

PRELIMINARY OFFICIAL STATEMENT DATED NOVEMBER 25, 2025

NEW MONEY ISSUE: Book-Entry-Only

RATING: S&P Global Ratings: "AA"

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 Bonds 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 Bonds is excludable from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates and is excludable from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay the federal alternative minimum tax. 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 Bonds. (See "Tax Matters" herein.)



Town of Montville, Connecticut
\$6,550,000
General Obligation Bonds, Issue of 2025
(Bank-Qualified)

Dated: Date of Delivery

Due: Serially on December 15, as detailed below

| Year | Principal | Coupon | Yield | CUSIP ¹ | Year | Principal | Coupon | Yield | CUSIP ¹ |
|------|------------|--------|-------|--------------------|------|------------|--------|-------|--------------------|
| 2026 | \$ 535,000 | ..% | ..% | 615292 | 2036 | \$ 120,000 | ..% | ..% | 615292 |
| 2027 | 535,000 | ..% | ..% | 615292 | 2037 | 120,000 | ..% | ..% | 615292 |
| 2028 | 535,000 | ..% | ..% | 615292 | 2038 | 120,000 | ..% | ..% | 615292 |
| 2029 | 535,000 | ..% | ..% | 615292 | 2039 | 120,000 | ..% | ..% | 615292 |
| 2030 | 535,000 | ..% | ..% | 615292 | 2040 | 120,000 | ..% | ..% | 615292 |
| 2031 | 535,000 | ..% | ..% | 615292 | 2041 | 120,000 | ..% | ..% | 615292 |
| 2032 | 535,000 | ..% | ..% | 615292 | 2042 | 120,000 | ..% | ..% | 615292 |
| 2033 | 535,000 | ..% | ..% | 615292 | 2043 | 120,000 | ..% | ..% | 615292 |
| 2034 | 535,000 | ..% | ..% | 615292 | 2044 | 120,000 | ..% | ..% | 615292 |
| 2035 | 535,000 | ..% | ..% | 615292 | 2045 | 120,000 | ..% | ..% | 615292 |

The \$6,550,000 General Obligation Bonds, Issue of 2025 (the "Bonds") will be general obligations of the Town of Montville, Connecticut (the "Town") and the Town will pledge its full faith and credit to pay the principal of and the interest on the Bonds when due. (See "Security and Remedies" herein.)

Interest on the Bonds will be payable June 15, 2026 and semiannually thereafter on December 15 and June 15 in each year until maturity. The Bonds will be issued only as fully registered bonds, and in book-entry-only form whereby the beneficial owners of the Bonds will not receive physical delivery of bond certificates. Principal of, and interest payments on, the Bonds will be made by the Town or its agent to The Depository Trust Company, New York, New York ("DTC"), or its nominee, as registered owner of the Bonds. DTC will credit its participants in accordance with their respective holdings shown in the records of DTC. It is anticipated that the beneficial owners of the Bonds will receive payment or credit from DTC participants and other nominees of the beneficial owners. Ownership of the Bonds may be in principal amounts of \$5,000 or integral multiples thereof. (See "Book-Entry-Only Transfer System" herein.)

THE BONDS ARE SUBJECT TO REDEMPTION PRIOR TO MATURITY. (See "Redemption Provisions" herein.)

U.S. Bank Trust Company, National Association, CityPlace I, 185 Asylum Street, Hartford, Connecticut 06103 will serve as the Registrar, Transfer Agent, Paying Agent and Certifying Agent for the Bonds.

Electronic bids via PARITY® for the Bonds will be received until 11:30 A.M. (Eastern Time) on Tuesday, December 2, 2025, at Town Hall, 310 Norwich-New London Turnpike, Uncasville, Connecticut 06382 as described in the Notice of Sale. (See Appendix D hereto.)

The Bonds are offered for delivery when, as and if issued, subject to the approving opinion of Pullman & Comley, LLC, Bond Counsel, of Hartford, Connecticut. It is expected that delivery of the Bonds in book-entry-only form will be made to The Depository Trust Company in New York, New York on or about December 16, 2025.

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

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



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

No dealer, broker, salesperson or other person has been authorized by the Town to give any information or to make any representations not contained in this Official Statement or any supplement, which may be issued hereto, and if given or made, such other information or representations must not be relied upon as having been authorized. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale.

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

The independent auditors for the Town are not passing upon and do not assume responsibility for the accuracy or completeness of the financial information presented in this Official Statement (other than matters expressly set forth in their opinion in Appendix A), and they make no representation that they have independently verified the same.

Bond Counsel is not passing on and does not assume any responsibility for the accuracy or completeness of the statements made in this Official Statement, (other than matters expressly set forth as its opinion in Appendix B "Form of Opinion of Bond Counsel" hereto), and makes no representation that it has independently verified the same.

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

The Town deems this official statement to be "final" for the purposes of Securities and Exchange Commission Rule 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 or domestic violent extremism; (xi) disruptions to the Town's technology network and systems, including computer systems and software; and (xii) other factors contained in this Official Statement.

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Bond Issue Summary

The information in this Bond Issue Summary and the 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: | Tuesday, December 2, 2025 at 11:30 A.M. (Eastern Time). |
| Location of Sale: | Town Hall, 310 Norwich-New London Turnpike, Uncasville, Connecticut 06382. |
| Issuer: | Town of Montville, Connecticut (the "Town"). |
| Issue: | \$6,550,000 General Obligation Bonds, Issue of 2025 (the "Bonds"). |
| Dated Date: | Date of Delivery. |
| Principal and Interest Due: | Principal is due serially December 15, 2026 through December 15, 2045. Interest is due June 15 and December 15 in each year until maturity, commencing June 15, 2026. |
| Purpose: | The Bond proceeds will be used to fund various general purpose and school projects. (See "Authorization and Purpose" herein.) |
| Redemption: | The Bonds are subject to optional redemption prior to maturity. (See "Redemption Provisions" herein.) |
| Security: | The Bonds will be general obligations of the Town and the Town will pledge its full faith and credit to the payment of principal of and interest on the Bonds when due. (See "Security and Remedies" herein.) |
| Credit Rating: | The Bonds have been rated "AA" by S&P Global Ratings. |
| Bond Insurance: | The Town has not purchased a credit enhancement facility. |
| Basis of Award: | Lowest True Interest Cost (TIC). |
| Tax Exemption: | See "Tax Matters" herein. |
| Bank Qualification: | The Bonds <u>shall be</u> designated by the Town as qualified tax-exempt obligations under the provisions of Section 265(b) of the Internal Revenue Code of 1986 for purposes of the deduction by financial institutions of interest expense allocable to the Bonds. |
| 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, (i) certain annual financial information and operating data, (ii) notice of the occurrence of certain events within ten (10) business days of the occurrence of such events, and (iii) timely notice of a failure by the Town to provide the required annual financial information on or before the date specified in the Continuing Disclosure Agreement for the Bonds to be executed substantially in the form attached as Appendix C to this Official Statement. |
| Registrar, Transfer Agent, Certifying Agent, and Paying Agent: | U.S. Bank Trust Company, National Association, CityPlace I, 185 Asylum Street, 27 th Floor, Hartford, Connecticut 06103. |
| Municipal Advisor: | Phoenix Advisors, a division of First Security Municipal Advisors, Inc., of Milford, Connecticut will act as Municipal Advisor. Telephone: (203) 878-4945. |
| Legal Opinion: | Pullman & Comley, LLC, of Hartford, Connecticut will act as Bond Counsel. (See "Appendix B – Form of Opinion of Bond Counsel" hereto.) |
| Delivery and Payment: | It is expected that delivery of the Bonds in book-entry-only form will be made on or about December 16, 2025 against payment in Federal Funds. |
| Issuer Official: | Questions concerning the Official Statement should be addressed to Julie Chapman, Finance Director, Town Hall, 310 Norwich-New London Turnpike, Uncasville, Connecticut 06382. Telephone (860) 848-6714. |

I. Bond Information

Introduction

This Official Statement, including the cover page and appendices, is provided for the purpose of presenting certain information relating to the Town of Montville, Connecticut (the "Town") in connection with the issuance and sale of \$6,550,000 General Obligation Bonds, Issue of 2025 (the "Bonds") of the Town.

The Bonds are being offered for sale at public bidding. A Notice of Sale dated November 25, 2025 has been furnished to prospective bidders. Reference is made to the Notice of Sale, attached here to as Appendix D, for the terms and conditions of the bidding.

This Official Statement is not to be construed as a contract or agreement between the Town and the purchasers or holders of any of the Bonds. Any statement made in this Official Statement involving matters of opinion or estimates are not intended to be representations of fact, and no representation is made that any such opinion or estimate will be realized. No representation is made that past experience, as might be shown by financial or other information herein, will necessarily continue or be repeated in the future. Neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Town since the date hereof.

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

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

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 other than matters expressly set forth in its opinion a form of which is attached as Appendix B hereto and makes no representation that it has independently verified the same.

The independent auditors for the Town are not passing upon and do not assume responsibility for the accuracy or completeness of the financial information presented in this Official Statement (other than matters expressly set forth in their opinion in Appendix A), and they make no representation that they have independently verified the same.

In accordance with the requirements of Rule 15c2-12(b)(5) promulgated by the Securities and Exchange Commission, with respect to the Bonds the Town will agree to provide, or cause to be provided (i) certain annual financial information and operating data within, (ii) notice of the occurrence of certain events within 10 business days of the occurrence of such events, and (iii) timely notice of a failure by the Town to provide the required annual financial information on or before the date specified in the Continuing Disclosure Agreement. The Continuing Disclosure Agreement for the Bonds shall be executed in substantially the form attached as Appendix C to this Official Statement. The winning bidder's obligation to purchase the Bonds shall be conditioned upon its receiving, at or prior to the delivery of the Bonds, an executed copy of the Continuing Disclosure Agreement for the Bonds.

U.S. Bank Trust Company, National Association will certify and act as the Registrar, Transfer Agent, Paying Agent and Certifying Agent for the Bonds.

Municipal Advisor

Phoenix Advisors, a division of First Security Municipal Advisors, Inc., Milford, Connecticut, has served as Municipal Advisor to the Town in connection with the issuance of the Bonds (the "Municipal Advisor") and has assisted in matters related to the planning, structuring and terms of the Bonds. The Municipal Advisor is not obligated to undertake, and has not undertaken, either to make an independent verification of, or to assume responsibility for the accuracy, completeness, or fairness of the information contained in this Official Statement and the Appendices hereto. The Municipal Advisor is an Independent Registered Municipal Advisor pursuant to the Dodd-Frank Act and is not engaged in the business of underwriting, trading or distributing municipal securities or other public securities.

Public Health Considerations

Commencing in late 2019, an outbreak of a respiratory disease caused by a new strain of coronavirus (“COVID-19”) resulted in a global public health crisis. The federal and State governments both declared public health emergencies and, along with local governments, took action to limit the spread of the outbreak and reduce the resulting economic impact. The federal and State public health emergency declarations have since been terminated.

To date, the COVID-19 outbreak has had no material adverse effect on the finances of the Town. However, prospective investors should assume that restrictions and limitations related to COVID-19 and any future variants or pandemics may be instituted by the federal or State governments and that any resurgence of COVID-19 or another infectious disease could have a material adverse effect on the Town and its financial and operational performance.

The Town received \$5,477,453 from the American Rescue Plan Act of 2021 in response to the COVID-19 pandemic (the “COVID-19 Aid”). The Town developed a plan for the use of such funds that focused on infrastructure improvements and other initiatives that complied with the program eligibility criteria. No assurance can be given that the Town would receive federal aid akin to the COVID-19 Aid if another pandemic or similar public health emergency were to occur.

Climate Change

Numerous scientific studies have detailed changing global weather patterns and the potential for increasing extreme weather events across the world. The Town faces certain threats due to climate change, including flooding, drought and damaging wind that could become more severe and frequent. The Town cannot predict the timing, extent or severity of climate change and its impact on the Town’s operations and finances.

Cybersecurity

The Town, like many other public and private entities, relies on technology to conduct its operations. The Town and its departments face cyber threats, including but not limited to hacking, viruses, malware, phishing, and other attacks on computers and other sensitive digital networks and systems. To reduce the risk of a successful cyber security threat the Town has invested in IT security firewalls, Endpoint Detection and Response (EDR) and constant user training and evaluation. All of the Town computers and computer servers are protected by this security software and firewalls. These security protection systems are evaluated annually for upgrades or replacements.

To mitigate the risk of business operations impact and/or damage from cyber security incidents or cyber-attacks, the Town has invested in disaster recovery systems and a continuity of IT operations plan which leverages regular daily system backups. In the event of a cybersecurity incident, recovery from an earlier state for any enterprise application system is possible. The Town currently has a cybersecurity insurance policy. 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 financial operations and/or damage the Town’s digital networks and systems and the costs of remedying any such damage could be substantial.

Description of the Bonds

The Bonds will be dated the date of delivery and mature on December 15 in each of the years as set forth on the cover page of this Official Statement. Interest will be payable on June 15, 2026 and semiannually thereafter on December 15 and June 15 in each year until maturity. Interest will be calculated on the basis of twelve thirty-day months and a 360-day year. Interest is payable to the registered owner as of the close of business on the last business day of May and November in each year by check mailed to the registered owner or, so long as the Bonds are registered in the name of Cede & Co., as nominee of DTC, by such other means as DTC and the Town shall agree.

U.S. Bank Trust Company, National Association, CityPlace I, 185 Asylum Street, Hartford, Connecticut 06103 will act as Registrar, Transfer Agent and Paying Agent and Certifying Agent for the Bonds. The legal opinion for the Bonds will be rendered by Pullman & Comley LLC, Bond Counsel, of Hartford, Connecticut. See Appendix B “Form of Opinion of Bond Counsel” hereto.

Redemption Provisions

Bonds maturing on or before December 15, 2033 are not subject to optional redemption prior to maturity. Bonds maturing on December 15, 2034 and thereafter are subject to optional redemption prior to maturity, at the election of the Town, on and after December 15, 2033, at any time, in whole or in part, and by lot within a maturity, in such amounts and in such order of maturity as the Town may determine, at the redemption price or prices (expressed as a percentage of the principal amount of the Bonds to be redeemed) set forth in the following table, plus interest accrued and unpaid to the redemption date:

| <u>Redemption Dates</u> | <u>Redemption Price</u> |
|---------------------------------------|-------------------------|
| December 15, 2033 and thereafter..... | 100% |

Notice of redemption shall be given by the Town or its agent by mailing a copy of the redemption notice by first-class mail not less than thirty (30) days nor more than sixty (60) days prior to the redemption date to the registered owner as the same shall last appear on the registration books for the Bonds kept for such purpose. Failure to give such notice by mailing to any registered owner, or any defect therein, shall not affect the validity of the redemption of any other Bonds. Upon the giving of such notice, if sufficient funds available solely for redemption are on deposit with the Paying Agent, the Bonds or portions thereof so called for redemption will cease to bear interest after the specified redemption date.

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

The Town, so long as a book-entry system is used for the Bonds, will send any notice of redemption only to DTC (or successor securities depository) or its nominee. Any failure of DTC to advise any DTC Participant, or of any DTC Participant or Indirect Participant to notify any Indirect Participant or Beneficial Owner, of any such notice and its content or effect will not affect the validity of the redemption of such Bonds called for redemption. Redemption of a portion of the Bonds of any maturity by the Town will reduce the outstanding principal amounts of Bonds of such maturity held by DTC. In such event it is the current practice of DTC to allocate by lot, through its book-entry system, among the interest held by DTC Participants in the Bonds to be redeemed, the interest to be reduced by such redemption in accordance with its own rules or other agreements with DTC Participants. The DTC Participants and Indirect Participants may allocate reductions of the interests in the Bonds to be redeemed held by the Beneficial Owners. Any such allocations of interests in the Bonds to be redeemed will not be governed by the determination of the Town authorizing the issuance of the Bonds and will not be conducted by the Town, the Registrar or Paying Agent.

Authorization and Purpose

The Bonds are being issued pursuant to Title 7 of the Connecticut General Statutes, as amended, the Charter of the Town, and bond resolutions approved by the Town Council and passed by the voters at referenda.

Use of Proceeds

A portion of the proceeds of the Bonds will be used to finance the following projects:

| <u>Project</u> | <u>Bonds Authorized</u> | <u>This Issue: The Bonds</u> |
|--|-------------------------|----------------------------------|
| Road Improvements..... | \$ 10,000,000 | \$ 1,200,000 |
| Road Improvements 2024 Project..... | 8,500,000 | 3,000,000 |
| Montville HS Turf & Track Replacement 2024 Project.... | 2,350,000 | 2,350,000 |
| Totals..... | \$ 20,850,000 | \$ 6,550,000 |

Book-Entry-Only Transfer System

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

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

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

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

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

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

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

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

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

The Town may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Bond 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.

DTC Practices

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

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

Replacement Bonds

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

Security and Remedies

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

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

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

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

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

Enforcement of a claim for payment of principal of or interest on such debt would also be subject to the applicable provisions of Federal bankruptcy laws as well as other bankruptcy, insolvency, moratorium and other similar laws affecting creditors rights heretofore or hereafter enacted by the Congress or the Connecticut General Assembly extending the time for payment or imposing other constraints upon enforcement insofar as the same may be constitutionally applied.

Under the Federal Bankruptcy Code, the Town may seek relief only, among other requirements, if it is specifically authorized, in its capacity as a municipality or by name, to be a debtor under Chapter 9, Title II of the United States Code, or by state law or a governmental officer or organization empowered by state law to authorize such entity to become a debtor under such Chapter. Section 7-566 of the Connecticut General Statutes provides that no Connecticut municipality shall file a petition in bankruptcy without the express prior written consent of the Governor. This prohibition applies to any town, city, borough, metropolitan district and any other political subdivision of the State having the power to levy taxes and issue bonds or other obligations.

Qualification for Financial Institutions

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

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

Availability of Continuing Disclosure Information

The Town prepares, in accordance with State law, annual audited financial statements and files such annual audits with the State of Connecticut, Office of Policy and Management. The Town provides, and will continue to provide, to the Rating Agencies ongoing disclosure in the form of the Annual Financial Report, Recommended and Adopted Budgets, and other materials relating to its management and financial condition, as may be necessary or requested.

The Town will enter into a Continuing Disclosure Agreement with respect to the Bonds, substantially in the form attached as Appendix C to this Official Statement (the "Continuing Disclosure Agreement"), to provide or cause to be provided, in accordance with the requirements of SEC Rule 15c2-12, (i) annual financial information and operating data, (ii) notice of the occurrence of certain events within ten (10) business days of the occurrence of such events, and (iii) timely notice of a failure by the Town to provide the required annual financial information on or before the date specified in the Continuing Disclosure Agreement. The winning bidder's obligation to purchase the Bonds shall be conditioned upon its receiving, at or prior to the delivery of the Bonds, an executed copy of the Continuing Disclosure Agreement for the Bonds. (See Appendix C hereto.)

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 events of notices pursuant to Rule 15c2-12(b)(5). For the past 5 years, the Town has not failed to comply in any material respects with the requirements provided in such continuing disclosure agreements, except for the following. For fiscal year ending June 30, 2021 the Town failed to file its annual financial information and operating data in a timely manner and filed a failure to file notice late on March 7, 2022. On February 28, 2022 the Town filed unaudited information. On May 2, 2022 the Town filed its annual financial information and operating data. For fiscal year ending June 30, 2023 the Town failed to file its annual financial information and operating data in a timely manner and filed a failure to file notice late on March 1, 2024. On May 3, 2024 the Town filed its annual financial information and operating data. For fiscal year ending June 30, 2024 the Town failed to file its annual financial information and operating data in a timely manner and filed a failure to file notice late on March 3, 2025. On November 3, 2025 the Town filed its annual financial information and operating data.

Ratings

The Town has received a “AA” rating from S&P Global Ratings (“S&P”) on the Bonds. The Town furnished to S&P certain information and materials, some of which may not have been included in this Official Statement. The rating reflects only the views of S&P and will be subject to revision or withdrawal, which could affect the market price of the Bonds. S&P should be contacted directly for its rating on the Bonds and an explanation of such rating. No application was made to any other rating agencies for the purpose of obtaining ratings on outstanding securities of the Town.

The Town expects to furnish to S&P information and materials that S&P may request. However, the Town may issue short-term or other debt for which a rating is not required.

Tax Matters

Federal Taxes. In the opinion of Bond Counsel, under existing law, (i) interest on the Bonds is excludable 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 Bonds 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 (the “Code”). The Code and regulations promulgated thereunder establish certain requirements which must be satisfied at and subsequent to the issuance of the Bonds in order that interest on the Bonds be and remain excludable from gross income for federal income tax purposes. Failure to comply with such requirements may cause interest on the Bonds to be included in gross income for federal income tax purposes retroactively to the date of issuance of the Bonds irrespective of the date on which such noncompliance occurs. In the Tax Regulatory Agreement, which will be delivered concurrently with the issuance of the Bonds, 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 Bond proceeds and certain other matters. The opinion of Bond Counsel delivered on the date of issuance of the Bonds 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 Bonds.

Original Issue Discount. The initial public offering prices of certain maturities of the Bonds may be less than the stated principal amount (the “OID Bonds”). Under existing law, the difference between the stated principal amount and the initial offering price of each maturity of the OID Bonds will constitute original issue discount. The offering prices relating to the yields set forth on the cover page of this Official Statement for such OID Bonds are expected to be the initial offering prices to the public (excluding bond houses and brokers) at which a substantial amount of the OID Bonds are sold. Under existing law, original issue discount on the OID Bonds accrued and properly allocable to the owners thereof under the Code is excludable from gross income for federal income tax purposes if interest on the OID Bonds is excludable from gross income for federal income tax purposes.

Under the Code, for purposes of determining an owner’s adjusted basis in an OID Bond purchased at an original issue discount, original issue discount is treated as having accrued while the owner holds such OID Bond and will be added to the owner’s basis. The owner’s adjusted basis will be used to determine taxable gain or loss upon the sale or other disposition (including redemption or payment at maturity) of such an OID Bond.

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

Original Issue Premium. The initial public offering prices of certain maturities of the Bonds may be more than their stated principal amounts payable at maturity (the “OIP Bonds”). In general, an owner who purchases an OIP Bond must amortize the original issue premium as provided in the applicable Treasury Regulations, and amortized premium reduces the owner’s basis in the OIP Bond for federal income tax purposes. Prospective purchasers of OIP Bonds 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 Bonds should be aware that ownership of the Bonds 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 Bonds should consult their tax advisors regarding collateral federal income tax consequences. Prospective purchasers of the Bonds 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 Bonds is excludable 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 Bonds is included in gross income for purposes of the Connecticut corporation business tax.

Accrued original issue discount on an OID Bond is also excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates and is excludable from amounts on which the net Connecticut minimum tax is based for individuals, trusts and estates required to pay the federal alternative minimum tax.

Owners of the Bonds 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 Bonds.

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 Bonds. There can be no assurance that legislation enacted or proposed, or actions by a court, after the issuance of the Bonds will not have an adverse effect on the tax status of interest on the Bonds or the market value or marketability of the Bonds. 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 Bonds from gross income for federal or state income tax purposes for all or certain taxpayers.

Investors in the Bonds 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 Bonds for federal income tax purposes for all or certain taxpayers. In all such events, the market value of the Bonds may be adversely affected and the ability of holders to sell their Bonds in the secondary market may be reduced. The Bonds are not subject to special mandatory redemption, and the interest rates on the Bonds are not subject to adjustment, in the event of any such change in the tax treatment of interest on the Bonds.

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 Bonds. Prospective owners of the Bonds, 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 Bonds.

Legal Opinion

The legal opinion for the Bonds will be rendered by Pullman & Comley, LLC in substantially the form set forth in Appendix B to this Official Statement.

Registrar, Transfer Agent, Paying Agent and Certifying Agent

The Registrar, Transfer Agent, Paying Agent and Certifying Agent for the Bonds will be U.S. Bank Trust Company, National Association, CityPlace I, 185 Asylum Street, 27th Floor, Hartford, Connecticut 06103.

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The Mohegan Tribe of Indians (the “Tribe”) is a federally recognized Indian tribe with a 597-acre reservation that is contiguous to the Town. In 1996, the Tribe opened a \$330 million gaming facility known as the Mohegan Sun Casino and Resort (“Mohegan Sun”) on a 240-acre site on the Tribe’s reservation overlooking the Thames River. In September 2001, the Tribe completed a \$1.4 billion expansion of its casino. The expansion included the addition of nearly 300,000 square feet of gaming space, a 1,200-room hotel and retail stores. The 400-room Earth Tower Hotel opened in November 2016. In May of 2018, the Earth Expo and Convention Center opened offering over 275,000 square feet of meeting space. Pursuant to an agreement with the State of Connecticut and the Town, which was approved by the United States Congress, the Tribe may expand its reservation to 700 acres. The Tribe is not required to pay property taxes on reservation lands, but has consented as part of this agreement to make an annual \$500,000 payment in lieu of taxes to the Town and to pay certain other taxes to the Town. This annual payment of \$500,000 is earmarked for the Town’s capital needs. The Tribe is also participating in a Regional Water Project Agreement with the Town and other local governments. The regional water system was completed in April of 2008. Under the agreement, the Tribe will pay for all water and sewer usage on the same basis as any other customer. Both the Town and the Tribe continue to maintain a positive working relationship to address the needs of the residents of the Town.

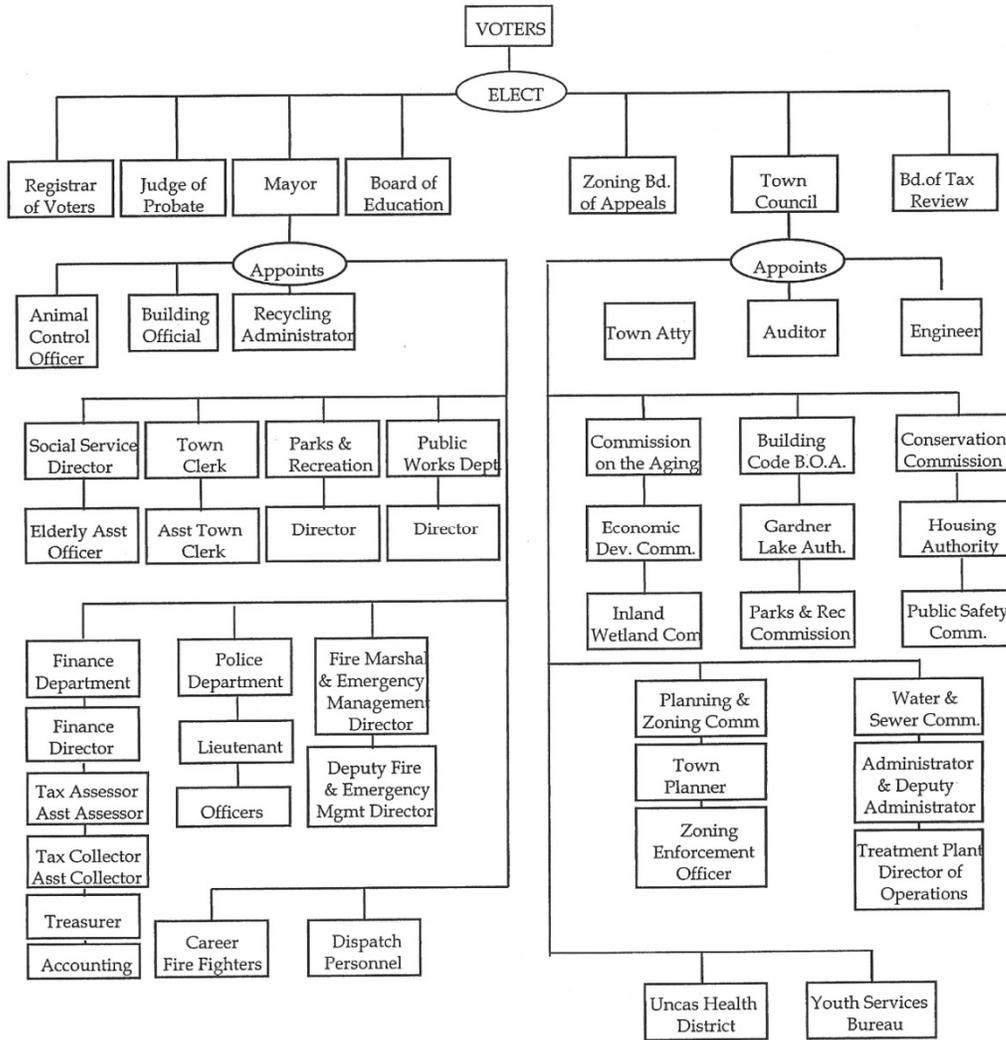
Form of Government

The Town is governed under a Town Charter, which was last revised and adopted on November 7, 1995, with a Mayor/Town Council form of government. The Mayor acts as the chief executive officer, and the Town Council is the legislative body. Council members are elected biennially for two-year terms. The Mayor is elected for a four-year term. The Director of Finance supervises the Town’s financial affairs and departments, which include the Town Treasurer, Tax Collector, Tax Assessor, and the Accounting Department. Pursuant to the Charter, any resolution making a non-budgeted appropriation of less than one percent of the current tax levy shall become effective after approval by the Town Council, provided that the Director of Finance certifies that there are available unappropriated general fund resources in excess of the proposed appropriation. Such appropriations shall not exceed accumulatively two percent of the current tax levy in the current fiscal year. Any non-budgeted appropriation in excess of two percent of the current tax levy and all bonded indebtedness must be approved by the Town Council and adopted by a majority of the qualified voters at a Town meeting. In addition, any non-budgeted appropriation and any borrowing in excess of five percent of the current tax levy must be approved by the Town Council and submitted to the electors and eligible taxpayers of the Town at referendum.

The Montville public schools are governed by a popularly elected Board of Education, consisting of nine Board members. Each year, two students from Montville High School are also chosen to serve as student representatives to the Board of Education. The Superintendent of Schools oversees all facets of the day-to-day management of the Montville public schools, including, but not limited to: faculty and staff, building maintenance and management, annual budgets, curriculum development, district goals, and testing.

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Organizational Chart



Principal Municipal Officials

| Office | Name | Manner of Selection | Term of Office | Years of Service |
|------------------------------|------------------------|----------------------------|-----------------------|-------------------------|
| Mayor..... | Leonard G. Bunnell Sr. | Elected | 1 year | 11/23 to date |
| Town Council: | | | | |
| Chairman..... | Tim May | Elected | 3 years | 11/19 to date |
| Deputy Chairman..... | Billy Caron | Elected | 3 years | 11/21 to date |
| Member..... | Robert Yuchniuk | Elected | 3 years | 11/21 to date |
| Member..... | Joseph Jaskiewicz | Elected | 1 year | 11/23 to date |
| Member..... | Nick Sabilia | Elected | 1 year | 11/23 to date |
| Member..... | Kevin Lathrop | Elected | 1 year | 11/23 to date |
| Member..... | Kate Southard | Elected | 1 year | 11/23 to date |
| Finance Director..... | Julie Chapman | Appointed | Indefinite | 2025 to date |
| Treasurer..... | Patrick Wall | Appointed | Indefinite | 2024 to date |
| Tax Collector..... | David Greaves | Appointed | Indefinite | 2024 to date |
| Assessor..... | Kristy Kupec | Appointed | Indefinite | 2025 to date |
| Town Clerk..... | Katie Haring | Appointed | Indefinite | 2016 to date |
| Town Planner..... | Vacant | Appointed | Indefinite | n/a |
| Town Attorney..... | Richard Cody | Appointed | 5 years | 1/22-12/25 |
| Superintendent of Schools... | Dianne Vumback | Appointed | Indefinite | 2024 to date |

Municipal Services

The Town provides a full range of services, including police and fire protection; water transmission; the construction and maintenance of highways, streets and other infrastructure; education and recreational activities; and cultural events. Sanitation services are provided through a legally separate Water Pollution Control Authority, which functions, in essence, as a department of the Town.

Police: The town employs 30 full time Police Officers, including 7 Sergeants, 1 Lieutenant, 1 Chief and then 2 part time Police Officers; all functioning under an independent police department structure. They are dispatched by the Montville Communications Center, located within the Police Department. There are 23 vehicles available for 24-hour patrol duty. There are 5 Officers assigned to midnight shift, 6 Officers assigned to Day shift, and 7 Officers assigned to Evening shift.

Fire Protection: The Town is served by 16 full-time firefighters/EMT's working 24-hour shifts and an all-volunteer fire department broken down into four companies strategically located throughout the Town. Each company maintains and operates its own ambulance from its respective firehouse. Each company is headed by a chief, a deputy chief, an assistant chief, a captain, and three lieutenants and is established as a nonprofit corporation. In addition to their individual ambulances, the four volunteer fire departments are equipped with 20 pieces of apparatus including a ladder truck, various pumpers, rescue vehicles, brush trucks and boats.

Public Works: The Department is headed by a director who supervises three mechanics, one road foreman, two crew leaders, 12 employees on the road crew, 4 employees dedicated to Parks and Rec, 3 employees dedicated to the Transfer Station, four custodians, and one office administrative assistant. Below is the breakdown of the typical oversight:

Infrastructure Maintenance

- Streets and Roads: Repairing potholes, paving streets, snow plowing, salting in winter, street sweeping, roadside mowing, litter pickup, streetlights, catch basins/drainage, and street signs for 121 miles of town roads.
- Sidewalks and Curbs: Maintaining and repairing pedestrian walkways.

Waste Management

- Transfer Station: Manage and operate the Montville Transfer Station
- Recycling: Managing municipal recycling programs.

Parks & Public Spaces

- Landscaping & Groundskeeping: Maintaining town parks & pavilions, the 8 recreational fields, the dog park and pickleball/tennis courts, multiple trails and many other facilities.
- Street Trees: Trimming and pruning or removing trees in the public right-of-way.

Capital Projects

- Construction Oversight: Planning and managing major infrastructure projects like bridge repairs or new buildings.

Other Services

- Public Buildings: Maintenance of facilities like town halls, community center/youth services, police department, senior center, social services and public works.
- Fleet Maintenance: Taking care of town vehicles, like snowplows, snowplow equipment, mowers, police cars, construction equipment and landscape equipment.

Sewer: The Montville Water Pollution Control Authority (WPCA) operates the federal and state permitted 4.5 million gallons per day (mgd) Water Pollution Control Facility (WPCF) and sanitary sewer collection system (pipes and pump stations) as well as the Water Supply (WS). The WPCA meets required state and federal standards. No regulatory oversight or action is ongoing for the WPCA; no existing Consent Decrees or Consent Orders currently exist. Formal notifications include normal monthly, quarterly and annual reporting.

The Town has 74 miles of sewer lines, 24 pump stations, and a sewage treatment plant. The WPCA employs 14 people. The system has a (federal) permitted capacity of 4.5 million gallons per day. Mohegan Tribal Utility Authority (MTUA) completed a major expansion project of the treatment plant (two treatment tanks of approximately 2 million gallons) and the placement of two pumping stations as part of the Mohegan Sun Sunburst Project at no cost to the Town. The Town is the owner of all of the capital equipment outside of the reservation. One bond was paid in July 2018 and another was paid in February 2019; thus, reducing debt service by at least \$150,000-\$200,000 per year. The remaining two bonds will be paid in August 2032 (headworks upgrade) and July 2034 (new emergency power generator), respectively. Some current wastewater projects were funded by State funds including one grant (CTDEEP \$5 million Grant-in-Aid for Sewage Treatment Facility Infrastructure Improvements and Upgrades at the Montville WPTF- State Grant Agreement 2017-170491, approved via March 2014 Town of Montville Resolution No. 2014-25). The grant monies were used for infrastructure improvements within the plant including the new chlorine system, new recycling

pumps, restoration of the influent flow distribution boxes and grit removal system. Additionally, the aeration systems for SBR-1, 2, 3, 5 and 6 were replaced. Vincenzo Gagliardi, Accountant for the CTDEEP Bureau of Central Services, funds for the grant have now been exhausted (2024). The Town has implemented a sewer assessment policy that captures all assessments from all properties regardless of when they are improved or assessed equal to the amount that would have been assessed at the time sewer assessments were first levied. The policy also accounts for increased usage or changes in usage. The connection fee for the Tribe's Sunburst Project was \$1.1 million. There was a down payment of \$140,000 and the balance at 6% interest was to be paid over seven years. This was paid off in a lump sum in Fiscal Year 2011.

The WPCA operates with an Enterprise Fund which is operated like a (private sector) business account except it contains a goal target of zero-balance (year) ending. The core function of the Administrator/Superintendent position is associated with finance within the parameters set for the FY's approved budget. Whether this involves general financial management revenue collection or debt management, utility finance is crucial for funding essential public services.

Asset management is significant due to the massive amount of infrastructure associated with the sewer system and water supply, and includes the process for maintaining a desired level of customer service at the appropriate cost and lowering asset risk via budgeting and capital improvement plans.

The FY 2025 WPCA Sewer and Water Budget begins on July 1 of each year. The FY 2026 budgets/CIPs are approved by the WPCA and the Town Council. The budgets call for economic efficiency with the minimum resource consumption and maximum performance of the equipment required to supply potable water and treat the municipal sewerage. The budgets must establish appropriate funding for reliability of the utility. A Montville sewer rate increase would increase revenues. Informal reviews of other town's rates show the Montville WPCA sewer rate to be approximately 30% lower than the current utility market. A proposed rate increase is set for FY 2027. A Montville WS rate increase is necessary and was approved by the Town Council on May 12, 2025.

Solid Waste: The Town is currently committed to provide all of its solid refuse annually to the Lisbon resource recovery plant. The town is a member of the Southeastern Connecticut Regional Resource Recovery Authority ("SCRRA"), an authority established under the Connecticut Resource Recovery Authority ("CRRRA"), to serve the needs of twelve regional member towns. The twelve member towns of SCRRA bring their municipal solid waste to the Lisbon facility for disposal. This waste is then burned in a controlled, environmentally sound manner to produce electricity. The remaining ash – less than 10% of the incoming trash – is trucked to the Putnam landfill, a state of the art facility dedicated for ash disposal.

Water: The WS currently has five miles of water lines and provides water to the primary residential, commercial and industrial areas. The Town is a member of the Thames River Basin Interconnection group which was formed to construct a regional water program to support regional water supply. On April 13, 2004, the Town referendum appropriated \$4,513,300 and authorized \$3,300,500 in bonds for the Town's share of the project. The Thames River Basin Interconnection Project has been completed. The first section of the project is now operational with the Town now receiving water from the City of Groton. The second phase was completed in the fall of 2007, and the Town began delivering water to residents in the northern section of Route 32. This project will address the Town's anticipated water needs. The Palmertown Water Main Extension Project funded through a State Department of Energy and Environmental Protection (CTDEEP) grant for \$2,058,000 was completed in the fall of 2007. The pump station on Maple Avenue was completed in 2011. An MTUA loan balance remains on the (not amortized) loan defined in the December 10, 2007 Reimbursement Agreement. The original principal of the note for extending the water utility into the Town was \$2,642,792. The current balance is around \$500,000 which is paid down when connection fees are collected. The Connecticut Department of Public Health approved financing for the Cook Hill Water Tower replacement project. On October 31, 2025, the Town completed financing the project through the State's Drinking Water State Revolving Fund (Project: DWSRF No. 2024-7125), entering to a loan in the amount of \$1,360,332.50 with a 20-year amortization repayment at a 2% interest rate.

Library: The Raymond Library, located in the Oakdale section of the Town, is a private business supported in part by public funds. Patrons may borrow books, magazines, audios, and music CDs. The library has a large Children's Department, and many children's videos are available. Collections are updated every month with new books, and several times a year the library borrows large-print books and many audios from the State library in Willimantic. Connecticutard System, photocopy machine, ILL loan system, and iMac computers with Internet access are available for use. The library also participates in a paperback book exchange and Read-Aloud Day.

Educational Services

The Town's educational system serves grades kindergarten through twelve. The schools are governed by a nine-member local Board of Education. The board exercises legislative authority over the schools in accordance with the State of Connecticut General Statutes and the State Board of Education rules.

School Enrollment

| School Year | K-5 | 6-8 | 9-12 | Total |
|--------------------------|------------|------------|-------------|--------------|
| As of 10/1 | | | | |
| <u>Historical</u> | | | | |
| 2016 | 948 | 559 | 659 | 2,166 |
| 2017 | 943 | 523 | 632 | 2,098 |
| 2018 | 909 | 500 | 589 | 1,998 |
| 2019 | 918 | 531 | 574 | 2,023 |
| 2020 | 902 | 519 | 528 | 1,949 |
| 2021 | 811 | 490 | 529 | 1,830 |
| 2022 | 891 | 510 | 558 | 1,959 |
| 2023 | 890 | 512 | 500 | 1,902 |
| 2024 | 870 | 519 | 491 | 1,880 |
| 2025 | 870 | 520 | 517 | 1,907 |
| <u>Projected</u> | | | | |
| 2026 | 877 | 470 | 537 | 1,884 |
| 2027 | 878 | 475 | 511 | 1,864 |
| 2028 | 862 | 491 | 515 | 1,868 |

Source: Montville Board of Education

School Facilities

| School | Grades | Date of Construction (Last Remodeling) | Number of Classrooms | 10/1/2025 Enrollment | Rated Capacity |
|--------------------------------|---------------|---|---------------------------------|---------------------------------|---------------------------|
| Murphy | K-5 | 1970 | 38 | 291 | 600 |
| Mohegan | K-5 | 2005 | 37 | 298 | 680 |
| Oakdale | Pre-K-5 | 1965 | 26 | 259 | 605 |
| Tyl Middle | 6-8 | 1992 | 44 | 443 | 700 |
| High School ¹ | 9-12 | 1962 | 54 | 515 | 1,186 |
| Total | | | 199 | 1,806 | 3,771 |

¹ Includes Palmer Memorial enrollments, an alternative grade 9-12 high school with four classrooms and a capacity of 40 students.

Employee Relations and Collective Bargaining

Municipal Employees

| Fiscal Year Ending | 2025 | 2024 | 2023 | 2022 | 2021 |
|---------------------------|-------------|-------------|-------------|-------------|-------------|
| General Government..... | 138 | 141 | 134 | 131 | 132 |
| Board of Education..... | 533 | 547 | 575 | 675 | 691 |
| Total..... | 671 | 688 | 709 | 806 | 823 |

Source: Town Officials

Employee Relations

| Bargaining Groups | Positions Covered | Current Contract Expiration Date |
|--|--------------------------|---|
| <i>General Government</i> | | |
| Montville Association of Management Employees..... | 14 | 6/30/2027 |
| Town Hall - Teamsters #493..... | 23 | 6/30/2027 |
| Public Works – Local 1303 of Council #4, AFSCME-AFL-CIO..... | 35 | 6/30/2028 |
| Montville Police Union – Local 2504 of Council #4, AFSCME-AFL-CIO... | 30 | 6/30/2028 |
| Montville Firefighters Association – International Association of Firefighters AFL-CIO..... | 16 | 6/30/2022 ¹ |
| WPCA – Local 1303-341 of Council #4, AFSCME-AFL-CIO..... | 16 | 6/30/2028 |
| Sub-Total..... | 134 | |
| Non-Union..... | 4 | |
| Total General Government..... | 138 | |
| <i>Board of Education Unions</i> | | |
| Montville Administrators’ Association..... | 11 | 6/30/2028 |
| Bus Drivers – Teamsters #493..... | 19 | 8/31/2026 |
| Civil Service Employees Affiliates, Inc.: | | |
| Paraprofessionals..... | 74 | 8/31/2028 |
| Secretaries..... | 23 | 6/30/2028 |
| Custodial – Teamsters #493..... | 21 | 6/30/2028 |
| Montville Education Association..... | 215 | 8/31/2027 |
| Sub-Total..... | 363 | |
| Grand Total..... | 501 | |

¹ In negotiation.

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

III. Economic and Demographic Information

Local Economy

The principal industries in Montville are tourism, electrical power generation, and manufacturing of paperboard, paper boxes and storm windows. A power generation plant located in the Town is Montville Power LLC, subsidiary of NRG. Montville Power LLC has a permitted 40-megawatt dual-fueled generation unit at the Montville station.

Montville Power LLC maintains a major power-generating plant and is the Town's fourth largest taxpayer with a combined assessment of \$13,183,947 on the October 1, 2024 grand list. The 497-megawatt facility uses conventional fossil fuel and steam generation equipment that feeds into the New England grid.

There are 12 manufacturing firms located in Montville. The firms range from a small start-up tool and die maker, which has recently expanded within one of the Town's new industrial parks, to Rand Whitney Containerboard, Ltd., a leading manufacturer of cardboard and paperboard. Montville is home to popular tourist and entertainment venues such as NASKART, Wide World of Indoor Sports and Nature's Art Village.

The accommodations industry continues to expand in Montville. The Town currently has a Fairfield Inn & Suites by Marriott hotel and a Microtel Inn & Suites hotel, and Hyatt Place. The major contributors to this sector are the Mohegan Sun Casino and Resort, located on the northern border of Montville, and Foxwoods Resort, which is located in the neighboring Town of Ledyard.

The accommodation and food service industry employs 27% of Montville's work force; 12% are employed in retail and 6% are employed by the manufacturing sector.

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Population and Density

| Year | Actual | | Density ² |
|-------------------|------------|------------|----------------------|
| | Population | % Increase | |
| 2023 ¹ | 18,006 | -2.1% | 410 |
| 2020 | 18,387 | -6.0% | 419 |
| 2010 | 19,571 | 5.5% | 446 |
| 2000 | 18,546 | 11.2% | 422 |
| 1990 | 16,673 | 1.3% | 380 |
| 1980 | 16,455 | 5.1% | 375 |
| 1970 | 15,662 | 101.9% | 357 |

¹ U.S. Bureau of Census, American Community Survey, 2019-2023.

² Per square mile: 43.9.

Source: U.S. Department of Commerce, Bureau of Census. 1970-2020.

Age Distribution of the Population

| Age | Town of Montville | | State of Connecticut | |
|-------------------------|-------------------|---------------|----------------------|---------------|
| | Number | Percent | Number | Percent |
| Under 5..... | 673 | 3.74% | 181,240 | 5.04% |
| 5 - 9..... | 539 | 2.99% | 195,390 | 5.43% |
| 10 - 14..... | 1,179 | 6.55% | 217,297 | 6.04% |
| 15 - 19..... | 1,149 | 6.38% | 238,145 | 6.62% |
| 20 - 24..... | 1,357 | 7.54% | 233,423 | 6.49% |
| 25 - 34..... | 2,795 | 15.52% | 449,771 | 12.50% |
| 35 - 44..... | 2,086 | 11.59% | 451,461 | 12.55% |
| 45 - 54..... | 2,595 | 14.41% | 462,543 | 12.85% |
| 55 - 59..... | 1,186 | 6.59% | 260,758 | 7.25% |
| 60 - 64..... | 1,471 | 8.17% | 257,548 | 7.16% |
| 65 - 74..... | 1,622 | 9.01% | 376,023 | 10.45% |
| 75 - 84..... | 1,008 | 5.60% | 187,378 | 5.21% |
| 85 and over..... | 346 | 1.92% | 87,371 | 2.43% |
| Total..... | 18,006 | 100.0% | 3,598,348 | 100.0% |
| Median Age (Years)..... | | 42.5 | | 41.2 |

Source: American Community Survey, 2019-2023.

Income Distribution

| Income | Town of Montville | | State of Connecticut | |
|------------------------|-------------------|---------------|----------------------|---------------|
| | Families | Percent | Families | Percent |
| \$ 0 - \$ 9,999..... | 117 | 2.6% | 22,973 | 2.5% |
| 10,000 - 14,999..... | 41 | 0.9% | 12,547 | 1.4% |
| 15,000 - 24,999..... | 76 | 1.7% | 29,893 | 3.3% |
| 25,000 - 34,999..... | 52 | 1.2% | 35,598 | 3.9% |
| 35,000 - 49,999..... | 209 | 4.7% | 61,793 | 6.7% |
| 50,000 - 74,999..... | 700 | 15.8% | 108,046 | 11.8% |
| 75,000 - 99,999..... | 593 | 13.4% | 108,216 | 11.8% |
| 100,000 - 149,999..... | 1,314 | 29.7% | 185,242 | 20.2% |
| 150,000 - 199,999..... | 670 | 15.2% | 128,574 | 14.0% |
| 200,000 and over..... | 647 | 14.6% | 224,258 | 24.5% |
| Total..... | 4,419 | 100.0% | 917,140 | 100.0% |

Source: American Community Survey, 2019-2023.

Income Levels

| | Town of Montville | State of Connecticut |
|--|------------------------------|---------------------------------|
| Per Capita Income, 2023 | \$40,628 | \$54,409 |
| Per Capita Income, 2010 | \$33,839 | \$36,775 |
| Median Family Income, 2023 | \$108,958 | \$120,011 |
| Median Family Income, 2010..... | \$87,641 | \$84,170 |
| Percent Below Poverty Level 2023 | 4.50% | 6.80% |

Source: American Community Survey, 2019-2023.

Educational Attainment Persons 25 Years and Older

| | Town of Montville | | State of Connecticut | |
|---|--------------------------|----------------|-----------------------------|----------------|
| | Number | Percent | Number | Percent |
| Less than 9th grade..... | 207 | 2.6% | 101,530 | 4.7% |
| 9th to 12th grade..... | 830 | 6.4% | 118,019 | 7.0% |
| High School graduate..... | 4,525 | 31.6% | 647,094 | 28.6% |
| Some college, no degree..... | 3,011 | 20.4% | 410,591 | 17.2% |
| Associate's degree | 1,270 | 7.3% | 193,216 | 7.3% |
| Bachelor's degree..... | 1,995 | 19.4% | 581,935 | 19.9% |
| Graduate or professional degree..... | 1,271 | 12.3% | 480,468 | 15.3% |
| Total..... | 13,109 | 100.0% | 2,532,853 | 100.0% |
| Total high school graduate or higher (%)..... | | 92.1% | | 91.3% |
| Total bachelor's degree or higher (%)..... | | 24.9% | | 41.9% |

Source: American Community Survey, 2019-2023.

Major Employers

| Employer | Business | Number of Employees |
|--|--------------------------|--------------------------------|
| Corrigan Correctional Center..... | Correctional Facility | 434 |
| Town of Montville..... | Municipality | 164 |
| Home Depot..... | Retail | 120 |
| Stop & Shop..... | Supermarket | 118 |
| Hillcrest Montville LLC/Orchard Groves.... | Nursing Home | 100 |
| Rand-Whitney Group..... | Paperboard Manufacturing | 85 |
| Chili's..... | Restaurant | 60 |
| Montville Power LLC..... | Electric Power | 52 |
| DW Transportation..... | Trucking Company | 48 |
| Pepsi-Co Bottlers..... | Beverages | 35 |

Note: The Mohegan Tribe Reservation is contiguous to the Town. The Mohegan Sun Casino employs approximately 5,790

Employment by Industry

| Sector | Town of Montville | | State of Connecticut | |
|--|--------------------------|----------------|-----------------------------|----------------|
| | Number | Percent | Number | Percent |
| Agriculture, forestry, fishing and hunting, and mining..... | 96 | 1.0% | 7,261 | 78.0% |
| Construction..... | 470 | 5.0 | 112,821 | 6.1 |
| Manufacturing..... | 1,649 | 17.7 | 195,355 | 10.6 |
| Wholesale trade..... | 94 | 1.0 | 37,294 | 2.0 |
| Retail trade..... | 1,187 | 12.7 | 192,535 | 10.5 |
| Transportation and warehousing, and utilities... | 367 | 3.9 | 84,571 | 4.6 |
| Information..... | 64 | 0.7 | 36,631 | 2.0 |
| Finance, insurance, real estate, and rental | 165 | 1.8 | 162,724 | 8.9 |
| Professional, scientific, management, administrative, and waste management services..... | 877 | 9.4 | 223,982 | 12.2 |
| Education, health and social services..... | 1,849 | 19.9 | 490,839 | 26.7 |
| Arts, entertainment, recreation, accommodation and food services..... | 1,431 | 15.4 | 145,445 | 7.9 |
| Other services (except public administration)..... | 414 | 4.4 | 78,662 | 4.3 |
| Public Administration..... | 649 | 7.0 | 67,335 | 3.7 |
| Total Labor Force, Employed..... | 9,312 | 100.0% | 1,835,455 | 100.0% |

Source: American Community Survey, 2019-2023.

Employment Data

| Period | Town of Montville | | | Percentage Unemployed | | |
|-----------------------|--------------------------|-----------------|-------------------|------------------------------|-----------------------------|-----------------------------|
| | Labor Force | Employed | Unemployed | Town of Montville | Norwich / New London | State of Connecticut |
| August 2025..... | 9,691 | 9,399 | 292 | 3.0 | 3.7 | 3.8 |
| Annual Average | | | | | | |
| 2024..... | 8,899 | 8,613 | 286 | 3.2 | 3.4 | 3.5 |
| 2023..... | 8,882 | 8,566 | 316 | 3.6 | 3.6 | 3.7 |
| 2022..... | 8,763 | 8,362 | 401 | 4.6 | 4.4 | 4.1 |
| 2021..... | 8,290 | 7,721 | 569 | 6.9 | 7.2 | 6.6 |
| 2020..... | 8,941 | 8,128 | 813 | 9.2 | 9.2 | 7.3 |
| 2019..... | 9,395 | 9,049 | 346 | 3.7 | 3.6 | 3.7 |
| 2018..... | 9,529 | 9,139 | 390 | 4.1 | 4.1 | 4.2 |
| 2017..... | 9,464 | 9,016 | 447 | 4.7 | 4.6 | 4.7 |
| 2016..... | 9,385 | 8,883 | 503 | 5.4 | 5.4 | 5.3 |
| 2015..... | 9,427 | 8,843 | 583 | 6.2 | 6.0 | 5.6 |

Source: State of Connecticut, Department of Labor.

Age Distribution of Housing

| Year Built | Town of Montville | | State of Connecticut | |
|---------------------------------|--------------------------|----------------|-----------------------------|----------------|
| | Units | Percent | Units | Percent |
| 1939 or earlier..... | 583 | 8.4% | 313,434 | 20.4% |
| 1940 to 1969..... | 2,803 | 40.2 | 516,528 | 33.6 |
| 1970 to 1979..... | 868 | 12.5 | 210,611 | 13.7 |
| 1980 to 1989..... | 936 | 13.4 | 197,533 | 12.9 |
| 1990 to 1999..... | 673 | 9.7 | 116,617 | 7.6 |
| 2000 or 2009..... | 1,012 | 14.5 | 108,430 | 7.1 |
| 2010 or later..... | 89 | 1.3 | 72,896 | 4.7 |
| Total Housing Units..... | 6,964 | 100.0% | 1,536,049 | 100.0% |
| Percent Owner Occupied..... | | 82.3% | | 66.2% |

Source: American Community Survey, 2019-2023.

Housing Inventory

| Housing Units | Town of Montville | | State of Connecticut | |
|-----------------------------|--------------------------|----------------|-----------------------------|----------------|
| | Units | Percent | Units | Percent |
| 1-unit, detached..... | 5,527 | 79.4% | 901,187 | 58.7% |
| 1-unit, attached..... | 122 | 1.8 | 95,202 | 6.2 |
| 2 units..... | 269 | 3.9 | 118,295 | 7.7 |
| 3 or 4 units..... | 235 | 3.4 | 126,755 | 8.3 |
| 5 to 9 units..... | 134 | 1.9 | 76,750 | 5.0 |
| 10 to 19 units..... | 139 | 2.0 | 55,290 | 3.6 |
| 20 or more units..... | 67 | 1.0 | 150,986 | 9.8 |
| Mobile home..... | 471 | 6.8 | 10,967 | 0.7 |
| Boat, RV, van, etc..... | - | - | 617 | 0.0 |
| Total Inventory..... | 6,964 | 100.0% | 1,536,049 | 100.0% |

Source: American Community Survey, 2019-2023.

Owner Occupied Housing Values

| Specified Owner-Occupied Units | Town of Montville | | State of Connecticut | |
|---------------------------------------|--------------------------|----------------|-----------------------------|----------------|
| | Number | Percent | Number | Percent |
| Less than \$50,000..... | 350 | 6.4% | 22,174 | 2.4% |
| \$50,000 to \$99,000..... | 102 | 1.9% | 15,116 | 1.6% |
| \$100,000 to \$149,999..... | 247 | 4.5% | 38,832 | 4.1% |
| \$150,000 to \$199,000..... | 498 | 9.2% | 77,152 | 8.2% |
| \$200,000 to \$299,999..... | 2,411 | 44.3% | 233,824 | 24.9% |
| \$300,000 to \$499,999..... | 1,526 | 28.0% | 319,703 | 34.0% |
| \$500,000 to \$999,999..... | 291 | 5.3% | 173,643 | 18.5% |
| \$1,000,000 or more..... | 16 | 0.3% | 59,468 | 6.3% |
| Total..... | 5,441 | 100.0% | 939,912 | 100.0% |
| Median Sales Price..... | \$ 264,400 | | \$ 343,200 | |

Source: American Community Survey, 2019-2023.

Building Permits

The following is a schedule of building permits and their estimated values over the last ten years:

| Fiscal Year Ending 6/30 | Residential | | Commerical/Indust. | | Other ¹ | | All Categories | |
|------------------------------------|--------------------|---------------|---------------------------|--------------|---------------------------|--------------|-----------------------|---------------|
| | No. | Value | No. | Value | No. | Value | No. | Value |
| 2025 | 1,274 | \$ 23,162,533 | 85 | \$ 6,742,411 | 5 | \$ 35,430 | 1,364 | \$ 29,940,374 |
| 2024 | 1,148 | 16,852,378 | 96 | 7,763,732 | 6 | 235,800 | 1,250 | 24,851,910 |
| 2023 | 1,342 | 22,120,747 | 93 | 2,188,680 | 6 | 27,535 | 1,441 | 24,336,962 |
| 2022 | 1,151 | 16,109,999 | 130 | 8,953,539 | 75 | 1,639,111 | 1,356 | 26,702,649 |
| 2021 | 1,183 | 15,935,048 | 66 | 2,944,871 | 67 | 975,804 | 1,316 | 19,855,723 |
| 2020 | 828 | 16,275,550 | 79 | 2,754,069 | 4 | 80,990 | 911 | 19,110,609 |
| 2019 | 1,225 | 13,234,370 | 167 | 22,018,658 | 19 | 1,297,500 | 1,411 | 36,550,528 |
| 2018 | 1,083 | 9,921,368 | 160 | 3,510,622 | 17 | 1,028,662 | 1,260 | 14,460,652 |
| 2017 | 999 | 7,975,400 | 166 | 4,631,465 | 13 | 614,734 | 1,178 | 13,221,599 |
| 2016 | 1,097 | 11,260,852 | 159 | 3,949,786 | 19 | 232,790 | 1,275 | 15,443,428 |

¹ Includes additions, alterations, pools, etc.

Source: Building Department, Town of Montville

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IV. Tax Base Data

Property Tax - Assessments

Public Act No. 04-2 of the May 2004 Special Session of the Connecticut General Assembly (the "Act") modified the required cycle of revaluation and lengthened the cycle from four years to five years. Generally, the law requires revaluation every five years and a general revaluation based on physical observation where the preceding revaluation in the five-year cycle was a statistical revaluation. The Town last completed a physical revaluation on the October 1, 2021 grand list. The Town is required to complete the next revaluation on the October 1, 2026 grand list.

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 automobile price schedule developed by the Connecticut Association of Assessing Officials and as recommended by the State Office of Policy and Management. Section 12-71b of the Connecticut General Statutes provides that motor vehicles which are registered with the Commissioner of Motor Vehicles after the October 1 assessment date but before the next September 30 are subject to a property tax as if the motor vehicle had been included on the October 1 Grand List. The tax is prorated, and the proration is based on the number of months of ownership of that 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 personal property (commercial furniture, fixtures, equipment, machinery and leased equipment) is assessed annually. An Assessor's check and audit is completed periodically. Assessments for both personal property and motor vehicles are computed at seventy percent (70%) of present market value.

Section 12-124a of the Connecticut General Statutes permits a municipality, upon approval by 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 not approved the use of this abatement provision to date.

Motor Vehicle Property Tax Rate

Section 12-71e(a) of the Connecticut General Statutes (the "General Statutes") has been amended whereby the mill rate for motor vehicles shall not exceed 32.46 mills for the assessment year commencing October 1, 2021, and each assessment year thereafter. Section 12-71e(b) of the General Statutes has been amended to state that no district or borough may set a motor vehicle mill rate that if combined with the motor vehicle mill rate of the town, city, consolidated town and city or consolidated town and borough in which such district or borough is located would result in a combined motor vehicle mill rate above 32.46 mills for the assessment year commencing October 1, 2021, and each assessment year thereafter. Section 4-661 of the General Statutes diverts a portion of State collected sales tax revenue to provide funding to municipalities to mitigate the revenue loss attributed to the motor vehicle property tax cap. The Town's mill rate for motor vehicles for the assessment year commencing October 1, 2024 (the fiscal year ending June 30, 2026) is 27.87 mills.

Property Tax - Levy

Property taxes are levied on all assessed property on the Grand List of October 1 prior to the beginning of the fiscal year. Real estate tax bills are payable in two installments – July 1 and January 1. Real estate taxes of less than \$100, motor vehicle taxes, and personal property taxes are due in one installment in July. Supplemental motor vehicle taxes (those vehicles registered between October 2 and July 31) are due in one installment in January. A margin against delinquencies, legal reductions, and Grand List adjustments, such as Assessor errors, is provided by adjusting the Grand List downward when computing anticipated property tax revenue from the current levy. An estimate for delinquent taxes and outstanding interest and lien fees anticipated to be collected during the fiscal year is normally included as a revenue item in the budget. Delinquent taxes are billed at least four times a year, with interest charged at the rate of one and one-half percent per month with a minimum charge of \$2. In accordance with State law, the oldest outstanding tax is collected first. Outstanding real estate tax accounts are automatically liened each year prior to June 30 with legal demands and alias tax warrants used in the collection of personal property and motor vehicle tax bills. Delinquent motor vehicle and personal property accounts are transferred to a suspense account after three years at which time they cease to be carried as receivables. Real estate accounts are transferred to suspense fifteen years after the due date in accordance with state statutes.

Comparative Assessed Valuations (Exclusive of Supplemental Motor Vehicles)

| Grand List of 10/1 | Real Property (%) | Personal Property (%) | Motor Vehicle (%) | Gross | | Net Taxable | |
|--------------------|-------------------|-----------------------|-------------------|---------------------------|-----------------------|-------------------|----------------|
| | | | | Taxable Grand List (000s) | Less Exemption (000s) | Grand List (000s) | Percent Growth |
| 2024 | 75.5 | 14.5 | 10.0 | \$ 2,036,550 | \$ 370,321 | \$ 1,666,229 | 0.60 |
| 2023 | 76.3 | 13.2 | 10.5 | 2,016,819 | 360,525 | 1,656,294 | 1.85 |
| 2022 | 76.1 | 12.7 | 11.2 | 1,997,099 | 370,880 | 1,626,219 | 0.81 |
| 2021 ¹ | 76.0 | 13.4 | 10.6 | 1,980,774 | 367,639 | 1,613,135 | 19.00 |
| 2020 | 74.7 | 15.4 | 9.9 | 1,730,700 | 375,081 | 1,355,619 | 2.10 |
| 2019 | 76.0 | 14.6 | 9.4 | 1,696,544 | 368,820 | 1,327,724 | 3.50 |
| 2018 | 78.4 | 12.2 | 9.4 | 1,649,977 | 367,168 | 1,282,809 | 0.82 |
| 2017 | 78.6 | 12.1 | 9.3 | 1,639,254 | 366,838 | 1,272,416 | 0.16 |
| 2016 ¹ | 78.3 | 11.2 | 10.2 | 1,640,413 | 369,988 | 1,270,425 | (0.78) |
| 2015 | 81.1 | 8.9 | 10.0 | 1,636,050 | 355,646 | 1,280,404 | 0.82 |

¹ Revaluation years.

Source: Assessor's Office, Town of Montville.

Property Tax Levies and Collections

| Grand List of 10/1 | Fiscal Year Ending 6/30 | Net Taxable Grand List | Mill Rate | Adjusted Annual Levy | Percent of Annual Levy | Percent of Annual Levy | Percent of Annual Levy |
|--------------------|-------------------------|------------------------|-----------|----------------------|---------------------------------|-----------------------------------|-----------------------------|
| | | | | | Collected at End of Fiscal Year | Uncollected at End of Fiscal Year | Uncollected as of 6/30/2025 |
| 2024 | 2026 | \$ 1,666,229 | 28.87 | \$ 48,104 | <i>COLLECTION IN PROCESS</i> | | |
| 2023 | 2025 | 1,656,294 | 27.77 | 45,999 | 99.60% | 0.40% | 0.40% |
| 2022 | 2024 | 1,626,219 | 27.77 | 45,170 | 99.83% | 0.17% | 0.17% |
| 2021 ¹ | 2023 | 1,613,135 | 26.71 | 42,399 | 98.63% | 1.37% | 1.37% |
| 2020 | 2022 | 1,355,619 | 31.75 | 42,394 | 98.49% | 1.51% | 1.51% |
| 2019 | 2021 | 1,327,724 | 32.38 | 42,111 | 98.59% | 1.41% | 1.41% |
| 2018 | 2020 | 1,282,809 | 32.51 | 41,152 | 98.60% | 1.40% | 1.40% |
| 2017 | 2019 | 1,272,416 | 31.73 | 39,836 | 98.30% | 1.70% | 1.70% |
| 2016 ¹ | 2018 | 1,270,425 | 31.70 | 40,170 | 97.62% | 2.38% | 2.38% |
| 2015 | 2017 | 1,280,404 | 30.61 | 38,963 | 98.03% | 1.97% | 1.97% |

¹ Revaluation.

Sources: Tax Collector's Office, Town of Montville

Ten Largest Taxpayers

| Name | Nature of Business | Taxable Valuation | Percent of Net Taxable Grand List ¹ |
|--------------------------------------|-------------------------------|-----------------------|--|
| Eversource..... | Utility | \$ 135,077,950 | 8.11% |
| Yankee Gas Services..... | Utilities | 21,437,010 | 1.29% |
| MTIC Acquisitions LLC..... | Real Estate | 19,866,490 | 1.19% |
| Montville Power LLC..... | Power Generation | 13,183,947 | 0.79% |
| Montville Station LLC..... | Retail Shopping Center | 12,515,910 | 0.75% |
| Rand Whitney Containerboard LTD..... | Paper/Paperboard/Cogeneration | 11,999,136 | 0.72% |
| Home Depot USA Inc..... | Retail Shopping Center | 11,142,490 | 0.67% |
| Sun Hillcrest LLC..... | Real Estate | 9,761,990 | 0.59% |
| Hitalk Hotels LLC..... | Hotel | 9,402,760 | 0.56% |
| Alogonquin Gas Transmission LLC..... | Utilities | 9,056,490 | 0.54% |
| Total..... | | \$ 253,444,173 | |

¹ Based on October 1, 2024 Net Taxable Grand List of \$1,666,229,000.

Source: Assessor's Office, Town of Montville

Municipal Budget Expenditure Cap

Connecticut General Statutes Section 4-66*l*, 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, budgeting for an audited deficit, nonrecurring grants, capital expenditures of \$100,000 or more, or payments on unfunded pension liabilities, and certain major disaster or emergency expenditures) exceeds the spending limits specified in the statute. For each applicable fiscal year, OPM must determine the municipality's percentage growth in general budget expenditures over the prior fiscal year and reduce the grant if the growth rate is equal to or greater than 2.5% or the inflation rate, whichever is greater, each of those amounts adjusted by an amount proportionate to any increase in the municipality's population from the previous fiscal year. The reduction is generally equal to 50 cents for every dollar the municipality spends over this cap. Each municipality must annually certify to the Secretary of the OPM whether such municipality has exceeded the cap set forth in the statute and if so the amount by which the cap was exceeded.

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V. Debt Summary

Principal Amount of Indebtedness ¹ As of December 16, 2025 (Pro Forma)

Long-Term Debt

| Date | Purpose | Rate % | Amount of Original Issue | Outstanding After This Issue ² | Fiscal Year of Maturity |
|------------------------------------|---|--------------|--------------------------------|---|-------------------------------|
| 08/15/12 | General Purpose Bonds..... | 2.125 - 4.00 | 6,625,000 | 1,470,000 | 2033 |
| 08/15/12 | School Bonds..... | 2.125 - 4.00 | 4,000,000 | 1,540,000 | 2033 |
| 08/15/12 | Sewer Bonds ³ | 2.125 - 4.00 | 1,500,000 | 490,000 | 2033 |
| 03/07/13 | General Purpose Refunding Bonds..... | 1.00 - 4.00 | 7,080,150 | 404,250 | 2027 |
| 03/07/13 | School Refunding Bonds - Lot B..... | 1.00 - 4.00 | 2,114,850 | 120,750 | 2027 |
| 07/30/15 | State of Connecticut - CWF Loan 662-DC..... | 2.00 | 245,631 | 117,458 | 2035 |
| 11/02/15 | School Refunding Bonds ⁴ | 1.977 | 1,271,000 | 305,000 | 2028 |
| 11/02/15 | Water Refunding Bonds ^{3,4} | 1.977 | 1,401,000 | 337,000 | 2028 |
| 04/09/19 | General Purpose Bonds..... | 3.00 - 5.00 | 2,500,000 | 1,000,000 | 2029 |
| 03/18/21 | General Purpose Bonds..... | 1.00 - 4.00 | 3,300,000 | 1,980,000 | 2031 |
| 04/19/23 | General Purpose Bonds..... | 4.00 - 5.00 | 3,000,000 | 2,400,000 | 2033 |
| 04/19/23 | School Bonds..... | 4.00 - 5.00 | 3,000,000 | 2,700,000 | 2043 |
| 10/31/25 | State of Connecticut - DWSRF Loan 2024-7125 | 2.00 | 1,360,333 | 1,286,648 | 2045 |
| Sub-Total..... | | | \$ 37,397,964 | \$ 14,151,106 | |
| This Issue | | | | | |
| 12/16/25 | General Purpose Bonds..... | <i>tbd</i> | \$ 4,200,000 | \$ 4,200,000 | 2036 |
| 12/16/25 | School Bonds..... | <i>tbd</i> | 2,350,000 | 2,350,000 | 2046 |
| Sub-Total (This Issue)..... | | | \$ 6,550,000 | \$ 6,550,000 | |
| Total Bonds..... | | | \$ 43,947,964 | \$ 20,701,106 | |

¹ Excludes capital leases.

² Excludes refunded bonds.

³ Self-supporting debt.

⁴ Direct Purchase Bond issue.

Short-Term Debt As of December 16, 2025 (Pro Forma)

The Town has no outstanding short term debt as of the date of this official statement.

Leases

In 2017, the Town entered into a capital lease agreement for the purchase of police vehicles and various rolling stock, of which remains \$81,000 in outstanding lease payments. The lease payments are not included in outstanding bonded debt of the Town. In 2021 and 2023 the Town entered into capital lease agreements for the purchase of buses of which remains \$17,527 and \$162,871 in outstanding payments respectively.

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Annual Bonded Debt Maturity Schedule ¹
As of December 16, 2025
(Pro Forma)

| Fiscal Year Ended 6/30 | Principal Payments | Interest Payments | Total Payments | This Issue | | | Total Principal | Cumulative Principal Retired % |
|---------------------------------|-----------------------|----------------------|----------------------|---------------------|---------------------|---------------------|----------------------|---|
| | | | | General Purpose | Schools | Total | | |
| 2026 ² | \$ 1,076,960 | \$ 237,396 | \$ 1,314,356 | \$ - | \$ - | \$ - | \$ 1,076,960 | 5.2% |
| 2027 | 2,459,702 | 407,140 | 2,866,842 | 420,000 | 115,000 | 535,000 | 2,994,702 | 19.7% |
| 2028 | 1,928,958 | 333,012 | 2,261,970 | 420,000 | 115,000 | 535,000 | 2,463,958 | 31.6% |
| 2029 | 1,611,219 | 279,874 | 1,891,093 | 420,000 | 115,000 | 535,000 | 2,146,219 | 41.9% |
| 2030 | 1,361,485 | 228,294 | 1,589,779 | 420,000 | 115,000 | 535,000 | 1,896,485 | 51.1% |
| 2031 | 1,361,757 | 182,558 | 1,544,315 | 420,000 | 115,000 | 535,000 | 1,896,757 | 60.3% |
| 2032 | 1,032,034 | 136,816 | 1,168,850 | 420,000 | 115,000 | 535,000 | 1,567,034 | 67.8% |
| 2033 | 1,032,317 | 102,169 | 1,134,486 | 420,000 | 115,000 | 535,000 | 1,567,317 | 75.4% |
| 2034 | 232,606 | 75,016 | 307,622 | 420,000 | 115,000 | 535,000 | 767,606 | 79.1% |
| 2035 | 219,246 | 67,471 | 286,717 | 420,000 | 115,000 | 535,000 | 754,246 | 82.8% |
| 2036 | 218,017 | 60,105 | 278,122 | 420,000 | 115,000 | 535,000 | 753,017 | 86.4% |
| 2037 | 218,017 | 52,741 | 270,758 | - | 120,000 | 120,000 | 338,017 | 88.0% |
| 2038 | 218,017 | 45,377 | 263,394 | - | 120,000 | 120,000 | 338,017 | 89.7% |
| 2039 | 218,017 | 38,013 | 256,030 | - | 120,000 | 120,000 | 338,017 | 91.3% |
| 2040 | 218,017 | 30,649 | 248,666 | - | 120,000 | 120,000 | 338,017 | 92.9% |
| 2041 | 218,017 | 23,285 | 241,302 | - | 120,000 | 120,000 | 338,017 | 94.6% |
| 2042 | 218,016 | 15,920 | 233,936 | - | 120,000 | 120,000 | 338,016 | 96.2% |
| 2043 | 218,016 | 8,556 | 226,572 | - | 120,000 | 120,000 | 338,016 | 97.8% |
| 2044 | 68,016 | 1,193 | 69,209 | - | 120,000 | 120,000 | 188,016 | 98.7% |
| 2045 | 22,672 | 94 | 22,766 | - | 120,000 | 120,000 | 142,672 | 99.4% |
| 2046 | - | - | - | - | 120,000 | 120,000 | 120,000 | 100.0% |
| Total..... | \$ 14,151,106 | \$ 2,325,679 | \$ 16,476,785 | \$ 4,200,000 | \$ 2,350,000 | \$ 6,550,000 | \$ 20,701,106 | |

¹ Excludes capital leases.

² Excludes \$1,563,835 in principal payments and \$243,540 in interest payments from July 1, 2024 through December 16, 2025.

Overlapping/Underlying Debt

The Town has no overlapping or underlying debt.

**THE TOWN OF MONTVILLE HAS NEVER DEFAULTED IN THE PAYMENT OF
PRINCIPAL OR INTEREST ON ITS BONDS OR NOTES**

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Debt Statement ¹
As of December 16, 2025
(Pro Forma)

| | |
|--|----------------------|
| Long-Term Debt Outstanding: | |
| General Purpose (Includes this issue)..... | \$ 11,454,250 |
| Schools (Includes this issue) | 7,015,750 |
| Water | 1,623,648 |
| Sewer | 607,458 |
| Total Long-Term Debt | 20,701,106 |
| Short-Term Debt | - |
| Total Direct Debt | 20,701,106 |
| Less: School Construction Grants Receivable (As of June 30, 2025) ² | - |
| Total Direct Net Debt | 20,701,106 |
| Overlapping/Underlying Debt | - |
| Total Overall Net Debt | \$ 20,701,106 |

¹ Excludes capital leases.

² The State of Connecticut will reimburse the Town for eligible principal and interest costs over the life of bonds issued for projects authorized by the General Assembly prior to July 1, 1996. School construction grants receivable stated above are for principal reimbursement only.

Current Debt Ratios
As of December 16, 2025
(Pro Forma)

| | |
|--|------------------|
| Population ¹ | 18,006 |
| Net Taxable Grand List 70% of Full Value (10/1/24) | \$ 1,666,229,000 |
| Estimated Full Value | \$ 2,380,327,143 |
| Equalized Grand List (10/1/23) ¹ | \$ 3,391,992,197 |
| Money Income per Capita ² | \$ 40,628 |

| | Total Direct Debt | Total Overall Net Debt |
|--|------------------------------|-----------------------------------|
| | \$20,701,106 | \$20,701,106 |
| Per Capita | \$1,149.68 | \$1,149.68 |
| Ratio to Net Taxable Grand List | 1.24% | 1.24% |
| Ratio to Estimated Full Value | 0.87% | 0.87% |
| Ratio to Equalized Grand List | 0.61% | 0.61% |
| Debt per Capita to Money Income per Capita | 2.83% | 2.83% |

¹ Office of Policy and Management, State of Connecticut.

² American Community Survey, 2019-2023.

Authority to Incur Debt

The Town has the power to incur indebtedness as provided by the Connecticut General Statutes and the Town Charter. The issuance of bonds and notes shall be authorized upon the recommendation of the Town Council and approved by the Town Meeting. Any borrowing in excess of five percent of the current tax levy shall be approved by a referendum of the electors and eligible taxpayers. Bonds and notes may be issued to meet certain emergency appropriations as provided in the Connecticut General Statutes and the Town Charter.

Temporary Financing

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

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

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

Clean Water Fund Program

The Town of Montville is a participant in the State of Connecticut's Clean Water Fund Program (Connecticut General Statutes Sections 22a-475 et seq., as amended) which provides financial assistance through a combination of grants and loans bearing interest at a rate of 2% per annum. All participating municipalities receive a grant of 20% and a loan of 80% of total eligible costs (with the exception of combined sewer overflow correction projects which are financed with a 50% grant and a 50% loan).

Loans to each municipality are made pursuant to a Project Grant and Project Loan Agreement. Each municipality is obligated to repay only that amount which it draws down for the payment of project costs. Each municipality must deliver to the State an obligation secured by the full faith and credit of the municipality, and/or a dedicated source of revenue of such municipality.

Amortization of each loan is required to begin one year from the earlier of the project completion date specified in the Project Grant and Project Loan Agreement, or the actual project completion date. The final maturity of each loan is twenty years from the scheduled completion date. Principal and interest payments are payable (1) in equal monthly installments commencing one month after the scheduled completion date, or (2) in single annual installments representing 1/20 of total principal not later than one year from the project completion date specified in the Loan Agreement and thereafter in monthly installments. Borrowers may elect to make level debt service payments or level principal payments, and may prepay their loans at any time prior to maturity without penalty.

The Town of Montville participates in this program and has issued CWF and DWSRF project loan obligations which are reflected in this Official Statement under the heading "Debt Summary."

Limitation of Indebtedness

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

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

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

Section 7-374 of the Connecticut General Statutes also provides for exclusion from the debt limitation calculation debt: (i) issued in anticipation of taxes; (ii) issued for the supply of water, for the supply of gas, for the supply of electricity, for electric demand response, for conservation and load management, for distributed generation, for 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 which have been levied upon property benefited by any public improvement; (iv) issued in anticipation of the receipt of proceeds from any state or federal grant for which the town or municipality has received a written commitment or for which an allocation has been approved by the State Bond Commission or from a contract with the state, a state agency or another municipality providing for the reimbursement of capital costs but only to the extent such indebtedness can be paid from such proceeds; (v) issued for water pollution control projects in order to meet the requirements of an abatement order of the Commissioner of the Department of Energy and Environmental Protection, provided the municipality files a certificate signed by its chief fiscal officer with the commissioner demonstrating to the satisfaction of the commissioner that the municipality has a plan for levying a system of charges, assessments or other revenues which are sufficient, together with other available funds of the municipality, to repay such obligations as the same become due and payable; and (vi) upon placement in escrow of the proceeds of refunding bonds, notes or other obligations or other funds of the municipality in an amount sufficient, together with such investment earnings thereon as are to be retained in said escrow, to provide for the payment when due of the principal of and interest on such bond, note or other evidence of indebtedness.

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Statement of Debt Limitation ¹
As of December 16, 2025
(Pro Forma)

Total Tax Collections (including interest and lien fees)

Received by the Town for the year ended June 30, 2024..... \$ 45,938,526

Reimbursement For Revenue Loss:

Tax relief for elderly..... \$ -

Base for Debt Limitation Computation..... \$ 45,938,526

| | General Purpose | Schools | Sewers | Urban Renewal | Unfunded Pension |
|-----------------------------------|----------------------------|-----------------------|-----------------------|--------------------------|-----------------------------|
| Debt Limitation: | | | | | |
| 2 1/4 times base..... | \$ 103,361,684 | \$ - | \$ - | \$ - | \$ - |
| 4 1/2 times base..... | - | 206,723,367 | - | - | - |
| 3 3/4 times base..... | - | - | 172,269,473 | - | - |
| 3 1/4 times base..... | - | - | - | 149,300,210 | - |
| 3 times base..... | - | - | - | - | 137,815,578 |
| Total Debt Limitation..... | \$ 103,361,684 | \$ 206,723,367 | \$ 172,269,473 | \$ 149,300,210 | \$ 137,815,578 |

Indebtedness: ²

| | | | | | |
|--|-------------------|-------------------|----------------|----------|----------|
| Bonds Outstanding..... | \$ 7,254,250 | \$ 4,665,750 | \$ 607,458 | \$ - | \$ - |
| Bonds – This Issue..... | 4,200,000 | 2,350,000 | - | - | - |
| CWF Project Loan Obligation (PLO)..... | - | - | 117,458 | - | - |
| Debt Authorized But Unissued | 5,500,000 | 20,500,000 | - | - | - |
| Total Indebtedness..... | 16,954,250 | 27,515,750 | 724,916 | - | - |

Less:

State School Grants Receivable

Total Net Indebtedness..... 16,954,250 27,515,750 724,916 - -

DEBT LIMITATION IN EXCESS

OF OUTSTANDING INDEBTEDNESS.... \$ 86,407,434 \$ 179,207,617 \$ 171,544,556 \$ 149,300,210 \$ 137,815,578

¹ Excludes capital leases.

² Excludes \$1,623,648 in outstanding Water Bonds payable as allowed under the Connecticut General Statutes.

Note: In no case shall total indebtedness exceed seven times annual receipts from taxation or \$321,569,682.

Authorized but Unissued Debt
As of December 16, 2025
(Pro Forma)

| Project | Bonds Authorized | Prior Bonds Issued | This Issue: The Bonds | Debt Authorized but Unissued |
|--|-----------------------------|-----------------------------------|----------------------------------|---|
| Road Improvements..... | \$ 10,000,000 | \$ 8,800,000 | \$ 1,200,000 | \$ - |
| School Renovations..... | 7,000,000 | 2,000,000 | - | 5,000,000 |
| School HVAC Upgrades..... | 15,500,000 | - | - | 15,500,000 |
| Road Improvements 2024 Project..... | 8,500,000 | - | 3,000,000 | 5,500,000 |
| Montville HS Turf & Track Replacement 2024 Project.... | 2,350,000 | - | 2,350,000 | - |
| Totals..... | \$ 43,350,000 | \$ 10,800,000 | \$ 6,550,000 | \$ 26,000,000 |

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**Principal Amount of Outstanding Debt
Last Five Fiscal Years**

| Long-Term Debt | 2025 ¹ | 2024 | 2023 | 2022 | 2021 |
|------------------------------|--------------------------|----------------------|----------------------|----------------------|----------------------|
| Bonds..... | \$ 13,672,000 | \$ 16,803,000 | \$ 20,934,000 | \$ 18,636,000 | \$ 22,576,000 |
| Short-Term Debt | | | | | |
| Bond Anticipation Notes..... | - | - | - | - | - |
| Totals..... | \$ 13,672,000 | \$ 16,803,000 | \$ 20,934,000 | \$ 18,636,000 | \$ 22,576,000 |

¹ Subject to audit.

Source: Annual Audited Financial Statements.

Ratio of Net Long-Term Debt to Valuation, Population and Income

| Fiscal Year Ended 6/30 | Net Assessed Value (000's) | Net Estimated Full Value¹ (000's) | Net Long-Term Debt² (000's) | Ratio of Net Long-Term Debt to | | Population³ | Ratio of Net Long-Term Debt per Capita to Income⁴ (%) | |
|-------------------------------|-----------------------------------|---|---|---------------------------------------|---------------------------------|-------------------------------|---|--|
| | | | | Assessed Value (%) | Estimated Full Value (%) | | Net Long-Term Debt per Capita | Per Capita Income⁴ (%) |
| 2025 ⁵ | \$ 1,656,294 | \$ 2,366,134 | \$ 13,672 | 0.83 | 0.58 | 44,881 | \$ 304.63 | 0.75 |
| 2024 | 1,626,219 | 2,323,170 | 16,803 | 1.03 | 0.72 | 44,881 | 374.39 | 0.92 |
| 2023 | 1,613,135 | 2,304,479 | 20,934 | 1.30 | 0.91 | 44,881 | 466.43 | 1.15 |
| 2022 | 1,355,619 | 1,936,599 | 18,636 | 1.37 | 0.96 | 44,881 | 415.23 | 1.02 |
| 2021 | 1,327,724 | 1,896,749 | 22,576 | 1.70 | 1.19 | 44,881 | 503.02 | 1.24 |

¹ Assessment Ratio, 70%.

² Excluded enterprise fund debt.

³ State of Connecticut, U.S. Bureau of Census, American Community Survey (2019-2023)

⁴ Money Income per Capita: Census 2019-2023: \$40,628 used for all calculations.

⁵ Subject to audit.

**Ratio of Total Debt Service Expenditures
to Total General Fund Expenditures and Transfers Out**

| Fiscal Year Ended 6/30 | Ratio of General Fund Debt Service To Total General Fund Expenditures | | |
|-------------------------------|--|--|------------------|
| | Total Debt Service | Total General Fund Expenditures¹ | Ratio (%) |
| 2025 ² | \$ 3,691,339 | \$ 71,367,860 | 5.17% |
| 2024 | 3,691,339 | 76,863,004 | 4.80% |
| 2023 | 5,089,383 | 73,275,258 | 6.95% |
| 2022 | 5,039,512 | 72,448,098 | 6.96% |
| 2021 | 5,078,419 | 66,916,410 | 7.59% |
| 2020 | 4,938,703 | 67,357,492 | 7.33% |
| 2019 | 4,737,003 | 67,966,188 | 6.97% |
| 2018 | 4,544,278 | 65,158,138 | 6.97% |
| 2017 | 4,312,428 | 63,593,570 | 6.78% |

¹ GAAP basis of accounting. Includes Transfers out.

² Budgetary Basis, Subject to Audit.

Department and includes estimate for the State TRB on-behalf payments for teachers pensions.

VI. Financial Administration

Fiscal Year

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

Budget Adoption Procedure

The Town establishes its General Fund budget in accordance with provisions of its Town Charter and Connecticut General Statutes. The Director of Finance receives programs showing services, activities, and work accomplished in the preceding year and to be accomplished in the coming year from each department, office, or agency of the Town supported wholly or in part by Town funds or for which a specific Town appropriation is made.

Date

Action

By 100 days before the close of the fiscal year The head of each department, office, and agency submits to the Director of Finance detailed estimates of expenditures and any revenues other than tax revenues expected to be collected.

By 75 days before the close of the fiscal year The Mayor submits a Capital Improvement Program (“CIP”) for the ensuing fiscal year and the subsequent four years to the Town Council for changes from the prior year’s program. The CIP is then submitted to the Planning and Zoning Commission for approval. The Council then adopts the CIP. The CIP details the projects, cost estimates, methods of financing, time schedules, and the estimated annual cost of facility operation.

By 75 days before the close of the fiscal year The Mayor presents a budget message, estimates of revenues and expenditures, and justifications to the Town Council.

By 60 days before the close of the fiscal year The Town Council publishes the particulars of the budget and holds one or more public hearings. The Town Council may add, increase, delete, or decrease any programs or amounts except for those prohibited by law. The budget is returned to the Mayor who approves it or vetoes one or more line items (except for the Board of Education budget). A veto may be over-ridden by a two-thirds vote of the entire Town Council.

By 30 days before the close of the fiscal year The Town Council adopts the final budget.

If the Town Council fails to adopt a budget within the prescribed time frame, the previous year’s budget prevails on a month-to-month basis until the new budget is adopted. Additional appropriations may be made during the year by resolution of the Town Council.

Annual Audit

The Town, in accordance with the provisions of Chapter 111 of the Connecticut General Statutes, employs the services of an independent CPA firm to audit its financial records annually. The annual audits are conducted in compliance with Public Act 77-611 and contain the financial statements of the Town and the auditor’s opinion thereon, in addition to specific comments and recommendations.

Summary of Accounting Principles

The Town’s accounting policies and financial statements conform with the financial reporting standards required by Governmental Accounting Standards Board (“GASB”), “Basic Financial Statements and Management’s Discussion and Analysis for State and Local Governments.”

The Town’s accounting system is organized on a fund basis and uses funds and account groups to report on its financial position and results of operations. The General Fund is the general operating fund of the Town government. The Town’s General Fund accounting records are maintained on a modified accrual basis, with major revenues recorded when earned and expenditures recorded when incurred. In addition, the Town has three enterprise funds: the Sewer Fund, the Water Fund and the Internal Service Fund. The Sewer Fund is used to account for the activities of the Town’s Sewer Department. The Water Fund, which accounts for activities of the Town’s Water Department, is a non-major fund. The Internal Service Fund is used to account for risk financing activities for medical insurance benefits as allowed by GASB Statement No. 10. The accounting policies of the Town conform to generally accepted accounting principles as applied to governmental units. (See Appendix A – “Auditor’s Section, Notes to Basic Financial Statements” hereto.)

Capital Improvement Plan

| Uses | Fiscal Year | | | | | Total |
|------------------------|---------------------|---------------------|---------------------|----------------------|---------------------|----------------------|
| | 2025 | 2026 | 2027 | 2028 | 2029 | |
| Recreation | \$ 265,000 | \$ 726,000 | \$ 638,400 | \$ 25,000,000 | \$ 300,000 | \$ 26,929,400 |
| Public Safety | 649,140 | 20,000 | - | - | - | 669,140 |
| Public Works | 852,886 | 2,827,000 | 875,000 | 680,000 | 1,400,000 | 6,634,886 |
| General | - | 120,000 | - | - | - | 120,000 |
| BOE | 797,075 | 1,424,850 | 1,090,530 | 3,916,667 | 4,295,300 | 11,524,422 |
| Total..... | \$ 2,564,101 | \$ 5,117,850 | \$ 2,603,930 | \$ 29,596,667 | \$ 5,995,300 | \$ 45,877,848 |
| Sources | | | | | | |
| General Government ... | \$ 1,819,101 | \$ 4,386,529 | \$ 2,076,910 | \$ 4,596,667 | \$ 5,995,300 | \$ 18,874,507 |
| Grants/Other..... | 745,000 | 731,321 | 527,020 | 25,000,000 | - | 27,003,341 |
| Total..... | \$ 2,564,101 | \$ 5,117,850 | \$ 2,603,930 | \$ 29,596,667 | \$ 5,995,300 | \$ 45,877,848 |

Pension Plans

The Town makes contributions to one public employee retirement system covering substantially all full-time municipal employees except teachers.

Municipal Employees Retirement System: This system is a cost-sharing multiple-employer public employee retirement system (“MERS”) defined benefit plan established by the State of Connecticut and administered by the State Retirement Commission to provide pension benefits for the employees of participating municipalities. This system is considered to be a part of the State of Connecticut’s financial reporting entity and is included in the State’s financial reports as a pension trust fund. The Town’s contribution to the MERS are illustrated below.

| Fiscal Year | Actuarially | | | % of ARC Contributed |
|------------------------|--------------------------------|----------------------------|--|-----------------------------|
| | Determined Contribution | Annual Contribution | | |
| 6/30/2025 ¹ | \$ 2,848,275 | \$ 2,848,275 | | 100.0% |
| 6/30/2024 | 2,864,920 | 2,864,920 | | 100.0% |
| 6/30/2023 | 2,737,887 | 2,737,887 | | 100.0% |
| 6/30/2022 | 2,626,933 | 2,626,933 | | 100.0% |
| 6/30/2021 | 2,089,499 | 2,089,499 | | 100.0% |

¹ Budgeted, subject to audit.

Annual cost of living adjustments (“COLA”) are adjusted each July 1st. The COLA for non disability retirement will range from a minimum 2.5% to a maximum 6%. For disability retirement the COLA will range from a minimum of 2.5% to a maximum 5%. All benefits are vested after a member completes five years of continuous active service with a Connecticut Municipal Employee Retirement System participation municipality. Members who have attained age 55 with at least five years of continuous or 15 years of non-continuous active service with a CMERS participating municipality or if a member has not attained age 55, but has a total of 25 years of service, consisting of at least five years of continuous active service or 15 years of non-continuous active service with a CMER participating municipality are entitled to an annual retirement benefit, payable monthly for life. Additionally, any member regardless of age with at least 5 years of continuous active service is eligible for reduced early retirement benefits.

Connecticut Teachers Retirement System: All eligible teachers employed by the Town participate in the Connecticut Teachers Retirement System under Chapter 167a of the Connecticut General Statutes. The retirement system for teachers is funded by the State based upon the recommendation of the Teachers’ Retirement Board. The amount of “on-behalf” contributions made by the State was \$6,446,742 for the fiscal year ended June 30, 2024. Such contribution includes amortization of the actuarially computed unfunded liability. The Town does not have any liability for teacher pensions.

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

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

| | 1% Decrease | Current Discount | 1% Increase |
|---|--------------------|-----------------------------|--------------------|
| | (6.00) | (7.00) | (8.00) |
| Town's Proportionate Share of the Net Pension Liability..... | \$ 24,042,256 | \$ 18,968,706 | \$ 14,734,996 |

See Appendix A – “Auditor’s Section, Notes to Financial Statements, Note I” hereto.

Other Post-Employment Benefits

The Town is in compliance with the requirements of Governmental Accounting Standards Board (“GASB”) Statements 43 and 45, which require municipalities and other governmental entities to undertake an actuarial evaluation of their other post-employment benefit (“OPEB”) plans and include information concerning the valuation of such plans in their financial statements.

The Board of Education provides health and life insurance coverage to retirees based on various collective bargaining agreements. The retirees’ contribution toward this coverage varies based on collective bargaining agreements. As of July 1, 2023, the Town and Board of Education provides coverage to 218 participants.

The Town completed an actuarial valuation of its OPEB liability as of July 1, 2022. The annual OPEB required contribution for fiscal 2023–24 was \$0. The Town is not subject to statutorily or contractually required contributions.

Total OPEB Liability

| | 2024 | 2023 | 2022 |
|---|--------------|--------------|--------------|
| Total OPEB Liability, beginning..... | \$ 1,739,344 | \$ 1,676,233 | \$ 1,906,947 |
| Service Cost..... | \$ 53,455 | \$ 53,457 | \$ 78,225 |
| Interest in Net OPEB Liability..... | 63,625 | 61,723 | 41,678 |
| Difference Between Expected and Actual Experience..... | - | 213,506 | - |
| Expected Assumptions Changes or Inputs.... | (52,558) | (176,568) | (238,791) |
| Benefit Payments..... | (100,180) | (89,007) | (111,826) |
| Increase in Net OPEB Liability..... | (35,658) | 63,111 | (230,714) |
| Total OPEB Liability, ending..... | \$ 1,703,686 | \$ 1,739,344 | \$ 1,676,233 |

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

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

| | 1% Decrease (2.93) | Current Discount Rate (3.93) | 1% Increase (4.93) |
|----------------------------|-------------------------------|---|-------------------------------|
| Total OPEB Liability | \$ 1,902,697 | \$ 1,703,686 | \$ 1,533,642 |

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the total OPEB liability of the Town using the current healthcare cost trend rate, as well as what the Town’s total OPEB liability would be if it were calculated using the current healthcare cost trend rates that are 1 percentage point lower or 1 percentage point higher than the current healthcare cost trend rates:

| | 1% Decrease in Healthcare Cost Trend Rates (5.00% Decreasing to 4.00%) | Current Healthcare Cost Trend Rates (6.00% Decreasing to 5.00%) | 1% Increase in Healthcare Cost Trend Rates (7.00% Decreasing to 6.00%) |
|--------------------------|---|--|---|
| Net OPEB Liability | \$ 1,479,005 | \$ 1,703,686 | \$ 1,982,737 |

Investment Policy

Section 604 of the Town Charter provides the Director of Finance, with the approval of the Mayor, the authority to set investment policy for the Town’s operating funds. The investment program undertaken by the Director of Finance seeks to earn the highest returns available taking into consideration prudent investment principles. Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment considering the probable safety of principal as well as the probable income to be derived. The Director of Finance will undertake to maximize the yield on investments consistent with the requirements for safety and minimization of risk and with the requirement that funds be available for payment when due.

In addition, the Town monitors the risk-based capital ratios and collateral requirements of the qualified public depositories, as defined by the Connecticut General Statutes, Section 36-382, in which it places deposits or makes investments.

Eligible investments for Connecticut municipalities are governed by the Connecticut General Statutes, Sections 3-27, 7-400, 7-401 and 7-402. The Town’s operating and working capital funds are invested under the responsibility and authority of the Town Treasurer. Currently, the Town’s short-term investments consist of: (1) various certificates of deposit with Connecticut banks and (2) the State of Connecticut Short Term Investment Fund.

See Appendix A – “Auditor’s Section, Notes to Financial Statements, Note 3” hereto regarding the Town’s audited cash and cash equivalent investments at June 30, 2024.

Risk Management

The Town is exposed to various risks of loss related to torts, thefts of, damage to, or destruction of assets; errors or omissions; injuries to employees or acts of God for which the Town carries commercial insurance. During 2022, deductibles paid by the Town were insignificant. Neither the Town nor its insurers have settled any claims which exceeded the Town's insurance coverage during the past three years. There have been no significant reductions in any insurance coverage from amounts in the prior year.

The Health Insurance Fund, an internal service fund, was established to account for and finance employee medical benefits claims for eligible full-time employees of both the Town and the Board of Education. The Town retains the risk of loss under the plan. A third party processes the claims filed under the self-insured health plan, for which the Town is charged an administrative fee. The Town has purchased a stop-loss policy for total claims in any one year exceeding an aggregate of 125% of expected claims and for individual claims exceeding \$175,000 for combined hospital and major medical.

The Town establishes claims liabilities based on estimates of claims that have been incurred but not reported at June 30, 2024. Claims liabilities are recorded if information prior to the issuance of the financial statements indicates that it is possible that a liability has been incurred at the date of the financial statements and the amount of possible loss can be reasonably estimated. The amount of the claims accrual is based on the ultimate costs of settling the claims, which include past experience data, inflation and other future economic and societal factors and incremental claim adjustment expenses, net of estimated subrogation recoveries. The claims accrual does not include other allocated or unallocated claims adjustment expenses.

The Town purchases commercial insurance for all other risks of loss, including blanket and umbrella. Coverage has not been materially reduced, nor has settled claims exceeded commercial coverage in any of the past three years.

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General Fund Revenues and Expenditures
Four Year Summary of Audited Revenues and Expenditures (GAAP Basis),
and Adopted Budget (Budgetary Basis)

| | Adopted Budget 2026 ¹ | Adopted Budget 2025 ¹ | Actual 2024 | Actual 2023 | Actual 2022 | Actual 2021 |
|--|---|---|------------------------|------------------------|------------------------|------------------------|
| Revenues: | | | | | | |
| General Property Taxes | \$ 49,358,442 | \$ 46,747,256 | \$ 46,111,776 | \$ 44,013,193 | \$ 44,233,775 | \$ 43,675,346 |
| Intergovernmental | 18,922,202 | 19,261,504 | 25,200,934 | 24,440,817 | 23,499,667 | 22,016,380 |
| Charges for Services | 451,700 | 452,000 | 3,724,433 | 4,807,241 | 4,227,462 | 2,986,311 |
| Other | 3,502,100 | 3,947,100 | - | - | 10,000 | 10,000 |
| Investment Income | 950,000 | 960,000 | 1,192,355 | 948,242 | 58,305 | 23,298 |
| Total..... | \$ 73,184,444 | \$ 71,367,860 | \$ 76,229,498 | \$ 74,209,493 | \$ 72,029,209 | \$ 68,711,335 |
| Expenditures: | | | | | | |
| General Government | \$ 10,357,209 | \$ 9,172,533 | \$ 9,525,085 | \$ 8,243,702 | \$ 8,428,277 | \$ 7,774,809 |
| Public Safety | 6,288,657 | 6,302,808 | 6,637,487 | 5,870,707 | 5,310,322 | 5,150,466 |
| Public Works | 4,269,138 | 4,311,580 | 4,038,057 | 3,830,109 | 3,899,606 | 3,748,655 |
| Health and Welfare | 891,209 | 796,258 | 237,073 | 239,908 | 241,945 | 231,355 |
| Recreation and Leisure | 363,041 | 390,390 | 363,263 | 368,353 | 301,113 | 250,841 |
| Miscellaneous | - | - | 100,481 | 84,153 | 74,300 | 74,300 |
| Education | 46,879,620 | 44,883,851 | 49,777,542 | 48,232,616 | 47,489,471 | 43,332,077 |
| Debt Service | 3,389,935 | 3,691,339 | 5,204,550 | 5,089,383 | 5,039,512 | 5,078,419 |
| Capital Outlay | 745,635 | 1,819,101 | 946,562 | 1,221,327 | 1,067,134 | 381,089 |
| Total..... | \$ 73,184,444 | \$ 71,367,860 | \$ 76,830,100 | \$ 73,180,258 | \$ 71,851,680 | \$ 66,022,011 |
| Other Financing Sources (Uses): | | | | | | |
| Capital Lease Financing | \$ - | \$ - | \$ 22,288 | \$ 262,195 | \$ 199,558 | \$ - |
| Financed Purchase Issuance..... | - | - | 256,262 | 552,935 | - | - |
| Transfer In..... | - | - | - | 353 | 291,434 | - |
| Transfer Out..... | - | - | (32,904) | (95,000) | (596,418) | (894,399) |
| Total..... | \$ - | \$ - | \$ 245,646 | \$ 720,483 | \$ (105,426) | \$ (894,399) |
| Excess (Deficiency) of Revenues | | | | | | |
| Over Expenditures..... | \$ - | \$ - | \$ (354,956) | \$ 1,749,718 | \$ 72,103 | \$ 1,794,925 |
| Fund Equity, Beginning of Year..... | N/A | N/A | 16,892,271 | 15,142,553 | 15,070,450 | 13,275,525 |
| Fund Equity, End of Year..... | N/A | N/A | \$ 16,537,315 | \$ 16,892,271 | \$ 15,142,553 | \$ 15,070,450 |

¹ Budgetary Basis, Subject to Audit.

Analysis of General Fund Equity

| | Adopted Budget 2026 ¹ | Estimated Actual 2025 | Actual 2024 | Actual 2023 | Actual 2022 | Actual 2021 |
|-------------------------------|---|--------------------------------------|------------------------|------------------------|------------------------|------------------------|
| Nonspendable..... | N/A | N/A | \$ 1,131,738 | \$ 11,868 | \$ 11,868 | \$ 694 |
| Restricted..... | N/A | N/A | 70,711 | 197,287 | 116,337 | 83,025 |
| Committed..... | N/A | N/A | 706,872 | 739,574 | 945,186 | 938,209 |
| Assigned..... | N/A | N/A | 3,026,002 | 3,553,230 | 1,122,739 | 1,585,023 |
| Unassigned..... | N/A | N/A | 11,601,992 | 12,390,312 | 12,946,423 | 12,463,499 |
| Total Fund Equity..... | N/A | N/A | \$ 16,537,315 | \$ 16,892,271 | \$ 15,142,553 | \$ 15,070,450 |

¹ Budgetary Basis, Subject to Audit.

VII. Legal and Other Information

Legal Matters

Pullman & Comley, LLC is serving as Bond Counsel with respect to the authorization and issuance of the Bonds and will render its opinion in substantially the form included in this Official Statement as Appendix B.

Litigation

Following consultation with the Town Attorney, and upon consultation with officers of the Town, the Town, its officers, employees, boards and commissions are named defendants in a number of lawsuits. With regard to these pending lawsuits, it is the Town officials' opinion that such pending litigation will not be finally determined so as to result individually or in the aggregate in final judgments against the Town, which would materially adversely affect its financial position.

The Town has received Federal and State grants for specific purposes that are subject to review and audit by the grantor agency. Such audits could lead to requests for reimbursement to the grantor agency for any expenditures disallowed under the terms of the grant. Based upon prior experience, Town officials believe such disallowances, if any, will not be material.

Documents Furnished at Delivery

The winning bidder of the Bonds will be furnished the following documents when the Bonds are delivered:

1. Signature and No Litigation Certificate stating that at the time of delivery, no litigation is pending or threatened affecting the validity of the Bonds or the levy or collection of taxes to pay them.
2. Receipt for the purchase price of the Bonds.
3. The approving opinion of Pullman & Comley, LLC, Bond Counsel, of Hartford, Connecticut, in substantially the form attached hereto as Appendix B.
4. Executed Continuing Disclosure Agreement for the Bonds in substantially the form attached hereto as Appendix C to this Official Statement.
5. Certificate on behalf of the Town, signed by the Mayor, the Treasurer, and the Finance Director, which will be dated the date of delivery, and which will certify, to the best of said officials' knowledge and belief, that the descriptions and statements in the Official Statement relating to the Town and its finances were true and correct in all material respects and did not contain any untrue statement of a material fact 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.
6. The Town has prepared an Official Statement dated December __, 2025. The Town deems such Official Statement final as of its date for purposes of SEC Rule 15c2-12 (b)(1), but it is subject to revision or amendment. Twenty-five (25) copies of the Official Statement will be made available to the winning bidder within seven business days of the acceptance of the bids on the Bonds at the office of the Town's Municipal Advisor.
7. A record of the proceedings taken by the Town in authorizing the Bonds will be kept on file at offices of U.S. Bank Trust Company, National Association, and may be examined upon reasonable request.

Concluding Statement

This Official Statement is not to be construed as a contract or agreement between the Town and the purchaser or holders of the Bonds. Any statements made in this Official Statement involving matters of opinion or estimates are not intended to be representation of fact, and no representation is made that any of such opinion or estimate will be realized. No representation is made that past experience, as might be shown by financial or other information herein, will necessarily continue or be repeated in the future. Neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Town since the date hereof. References to statutes, charters, or other laws herein may not be complete and such provisions of law are subject to repeal or amendment.

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

Any questions concerning this Official Statement should be directed to Julie Chapman, Finance Director, Town Hall, 310 Norwich-New London Turnpike, Uncasville, Connecticut 06382. Telephone (860) 848-6714. This Official Statement has been duly prepared and delivered by the Town, and executed for and on behalf of the Town by the following officials:

TOWN OF MONTVILLE, CONNECTICUT

By: _____
LEONARD G. BUNNELL SR., *Mayor*

By: _____
PATRICK WALL, *Treasurer*

By: _____
JULIE CHAPMAN, *Finance Director*

December __, 2025

Appendix A

2024 General Purpose Financial Statements Excerpted from the Town's Annual Financial Report

The following includes the General Purpose Financial Statements of the Town of Montville, Connecticut for the fiscal year ended June 30, 2024. The supplemental data which was a part of that report has not been reproduced herein. A copy of the complete report is available upon request from Matthew A. Spoerndle, Senior Managing Director, Phoenix Advisors, 53 River Street, Suite #1, Milford, Connecticut 06460. Telephone (203) 878-4945.



INDEPENDENT AUDITORS' REPORT

Town Council
Town of Montville, Connecticut

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Montville, Connecticut, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Town of Montville, Connecticut's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Montville, Connecticut, as of June 30, 2024, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison information, and the pension and OPEB schedules, 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 GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Montville, Connecticut's basic financial statements. The combining and individual major fund financial statements, schedules and report of property tax collections are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the combining and individual nonmajor fund financial statements, schedules and report of property tax collections 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 report. The other information comprises the statistical section 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.

Town Council
Town of Montville, Connecticut

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 30, 2025, on our consideration of the Town of Montville, Connecticut’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town of Montville, Connecticut’s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Town of Montville, Connecticut’s internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Cranston, Rhode Island
October 30, 2025

**TOWN OF MONTVILLE, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2024**

The management of the Town of Montville, Connecticut (the Town), offers the readers of its financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2024.

Financial Highlights

- The assets and deferred outflows of resources of the Town exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$148.6 million (net position). Of this amount, \$13.3 million represents unrestricted net position. Of this amount, \$5.6 million represents the unrestricted net position attributed to the operations of the Town's Sewer and Water Departments (business-type activities) and \$7.7 million represents the unrestricted net position attributed to the Town's governmental activities.
- The Town's total net position increased by \$4.8 million during the current fiscal year, which consisted of a current year increase of \$5.9 million (Exhibit II) relating to the Town's governmental activities and a decrease of \$1.1 million relating to the Town's business-type activities.
- As of the close of the current fiscal year, the Town's governmental funds reported a combined ending fund balance of \$19.6 million, a current year decrease of \$4.2 million in comparison with the prior year.
- At the close of the current fiscal year, unassigned fund balance of the General Fund was \$11.6 million or 15.1% of general fund expenditures and transfers out.
- Overall Town debt, consisting of bonds, notes and financed purchases, decreased by \$4.4 million or 19.4% in comparison to the prior year. This decrease was due to current year scheduled payments and no new debt incurred.

Overview of the Financial Highlights

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

Government-Wide Financial Statements

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

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

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

**TOWN OF MONTVILLE, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2024**

Both of the government-wide financial statements are intended to distinguish functions of the Town that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the Town include activities such as: general government, public works, public safety, health and welfare, recreation and leisure, and education. The business-type activities of the Town include sewer and water activities.

The government-wide financial statements can be found on Exhibit I and II of this report.

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. There are no fiduciary fund to report in the current year.

Governmental Funds

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

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

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

The basic governmental fund financial statements can be found on Exhibit III and IV of this report.

Proprietary Funds

Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Town uses enterprise funds to account for its sewer and water operations. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail.

**TOWN OF MONTVILLE, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2024**

Internal service funds are an accounting device used to accumulate and allocate costs internally among the Town's various functions. The Town uses an internal service fund to account for its risk management activities. Because this service predominantly benefits governmental rather than business-type functions, it has been included within governmental activities in the government-wide financial statements.

The basic proprietary fund financial statements can be found on Exhibits V, VI, and VII of this report.

Note to the Financial Statements

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 23 through 64 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also contains required supplementary information, combining and individual fund statements and schedules, and other supplementary information which can be found on pages 66 through 88 of this report, respectively.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. For the Town of Montville, Connecticut, assets and deferred outflows exceeded liabilities and deferred inflows of resources exceeded by \$148.6 million at the close of the fiscal year.

Net Position

| | Governmental Activities | | Business-Type Activities | | Total | |
|---|----------------------------|---------------|-----------------------------|---------------|----------------|----------------|
| | 2024 | 2023 | 2024 | 2023 | 2024 | 2023 |
| Assets: | | | | | | |
| Current and Other Assets | \$ 29,219,687 | \$ 34,695,577 | \$ 9,370,286 | \$ 11,473,813 | \$ 38,589,973 | \$ 46,169,390 |
| Capital Assets, Net of Accumulated Depreciation and Amortization | 101,914,590 | 98,311,625 | 51,367,902 | 49,682,372 | 153,282,492 | 147,993,997 |
| Total Assets | 131,134,277 | 133,007,202 | 60,738,188 | 61,156,185 | 191,872,465 | 194,163,387 |
| Deferred Outflows of Resources | 10,312,389 | 9,825,750 | 1,350,647 | 1,241,990 | 11,663,036 | 11,067,740 |
| Current and Other Liabilities | 8,103,470 | 12,219,711 | 1,572,109 | 744,083 | 9,675,579 | 12,963,794 |
| Long-Term Liabilities Outstanding | 39,490,107 | 41,965,337 | 4,321,627 | 4,253,063 | 43,811,734 | 46,218,400 |
| Total Liabilities | 47,593,577 | 54,185,048 | 5,893,736 | 4,997,146 | 53,487,313 | 59,182,194 |
| Deferred Inflows of Resources | 1,396,309 | 2,083,146 | 99,996 | 186,247 | 1,496,305 | 2,269,393 |
| Net Position: | | | | | | |
| Net Investments in Capital Assets | 83,568,138 | 79,694,023 | 50,480,360 | 48,805,054 | 134,048,498 | 128,499,077 |
| Restricted | 1,221,887 | 1,130,050 | - | - | 1,221,887 | 1,130,050 |
| Unrestricted | 7,666,755 | 5,740,685 | 5,614,743 | 8,409,728 | 13,281,498 | 14,150,413 |
| Total Net Position | \$ 92,456,780 | \$ 86,564,758 | \$ 56,095,103 | \$ 57,214,782 | \$ 148,551,883 | \$ 143,779,540 |

As of June 30, 2024, 90.2% of the Town's net position reflects its net investment in capital assets. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

**TOWN OF MONTVILLE, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2024**

The remainder of the Town's net position is considered unrestricted. Overall, net position increased by \$4.8 million in comparison with the prior year.

Changes in Net Position

Changes in net position for the years ended June 30, 2024 and 2023

Changes in Net Position

| | Governmental Activities | | Business-Type Activities | | Total | |
|--|----------------------------|----------------------|-----------------------------|----------------------|-----------------------|-----------------------|
| | 2024 | 2023 | 2024 | 2023 | 2024 | 2023 |
| Revenues: | | | | | | |
| Program Revenues: | | | | | | |
| Charges for Services | \$ 3,486,878 | \$ 5,535,632 | \$ 6,612,841 | \$ 6,037,497 | \$ 10,099,719 | \$ 11,573,129 |
| Operating Grants and Contributions | 18,204,168 | 27,971,274 | - | - | 18,204,168 | 27,971,274 |
| Capital Grants and Contributions | 1,014,503 | 316,148 | 787,369 | 1,702,604 | 1,801,872 | 2,018,752 |
| General Revenues: | | | | | | |
| Property Taxes | 45,913,205 | 43,845,469 | - | - | 45,913,205 | 43,845,469 |
| Grants Not Restricted to Specific Programs | 5,504,312 | 4,788,062 | - | - | 5,504,312 | 4,788,062 |
| Unrestricted Investment Earnings | 1,264,949 | 992,858 | 90,321 | 33,193 | 1,355,270 | 1,026,051 |
| Miscellaneous Revenue | 29,390 | 95,559 | - | - | 29,390 | 95,559 |
| Total Revenues | <u>75,417,405</u> | <u>83,545,002</u> | <u>7,490,531</u> | <u>7,773,294</u> | <u>82,907,936</u> | <u>91,318,296</u> |
| Expenses: | | | | | | |
| General Government | 9,827,776 | 10,645,125 | - | - | 9,827,776 | 10,645,125 |
| Public Safety | 6,608,108 | 7,295,418 | - | - | 6,608,108 | 7,295,418 |
| Public Works | 4,842,567 | 9,600,415 | - | - | 4,842,567 | 9,600,415 |
| Health and Welfare | 498,175 | 463,101 | - | - | 498,175 | 463,101 |
| Recreation and Leisure | 477,572 | 633,918 | - | - | 477,572 | 633,918 |
| Education | 46,662,276 | 56,911,486 | - | - | 46,662,276 | 56,911,486 |
| Interest and Fiscal Charges | 608,909 | 663,121 | - | - | 608,909 | 663,121 |
| Sewer Department | - | - | 7,035,260 | 6,671,174 | 7,035,260 | 6,671,174 |
| Water Department | - | - | 1,574,950 | 1,487,216 | 1,574,950 | 1,487,216 |
| Total Expenses | <u>69,525,383</u> | <u>86,212,584</u> | <u>8,610,210</u> | <u>8,158,390</u> | <u>78,135,593</u> | <u>94,370,974</u> |
| Change in Net Position | 5,892,022 | (2,667,582) | (1,119,679) | (385,096) | 4,772,343 | (3,052,678) |
| Net Position at Beginning of Year | <u>86,564,758</u> | <u>89,232,340</u> | <u>57,214,782</u> | <u>57,599,878</u> | <u>143,779,540</u> | <u>146,832,218</u> |
| Net Position at End of Year | <u>\$ 92,456,780</u> | <u>\$ 86,564,758</u> | <u>\$ 56,095,103</u> | <u>\$ 57,214,782</u> | <u>\$ 148,551,883</u> | <u>\$ 143,779,540</u> |

Governmental Activities

Governmental activities increased the Town's net position by a current year change of \$5.9 million. The increase is primarily attributable to a decrease in expenses.

Business-Type Activities

Business-type activities decreased the Town's net position by a current year change of \$1.1 million. The decrease is primarily attributable to a decrease in capital grants and contributions.

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.

**TOWN OF MONTVILLE, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2024**

Governmental Funds

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

As of the end of the current fiscal year, the Town's governmental funds reported a combined ending fund balance of \$19,618,961.

General Fund

The General Fund is the chief operating fund of the Town. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$11,601,992. As a measure of the General Fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. Unassigned fund balance represents 15% of general fund expenditures and transfers out.

The overall fund balance of the Town's General Fund decreased by \$354,956 during the current fiscal year, which was primarily due to deficiency of revenues over expenditures.

American Rescue Plan Fund

The American Rescue Plan Fund accounts for resources received as a result of American Rescue Plan Act (ARPA).

General Fund Budgetary Highlights

The actual net change in fund balance of the General Fund on a budgetary basis was a decrease of \$326,301. Expenditures were \$58,182 more than budgeted and total budgetary revenues were \$2,623,411 more than expected. The revenue surplus was primarily due to an increase in state grant revenue and investment interest earned. During the year ended June 30, 2024, the Town Council approved additional appropriations of \$-0- from fund balance.

Capital Asset and Debt Administration

Capital Assets

The Town's investment in capital assets for its governmental and business type activities as of June 30, 2024, totaled \$153,282,492 (net of accumulated depreciation and amortization). This investment in capital assets includes land, construction in progress, land improvements, buildings and improvements, distribution and collection systems, machinery and equipment, and infrastructure. The total increase in the Town's investment in capital assets for the current fiscal year was \$5,288,495. Major capital asset events during the current fiscal year included the following:

- Outlays for Tyler Middle School boiler \$673,463
- Outlays for tennis courts \$685,103

**TOWN OF MONTVILLE, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2024**

- Outlays for Public Works Road improvements \$3,200,898
- Outlays for Camp Oakdale all-purpose field \$222,925

The following are tables of the investment in capital assets presented for both governmental and business-type activities:

Capital Assets

| | Governmental Activities | | Business-Type Activities | | Total | |
|------------------------------------|----------------------------|----------------------|-----------------------------|----------------------|-----------------------|-----------------------|
| | 2024 | 2023 | 2024 | 2023 | 2024 | 2023 |
| Land | \$ 2,248,490 | \$ 2,248,490 | \$ 1,127,031 | \$ 1,127,031 | \$ 3,375,521 | \$ 3,375,521 |
| Construction in Progress | 1,580,360 | 4,253,977 | 3,898,534 | 728,532 | 5,478,894 | 4,982,509 |
| Land Improvements | 4,465,103 | 3,899,498 | 589,200 | 607,398 | 5,054,303 | 4,506,896 |
| Buildings and Improvements | 66,506,513 | 67,256,416 | 14,429,247 | 12,795,195 | 80,935,760 | 80,051,611 |
| Distribution and Collection System | - | - | 24,908,393 | 28,070,912 | 24,908,393 | 28,070,912 |
| Machinery and Equipment | 7,249,911 | 6,270,945 | 6,410,161 | 6,343,024 | 13,660,072 | 12,613,969 |
| Right-to-Use Asset | 237,998 | 314,191 | 5,336 | 10,280 | 243,334 | 324,471 |
| Infrastructure | 19,626,215 | 14,068,108 | - | - | 19,626,215 | 14,068,108 |
| Total | <u>\$ 101,914,590</u> | <u>\$ 98,311,625</u> | <u>\$ 51,367,902</u> | <u>\$ 49,682,372</u> | <u>\$ 153,282,492</u> | <u>\$ 147,993,997</u> |

Additional information on the Town's capital assets can be found in Note 1 and Note 5 of this report.

Long-Term Debt

At the end of the current fiscal year, the Town had total debt, consisting of bonds, notes, and leases payable, outstanding of \$18,370,966. This entire amount is comprised of debt backed by the full faith and credit of the Town. The Town's total debt decreased by \$4,412,347 or 19.4% during the current fiscal year. This decrease was due to current year scheduled repayments.

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

Outstanding Debt

| | Governmental Activities | | Business-Type Activities | | Total | |
|--------------------------|----------------------------|----------------------|-----------------------------|-------------------|----------------------|----------------------|
| | 2024 | 2023 | 2024 | 2023 | 2024 | 2023 |
| General Obligation Bonds | \$ 16,803,000 | \$ 20,934,000 | \$ 630,000 | \$ 720,000 | \$ 17,433,000 | \$ 21,654,000 |
| Note Payable | - | - | 251,974 | 146,744 | 251,974 | 146,744 |
| Financed Purchases | 685,992 | 982,569 | - | - | 685,992 | 982,569 |
| Total | <u>\$ 17,488,992</u> | <u>\$ 21,916,569</u> | <u>\$ 881,974</u> | <u>\$ 866,744</u> | <u>\$ 18,370,966</u> | <u>\$ 22,783,313</u> |

**TOWN OF MONTVILLE, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2024**

Economic Factors and Next Year's Budgets and Rates

Significant estimates affecting next year's budget that are subject to change in the near term consist of the following:

- For purposes of calculating property tax revenues for fiscal year 2024, the assessor's grand list was used along with an estimated tax rate, and an estimated rate of collection, with deductions for taxes to be paid by the State on behalf of certain taxpayers.
- The Town receives intergovernmental revenues from the state of Connecticut. Connecticut's economy moves in the same general cycle as the national economy, which from time to time will affect the amount of intergovernmental revenues the Town will receive.
- The Town's fiscal year 2024 General Fund budget was approved on May 16, 2023, with budgeted expenditures of \$71,570,860 an increase of \$6,906,886 or 10.7%, over the original fiscal year 2023 budgeted expenditures. The approved mill rate for the fiscal year 2024 budget is 27.77, an increase of 1.06 or 4% over the fiscal year 2023 mill rate of 26.71.

Requests for Information

This financial report is designed to provide a general overview of the Town's finances for all those with an interest in the Town's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Finance Director, Town of Montville, 310 Norwich-New London Tpke., Uncasville, Connecticut 06382.

BASIC FINANCIAL STATEMENTS

TOWN OF MONTVILLE, CONNECTICUT
STATEMENT OF NET POSITION
JUNE 30, 2024

| | Primary Government | | |
|---|----------------------------|-----------------------------|-----------------------|
| | Governmental Activities | Business-Type Activities | Total |
| ASSETS | | | |
| Current Assets: | | | |
| Cash and Cash Equivalents | \$ 24,608,124 | \$ 7,912,005 | \$ 32,520,129 |
| Investments | 420,171 | - | 420,171 |
| Receivables: | | | |
| Property Taxes, Net | 976,294 | - | 976,294 |
| User Charges, Net | 15,759 | 1,767,401 | 1,783,160 |
| Loans | 272,364 | - | 272,364 |
| Intergovernmental | 1,303,029 | 30 | 1,303,059 |
| Other Receivables | 176,649 | - | 176,649 |
| Internal Balances | 309,150 | (309,150) | - |
| Supplies and Other Assets | 1,138,147 | - | 1,138,147 |
| Total Current Assets | <u>29,219,687</u> | <u>9,370,286</u> | <u>38,589,973</u> |
| Noncurrent Assets: | | | |
| Capital Assets, Nondepreciable | 3,828,850 | 5,025,565 | 8,854,415 |
| Capital Assets, Net | <u>98,085,740</u> | <u>46,342,337</u> | <u>144,428,077</u> |
| Total Noncurrent Assets | <u>101,914,590</u> | <u>51,367,902</u> | <u>153,282,492</u> |
| Total Assets | 131,134,277 | 60,738,188 | 191,872,465 |
| DEFERRED OUTFLOWS OF RESOURCES | | | |
| Deferred Charge on Refunding | 305,771 | - | 305,771 |
| Deferred Outflows Related to Pension | 9,564,551 | 1,350,647 | 10,915,198 |
| Deferred Outflows Related to OPEB | <u>442,067</u> | <u>-</u> | <u>442,067</u> |
| Total Deferred Outflows of Resources | <u>10,312,389</u> | <u>1,350,647</u> | <u>11,663,036</u> |
| LIABILITIES | | | |
| Current Liabilities: | | | |
| Accounts Payable and Accrued Liabilities | 2,598,724 | 1,212,496 | 3,811,220 |
| Accrued Payroll and Related Liabilities | 312,172 | 232,849 | 545,021 |
| Accrued Interest Payable | 256,170 | 8,741 | 264,911 |
| Unearned Revenue | 1,038,748 | - | 1,038,748 |
| Current Maturities of Long-Term Obligations | <u>3,897,656</u> | <u>118,023</u> | <u>4,015,679</u> |
| Total Current Liabilities | <u>8,103,470</u> | <u>1,572,109</u> | <u>9,675,579</u> |
| Noncurrent Liabilities: | | | |
| Due in More Than One Year | <u>39,490,107</u> | <u>4,321,627</u> | <u>43,811,734</u> |
| Total Liabilities | <u>47,593,577</u> | <u>5,893,736</u> | <u>53,487,313</u> |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Deferred Inflows Related to Pension | 782,828 | 99,996 | 882,824 |
| Deferred Inflows Related to OPEB | <u>613,481</u> | <u>-</u> | <u>613,481</u> |
| Total Deferred Inflows of Resources | <u>1,396,309</u> | <u>99,996</u> | <u>1,496,305</u> |
| NET POSITION | | | |
| Net Investment in Capital Assets | 83,568,138 | 50,480,360 | 134,048,498 |
| Restricted for: | | | |
| Grants | 355,174 | - | 355,174 |
| Education and Scholarships | 866,713 | - | 866,713 |
| Unrestricted | <u>7,666,755</u> | <u>5,614,743</u> | <u>13,281,498</u> |
| Total Net Position | <u>\$ 92,456,780</u> | <u>\$ 56,095,103</u> | <u>\$ 148,551,883</u> |

See accompanying Notes to Financial Statements.

**TOWN OF MONTVILLE, CONNECTICUT
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2024**

| Function/Program Activities | Expenses | Program Revenues | | | Net Revenue (Expense) and Changes in Net Position Primary Government | | |
|--|----------------------|-------------------------|--|--|--|-----------------------------|-----------------------|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Governmental Activities | Business-Type Activities | Total |
| | | | | | | | |
| PRIMARY GOVERNMENT | | | | | | | |
| Governmental Activities: | | | | | | | |
| General Government | \$ 9,827,776 | \$ 616,608 | \$ 1,318,926 | \$ - | \$ (7,892,242) | \$ - | \$ (7,892,242) |
| Public Safety | 6,608,108 | 915,166 | 9,110 | - | (5,683,832) | - | (5,683,832) |
| Public Works | 4,842,567 | 691,226 | - | 949,077 | (3,202,264) | - | (3,202,264) |
| Health and Welfare | 498,175 | 143,339 | 162,184 | - | (192,652) | - | (192,652) |
| Parks and Recreation | 477,572 | 291,181 | - | 65,426 | (120,965) | - | (120,965) |
| Education | 46,662,276 | 829,358 | 16,713,948 | - | (29,118,970) | - | (29,118,970) |
| Interest and Fiscal Charges | 608,909 | - | - | - | (608,909) | - | (608,909) |
| Total Governmental Activities | <u>69,525,383</u> | <u>3,486,878</u> | <u>18,204,168</u> | <u>1,014,503</u> | <u>(46,819,834)</u> | <u>-</u> | <u>(46,819,834)</u> |
| Business-Type Activities: | | | | | | | |
| Sewer Department | 7,035,260 | 5,620,377 | - | 110,129 | - | (1,304,754) | (1,304,754) |
| Water Department | 1,574,950 | 992,464 | - | 677,240 | - | 94,754 | 94,754 |
| Total Business-Type Activities | <u>8,610,210</u> | <u>6,612,841</u> | <u>-</u> | <u>110,129</u> | <u>-</u> | <u>(1,210,000)</u> | <u>(1,210,000)</u> |
| Total Primary Government | <u>\$ 78,135,593</u> | <u>\$ 10,099,719</u> | <u>\$ 18,204,168</u> | <u>\$ 1,124,632</u> | <u>(46,819,834)</u> | <u>(1,210,000)</u> | <u>(48,029,834)</u> |
| GENERAL REVENUES AND EXPENSES | | | | | | | |
| Property Taxes | | | | | 45,913,205 | - | 45,913,205 |
| Grants and Contributions Not Restricted to Specific Programs | | | | | 5,504,312 | - | 5,504,312 |
| Unrestricted Investment Earnings | | | | | 1,264,949 | 90,321 | 1,355,270 |
| Miscellaneous Revenues | | | | | 29,390 | - | 29,390 |
| Total General Revenues | | | | | <u>52,711,856</u> | <u>90,321</u> | <u>52,802,177</u> |
| CHANGE IN NET POSITION | | | | | | | |
| | | | | | 5,892,022 | (1,119,679) | 4,772,343 |
| Net Position - Beginning of Year | | | | | <u>86,564,758</u> | <u>57,214,782</u> | <u>143,779,540</u> |
| NET POSITION - END OF YEAR | | | | | | | |
| | | | | | <u>\$ 92,456,780</u> | <u>\$ 56,095,103</u> | <u>\$ 148,551,883</u> |

See accompanying Notes to Financial Statements.

**TOWN OF MONTVILLE, CONNECTICUT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2024**

| | General Fund | American Rescue Plan Fund | Road Bonding | School Construction | Nonmajor Governmental Funds | Total Governmental Funds |
|--|----------------------|---------------------------------|------------------|------------------------|-----------------------------------|--------------------------------|
| ASSETS | | | | | | |
| Cash and Cash Equivalents | \$ 18,873,782 | \$ - | \$ 7,465 | \$ - | \$ 1,686,604 | \$ 20,567,851 |
| Investments | - | - | - | - | 420,170 | 420,170 |
| Receivables: | | | | | | |
| Property Taxes Receivable, Net | 976,294 | - | - | - | - | 976,294 |
| Assessment and Interest | 15,759 | - | - | - | - | 15,759 |
| Loans | - | - | - | - | 272,364 | 272,364 |
| Intergovernmental | 48,716 | - | - | 863,251 | 391,062 | 1,303,029 |
| Other Receivables | 123,659 | - | - | - | 52,990 | 176,649 |
| Due from Other Funds | 987,101 | 703,383 | - | 446,057 | 2,317,620 | 4,454,161 |
| Supplies | - | - | - | - | 6,410 | 6,410 |
| Other | 1,131,738 | - | - | - | - | 1,131,738 |
| | <u>\$ 22,157,049</u> | <u>\$ 703,383</u> | <u>\$ 7,465</u> | <u>\$ 1,309,308</u> | <u>\$ 5,147,220</u> | <u>\$ 29,324,425</u> |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES | | | | | | |
| LIABILITIES | | | | | | |
| Accounts Payable | \$ 962,770 | \$ 17,901 | \$ - | \$ 710,287 | \$ 337,416 | \$ 2,028,374 |
| Accrued Payroll and Other Liabilities | 307,257 | - | - | - | 4,915 | 312,172 |
| Due to Other Funds | 3,467,356 | - | 287,439 | - | 372,164 | 4,126,959 |
| Unearned Revenue | 74,670 | 685,482 | - | - | 278,596 | 1,038,748 |
| Total Liabilities | <u>4,812,053</u> | <u>703,383</u> | <u>287,439</u> | <u>710,287</u> | <u>993,091</u> | <u>7,506,253</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | | | |
| Unavailable Revenue - Property Taxes and Interest | 791,922 | - | - | - | - | 791,922 |
| Unavailable Revenue - Assessments and Interest | 15,759 | - | - | - | - | 15,759 |
| Unavailable Revenue - Intergovernmental Receivable | - | - | - | 863,251 | 255,915 | 1,119,166 |
| Unavailable Revenue - Loans | - | - | - | - | 272,364 | 272,364 |
| Total Deferred Inflows of Resources | <u>807,681</u> | <u>-</u> | <u>-</u> | <u>863,251</u> | <u>528,279</u> | <u>2,199,211</u> |
| FUND BALANCES | | | | | | |
| Nonspendable | 1,131,738 | - | - | - | 6,410 | 1,138,148 |
| Restricted | 70,711 | - | - | 109,327 | 1,219,225 | 1,399,263 |
| Committed | 706,872 | - | - | - | 2,742,593 | 3,449,465 |
| Assigned | 3,026,002 | - | - | - | - | 3,026,002 |
| Unassigned | 11,601,992 | - | (279,974) | (373,557) | (342,378) | 10,606,083 |
| Total Fund Balances | <u>16,537,315</u> | <u>-</u> | <u>(279,974)</u> | <u>(264,230)</u> | <u>3,625,850</u> | <u>19,618,961</u> |
| Total Liabilities, Deferred Inflows of Resources, and Fund Balances | <u>\$ 22,157,049</u> | <u>\$ 703,383</u> | <u>\$ 7,465</u> | <u>\$ 1,309,308</u> | <u>\$ 5,147,220</u> | <u>\$ 29,324,425</u> |

See accompanying Notes to Financial Statements.

**TOWN OF MONTVILLE, CONNECTICUT
BALANCE SHEET
GOVERNMENTAL FUNDS (CONTINUED)
JUNE 30, 2024**

RECONCILIATION TO THE STATEMENT OF NET POSITION

Total Fund Balances - Governmental Funds (Exhibit III) \$ 19,618,961

Amounts reported for governmental activities in the Statement of Net Position (Exhibit I) are different because of the following:

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

| | |
|---|---------------------|
| Governmental Capital Assets | 157,285,189 |
| Less: Accumulated Depreciation and Amortization | <u>(55,370,599)</u> |
| Net Capital Assets | 101,914,590 |

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

| | |
|--|-----------|
| Property Tax Receivables | 791,922 |
| School Construction Intergovernmental Receivable | 863,251 |
| Other Receivables | 255,915 |
| Housing Rehabilitation Loan Receivable | 272,364 |
| Deferred Outflows Related to Pensions | 9,564,551 |
| Deferred Outflows Related to OPEB | 442,067 |

Internal service funds are used by management to charge the costs of risk management to individual funds. The assets and liabilities of the internal service funds are reported with governmental activities in the Statement of Net Position.

3,452,122

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

| | |
|--------------------------------------|------------------|
| Bonds and Notes Payable | (16,803,000) |
| Financed Purchase Payables | (685,992) |
| Lease Payables | (243,206) |
| Deferred Charge on Refunding | 305,771 |
| Unamortized Premium on Bonds Payable | (791,881) |
| Interest Payable on Bonds | (240,662) |
| Early Retirement Incentive | (62,986) |
| Net Pension Liability | (21,486,143) |
| Compensated Absences | (1,610,869) |
| Total OPEB Liability | (1,703,686) |
| Deferred Inflows Related to OPEB | (613,481) |
| Deferred Inflows Related to Pensions | <u>(782,828)</u> |

Net Position of Governmental Activities (Exhibit I)

\$ 92,456,780

**TOWN OF MONTVILLE, CONNECTICUT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2024**

| | General Fund | American Rescue Plan Fund | Road Bonding | School Construction | Nonmajor Governmental Funds | Total Governmental Funds |
|--|----------------------|---------------------------------|---------------------|------------------------|-----------------------------------|--------------------------------|
| REVENUES | | | | | | |
| Property Taxes, Interest, and Lien Fees | \$ 46,111,776 | \$ - | \$ - | \$ - | \$ - | \$ 46,111,776 |
| Intergovernmental Revenues | 25,200,934 | 1,242,002 | - | - | 4,774,764 | 31,217,700 |
| Charges for Services | 3,724,433 | - | - | - | 1,064,525 | 4,788,958 |
| Investment Income | 1,192,355 | - | - | - | 64,389 | 1,256,744 |
| Other | - | - | - | - | 292,077 | 292,077 |
| Total Revenues | <u>76,229,498</u> | <u>1,242,002</u> | <u>-</u> | <u>-</u> | <u>6,195,755</u> | <u>83,667,255</u> |
| EXPENDITURES | | | | | | |
| Current: | | | | | | |
| General Government | 9,525,085 | 540,004 | - | - | 90,674 | 10,155,763 |
| Public Safety | 6,637,487 | 19,336 | - | - | 9,120 | 6,665,943 |
| Public Works | 4,038,057 | - | - | - | 263,086 | 4,301,143 |
| Health and Welfare | 237,073 | - | - | - | 252,081 | 489,154 |
| Parks and Recreation | 363,263 | - | - | - | 128,551 | 491,814 |
| Nonprofit Organizations | 100,481 | - | - | - | - | 100,481 |
| Education | 49,777,542 | - | - | - | 4,469,040 | 54,246,582 |
| Debt Service: | | | | | | |
| Principal Retirement | 4,785,677 | - | - | - | - | 4,785,677 |
| Interest and Other Charges | 418,873 | - | 273,910 | - | - | 692,783 |
| Capital Outlay | 946,562 | 682,662 | 2,146,746 | 2,216,112 | 196,843 | 6,188,925 |
| Total Expenditures | <u>76,830,100</u> | <u>1,242,002</u> | <u>2,420,656</u> | <u>2,216,112</u> | <u>5,409,395</u> | <u>88,118,265</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | (600,602) | - | (2,420,656) | (2,216,112) | 786,360 | (4,451,010) |
| OTHER FINANCING SOURCES (USES) | | | | | | |
| Financed Purchase Issuance | 256,262 | - | - | - | - | 256,262 |
| Lease Issuance | 22,288 | - | - | - | - | 22,288 |
| Transfers in from Other Funds | - | - | - | - | 32,904 | 32,904 |
| Transfers Out to Other Funds | (32,904) | - | - | - | - | (32,904) |
| Total Other Financing Sources (Uses) | <u>245,646</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>32,904</u> | <u>278,550</u> |
| NET CHANGE IN FUND BALANCES | (354,956) | - | (2,420,656) | (2,216,112) | 819,264 | (4,172,460) |
| Fund Balances - Beginning of Year, as Previously Reported | 16,892,271 | - | 2,140,682 | - | 4,758,468 | 23,791,421 |
| Change Within Financial Reporting Entity | - | - | - | 1,951,882 | (1,951,882) | - |
| Fund Balances - Beginning of Year, Adjusted | <u>16,892,271</u> | <u>-</u> | <u>2,140,682</u> | <u>1,951,882</u> | <u>2,806,586</u> | <u>23,791,421</u> |
| FUND BALANCES - END OF YEAR | <u>\$ 16,537,315</u> | <u>\$ -</u> | <u>\$ (279,974)</u> | <u>\$ (264,230)</u> | <u>\$ 3,625,850</u> | <u>\$ 19,618,961</u> |

See accompanying Notes to Financial Statements.

**TOWN OF MONTVILLE, CONNECTICUT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS (CONTINUED)
YEAR ENDED JUNE 30, 2024**

RECONCILIATION TO THE STATEMENT OF ACTIVITIES

Net change in Fund Balances - Governmental Funds (Exhibit IV) \$ (4,172,460)

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

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 and amortization expense.

| | |
|---------------------------------------|-------------|
| Capital Outlay | 6,843,171 |
| Depreciation and Amortization Expense | (3,240,206) |

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.

| | |
|--|-----------|
| Property Taxes Receivable - Accrual Basis Change | (198,571) |
| Other Receivables - Accrual Basis Change | 96,401 |
| Changes in Deferred Outflows Related to Pensions | 677,096 |
| Changes in Deferred Outflows Related to OPEB | (47,733) |

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

| | |
|---|-----------|
| Principal Payments on Bonds and Notes Payable | 4,131,000 |
| Financed Purchase Issuance | (256,262) |
| Principal Payments on Financed Purchase | 552,839 |
| Lease Issuance | (22,898) |
| Lease Payments | 96,185 |

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.

| | |
|---|-------------|
| Amortization of Deferred Charge on Refunding | (142,724) |
| Amortization of Premium | 233,211 |
| Accrued Interest | 14,548 |
| Landfill Post-Closure Costs | 19,000 |
| Early Retirement Incentives | 58,034 |
| Change in Compensated Absences | 8,326 |
| Change in Net Pension Liability | 35,658 |
| Change in Total OPEB Liability | (1,045,450) |
| Changes in Deferred Inflows Related to Pensions | 675,222 |
| Change in Deferred Inflows Related to OPEB | 11,615 |

The net expense of the internal service funds is reported with governmental activities. 1,566,020

Change in Net Position of Governmental Activities (Exhibit II) \$ 5,892,022

See accompanying Notes to Financial Statements.

TOWN OF MONTVILLE, CONNECTICUT
STATEMENT OF NET POSITION
PROPRIETARY FUND
JUNE 30, 2024

| | Business-Type Activities | | | Governmental |
|---|--------------------------|----------------------|----------------------|--------------------------|
| | Enterprise Funds | | | Activities |
| | Major Funds | | Total | |
| | Sewer Department | Water Department | Enterprise Funds | Internal Service Fund |
| ASSETS | | | | |
| Current Assets: | | | | |
| Cash and Cash Equivalents | \$ 6,614,309 | \$ 1,297,696 | \$ 7,912,005 | \$ 4,040,273 |
| Receivables: | | | | |
| User Charges, Net | 1,609,395 | 158,006 | 1,767,401 | - |
| Intergovernmental | 30 | - | 30 | - |
| Due from Other Funds | 53,773 | - | 53,773 | - |
| Total Current Assets | <u>8,277,507</u> | <u>1,455,702</u> | <u>9,733,209</u> | <u>4,040,273</u> |
| Noncurrent Assets: | | | | |
| Capital Assets, Nondepreciable | 4,022,414 | 1,003,151 | 5,025,565 | - |
| Capital Assets, Net of Accumulated Depreciation and Amortization | <u>37,487,911</u> | <u>8,854,426</u> | <u>46,342,337</u> | <u>-</u> |
| Total Noncurrent Assets | <u>41,510,325</u> | <u>9,857,577</u> | <u>51,367,902</u> | <u>-</u> |
| Total Assets | 49,787,832 | 11,313,279 | 61,101,111 | 4,040,273 |
| DEFERRED OUTFLOWS OF RESOURCES | | | | |
| Deferred Charge Related to Pension | 1,350,647 | - | 1,350,647 | - |
| Total Deferred Outflows of Resources | <u>1,350,647</u> | <u>-</u> | <u>1,350,647</u> | <u>-</u> |
| LIABILITIES | | | | |
| Current Liabilities: | | | | |
| Accounts Payable | 573,131 | 639,365 | 1,212,496 | 83,100 |
| Accrued Liabilities | 232,849 | - | 232,849 | - |
| Accrued Interest Payable | 6,759 | 1,982 | 8,741 | - |
| Due to Other Funds | 309,446 | 53,477 | 362,923 | 18,052 |
| Claims Payable | - | - | - | 486,999 |
| Bonds, Notes, and Loans Payable | 82,188 | - | 82,188 | - |
| Lease Payable | 3,835 | - | 3,835 | - |
| Compensated Absences | 32,000 | - | 32,000 | - |
| Total Current Liabilities | <u>1,240,208</u> | <u>694,824</u> | <u>1,935,032</u> | <u>588,151</u> |
| Noncurrent Liabilities: | | | | |
| Bonds, Notes, and Loans Payable and Related Liabilities | 682,609 | 117,177 | 799,786 | - |
| Lease Payable | 1,733 | - | 1,733 | - |
| Compensated Absences | 128,852 | - | 128,852 | - |
| Connection Fee Payable | - | 490,844 | 490,844 | - |
| Net Pension Liability | 2,900,412 | - | 2,900,412 | - |
| Total Noncurrent Liabilities | <u>3,713,606</u> | <u>608,021</u> | <u>4,321,627</u> | <u>-</u> |
| Total Liabilities | 4,953,814 | 1,302,845 | 6,256,659 | 588,151 |
| DEFERRED INFLOWS OF RESOURCES | | | | |
| Deferred Charges Related to Pension | 99,996 | - | 99,996 | - |
| NET POSITION | | | | |
| Net Investment in Capital Assets | 40,739,960 | 9,740,400 | 50,480,360 | - |
| Unrestricted | <u>5,344,709</u> | <u>270,034</u> | <u>5,614,743</u> | <u>3,452,122</u> |
| Total Net Position | <u>\$ 46,084,669</u> | <u>\$ 10,010,434</u> | <u>\$ 56,095,103</u> | <u>\$ 3,452,122</u> |

See accompanying Notes to Financial Statements.

TOWN OF MONTVILLE, CONNECTICUT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUND
YEAR ENDED JUNE 30, 2024

| | Business-Type Activities | | | Governmental Activities |
|---|--------------------------|----------------------|----------------------|----------------------------|
| | Enterprise Funds | | | |
| | Major Funds | | Total | |
| | Sewer Department | Water Department | Enterprise Funds | Internal Service Fund |
| OPERATING REVENUES | | | | |
| Charges for Services | \$ 5,620,377 | \$ 992,464 | \$ 6,612,841 | \$ 9,178,740 |
| Total Operating Revenues | <u>5,620,377</u> | <u>992,464</u> | <u>6,612,841</u> | <u>9,178,740</u> |
| OPERATING EXPENSES | | | | |
| Medical Claims | - | - | - | 7,379,746 |
| Administration | - | - | - | 241,179 |
| Personnel Services | 988,611 | 97,807 | 1,086,418 | - |
| Supplies and Administration | 2,450,888 | 915,830 | 3,366,718 | - |
| Maintenance | 565,129 | 61,747 | 626,876 | - |
| Energy and Transportation | 771,893 | 61,962 | 833,855 | - |
| Insurance and Taxes | 494,041 | 36,098 | 530,139 | - |
| Depreciation and Amortization Expense | 1,743,378 | 300,214 | 2,043,592 | - |
| Total Operating Expenses | <u>7,013,940</u> | <u>1,473,658</u> | <u>8,487,598</u> | <u>7,620,925</u> |
| OPERATING INCOME (LOSS) | (1,393,563) | (481,194) | (1,874,757) | 1,557,815 |
| NONOPERATING REVENUES (EXPENSES) | | | | |
| Intergovernmental | 110,129 | 677,240 | 787,369 | - |
| Gain (Loss) on Asset Disposal | (99,310) | - | (99,310) | - |
| Income on Investments | 76,388 | 13,933 | 90,321 | 8,205 |
| Interest Expense | (21,320) | (1,982) | (23,302) | - |
| Total Nonoperating Expenses | <u>65,887</u> | <u>689,191</u> | <u>755,078</u> | <u>8,205</u> |
| INCOME (LOSS) BEFORE TRANSFERS | (1,327,676) | 207,997 | (1,119,679) | 1,566,020 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers In | 24,180 | - | 24,180 | - |
| Transfers Out | - | (24,180) | (24,180) | - |
| Total Transfers | <u>24,180</u> | <u>(24,180)</u> | <u>-</u> | <u>-</u> |
| CHANGE IN NET POSITION | (1,303,496) | 183,817 | (1,119,679) | 1,566,020 |
| Net Position - Beginning of Year | <u>47,388,165</u> | <u>9,826,617</u> | <u>57,214,782</u> | <u>1,886,102</u> |
| NET POSITION - END OF YEAR | <u>\$ 46,084,669</u> | <u>\$ 10,010,434</u> | <u>\$ 56,095,103</u> | <u>\$ 3,452,122</u> |

See accompanying Notes to Financial Statements.

**TOWN OF MONTVILLE, CONNECTICUT
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
YEAR ENDED JUNE 30, 2024**

| | Business-Type Activities | | | Governmental |
|---|--------------------------|---------------------|---------------------|---------------------|
| | Enterprise Funds | | | Activities |
| | Major Funds | | Total | Internal |
| | Sewer Department | Water Department | Enterprise Funds | Service Fund |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | |
| Receipts from Customers and Users | \$ 5,643,896 | \$ 937,482 | \$ 6,581,378 | \$ 9,178,740 |
| Intergovernmental | - | - | - | - |
| Payments to Suppliers | (4,080,545) | (568,890) | (4,649,435) | (259,232) |
| Payments to Employees | (777,564) | (97,807) | (875,371) | - |
| Claims Paid | - | - | - | (7,296,746) |
| Net Cash Provided by Operating Activities | <u>785,787</u> | <u>270,785</u> | <u>1,056,572</u> | <u>1,622,762</u> |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | | | |
| Interfund Loans | 160,334 | 122,111 | 282,445 | - |
| Interfund Transfers | 24,180 | (24,180) | - | - |
| Net Cash Provided by Noncapital Financing Activities | <u>184,514</u> | <u>97,931</u> | <u>282,445</u> | <u>-</u> |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | | | |
| Additions to Property, Plant, and Equipment | (3,265,165) | (662,577) | (3,927,742) | - |
| Capital Grants | 110,129 | 677,240 | 787,369 | - |
| Issuance of Notes | - | 117,177 | 117,177 | - |
| Principal Payments | (106,953) | - | (106,953) | - |
| Payments on Connection Fee Payable | - | (129,696) | (129,696) | - |
| Interest Payments | (22,038) | - | (22,038) | - |
| Cash Flows Provided (Used) by Related Financing Activities | <u>(3,284,027)</u> | <u>2,144</u> | <u>(3,281,883)</u> | <u>-</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | |
| Interest on Investments | 76,388 | 13,933 | 90,321 | 8,205 |
| Net Cash Provided by Investing Activities | <u>76,388</u> | <u>13,933</u> | <u>90,321</u> | <u>8,205</u> |
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | (2,237,338) | 384,793 | (1,852,545) | 1,630,967 |
| Cash and Cash Equivalents - Beginning of Year | <u>8,851,647</u> | <u>912,903</u> | <u>9,764,550</u> | <u>2,409,306</u> |
| CASH AND CASH EQUIVALENTS - END OF YEAR | <u>\$ 6,614,309</u> | <u>\$ 1,297,696</u> | <u>\$ 7,912,005</u> | <u>\$ 4,040,273</u> |

See accompanying Notes to Financial Statements.

TOWN OF MONTVILLE, CONNECTICUT
STATEMENT OF CASH FLOWS
PROPRIETARY FUND (CONTINUED)
YEAR ENDED JUNE 30, 2024

| | Business-Type Activities | | | Governmental |
|--|--------------------------|-------------------|---------------------|---------------------|
| | Enterprise Funds | | | Activities |
| | Major Funds | | Total | Internal |
| | Sewer | Water | Enterprise | Service Fund |
| | Department | Department | Funds | |
| RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES | | | | |
| Operating Income (Loss) | \$ (1,393,563) | \$ (481,194) | \$ (1,874,757) | \$ 1,557,815 |
| Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities: | | | | |
| Depreciation and Amortization | 1,743,378 | 300,214 | 2,043,592 | - |
| Gain on Sale of Property, Plant, and Equipment | 99,310 | - | 99,310 | - |
| Change in Assets and Liabilities: | | | | |
| (Increase) Decrease in User Charges Receivable | 23,519 | (54,982) | (31,463) | - |
| (Increase) Decrease in Deferred Outflows Related to Pension | (108,657) | - | (108,657) | - |
| Increase (Decrease) in Accounts Payable | 102,096 | 506,747 | 608,843 | (18,052) |
| Increase (Decrease) in Accrued Liabilities | 232,849 | - | 232,849 | - |
| Increase (Decrease) in Compensated Absences | 31,981 | - | 31,981 | - |
| Increase (Decrease) in Net Pension Liability | 141,125 | - | 141,125 | - |
| (Increase) Decrease in Deferred Inflows Related to Pension | (86,251) | - | (86,251) | - |
| Increase in Claims Payable | - | - | - | 82,999 |
| Total Adjustments | <u>2,179,350</u> | <u>751,979</u> | <u>2,931,329</u> | <u>64,947</u> |
| Net Cash Provided by Operating Activities | <u>\$ 785,787</u> | <u>\$ 270,785</u> | <u>\$ 1,056,572</u> | <u>\$ 1,622,762</u> |

See accompanying Notes to Financial Statements.

**TOWN OF MONTVILLE, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

The Town of Montville, Connecticut, was settled in 1786 and covers 43.9 square miles located in the Southeastern part of Connecticut. The Town operates under a Town Council/Mayor form of government and provides the following services as authorized by its charter: public safety, public works, health, social services, recreation, planning and zoning, education, and other miscellaneous programs.

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

Accounting principles generally accepted in the United States of America require that the reporting entity include the primary government and its component units, entities for which the government is considered to be financially accountable, all organizations for which the primary government is financially accountable, and other organizations which by nature and significance of their relationship with the primary government would cause the financial statements to be incomplete or misleading if excluded. Blended component units, although legally separate entities, are in substance part of the government's operations and, therefore, data from these units are combined with data of the primary government. Based on these criteria, there are no component units requiring inclusion in these financial statements.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the Town. The effect of interfund activity has been removed from these statements; however, interfund services provided and used are not eliminated in the process of consolidation. The statements are intended to distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

**TOWN OF MONTVILLE, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Government-Wide and Fund Financial Statements (Continued)

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

Separate fund financial statements are provided for governmental funds and proprietary funds. Major individual governmental and proprietary funds are reported as separate columns in the fund financial statements.

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

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Town considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, except for debt service expenditures, expenditures related to compensated absences, pension expense, landfill closure and post closure costs, other postemployment costs, and claims and judgments, which are recorded only when payment is due.

**TOWN OF MONTVILLE, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

The Town reports the following major governmental funds:

The *General Fund* is 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.

The *American Rescue Plan Fund* accounts for resources received as a result of American Rescue Plan Act (ARPA).

The *Road Bonding Fund* accounts for the financial revenues to be used for major road capital asset construction and/or purchases.

The *School Construction Fund* accounts for the financial revenues to be used for major school construction and/or purchases.

The Town reports the following major proprietary funds:

The Water Pollution Control Authority (the WPCA) of the Town of Montville accounts for the activities of the Town's *Sewer Department* operations.

The WPCA of the Town of Montville accounts for activities of the Town's *Water Department* operations.

Additionally, the Town reports the following fund type:

Internal Service Fund

This fund accounts for activities that provide goods or services to other funds, departments, or agencies of the Town on a cost-reimbursement basis. The Town utilizes an internal service fund to account for risk management activities.

**TOWN OF MONTVILLE, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Internal Service Fund (Continued)

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Town's enterprise funds consist of charges to customers for services relating to sewer and water usage. Operating expenses of the Town's enterprise funds include the cost of operations and maintenance, administrative expenses, and depreciation of capital assets. The principal operating revenues of the Town's internal service fund consist of charges for premiums. Operating expenses of the Town's internal service fund consist of claims incurred and administrative expenses. Revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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.

D. Cash, Cash Equivalents, and Investments

Cash and Cash Equivalents

Cash equivalents are short-term, highly liquid investments with original maturities of three months or less, when purchased, such as certificates of deposit and investment pools.

Investments

All investments are stated at fair value.

E. Receivables

Property Taxes

Property taxes are assessed as of October 1 and are levied the following July 1. Taxes are due and payable in equal installments on July 1 and January 1 following the date of the Grand List. Interest of 1-½% per month is charged on delinquent taxes. Liens are effective on the attachment date and are continued by filing prior to the following levy date. Additional property taxes are assessed for motor vehicles registered subsequent to the Grand List date through July 31 and are payable in one installment due January 1. Based on historical collection experience and other factors, the Town has established an allowance for uncollectible taxes and interest of \$275,000 and \$250,000, respectively, as of June 30, 2024.

**TOWN OF MONTVILLE, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Receivables (Continued)

Assessments and Usage Charges

Upon completion of projects, water and sewer assessments are levied and assessed to the users each February. Usage charges are billed quarterly or monthly depending on the property type, beginning in January. Assessments and user charges are due and payable within thirty days, and delinquent amounts are subject to interest at prevailing rates. Liens are filed on all properties until the assessment is paid in full. Based on historical collection experience and other factors, the WPCA has established an allowance for uncollectible sewer and water usage of \$13,170 and \$1,600, respectively, as of June 30, 2024.

F. Interfund Activities

Interfund activities are reported as follows:

Interfund Receivable and Payable

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

Interfund Services Provided and Used

Sales and purchases of goods and services between funds for a price approximating their external exchange value are reported as revenues and expenditures, or expenses, in the applicable funds.

Interfund Transfers

Interfund transfers represent flows of assets without equivalent flows of assets in return and without a requirement for repayment. In governmental funds, transfers are reported as other financing uses in the funds making transfers and other financing sources in the funds receiving transfers. In proprietary funds, transfers are reported after nonoperating revenues and expenses.

Interfund Reimbursements

Interfund reimbursements represent repayments from the funds responsible for particular expenditures or expenses to the funds that initially paid for them.

G. Unearned Revenue

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

**TOWN OF MONTVILLE, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Supplies

Inventories are reported at cost using the first-in first-out (FIFO) method, except for USDA donated commodities, which are recorded at market value. Inventories are recorded as expenditures when consumed rather than when purchased.

I. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 for equipment, \$20,000 for improvements and \$100,000 for infrastructure 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, works of art and similar items are recorded at acquisition value at the date of donation.

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

Property, plant, and equipment of the Town is depreciated/amortized using the straight-line method over the following estimated useful lives:

| | |
|-------------------------------------|----------------|
| Buildings | 35 to 50 Years |
| Building Improvements | 20 Years |
| Distribution and Collection Systems | 50 to 65 Years |
| Infrastructure | 30 to 50 Years |
| Land Improvements | 30 to 50 Years |
| Machinery and Equipment | 5 to 20 Years |

Capital outlay is reported as expenditures and no depreciation/amortization expense is reported in the governmental fund financial statements.

Right-to-use lease assets are initially measured at the present value of payments expected to be made during the lease term, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized in a systematic and rational manner over the shorter of the lease term or the useful life of the underlying asset.

J. Compensated Absences

Under the terms of various union contracts, Town and Board of Education employees are granted vacation and sick time in varying amounts based on length of service. Town employees may not carry over any accumulated vacation time and may carry over a limited number of sick days to subsequent years.

**TOWN OF MONTVILLE, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J. Compensated Absences (Continued)

In the event of retirement, Town employees are reimbursed for accumulated vacation and sick days based on union contract. Board of Education employees may carry over a limited number of unused vacation days to the next fiscal year.

All compensated absences are accrued when incurred in the government-wide, proprietary fund, and fiduciary fund financial statements. Expenditures for compensated absences are recognized in the governmental fund financial statements in the current year to the extent they have matured (i.e., due to resignation or retirement).

K. Net Pension Liability

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

L. Total Other Postemployment Benefits Other than Pensions (OPEB) Liability

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

M. 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 or fund balance that applies to a future period or periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Town reports a deferred charge on refunding and deferred outflows related to pension and OPEB in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. The Town reports deferred outflows related to pension and OPEB in the government-wide statement of net position. A deferred outflow of resources related to pension and OPEB results from differences between expected and actual experience, changes in assumptions or other inputs and difference between projected and actual earnings. These amounts are deferred and included in pension and OPEB expense, as applicable, in a systematic and rational manner.

TOWN OF MONTVILLE, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

M. Deferred Outflows/Inflows of Resources (Continued)

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 or fund balance that applies to a future period or periods and so will not be recognized as an inflow of resources (revenue) until that time. The Town reports deferred inflows of resources related to pensions and OPEB in the government-wide statement of net position. A deferred inflow of resources related to pension or OPEB results from differences between expected and actual experience, changes in assumptions or other inputs. These amounts are deferred and included in pension expense and OPEB expense in a systematic and rational manner. Also, for governmental funds, the Town reports unavailable revenue, which arises only under the modified accrual basis of accounting. The governmental funds report unavailable revenues from property taxes, interest on property taxes, assessments, interest on assessments, and intergovernmental receivables. These amounts are deferred and recognized as an inflow of resources (revenue) in the period during which the amounts become available.

N. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations 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.

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of debt issued, including financed purchases, 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. Principal payments and issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

O. Net Position and Fund Balance

Equity in the government-wide financial statements is defined as “net position.” Net position represents the difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources. The components of net position are detailed below:

**TOWN OF MONTVILLE, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

O. Net Position and Fund Balance (Continued)

Net Investment in Capital Assets

This component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds, notes or other borrowings that are attributable to the acquisition, construction or improvement of these assets, net of unexpended proceeds. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction or improvement of those assets or related debt are included in this component of net position.

Restricted Net Position

These amounts are restricted to specific purposes when constraints placed on the use of resources are either: (a) externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Unrestricted Net Position

This category represents the net amount of the assets, liabilities and deferred inflows/outflows of resources which are not restricted for any project or other purpose. A deficit will require future funding.

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

Nonspendable Fund Balance

These amounts cannot be spent because they are not in spendable form, or because they are legally or contractually required to be maintained intact.

Restricted Fund Balance

These amounts are restricted to specific purposes when constraints are placed on the use of resources by external parties, such as debt covenants, grantors, contributors, or laws or regulations of other governments.

Committed Fund Balance

Amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Town Council (the highest level of decision-making authority of the Town) and cannot be used for any other purpose unless the Town removes or changes the specified use by taking the same formal action.

Assigned Fund Balance

For all governmental funds other than the General Fund, this represents any remaining positive amounts not classified as restricted or committed. For the General Fund, this includes amounts constrained for the intent to be used for a specific purpose by the Town Council, who has been delegated to assign amounts by the Town Charter.

**TOWN OF MONTVILLE, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

O. Net Position and Fund Balance (Continued)

Unassigned Fund Balance

The residual amount not allocated to any other fund balance category in the General Fund and any residual deficit balance of any other governmental funds.

Net Position Flow Assumption

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 and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied.

The Town does not have a formal policy over net position. In practice, the Town considers restricted net position to have been depleted before unrestricted net position is applied.

Fund Balance Flow Assumption

Sometimes the Town will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied.

It is the Town's policy to use restricted resources first, then unrestricted resources as needed. Unrestricted resources are used in the following order: committed; assigned; then unassigned. It is the Town's policy to maintain an unassigned fund balance in the General Fund between 12% and 16% of the Town's General Fund budget. Two-thirds vote of the entire Town Council is required to decrease total fund balance below 12%. Unassigned fund balance in the General Fund as of June 30, 2024, represents 16.93% of the Town's final General Fund budget.

P. 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 including disclosures of contingent assets and liabilities and reported revenues, expenses, and expenditures during the fiscal year. Accordingly, actual results could differ from those estimates.

**TOWN OF MONTVILLE, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 2 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

The Town adopts an annual operating budget for the General Fund only. The Town adheres to the following procedures in establishing the budgetary data included in the General Fund financial statements, in accordance with provisions of Connecticut General Statutes and annually adopted budget policies:

- By 100 days before the close of the fiscal year, the head of each department, office, and agency submits to the Finance Director detailed estimates of expenditures and any revenues other than tax revenues expected to be collected. Expenditures are controlled at the department level.
- The Mayor submits a Capital Improvement Program for the ensuing fiscal year and the immediate four subsequent years to the Town Council for changes from the prior year's program by 75 days before the close of the fiscal year. It is then submitted to the Planning and Zoning Commission for approval. The Town Council then adopts the Program. The Program details the project, cost estimates, methods of financing, time schedules, and the estimated annual cost of the facility operation.
- By 75 days before the close of the fiscal year, the Mayor presents a budget message, estimates of revenues and expenditures, and justifications to the Town Council.
- By 60 days before the close of the fiscal year, the Town Council publishes the particulars of the budgets and holds one or more public hearings.
- The Town Council may add, increase, delete, or decrease any programs or amounts except for those prohibited by law. The budget is returned to the Mayor, who approves it or vetoes one or more line-items (except for the Board of Education budget). A veto may be overridden by a two-thirds vote of the entire Town Council.
- The Town Council adopts the final budget before 30 days of the close of the fiscal year.
- If the Town Council fails to adopt a budget within the prescribed timeframe, the previous year's budget prevails on a month-to-month basis until the new budget is adopted.
- With written approval of a department head and the Director of Finance, transfers between line items within a department can be made. The Town Council may transfer unexpended balances between departments.

**TOWN OF MONTVILLE, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 2 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (CONTINUED)

A. Budgetary Information (Continued)

- The Board of Education may transfer unexpended balances between accounts within its total line appropriation.
- Additional appropriations may be made during the year by resolution of the Town Council. There were no additional appropriations from fund balance for the year ended June 30, 2024.

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 budgetary reports as expenditures of the current year. Generally, all unexpended appropriations lapse at year-end, except those for capital projects funds and certain special revenue funds. Appropriations for capital projects are continued until completion of applicable projects, even when projects extend more than one fiscal year. Encumbered appropriations in the General Fund are not re-appropriated in the ensuing year's budget but are carried forward.

B. Fund Deficits

At June 30, 2024, the Town reported deficit fund balance/net position in the following funds:

| | | |
|-----------------------------------|----|---------|
| Road Bonding | \$ | 279,974 |
| School Construction | | 264,230 |
| Nonmajor Governmental Funds: | | |
| Recreation Services | | 4,699 |
| Transfer Station | | 165,970 |
| Special Education Grants | | 47,306 |
| Public Works Facility Improvement | | 70,828 |
| Boat Pier | | 53,575 |

The fund deficit will be eliminated by grant funding, state grant reimbursements and from appropriation from the General Fund.

**TOWN OF MONTVILLE, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 2 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (CONTINUED)

C. Excess of Expenditures Over Appropriations

For the year ended June 30, 2024, expenditure exceeded appropriations for the following functions:

| <u>Function</u> | <u>Expenditures in Excess of Appropriation</u> |
|-------------------------|--|
| General Government | \$ 82,961 |
| Public Safety | 371,625 |
| Recreation and Leisure | 16,933 |
| Nonprofit Organizations | 681 |
| Capital Outlay | 44,012 |
| Debt Service | 57,283 |

NOTE 3 CASH, CASH EQUIVALENTS, AND INVESTMENTS

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

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

**TOWN OF MONTVILLE, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

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

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

A. Deposits

Deposits – Custodial Credit Risk

Custodial credit risk is the risk that, in the event of a bank failure, the Town's deposits may not be returned to it. The Town does not have a deposit policy for custodial credit risk. Based on the criteria described in GASB Statement No. 40, *Deposits and Investment Risk Disclosures*, \$19,277,652 of the Town's bank balance of \$21,038,862 was exposed to custodial credit risk as follows:

| | |
|--|-----------------------------|
| Uninsured and Uncollateralized | \$ 17,199,886 |
| Uninsured and Collateral Held by the Pledging Bank's Trust Department, Not in the Town's Name | <u>2,077,766</u> |
| Total Amount Subject to Custodial Risk | <u><u>\$ 19,277,652</u></u> |

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

**TOWN OF MONTVILLE, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

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

B. Cash Equivalents

Cash equivalents are short-term, highly liquid investments that are both readily convertible to known amounts of cash and purchased within 90 days of maturity. At June 30, 2024, the Town’s cash equivalents amounted to \$12,000,112. The following table provides a summary of the Town’s cash equivalents as rated by nationally recognized statistical rating organizations.

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

These cash equivalents above are investment pools of high-quality, short-term money market instruments with an average maturity of less than 60 days. There were no limitations or restrictions on any withdrawals due to redemption notice periods, liquidity fees or redemption gates.

C. Investments

At June 30, 2024, the Town’s investments consisted of the following:

| Investment Type | Fair Value |
|--------------------|---------------|
| Other Investments: | |
| Mutual Funds | \$ 420,171 |

Investment 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 policy for custodial credit risk. The Town’s investments in external investment pools and mutual funds are not evidenced by securities and are therefore not exposed to custodial credit risk.

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The Town does not have a formal investment policy that limits Town investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. However, its practice is to structure the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity, and investing operating funds primarily in shorter-term securities, money market mutual funds, or similar investment pools.

**TOWN OF MONTVILLE, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

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

C. Investments (Continued)

Credit Risk – Investments

The Town has no investment policy that would further limit its investment choices beyond those limited by Connecticut state statutes. Connecticut state statutes permit the Town to invest in obligations of the United States, including its instrumentalities and agencies; in obligations of any state or of any political subdivision, authority or agency thereof, provided such obligations are rated within one of the top two rating categories of any recognized rating service; or in obligations of the state of Connecticut or of any political subdivision thereof, provided such obligations are rated within one of the top three rating categories of any recognized rating service.

Concentration of Credit Risk

The Town places no limit on the amount of investment in any one issuer. No more than 5% of the Town’s investments were invested in any one issuer in which credit risk was applicable.

Fair Value Disclosure

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants, as of the measurement date. Authoritative guidance establishes a hierarchy of valuation techniques based upon whether the inputs to those valuation techniques reflect assumptions other market participants would use based upon market data obtained from independent sources (also referred to as observable inputs). The Town classifies its assets and liabilities measured at fair value into Level 1 (securities valued using quoted prices from active markets for identical assets), Level 2 (securities not traded on an active market for which market inputs are observable, either directly or indirectly), and - Level 3 (securities valued based on unobservable inputs). Investments are classified in their entirety based on the lowest level of input that is significant to the fair value measurement.

The Town has the following recurring fair value measurements as of June 30, 2024:

| | June 30, 2023 | Fair Value Measurements Using | | |
|----------------------------------|------------------|-------------------------------|---------|---------|
| | | Level 1 | Level 2 | Level 3 |
| Investments by Fair Value Level: | | | | |
| Mutual Funds | \$ 420,171 | \$ 420,171 | \$ - | \$ - |

Mutual funds are classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities.

**TOWN OF MONTVILLE, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 4 RECEIVABLES

Receivable as of June 30, 2024, including the applicable allowances for uncollectible accounts, for the Town's major funds and nonmajor governmental funds are presented below.

| Receivables | General Fund | School Construction | Nonmajor Governmental Funds | Sewer Department | Water Department | Total |
|---|---------------------|------------------------|-----------------------------------|---------------------|---------------------|---------------------|
| Property Taxes | \$ 1,102,821 | \$ - | \$ - | \$ - | \$ - | \$ 1,102,821 |
| Interest on Property Taxes | 398,473 | - | - | - | - | 398,473 |
| Assessment and Interest | 15,759 | - | - | - | - | 15,759 |
| User Charges | - | - | - | 1,622,565 | 159,606 | 1,782,171 |
| Loans | - | - | 272,364 | - | - | 272,364 |
| Intergovernmental | 48,716 | 863,251 | 391,062 | 30 | - | 1,303,059 |
| Other | 123,659 | - | 52,990 | - | - | 176,649 |
| Gross Receivables | 1,689,428 | 863,251 | 716,416 | 1,622,595 | 159,606 | 5,051,296 |
| Less: Allowance for Uncollectible Accounts | (525,000) | - | - | (13,170) | (1,600) | (539,770) |
| Net Receivables | <u>\$ 1,164,428</u> | <u>\$ 863,251</u> | <u>\$ 716,416</u> | <u>\$ 1,609,425</u> | <u>\$ 158,006</u> | <u>\$ 4,511,526</u> |

NOTE 5 CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2024, was as follows:

| | Beginning Balance | Increases | Decreases | Transfers | Ending Balance |
|---|----------------------|---------------------|-------------|-------------|-----------------------|
| Governmental Activities: | | | | | |
| Capital Assets Not Being Depreciated and Amortized: | | | | | |
| Land | \$ 2,248,490 | \$ - | \$ - | \$ - | \$ 2,248,490 |
| Construction in Progress | 4,253,977 | 1,520,360 | - | (4,193,977) | 1,580,360 |
| Total Capital Assets Not Being Depreciated and Amortized | 6,502,467 | 1,520,360 | - | (4,193,977) | 3,828,850 |
| Capital Assets Being Depreciated and Amortized: | | | | | |
| Land Improvements | 5,322,778 | 746,529 | 228,496 | - | 5,840,811 |
| Buildings and Improvements | 95,758,287 | 701,298 | - | - | 96,459,585 |
| Machinery and Equipment | 18,439,862 | 1,938,094 | - | - | 20,377,956 |
| Right-to-use Equipment | 434,391 | 22,288 | 27,199 | - | 429,480 |
| Infrastructure | 24,239,928 | 1,914,602 | - | 4,193,977 | 30,348,507 |
| Total Capital Assets Being Depreciated and Amortized | 144,195,246 | 5,322,811 | 255,695 | 4,193,977 | 153,456,339 |
| Less: Accumulated Depreciation and Amortization for: | | | | | |
| Land Improvements | 1,423,280 | 180,924 | 228,496 | - | 1,375,708 |
| Buildings and Improvements | 28,501,871 | 1,451,201 | - | - | 29,953,072 |
| Machinery and Equipment | 12,168,917 | 959,128 | - | - | 13,128,045 |
| Right-to-Use Equipment | 120,200 | 98,481 | 27,199 | - | 191,482 |
| Infrastructure | 10,171,820 | 550,472 | - | - | 10,722,292 |
| Total Accumulated Depreciation and Amortization | 52,386,088 | 3,240,206 | 255,695 | - | 55,370,599 |
| Total Capital Assets Being Depreciated and Amortized, Net | 91,809,158 | 2,082,605 | - | 4,193,977 | 98,085,740 |
| Governmental Activities Capital Assets, Net | <u>\$ 98,311,625</u> | <u>\$ 3,602,965</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 101,914,590</u> |

**TOWN OF MONTVILLE, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 5 CAPITAL ASSETS (CONTINUED)

| | Beginning Balance | Increases | Decreases | Transfers | Ending Balance |
|---|----------------------|---------------------|-----------------------|-------------|----------------------|
| Business-Type Activities: | | | | | |
| Capital Assets Not Being Depreciated and Amortized: | | | | | |
| Land | \$ 1,127,031 | \$ - | \$ - | \$ - | \$ 1,127,031 |
| Construction in Progress | 728,532 | 3,211,028 | (27,866) | (13,160) | 3,898,534 |
| Total Capital Assets Not Being Depreciated and Amortized | 1,855,563 | 3,211,028 | (27,866) | (13,160) | 5,025,565 |
| Capital Assets Being Depreciated and Amortized: | | | | | |
| Land Improvements | 624,188 | 9,749 | - | - | 633,937 |
| Buildings and Improvements | 22,718,511 | 119,185 | - | 1,413,257 | 24,250,953 |
| Distribution and Collection System | 52,522,315 | 463,696 | (1,302,260) | (1,400,097) | 50,283,654 |
| Machinery and Equipment | 16,336,161 | 187,843 | (98,108) | - | 16,425,896 |
| Right-to-Use Equipment | 24,774 | - | (6,286) | - | 18,488 |
| Total Capital Assets Being Depreciated and Amortized | 92,225,949 | 780,473 | (1,406,654) | 13,160 | 91,612,928 |
| Less: Accumulated Depreciation and Amortization for: | | | | | |
| Land Improvements | 16,790 | 27,947 | - | - | 44,737 |
| Buildings and Improvements | 9,923,316 | 539,146 | - | (640,756) | 9,821,706 |
| Distribution and Collection System | 24,451,403 | 1,350,949 | 1,067,847 | 640,756 | 25,375,261 |
| Machinery and Equipment | 9,993,137 | 120,606 | 98,008 | - | 10,015,735 |
| Right-to-use Equipment | 14,494 | 4,944 | 6,286 | - | 13,152 |
| Total Accumulated Depreciation and Amortization | 44,399,140 | 2,043,592 | 1,172,141 | - | 45,270,591 |
| Total Capital Assets Being Depreciated and Amortized, Net | 47,826,809 | (1,263,119) | (2,578,795) | 13,160 | 46,342,337 |
| Business-Type Activities Capital Assets, Net | <u>\$ 49,682,372</u> | <u>\$ 1,947,909</u> | <u>\$ (2,606,661)</u> | <u>\$ -</u> | <u>\$ 51,367,902</u> |

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

| | |
|--|---------------------|
| Governmental Activities: | |
| General Government | \$ 205,045 |
| Public Safety | 457,066 |
| Public Works | 935,188 |
| Health and Welfare | 29,200 |
| Recreation and Leisure | 10,834 |
| Education | 1,602,873 |
| Total Depreciation and Amortization Expense - Governmental Activities | <u>\$ 3,240,206</u> |
| Business-Type Activities: | |
| Sewer Department | \$ 1,743,378 |
| Water Department | 300,214 |
| Total Depreciation and Amortization Expense - Business-Type Activities | <u>\$ 2,043,592</u> |

**TOWN OF MONTVILLE, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 6 INTERFUND BALANCES AND TRANSFERS

Interfund Payables and Receivables

A summary of interfund balances as of June 30, 2024, is as follows:

| <u>Receivable Fund</u> | <u>Payable Fund</u> | <u>Amount</u> |
|-----------------------------|-----------------------------|----------------------------|
| General Fund | Internal Service Fund | \$ 18,052 |
| General Fund | Nonmajor Governmental Funds | 372,164 |
| General Fund | Road Bonding Fund | 287,439 |
| General Fund | Water Department | 309,446 |
| Subtotal | | <u>987,101</u> |
| American Rescue Plan Fund | General Fund | 703,383 |
| School Construction Fund | General Fund | 446,057 |
| Nonmajor Governmental Funds | General Fund | 2,317,620 |
| Sewer Department | Water Department | 53,477 |
| Sewer Department | General Fund | 296 |
| Total | | <u><u>\$ 4,507,934</u></u> |

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

Interfund Transfers

A summary of interfund transfers as of June 30, 2024, is as follows:

| | <u>Transfer In</u> | |
|-----------------------------|---------------------|------------------------------------|
| | <u>General Fund</u> | <u>Nonmajor Governmental Funds</u> |
| Transfers Out: | | |
| General Fund | \$ - | \$ 32,904 |
| Nonmajor Governmental Funds | (32,904) | - |
| Transfers In | <u>\$ (32,904)</u> | <u>\$ 32,904</u> |

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

**TOWN OF MONTVILLE, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 7 CHANGES IN LONG-TERM LIABILITIES

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

| | Beginning Balance | Additions | Reductions | Ending Balance | Due Within One Year |
|--|----------------------|---------------------|---------------------|----------------------|------------------------|
| Governmental Activities: | | | | | |
| Bonds and Notes Payable: | | | | | |
| General Obligation Bonds | \$ 20,934,000 | \$ - | \$ 4,131,000 | \$ 16,803,000 | \$ 3,131,000 |
| Premium on Bonds | 1,025,092 | - | 233,211 | 791,881 | - |
| Total Bonds Payable | 21,959,092 | - | 4,364,211 | 17,594,881 | 3,131,000 |
| Financed Purchases | 982,569 | 256,262 | 552,839 | 685,992 | 229,513 |
| Lease Payable | 316,493 | 22,898 | 96,185 | 243,206 | 71,588 |
| Landfill Post-Closure Costs | 19,000 | - | 19,000 | - | - |
| Early Retirement Incentives | 121,020 | 55,464 | 113,498 | 62,986 | 31,385 |
| Compensated Absences | 1,619,195 | 519,658 | 527,984 | 1,610,869 | 322,344 |
| Net Pension Liability | 20,440,693 | 1,045,450 | - | 21,486,143 | - |
| Total OPEB Liability | 1,739,344 | - | 35,658 | 1,703,686 | 111,826 |
| Total Governmental Activities Long-Term Liabilities | <u>\$ 47,197,406</u> | <u>\$ 1,899,732</u> | <u>\$ 5,709,375</u> | <u>\$ 43,387,763</u> | <u>\$ 3,897,656</u> |
| Business Type Activities: | | | | | |
| Bonds and Notes Payable: | | | | | |
| General Obligation Bonds | \$ 720,000 | \$ - | \$ 90,000 | \$ 630,000 | \$ 70,000 |
| Lease Payable | 10,574 | - | 5,006 | 5,568 | 3,835 |
| Note Payable from Direct Borrowings | 146,744 | 117,177 | 11,947 | 251,974 | 12,188 |
| Contract Payable from Direct Borrowings | 620,540 | - | 129,696 | 490,844 | - |
| Compensated Absences | 128,871 | 57,981 | 26,000 | 160,852 | 32,000 |
| Net Pension Liability | 2,759,287 | 141,125 | - | 2,900,412 | - |
| Total Long-Term Liabilities | <u>\$ 4,386,016</u> | <u>\$ 316,283</u> | <u>\$ 262,649</u> | <u>\$ 4,439,650</u> | <u>\$ 118,023</u> |

Bonds payable typically have been liquidated by the General Fund for governmental activities and the Water and Sewer Departments for business-type activities. Other long-term liabilities are typically liquidated by the General Fund for governmental activities and the Water and Sewer Departments for business-type activities.

General Obligation Bonds

General obligation bonds as of June 30, 2024, consisted of the following:

| | Original Amount | Date of Issue | Date of Maturity | Interest Rate | Balance Outstanding June 30, 2024 |
|-------------------------------------|--------------------|------------------|---------------------|------------------|---|
| Governmental Activities: | | | | | |
| Bonds Payable | | | | | |
| General Obligation Bonds - Series B | \$ 7,890,000 | 02/25/10 | 07/01/24 | 3.00-5.00% | \$ 550,000 |
| General Obligation Bonds | 10,625,000 | 08/15/12 | 08/15/32 | 2.13-5.00% | 4,245,000 |
| General Obligation Refunding Bonds | 9,195,000 | 03/07/13 | 07/01/26 | 1.00-4.00% | 1,590,000 |
| General Obligation Refunding Bonds | 5,849,000 | 11/02/15 | 09/15/27 | 1.97% | 1,308,000 |
| General Obligation Bonds | 2,500,000 | 04/09/19 | 04/01/29 | 3.00-5.00% | 1,250,000 |
| General Obligation Bonds | 3,300,000 | 03/18/21 | 03/15/31 | 2.00-4.00% | 2,310,000 |
| General Obligation Bonds | 6,000,000 | 04/05/23 | 04/15/43 | 4.00-5.00% | 5,550,000 |
| Total | | | | | <u>\$ 16,803,000</u> |
| Business-Type Activities: | | | | | |
| Bonds Payable | | | | | |
| General Obligation Bonds | \$ 1,500,000 | 08/15/12 | 08/15/32 | 2.13-5.00% | <u>\$ 630,000</u> |

**TOWN OF MONTVILLE, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 7 CHANGES IN LONG-TERM LIABILITIES (CONTINUED)

General Obligation Bonds (Continued)

The annual debt service requirements for the Town's general obligation bonds are as follows:

| <u>Year Ending June 30,</u> | <u>Governmental Activities</u> | | <u>Business-Type Activities</u> | |
|-----------------------------|--------------------------------|---------------------|---------------------------------|------------------|
| | <u>Principal</u> | <u>Interest</u> | <u>Principal</u> | <u>Interest</u> |
| 2025 | \$ 3,131,000 | \$ 542,443 | \$ 70,000 | \$ 17,238 |
| 2026 | 2,445,000 | 445,987 | 70,000 | 15,575 |
| 2027 | 2,309,000 | 367,021 | 70,000 | 13,650 |
| 2028 | 1,778,000 | 296,612 | 70,000 | 11,550 |
| 2029 | 1,460,000 | 247,200 | 70,000 | 9,450 |
| 2030-2034 | 4,330,000 | 616,500 | 280,000 | 16,800 |
| 2035-2039 | 750,000 | 210,000 | - | - |
| 2040-2043 | 600,000 | 60,000 | - | - |
| Total | <u>\$ 16,803,000</u> | <u>\$ 2,785,763</u> | <u>\$ 630,000</u> | <u>\$ 84,263</u> |

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:

| <u>Category</u> | <u>Debt Limit</u> | <u>Net Indebtedness</u> | <u>Balance</u> |
|-----------------|-------------------|-------------------------|----------------|
| General Purpose | \$ 98,789,227 | \$ 12,262,795 | \$ 86,526,432 |
| Schools | 197,578,454 | 10,627,000 | 186,951,454 |
| Sewers | 164,648,711 | 881,974 | 163,766,737 |
| Urban Renewal | 142,695,550 | - | 142,695,550 |
| Pension Deficit | 131,718,969 | - | 131,718,969 |

The total overall statutory debt limit for the Town is equal to seven times annual receipts from taxation, \$307,344,261.

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.

Authorized, Unissued Bonds

At June 30, 2024, the Town had authorized unissued bonds totaling \$21,700,000 for road improvements, school renovations, and school air condition projects.

**TOWN OF MONTVILLE, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 7 CHANGES IN LONG-TERM LIABILITIES (CONTINUED)

Financed Purchase Commitments

The Town has several active financed purchase commitments as of year-end. Assets acquired through financed purchases are as follows:

| | |
|--------------------------------|----------------------------|
| | Governmental Activities |
| Equipment | \$ 3,144,834 |
| Less: Accumulated Depreciation | (1,138,063) |
| Net Book Value | <u>\$ 2,006,771</u> |

Principal and interest requirements to maturity under financed purchase commitments at June 30, 2024, were as follows:

| <u>Year Ending June 30,</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|-----------------------------|-------------------|------------------|-------------------|
| 2025 | \$ 229,513 | \$ 25,983 | \$ 255,496 |
| 2026 | 236,044 | 17,827 | 253,871 |
| 2027 | 166,200 | 10,192 | 176,392 |
| 2028 | 54,235 | 3,065 | 57,300 |
| Total | <u>\$ 685,992</u> | <u>\$ 57,067</u> | <u>\$ 743,059</u> |

Lease Payable

The Town leases equipment for various terms under long-term, noncancelable lease agreements. The leases expire at various dates through 2035.

Principal and interest requirements to maturity under lease agreements are as follows:

| <u>Year Ending June 30,</u> | <u>Governmental Activities</u> | | <u>Business-Type Activities</u> | |
|-----------------------------|--------------------------------|------------------|---------------------------------|-----------------|
| | <u>Principal</u> | <u>Interest</u> | <u>Principal</u> | <u>Interest</u> |
| 2025 | \$ 71,588 | \$ 7,848 | \$ 3,835 | \$ 99 |
| 2026 | 66,366 | 5,264 | 1,440 | 25 |
| 2027 | 62,285 | 2,649 | 293 | 1 |
| 2028 | 27,739 | 762 | - | - |
| 2029 | 2,281 | 419 | - | - |
| 2030-2034 | 11,987 | 1,018 | - | - |
| 2035 | 960 | 8 | - | - |
| Total | <u>\$ 243,206</u> | <u>\$ 17,968</u> | <u>\$ 5,568</u> | <u>\$ 125</u> |

**TOWN OF MONTVILLE, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 7 CHANGES IN LONG-TERM LIABILITIES (CONTINUED)

Notes Payable from Direct Borrowings

Notes payable from direct borrowings as of June 30, 2024, consisted of the following:

| | Original Amount | Date of Issue | Date of Maturity | Interest Rate | Balance Outstanding June 30, 2024 |
|---|--------------------|------------------|---------------------|------------------|---|
| State of Connecticut Serial Notes Payable | | | | | |
| Clean Water Fund | \$ 245,631 | 01/30/15 | 07/31/34 | 2.00% | \$ 134,797 |
| Drinking Water State Revolving Fund | * | * | * | * | 117,177 |
| | | | | | <u>\$ 251,974</u> |

* Note not permanently financed as of June 30, 2024

Annual debt service requirements to maturity on the notes payable are as follows as of June 30, 2024:

| <u>Year Ending June 30,</u> | <u>Business-Type Activities</u> | |
|--|---------------------------------|------------------|
| | <u>Principal</u> | <u>Interest</u> |
| 2025 | \$ 12,188 | \$ 2,585 |
| 2026 | 12,434 | 2,339 |
| 2027 | 12,686 | 2,088 |
| 2028 | 12,940 | 1,832 |
| 2029 | 13,202 | 1,560 |
| 2030-2034 | 70,118 | 3,746 |
| 2035-2039 | 1,229 | 2 |
| Total | <u>134,797</u> | <u>14,152</u> |
| Notes not Permanently Financed as of June 30, 2024 | 117,177 | - |
| Total | <u>\$ 251,974</u> | <u>\$ 14,152</u> |

The Town's outstanding clean water notes contains a provision that, in event of default, the State may declare, by notice to the Town, that the principal of and interest accrued on any outstanding amounts are immediately due and payable in full, automatically, without further notices or demand of any kind.

Contract Payables from Direct Borrowings

The Town has entered into a long-term contract with the Mohegan Tribal Utility Authority in connection with its portion of costs from a regional water extension project. Amounts payable total \$490,844 as of June 30, 2024, and are due upon new connections to the system.

Early Retirement Incentive

The Board of Education provides early retirement incentive benefits to former employees. Benefits are paid annually based on the retirement agreement for each employee. Benefits are payable through 2026. The amount paid from General Fund appropriations during the year ended June 30, 2024, was \$113,498, and the outstanding balance at June 30, 2024, is \$62,986.

**TOWN OF MONTVILLE, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 8 FUND BALANCE

As of June 30, 2024, fund balances are composed of the following:

| | General Fund | Road Bonding | School Construction | Nonmajor Governmental Funds | Total |
|----------------------------|----------------------|---------------------|------------------------|-----------------------------------|----------------------|
| Fund Balances: | | | | | |
| Nonspendable: | | | | | |
| Prepaid and Supplies | \$ 1,131,738 | \$ - | \$ - | \$ 6,410 | \$ 1,138,148 |
| Restricted for: | | | | | |
| Grants and Donations | 8,456 | - | - | 346,718 | 355,174 |
| Education | 62,255 | - | - | 804,458 | 866,713 |
| Cannabis | - | - | - | 68,049 | 68,049 |
| Capital Purposes | - | - | 109,327 | - | 109,327 |
| Total Restricted | <u>70,711</u> | <u>-</u> | <u>109,327</u> | <u>1,219,225</u> | <u>1,399,263</u> |
| Committed for: | | | | | |
| Education Carryover | 706,872 | - | - | - | 706,872 |
| Student Activities | - | - | - | 363,738 | 363,738 |
| Cafeteria Operations | - | - | - | 891,576 | 891,576 |
| General Government | - | - | - | 13,858 | 13,858 |
| Health and Welfare | - | - | - | 454,751 | 454,751 |
| Recreation | - | - | - | 77,841 | 77,841 |
| Capital Projects | - | - | - | 940,829 | 940,829 |
| Total Committed | <u>706,872</u> | <u>-</u> | <u>-</u> | <u>2,742,593</u> | <u>3,449,465</u> |
| Assigned to: | | | | | |
| Subsequent Year's Budget | 2,800,000 | - | - | - | 2,800,000 |
| General Government | | | | | |
| Encumbrances | (296,652) | - | - | - | (296,652) |
| Public Safety Encumbrances | - | - | - | - | - |
| Public Works Encumbrances | 21,150 | - | - | - | 21,150 |
| Education Encumbrances | 501,504 | - | - | - | 501,504 |
| Total Assigned | <u>3,026,002</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>3,026,002</u> |
| Unassigned | | | | | |
| | <u>11,601,992</u> | <u>(279,974)</u> | <u>(373,557)</u> | <u>(342,378)</u> | <u>10,606,083</u> |
| Total Fund Balances | <u>\$ 16,537,315</u> | <u>\$ (279,974)</u> | <u>\$ (264,230)</u> | <u>\$ 3,625,850</u> | <u>\$ 19,618,961</u> |

As of June 30, 2024, the Town has recorded \$226,002 in encumbrances, which has been reported in the assigned fund balance of the General Fund.

NOTE 9 RISK MANAGEMENT

The Town is exposed to various risks of loss related to torts, thefts of, damage to, or destruction of assets; errors or omissions; injuries to employees or acts of God for which the Town carries commercial insurance. During 2024, deductibles paid by the Town were insignificant. Neither the Town nor its insurers have settled any claims which exceeded the Town's insurance coverage during the past three years. There have been no significant reductions in any insurance coverage from amounts in the prior year.

The Health Insurance Fund, an internal service fund, was established to account for and finance employee medical benefits claims for eligible full-time employees of both the Town and the Board of Education. The Town retains the risk of loss under the plan. A third party processes the claims filed under the self-insured health plan, for which the Town is charged an administrative fee. The Town has purchased a stop-loss policy for total claims in any one year exceeding an aggregate of 125% of expected claims and for individual claims exceeding \$175,000 for combined hospital and major medical.

**TOWN OF MONTVILLE, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 9 RISK MANAGEMENT (CONTINUED)

The Town establishes claims liabilities based on estimates of claims that have been incurred but not reported at June 30, 2024. Claims liabilities are recorded if information prior to the issuance of the financial statements indicates that it is possible that a liability has been incurred at the date of the financial statements and the amount of possible loss can be reasonably estimated. The amount of the claims accrual is based on the ultimate costs of settling the claims, which include past experience data, inflation and other future economic and societal factors and incremental claim adjustment expenses, net of estimated subrogation recoveries. The claims accrual does not include other allocated or unallocated claims adjustment expenses.

A summary of claims activity for the years ended June 30, 2023 and 2024 is as follows:

| <u>Year Ending</u> | Medical Insurance | | | |
|--------------------|------------------------------|---|---------------------------|-------------------------------|
| | <u>Liability July 1,</u> | <u>Current Year Claims and Changes in Estimates</u> | <u>Claim Payments</u> | <u>Liability June 30,</u> |
| 2022-2023 | \$ 638,000 | \$ 7,488,318 | \$ (7,524,421) | \$ 601,897 |
| 2023-2024 | 601,897 | 7,181,848 | (7,296,746) | 486,999 |

The Town purchases commercial insurance for all other risks of loss, including blanket and umbrella. Coverage has not been materially reduced, nor has settled claims exceeded commercial coverage in any of the past three years.

NOTE 10 COMMITMENTS AND CONTINGENCIES

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

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

The Town may be subject to rebate penalties to the federal government relating to various bond and note issues. The Town expects such amounts, if any, to be immaterial.

**TOWN OF MONTVILLE, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 11 EMPLOYEE RETIREMENT PLANS

A. Connecticut Municipal Employees' Retirement System

Plan Description

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

Benefit Provisions

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

Normal Retirement

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

Early Retirement

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

**TOWN OF MONTVILLE, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 11 EMPLOYEE RETIREMENT PLANS (CONTINUED)

A. Connecticut Municipal Employees' Retirement System (Continued)

Disability Retirement – Service Connected

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

Disability Retirement – Nonservice Connected

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

Pre-Retirement Death Benefit

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

Contributions

Member

Contributions for members not covered by social security are 6% of compensation; for members covered by social security, 3.25% of compensation up to the social security taxable wage base plus 6% of compensation, if any, in excess of such base.

Employer

Participating employers make annual contributions consisting of a normal cost contribution, a contribution for the amortization of the net unfunded accrued liability and a prior service amortization payment, which covers the liabilities of MERS not met by member contributions. In addition, there is also an annual administrative fee per active and retired member. The Town's required contribution for the year ended June 30, 2024, was \$2,712,062.

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

At June 30, 2024, the Town reports a liability of \$24,386,555 for its proportionate share of the net pension liability. The 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 at June 30, 2023. The actuarial assumptions used in the June 30, 2023, valuation were based on results of an actuarial experience study for the period July 1, 2017, through June 30, 2022. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participants, actuarially determined. At June 30, 2024, the Town's proportion was 1.72%. The increase in proportion from the prior year was 0.03%.

**TOWN OF MONTVILLE, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 11 EMPLOYEE RETIREMENT PLANS (CONTINUED)

A. Connecticut Municipal Employees' Retirement System (Continued)

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

For the year ended June 30, 2024, the Town recognized pension expense of \$2,478,443. At June 30, 2024, the Town reported deferred outflows of resources related to pension from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|--------------------------------------|-------------------------------------|
| Net Difference Between Projected and Actual Earnings on Pension Plan Investments | \$ 2,040,173 | \$ - |
| Change in Assumptions | 2,559,062 | - |
| Differences Between Expected and Actual Experience | 1,959,143 | 270,581 |
| Changes in Proportional Share | 1,491,900 | 612,243 |
| Contributions Made Subsequent to Measurement Date | 2,864,920 | - |
| Total | <u>\$ 10,915,198</u> | <u>\$ 882,824</u> |

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

| <u>Year Ending June 30,</u> | <u>Amount</u> |
|-----------------------------|---------------------|
| 2025 | \$ 1,737,726 |
| 2026 | 1,586,326 |
| 2027 | 3,129,310 |
| 2028 | 530,051 |
| 2029 | 184,041 |
| Total | <u>\$ 7,167,454</u> |

Actuarial Assumptions

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

| | |
|---------------------------|--|
| Inflation | 2.50% |
| Salary Increases | 3.00-9.50%, Including Inflation |
| Investment Rate of Return | 7.00%, Net of Pension Plan Investment Expense, Including Inflation |

Mortality rates were based on Pub-2010 Mortality Tables set-forward one year (except Active Employees) are projected generationally with scale MP-2021.

**TOWN OF MONTVILLE, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 11 EMPLOYEE RETIREMENT PLANS (CONTINUED)

A. Connecticut Municipal Employees' Retirement System (Continued)

Actuarial Assumptions (Continued)

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

| Asset Class | Target Allocation | Long-Term Expected Real Rate of Return |
|------------------------------|----------------------|--|
| Global Equity | 37.00 % | 6.80% |
| 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 Fund | 15.00 | 11.20% |
| Private Credit | 10.00 | 6.10% |
| Real Estate | 10.00 | 6.30% |
| Infra. And Natural Resources | 7.00 | 7.70% |
| Total | 100.00 % | |

Discount Rate

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

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

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

**TOWN OF MONTVILLE, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 11 EMPLOYEE RETIREMENT PLANS (CONTINUED)

A. Connecticut Municipal Employees' Retirement System (Continued)

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

| | 1% Decrease (6.00%) | Current Discount Rate (7.00%) | 1% Increase (8.00%) |
|--|------------------------|-------------------------------------|------------------------|
| Town's Proportionate Share of the Net Pension Liability | \$ 34,192,366 | \$ 24,386,555 | \$ 16,212,128 |

B. Connecticut State Teachers' Retirement System – Pension

Plan Description

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

Benefit Provisions

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

Normal Retirement

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

Early Retirement

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

Disability Retirement

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

**TOWN OF MONTVILLE, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 11 EMPLOYEE RETIREMENT PLANS (CONTINUED)

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

Contributions

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

Employer (School Districts)

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

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

For the year ended June 30, 2024, the amount of "on-behalf" contributions made by the State was \$6,446,742 and is recognized in the General Fund as intergovernmental revenues and education expenditures.

Employees

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

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

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

At June 30, 2024, the Town reports no amounts for its proportionate share of the net pension liability, and related deferred outflows and inflows, due to the statutory requirement that the State pay 100% of the required contribution. The amount recognized by the Town as its proportionate share of the net pension liability, the related state support, and the total portion of the net pension liability that was associated with the Town were as follows:

| | | |
|--|----|---------------|
| Town's Proportionate Share of the Net Pension Liability | \$ | - |
| State's Proportionate Share of the Net Pension Liability | | |
| Associated with the Town | | 69,479,732 |
| Total | | \$ 69,479,732 |

The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as June 30, 2023. At June 30, 2024, the Town has no proportionate share of the net pension liability.

For the year ended June 30, 2024, the Town recognized pension expense and revenue of \$6,652,282 in Exhibit II.

**TOWN OF MONTVILLE, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 11 EMPLOYEE RETIREMENT PLANS (CONTINUED)

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

Actuarial Assumptions

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

| | |
|---------------------------|--|
| Inflation | 2.50% |
| Salary Increases | 3.00-6.50%, Including Inflation |
| Investment Rate of Return | 6.90%, Net of Pension Plan Investment Expense, Including Inflation |

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

The actuarial assumptions used in the June 30, 2023, valuation were based on the results of an actuarial experience study for the five-year period ending June 30, 2019.

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

There were no changes in benefit provisions that affected the measurement of the TPL since the prior measurement date.

Cost-of-Living Allowance

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

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

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

**TOWN OF MONTVILLE, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 11 EMPLOYEE RETIREMENT PLANS (CONTINUED)

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

Long-Term Rate of Return

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

| Asset Class | Target Allocation | Long-Term Expected Real Rate of Return |
|------------------------------|-------------------|--|
| Global Equity | 37.00 % | 6.80% |
| 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 Fund | 15.00 | 11.20% |
| Private Credit | 10.00 | 6.10% |
| Real Estate | 10.00 | 6.20% |
| Infra. And Natural Resources | 7.00 | 7.70% |
| Total | 100.00 % | |

Discount Rate

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

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

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

Other Information

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

**TOWN OF MONTVILLE, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 11 EMPLOYEE RETIREMENT PLANS (CONTINUED)

C. Defined Contribution Plans

The Town and Board of Education offer defined contribution plans to enable employees to enhance their retirement security by deferring a portion of their salary. Eligible employees of the Town and Board of Education can make voluntary (unmatched) contributions to the 457(b) Deferred Compensation Plan, up to applicable Internal Revenue Code limits. In addition, the Board of Education offers a 403(b) defined benefit plan. Both plans are voluntary. The Town administers both plans.

For the year ended June 30, 2024, employees contributed \$1,011,932 to the 457(b) deferred compensation plan, and the Town contributions totaled \$-0- in the 403(b) Plan.

NOTE 12 OTHER POSTEMPLOYMENT BENEFITS PLANS (OPEB)

A. Board of Education OPEB Plan

Plan Description

The Town administers an Other Postemployment Benefits Plan (the Plan), which is a single employer defined benefit healthcare plan. The Plan provides healthcare insurance benefits for eligible retirees and their spouses through the Town's group health insurance plan, which covers both active and retired members, as well as certain life insurance benefits. Benefit provisions are established through negotiations between the Town and the unions representing Town employees and are renegotiated each bargaining period. The Plan does not issue a publicly available financial report and is not included in the financial statements of another entity.

The Town currently pays for postemployment health care benefits on a pay-as-you-go basis. As of June 30, 2024, the Town has not established a trust fund to irrevocably segregate assets to fund liability associated with the postemployment benefits, which would require the reporting of a trust fund in accordance with GASB guidelines. Administration costs are financed from current operations.

Benefit Provided

The OPEB Plan provides for medical, prescription, dental, and life insurance benefits to eligible retirees, spouses, and beneficiaries. Contribution requirements of the Plan members and the Town are established in the Plan document and may be amended through negotiations between the Town and the unions. Currently, the Town contributes the following for various classes of employees covered:

Board of Education Administrators

Administrators receiving benefits are required to contribute 50% of their premium costs. Administrators hired on or after July 1, 2012, are required to contribute 75% of their premium costs. Administrators are eligible for benefits upon retirement and 20 years of service regardless of age.

**TOWN OF MONTVILLE, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 12 OTHER POSTEMPLOYMENT BENEFITS PLANS (OPEB) (CONTINUED)

A. Board of Education OPEB Plan (Continued)

Benefit Provided (Continued)

Board of Education Teachers

Teachers retiring under the Connecticut State Teachers Retirement system are eligible to receive health benefits for self and spouse. Normal retirement for teachers is the earlier of age 60 with 20 years of services, or completion of 35 years of service regardless of age. Individuals receiving benefits contribute 100% of their premium costs.

Membership in the Plan consisted of the following at June 30, 2024:

| | |
|---|-----|
| Inactive Pan Members Receiving Benefits | 58 |
| Active Participants | 218 |
| Total | 276 |

Total OPEB Liability

The Town's total OPEB liability of \$1,703,686 was measured as of June 30, 2024, and it was determined by an actuarial valuation as of July 1, 2022.

Actuarial Assumptions and Other Inputs

The total OPEB liability as of June 30, 2024, was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

| | |
|-----------------------------------|-------|
| Discount Rate | 3.93% |
| 2023 Medical Trend Rates | 7.00% |
| 2024 Medical Trend Rates | 6.00% |
| Ultimate Medical Trend Rates | 5.00% |
| Year Ultimate Medical Trend Rates | 2025 |
| Salary Increases | 3.50% |

The discount rate was based on the Bond Buyer's 20 Bond Index.

The mortality rates are from the RPH-2014 Total Dataset mortality table projected with projection scale MP-2021.

**TOWN OF MONTVILLE, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 12 OTHER POSTEMPLOYMENT BENEFITS PLANS (OPEB) (CONTINUED)

A. Board of Education OPEB Plan (Continued)

Changes in the Total OPEB Liability

| | Total OPEB Liability (a) |
|--|--------------------------------|
| Balances as of July 1, 2023 | \$ 1,739,344 |
| Changes for the Year: | |
| Service Cost | 53,455 |
| Interest on Total OPEB Liability | 63,625 |
| Changes in Assumptions or Other Inputs | (52,558) |
| Benefit Payments | (100,180) |
| Net Changes | (35,658) |
| Balances as of June 30, 2024 | \$ 1,703,686 |

Changes in assumptions and other inputs reflect a change in the discount rate from 3.65% in fiscal year 2023 to 3.93% in fiscal year 2024.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

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

| | 1% Decrease in Discount Rate (2.93%) | Current Discount Rate (3.93%) | 1% Increase in Discount Rate (4.93%) |
|----------------------|---|--|---|
| Total OPEB Liability | \$ 1,902,697 | \$ 1,703,686 | \$ 1,533,642 |

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the total OPEB liability of the Town using the current healthcare cost trend rate, as well as what the Town's total OPEB liability would be if it were calculated using the current healthcare cost trend rates that are 1 percentage point lower or 1 percentage point higher than the current healthcare cost trend rates:

| | 1% Decrease in Healthcare Cost Trend Rates (5.00%) Decreasing to 4.00%) | Current Healthcare Cost Trend Rates (6.00%) Decreasing to 5.00%) | 1% Increase in Healthcare Cost Trend Rates (7.00%) Decreasing to 6.00%) |
|----------------------|---|--|---|
| Total OPEB Liability | \$ 1,479,005 | \$ 1,703,686 | \$ 1,982,737 |

**TOWN OF MONTVILLE, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 12 OTHER POSTEMPLOYMENT BENEFITS PLANS (OPEB) (CONTINUED)

A. Board of Education OPEB Plan (Continued)

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

For the year ended June 30, 2024, the Town recognized OPEB expense of \$102,692. At June 30, 2024, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|--------------------------------------|-------------------------------------|
| Differences Between Expected and Actual Experience | \$ 230,912 | \$ 202,534 |
| Changes of Assumptions or Other Inputs | 211,155 | 410,947 |
| Total | \$ 442,067 | \$ 613,481 |

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

| Year Ending June 30, | Amount |
|----------------------|-------------|
| 2025 | \$ (16,440) |
| 2025 | (16,440) |
| 2027 | (16,440) |
| 2028 | (16,440) |
| 2029 | (16,440) |
| Thereafter | (89,214) |

B. Other Postemployment Benefit – Connecticut State Teacher’s Retirement Plan

Plan Description

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

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

**TOWN OF MONTVILLE, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 12 OTHER POSTEMPLOYMENT BENEFITS PLANS (OPEB) (CONTINUED)

A. Board of Education OPEB Plan (Continued)

Benefit Provisions

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

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

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

Survivor Health Care Coverage

Survivors of former employees or retirees remain eligible to participate in the Plan and continue to be eligible to receive either the \$110 monthly subsidy or participate in the TRB-Sponsored Medicare Supplement Plans, as long as they do not remarry.

Eligibility

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

**TOWN OF MONTVILLE, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 12 OTHER POSTEMPLOYMENT BENEFITS PLANS (OPEB) (CONTINUED)

**B. Other Postemployment Benefit – Connecticut State Teacher’s Retirement Plan
(Continued)**

Credited Service

One month for each month of service as a teacher in Connecticut public schools, maximum 10 months for each school year. Ten months of Credited Service constitutes one year of Credited Service. Certain other types of teaching services, State employment, or wartime military service may be purchased prior to retirement if the member pays one-half the cost.

Normal Retirement

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

Early Retirement

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

Pro ratable Retirement

Age 60 with 10 years of Credited Service.

Disability Retirement

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

Termination of Employment

Ten or more years of Credited Service.

Contributions

State of Connecticut

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

**TOWN OF MONTVILLE, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 12 OTHER POSTEMPLOYMENT BENEFITS PLANS (OPEB) (CONTINUED)

**B. Other Postemployment Benefit – Connecticut State Teacher’s Retirement Plan
(Continued)**

Contributions (Continued)

Employer (School Districts)

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

For the year ended June 30, 2024, the amount of “on-behalf” contributions made by the State was \$87,728 and is recognized in the General Fund as intergovernmental revenues and education expenditures.

Employees/Retirees

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

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

At June 30, 2024, the Town reports no amounts for its proportionate share of the net OPEB liability, and related deferred outflows and inflows, due to the statutory requirement that the State pay 100% of the required contribution. The amount recognized by the Town as its proportionate share of the net OPEB liability, the related State support, and the total portion of the net OPEB liability that was associated with the Town was as follows:

| | | |
|---|----|----------------------------|
| Town's Proportionate Share of the Net OPEB Liability | \$ | - |
| State's Proportionate Share of the Net OPEB Liability | | |
| Associated with the Town | | 6,509,297 |
| Total | | <u><u>\$ 6,509,297</u></u> |

The net OPEB liability was measured as of June 30, 2023 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as June 30, 2023. At June 30, 2024, the Town has no proportionate share of the net OPEB liability.

For the year ended June 30, 2024, the Town recognized OPEB expense and revenue of \$(766,838) in Exhibit II.

Actuarial Assumptions

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

**TOWN OF MONTVILLE, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 12 OTHER POSTEMPLOYMENT BENEFITS PLANS (OPEB) (CONTINUED)

**B. Other Postemployment Benefit – Connecticut State Teacher’s Retirement Plan
(Continued)**

Actuarial Assumptions (Continued)

| | |
|--|---|
| Inflation | 2.50% |
| Real Wage Growth | 0.50% |
| Wage Inflation | 3.00% |
| Health Care Costs Trend Rate | Known Increases Until Calendar Year 2024, Then General Trend Decreasing to an Ultimate Rate of 4.50% by 2031 |
| Salary Increases | 3.00-6.50%, Including Inflation |
| Investment Rate of Return | 3.00%, Net of OPEB Plan Investment Expense, Including Inflation |
| Year Fund Net Position Will Be Depleted | 2028 |

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

The actuarial assumptions used in the June 30, 2023, valuation were based on the results of an actuarial experience study for the period July 1, 2014 – June 30, 2019.

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

- Discount rate changed from 3.53% to 3.64%;
- Expected annual per capita claims costs were updated to better reflect anticipated medical and prescription drug claim experience;

The long-term expected rate of return on plan assets is reviewed as part of the GASB 75 valuation process. Several factors are considered in evaluating the long-term rate of return assumption, including the plan’s current asset allocations and a log-normal distribution analysis using the best-estimate ranges of expected future real rates of return (expected return, net investment expense, and inflation) for each major asset class. The long-term expected rate of return was determined by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The assumption is not expected to change, absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years. The Plan is 100% invested in U.S. Treasuries (Cash Equivalents) for which the expected 10-Year Geometric Real Rate of Return is (0.77%).

**TOWN OF MONTVILLE, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 12 OTHER POSTEMPLOYMENT BENEFITS PLANS (OPEB) (CONTINUED)

**B. Other Postemployment Benefit – Connecticut State Teacher’s Retirement Plan
(Continued)**

Discount Rate

The discount rate used to measure the total OPEB liability was 3.64%. The projection of cash flows used to determine the discount rate was performed in accordance with GASB 75. The projection was based on an actuarial valuation performed as of June 30, 2023.

In addition to the actuarial methods and assumptions of the June 30, 2023, actuarial valuation, the following actuarial methods and assumptions were used in the projection of cash flows:

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

Based on those assumptions, the Plan’s fiduciary net position was projected to be depleted in 2028 and, as a result, the Municipal Bond Index Rate was used in the determination of the single equivalent rate.

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

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

Other Information

Additional information is included in the required supplementary information section of the financial statements. A schedule of contributions is not presented as the Town has no obligation to contribute to the plan. Detailed information about the Connecticut State Teachers OPEB Plan fiduciary net position is available in the separately issued State of Connecticut Annual Comprehensive Financial Report at www.ct.gov.

**TOWN OF MONTVILLE, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 13 RESTATEMENT OF BEGINNING FUND BALANCE

A. Changes within Financial Reporting Entity

Change in Fund Presentation from Nonmajor to Major

The School Construction Fund previously did not meet the criteria to be reported as a major governmental fund. However, effective July 1, 2023, the fund has met the criteria to be reported as a major fund and is reported as a major governmental fund for the fiscal year ended June 30, 2024. The effect of that change within on fund balance is shown in the table below:

| | School Construction | Nonmajor Governmental Funds |
|---|------------------------|-----------------------------------|
| June 30, 2023, as Previously Reported | \$ - | \$ 1,951,882 |
| Change in Fund Presentation from Nonmajor to Major | 1,951,882 | (1,951,882) |
| June 30, 2023, as Adjusted | <u>\$ 1,951,882</u> | <u>\$ -</u> |

REQUIRED SUPPLEMENTARY INFORMATION

**TOWN OF MONTVILLE, CONNECTICUT
GENERAL FUND
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2024
(NON-GAAP BUDGETARY BASIS)**

| | Budgeted Amounts | | | Variance with Final Budget - Positive (Negative) |
|---|---|--|---------------------|---|
| | Original | Final | Actual | |
| REVENUES | | | | |
| Property Taxes | \$ 45,825,545 | \$ 45,825,545 | \$ 46,111,776 | \$ 286,231 |
| Intergovernmental Revenues | 17,230,042 | 17,230,042 | 18,655,214 | 1,425,172 |
| Charges for Services | 3,104,100 | 3,104,100 | 2,933,753 | (170,347) |
| Use of Town Money | 110,000 | 110,000 | 1,192,355 | 1,082,355 |
| Total Revenues | <u>66,269,687</u> | <u>66,269,687</u> | <u>68,893,098</u> | <u>2,623,411</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| General Government | 9,301,747 | 9,301,747 | 9,384,708 | (82,961) |
| Public Safety | 6,234,954 | 6,234,954 | 6,606,579 | (371,625) |
| Public Works | 3,998,780 | 3,998,780 | 3,935,044 | 63,736 |
| Health and Welfare | 199,350 | 199,350 | 187,903 | 11,447 |
| Social Services | 52,100 | 52,100 | 41,274 | 10,826 |
| Recreation and Leisure | 346,330 | 346,330 | 363,263 | (16,933) |
| Nonprofit Organizations | 99,800 | 99,800 | 100,481 | (681) |
| Education | 43,261,544 | 43,261,544 | 42,832,240 | 429,304 |
| Capital Outlay | 624,000 | 624,000 | 668,012 | (44,012) |
| Debt Service | 5,051,082 | 5,051,082 | 5,108,365 | (57,283) |
| Total Expenditures | <u>69,169,687</u> | <u>69,169,687</u> | <u>69,227,869</u> | <u>(58,182)</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | (2,900,000) | (2,900,000) | (334,771) | 2,565,229 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Appropriation of Fund Balance | 2,900,000 | 2,900,000 | - | (2,900,000) |
| Cancellation of Prior Year Encumbrances | - | - | 41,374 | 41,374 |
| Transfers Out | - | - | (32,904) | (32,904) |
| Total Other Financing Sources (Uses) | <u>2,900,000</u> | <u>2,900,000</u> | <u>8,470</u> | <u>(2,891,530)</u> |
| EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES | <u>\$ -</u> | <u>\$ -</u> | <u>\$ (326,301)</u> | <u>\$ (326,301)</u> |
| BUDGET TO GAAP RECONCILIATION | | | | |
| | Revenues and Other Financing Sources | Expenditures and Other Financing Uses | | |
| Balance - Budgetary Basis | \$ 68,934,472 | \$ 69,260,773 | | |
| GASB 87 Implementation: | | | | |
| Lease Proceeds | 22,288 | - | | |
| Capital Outlay | - | 22,288 | | |
| State Teachers' Retirement On-Behalf Contributions: | | | | |
| OPEB Plan | 87,728 | 87,728 | | |
| Pension Plan | 6,446,742 | 6,446,742 | | |
| Financed Purchases | 256,262 | 256,262 | | |
| Changes in Encumbrances | - | (180,204) | | |
| Cancellation of Prior Year Encumbrances | (41,374) | - | | |
| BOE Lapsing Fund | - | 32,702 | | |
| Gross Up Netting of Balance Sheet Activity | 801,930 | 936,713 | | |
| Balance - GAAP Basis | <u>\$ 76,508,048</u> | <u>\$ 76,863,004</u> | | |

TOWN OF MONTVILLE, CONNECTICUT
SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
MUNICIPAL EMPLOYEES RETIREMENT FUND
LAST TEN FISCAL YEARS

| | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
|--|---------------|---------------|---------------|---------------|---------------|---------------|--------------|--------------|--------------|--------------|
| Town's Proportion of the Net Pension Liability | 1.72% | 1.69% | 1.47% | 1.63% | 1.68% | 1.82% | 3.24% | 2.86% | 1.98% | 4.77% |
| Town's Proportionate Share of the Net Pension Liability | \$ 24,386,555 | \$ 23,199,980 | \$ 10,435,431 | \$ 18,153,392 | \$ 17,432,488 | \$ 17,433,483 | \$ 8,042,425 | \$ 9,513,824 | \$ 6,566,284 | \$ 4,699,674 |
| Town's Covered Payroll | 14,399,921 | 14,301,834 | 13,498,294 | 11,365,916 | 11,643,874 | 10,462,743 | 11,026,760 | 12,319,105 | 10,870,196 | 10,187,832 |
| Town's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll | 169.35% | 162.22% | 77.31% | 159.72% | 149.71% | 166.62% | 72.94% | 77.23% | 60.41% | 46.13% |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability | 69.54% | 68.71% | 82.59% | 71.18% | 72.69% | 73.60% | 91.68% | 88.29% | 92.72% | 96.06% |

Notes:

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

**TOWN OF MONTVILLE, CONNECTICUT
SCHEDULE OF EMPLOYER CONTRIBUTIONS
MUNICIPAL EMPLOYEES RETIREMENT FUND
LAST TEN FISCAL YEARS**

| | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
|--|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|----------------|
| Actuarially Determined Contribution | \$ 2,864,920 | \$ 2,737,887 | \$ 2,626,933 | \$ 2,089,499 | \$ 1,717,218 | \$ 1,615,704 | \$ 1,417,446 | \$ 1,514,844 | \$ 1,346,598 | \$ 872,911 |
| Contributions in Relation to the Actuarially Determined Contribution | <u>2,864,920</u> | <u>2,737,887</u> | <u>2,626,933</u> | <u>2,089,499</u> | <u>1,717,218</u> | <u>1,615,704</u> | <u>1,417,446</u> | <u>1,514,844</u> | <u>1,346,598</u> | <u>872,911</u> |
| Contribution Deficiency (Excess) | <u>\$ -</u> | <u>\$ -</u> |
| Covered Payroll | \$ 14,399,921 | \$ 14,301,834 | \$ 13,498,294 | \$ 11,365,916 | \$ 11,643,874 | \$ 10,462,743 | \$ 11,026,760 | \$ 12,319,105 | \$ 10,870,196 | \$ 10,187,832 |
| Contributions as a Percentage of Covered Payroll | 19.90% | 19.14% | 19.46% | 15.48% | 14.75% | 15.44% | 12.85% | 12.30% | 12.39% | 8.57% |

Notes to Schedule:

Valuation Date: June 30, 2023

Measurement Date: June 30, 2023

The actuarially determined contributions are calculated as of June 30, for the fiscal year ending two years after the valuation date.

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

| | <u>2024</u> | <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> |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| Town's Proportion of the Net Pension Liability | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| Town's Proportionate Share of the Net Pension Liability (Asset) | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| State's Proportionate Share of the Net Pension Liability Associated with the Town | <u>69,479,732</u> | <u>77,254,995</u> | <u>64,215,172</u> | <u>81,078,895</u> | <u>77,619,156</u> | <u>59,848,900</u> | <u>63,074,000</u> | <u>66,544,000</u> | <u>52,024,000</u> | <u>48,086,000</u> |
| Total | <u>\$ 69,479,732</u> | <u>\$ 77,254,995</u> | <u>\$ 64,215,172</u> | <u>\$ 81,078,895</u> | <u>\$ 77,619,156</u> | <u>\$ 59,848,900</u> | <u>\$ 63,074,000</u> | <u>\$ 66,544,000</u> | <u>\$ 52,024,000</u> | <u>\$ 48,086,000</u> |
| Town's Covered Payroll | \$ 18,475,986 | \$ 18,907,590 | \$ 19,033,350 | \$ 18,379,514 | \$ 17,840,000 | \$ 18,490,000 | \$ 18,654,000 | \$ 18,728,000 | \$ 18,347,000 | \$ 18,347,000 |
| Town's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability | 58.39% | 54.06% | 60.77% | 49.24% | 52.00% | 57.69% | 55.93% | 52.26% | 59.50% | 61.51% |

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

Notes to Schedule:

| | |
|---------------------------------------|---|
| Actuarial Cost Method | Entry Age |
| Amortization Method | Level percent of pay closed, grading to a level dollar amortization method for the June 30, 2024 valuation. |
| Single Equivalent Amortization Period | 27.8 Years |
| Asset Valuation Method | 4-Year Smoothed Market |
| Inflation | 2.50% |
| Salary Increase | 3.00%-6.50%, Including Inflation |
| Investment Rate of Return | 6.90%, Net of Investment-Related Expense |

TOWN OF MONTVILLE, CONNECTICUT
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS
LAST SEVEN FISCAL YEARS*

| | <u>2024</u> | <u>2023</u> | <u>2022</u> | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Total OPEB Liability: | | | | | | | |
| Service Cost | \$ 53,455 | \$ 53,457 | \$ 78,225 | \$ 75,591 | \$ 58,795 | \$ 53,285 | \$ 47,363 |
| Interest | 63,625 | 61,723 | 41,678 | 42,098 | 54,241 | 56,241 | 64,449 |
| Differences Between Expected and Actual Experience | - | 213,506 | - | 70,282 | (8,580) | (343,496) | - |
| Changes in Assumptions | (52,558) | (176,568) | (238,791) | 27,156 | 236,273 | 84,742 | (53,939) |
| Benefit Payments | (100,180) | (89,007) | (111,826) | (98,417) | (82,154) | (72,963) | (112,809) |
| Net Change in Total OPEB Liability | (35,658) | 63,111 | (230,714) | 116,710 | 258,575 | (222,191) | (54,936) |
| Total OPEB Liability - Beginning | <u>1,739,344</u> | <u>1,676,233</u> | <u>1,906,947</u> | <u>1,790,237</u> | <u>1,531,662</u> | <u>1,753,853</u> | <u>1,808,789</u> |
| Total OPEB Liability - Ending | <u>\$ 1,703,686</u> | <u>\$ 1,739,344</u> | <u>\$ 1,676,233</u> | <u>\$ 1,906,947</u> | <u>\$ 1,790,237</u> | <u>\$ 1,531,662</u> | <u>\$ 1,753,853</u> |
| Covered-Employee Payroll | N/A |
| Total OPEB Liability as a Percentage of Covered-Employee Payroll | N/A |

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

Notes to Schedule:

Plan Changes

None

Changes of Assumptions

The discount rate was increased from 3.54% to 3.93%.

Mortality rates are from the RPH-2014 Total Dataset mortality table projected with projection scale MP-2021

Medical trend rate set at 8% in 2022 graded to 5% in 2025+

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

| | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 |
|--|---------------------|---------------------|---------------------|----------------------|----------------------|----------------------|----------------------|
| Town's Proportion of the Net OPEB Liability | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| Town's Proportionate Share of the Net OPEB Liability | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| State's Proportionate Share of the Net OPEB Liability Associated with the Town | <u>6,509,297</u> | <u>6,765,766</u> | <u>6,996,125</u> | <u>12,092,920</u> | <u>12,105,146</u> | <u>11,964,000</u> | <u>16,234,000</u> |
| Total | <u>\$ 6,509,297</u> | <u>\$ 6,765,766</u> | <u>\$ 6,996,125</u> | <u>\$ 12,092,920</u> | <u>\$ 12,105,146</u> | <u>\$ 11,964,000</u> | <u>\$ 16,234,000</u> |
| Town's Covered Payroll | \$ 18,475,986 | \$ 18,907,590 | \$ 19,033,350 | \$ 18,379,514 | \$ 17,840,000 | \$ 18,490,000 | \$ 18,654,000 |
| Town's Proportionate Share of the Net OPEB Liability as a Percentage of Its Covered Payroll | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability | 11.92% | 9.46% | 6.11% | 2.50% | 2.08% | 1.49% | 1.79% |

Notes to Schedule:

| | |
|-------------------------------|--|
| Actuarial Cost Method | Entry Age |
| Amortization Method | Level Percent of Payroll Over an Open Period |
| Remaining Amortization Period | 30 Years |
| Asset Valuation Method | Market Value of Assets |
| Investment Rate of Return | 3.00%, Net of Investment-Related Expense Including Price Inflation |
| Price Inflation | 2.50% |

* This schedule is intended to show information for 10 years. Additional years' information will be displayed as it becomes available.
 - The measurement date is one year earlier than the employer's reporting date.

Appendix B

Form of Opinion of Bond Counsel

APPENDIX B

Form of Opinion of Bond Counsel

December __, 2025

Town of Montville
310 Norwich-New London Turnpike
Uncasville, CT 06382

We have acted as Bond Counsel to the Town of Montville, Connecticut (the “Town”) in connection with the issuance by the Town of its \$_____ General Obligation Bonds, Issue of 2025 (the “Bonds”) dated December __, 2025. In such capacity, we have examined such law and such certified proceedings, certifications, and other documents (including, but not limited to, a Tax Regulatory Agreement of the Town dated the date hereof (the “Agreement”)) as we have deemed necessary to give the opinions below.

Regarding questions of fact material to the opinions below, we have relied on the certified proceedings and other certifications of representatives of the Town and certifications of others furnished to us without undertaking to verify them by independent investigation.

Based on the foregoing, we are of the opinion that when the Bonds are duly certified by U.S. Bank Trust Company, National Association, the Bonds 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 Internal Revenue Code of 1986 (the “Code”) establishes certain requirements that must be satisfied at and subsequent to the issuance and delivery of the Bonds in order that interest on the Bonds be excluded from gross income under Section 103 of the Code. 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 Bonds to ensure that interest on the Bonds shall not be included in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds, including covenants regarding, among other matters, the use, expenditure and investment of the proceeds of the Bonds.

In rendering the below opinions regarding the federal treatment of interest on the Bonds, we have relied upon and assumed (i) the material accuracy of the representations, statements of intention and reasonable expectations, and certifications of fact contained in the 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 Bonds 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 Bonds.

Based on the foregoing, we are of the opinion that interest on the Bonds is excludable from gross income for federal income tax purposes under Section 103 of the Code, and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals; however, such interest on the Bonds may be taken into account for the purpose of computing the alternative minimum tax imposed on certain corporations. The opinion set forth in the preceding sentence is subject to the condition that the Town comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Bonds in order that the interest thereon be, and continue to be, excludable from gross income for federal income tax purposes under Section 103 of the Code. The Town has covenanted to comply with all such requirements. Failure to comply with certain of such requirements may cause interest on the Bonds to be includable in gross income for federal income tax purposes retroactively to the date of issuance of the Bonds. We express no opinion regarding other federal tax consequences caused by ownership or disposition of, or receipt of interest on the Bonds.

We are further of the opinion that, under existing statutes, interest on the Bonds is excludable 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. We express no opinion regarding other state and other State of Connecticut tax consequences caused by ownership or disposition of, or receipt of interest on the Bonds.

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

We express no opinion herein regarding the accuracy, adequacy, or completeness of the Preliminary Official Statement, the Official Statement and other offering material relating to the Bonds.

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

Respectfully,

PULLMAN & COMLEY, LLC

Appendix C

Form of Continuing Disclosure Agreement

Appendix C

Form of Continuing Disclosure Agreement

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

CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement (this “Agreement”) is executed and delivered as of December __, 2025, by the Town of Montville, Connecticut (the “Town”), acting by its undersigned officers, duly authorized, in connection with the issuance of \$ _____ General Obligation Bonds, Issue of 2025, dated December __, 2025 (the “Bonds”) for the benefit of the beneficial owners from time to time of the Bonds.

Section 1. Definitions.

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

“Final Official Statement” means the official statement of the Town, dated December __, 2025, prepared in connection with the Bonds.

“Listed Events” means any of the events listed in Section 3 of this Agreement.

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

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

“Rule” means rule 15c2-12(b)(5) adopted by the SEC under the Securities Exchange Act of 1934, as of the date of this Agreement.

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

Section 2. Annual Financial Information.

(a) The Town agrees to provide, or cause to be provided, to the Repository in an electronic format, accompanied by identifying information, as prescribed by the MSRB, and otherwise in accordance with the provisions of the Rule and of this Agreement, annual financial information and operating data (commencing with information and data for the fiscal year ending June 30, 2025) as follows:

(i) Audited financial statements of the Town as of and for the year ending on its Fiscal Year End prepared in accordance with generally accepted accounting principles, as promulgated by the Government Accounting Standards Board from time to time or mandated state statutory principles as in effect from time to time. As of the date of this Agreement, the Town is required to prepare audited financial statements of its various funds and accounts.

(ii) In addition to the information and statements described in (i) above:

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

(b) The financial statements and other financial information and operating data described above will be provided on or before the date eight (8) months after the close of the fiscal year for which such information is being provided. The Town's fiscal year currently ends on June 30. The Town agrees that if audited information is not available eight months after the close of any fiscal year, it shall submit unaudited information by such time and will submit audited information when available.

(c) Annual financial information or operating data may be provided in whole or in part by specific reference to other documents available to the public on the MSRB's Electronic Municipal Market Access (EMMA) system, the current internet web address of which is www.emma.msrb.org, or filed with the SEC. If the document to be cross-referenced is a final official statement, it must be available from the MSRB. The Town shall clearly identify each such other document so incorporated by cross-reference. All or a portion of the financial information and operating data may be provided in the form of a comprehensive annual financial report or the annual adopted budget.

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

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

Section 3. Reporting of Listed Events.

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

- (a) principal and interest payment delinquencies;
- (b) non-payment related defaults, if material;
- (c) unscheduled draws on debt service reserves reflecting financial difficulties;
- (d) unscheduled draws on credit enhancements reflecting financial difficulties;
- (e) substitution of credit or liquidity providers, or their failure to perform;
- (f) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;

- (g) modifications to rights of holders of the Bonds, if material;
- (h) Bond calls, if material, and tender offers;
- (i) defeasances;
- (j) release, substitution, or sale of property securing repayment of the Bonds, if material;
- (k) rating changes;
- (l) bankruptcy, insolvency, receivership or similar event of the Town;

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

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

Note to clauses (o) and (p): For the purposes of the events identified in clauses (o) and (p), the term “financial obligation” means 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 4. Notice of Failure to Provide Annual Financial Information.

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

Section 5. Use of Agents.

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

Section 6. Termination.

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

Section 7. Enforcement.

The Town acknowledges that the undertakings set forth in Sections 2, 3 and 4 of this Agreement are intended to be for the benefit of, and enforceable by, the beneficial owners from time to time of the Bonds. In the event the Town shall fail to perform its duties hereunder, the Town shall have the option to cure such failure within a reasonable time (but not exceeding thirty (30) days with respect to undertakings set forth in Section 2 of this Agreement or five (5) business days with respect to undertakings set forth in Sections 3 and 4 of this Agreement) from the time the Mayor, or a successor, receives written notice from any beneficial owner of the Bonds of such failure. For purposes of this section, notice to the Town should be made to the Mayor, Town of Montville, 310 Norwich-New London Turnpike, Uncasville, CT 06382.

In the event the Town does not cure such failure within the time specified above, the beneficial owner of any of the Bonds shall be entitled only to the remedy of specific performance. No monetary damages shall arise or be payable hereunder nor shall any failure to comply with this Agreement constitute an event of default with respect to the Bonds.

Section 8. Miscellaneous.

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

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

(c) Notwithstanding any other provisions of this Agreement, the Town may amend this Agreement, and any provision of this Agreement may be waived, if (i) such amendment or waiver is made in connection with a change of circumstances that arises from a change in legal requirements, a change in law, or a change in the identity, nature or status of the Town, (ii) this Agreement as so amended or waived would have complied with the requirements of the Rule as of the date of this Agreement, taking into account any amendments or interpretations of the Rule, as well as any change in circumstances, and (iii) such amendment or waiver is supported by either an opinion of counsel expert in federal securities laws to the effect that such amendment or waiver would not materially adversely affect the beneficial owners of the Bonds or an approving vote by the holders of not less than 66 2/3% of the aggregate principal amount of the Bonds then outstanding. A copy of any such amendment or waiver will be filed in a timely manner with the Repository in electronic format. The annual financial information provided on the first date following adoption of any such amendment or waiver will explain, in narrative form, the reasons for the amendment or waiver and the impact of the change in the type of operating or financial information provided.

TOWN OF MONTVILLE, CONNECTICUT

By: _____
LEONARD G. BUNNELL SR., Mayor

By: _____
JULIE CHAPMAN, Finance Director

By: _____
PATRICK WALL, Treasurer

Appendix D

Notice of Sale

Appendix D

NOTICE OF SALE

**TOWN OF MONTVILLE, CONNECTICUT
\$6,550,000 GENERAL OBLIGATION BONDS, ISSUE OF 2025
(BANK QUALIFIED)
BOOK-ENTRY-ONLY**

NOTICE IS GIVEN that ELECTRONIC BIDS *solely* via **PARITY**® will be received by the TOWN OF MONTVILLE, CONNECTICUT (the “Issuer”), until 11:30 A.M. (Eastern Time) on TUESDAY,

DECEMBER 2, 2025

(the “Sale Date”) for the purchase, when issued, of all (but not less than all) of the Issuer’s \$6,550,000 General Obligation Bonds, Issue of 2025, dated December 16, 2025 (the “Bonds”), at no less than par and accrued interest from the date of the Bonds to the date of delivery, if any, maturing on December 15 in the principal amounts and in each of the years as follows:

| <u>Maturity</u> | <u>Amount (\$)</u> | <u>Maturity</u> | <u>Amount (\$)</u> |
|-----------------|--------------------|-----------------|--------------------|
| 2026 | 535,000 | 2036 | 120,000 |
| 2027 | 535,000 | 2037 | 120,000 |
| 2028 | 535,000 | 2038 | 120,000 |
| 2029 | 535,000 | 2039 | 120,000 |
| 2030 | 535,000 | 2040 | 120,000 |
| 2031 | 535,000 | 2041 | 120,000 |
| 2032 | 535,000 | 2042 | 120,000 |
| 2033 | 535,000 | 2043 | 120,000 |
| 2034 | 535,000 | 2044 | 120,000 |
| 2035 | 535,000 | 2045 | 120,000 |

The Bonds will bear interest commencing June 15, 2026 and semiannually thereafter on December 15 and June 15 in each year until maturity, as further described in the Preliminary Official Statement (as hereinafter defined), at the rate or rates per annum specified by the winning bidder.

Optional Redemption

The Bonds maturing on or before December 15, 2033 are not subject to redemption prior to maturity. The Bonds maturing on December 15, 2034 and thereafter are subject to redemption prior to maturity, at the option of the Issuer, on and after December 15, 2033, at any time, in whole or in part, and by lot within a maturity, in such amounts and in such order of maturity as the Issuer may determine, at the redemption price or prices (expressed as a percentage of the principal amount of the Bonds to be redeemed) set forth in the following table, plus interest accrued and unpaid to the redemption date:

| <u>Redemption Dates</u> | <u>Redemption Price</u> |
|----------------------------------|-------------------------|
| December 15, 2033 and thereafter | 100.0% |

Nature of Obligation

The Bonds will constitute general obligations of the Issuer, and the Issuer will pledge its full faith and credit to pay the principal of and interest on the Bonds when due. Unless paid from other sources, the Bonds are payable from ad valorem taxes which may be levied on all taxable property subject to taxation by the Issuer 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.

Bank Qualification

The Bonds SHALL be designated by the Issuer as qualified tax exempt obligations under the provisions of Section 265(b)(3) of the Internal Revenue Code of 1986 for purposes of the deduction by financial institutions for interest expense allocable to the Bonds.

Registration

The Bonds will be issued by means of a book-entry system with no physical distribution of bond certificates made to the public. The Bonds will be issued in registered form and one bond certificate for each maturity will be issued to The Depository Trust Company (“DTC”), New York, New York, registered in the name of its nominee, Cede & Co., and immobilized in its custody. A book-entry system will be employed, evidencing ownership of the Bonds 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 purchaser, as a condition to delivery of the Bonds, will be required to deposit the bond certificates with DTC, registered in the name of Cede & Co. Principal of, redemption premium, if any, and interest on the Bonds will be payable by the Issuer or its agent to DTC or its nominee as registered owner of the Bonds. Principal and interest payments by DTC to participants of DTC will be the responsibility of DTC; principal and interest payments to beneficial owners by participants of DTC will be the responsibility of such participants and other nominees of beneficial owners. The Issuer will not be responsible or liable for payments by DTC to its participants or by DTC participants or indirect participants to beneficial owners or for maintaining, supervising or reviewing the records maintained by DTC, its participants or persons acting through such participants. Upon receipt from the Issuer, the Paying Agent will pay principal of and interest on the Bonds directly to DTC so long as DTC or its nominee, Cede & Co, is the bondholder.

In the event that (a) DTC determines not to continue to act as securities depository for the Bonds and the Issuer fails to identify another qualified securities depository to replace DTC, or (b) the Issuer determines to discontinue the book-entry system of evidence and transfer of ownership of the Bonds, the Issuer will authenticate and deliver replacement Bonds in the form of fully registered certificates. Any such replacement Bonds will provide that interest will be payable

by check mailed by the Paying Agent to the registered owner whose name appears on the registration books of the Issuer as of the close of business on the record date preceding each interest payment date.

Record Date

The record dates for the Bonds will be the last business day of May and November in each year.

Proposals

Each bid must be for the entire \$6,550,000 of the Bonds. Each proposal must specify the amount bid for the Bonds (which shall be the aggregate par value of the Bonds, and, at the option of the bidder, a premium), and must specify in a multiple of one-twentieth of one percent (1/20 of 1%) or one-eighth of one percent (1/8 of 1%) the rate or rates of interest per annum which the Bonds are to bear, provided that such proposal shall not state (a) more than one interest rate for any Bonds having a like maturity or (b) any interest rate for any Bonds of one maturity which exceeds the interest rate stated in such proposal for Bonds of a different maturity by more than two (2) percentage points. In addition to the amount bid for the Bonds, the purchaser must pay an amount equal to the interest on the Bonds accrued to the date of delivery. For the purpose of the bidding process, the time as maintained on *PARITY*® shall constitute the official time. For information purposes only, bidders are requested to state in their bids the true interest cost (“TIC”) to the Issuer, as described under “Basis of Award” below, represented by the rate or rates of interest and the bid price specified in their respective bids. Interest shall be calculated on the basis of a 360-day year consisting of twelve 30-day months. No proposal for less than par and accrued interest to the date of delivery will be considered.

Basis of Award; Right to Reject Proposals; Waiver; Right to Cancel; Postponement; Change of Terms

Unless all bids are rejected, as between proposals which comply with this Notice of Sale, the Bonds will be awarded to the bidder whose bid proposes the lowest true interest cost (“TIC”) to the Issuer. The TIC will be the annual interest rate, compounded semiannually, which, when used to discount all payments of principal and interest payable on the Bonds results in an amount equal to the purchase price for the Bonds, excluding interest accrued to the date of delivery. If there is more than one bidder making said offer at the same lowest TIC, the Bonds will be sold to the bidder whose proposal is selected by the Issuer by lot from among all such proposals. It is requested that each proposal be accompanied by a statement of the percentage of TIC computed and rounded to six decimal places. Such statement shall not be considered as part of the proposal. The purchase price must be paid in immediately available federal funds.

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.

The Issuer further reserves the right to cancel or postpone the sale to another time and date in its sole discretion for any reason, including Internet difficulties. The Issuer will use its best efforts to notify prospective bidders in a timely manner of any need for a cancellation or postponement. Upon the establishment of an alternative sale date, any bidder may submit proposals for the purchase of the Bonds in accordance with the provisions of this Notice of Sale.

CUSIP Numbers

The deposit of the Bonds with DTC under a book-entry system requires the assignment of CUSIP numbers prior to delivery. It shall be the responsibility of Phoenix Advisors, a division of First Security Municipal Advisors, Inc. (“Phoenix Advisors”), to obtain CUSIP numbers for the Bonds prior to delivery, and Phoenix Advisors, will provide the CUSIP Service Bureau with the final details of the sale, including the identity of the winning bidder. The Issuer will not be responsible for any delay occasioned by the inability to deposit the Bonds with DTC due to the failure of Phoenix Advisors to obtain such numbers and to supply them to the Issuer in a timely manner. Neither the failure to print such CUSIP number on any bond, nor any error with respect thereto, shall constitute cause for a failure or refusal by the purchaser thereof to accept delivery of and pay for the Bonds. All expenses in relation to the printing of CUSIP numbers on the Bonds shall be paid for by the Issuer; provided, however, that the Issuer 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.

Electronic Proposals Bidding Procedure

Electronic bids for the purchase of the Bonds must be submitted through the facilities of **PARITY**®. Any prospective bidder must be a subscriber of the BiDCOMP competitive bidding system. Further information about **PARITY**®, including any fee charged, may be obtained from **PARITY**®, c/o i-Deal LLC, 1359 Broadway, 2nd Floor, New York, New York 10018, Attention: Customer Support (telephone: (212) 849-5021 or (212) 849-5023 – email notice: munis@spglobal.com or parity@i-deal.com). The Issuer neither will confirm any subscription nor be responsible for any failure of a prospective bidder to subscribe.

Once an electronic bid made through the facilities of **PARITY**® is communicated to the Issuer, it shall constitute an irrevocable offer, in response to this Notice, and shall be binding upon the bidder as if made by the signed, sealed bid delivered to the Issuer. By submitting a bid for the Bonds via **PARITY**®, the bidder represents and warrants to the Issuer that such bidder’s bid for the purchase of the Bonds is submitted for and on behalf of such prospective bidder by an officer or agent who is duly authorized to bind the prospective bidder by an irrevocable offer and that acceptance of such bid by the Issuer will bind the bidder by a legal, valid and enforceable contract, for the purchase of the Bonds on the terms described in this Notice. **The Issuer shall not be responsible for any malfunction or mistake made by, or as a result of the use of the facilities of PARITY®**, or the inaccuracies of any information, including bid information or worksheets supplied by **PARITY**®, the use of **PARITY**® facilities being the sole risk of the prospective bidder. Each Bidder is solely responsible for knowing the terms of the sale as set forth herein.

Disclaimer. Each **PARITY®** prospective electronic bidder shall be solely responsible to make necessary arrangements to access **PARITY®** for the purpose of submitting its bid in a timely manner and in compliance with the requirements of this Notice. Neither the Issuer 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 Issuer or **PARITY®** shall be responsible for a bidder's failure to make a bid or for the proper operation of, or have any liability for any delays or interruptions of, or any damages caused by, **PARITY®**. The Issuer is using **PARITY®** as a communication mechanism, and not as the Issuer's agent, to conduct the electronic bidding for the Bonds. The Issuer is not bound by any advice and determination of **PARITY®** to the effect that any particular bid complies with the terms of this Notice and in particular the bid requirements herein set forth. All costs and expenses incurred by prospective bidders in connection with their subscription to, arrangements with and submission of bids via **PARITY®** are the sole responsibility of the bidders; and the Issuer is not responsible directly or indirectly, for any of such costs or expenses. If the prospective bidder encounters any difficulty in arranging to bid or submitting, modifying or withdrawing a bid for the Bonds, the prospective bidder should telephone **PARITY®** at (212) 849-5021 or (212) 849-5023. If any provision of this Notice shall conflict with information provided by **PARITY®**, this Notice shall control.

For the purpose of the electronic bidding process, the time as maintained on **PARITY®** shall constitute the official time.

Certifying Agent, Registrar, Paying Agent and Transfer Agent

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

Delivery, Payment and Closing Requirements

At or prior to the delivery of the Bonds the purchaser shall be furnished, without cost, with (a) the approving opinion of Pullman & Comley, LLC, of Hartford, Connecticut, Bond Counsel ("Bond Counsel") (see "Bond Counsel Opinion" below); (b) a signature and no litigation certificate, in form satisfactory to said firm, dated as of the date of delivery of the Bonds, and stating that there is no litigation pending, or to the knowledge of the signer or signers thereof threatened, affecting the validity of the Bonds or the power of the Issuer to levy and collect taxes to pay them; (c) a signed copy of the Official Statement prepared for this bond issue; (d) a certificate of Issuer Officials relating to the accuracy and completeness of the Official Statement; (e) a Continuing Disclosure Agreement; and (f) a receipt of payment for the Bonds.

The Bonds will be delivered against payment in immediately available federal funds through the facilities of DTC, New York, New York or its agent via Fast Automated Securities Transfer ("FAST") on or about December 16, 2025 (the "Closing Date").

The Issuer will have no responsibility to pay for any expenses of the purchaser except to the extent specifically stated in this Notice of Sale. The purchaser will have no responsibility to pay for any of the Issuer's costs of issuance except to the extent specifically stated in this Notice of Sale.

The purchaser will be responsible for the clearance or exemption with respect to the status of the Bonds for sale under securities or “Blue Sky” laws and the preparation of any surveys or memoranda in connection with such sale. The Issuer shall have no responsibility for such clearance, exemption or preparation.

Bond Counsel Opinion

The legality of the issue will be passed upon by Bond Counsel, and the purchaser will be furnished with its opinion, without charge, substantially in the form set forth in Appendix B to the Official Statement. The opinion will state that the Bonds are valid and binding obligations of the Issuer. If the Competitive Sale Rule (as defined below in the “Establishment of Issue Price” section) is met, Bond Counsel will require as a precondition to release of its opinion that the purchaser of such Bonds deliver to it a completed “issue price” certificate, or similar certificate, regarding expectations or public offering prices, as applicable, with respect to the Bonds awarded to such bidder, as described below under “Establishment of Issue Price”.

Establishment of Issue Price

In order to provide the Issuer with information that enables it to comply with certain requirements of the Internal Revenue Code of 1986 (the “Code”), relating to the exclusion of interest on the Bonds from the gross income of their owners, the winning bidder will be required to complete, execute, and deliver to the Issuer at or prior to the delivery of the Bonds 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 Bonds, as circumstances may determine, together with the supporting pricing wires or equivalent communications, with such modifications as may be appropriate or necessary, in the reasonable judgment of Bond Counsel. Communications relating to this “Establishment of Issue Price” section, the completed certificate(s) and any supporting information shall be delivered to (1) Bond Counsel at Sandra Dawson, Esq., Pullman & Comley, LLC, 90 State House Square, Hartford, CT 06103, Telephone: (860) 424-4348, E-mail: sdawson@pullcom.com and (2) the Municipal Advisor at Matthew Spoerndle, Phoenix Advisors, a division of First Security Municipal Advisors, Inc., 53 River Street, Milford, CT 06460, Telephone: (203) 878-4945, E-mail: mspoerndle@muniadvisors.com (the “Municipal Advisor”). Questions related to this “Establishment of Issue Price” section should be directed to Bond Counsel or the Municipal Advisor. For purposes of this “Establishment of Issue Price” section, Bond Counsel may act on behalf of the Issuer and the Municipal Advisor may act on behalf of the Issuer.

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

By submitting a bid, a bidder represents to the Issuer that it has an established industry reputation for underwriting new issuances of municipal bonds such as the Bonds, represents that such bidder's bid is submitted for or on behalf of such bidder by an officer or agent who is duly authorized to bind the bidder to a legal, valid and enforceable contract for the purchase of the Bonds, and understands that upon award by the Issuer that this Notice of Sale constitutes a written contract between such bidder, as winning bidder, and the Issuer.

By submitting a bid, the bidder agrees that if the Competitive Sale Rule (as set forth below) is not met, it will satisfy either the Actual Sales Rule (as set forth below) or the Hold-the-Offering-Price Rule (as set forth below).

Bids will not be subject to cancellation in the event that the competitive sale requirements are not satisfied.

Notification of Contact Information of Winning Bidder. Promptly upon award, the winning bidder shall notify the Municipal Advisor and Bond Counsel of the contact name, telephone number and e-mail address of the person(s) of the winning bidder for purposes of communications concerning this "Establishment of Issue Price" section.

Competitive Sale Rule. The Issuer 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 Bonds) will apply to the initial sale of the Bonds (the "Competitive Sale Rule") because:

- (1) the Issuer 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 Issuer 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 Issuer anticipates awarding the sale of the Bonds to the bidder who submits a firm offer to purchase the Bonds at the lowest true interest cost ("TIC"), as set forth in this Notice of Sale.

Competitive Sale Rule Met. The Issuer, or the Municipal Advisor on behalf of the Issuer, shall at the time of award advise the winning bidder if the Competitive Sale Rule has been met. Within two (2) hours of award (or such other time as agreed to by Bond Counsel), the winning bidder shall provide Bond Counsel and the Municipal Advisor, via e-mail, a completed "ISSUE PRICE CERTIFICATE" in the form attached hereto as Attachment A.

Competitive Sale Rule Not Met. In the event that the Competitive Sale Rule is not satisfied, the Issuer, or the Municipal Advisor on behalf of the Issuer, shall at the time of award advise the winning bidder. The Issuer may determine to treat (i) the first price at which ten percent (10%) of a Maturity of the Bonds (the "Actual Sales Rule") is sold to the Public as the issue price of that

Maturity, and/or (ii) the Initial Offering Price to the Public as of the Sale Date of any Maturity of the Bonds as the issue price of that Maturity (the “Hold-the-Offering-Price Rule”), in each case applied on a Maturity-by-Maturity basis. In the event that the Competitive Sale Rule is not satisfied, the winning bidder, by 4:30 p.m. (Eastern Time) on the Sale Date, shall notify and provide, via e-mail, Bond Counsel and the Municipal Advisor (I) of the first price at which ten percent (10%) of each Maturity of Bonds has been sold to the Public and (II) reasonable supporting documentation or certifications of such price the form of which is acceptable to Bond Counsel; i.e., those Maturities of the Bonds that satisfy the Actual Sales Rule as of the Sale Date. After such receipt, the Issuer, or Bond Counsel on behalf of the Issuer, shall promptly confirm with the winning bidder, via e-mail, which Maturities of the Bonds shall be subject to the Actual Sales Rule and which Maturities shall be subject to the Hold-the-Offering-Price Rule.

For those Maturities of Bonds subject to the Hold-the-Offering-Price Rule, the winning bidder shall (i) provide Bond Counsel (via e-mail) a copy of pricing wire or equivalent communication for the Bonds (ii) confirm that each Underwriter (as defined below) has offered or will offer all of the Bonds to the Public on or before the date of award at the Initial Offering Prices and (iii) agree, on behalf of each Underwriter participating in the purchase of the Bonds, that each Underwriter will neither offer nor sell unsold Bonds of any Maturity to which the Hold-the-Offering-Price Rule shall apply to any person at a price that is higher than the Initial Offering Price for such Maturity during the period starting on the Sale Date and ending on the earlier of the following:

- (1) the close of the fifth (5th) business day after the Sale Date; or
- (2) the date on which the Underwriters have sold at least ten percent (10%) of that Maturity of the Bonds to the Public at a price that is no higher than the Initial Offering Price.

The winning bidder shall promptly advise Bond Counsel and the Municipal Advisor, via e-mail, when the Underwriters have sold ten percent (10%) of that Maturity of the Bonds to the Public at a price that is no higher than the Initial Offering Price, if that occurs prior to the close of the fifth (5th) business day after the Sale Date.

By submitting a bid, each bidder confirms that: (i) any agreement among underwriters, any selling group agreement and each third-party distribution agreement (to which the bidder is a party) relating to the initial sale of the Bonds to the Public, together with the related pricing wires, contains or will contain language obligating each Underwriter, each dealer who is a member of the selling group, and each broker-dealer that is a party to such third-party distribution agreement, as applicable, to (A) report the prices at which it sells to the Public the unsold Bonds of each Maturity allotted to it until it is notified by the winning bidder that either the Actual Sales Rule has been satisfied as to the Bonds of that Maturity or all Bonds of that Maturity have been sold to the Public and (B) comply with the Hold-the-Offering-Price Rule, if applicable, in each case if and for so long as directed by the winning bidder and as set forth in the related pricing wires, and (ii) any agreement among underwriters relating to the initial sale of the Bonds to the Public, together with the related pricing wires, contains or will contain language obligating each Underwriter that is a party to a third-party distribution agreement to be employed in connection with the initial sale of

the Bonds to the Public to require each broker-dealer that is a party to such third-party distribution agreement to (A) report the prices at which it sells to the Public the unsold Bonds of each Maturity allotted to it until it is notified by the winning bidder or such Underwriter that either the Actual Sales Rule has been satisfied as to the Bonds of that Maturity or all Bonds of that Maturity have been sold to the Public and (B) comply with the Hold-the-Offering-Price Rule, if applicable, in each case if and for so long as directed by the winning bidder or such Underwriter and as set forth in the related pricing wires.

Sales of any Bonds to any person that is a Related Party (as defined below) to an Underwriter shall not constitute sales to the Public for purposes of this Notice of Sale.

Definitions. For purposes of this “Establishment of Issue Price” section:

- (1) “Maturity” means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate Maturities.
- (2) “Public” means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a Related Party to an Underwriter.
- (3) “Related Party” generally means any two or more persons who have greater than 50% common ownership, directly or indirectly.
- (4) “Underwriter” means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead Underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds 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 Bonds to the Public (including a member of a selling group or a party to a third-party distribution agreement participating in the initial sale of the Bonds to the Public).

Official Statement

For more information regarding the Bonds or the Issuer, reference is made to the Preliminary Official Statement dated November 25, 2025 (the “Official Statement”) describing the Bonds and the financial condition of the Issuer. The Preliminary Official Statement is available in electronic format at <https://munihub.com>, and such electronic access is being provided as a matter of convenience only. Copies of the Preliminary Official Statement may be obtained from Matthew Spoerndle, Phoenix Advisors, a division of First Security Municipal Advisors, Inc., 53 River Street, Milford, CT 06460, Telephone: (203) 878-4945, E-mail: mspoerndle@muniadvisors.com. The Issuer deems such Official Statement to be a final official statement for purposes of complying with Securities and Exchange Commission Rule 15c2-12 (the “Rule”), but such Official Statement is subject to revision or amendment as appropriate. The Issuer will make available to the purchaser twenty-five (25) copies of the final Official Statement at the Issuer’s expense, and the final Official

Statement will be made available to the purchaser by no later than the earlier of the delivery of the Bonds or by the seventh (7th) business day after the day bids on the Bonds are received. If the Issuer's Municipal Advisor, is provided with the necessary information from the purchaser by 12:00 o'clock noon on the day after the Sale Date, the copies of the final Official Statement will include an additional cover page and other pages, if necessary, indicating the interest rates, rating(s), yields or reoffering prices and the name of the managing underwriter of the Bonds, and any corrections. The purchaser shall arrange with the Municipal Advisor the method of delivery of the copies of the final Official Statement to the purchaser. Additional copies of the final Official Statement may be obtained by the purchaser at its own expense by arrangement with the printer.

Continuing Disclosure Agreement

As required by the Rule, the Issuer will undertake, pursuant to a Continuing Disclosure Agreement (the "Agreement"), to provide annual financial information and operating data including audited financial statements, notice of the occurrence of certain events with respect to the Bonds within ten (10) business days of such event, and timely notice of any failure by the Issuer to provide annual reports on or before the date specified in the Agreement. A form of the Agreement is attached to the Official Statement as Appendix C. The purchaser's obligation to purchase the Bonds shall be conditioned upon its receiving, at or prior to delivery of the Bonds, an executed Agreement.

TOWN OF MONTVILLE, CONNECTICUT

LEONARD G. BUNNELL SR.
Mayor

PATRICK WALL
Treasurer

JULIE CHAPMAN
Finance Director

November 25, 2025

ATTACHMENT A

ISSUE PRICE CERTIFICATE

(If Competitive Sale Rule Met)

TOWN OF MONTVILLE, CONNECTICUT
\$ _____ GENERAL OBLIGATION BONDS, ISSUE OF 2025
DATED DECEMBER 16, 2025

The undersigned, on behalf of [UNDERWRITER] (“[SHORT NAME OF UNDERWRITER]”), hereby certifies as set forth below with respect to the sale of the above-captioned obligations (the “Bonds”).

1. ***Due Authorization.*** The undersigned is a duly authorized representative of [SHORT NAME OF UNDERWRITER], the purchaser of the Bonds.

2. ***Purchase Price.*** The TOWN OF MONTVILLE, CONNECTICUT (the “Issuer”) sold to [SHORT NAME OF UNDERWRITER], for delivery on or about December 16, 2025, the Bonds at a price of par (\$ _____), plus an aggregate net premium of \$ _____ and less an underwriter’s discount of \$ _____, resulting in an aggregate net purchase price of \$ _____.

3. ***Reasonably Expected Initial Offering Price.***

(a) As of December 2, 2025 (the “Sale Date”), the reasonably expected initial offering prices of the Bonds to the Public by [SHORT NAME OF UNDERWRITER] are the prices listed in **Schedule A** (the “Expected Offering Prices”). The Expected Offering Prices are the prices for the Maturities of the Bonds used by [SHORT NAME OF UNDERWRITER] in formulating its bid to purchase the Bonds. Attached as **Schedule B** is a true and correct copy of the bid provided by [SHORT NAME OF UNDERWRITER] to purchase the Bonds.

(b) [SHORT NAME OF UNDERWRITER] was not given the opportunity to review other bids prior to submitting its bid.

(c) The bid submitted by [SHORT NAME OF UNDERWRITER] constituted a firm offer to purchase the Bonds.

4. ***Defined Terms.***

(a) “Maturity” means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate Maturities.

(b) “Public” means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term “related party” for purposes of this certificate generally means any two or more persons who have greater than fifty percent (50%) common ownership, directly or indirectly.

(c) “Underwriter” means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds 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 Bonds to the Public (including a member of the selling group or a party to a third-party distribution agreement participating in the initial sale of the Bonds to the Public).

5. ***Representations and Information.*** The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents [SHORT NAME OF UNDERWRITER]’s interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, and the Treasury Regulations thereunder (collectively, the “Code”). The undersigned understands that the foregoing information will be relied upon by the Issuer in making its certification as to issue price of the Bonds under the Code and with respect to compliance with the federal income tax rules affecting the Bonds. Pullman & Comley, LLC, bond counsel, may rely on the foregoing representations in rendering its opinion on the exclusion from federal gross income of the interest on the Bonds, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer relating to the Bonds. Except as set forth above, no third party may rely on the foregoing certifications, and no party may rely hereon for any other purpose.

IN WITNESS WHEREOF, the undersigned has executed this Certificate as of December __, 2025.

[UNDERWRITER]

By: _____
Name:
Title:

Schedule A to Issue Price Certificate

| <u>Maturity, December 15</u> | <u>Principal Amount (\$)</u> | <u>Interest Rate (%)</u> | <u>Price (\$, not Yield)</u> |
|----------------------------------|------------------------------|------------------------------|----------------------------------|
| 2026 | 535,000 | | |
| 2027 | 535,000 | | |
| 2028 | 535,000 | | |
| 2029 | 535,000 | | |
| 2030 | 535,000 | | |
| 2031 | 535,000 | | |
| 2032 | 535,000 | | |
| 2033 | 535,000 | | |
| 2034 | 535,000 | | |
| 2035 | 535,000 | | |
| 2036 | 120,000 | | |
| 2037 | 120,000 | | |
| 2038 | 120,000 | | |
| 2039 | 120,000 | | |
| 2040 | 120,000 | | |
| 2041 | 120,000 | | |
| 2042 | 120,000 | | |
| 2043 | 120,000 | | |
| 2044 | 120,000 | | |
| 2045 | 120,000 | | |

Schedule B to Issue Price Certificate

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