|--------------------|---------------------------|--------------------|
| Town | 6.5-4.4% | \$ 1,805,636 | \$ 1,981,264 | \$ 2,203,100 |
| Education | 5.1-4.1% | \$ 4,052,417 | \$ 4,601,860 | \$ 5,246,991 |

12. OPEB expense and deferred outflows/inflows of resources related to OPEB

For the fiscal year, the Town recognized OPEB expense of:

| | <u>Town</u> | <u>Education</u> |
|--------------|-------------|------------------|
| OPEB expense | \$ 138,663 | \$(123,020) |

Town of Clinton, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2023

F. Other post-employment benefit plan (continued)

The Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

| <u>Town</u> | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> | <u>Net</u> |
|---|---|--|---------------------|
| Differences between expected and actual experience | \$ 185,140 | \$ 668,119 | \$ (482,979) |
| Changes in assumptions | 323,521 | 330,200 | (6,679) |
| Net difference between projected and actual earnings on OPEB plan investments | <u>3,612</u> | <u>-</u> | <u>3,612</u> |
| Total | <u>\$ 512,273</u> | <u>\$ 998,319</u> | <u>\$ (486,046)</u> |

| <u>Education</u> | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> | <u>Net</u> |
|---|---|--|-----------------------|
| Differences between expected and actual experience | \$ 149,809 | \$1,329,105 | \$ (1,179,296) |
| Changes in assumptions | 223,734 | 1,719,126 | (1,495,392) |
| Net difference between projected and actual earnings on OPEB plan investments | <u>4,463</u> | <u>-</u> | <u>4,463</u> |
| Total | <u>\$ 378,006</u> | <u>\$3,048,231</u> | <u>\$ (2,670,225)</u> |

Actual investment earnings below (or above) projected earnings are amortized over 5.00 years for both plans. Experience losses (gains) and changes in assumptions are amortized over the average remaining service period of actives and inactive, which was:

| <u>Plan</u> | <u>Years</u> |
|-------------|--------------|
| Town | 6.8 |
| Education | 7.3 |

Town of Clinton, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2023

F. Other post-employment benefit plan (continued)

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

| Year Ending June 30, | Town | Board of Education |
|-------------------------|---------------------|-----------------------|
| 2024 | \$ (19,833) | \$ (392,508) |
| 2025 | (14,299) | (392,344) |
| 2026 | (76,005) | (393,704) |
| 2027 | (146,348) | (416,720) |
| 2028 | (143,953) | |
| Thereafter | (85,608) | (1,074,950) |
| Total | <u>\$ (486,046)</u> | <u>\$ (2,670,225)</u> |

G. Connecticut state teachers’ retirement board retiree health insurance plan

1. Plan description

Teachers, principals, superintendents or supervisors engaged in service of public schools that are currently receiving a retirement or disability benefit through the Connecticut Teachers' Retirement System are eligible to participate in the Connecticut State Teachers' Retirement System Retiree Health Insurance Plan ("TRS-RHIP") - a cost sharing multiple-employer defined benefit other post-employment benefit plan administered by the Teachers' Retirement Board ("TRB"). Chapter 167a Section 10-183t of the State Statutes grants authority to establish and amend the benefit terms to the TRB. TRS-RHIP issues a publicly available financial report that can be obtained at www.ct.gov/trb.

2. Benefit provisions

The Plan provides for retiree health insurance benefits. Eligibility is as follows:

| | |
|--|---|
| Normal retirement | Age 60 with 20 years of credited service in Connecticut, or 35 years of credited service including at least 25 years of service in Connecticut |
| Early retirement | 25 years of credited service including 20 years of Connecticut service, or age 55 with 20 years of credited service including 15 years of Connecticut service |
| Service connected disability service requirement | No service requirement |
| Non-service connected disability service requirement | Five years of credited service |
| Vesting - service | 10 years of service |

Town of Clinton, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2023**G. Connecticut state teachers' retirement board retiree health insurance plan (continued)****Retiree health care coverage**

Any member that is currently receiving a retirement or disability benefit is eligible to participate in the Plan. There are two types of the health care benefits. Subsidized Local School District Coverage provides a subsidy paid to members still receiving coverage through their former employer and the CTRB Sponsored Medicare Supplemental Plans provide coverage for those participating in Medicare, but not receiving Subsidized Local School District Coverage.

Any member 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).

Those participants electing vision, hearing, and/or dental are required by the System's funding policy to pay the full cost of coverage for these benefits, and no liability is assumed by the Plan for these benefits.

3. Contributions**State of Connecticut**

Per Connecticut General Statutes Section 10-183z, contribution requirements of active employees and the State of Connecticut are amended and certified by the State Teachers' Retirement Board and appropriated by the General Assembly. The State contributions are not currently actuarially funded. The State pays for one third of plan costs through an annual appropriation in the General Fund.

Employer (school districts)

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

Employees

Each member is required to contribute 1.25% of their annual pensionable wages.

Town of Clinton, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2023

G. Connecticut state teachers' retirement board retiree health insurance plan (continued)

4. OPEB liabilities, OPEB expense, deferred outflows of resources and deferred inflows of resources related to OPEB

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

| | |
|--|------------------|
| Town's proportionate share of the collective net OPEB liability | \$ - |
| State's proportionate share of the collective net OPEB liability associated with the Town | <u>5,951,305</u> |
| Total | <u>5,951,305</u> |
| During the year, the Town recognized OPEB expense and revenue for on-behalf amounts for contributions to the plan by the State of Connecticut: | <u>\$ 75,780</u> |

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

5. Actuarial assumptions

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

| | |
|---|--|
| Investment rate of return | 3.00% |
| Discount rate | 3.53% |
| Inflation | 2.50% |
| Health care cost trend rate (Medicare) | 5.125% decreasing to 4.50% by 2031 |
| Salary increases | 3.00-6.50%, including inflation |
| Mortality rates | Mortality rates were based on the PubT-2010 Table, projected generationally with MP-2019 |
| Year fund net position will be depleted | 2027 |

The actuarial assumptions used in the June 30, 2022 valuation were based on the results of an actuarial experience study for the 5-year period ending June 30, 2019.

Town of Clinton, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2023

G. Connecticut state teachers' retirement board retiree health insurance plan (continued)**Changes in assumptions and inputs**

- The discount rate was increased from 2.17% to 3.53% to reflect the change in the Municipal Bond Index rate.

Long-term expected rate of return

The long-term expected rate of return on OPEB 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 OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

All the plan assets are assumed to be invested in cash equivalents due to the need for liquidity. The expected geometric rate of return is 1.50%. Since there have not been any changes to the asset allocation and the recent economic downturn is expected to be temporary, the funding rate of 3.00% continues to be used for the long-term investment rate of return as of June 30, 2022.

6. Discount rate

The discount rate used to measure the total OPEB liability was 3.53%. The Municipal Bond Index Rate of 3.54% was used in the determination in the discount rate. 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 annual State contributions will equal the most recent 5-year average of state contributions.

7. Sensitivity of the OPEB liability to changes in the discount rate and the health care cost trend rate

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

8. Plan fiduciary net position

Detailed information about the Connecticut State Teachers' OPEB Plan fiduciary net position is available in the separately issued State of Connecticut Annual Comprehensive Financial Report as of and for the year ended June 30, 2022.

H. Total OPEB plans

| | Net OPEB Liability | Deferred Outflows of Resources | Deferred Inflows of Resources | OPEB Expense |
|-----------|-----------------------|--------------------------------------|-------------------------------------|------------------|
| Town | \$ 1,981,264 | \$ 512,273 | \$ 998,319 | \$ 138,663 |
| Education | 4,601,860 | 378,006 | 3,048,231 | (123,020) |
| Total | <u>\$ 6,583,124</u> | <u>\$ 890,279</u> | <u>\$ 4,046,550</u> | <u>\$ 15,643</u> |

Town of Clinton, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2023

I. Pension and other post-employment benefit plan statements

Pension and OPEB Trust Funds
Combining Statement of Fiduciary Net Position
June 30, 2023

| | Police Pension Plan | Education Noncertified Pension Plan | Fire Pension Plan | OPEB Plan | Total |
|------------------------------------|---------------------------|--|-------------------------|--------------|---------------|
| <u>Assets</u> | | | | | |
| Cash | \$ 268,042 | \$ - | \$ - | \$ - | \$ 268,042 |
| Investments: | | | | | |
| Mutual funds: | | | | | |
| Money market | 2,600 | 242,287 | - | - | 244,887 |
| Equity | 8,236,792 | 950,317 | - | 123,829 | 9,310,938 |
| Fixed income | 6,989,489 | 915,514 | 155,210 | - | 8,060,213 |
| Diversified | 597,522 | - | - | - | 597,522 |
| Bank money market | - | 14,553 | 39,921 | 1,789 | 56,263 |
| U.S. treasury obligations | - | 354,907 | - | - | 354,907 |
| U.S. government agency obligations | - | 368,542 | - | - | 368,542 |
| Common stock | - | 3,683,382 | - | - | 3,683,382 |
| Corporate bonds | - | 628,796 | - | - | 628,796 |
| Total investments | 15,826,403 | 7,158,298 | 195,131 | 125,618 | 23,305,450 |
| Accounts receivable | 15,453 | - | - | - | 15,453 |
| Total assets | 16,109,898 | 7,158,298 | 195,131 | 125,618 | 23,588,945 |
| <u>Liabilities</u> | | | | | |
| Accounts payable | 17,500 | - | - | - | 17,500 |
| <u>Net Position</u> | | | | | |
| Restricted for: | | | | | |
| Pension benefits | 16,092,398 | 7,158,298 | 195,131 | - | 23,445,827 |
| OPEB benefits | - | - | - | 125,618 | 125,618 |
| Total net position | \$ 16,092,398 | \$ 7,158,298 | \$ 195,131 | \$ 125,618 | \$ 23,571,445 |

Town of Clinton, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2023

I. Pension and other post-employment benefit plan statements (continued)

Pension and OPEB Trust Funds
Combining Statement of Changes in Fiduciary Net Position
For the Year Ended June 30, 2023

| | Police Pension Plan | Education Noncertified Pension Plan | Fire Pension Plan | OPEB Plan | Total |
|---|---------------------------|--|-------------------------|--------------|---------------|
| Additions: | | | | | |
| Contributions: | | | | | |
| Employer | \$ 1,198,510 | \$ 450,114 | \$ 72,593 | \$ 281,092 | \$ 2,002,309 |
| Plan members | 138,122 | 33,702 | - | - | 171,824 |
| Total contributions | 1,336,632 | 483,816 | 72,593 | 281,092 | 2,174,133 |
| Investment income (loss): | | | | | |
| Net change in fair value of investments | 867,508 | 607,833 | 9,804 | 10,120 | 1,495,265 |
| Interest and dividends | 490,670 | 148,471 | 7,966 | 5,108 | 652,215 |
| Total investment income (loss) | 1,358,178 | 756,304 | 17,770 | 15,228 | 2,147,480 |
| Less investment expenses | 80,916 | 46,203 | - | - | 127,119 |
| Net investment income (loss) | 1,277,262 | 710,101 | 17,770 | 15,228 | 2,020,361 |
| Total additions | 2,613,894 | 1,193,917 | 90,363 | 296,320 | 4,194,494 |
| Deductions: | | | | | |
| Benefits | 1,589,941 | 529,076 | 59,600 | 281,092 | 2,459,709 |
| Administration | 12,138 | - | - | 5,503 | 17,641 |
| Total deductions | 1,602,079 | 529,076 | 59,600 | 286,595 | 2,477,350 |
| Changes in net position | 1,011,815 | 664,841 | 30,763 | 9,725 | 1,717,144 |
| Net position - July 1, 2022 | 15,080,583 | 6,493,457 | 164,368 | 115,893 | 21,854,301 |
| Net position - June 30, 2023 | \$ 16,092,398 | \$ 7,158,298 | \$ 195,131 | \$ 125,618 | \$ 23,571,445 |

Required Supplementary Information

| Type | Description |
|---|--|
| Budgetary | Schedule of Revenues and Other Financing Sources - Budget and Actual - General Fund |
| | Schedule of Expenditures and Other Financing Uses - Budget and Actual - General Fund |
| | Notes to Required Supplementary Information - Budgets and Budgetary Accounting |
| <u>Pension Plans</u> | |
| Police | Schedule of Changes in Net Pension Liability and Related Ratios and Schedule of Investment Returns |
| Education Noncertified | |
| Volunteer Firefighters | Schedule of Proportionate Share of the Collective Net Pension Liability |
| Municipal Employees' Retirement System | |
| State Teachers' Retirement System | Schedule of Contributions |
| | Notes to Required Supplementary Information |
| <u>Other Post-Employment Benefits Plans</u> | |
| Town | Schedule of Changes in Net OPEB Liability and Related Ratios and Schedule of Investment Returns |
| Education | |
| State Teacher's Retirement Board Retiree | Schedule of Proportionate Share of the Collective Net OPEB Liability |
| Health Insurance Plan | Schedule of Contributions |
| | Notes to Required Supplementary Information |

Town of Clinton, Connecticut

Required Supplementary Information

General Fund
Schedule of Revenues and Other Financing Sources -
Budget and Actual
For the Year Ended June 30, 2023

| | Original Budget | Additional Appropriations and Transfers | Final Budget | Actual | Variance With Final Budget |
|---------------------------------------|--------------------|---|-----------------|---------------|-------------------------------------|
| Property taxes: | | | | | |
| Current taxes | \$ 49,697,228 | \$ - | \$49,697,228 | \$ 50,096,951 | \$ 399,723 |
| Tax interest/liens/fees | 140,000 | - | 140,000 | 249,247 | 109,247 |
| Prior years' levies | 175,000 | - | 175,000 | 483,573 | 308,573 |
| Supplemental motor vehicle | 300,000 | - | 300,000 | 500,795 | 200,795 |
| Telephone access lines | 20,000 | - | 20,000 | 24,200 | 4,200 |
| Total property taxes | 50,332,228 | - | 50,332,228 | 51,354,766 | 1,022,538 |
| Intergovernmental revenues: | | | | | |
| General government: | | | | | |
| Town aid road | 267,698 | - | 267,698 | 268,577 | 879 |
| Totally disabled persons | 1,000 | - | 1,000 | 1,100 | 100 |
| Tax relief elderly | 2,000 | - | 2,000 | 2,000 | - |
| Property tax relief veterans | 20,000 | - | 20,000 | 19,807 | (193) |
| State miscellaneous | - | - | - | 4,960 | 4,960 |
| Grants for municipal projects | 191,674 | - | 191,674 | 191,674 | - |
| Local capital improvement | 83,983 | - | 83,983 | 85,390 | 1,407 |
| State property grant | 37,071 | - | 37,071 | 37,071 | - |
| Municipal revenue sharing | - | - | - | 256,014 | 256,014 |
| Municipal stabilization grant | 288,473 | - | 288,473 | 288,473 | - |
| FEMA flash flood 918 | - | - | - | 33,857 | 33,857 |
| FEMA COVID 19 public health emergency | - | - | - | 6,996 | 6,996 |
| Total general government | 891,899 | - | 891,899 | 1,195,919 | 304,020 |
| Education: | | | | | |
| Education cost sharing | 5,192,084 | - | 5,192,084 | 5,176,545 | (15,539) |
| Special education | 407,788 | - | 407,788 | 273,025 | (134,763) |
| Total education | 5,599,872 | - | 5,599,872 | 5,449,570 | (150,302) |
| Total intergovernmental revenues | 6,491,771 | - | 6,491,771 | 6,645,489 | 153,718 |
| Charges for services: | | | | | |
| General government: | | | | | |
| WSAM trust | 46,297 | - | 46,297 | 40,082 | (6,215) |
| WSAM rentals | - | - | - | 13,623 | 13,623 |
| Boat moorings/launch pass | 125,000 | - | 125,000 | 122,630 | (2,370) |
| Z.B.A. fees | 4,000 | - | 4,000 | 1,578 | (2,422) |
| Planning and zoning fees | 14,000 | - | 14,000 | 10,632 | (3,368) |
| Park and recreation passes | 20,000 | - | 20,000 | 24,194 | 4,194 |
| Real estate conveyance tax | 225,000 | - | 225,000 | 245,946 | 20,946 |
| Building fees | 200,000 | - | 200,000 | 291,918 | 91,918 |
| Town property rentals | 3,000 | - | 3,000 | 37,110 | 34,110 |
| Transfer station | 62,500 | - | 62,500 | 65,979 | 3,479 |

(Continued)

Town of Clinton, Connecticut

Required Supplementary Information

General Fund
Schedule of Revenues and Other Financing Sources -
Budget and Actual
For the Year Ended June 30, 2023

| | Original Budget | Additional Appropriations and Transfers | Final Budget | Actual | Variance With Final Budget |
|--|--------------------|---|-----------------|---------------|-------------------------------------|
| Charges for services (continued): | | | | | |
| Scrap metal fees | \$ 15,000 | \$ - | \$ 15,000 | \$ 11,408 | \$ (3,592) |
| Dog boarding fees | 75 | - | 75 | - | (75) |
| Inland/wetland fees | 2,000 | - | 2,000 | 935 | (1,065) |
| Miscellaneous | 40,000 | - | 40,000 | 48,610 | 8,610 |
| Police miscellaneous | 10,000 | - | 10,000 | 12,010 | 2,010 |
| Contracted police services | 35,000 | - | 35,000 | 50,718 | 15,718 |
| Town clerk fees | 115,000 | - | 115,000 | 99,503 | (15,497) |
| Vitals | 13,000 | - | 13,000 | 19,794 | 6,794 |
| CIRMA | - | - | - | 67,268 | 67,268 |
| Total charges for services | 929,872 | - | 929,872 | 1,163,938 | 234,066 |
| Income from investments | 40,000 | - | 40,000 | 819,424 | 779,424 |
| Total revenues | 57,793,871 | - | 57,793,871 | 59,983,617 | 2,189,746 |
| Other financing sources: | | | | | |
| Appropriation of fund balance | 1,869,000 | - | 1,869,000 | - | (1,869,000) |
| Appropriation of committed fund balance | - | 3,600 | 3,600 | - | (3,600) |
| Sale of capital assets | - | - | - | 32,759 | 32,759 |
| Transfers in | 3,000 | - | 3,000 | 251,316 | 248,316 |
| Total other financing sources | 1,872,000 | 3,600 | 1,875,600 | 284,075 | (1,591,525) |
| Total revenues and other financing sources | \$ 59,665,871 | \$ 3,600 | \$ 59,669,471 | \$ 60,267,692 | \$ 598,221 |

(Concluded)

Town of Clinton, Connecticut

Required Supplementary Information

General Fund
Schedule of Expenditures and Other Financing Uses -
Budget and Actual
For the Year Ended June 30, 2023

| | Original Budget | Additional Appropriations and Transfers | Final Budget | Actual | Variance With Final Budget |
|------------------------------------|--------------------|---|------------------|------------------|-------------------------------------|
| General government: | | | | | |
| Town manager | \$ 270,943 | \$ 2,610 | \$ 273,553 | \$ 273,552 | \$ 1 |
| Secretarial for boards/commissions | 10,000 | - | 10,000 | 6,052 | 3,948 |
| Town counsel | 110,000 | 12,229 | 122,229 | 122,229 | - |
| Insurance | 526,000 | (6,070) | 519,930 | 510,295 | 9,635 |
| Worker's compensation | 360,000 | - | 360,000 | 336,660 | 23,340 |
| Audit and accounting | 55,800 | - | 55,800 | 52,525 | 3,275 |
| Annual town report | 3,500 | - | 3,500 | 2,190 | 1,310 |
| Social security | 578,000 | (1,365) | 576,635 | 522,974 | 53,661 |
| Holiday activities | 500 | - | 500 | 497 | 3 |
| Electricity | 224,000 | - | 224,000 | 188,446 | 35,554 |
| Heat/hot water | 140,000 | 5,620 | 145,620 | 145,615 | 5 |
| Health/life insurance | 2,053,300 | (100,280) | 1,953,020 | 1,613,038 | 339,982 |
| Unemployment compensation | 9,000 | - | 9,000 | 27 | 8,973 |
| Miscellaneous administrative | 7,850 | 15,562 | 23,412 | 23,411 | 1 |
| OPEB | 10,000 | 1,365 | 11,365 | 11,365 | - |
| Pension plan police | 1,219,000 | - | 1,219,000 | 1,210,800 | 8,200 |
| Pension plan other | 689,600 | - | 689,600 | 649,679 | 39,921 |
| Pension plan fire | 120,000 | - | 120,000 | 116,028 | 3,972 |
| Land records index audit | 1,740 | - | 1,740 | 981 | 759 |
| Employee life insurance | 600 | - | 600 | 558 | 42 |
| Legal ads | 20,000 | - | 20,000 | 18,841 | 1,159 |
| Special events | 7,000 | - | 7,000 | 6,297 | 703 |
| Bank fees | 23,000 | (17,244) | 5,756 | 420 | 5,336 |
| Board of assessment appeals | 300 | - | 300 | 42 | 258 |
| Pierson costs | 32,000 | 4,903 | 36,903 | 36,902 | 1 |
| Finance | 320,334 | (2,612) | 317,722 | 313,204 | 4,518 |
| Elections and meetings | 42,920 | - | 42,920 | 36,465 | 6,455 |
| Town clerk | 161,090 | - | 161,090 | 160,713 | 377 |
| Assessor | 228,780 | - | 228,780 | 228,374 | 406 |
| Tax collector | 172,088 | - | 172,088 | 170,474 | 1,614 |
| Probate | 4,140 | - | 4,140 | 4,139 | 1 |
| WSAM maintenance | 185,005 | 5,212 | 190,217 | 190,216 | 1 |
| Technology | 463,832 | - | 463,832 | 415,763 | 48,069 |
| Other | 318,730 | (102,782) | 215,948 | 130,026 | 85,922 |
| Total general government | <u>8,369,052</u> | <u>(182,852)</u> | <u>8,186,200</u> | <u>7,498,798</u> | <u>687,402</u> |
| Public safety: | | | | | |
| Communications | 688,846 | (19,512) | 669,334 | 627,305 | 42,029 |
| Fire department | 345,000 | - | 345,000 | 344,623 | 377 |
| Fire marshal | 58,000 | - | 58,000 | 56,130 | 1,870 |
| Police | 3,053,406 | 19,512 | 3,072,918 | 3,018,306 | 54,612 |
| Animal control | 63,026 | - | 63,026 | 62,348 | 678 |
| Civil preparedness | 14,000 | - | 14,000 | 8,710 | 5,290 |
| Water and hydrants | 520,000 | - | 520,000 | 519,920 | 80 |
| Street lighting | 36,000 | - | 36,000 | 25,926 | 10,074 |
| Total public safety | <u>4,778,278</u> | <u>-</u> | <u>4,778,278</u> | <u>4,663,268</u> | <u>115,010</u> |

(Continued)

See Notes to Required Supplementary Information.

Town of Clinton, Connecticut

Required Supplementary Information

General Fund
Schedule of Expenditures and Other Financing Uses -
Budget and Actual
For the Year Ended June 30, 2023

| | Original Budget | Additional Appropriations and Transfers | Final Budget | Actual | Variance With Final Budget |
|---|--------------------|---|-----------------|---------------|-------------------------------------|
| Public works | \$ 2,083,991 | \$ 12,561 | \$ 2,096,552 | \$ 1,998,745 | \$ 97,807 |
| Planning and development: | | | | | |
| Economic development | 12,400 | - | 12,400 | - | 12,400 |
| Inland/wetland | 84,836 | - | 84,836 | 84,418 | 418 |
| Planning and zoning | 163,686 | 100 | 163,786 | 152,460 | 11,326 |
| Zoning board of appeals | 1,800 | - | 1,800 | 548 | 1,252 |
| Building department | 127,742 | - | 127,742 | 127,312 | 430 |
| Total planning and development | 390,464 | 100 | 390,564 | 364,738 | 25,826 |
| Culture and recreation: | | | | | |
| Parks and recreation department | 267,709 | - | 267,709 | 256,086 | 11,623 |
| Harbor commission | 50,155 | - | 50,155 | 48,354 | 1,801 |
| Shellfish commission | 15,050 | - | 15,050 | 14,280 | 770 |
| Library | 820,319 | - | 820,319 | 820,319 | - |
| Total culture and recreation | 1,153,233 | - | 1,153,233 | 1,139,039 | 14,194 |
| Health and welfare: | | | | | |
| Water pollution control | 60,211 | - | 60,211 | 31,262 | 28,949 |
| Regional health district | 147,755 | - | 147,755 | 147,755 | - |
| Human services | 304,416 | - | 304,416 | 267,531 | 36,885 |
| Senior services | 25,094 | 66 | 25,160 | 25,160 | - |
| Total health and welfare | 537,476 | 66 | 537,542 | 471,708 | 65,834 |
| Education | 34,552,204 | - | 34,552,204 | 34,398,172 | 154,032 |
| Debt service | 5,086,757 | 2 | 5,086,759 | 5,086,759 | - |
| Total expenditures | 56,951,455 | (170,123) | 56,781,332 | 55,621,227 | 1,160,105 |
| Other financing uses: | | | | | |
| Transfers out | 2,714,416 | 173,723 | 2,888,139 | 2,888,139 | - |
| Total expenditures and other financing uses | \$59,665,871 | \$ 3,600 | \$59,669,471 | \$ 58,509,366 | \$ 1,160,105 |

(Concluded)

See Notes to Required Supplementary Information.

Town of Clinton, Connecticut

Notes to Required Supplementary Information

Budgets and Budgetary Accounting
For the Year Ended June 30, 2023

The Town adheres to the following procedures in establishing the budgetary data included in the general fund financial statements. The operating budget, which is prepared by function and department, includes proposed expenditures and the means of financing them.

Formal budgetary integration is employed as a management control device during the year.

This budget is adopted on a basis consistent with generally accepted accounting principles (modified accrual basis) with the following exceptions:

1. The Town does not budget for as revenue or expenditures payments made for the State Teachers' pension and OPEB by the State of Connecticut on the Town's behalf.
2. Certain funds that are required to be reported as part of the general fund under the requirement of GASB No. 54.

Reconciliation to Exhibit D

| | <u>Revenues</u> | <u>Expenditures</u> |
|--|----------------------|----------------------|
| Budgetary Basis - RSI-1 | \$ 59,983,617 | \$ 55,621,227 |
| Education nonlapsing fund | - | 39,993 |
| State Teachers' pension on behalf amount | 5,357,772 | 5,357,772 |
| State Teachers' OPEB on behalf amount | <u>75,780</u> | <u>75,780</u> |
| GAAP Basis - Exhibit D | <u>\$ 65,417,169</u> | <u>\$ 61,094,772</u> |

Every department, office, board, commission, agency or authority shall present to the Town Manager an itemized estimate of the expenditures to made, and all revenues, other than Town appropriation to be received during the ensuing fiscal year. The Town Manager shall hold a hearing with each department, office, board, commission or agency on the proposed budget. The Town Manager shall then present the proposed budget to the Town Council. The Town Council shall then revise the estimates as it deems desirable and shall complete the proposed budget for the ensuing fiscal year and its report. The Town Council shall hold one or more public hearings on the proposed budget not less than fourteen (14) days before the Annual Budget Meeting.

The Annual Budget Meeting shall be held no later than the first Wednesday in May. The Annual Budget Meeting shall be adjourned to referendum.

The legal level of control (the level at which expenditures may not legally exceed appropriations) is at the department level.

The Town Manager may make special appropriations from cash surplus or the contingency account in the amounts not to exceed in total for that department, office board, commission or agency, fifty thousand (\$50,000) dollars. Any request which shall exceed the \$50,000 shall require a vote of the Town Meeting after the approval of the Town Council. Special appropriations other than those from cash surplus or from the contingency account may be acted upon only by a Town Meeting, after the approval of the Town Council. The Town Manager, upon appropriate request, and recommendation of the Town Council, may transfer unexpended balances from one appropriation to another. Transfer of appropriations of amounts up to \$500 within a department can be done by Department Heads with the approval of the Finance Director. A referendum shall be required for any resolution appropriating an amount over \$300,000.

The Board of Education is authorized under state law to make any transfers required within their budget at their discretion. Any additional appropriations must have Board of Education and Town Council approval and, if over \$50,000, Town Meeting approval.

There were additional appropriations of \$3,600 from fund balance during the year.

Town of Clinton, Connecticut
Required Supplementary Information

Police Pension Plan
Last Ten Years

| | <u>2023</u> | <u>2022</u> | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> | <u>2014</u> |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| <u>Schedule of Changes in Net Pension Liability and Related Ratios</u> | | | | | | | | | | |
| Total pension liability: | | | | | | | | | | |
| Service cost | \$ 388,619 | \$ 360,692 | \$ 328,596 | \$ 275,916 | \$ 304,942 | \$ 285,054 | \$ 256,440 | \$ 252,737 | \$ 241,854 | \$ 175,184 |
| Interest | 1,695,533 | 1,667,621 | 1,591,149 | 1,566,046 | 1,554,696 | 1,513,585 | 1,455,432 | 1,421,707 | 1,369,272 | 1,339,105 |
| Differences between expected and actual experience | 368,695 | 169,957 | 288,675 | (54,966) | (7,512) | (52,663) | (238,824) | (82,608) | (302,810) | - |
| Changes in assumptions | 2,078,798 | 230,286 | 537,645 | 153,963 | (187,402) | 336,844 | 407,900 | 368,968 | 313,857 | - |
| Benefit payments, including refunds of member contributions | <u>(1,589,941)</u> | <u>(1,443,418)</u> | <u>(1,436,963)</u> | <u>(1,272,823)</u> | <u>(1,124,618)</u> | <u>(1,175,171)</u> | <u>(1,113,627)</u> | <u>(968,584)</u> | <u>(952,996)</u> | <u>(982,131)</u> |
| Net change in total pension liability | 2,941,704 | 985,138 | 1,309,102 | 668,136 | 540,106 | 907,649 | 767,321 | 992,220 | 669,177 | 532,158 |
| Total pension liability - July 1 | <u>24,628,254</u> | <u>23,643,116</u> | <u>22,334,014</u> | <u>21,665,878</u> | <u>21,125,772</u> | <u>20,218,123</u> | <u>19,450,802</u> | <u>18,458,582</u> | <u>17,789,405</u> | <u>17,257,247</u> |
| Total pension liability - June 30 (a) | <u>\$ 27,569,958</u> | <u>\$ 24,628,254</u> | <u>\$ 23,643,116</u> | <u>\$ 22,334,014</u> | <u>\$ 21,665,878</u> | <u>\$ 21,125,772</u> | <u>\$ 20,218,123</u> | <u>\$ 19,450,802</u> | <u>\$ 18,458,582</u> | <u>\$ 17,789,405</u> |
| Plan fiduciary net position: | | | | | | | | | | |
| Contributions - employer | \$ 1,198,510 | \$ 1,166,480 | \$ 1,032,780 | \$ 968,500 | \$ 989,650 | \$ 939,773 | \$ 888,373 | \$ 904,253 | \$ 975,000 | \$ 969,323 |
| Contributions - member | 138,122 | 141,123 | 133,561 | 105,260 | 109,844 | 114,400 | 112,111 | 111,878 | 110,416 | 99,909 |
| Net investment income (loss) | 1,277,262 | (2,114,284) | 3,754,774 | 341,869 | 852,996 | 851,530 | 872,780 | (60,852) | 356,949 | 1,656,511 |
| Benefit payments, including refunds of member contributions | (1,589,941) | (1,443,418) | (1,436,963) | (1,272,823) | (1,124,618) | (1,175,171) | (1,113,627) | (968,584) | (952,996) | (982,131) |
| Administration expenses | <u>(12,138)</u> | <u>(9,662)</u> | <u>(8,900)</u> | <u>(5,914)</u> | <u>(2,259)</u> | <u>(3,011)</u> | <u>(3,011)</u> | <u>(1,211)</u> | <u>(351)</u> | <u>(122,889)</u> |
| Net change in plan fiduciary net position | 1,011,815 | (2,259,761) | 3,475,252 | 136,892 | 825,613 | 727,521 | 756,626 | (14,516) | 489,018 | 1,620,723 |
| Plan fiduciary net position - July 1 | <u>15,080,583</u> | <u>17,340,344</u> | <u>13,865,092</u> | <u>13,728,200</u> | <u>12,902,587</u> | <u>12,175,066</u> | <u>11,418,440</u> | <u>11,432,956</u> | <u>10,943,938</u> | <u>9,323,215</u> |
| Plan fiduciary net position - June 30 (b) | <u>\$ 16,092,398</u> | <u>\$ 15,080,583</u> | <u>\$ 17,340,344</u> | <u>\$ 13,865,092</u> | <u>\$ 13,728,200</u> | <u>\$ 12,902,587</u> | <u>\$ 12,175,066</u> | <u>\$ 11,418,440</u> | <u>\$ 11,432,956</u> | <u>\$ 10,943,938</u> |
| Net pension liability (asset) - June 30 (a)-(b) | <u>\$ 11,477,560</u> | <u>\$ 9,547,671</u> | <u>\$ 6,302,772</u> | <u>\$ 8,468,922</u> | <u>\$ 7,937,678</u> | <u>\$ 8,223,185</u> | <u>\$ 8,043,057</u> | <u>\$ 8,032,362</u> | <u>\$ 7,025,626</u> | <u>\$ 6,845,467</u> |
| Plan fiduciary net position as a percentage of the total pension liability | <u>58.37%</u> | <u>61.23%</u> | <u>73.34%</u> | <u>62.08%</u> | <u>63.36%</u> | <u>61.08%</u> | <u>60.22%</u> | <u>58.70%</u> | <u>61.94%</u> | <u>61.52%</u> |
| Covered payroll | <u>\$ 1,971,768</u> | <u>\$ 1,887,718</u> | <u>\$ 1,738,946</u> | <u>\$ 1,453,045</u> | <u>\$ 1,574,484</u> | <u>\$ 2,290,000</u> | <u>\$ 2,130,000</u> | <u>\$ 1,910,000</u> | <u>\$ 1,880,000</u> | <u>\$ 2,062,000</u> |
| Net pension liability as a percentage of covered payroll | <u>582.09%</u> | <u>505.78%</u> | <u>362.45%</u> | <u>582.84%</u> | <u>504.14%</u> | <u>359.09%</u> | <u>377.61%</u> | <u>420.54%</u> | <u>373.70%</u> | <u>331.98%</u> |
| <u>Schedule of Investment Returns</u> | | | | | | | | | | |
| Annual money weighted rate of return, net of investment expense | <u>8.21%</u> | <u>(11.89%)</u> | <u>26.39%</u> | <u>2.23%</u> | <u>6.67%</u> | <u>6.78%</u> | <u>7.44%</u> | <u>(0.51%)</u> | <u>3.28%</u> | <u>15.72%</u> |

Town of Clinton, Connecticut
Required Supplementary Information

Police Pension Plan
Schedule of Contributions
Last Ten Years

| | <u>2023</u> | <u>2022</u> | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> | <u>2014</u> |
|--|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Actuarially determined contributions | \$ 1,198,510 | \$ 1,166,480 | \$ 1,032,780 | \$ 968,500 | \$ 989,650 | \$ 939,773 | \$ 888,373 | \$ 904,253 | \$ 1,023,233 | \$ 969,323 |
| Contributions in relation to the actuarially determined contribution | <u>1,198,510</u> | <u>1,166,480</u> | <u>1,032,780</u> | <u>968,500</u> | <u>989,650</u> | <u>939,773</u> | <u>888,373</u> | <u>904,253</u> | <u>975,000</u> | <u>969,323</u> |
| Contribution excess (deficiency) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ (48,233)</u> | <u>\$ -</u> |
| Covered payroll | <u>\$ 1,971,768</u> | <u>\$ 1,887,718</u> | <u>\$ 1,738,946</u> | <u>\$ 1,453,045</u> | <u>\$ 1,574,484</u> | <u>\$ 2,290,000</u> | <u>\$ 2,130,000</u> | <u>\$ 1,880,000</u> | <u>\$ 1,880,000</u> | <u>\$ 2,062,000</u> |
| Contributions as a percentage of covered payroll | <u>60.78%</u> | <u>61.79%</u> | <u>59.39%</u> | <u>66.65%</u> | <u>62.86%</u> | <u>41.04%</u> | <u>41.71%</u> | <u>48.10%</u> | <u>51.86%</u> | <u>47.01%</u> |

Town of Clinton, Connecticut
Notes to Required Supplementary Information
Police Pension Plan
Schedule of Contributions
Last Ten Years

| | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
|---|---|---|---|--|--|--|--|--|--|--|
| Changes of benefit terms | None | None | None | None | None | None | None | None | None | None |
| The actuarially determined contribution rates are calculated as of | July 1, 2021 | July 1, 2020 | July 1, 2019 | July 1, 2018 | July 1, 2018 | July 1, 2017 | July 1, 2016 | July 1, 2014 | July 1, 2013 | July 1, 2013 |
| Actuarial methods and assumptions used to determine contribution rates: | | | | | | | | | | |
| Actuarial cost method | Projected unit credit | Projected unit credit | Projected unit credit | Projected unit credit | Projected unit credit | Projected unit credit | Projected unit credit | Projected unit credit | Projected unit credit | Projected unit credit |
| Amortization method | Level percent, open | Level percent, open | Level percent, open | Level percent, open | Level percent, open | Level percent, open | Level percent, open | Level percent, open | Level percent, open | Level percent, open |
| Asset valuation method | 5 year smoothing | 5 year smoothing | 5 year smoothing | 5 year smoothing | 5 year smoothing | 5 year smoothing | 5 year smoothing | 5 year smoothing | 5 year smoothing | 5 year smoothing |
| Inflation rate | 2.40% | 2.50% | 2.60% | 2.60% | 2.60% | 3.00% | 3.00% | 3.00% | 3.00% | 3.00% |
| Salary increases | 3.90% | 4.00% | 4.10% | 4.10% | 4.10% | 4.50% | 4.50% | 4.50% | 4.50% | 4.50% |
| Investment rate of return (net) | 7.00% | 7.15% | 7.25% | 7.35% | 7.35% | 7.45% | 7.60% | 7.60% | 7.90% | 7.90% |
| Cost of living adjustments | 0.00%-3.00% for bargaining participants, 4% for nonbargaining participants | 0.00%-3.00% for bargaining participants, 4% for nonbargaining participants | 0.00%-3.00% for bargaining participants, 4% for nonbargaining participants | 0.00%-3.00% for bargaining participants, 4% for nonbargaining participants | 0.00%-3.00% for bargaining participants, 4% for nonbargaining participants | 0.00%-3.00% for bargaining participants, 4% for nonbargaining participants | 0.00%-3.00% for bargaining participants, 4% for nonbargaining participants | 0.00%-3.00% for bargaining participants, 4% for nonbargaining participants | 0.00%-3.00% for bargaining participants, 4% for nonbargaining participants | 0.00%-3.00% for bargaining participants, 4% for nonbargaining participants |
| Mortality rate | RP-2014 Adjusted to 2006 Blue Collar Mortality Table projected to the valuation date with MP-2020 | RP-2014 Adjusted to 2006 Blue Collar Mortality Table projected to the valuation date with MP-2019 | RP-2014 Adjusted to 2006 Blue Collar Mortality Table projected to the valuation date with MP-2019 | RP-2000 Mortality Table projected to the valuation date with MP-2018 | RP-2000 Mortality Table projected to the valuation date with MP-2017 | RP-2000 Healthy Annuitant | RP-2000 Healthy Annuitant | RP-2000 Healthy Annuitant | RP-2000 Healthy Annuitant | RP-2000 Healthy Annuitant |

Town of Clinton, Connecticut

Required Supplementary Information

Education Noncertified Pension Plan
Last Ten Years

| | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
|--|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Schedule of Changes in Net Pension Liability and Related Ratios | | | | | | | | | | |
| Total pension liability: | | | | | | | | | | |
| Service cost | \$ 308,114 | \$ 279,185 | \$ 277,975 | \$ 249,985 | \$ 266,106 | \$ 268,759 | \$ 210,040 | \$ 207,198 | \$ 209,221 | \$ 203,970 |
| Interest | 521,762 | 552,847 | 533,830 | 505,619 | 574,316 | 538,295 | 495,999 | 479,608 | 463,913 | 420,324 |
| Differences between expected and actual experience | (27,387) | (780,270) | 61,126 | 55,796 | (264,680) | 83,394 | 233,092 | (114,655) | 105,599 | - |
| Changes in assumptions | (50,349) | - | - | 446,537 | (280,109) | - | - | - | - | - |
| Benefit payments, including refunds of member contributions | (529,076) | (587,832) | (575,538) | (1,119,711) | (303,317) | (440,753) | (348,066) | (559,329) | (112,752) | (112,021) |
| Net change in total pension liability | 223,064 | (536,070) | 297,393 | 138,226 | (7,684) | 449,695 | 591,065 | 12,822 | 665,981 | 512,273 |
| Total pension liability - July 1 | 7,979,374 | 8,515,444 | 8,218,051 | 8,079,825 | 8,087,509 | 7,637,814 | 7,046,749 | 7,033,927 | 6,367,946 | 5,855,673 |
| Total pension liability - June 30 (a) | <u>\$ 8,202,438</u> | <u>\$ 7,979,374</u> | <u>\$ 8,515,444</u> | <u>\$ 8,218,051</u> | <u>\$ 8,079,825</u> | <u>\$ 8,087,509</u> | <u>\$ 7,637,814</u> | <u>\$ 7,046,749</u> | <u>\$ 7,033,927</u> | <u>\$ 6,367,946</u> |
| Plan fiduciary net position: | | | | | | | | | | |
| Contributions - employer | \$ 450,114 | \$ 549,750 | \$ 491,221 | \$ 455,549 | \$ 475,883 | \$ 388,123 | \$ 343,307 | \$ 348,370 | \$ 330,777 | \$ 320,033 |
| Contributions - member | 33,702 | 33,821 | 30,829 | 30,077 | 33,289 | 36,012 | 35,515 | 34,712 | 34,457 | 25,247 |
| Net investment income (loss) | 710,101 | (1,073,216) | 1,581,555 | 183,643 | 631,785 | 305,061 | 445,752 | 55,529 | 50,464 | 326,477 |
| Benefit payments, including refunds of member contributions | (529,076) | (587,832) | (575,538) | (1,119,711) | (303,317) | (440,753) | (348,066) | (559,329) | (112,752) | (112,021) |
| Administration expenses | - | - | - | - | - | - | - | - | - | (26,488) |
| Net change in plan fiduciary net position | 664,841 | (1,077,477) | 1,528,067 | (450,442) | 837,640 | 288,443 | 476,508 | (120,718) | 302,946 | 533,248 |
| Plan fiduciary net position - July 1 | 6,493,457 | 7,570,934 | 6,042,867 | 6,493,309 | 5,655,669 | 5,367,226 | 4,890,718 | 5,011,436 | 4,708,490 | 4,175,242 |
| Plan fiduciary net position - June 30 (b) | <u>\$ 7,158,298</u> | <u>\$ 6,493,457</u> | <u>\$ 7,570,934</u> | <u>\$ 6,042,867</u> | <u>\$ 6,493,309</u> | <u>\$ 5,655,669</u> | <u>\$ 5,367,226</u> | <u>\$ 4,890,718</u> | <u>\$ 5,011,436</u> | <u>\$ 4,708,490</u> |
| Net pension liability - June 30 (a)-(b) | <u>\$ 1,044,140</u> | <u>\$ 1,485,917</u> | <u>\$ 944,510</u> | <u>\$ 2,175,184</u> | <u>\$ 1,586,516</u> | <u>\$ 2,431,840</u> | <u>\$ 2,270,588</u> | <u>\$ 2,156,031</u> | <u>\$ 2,022,491</u> | <u>\$ 1,659,456</u> |
| Plan fiduciary net position as a percentage of the total pension liability | 87.27% | 81.38% | 88.91% | 73.53% | 80.36% | 69.93% | 70.27% | 69.40% | 71.25% | 73.94% |
| Covered payroll | <u>\$ 2,909,002</u> | <u>\$ 2,960,742</u> | <u>\$ 2,828,743</u> | <u>\$ 3,097,677</u> | <u>\$ 3,254,796</u> | <u>\$ 2,635,586</u> | <u>\$ 2,479,191</u> | <u>\$ 2,521,878</u> | <u>\$ 2,441,982</u> | <u>\$ 2,540,000</u> |
| Net pension liability as a percentage of covered payroll | 35.89% | 50.19% | 33.39% | 70.22% | 48.74% | 92.27% | 91.59% | 85.49% | 82.82% | 65.33% |
| Schedule of Investment Returns | | | | | | | | | | |
| Annual money weighted rate of return, net of investment expense | 11.41% | (14.16%) | 26.11% | 3.05% | 10.92% | 5.61% | 8.91% | 1.11% | 1.02% | 6.75% |

Town of Clinton, Connecticut
Required Supplementary Information
Education Noncertified Pension Plan
Schedule of Contributions
Last Ten Years

| | <u>2023</u> | <u>2022</u> | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> | <u>2014</u> |
|--|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Actuarially determined contributions | \$ 450,114 | \$ 549,750 | \$ 491,221 | \$ 455,549 | \$ 475,883 | \$ 388,123 | \$ 343,307 | \$ 348,370 | \$ 330,777 | \$ 320,033 |
| Contributions in relation to the actuarially determined contribution | <u>450,114</u> | <u>549,750</u> | <u>491,221</u> | <u>455,549</u> | <u>475,883</u> | <u>388,123</u> | <u>343,307</u> | <u>348,370</u> | <u>330,777</u> | <u>320,033</u> |
| Contribution excess (deficiency) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| Covered payroll | <u>\$ 2,909,002</u> | <u>\$ 2,960,742</u> | <u>\$ 2,828,743</u> | <u>\$ 3,097,677</u> | <u>\$ 3,254,796</u> | <u>\$ 2,635,586</u> | <u>\$ 2,479,191</u> | <u>\$ 2,521,878</u> | <u>\$ 2,441,982</u> | <u>\$ 2,539,661</u> |
| Contributions as a percentage of covered payroll | <u>15.47%</u> | <u>18.57%</u> | <u>17.37%</u> | <u>14.71%</u> | <u>14.62%</u> | <u>14.73%</u> | <u>13.85%</u> | <u>13.81%</u> | <u>13.55%</u> | <u>12.60%</u> |

Town of Clinton, Connecticut
Notes to Required Supplementary Information
Education Noncertified Pension Plan
Schedule of Contributions
Last Ten Years

| | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
|---|---|---|--|--|--|--|--|--|--|---------------------------|
| Changes of benefit terms | None | None | None | None | None | None | None | None | None | None |
| The actuarially determined contribution rates are calculated as of | July 1, 2021 | July 1, 2020 | July 1, 2019 | July 1, 2018 | July 1, 2018 | July 1, 2016 | July 1, 2016 | July 1, 2015 | July 1, 2014 | July 1, 2012 |
| Actuarial methods and assumptions used to determine contribution rates: | | | | | | | | | | |
| Actuarial cost method | Entry age normal | Entry age normal | Entry age normal | Entry age normal | Entry age normal | Entry age normal | Entry age normal | Entry age normal | Entry age normal | Entry age normal |
| Amortization method | Level percent, closed | Level percent, closed | Level percent, closed | Level percent, closed | Level percent, closed | Level percent, closed | Level percent, closed | Level percent, closed | Level percent, closed | Level percent, closed |
| Asset valuation method | 5 year smoothing | 5 year smoothing | 5 year smoothing | 5 year smoothing | 5 year smoothing | 5 year smoothing | 5 year smoothing | 5 year smoothing | 5 year smoothing | 5 year smoothing |
| Inflation rate | 2.75% | 2.75% | 2.75% | 2.75% | 2.75% | 2.75% | 2.75% | 2.75% | 2.75% | 2.75% |
| Salary increases | 4.00% | 4.00% | 4.00% | 4.00% | 4.00% | 4.00% | 4.00% | 4.00% | 4.00% | 4.00% |
| Investment rate of return (net) | 6.50% | 6.50% | 6.50% | 6.50% | 6.50% | 7.00% | 7.00% | 7.00% | 7.00% | 7.00% |
| Mortality rate | PubG-2010 Mortality Table with generational projection per the MP-2021 Ultimate scale | PubG-2010 Mortality Table with generational projection per the MP-2014 Ultimate scale | PubG-2010 Mortality Table with generational projection per the MP-Ultimate scale | RP-2000 Combined Healthy Mortality Table with generational projection per Scale AA | RP-2000 Combined Healthy Mortality Table with generational projection per Scale AA | RP-2000 Combined Healthy Mortality Table with generational projection per Scale AA | RP-2000 Combined Healthy Mortality Table with generational projection per Scale AA | RP-2000 Combined Healthy Mortality Table with generational projection per Scale AA | RP-2000 Combined Healthy Mortality Table with generational projection per Scale AA | RP-2000 Healthy Annuitant |

Town of Clinton, Connecticut
Required Supplementary Information
Volunteer Firefighters' Pension Plan
Last Seven Years (1)

| | <u>2023</u> | <u>2022</u> | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> |
|---|--------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| <u>Schedule of Changes in Net Pension Liability and Related Ratios</u> | | | | | | | |
| Total pension liability: | | | | | | | |
| Service cost | \$ 8,743 | \$ 8,538 | \$ 12,859 | \$ 12,582 | \$ 12,107 | \$ 11,817 | \$ 11,501 |
| Interest | 62,460 | 61,840 | 64,734 | 63,568 | 64,161 | 62,440 | 60,417 |
| Differences between expected and actual experience | 29,276 | - | (39,949) | - | (29,183) | - | - |
| Changes in assumptions | 51,505 | - | 21,044 | - | 32,383 | - | - |
| Benefit payments, including refunds of member contributions | <u>(59,600)</u> | <u>(62,400)</u> | <u>(61,600)</u> | <u>(56,800)</u> | <u>(52,800)</u> | <u>(47,200)</u> | <u>(39,600)</u> |
| Net change in total pension liability | 92,384 | 7,978 | (2,912) | 19,350 | 26,668 | 27,057 | 32,318 |
| Total pension liability - July 1 | <u>981,525</u> | <u>973,547</u> | <u>976,459</u> | <u>957,109</u> | <u>930,441</u> | <u>903,384</u> | <u>871,066</u> |
| Total pension liability - June 30 (a) | <u>\$1,073,909</u> | <u>\$ 981,525</u> | <u>\$ 973,547</u> | <u>\$ 976,459</u> | <u>\$ 957,109</u> | <u>\$ 930,441</u> | <u>\$ 903,384</u> |
| Plan fiduciary net position: | | | | | | | |
| Contributions - employer | \$ 72,593 | \$ 72,388 | \$ 78,002 | \$ 77,675 | \$ 77,746 | \$ 77,421 | \$ 77,105 |
| Net investment income (loss) | 17,770 | (19,757) | 34,943 | 1,902 | 3,765 | 3,578 | - |
| Benefit payments, including refunds of member contributions | <u>(59,600)</u> | <u>(62,400)</u> | <u>(61,600)</u> | <u>(56,800)</u> | <u>(52,800)</u> | <u>(47,200)</u> | <u>(39,600)</u> |
| Net change in plan fiduciary net position | 30,763 | (9,769) | 51,345 | 22,777 | 28,711 | 33,799 | 37,505 |
| Plan fiduciary net position - July 1 | <u>164,368</u> | <u>174,137</u> | <u>122,792</u> | <u>100,015</u> | <u>71,304</u> | <u>37,505</u> | <u>-</u> |
| Plan fiduciary net position - June 30 (b) | <u>\$ 195,131</u> | <u>\$ 164,368</u> | <u>\$ 174,137</u> | <u>\$ 122,792</u> | <u>\$ 100,015</u> | <u>\$ 71,304</u> | <u>\$ 37,505</u> |
| Net pension liability - June 30 (a)-(b) | <u>\$ 878,778</u> | <u>\$ 817,157</u> | <u>\$ 799,410</u> | <u>\$ 853,667</u> | <u>\$ 857,094</u> | <u>\$ 859,137</u> | <u>\$ 865,879</u> |
| Plan fiduciary net position as a percentage of the total pension liability | <u>18.17%</u> | <u>16.75%</u> | <u>17.89%</u> | <u>12.58%</u> | <u>10.45%</u> | <u>7.66%</u> | <u>4.15%</u> |
| Covered payroll | <u>N/A</u> | <u>N/A</u> | <u>N/A</u> | <u>N/A</u> | <u>N/A</u> | <u>N/A</u> | <u>N/A</u> |
| Net pension liability as a percentage of covered payroll | <u>N/A</u> | <u>N/A</u> | <u>N/A</u> | <u>N/A</u> | <u>N/A</u> | <u>N/A</u> | <u>N/A</u> |
| <u>Schedule of Investment Returns</u> | | | | | | | |
| Annual money weighted rate of return, net of investment expense | <u>8.75%</u> | <u>(9.33%)</u> | <u>20.95%</u> | <u>1.31%</u> | <u>5.17%</u> | <u>4.77%</u> | <u>0.00%</u> |

(1) These schedules are intended to present information for 10 years. The Plan was established July 1, 2016. Additional years will be presented as they become available.

N/A - Not applicable, all participants are volunteers

Town of Clinton, Connecticut
Required Supplementary Information
Volunteer Firefighters' Pension Plan
Schedule of Contributions
Last Seven Years (1)

| | <u>2023</u> | <u>2022</u> | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> |
|--|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Actuarially determined contributions | \$ 72,593 | \$ 72,388 | \$ 78,002 | \$ 77,675 | \$ 77,746 | \$ 77,421 | \$ 77,105 |
| Contributions in relation to the actuarially determined contribution | <u>72,593</u> | <u>72,388</u> | <u>78,002</u> | <u>77,675</u> | <u>77,746</u> | <u>77,421</u> | <u>77,105</u> |
| Contribution excess (deficiency) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| Covered payroll | <u>N/A</u> | <u>N/A</u> | <u>N/A</u> | <u>N/A</u> | <u>N/A</u> | <u>N/A</u> | <u>N/A</u> |
| Contributions as a percentage of covered payroll | <u>N/A</u> | <u>N/A</u> | <u>N/A</u> | <u>N/A</u> | <u>N/A</u> | <u>N/A</u> | <u>N/A</u> |

(1) These schedules are intended to present information for 10 years. The Plan was established July 1, 2016. Additional years will be presented as they become available.

N/A - Not applicable, all participants are volunteers

Town of Clinton, Connecticut

Notes to Required Supplementary Information

Volunteer Firefighters' Pension Plan
Schedule of Contributions
Last Seven Years (1)

| | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 |
|---|---|---|---|---|---|---|---|
| Changes of benefit terms | None | None | None | None | None | None | None |
| The actuarially determined contribution rates are calculated as of | July 1, 2020 | July 1, 2020 | July 1, 2018 | July 1, 2018 | July 1, 2017 | July 1, 2017 | July 1, 2016 |
| Actuarial methods and assumptions used to determine contribution rates: | | | | | | | |
| Actuarial cost method | Entry age normal | Entry age normal | Entry age normal | Entry age normal | Entry age normal | Entry age normal | Entry age normal |
| Amortization method | Level percent, closed | Level percent, closed | Level percent, closed | Level percent, closed | Level percent, closed | Level percent, closed | Level percent, closed |
| Asset valuation method | Fair value | Fair value | Fair value | Fair value | Fair value | Fair value | Fair value |
| Inflation rate | 2.40% | 2.40% | 2.60% | 2.60% | 2.75% | 2.75% | 2.75% |
| Investment rate of return (net) | 6.50% | 6.50% | 6.75% | 6.75% | 7.00% | 7.00% | 7.00% |
| Mortality rate | RP-2014 Adjusted to 2006 Blue Collar Mortality Table projected to valuation date with Scale MP-2020 | RP-2014 Adjusted to 2006 Blue Collar Mortality Table projected to valuation date with Scale MP-2020 | RP-2014 Adjusted to 2006 Blue Collar Mortality Table projected to valuation date with Scale MP-2018 | RP-2014 Adjusted to 2006 Blue Collar Mortality Table projected to valuation date with Scale MP-2018 | RP-2000 Healthy Annuitant Mortality Table with adjustments for mortality improvements based on Scale AA | RP-2000 Healthy Annuitant Mortality Table with adjustments for mortality improvements based on Scale AA | RP-2000 Healthy Annuitant Mortality Table with adjustments for mortality improvements based on Scale AA |

(1) These schedules are intended to present information for 10 years. The Plan was established July 1, 2016. Additional years will be presented as they become available.

Town of Clinton, Connecticut

Required Supplementary Information

Connecticut Municipal Employees' Retirement System
General Employees With Social Security Sub Plan
Last Nine Years (1)

| | <u>2023</u> | <u>2022</u> | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| <u>Schedule of Proportionate Share of the Collective Net Pension Liability</u> | | | | | | | | | |
| Town's proportion of the collective net pension liability | <u>1.222101%</u> | <u>1.203034%</u> | <u>1.244084%</u> | <u>1.263303%</u> | <u>1.145480%</u> | <u>1.274280%</u> | <u>1.274280%</u> | <u>1.209329%</u> | <u>1.209329%</u> |
| Town's proportionate share of the collective net pension liability | <u>\$ 5,494,612</u> | <u>\$ 2,847,299</u> | <u>\$ 4,885,544</u> | <u>\$ 4,662,615</u> | <u>\$ 4,380,989</u> | <u>\$ 2,106,396</u> | <u>\$ 2,501,124</u> | <u>\$ 1,655,702</u> | <u>\$ 1,224,011</u> |
| Town's covered payroll | <u>\$ 3,442,556</u> | <u>\$ 3,257,602</u> | <u>\$ 3,186,113</u> | <u>\$ 3,247,597</u> | <u>\$ 3,224,309</u> | <u>\$ 3,033,381</u> | <u>\$ 3,033,381</u> | <u>\$ 2,923,589</u> | <u>\$ 2,923,589</u> |
| Town's proportionate share of the collective net pension liability as a percentage of its covered payroll | <u>159.61%</u> | <u>87.40%</u> | <u>153.34%</u> | <u>143.57%</u> | <u>135.87%</u> | <u>69.44%</u> | <u>82.45%</u> | <u>56.63%</u> | <u>41.87%</u> |
| Total plan fiduciary net position as a percentage of the collective total pension liability | <u>68.71%</u> | <u>82.59%</u> | <u>71.18%</u> | <u>72.69%</u> | <u>73.60%</u> | <u>91.68%</u> | <u>88.29%</u> | <u>92.72%</u> | <u>90.48%</u> |
| <u>Schedule of Contributions</u> | | | | | | | | | |
| Contractually required contribution | <u>\$ 453,955</u> | <u>\$ 441,012</u> | <u>\$ 395,324</u> | <u>\$ 420,481</u> | <u>\$ 422,399</u> | <u>\$ 427,538</u> | <u>\$ 404,001</u> | <u>\$ 350,246</u> | <u>\$ 396,915</u> |
| Contributions in relation to the contractually required contribution | <u>453,955</u> | <u>441,012</u> | <u>395,324</u> | <u>420,481</u> | <u>422,399</u> | <u>427,538</u> | <u>404,001</u> | <u>350,246</u> | <u>396,915</u> |
| Contribution deficiency (excess) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| Town's covered payroll | <u>\$ 2,586,638</u> | <u>\$ 2,682,555</u> | <u>\$ 2,644,308</u> | <u>\$ 2,956,969</u> | <u>\$ 3,597,947</u> | <u>\$ 3,641,721</u> | <u>\$ 3,550,097</u> | <u>\$ 3,077,733</u> | <u>\$ 3,313,147</u> |
| Contributions as a percentage of covered payroll | <u>17.55%</u> | <u>16.44%</u> | <u>14.95%</u> | <u>14.22%</u> | <u>11.74%</u> | <u>11.74%</u> | <u>11.38%</u> | <u>11.38%</u> | <u>11.98%</u> |

(1) This schedule is intended to present information for 10 years. Additional years will be presented as the information becomes available.

Town of Clinton, Connecticut

Notes to Required Supplementary Information

Connecticut Municipal Employees' Retirement System
Schedule of Contributions
Last Nine Years (1)

| | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | |
|---|---|---|---|---|---|---|---|---|--|--|
| Changes of benefit terms | None | None | None | None | None | None | None | None | None | |
| The actuarially determined contribution rates are calculated as of | June 30, 2021 | June 30, 2020 | June 30, 2019 | June 30, 2018 | June 30, 2016 | June 30, 2016 | June 30, 2014 | June 30, 2014 | June 30, 2014 | |
| Actuarial methods and assumptions used to determine contribution rates: | | | | | | | | | | |
| Actuarial cost method | Entry age | Entry age | Entry age | Entry age | Entry age | Entry age | Entry age | Entry age | Entry age | |
| Amortization method | Level dollar, closed | Level dollar, closed | Level dollar, closed | Level dollar, closed | Level dollar, closed | Level dollar, closed | Level dollar, closed | Level dollar, closed | Level dollar, closed | |
| Remaining amortization period | 18 years | 19 years | 20 years | 21 years | 23 years | 23 years | 25 years | 25 years | 27 years | |
| Asset valuation method | 5 year smoothing | 5 year smoothing | 5 year smoothing | 5 year smoothing | 5 year smoothing | 5 year smoothing | 5 year smoothing | 5 year smoothing | 5 year smoothing | |
| Inflation rate | 2.50% | 2.50% | 2.50% | 2.50% | 3.25% | 3.25% | 3.25% | 3.25% | 3.25% | |
| Salary increases | 3.50%-10.00%, average, including inflation | 3.50%-10.00%, average, including inflation | 3.50%-10.00%, average, including inflation | 3.50%-10.00%, average, including inflation | 4.25%-11.00%, average, including inflation | 4.25%-11.00%, average, including inflation | 4.25%-11.00%, average, including inflation | 4.25%-11.00%, average, including inflation | 4.50%-11.25%, average, including inflation | |
| Cost-of-living adjustments | After January 1, 2002, 2.5% minimum Prior to January 1, 2002, 2.5% up to age 65, 3.25% afterwards | After January 1, 2002, 2.5% minimum Prior to January 1, 2002, 2.5% up to age 65, 3.25% afterwards | After January 1, 2002, 2.5% minimum Prior to January 1, 2002, 2.5% up to age 65, 3.25% afterwards | After January 1, 2002, 2.5% minimum Prior to January 1, 2002, 2.5% up to age 65, 3.25% afterwards | After January 1, 2002, 2.5% minimum Prior to January 1, 2002, 2.5% up to age 65, 3.25% afterwards | After January 1, 2002, 2.5% minimum Prior to January 1, 2002, 2.5% up to age 65, 3.25% afterwards | After January 1, 2002, 2.5% minimum Prior to January 1, 2002, 2.5% up to age 65, 3.25% afterwards | After January 1, 2002, 2.5% minimum Prior to January 1, 2002, 2.5% up to age 65, 3.25% afterwards | After January 1, 2002, 2.5% minimum Prior to January 1, 2002, 2.5% up to age 65, 3.25% afterwards | After January 1, 2002, 2.5% minimum Prior to January 1, 2002, 2.5% up to age 65, 3.25% afterwards |
| Social security wage base | 3.00% | 3.00% | 3.00% | 3.00% | 3.50% | 3.50% | 3.50% | 3.50% | 3.50% | |
| Investment rate of return (net) | 7.00% | 7.00% | 7.00% | 7.00% | 8.00% | 8.00% | 8.00% | 8.00% | 8.00% | |
| Mortality rate | General Employees: RP-2014 Combined Mortality Table adjusted to 2006 and projected to 2015 with Scale MP-2017 and projected to 2022 with Scale BB Police and Fire: RP-2014 Blue Collar Mortality Table adjusted to 2006 projected to 2015 with Scale MP-2017 and projected to 2022 with Scale BB | General Employees: RP-2014 Combined Mortality Table adjusted to 2006 and projected to 2015 with Scale MP-2017 and projected to 2022 with Scale BB Police and Fire: RP-2014 Blue Collar Mortality Table adjusted to 2006 projected to 2015 with Scale MP-2017 and projected to 2022 with Scale BB | General Employees: RP-2014 Combined Mortality Table adjusted to 2006 and projected to 2015 with Scale MP-2017 and projected to 2022 with Scale BB Police and Fire: RP-2014 Blue Collar Mortality Table adjusted to 2006 projected to 2015 with Scale MP-2017 and projected to 2022 with Scale BB | General Employees: RP-2014 Combined Mortality Table adjusted to 2006 and projected to 2015 with Scale MP-2017 and projected to 2022 with Scale BB Police and Fire: RP-2014 Blue Collar Mortality Table adjusted to 2006 projected to 2015 with Scale MP-2017 and projected to 2022 with Scale BB | RP-2000 Combined Mortality Table projected 19 years using scale AA, with a two year setback for males and females for the period after service retirement and for dependent beneficiaries | RP-2000 Combined Mortality Table projected 19 years using scale AA, with a two year setback for males and females for the period after service retirement and for dependent beneficiaries | RP-2000 Combined Mortality Table projected 19 years using scale AA, with a two year setback for males and females for the period after service retirement and for dependent beneficiaries | RP-2000 Combined Mortality Table projected 19 years using scale AA, with a two year setback for males and females for the period after service retirement and for dependent beneficiaries | RP-2000 Combined Mortality Table set forward one year for males and set back one year for females | |

(1) This schedule is intended to present information for 10 years. Additional years will be presented as the information becomes available.

Town of Clinton, Connecticut

Required Supplementary Information

Connecticut State Teachers' Retirement System
Last Nine Years (3)

| | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| Schedule of Proportionate Share of the Collective Net Pension Liability | | | | | | | | | |
| 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% |
| Town's proportionate share of the collective net pension liability | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| State of Connecticut's proportionate share of the collective net pension liability associated with the Town | 67,955,062 | 54,520,415 | 68,838,171 | 66,603,926 | 51,355,496 | 54,241,013 | 57,224,684 | 44,023,030 | 40,690,469 |
| Total | \$ 67,955,062 | \$ 54,520,415 | \$ 68,838,171 | \$ 66,603,926 | \$ 51,355,496 | \$ 54,241,013 | \$ 57,224,684 | \$ 44,023,030 | \$ 40,690,469 |
| Town's covered payroll | (2) | (2) | (2) | (2) | (2) | (2) | (2) | (2) | (2) |
| Town's proportionate share of the collective net pension liability as a percentage of its covered payroll | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| Plan fiduciary net position as a percentage of the collective total pension liability | 54.06% | 60.77% | 49.24% | 52.00% | 57.69% | 55.93% | 52.26% | 59.50% | 61.51% |

Schedule of Contributions

| | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
|--|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| Contractually required contribution (1) | - | - | - | - | - | - | - | - | - |
| Contributions in relation to the contractually required contribution | - | - | - | - | - | - | - | - | - |
| Contribution deficiency (excess) | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Town's covered payroll | (2) | (2) | (2) | (2) | (2) | (2) | (2) | (2) | (2) |
| Contributions as a percentage of covered payroll | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |

- (1) Local employers are not required to contribute to the plan
- (2) Not applicable since 0% proportional share of the collective net pension liability
- (3) These schedules are intended to present information for 10 years. Additional years will be presented as they become available.

Town of Clinton, Connecticut

Notes to Required Supplementary Information

Connecticut State Teachers' Retirement System
Schedule of Contributions
Last Nine Years (1)

| | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
|---|--|--|--|--|---|--|--|--|--|
| Changes of benefit terms | None | None | None | None | Beginning January 1, 2018, member contributions increased from 6.00% to 7.00% of salary | None | None | None | None |
| The actuarially determined contribution rates are calculated as of | June 30, 2020 | June 30, 2020 | June 30, 2018 | June 30, 2018 | June 30, 2016 | June 30, 2016 | June 30, 2014 | June 30, 2014 | June 30, 2012 |
| Actuarial methods and assumptions used to determine contribution rates: | | | | | | | | | |
| Actuarial cost method | Entry age | Entry age | Entry age | Entry age | Entry age | Entry age | Entry age | Entry age | Entry age |
| Amortization method | Level percent of salary, closed, grading to a level dollar | Level percent of salary, closed, grading to a level dollar | Level percent of salary, closed, grading to a level dollar | Level percent of salary, closed, grading to a level dollar | Level percent of salary, closed | Level percent of salary, closed | Level percent of salary, closed | Level percent of salary, closed | Level percent of salary, closed |
| Remaining amortization period | 27.8 years | 27.8 years | 30 years | 30 years | 20.4 years | 20.4 years | 21.4 years | 21.4 years | 22.4 years |
| Asset valuation method | 4 year smoothing | 4 year smoothing | 4 year smoothing | 4 year smoothing | 4 year smoothing | 4 year smoothing | 4 year smoothing | 4 year smoothing | 4 year smoothing |
| Inflation rate | 2.50% | 2.50% | 2.50% | 2.50% | 2.75% | 2.75% | 3.00% | 3.00% | 3.00% |
| Salary increases | 3.00%-6.50%, average, including inflation | 3.00%-6.50%, average, including inflation | 3.25%-6.50%, average, including inflation | 3.25%-6.50%, average, including inflation | 3.25%-6.50%, average, including inflation | 3.25%-6.50%, average, including inflation | 3.75%-7.00%, average, including inflation | 3.75%-7.00%, average, including inflation | 3.75%-7.00%, average, including inflation |
| Cost-of-living adjustments | 1.75%-3.00% based on retirement date | 1.75%-3.00% based on retirement date | 1.75%-3.00% based on retirement date | 1.75%-3.00% based on retirement date | 1.75%-3.00% based on retirement date | 1.75%-3.00% based on retirement date | 2.00%-3.00% based on retirement date | 2.00%-3.00% based on retirement date | 2.00%-3.00% based on retirement date |
| Investment rate of return (net) | 6.90% | 6.90% | 6.90% | 6.90% | 8.00% | 8.00% | 8.50% | 8.50% | 8.50% |
| Mortality rate | PubT-2010 Table projected generationally with MP-2019 | PubT-2010 Table projected generationally with MP-2019 | RP-2014 White Collar table projected to the year 2020 using the BB improvement scale | RP-2014 White Collar table projected to the year 2020 using the BB improvement scale | RP-2014 White Collar table projected to the year 2020 using the BB improvement scale | RP-2014 White Collar table projected to the year 2020 using the BB improvement scale | RP-2000 Combined Mortality Table projected 19 years using scale AA | RP-2000 Combined Mortality Table projected 19 years using scale AA | RP-2000 Combined Mortality Table projected 19 years using scale AA |

(1) This schedule is intended to present information for 10 years. Additional years will be presented as they become available.

Town of Clinton, Connecticut
Town Other Post-Employment Benefit (OPEB) Plan
Last Seven Years (1)

| | <u>2023</u> | <u>2022</u> | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> |
|--|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| <u>Schedule of Changes in Net OPEB Liability and Related Ratios</u> | | | | | | | |
| Total OPEB liability: | | | | | | | |
| Service cost | \$ 70,274 | \$ 88,958 | \$ 67,308 | \$ 49,276 | \$ 53,141 | \$ 58,178 | \$ 51,515 |
| Interest | 89,305 | 63,238 | 69,314 | 95,744 | 83,526 | 83,315 | 90,271 |
| Differences between expected and actual experience | (656,485) | (2,165) | (179,278) | 30,740 | 515,048 | 66,970 | 9,178 |
| Changes in assumptions | 114,261 | (401,531) | 589 | 416,649 | 132,667 | (176,655) | 59,221 |
| Benefit payments, including refunds of member contributions | <u>(93,119)</u> | <u>(176,257)</u> | <u>(200,145)</u> | <u>(202,808)</u> | <u>(219,012)</u> | <u>(173,005)</u> | <u>(111,055)</u> |
| Net change in total OPEB liability | (475,764) | (427,757) | (242,212) | 389,601 | 565,370 | (141,197) | 99,130 |
| Total OPEB liability - July 1 | <u>2,498,623</u> | <u>2,926,380</u> | <u>3,168,592</u> | <u>2,778,991</u> | <u>2,213,621</u> | <u>2,354,818</u> | <u>2,255,688</u> |
| Total OPEB liability - June 30 (a) | <u>\$ 2,022,859</u> | <u>\$ 2,498,623</u> | <u>\$ 2,926,380</u> | <u>\$ 3,168,592</u> | <u>\$ 2,778,991</u> | <u>\$ 2,213,621</u> | <u>\$ 2,354,818</u> |
| Plan fiduciary net position: | | | | | | | |
| Contributions - employer | \$ 93,119 | \$ 182,257 | \$ 200,145 | \$ 202,808 | \$ 219,012 | \$ 173,005 | \$ 141,055 |
| Net investment income (loss) | 4,733 | (6,440) | 10,006 | (31) | 483 | 1,555 | 313 |
| Benefit payments, including refunds of member contributions | (93,119) | (176,257) | (200,145) | (202,808) | (219,012) | (173,005) | (111,055) |
| Administration expenses | <u>(1,816)</u> | <u>(1,613)</u> | <u>(1,595)</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Net change in plan fiduciary net position | 2,917 | (2,053) | 8,411 | (31) | 483 | 1,555 | 30,313 |
| Plan fiduciary net position - July 1 | <u>38,678</u> | <u>40,731</u> | <u>32,320</u> | <u>32,351</u> | <u>31,868</u> | <u>30,313</u> | <u>-</u> |
| Plan fiduciary net position - June 30 (b) | <u>\$ 41,595</u> | <u>\$ 38,678</u> | <u>\$ 40,731</u> | <u>\$ 32,320</u> | <u>\$ 32,351</u> | <u>\$ 31,868</u> | <u>\$ 30,313</u> |
| Net OPEB liability - June 30 (a)-(b) | <u>\$ 1,981,264</u> | <u>\$ 2,459,945</u> | <u>\$ 2,885,649</u> | <u>\$ 3,136,272</u> | <u>\$ 2,746,640</u> | <u>\$ 2,181,753</u> | <u>\$ 2,324,505</u> |
| Plan fiduciary net position as a percentage of the total OPEB liability | <u>2.06%</u> | <u>1.55%</u> | <u>1.39%</u> | <u>1.02%</u> | <u>1.16%</u> | <u>1.44%</u> | <u>1.29%</u> |
| Covered payroll | <u>\$ 4,918,751</u> | <u>\$ 5,315,792</u> | <u>\$ 5,186,139</u> | <u>\$ 5,561,843</u> | <u>\$ 5,420,900</u> | <u>\$ 6,145,312</u> | <u>\$ 5,989,583</u> |
| Net OPEB liability as a percentage of covered payroll | <u>40.28%</u> | <u>46.28%</u> | <u>55.64%</u> | <u>56.39%</u> | <u>50.67%</u> | <u>35.50%</u> | <u>38.81%</u> |

Schedule of Investment Returns

| | | | | | | | |
|---|--------------|-----------------|---------------|----------------|--------------|--------------|--------------|
| Annual money weighted rate of return, net of investment expense | <u>8.39%</u> | <u>(27.38%)</u> | <u>26.92%</u> | <u>(0.10%)</u> | <u>1.51%</u> | <u>5.13%</u> | <u>1.04%</u> |
|---|--------------|-----------------|---------------|----------------|--------------|--------------|--------------|

(1) These schedules are intended to present information for 10 years. The plan was established July 1, 2016. Additional years will be presented as they become available.

Town of Clinton, Connecticut

Required Supplementary Information

Town Other Post-Employment Benefit (OPEB) Plan
Schedule of Contributions
Last Ten Years

| | <u>2023</u> | <u>2022</u> | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> | <u>2014</u> | <u>2013</u> |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Actuarially determined contributions | \$ 200,800 | \$ 198,000 | \$ 203,300 | \$ 201,100 | \$ 185,800 | \$ 184,200 | \$ 174,500 | \$ 172,700 | \$ 179,500 | \$ 177,600 | \$ 173,400 |
| Contributions in relation to the actuarially determined contribution | <u>93,119</u> | <u>182,257</u> | <u>200,145</u> | <u>202,808</u> | <u>219,012</u> | <u>173,005</u> | <u>141,055</u> | <u>104,300</u> | <u>92,000</u> | <u>70,200</u> | <u>98,700</u> |
| Contribution excess (deficiency) | <u>\$ (107,681)</u> | <u>\$ (15,743)</u> | <u>\$ (3,155)</u> | <u>\$ 1,708</u> | <u>\$ 33,212</u> | <u>\$ (11,195)</u> | <u>\$ (33,445)</u> | <u>\$ (68,400)</u> | <u>\$ (87,500)</u> | <u>\$ (107,400)</u> | <u>\$ (74,700)</u> |
| Covered payroll | <u>\$ 4,918,751</u> | <u>\$ 5,315,792</u> | <u>\$ 5,186,139</u> | <u>\$ 5,561,843</u> | <u>\$ 5,420,900</u> | <u>\$ 6,145,312</u> | <u>\$ 5,989,583</u> | <u>\$ 4,963,900</u> | <u>\$ 4,963,900</u> | <u>\$ 5,138,900</u> | <u>\$ 5,138,900</u> |
| Contributions as a percentage of covered payroll | <u>1.89%</u> | <u>3.43%</u> | <u>3.86%</u> | <u>3.65%</u> | <u>4.04%</u> | <u>2.82%</u> | <u>2.36%</u> | <u>2.10%</u> | <u>1.85%</u> | <u>1.37%</u> | <u>1.92%</u> |

Town of Clinton, Connecticut

Notes to Required Supplementary Information

Town Other Post-Employment Benefit (OPEB) Plan
Schedule of Contributions
Last Ten Years

| | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
|---|---|---|---|---|---|---|---|---|-----------------------|-----------------------|
| Changes of benefit terms | None | None | None | None | None | None | None | None | None | None |
| The actuarially determined contribution rates are calculated as of | July 1, 2020 | July 1, 2020 | July 1, 2018 | July 1, 2018 | July 1, 2016 | July 1, 2016 | July 1, 2014 | July 1, 2014 | July 1, 2012 | July 1, 2012 |
| Actuarial methods and assumptions used to determine contribution rates: | | | | | | | | | | |
| Actuarial cost method | Entry age normal | Entry age normal | Entry age normal | Entry age normal | Entry age normal | Entry age normal | Entry age normal | Projected unit credit | Projected unit credit | Projected unit credit |
| Amortization method | Level dollar, open | Level dollar, open | Level dollar, open | Level dollar, open | Level dollar, open | Level dollar, open | Level dollar, open | Level dollar, open | Level dollar, open | Level dollar, open |
| Asset valuation method | Fair value | Fair value | Fair value | Fair value | Fair value | Fair value | Fair value | N/A | N/A | N/A |
| Inflation rate | 2.50% | 2.50% | 2.60% | 2.60% | 2.60% | 2.60% | 2.60% | 2.60% | 2.60% | 2.60% |
| Salary increases | 2.50% | 2.50% | 2.60% | 2.60% | 2.60% | 2.60% | 2.60% | 2.60% | 2.60% | 2.60% |
| Healthcare inflation rate | Initial 7.00% decreasing to 4.50% (ultimate) by 2025 | Initial 7.00% decreasing to 4.50% (ultimate) by 2025 | Initial 7.60% decreasing to 4.60% (ultimate) by 2024 | Initial 7.60% decreasing to 4.60% (ultimate) by 2024 | Initial 7.60% decreasing to 4.60% (ultimate) by 2024 | Initial 7.50% decreasing to 4.60% (ultimate) by 2022 | Initial 7.50% decreasing to 4.60% (ultimate) by 2022 | N/A | N/A | N/A |
| Investment rate of return (net) | 4.00% | 4.00% | 3.87% | 3.87% | 3.87% | 3.58% | 3.58% | 4.00% | 4.00% | 4.00% |
| Mortality rate | RP- 2014 Adjusted to 2006 Blue Collar Mortality Table projected to valuated date with Scale MP-2020 | RP- 2014 Adjusted to 2006 Blue Collar Mortality Table projected to valuated date with Scale MP-2020 | RP- 2014 Adjusted to 2006 Blue Collar Mortality Table projected to valuated date with Scale MP-2017 | RP- 2014 Adjusted to 2006 Blue Collar Mortality Table projected to valuated date with Scale MP-2017 | RP- 2014 Adjusted to 2006 Blue Collar Mortality Table projected to valuated date with Scale MP-2017 | RP- 2014 Adjusted to 2006 Blue Collar Mortality Table projected to valuated date with Scale MP-2017 | RP- 2014 Adjusted to 2006 Blue Collar Mortality Table projected to valuated date with Scale MP-2016 | RP- 2014 Adjusted to 2006 Blue Collar Mortality Table projected to valuated date with Scale MP-2016 | N/A | N/A |

N/A - Not applicable or not available. The plan was established July 1, 2016.

Town of Clinton, Connecticut

Education Other Post-Employment Benefit (OPEB) Plan
Last Seven Years (1)

| | <u>2023</u> | <u>2022</u> | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| Schedule of Changes in Net OPEB Liability and Related Ratios | | | | | | | |
| Total OPEB liability: | | | | | | | |
| Service cost | \$ 111,513 | \$ 265,047 | \$ 283,265 | \$ 265,583 | \$ 313,060 | \$ 324,721 | \$ 408,686 |
| Interest | 163,186 | 148,502 | 146,560 | 286,970 | 287,768 | 247,474 | 208,902 |
| Differences between expected and actual experience | - | (388,495) | - | (1,680,612) | - | 482,719 | - |
| Changes in assumptions | 7,741 | (1,939,204) | 42,350 | (241,267) | 429,198 | (318,125) | (771,273) |
| Benefit payments, including refunds of member contributions | <u>(187,973)</u> | <u>(207,855)</u> | <u>(213,118)</u> | <u>(217,908)</u> | <u>(220,414)</u> | <u>(183,915)</u> | <u>(175,502)</u> |
| Net change in total OPEB liability | 94,467 | (2,122,005) | 259,057 | (1,587,234) | 809,612 | 552,874 | (329,187) |
| Total OPEB liability - July 1 | <u>4,591,416</u> | <u>6,713,421</u> | <u>6,454,364</u> | <u>8,041,598</u> | <u>7,231,986</u> | <u>6,679,112</u> | <u>7,008,299</u> |
| Total OPEB liability - June 30 (a) | <u>\$ 4,685,883</u> | <u>\$ 4,591,416</u> | <u>\$ 6,713,421</u> | <u>\$ 6,454,364</u> | <u>\$ 8,041,598</u> | <u>\$ 7,231,986</u> | <u>\$ 6,679,112</u> |
| Plan fiduciary net position: | | | | | | | |
| Contributions - employer | \$ 187,973 | \$ 207,855 | \$ 213,118 | \$ 217,908 | \$ 220,414 | \$ 183,915 | \$ 245,502 |
| Net investment income (loss) | 10,495 | (15,027) | 24,500 | 5,425 | 4,978 | 7,448 | 730 |
| Benefit payments, including refunds of member contributions | (187,973) | (207,855) | (213,118) | (217,908) | (221,665) | (183,915) | (175,502) |
| Administration expenses | <u>(3,687)</u> | <u>(3,765)</u> | <u>(3,906)</u> | <u>(4,247)</u> | <u>(3,849)</u> | <u>(3,821)</u> | <u>-</u> |
| Net change in plan fiduciary net position | 6,808 | (18,792) | 20,594 | 1,178 | (122) | 3,627 | 70,730 |
| Plan fiduciary net position - July 1 | <u>77,215</u> | <u>96,007</u> | <u>75,413</u> | <u>74,235</u> | <u>74,357</u> | <u>70,730</u> | <u>-</u> |
| Plan fiduciary net position - June 30 (b) | <u>\$ 84,023</u> | <u>\$ 77,215</u> | <u>\$ 96,007</u> | <u>\$ 75,413</u> | <u>\$ 74,235</u> | <u>\$ 74,357</u> | <u>\$ 70,730</u> |
| Net OPEB liability - June 30 (a)-(b) | <u>\$ 4,601,860</u> | <u>\$ 4,514,201</u> | <u>\$ 6,617,414</u> | <u>\$ 6,378,951</u> | <u>\$ 7,967,363</u> | <u>\$ 7,157,629</u> | <u>\$ 6,608,382</u> |
| Plan fiduciary net position as a percentage of the total OPEB liability | <u>1.79%</u> | <u>1.68%</u> | <u>1.43%</u> | <u>1.17%</u> | <u>0.92%</u> | <u>1.03%</u> | <u>1.06%</u> |
| Covered payroll | <u>\$ 16,630,377</u> | <u>\$ 17,671,673</u> | <u>\$ 17,671,673</u> | <u>\$ 17,629,659</u> | <u>\$ 17,629,659</u> | <u>\$ 18,486,186</u> | <u>\$ 18,486,000</u> |
| Net pension liability as a percentage of covered payroll | <u>27.67%</u> | <u>25.54%</u> | <u>37.45%</u> | <u>36.18%</u> | <u>45.19%</u> | <u>38.72%</u> | <u>35.75%</u> |

Schedule of Investment Returns

| | | | | | | | |
|---|--------------|-----------------|---------------|--------------|--------------|---------------|--------------|
| Annual money weighted rate of return, net of investment expense | <u>8.85%</u> | <u>(19.63%)</u> | <u>32.94%</u> | <u>5.14%</u> | <u>6.88%</u> | <u>10.82%</u> | <u>6.30%</u> |
|---|--------------|-----------------|---------------|--------------|--------------|---------------|--------------|

(1) These schedules are intended to present information for 10 years. The plan was established July 1, 2016. Additional years will be presented as they become available.

Town of Clinton, Connecticut

Required Supplementary Information

Education Other Post-Employment Benefit (OPEB) Plan
Schedule of Contributions
Last Ten Years

| | <u>2023</u> | <u>2022</u> | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> | <u>2014</u> |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|---------------------|---------------------|----------------------|
| Actuarially determined contributions | \$ 404,837 | \$ 520,446 | \$ 486,309 | \$ 679,650 | \$ 631,574 | \$ 577,120 | \$ 538,138 | \$ 752,499 | \$ 702,599 | \$ 577,000 |
| Contributions in relation to the actuarially determined contribution | 187,973 | 207,855 | 213,118 | 217,908 | 220,414 | 183,915 | 245,502 | 251,799 | 237,753 | 235,000 |
| Contribution excess (deficiency) | <u>\$ (216,864)</u> | <u>\$ (312,591)</u> | <u>\$ (273,191)</u> | <u>\$ (461,742)</u> | <u>\$ (411,160)</u> | <u>\$ (393,205)</u> | <u>\$ (292,636)</u> | <u>\$ (500,700)</u> | <u>\$ (464,846)</u> | <u>\$ (342,000)</u> |
| Covered payroll | <u>\$ 16,630,377</u> | <u>\$ 17,671,673</u> | <u>\$ 17,671,673</u> | <u>\$ 17,629,659</u> | <u>\$ 17,629,659</u> | <u>\$ 18,486,186</u> | <u>\$ 18,486,186</u> | <u>N/A</u> | <u>N/A</u> | <u>\$ 16,557,662</u> |
| Contributions as a percentage of covered payroll | <u>1.13%</u> | <u>1.18%</u> | <u>1.21%</u> | <u>1.24%</u> | <u>1.25%</u> | <u>0.99%</u> | <u>1.33%</u> | <u>N/A</u> | <u>N/A</u> | <u>1.42%</u> |

N/A - Not available

Town of Clinton, Connecticut

Notes to Required Supplementary Information

Education Other Post-Employment Benefit (OPEB) Plan
Schedule of Contributions
Last Ten Years

| | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
|---|--|---|---|--|--|-----------------------------|-----------------------------|-----------------------|-----------------------|-----------------------|
| Changes of benefit terms | None | None | None | None | None | None | None | None | None | None |
| The actuarially determined contribution rates are calculated as of | July 1, 2021 | July 1, 2019 | July 1, 2019 | July 1, 2017 | July 1, 2017 | July 1, 2015 | July 1, 2015 | July 1, 2013 | July 1, 2013 | July 1, 2011 |
| Actuarial methods and assumptions used to determine contribution rates: | | | | | | | | | | |
| Actuarial cost method | Entry age normal | Entry age normal | Entry age normal | Entry age normal | Entry age normal | Projected unit credit | Projected unit credit | Projected unit credit | Projected unit credit | Projected unit credit |
| Amortization method | Level percent, closed | Level percent, closed | Level dollar, closed | Level dollar, closed | Level dollar, closed | Level dollar, closed | Level percent, closed | Level percent, closed | Level percent, closed | Level percent, closed |
| Asset valuation method | Fair value | Fair value | Fair value | Fair value | Fair value | Fair value | Fair value | N/A | N/A | N/A |
| Inflation rate | 2.75% | 2.75% | 2.75% | 2.75% | 2.75% | 2.75% | 2.75% | 2.75% | 2.75% | 2.75% |
| Salary increases | 4.00% | 4.00% | 3.50% | 4.00% | 4.00% | 4.00% | 4.00% | 4.00% | 4.00% | 4.00% |
| Healthcare inflation rate | 5.10% - 4.10% over 53 years | 5.70% - 4.10% over 55 years | 5.70% - 4.10% over 55 years | 6.30% - 4.50% over 57 years | 6.30% - 4.50% over 57 years | 6.30% - 4.50% over 57 years | 6.30% - 4.50% over 57 years | N/A | N/A | N/A |
| Investment rate of return (net) | 4.00% | 4.00% | 4.00% | 4.00% | 4.00% | 4.00% | 4.00% | 4.00% | 4.00% | 4.00% |
| Mortality rate | PubT-2010 Mortality Table for Employees and Healthy Annuitants with generational projection of future improvements per the MP-2019 Ultimate Scale. | RPH-2014 White Collar Mortality Table projected to the year 2020 using the BB improvement scale | RPH-2014 White Collar Mortality Table projected to the year 2020 using the BB improvement scale | RP-2000 Combined Healthy Mortality Table with generational projection per Scale AA | RP-2000 Combined Healthy Mortality Table with generational projection per Scale AA | N/A | N/A | N/A | N/A | N/A |

N/A - Not applicable or not available. The plan was established July 1, 2016.

Town of Clinton, Connecticut

Required Supplementary Information

Connecticut State Teachers' Retirement Board Retiree Health Insurance Plan
Last Six Years (3)

| | <u>2023</u> | <u>2022</u> | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> |
|--|---------------------|---------------------|----------------------|----------------------|----------------------|----------------------|
| <u>Schedule of Proportionate Share of the Collective Net OPEB Liability</u> | | | | | | |
| Town's proportion of the collective net OPEB liability | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| Town's proportionate share of the collective net OPEB liability | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| State of Connecticut's proportionate share of the collective net OPEB liability associated with the Town | 5,951,305 | 5,939,899 | 10,267,216 | 10,387,258 | 10,266,282 | 13,961,013 |
| Total | <u>\$ 5,951,305</u> | <u>\$ 5,939,899</u> | <u>\$ 10,267,216</u> | <u>\$ 10,387,258</u> | <u>\$ 10,266,282</u> | <u>\$ 13,961,013</u> |
| Town's covered payroll | <u>(2)</u> | <u>(2)</u> | <u>(2)</u> | <u>(2)</u> | <u>(2)</u> | <u>(2)</u> |
| Town's proportionate share of the collective net OPEB liability as a percentage of its covered payroll | <u>0.00%</u> | <u>0.00%</u> | <u>0.00%</u> | <u>0.00%</u> | <u>0.00%</u> | <u>0.00%</u> |
| Plan fiduciary net position as a percentage of the collective total OPEB liability | <u>9.46%</u> | <u>6.11%</u> | <u>2.50%</u> | <u>2.08%</u> | <u>1.49%</u> | <u>1.79%</u> |

Schedule of Contributions

| | | | | | | |
|--|--------------|--------------|--------------|--------------|--------------|--------------|
| Contractually required contribution (1) | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Contributions in relation to the contractually required contribution | - | - | - | - | - | - |
| Contribution deficiency (excess) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| Town's covered payroll | <u>(2)</u> | <u>(2)</u> | <u>(2)</u> | <u>(2)</u> | <u>(2)</u> | <u>(2)</u> |
| Contributions as a percentage of covered payroll | <u>0.00%</u> | <u>0.00%</u> | <u>0.00%</u> | <u>0.00%</u> | <u>0.00%</u> | <u>0.00%</u> |

(1) Local employers are not required to contribute to the plan

(2) Not applicable since 0% proportional share of the collective net OPEB liability

(3) These schedules are intended to present information for 10 years. Additional years will be presented as they become available.

Town of Clinton, Connecticut

Notes to Required Supplementary Information

Connecticut State Teachers' Retirement Board Retiree Health Insurance Plan
 Schedule of Contributions
 Last Six Years (1)

| | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 |
|---|---|---|---|--|--|--|
| Changes of benefit terms | None | None | None | None | None | None |
| The actuarially determined contribution rates are calculated as of | June 30, 2022 | June 30, 2020 | June 30, 2020 | June 30, 2018 | June 30, 2018 | June 30, 2016 |
| Actuarial methods and assumptions used to determine contribution rates: | | | | | | |
| Actuarial cost method | Entry age | Entry age | Entry age | Entry age | Entry age | Entry age |
| Amortization method | Level percentage, open | Level percentage, closed | Level percentage, closed | Level percent of payroll | Level percent of payroll | Level percentage, open |
| Amortization period | 30 years | 30 years | 30 years | 30 years | 30 years | 30 years |
| Asset valuation method | Fair Value | Fair Value | Fair Value | Fair Value | Fair Value | Fair Value |
| Inflation rate | 2.50% | 2.50% | 2.50% | 2.75% | 2.75% | 2.75% |
| Healthcare inflation rate | Initial 6.75% decreasing to 4.50% (ultimate) by 2023 | Initial 5.125% decreasing to 4.50% (ultimate) by 2023 | Initial 5.125% decreasing to 4.50% (ultimate) by 2023 | Initial 5.95% decreasing to 4.75% (ultimate) by 2025 | Initial 5.95% decreasing to 4.75% (ultimate) by 2025 | Initial 7.25% decreasing to 5.00% (ultimate) by 2022 |
| Salary increases | 3.00% to 6.50%, including inflation | 3.00% to 6.50%, including inflation | 3.00% to 6.50%, including inflation | 3.25% to 6.50%, including inflation | 3.25% to 6.50%, including inflation | 3.25% to 6.50%, including inflation |
| Investment rate of return (net) | 3.00% | 3.00% | 3.00% | 3.00% | 3.00% | 4.25% |
| Mortality rate | PubT-2010 Table projected generationally with MP-2019 | PubT-2010 Table projected generationally with MP-2019 | PubT-2010 Table projected generationally with MP-2019 | RP-2014 White Collar table projected to the year 2020 using the BB improvement scale | RP-2014 White Collar table projected to the year 2020 using the BB improvement scale | RP-2014 White Collar table projected to the year 2020 using the BB improvement scale |

(1) These schedules are intended to present information for 10 years. Additional years will be presented as they become available.

APPENDIX B – FORM OF OPINION OF BOND COUNSEL

February 1, 2024

Town of Clinton, Connecticut
54 East Main Street
Clinton, Connecticut 06413

We have acted as Bond Counsel in connection with the issuance by the Town of Clinton, Connecticut (the “Town”), of its \$ _____ General Obligation Bond Anticipation Notes, Issue of 2024 (the “Notes”) dated February 1, 2024. In such capacity, we have examined a record of proceedings of the Town authorizing the Notes, a Tax Regulatory Agreement of the Town dated the date hereof (the “Agreement”), such law and such other proceedings, certifications, and documents as we have deemed necessary to render this opinion.

As to questions of fact material to our opinion we have relied upon the certified proceedings and other certifications of public officials furnished to us without undertaking to verify the same by independent investigation.

We are of the opinion that when the Notes are duly certified by U.S. Bank Trust Company, National Association, the Notes will be valid and legally binding general obligations of the Town payable as to both principal and interest from ad valorem taxes which may be levied on all taxable property subject to taxation by the Town without limitation as to rate or amount except as to classified property such as certified forest lands taxable at a limited rate and dwelling houses of qualified elderly persons of low income or of qualified disabled persons taxable at limited amounts pursuant to Connecticut statutes. We are further of the opinion that the Agreement is a valid and binding agreement of the Town and was duly authorized by the Town.

The rights of the holders of the Notes and the enforceability thereof may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors’ rights generally and by equitable principles, whether considered at law or in equity.

The Internal Revenue Code of 1986 (the “Code”) establishes certain requirements that must be satisfied at and subsequent to the issuance and delivery of the Notes in order that interest on the Notes be excluded from gross income. In the Agreement, the Town has made covenants and representations designed to assure compliance with such requirements of the Code. The Town has covenanted in the Agreement that it will at all times comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Notes to ensure that interest on the Notes shall not be included in gross income for federal income tax purposes retroactive to the date of issuance of the Notes, including covenants regarding, among other matters, the use, expenditure and investment of the proceeds of the Notes.

In rendering the below opinions regarding the federal treatment of interest on the Notes, we have relied upon and assumed (i) the material accuracy of the representations, statements of intention and reasonable expectations, and certifications of fact contained in the Agreement, and (ii) continuing compliance by the Town with the covenants set forth in the Agreement as to such tax matters.

The Town has designated the Notes as “qualified tax exempt obligations” within the meaning of Code Section 265(b)(3) for purposes of the deduction by financial institutions for interest expense allocable to the Notes.

In our opinion, under existing statutes and court decisions, (i) interest on the Notes is excluded from gross income for federal income tax purposes; and (ii) such interest is not an item of tax preference for purposes of the federal alternative minimum tax; 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. We express no opinion regarding other federal income tax consequences caused by ownership or disposition of, or receipt of interest on the Notes.

We are further of the opinion that, under existing statutes, interest on the Notes is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates; and is excluded from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay the federal alternative minimum tax. We express no opinion regarding other State income tax consequences caused by ownership or disposition of, or receipt of interest on the Notes.

We express no opinion herein regarding the accuracy, adequacy, or completeness of the Preliminary Official Statement, the Official Statement and other offering material relating to the Notes.

The foregoing opinion is based upon existing laws, regulations, rules and court decisions. We undertake no responsibility to inform you of changes in law or fact occurring after the date hereof which may affect the conclusions herein. In addition, we have not undertaken to advise in the future whether any events after the date of issuance of the Notes, including the adoption of federal tax legislation, may affect the tax status of interest on the Notes.

Respectfully,

PULLMAN & COMLEY, LLC

APPENDIX C – FORM OF CONTINUING DISCLOSURE AGREEMENT

FORM OF CONTINUING DISCLOSURE AGREEMENT

**In Connection With The Issuance and Sale of
\$ _____ General Obligation Bond Anticipation Notes, dated February 1, 2024**

This Continuing Disclosure Agreement (“Agreement”) is executed and delivered as of February 1, 2024, by the Town of Clinton, Connecticut (the “Issuer”) acting by its undersigned officers, duly authorized, in connection with the issuance of its \$ _____ General Obligation Bond Anticipation Notes dated February 1, 2024 (the “Notes”).

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

“Business Day” shall mean any day, other than Saturday, Sunday or a federal holiday, and shall consist of the time period from 12:01 a.m. through 12:00 midnight Eastern Time.

“EMMA” means the Electronic Municipal Market Access System as described in the 1934 Act Release #59062 and maintained by the Municipal Securities Rulemaking Board for the purposes of the Rule and as further described in Section 9 hereof.

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

“Fiscal Year End” shall mean the last day of the Issuer’s fiscal year, currently June 30.

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

“MSRB” shall mean the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934, as amended, or any successor thereto.

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

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

Section 2. Event Notices.

(a) The Issuer agrees to provide or cause to be provided to the MSRB, within ten (10) Business Days of the occurrence of any of the following events with respect to the Notes, notice of the occurrence of such event:

- (i) principal and interest payment delinquencies;
- (ii) unscheduled draws on debt service reserves reflecting financial difficulties;
- (iii) unscheduled draws on credit enhancements reflecting financial difficulties;
- (iv) substitution of credit or liquidity providers, or their failure to perform;
- (v) adverse tax opinions, the issuance by the Internal Revenue Service or proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB), or other material notices or determinations with respect to the tax status of the Notes, or other events affecting the tax status of the security;
- (vi) tender offers;
- (vii) bankruptcy, insolvency, receivership, or a similar proceeding by the Issuer;

- (viii) Bond defeasances;
- (ix) rating changes; and
- (x) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation* of the Town, any of which reflect financial difficulties.

(b) The Issuer agrees to provide or cause to be provided to the MSRB, within ten (10) Business Days of the occurrence of any of the following events with respect to the Notes, notice of the occurrence of such event, if material:

- (i) non-payment related defaults;
 - (ii) modifications to rights of Bond holders;
 - (iii) Bond calls;
 - (iv) release, substitution, or sale of property securing repayment of the Notes;
 - (v) consummation of a merger, consolidation, acquisition involving the Issuer, other than the ordinary course of business, or the sale of all or substantially all the assets of the Issuer, or the entry into a definitive agreement to engage in such a transaction, or a termination of such an agreement, other than in accordance with its terms;
 - (vi) appointment of a successor or additional trustee, or the change in the name of the trustee;
- and
- (vii) incurrence of a Financial Obligation* of the Town 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 bondholders.

* Note: For the purposes of the events identified in paragraphs (a)(x) and (b)(vii), the term “Financial Obligation” shall mean a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term “Financial Obligation” shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

Section 3. Termination of Reporting Obligation. The Issuer’s obligations under this Agreement shall terminate upon the defeasance, prior redemption or payment in full of all of the Notes.

Section 4. Agent. The Issuer may, from time to time, appoint or engage an agent to assist it in carrying out its obligations under this Agreement, and may discharge any such agent, with or without appointing a successor agent.

Section 5. Amendment; Waiver. Notwithstanding any other provision of this Agreement, the Issuer may amend this Agreement, and any provision of this Agreement may be waived, if such amendment or waiver is made in connection with a change in circumstances that arises from a change in legal requirements, a change in law, or a change in the identity, nature or status of the Issuer, and is supported by an opinion of counsel expert in federal securities laws, to the effect that (i) such amendment or waiver would not materially adversely affect the beneficial owners of the Notes and (ii) the Agreement as so amended would have complied with the requirements of the Rule as of the date of the Agreement, taking into account any amendments or interpretations of the Rule as well as any changes in circumstances. A copy of any such amendment will be filed in a timely manner with the MSRB. The annual financial information provided on the first date following adoption of any such amendment will explain, in narrative form, the reasons for the amendment and the impact of the change in the type of operating or financial information provided.

Section 6. Additional Information. Nothing in this Agreement shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Agreement or any other means of communications, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Agreement. If the Issuer chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Agreement, the Issuer shall have no obligation under this Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 7. Enforceability. The Issuer agrees that its undertaking pursuant to the Rule set forth in this Agreement is intended to be for the benefit of and enforceable by the beneficial owners of the Notes. In the event the Issuer shall fail to perform its duties hereunder, the Issuer shall have the option to cure such failure after its receipt of written notice from any beneficial owner of the Notes of such failure. The present address of the Issuer is Town of Clinton, 54 East Main Street, Clinton, CT 06413, ATTN: Town Manager. In the event the Issuer does not cure such failure, the right of any beneficial owner of the Notes to enforce the provisions of this undertaking shall be limited to a right to obtain specific enforcement of the Issuer's obligations hereunder. No monetary damages shall arise or be payable hereunder nor shall any failure to comply with this Agreement constitute default of the Issuer with respect to the Notes.

Section 8. Governing Law. This Agreement shall be governed by the laws of the State of Connecticut.

Section 9. Method of Filing. To the extent filings are required to be made to the MSRB under this Agreement, the Issuer shall transmit such filings or notices in an electronic format to the continuing disclosure service portal provided through MSRB's EMMA as provided at <http://emma.msrb.org/> or any similar system that is acceptable to the SEC.

IN WITNESS WHEREOF, the Issuer has caused this Agreement to be executed in its name by its undersigned officers, duly authorized, all as of the date first above written.

TOWN OF CLINTON, CONNECTICUT

By: _____
Karl F. Kilduff
Town Manager

APPENDIX D - NOTICE OF SALE

NOTICE OF SALE

\$2,000,000

TOWN OF CLINTON, CONNECTICUT GENERAL OBLIGATION BOND ANTICIPATION NOTES

TELEPHONE BIDS AND ELECTRONIC BIDS via **PARITY**® (as described herein) will be received by the **TOWN OF CLINTON, CONNECTICUT** (the “Town”) at the Offices of Munistat Services, Inc., 129 Samson Rock Drive, Suite A, Madison, Connecticut 06443, until **11:00 A.M. (Eastern Time), THURSDAY,**

January 18, 2024

(the “Sale Date”) for the purchase of \$2,000,000 Town of Clinton, Connecticut General Obligation Bond Anticipation Notes (the “Notes”). Telephone bids and/or electronic bids via **PARITY** will be received on the Sale Date until 11:00 A.M. (Eastern Time) (See “Telephone Bidding Procedures” and “Electronic Bidding Procedures” herein).

The Notes

The Notes are expected to be dated February 1, 2024 and will mature and be payable to the registered owner on January 30, 2025 as further described in the Preliminary Official Statement for the Notes dated January 8, 2024 (the “Preliminary Official Statement”). The Notes will bear interest (which interest shall be computed on a 360-day year, 30-day month basis) payable at maturity at the rate or rates per annum fixed in the proposal or proposals accepted for their purchase, which rates shall be in multiples of 1/100 of 1% per annum.

The Issue

The full faith and credit of the Town will be pledged for the prompt payment of the principal of, redemption premium, if any, and interest on the Notes. The Notes will be general obligations of the Town payable, unless paid from other sources, from ad valorem taxes which may be levied on all taxable property subject to taxation by the Town without limit as to rate or amount except as to classified property such as certified forest lands taxable at a limited rate and dwelling houses of qualified elderly persons of low income or of qualified disabled persons taxable at limited amounts pursuant to provisions of the Connecticut General Statutes, as amended. The information in this Notice of Sale is only a brief summary of certain provisions of the Notes. For further information about the Notes, reference is hereby made to the Preliminary Official Statement.

The Notes are **NOT** subject to redemption prior to maturity.

The Notes **SHALL BE** designated by the Town as qualified tax-exempt obligations under the provisions of Section 265(b) of the Code, as amended, for purposes of the deduction by financial institutions for federal income tax purposes of a portion of interest expense allocable to the Notes.

Registration

Book Entry

Subject to the paragraph below, the Notes will be issued by means of a book-entry system with no physical distribution of note certificates made to the public. The Notes will be issued in registered form and one note certificate for each interest rate will be issued to The Depository Trust Company, New York, New York (“DTC”), registered in the name of its nominee, Cede & Co., and immobilized in its custody. A book-entry system will be employed, evidencing ownership of the Notes in principal amounts of \$5,000 or any integral multiple 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 winning bidder, as a condition to delivery of the Notes, will be required to deposit the note certificates with DTC, or its custodian, registered in the name of Cede & Co. Principal of and interest on the Notes will be payable by the Town or its agent in same-day funds to DTC or its nominee as registered owner of the Notes. Transfer of principal and interest payments to participants of DTC will be the responsibility of DTC; transfer of 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 to beneficial owners or for maintaining, supervising or reviewing the records maintained by DTC, its participants or persons acting through such participants.

In the event that (a) DTC determines not to continue to act as securities depository for the Notes and the Town fails to identify another qualified securities depository to replace DTC, or (b) the Town determines to discontinue the book-entry system of evidence and transfer of ownership of the Notes, the Town will authenticate and deliver replacement Notes in the form of fully registered Note certificates directly to the Beneficial Owners of the Notes or their nominees.

Option For No Book Entry

A bidder for the Notes may request that the Notes be issued in the form of a single fully registered physical certificate in the par amount of the Notes, rather than in book-entry form through the facilities of DTC, provided the bid is for all the Notes at the same interest rate. A bidder for the Notes requesting that the Notes be issued in non-book-entry form may request that it be designated by the Town as the Certifying Agent, Registrar and Paying Agent for the Notes if it is a bank or trust company authorized to act in such capacity pursuant to the Connecticut General Statutes. Any bidder seeking to have the Notes issued in non-book-entry form, or to be designated as Certifying Agent, Registrar and Paying Agent for such Notes, shall indicate this preference to the Town at the time of the submission of the bid. The Town reserves the right to decline any request to issue the Notes in non-book entry form, or to designate the winning bidder as Certifying Agent, Registrar and Paying Agent for the Notes, if it should determine, in its sole discretion, that issuing the Notes in such manner or with such designation is not in its best interests. If the Notes are issued in non-book-entry form, the winning bidder, and any subsequent registered owner of the Notes, shall not impose on or charge the Town any costs or expenses of any re-registration or transfer of Notes from time to time, including any costs of counsel or of converting the Notes to book-entry only form, or for any costs or expenses of services as Certifying Agent, Registrar and Paying Agent for the Notes if the winning bidder is so designated.

Ratings

The Town has NOT applied for a rating on the Notes. Certain of the Town's outstanding bonds are currently rated by S&P Global Ratings.

Official Statement and Continuing Disclosure Agreement

The Town has prepared a Preliminary Official Statement for the Notes which is dated January 8, 2024, which is deemed final as of its date for purposes of SEC Rule 15c2-12(b)(1), except for omissions permitted thereby, but is subject to revision or amendment. The Town will make available to the winning purchaser a reasonable number of copies of the Official Statement at the Town's expense. The copies of the Official Statement will be made available to the winning purchaser at delivery of the Notes or by the 7th business day after the day bids on the Notes are received. If the Town's municipal advisor is provided with the necessary information from the winning purchaser by noon of the date following the day bids on the Notes are received, the copies of the Official Statement will include an additional cover page and other pages indicating the interest rate, ratings, yield or reoffering prices, the name of the managing underwriter, and the name of the insurer, if any, and any corrections. Additional copies of the Official Statement may be obtained by the purchaser at its own expense by arrangement with the printer.

The purchaser agrees to promptly file a 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 Notes to the ultimate purchasers.

The Town will enter into a Continuing Disclosure Agreement with respect to the Notes, substantially in the form attached as Appendix C to the Official Statement (the "Continuing Disclosure Agreement"), to provide or cause to be provided, in accordance with the requirements of SEC Rule 15c2-12(b)(5), notice of the occurrence of certain events with respect to the Notes within ten (10) business days of such event. The winning bidder's obligation to purchase the Notes shall be conditioned upon its receiving, at or prior to the delivery of the Notes, an executed copy of the Continuing Disclosure Agreement for the Notes.

Telephone Bidding Procedures

Telephone bids will be received until 11:00 A.M. (Eastern Time) on the Sale Date by an authorized agent of Munistat Services, Inc., the Town's municipal advisor. All telephone bids must be made to (203) 421- 2087 and be completed by 11:00 A.M. (Eastern Time) on the Sale Date. Bidders should be prepared to provide the information set forth in the "Proposal for Notes" attached hereto.

Bidders shall recognize that a bid by telephone means that the bidder accepts the terms and conditions of this Notice of Sale and agrees to be bound by such and, further, such bidder recognizes and accepts the risk that its telephone bid may not be received by the Town or may be received later than the time specified as the result of a failure in communications including, but not limited to, a failure in telephonic communications, or the inability to reach the Town by the time required. A bid received after the time specified, as determined in the Town's sole discretion, will not be reviewed or honored by the Town.

Electronic Bidding Procedures

Any prospective bidder intending to submit an electronic bid must submit its electronic bid through the facilities of **PARITY**[®]. Subscription to i-Deal LLC's BiDCOMP Competitive Bidding System is required in order to submit an electronic bid and the Town will neither confirm any subscription nor be responsible for the failure of any prospective bidder to subscribe.

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

If any provisions of this Notice of Sale shall conflict with information provided by **PARITY**[®] as the approved provider of electronic bidding services, this Notice of Sale shall control. Further information about **PARITY**[®], including any fee charged, may be obtained from **PARITY**[®], 1359 Broadway, 36th Street, 2nd Floor, New York, NY 10018, Attention: Customer Service Department (telephone: (212) 849-5021 - email notice: www.parity@i-deal.com).

For purposes of the sealed proposal process (telephone or written bids) and the electronic bidding process, the time as maintained by **PARITY**[®] shall constitute the official time. For information purposes only, bidders are requested to state in their bids the net interest cost to the Town, as described under "Bid Specifications/Basis of Award" below. All electronic bids shall be deemed to incorporate the provisions of this Notice of Sale.

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

Bid Specifications/Basis of Award

Proposals for the purchase of the Notes must be made in accordance with the requirements prescribed herein. A proposal may be for all or any part of the Notes but any proposal for a part must be for at least \$100,000, or a whole multiple thereof, and a separate proposal will be required for each part of the Notes for which a separate interest rate is bid. Unless all bids are rejected, the Notes will be awarded to the bidder or bidders offering to purchase the Notes at the lowest net interest cost, computed as to each interest rate stated by adding the total interest which will be paid at such rate and deducting therefrom the premium offered, if any. As between proposals resulting in the same lowest net interest cost to the Town, the award will be made on the basis of the highest principal amount of the Notes specified. No bid for less than par and accrued interest, if any, will be considered and the Town reserves the right to award to any bidder all or any part of the Notes bid for in its proposal. If a bidder is awarded only a part of the Notes bid for in its proposal, any premium offered in such proposal will be proportionately reduced so that the resulting net interest cost to the Town with respect to the Notes awarded is the same as that contained in the bidder's proposal with respect to the entire amount bid, carried to six decimal places. The purchase price must be paid in Federal Funds.

Establishment of Issue Price

In order to provide the Town with information that enables it to comply with certain requirements of the Internal Revenue Code of 1986, as amended (the “Code”), relating to the exclusion of interest on the Notes from the gross income of their owners, the winning bidder will be required to complete, execute, and deliver to the Town at or prior to the delivery of the Notes an “issue price” or similar certificate setting forth the reasonably expected initial offering price to the Public (the “Initial Offering Price”) or the actual sales price or prices of the Notes, as circumstances may determine, together with the supporting pricing wires or equivalent communications, with such modifications as may be appropriate or necessary, in the reasonable judgment of Bond Counsel. However, such certificate may indicate that the winning bidder has purchased the Notes for its own account in a capacity other than as an Underwriter, and currently has no intent to reoffer the Notes for sale to the Public (as defined below). For purposes of this “Establishment of Issue Price” section, Bond Counsel may act on behalf of the Town.

The Town intends that the provisions of Treasury Regulations Section 1.148-1(f)(3)(i) (defining “competitive sale” for purposes of establishing the issue price of the Notes) will apply to the initial sale of the Notes (the “Competitive Sale Rule”) because:

- (1) the Town shall disseminate, or have disseminated on its behalf, this Notice of Sale to potential bidders in a manner that is reasonably designed to reach potential bidders;
- (2) all bidders shall have an equal opportunity to bid;
- (3) the Town anticipates receiving bids from at least three underwriters of municipal bonds who have established industry reputations for underwriting new issuances of municipal bonds; and
- (4) the Town anticipates awarding the sale of the Notes to the bidder who submits a firm offer to purchase the Notes at the lowest net interest cost, as set forth in this Notice of Sale.

Any bid submitted pursuant to this Notice of Sale shall be considered a firm offer for the purchase of the Notes, as specified in the bid. Acceptance by the Town of a bid pursuant to this Notice of Sale shall constitute a written contract between the Town and the winning bidder.

In the event that the competitive sale requirements are not satisfied, the Town shall so advise the winning bidder in writing on the sale date. The Town may treat the first price at which 10% of the Notes (the “Actual Sale Rule”) are sold to the public as the issue price of the Notes. The winning bidder shall advise the Town if the Notes satisfy the Actual Sale Rule as of the date and time of the award of the Notes.

Bids will not be subject to cancellation in the event that the competitive sale requirements are not satisfied.

If the Competitive Sale Rule is not satisfied, then until the Actual Sale Rule is satisfied for the Notes, the winning bidder agrees to promptly report to the Town and Bond Counsel the prices at which the unsold Notes have been sold to the Public. This reporting obligation shall continue, whether or not the Closing Date has occurred, until the Actual Sale Rule is satisfied for the Notes.

By submitting a bid, each bidder confirms that: (i) any agreement among underwriters, any selling group agreement and each retail distribution agreement (to which the bidder is a party) relating to the initial sale of the Notes to the Public, together with the related pricing wires, contains or will contain language obligating each Underwriter, each dealer who is a member of the selling group, and each broker-dealer that is a party to such retail distribution agreement, as applicable, to report the prices at which it sells to the Public the unsold Notes allotted to it until it is notified by the winning bidder that the Actual Sales Rule has been satisfied as to the Notes, and (ii) any agreement among underwriters relating to the initial sale of the Notes to the Public, together with the related pricing wires, contains or will contain language obligating each Underwriter that is a party to a retail distribution agreement to be employed in connection with the initial sale of the Notes to the Public to require each broker-dealer that is a party to such retail distribution agreement to report the prices at which it sells to the Public the unsold Notes allotted to it until it is notified by the winning bidder or such Underwriter that the Actual Sales Rule has been satisfied as to the Notes, if and for so long as directed by the winning bidder or such Underwriter and as set forth in the related pricing wires.

Sales of any Notes to any person that is a Related Party (as defined below) to an Underwriter shall not constitute sales to the Public for purposes of this Notice of Sale. Further, for purposes of this Notice of Sale:

- (1) “*Public* means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a Related Party to an Underwriter.

- (2) “*Related Party*” generally means any two or more persons who have greater than 50% common ownership, directly or indirectly.
- (3) *Underwriter* means (i) any person that agrees pursuant to a written contract with the Town (or with the lead Underwriter to form an underwriting syndicate) to participate in the initial sale of the Notes to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this definition to participate in the initial sale of the Notes to the Public (including a member of the selling group or a party to a retail distribution agreement participating in the initial sale of the Notes to the Public).

Settlement of the Notes

The Notes will be available for delivery on or about February 1, 2024. The deposit of the Notes with DTC or its custodian under a book-entry system requires the assignment of CUSIP numbers prior to delivery. It shall be the responsibility of the winning bidder or bidders to obtain CUSIP numbers for the Notes prior to delivery, and the Town will not be responsible for any delay occasioned by the failure of the winning bidder or bidders to obtain such numbers and to supply 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.

Unless the winning bidder on the Notes is designated as the certifying bank, registrar, transfer and paying agent for the Notes as provided in “Option for No Book Entry” herein, the Notes will be certified by U. S. Bank Trust Company, National Association, of Hartford, Connecticut. The legality of the Notes will be passed upon by Pullman & Comley LLC, Bond Counsel, Hartford, Connecticut, and the winning bidder(s) will be furnished, without cost, with such opinion, substantially in the form set out in Appendix B to the Official Statement. Each winning bidder(s) will also be furnished with a signature and no litigation certificate, a receipt of payment satisfactory in form to Bond Counsel, a copy of the final Official Statement prepared for this sale, a certificate signed by the appropriate officials of the Town relating to the accuracy and completeness of information contained in the final Official Statement and an executed Continuing Disclosure Agreement.

In rendering the legal opinion, Pullman & Comley, LLC will rely upon and assume the material accuracy of the representations and statements of expectation contained in the Tax Compliance Agreement entered into by the Town for the benefit of the owners of the Notes, and further, will assume compliance by the Town with the covenants and procedures set forth in such Tax Compliance Agreement.

Right to Reject Bids; Waiver

The right is reserved to reject any and all proposals and to reject any proposal not complying with this Notice of Sale and to waive any irregularity or informality with respect to any proposal.

Postponement; Change of Terms

The Town reserves the right to alter any terms of the Notes or this Notice of Sale and to postpone, from time to time, the date or time established for the receipt of the bids.

Additional Information

For more information regarding the Notes and the Town, reference is made to the Official Statement. Copies of the Official Statement may be obtained from Mr. Mark N. Chapman, Managing Director, Munistat Services, Inc., 129 Samson Rock Drive, Suite A, Madison, CT 06443, Tel. (203) 421-2087.

KARL F. KILDUFF
Town Manager

TODD POZEFSKY
Treasurer

January 8, 2024

(See attached for form of Proposal for Notes)

PROPOSAL FOR NOTES

January 18, 2024

KARL F. KILDUFF, Town Manager
TODD POZEFSKY, Treasurer
Town of Clinton, Connecticut
Town Hall
54 East Main Street
Clinton, CT 06413

Subject to the provisions of the Notice of Sale dated January 8, 2024, which Notice is made a part of this proposal, we offer to purchase the principal amount of the \$2,000,000 Town of Clinton, Connecticut General Obligation Bond Anticipation Notes, specified below at the stated interest rate (provided not less than \$100,000 of principal amount per interest rate is bid and the total of all principal amounts bid do not exceed \$2,000,000) plus the premium specified below, if any, and to pay therefor par plus the premium specified below, if any, on the date of delivery. We further provide our computation of net interest cost as to each bid, carried to six decimals, and made as provided in the above-mentioned Notice of Sale, but not constituting any part of the foregoing proposal.

| | | | |
|-------------------|----------------|-------------------|----------------|
| Principal amount | _____ | Principal amount | _____ |
| Interest rate | _____ | Interest rate | _____ |
| Premium | _____ | Premium | _____ |
| Net Interest Cost | _____ % | Net Interest Cost | _____ % |
| | (Six Decimals) | | (Six Decimals) |
| | | | |
| Principal amount | _____ | Principal amount | _____ |
| Interest rate | _____ | Interest rate | _____ |
| Premium | _____ | Premium | _____ |
| Net Interest Cost | _____ % | Net Interest Cost | _____ % |
| | (Six Decimals) | | (Six Decimals) |

The undersigned hereby agrees to accept delivery of and make payment for the indicated principal amount of the Notes in Federal Funds on the date of the Notes or as soon thereafter (but not later than 30 days thereafter) as such Notes may be prepared and ready for delivery by the Town.

(Name of Bidder)

(Authorized Signature)

(Mailing Address)

(Telephone Number)