

# Preliminary Official Statement Dated March 28, 2023

New Money Issue: Book-Entry-Only

Ratings: S&P Global Ratings: "AAA"  
Fitch Ratings: "AAA"

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 for tax years beginning after December 31, 2022. In the opinion of Bond Counsel, under existing statutes, interest on the Bonds is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates and is excluded from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay the federal alternative minimum tax. 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 Cheshire, Connecticut \$17,500,000 General Obligation Bonds, Issue of 2023

Dated: Date of Delivery

Due: July 15, 2024-2042  
as shown below:

| Year | Principal  | Coupon | Yield | CUSIP <sup>1</sup> | Year | Principal  | Coupon | Yield | CUSIP <sup>1</sup> |
|------|------------|--------|-------|--------------------|------|------------|--------|-------|--------------------|
| 2024 | \$ 925,000 | ..%    | ..%   | 165375             | 2024 | \$ 920,000 | ..%    | ..%   | 165375             |
| 2025 | 925,000    | ..%    | ..%   | 165375             | 2025 | 920,000    | ..%    | ..%   | 165375             |
| 2026 | 925,000    | ..%    | ..%   | 165375             | 2026 | 920,000    | ..%    | ..%   | 165375             |
| 2027 | 925,000    | ..%    | ..%   | 165375             | 2027 | 920,000    | ..%    | ..%   | 165375             |
| 2028 | 920,000    | ..%    | ..%   | 165375             | 2028 | 920,000    | ..%    | ..%   | 165375             |
| 2029 | 920,000    | ..%    | ..%   | 165375             | 2029 | 920,000    | ..%    | ..%   | 165375             |
| 2030 | 920,000    | ..%    | ..%   | 165375             | 2030 | 920,000    | ..%    | ..%   | 165375             |
| 2031 | 920,000    | ..%    | ..%   | 165375             | 2031 | 920,000    | ..%    | ..%   | 165375             |
| 2032 | 920,000    | ..%    | ..%   | 165375             | 2032 | 920,000    | ..%    | ..%   | 165375             |
| 2033 | 920,000    | ..%    | ..%   | 165375             | 2033 | 920,000    | ..%    | ..%   | 165375             |

The \$17,500,000 General Obligation Bonds, Issue of 2023 (the "Bonds") will bear interest payable on July 15, 2023 and semiannually thereafter on January 15 and July 15 in each year until maturity or earlier redemption. The Bonds will be general obligations of the Town of Cheshire, Connecticut (the "Town") and the Town will pledge its full faith and credit to pay the principal of and interest on the Bonds when due. (See "Security and Remedies" herein.)

**Electronic bids via PARITY® for the Bonds will be received until 11:30 A.M. (E.T.) on Tuesday, April 4, 2023 at Cheshire Town Hall, Conference Room 210, 84 South Main Street, Cheshire, Connecticut 06410, as described in the Notice of Sale. (See Appendix D herein).**

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

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

The Registrar, Certifying, Transfer, and Paying Agent will be U.S. Bank Trust Company, National Association, Hartford, Connecticut 06103.

The Bonds are offered for delivery when, as and if issued, subject to the approving opinion of Pullman & Comley, LLC, Bond Counsel, Hartford, Connecticut, and certain other conditions. It is expected that delivery of the Bonds in book-entry-only form will be made to DTC on or about April 18, 2023.

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.

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

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" herein), and makes no representation that it has independently verified the same.

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.

The Town currently files its official statements for primary offerings with the Municipal Securities Rulemaking Board's Electronic Municipal Market Access ("EMMA") system. In accordance with the requirements of Rule 15c2-12(b)(5) promulgated by the Securities and Exchange Commission, the Town will agree to provide or cause to be provided (i) annual financial information and operating data, (ii) a 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 shall be executed in substantially the forms attached as Appendix C to this Official Statement.

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 hostilities or domestic terrorism; and (xi) other factors contained in this Official Statement.

# Table of Contents

|  | <i>Page</i> |   | <i>Page</i> |
|--|-------------|---|-------------|
| <b>Bond Issue Summary</b> .....                        | 1           | <b>IV. Tax Base Data</b> .....  | 26          |
| <b>I. Bond Information</b> .....                       | 2           | Property Tax Assessments.....   | 26          |
| Introduction.....                                      | 2           | Property Tax Levy & Collections.....                                      | 27          |
| Global Health Emergency Risk.....                      | 2           | Property Tax Collections.....   | 27          |
| Climate Change.....                                    | 3           | Property Taxes Receivable.....  | 27          |
| Cybersecurity.....                                     | 3           | Principal Taxpayers.....  | 28          |
| Municipal Advisor.....                                 | 3           | Comparative Assessed Valuations of Taxable Property.....                  | 28          |
| Description of the Bonds.....                          | 4           | Tax-Exempt Property.....  | 29          |
| Redemption Provisions.....                             | 4           | <b>V. Debt Summary</b> .....  | 30          |
| Authorization and Purpose.....                         | 4           | Long-Term Bonded Debt.....  | 30          |
| Book-Entry-Only Transfer System.....                   | 6           | Short-Term Debt.....  | 31          |
| DTC Practices.....                                     | 7           | Other Commitments.....  | 31          |
| Replacement Bonds.....                                 | 7           | Annual Bonded Debt Maturity Schedule.....                                 | 31          |
| Security and Remedies.....                             | 7           | Overlapping/Underlying Debt.....  | 32          |
| Qualification for Financial Institutions.....          | 8           | Debt Statement.....   | 32          |
| Availability of Continuing Disclosure Information..... | 8           | Current Debt Ratios.....  | 32          |
| Ratings.....   | 8           | Temporary Financing.....  | 33          |
| Tax Matters.....                                       | 9           | Clean Water Fund Program.....   | 33          |
| Bond Insurance.....                                    | 10          | Authority to Incur Debt.....  | 34          |
| <b>II. The Issuer</b> .....                            | 11          | Statement of Statutory Debt Limitation.....                               | 35          |
| Description of the Municipality.....                   | 11          | Authorized But Unissued Debt.....   | 36          |
| Government Organization.....                           | 12          | Principal Amount of Outstanding Debt.....                                 | 36          |
| Principal Municipal Officials.....                     | 12          | Ratios of Net Long-Term Debt to   |             |
| Key Municipal Officials.....                           | 13          | Valuation Population and Income.....                                      | 36          |
| Municipal Services.....                                | 15          | Ratio of Annual Debt Service to total                                     |             |
| Employee Relations and Collective Bargaining.....      | 19          | General Fund Expenditures.....  | 37          |
| Municipal Employees.....                               | 19          | <b>VI. Financial Information</b> .....                                    | 38          |
| Employees' Bargaining Organizations.....               | 19          | General Fund Revenues, Expenditures                                       |             |
| School System.....                                     | 19          | and Changes in Fund Balance.....  | 38          |
| School Facilities.....                                 | 20          | Analysis of General Fund Balance.....                                     | 39          |
| School Enrollment and Projections.....                 | 20          | Historical General Fund Balance Sheet.....                                | 40          |
| <b>III. Economic and Demographic Information</b> ..... | 21          | Accounting Policies and Basis of Accounting.....                          | 41          |
| Population and Density.....                            | 21          | Audit.....  | 41          |
| Age Distribution of the Population.....                | 21          | Certificate of Achievement for  |             |
| Income Distribution.....                               | 21          | Excellence in Financial Reporting.....                                    | 41          |
| Income Levels.....                                     | 22          | Budget Adoption Procedure.....  | 41          |
| Educational Attainment.....                            | 22          | Capital Improvement Plan.....   | 42          |
| Employment Data.....                                   | 22          | Pension Programs.....   | 43          |
| Employment by Industry.....                            | 23          | Other Post Employment Benefits.....                                       | 44          |
| Major Employers.....                                   | 23          | Compensated Absences.....   | 44          |
| Building Permits.....                                  | 24          | Risk Management.....  | 45          |
| Housing Unit Inventory and Vacancy Rates.....          | 24          | Investments.....  | 45          |
| Owner Occupied Housing Values.....                     | 24          | <b>VII. Legal and Other Information</b> .....                             | 46          |
| Age Distribution of Housing.....                       | 25          | Litigation.....   | 46          |
| Breakdown of Land Use.....                             | 25          | Transcript and Closing Documents.....                                     | 46          |
|  |             | Concluding Statement.....   | 47          |
|  |             | <b>Appendix A - Basic Financial Statements</b>                            |             |
|  |             | (Excerpted from the Town's 2022<br>Comprehensive Annual Financial Report) |             |
|  |             | <b>Appendix B - Form of Opinion of Bond Counsel</b>                       |             |
|  |             | <b>Appendix C - Form of Continuing Disclosure Agreement</b>               |             |
|  |             | <b>Appendix D - Notice of Sale</b>  |             |

## **Bond Issue Summary**

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

|   |   |
|---|---|
| <b>Date of Sale:</b>  | Tuesday, April 4, 2023 at 11:30 A.M. (E.T.).  |
| <b>Location of Sale:</b>  | Cheshire Town Hall, Conference Room 210, 84 South Main Street, Cheshire, Connecticut 06410.   |
| <b>Issuer:</b>  | Town of Cheshire, Connecticut (the "Town").   |
| <b>Issue:</b>   | \$17,500,000 General Obligation Bonds, Issue of 2023 (the "Bonds").   |
| <b>Dated Date:</b>  | Date of Delivery.   |
| <b>Interest Due:</b>  | July 15, 2023 and semiannually thereafter on January 15 and July 15, in each year until maturity or earlier redemption.   |
| <b>Principal Due:</b>   | The Bonds are due serially, July 15, 2024 through July 15, 2042, as detailed in this Official Statement.  |
| <b>Authorization and Purpose:</b>                                     | The proceeds of the Bonds will be used to fund various sewer, general purpose and school construction projects authorized by the Town. See "Authorization and Purpose" herein.  |
| <b>Redemption:</b>  | The Bonds are subject to redemption prior to maturity. See "Redemption Provisions" herein.  |
| <b>Security and Remedies:</b>   | 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.   |
| <b>Credit Rating:</b>   | The Bonds have been rated "AAA" from S&P Global and "AAA" from Fitch Ratings.   |
| <b>Basis of Award:</b>  | Lowest True Interest Cost (TIC), as of the dated date.  |
| <b>Bond Insurance:</b>  | The Town does not expect to purchase a credit enhancement facility.   |
| <b>Tax Exemption:</b>   | See "Tax Matters" herein.   |
| <b>Continuing Disclosure:</b>   | In accordance with the requirements of Rule 15c2-12 promulgated by the Securities and Exchange Commission, the Town will agree to provide, or cause to be provided: (i) annual financial information and operating data, (ii) timely notice of the occurrence of certain events with respect to the Bonds, not in excess of 10 business days after the occurrence of such event 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, pursuant to a Continuing Disclosure Agreement to be executed by the Town substantially in the form attached as Appendix C to this Official Statement. |
| <b>Bank Qualification:</b>  | The Bonds shall NOT be designated by the Town as qualified tax-exempt obligations under the provisions of Section 265(b) of the Internal Revenue Code of 1986, as amended, for purposes of the deduction by financial institutions of interest expense allocable to the Bonds.  |
| <b>Registrar, Transfer Agent, Certifying Agent, and Paying Agent:</b> | U.S. Bank Trust Company, National Association, Hartford, Connecticut 06103, CityPlace I, 185 Asylum Street, 27 <sup>th</sup> Floor, Hartford, Connecticut 06103.  |
| <b>Legal Opinion:</b>   | Pullman & Comley, LLC, of Hartford, Connecticut will act as Bond Counsel.   |
| <b>Municipal Advisor:</b>   | Phoenix Advisors, LLC, of Milford, Connecticut will act as Municipal Advisor. Telephone (203) 878-4945.   |
| <b>Delivery and Payment:</b>  | It is expected that delivery of the Bonds in book-entry-only form will be made on or about April 18, 2023, against payment in Federal Funds.  |
| <b>Issuer Official:</b>   | Questions concerning this Official Statement should be addressed to James J. Jaskot, Director of Finance & Treasurer, Town Hall, 84 South Main Street, Cheshire, Connecticut 06410. Telephone (203) 271-6610.   |

## **I. Bond Information**

### **Introduction**

This Official Statement, (the “Official Statement”) including the cover page and appendices, is provided for the purpose of presenting certain information relating to the Town of Cheshire, Connecticut (the “Town”), in connection with the original issuance and sale of \$17,500,000 General Obligation Bonds, Issue of 2023 (the “Bonds”) of the Town.

The Bonds are being offered for sale at public bidding. A Notice of Sale has been furnished to prospective bidders. Reference is made to the Notice of Sale, which is included 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. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstance, create any implication that there has been no change in the affairs of the Town since the date hereof. Any statements in this Official Statement involving matters of opinion or estimates, whether or not expressly so stated, are intended as such and not as representation of fact. No representation is made that any of such statements will be realized. All quotations from and summaries and explanations of provisions of statutes, charters, or other laws and acts and proceedings of the Town contained in this Official Statement do not purport to be complete and are qualified in their entirety by reference to the official compilations thereof.

### **Global Health Emergency Risk**

#### **The COVID-19 Outbreak**

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

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

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

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

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

#### ***State and Local Responses to COVID-19's Impact on the Economy***

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

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

To date, the Town has not experienced a material negative financial impact as a result of COVID-19. The Town collected 99.7% of the Fiscal Year 2022 General Fund current levy, with 99.7% having been collected for Fiscal Year 2021 and 99.65% having been collected for Fiscal Year 2020.

As of December 31, 2022 the Town had collected approximately 69.9% of the Fiscal Year 2023 General Fund current levy, with 70.4% having been collected by the same time last year for Fiscal Year 2022.

The Town received \$8,563,922 in federal funding as a result of the Rescue Plan. The Town is using the funds on infrastructure improvements and other initiatives that comply with the program eligibility criteria. Approximately \$5.692 million has been spent or committed as of December 31, 2022.

### ***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. An emergency operations center is slated to open in Town Hall in 2024 to house key services in the event of a disaster.

### ***Cybersecurity***

The Town, like many other public and private entities, relies on technology to conduct its operations. The Town and its departments face cyber threats from time to time, including but not limited to hacking, viruses, malware, phishing, and other attacks on computers and other sensitive digital networks and systems. To reduce the risk of a successful cyber security threat the Town has invested in IT security firewalls, anti-virus software, anti-malware software, and ransomware protection software. 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.

### ***Municipal Advisor***

Phoenix Advisors, LLC, of Milford, Connecticut the ("Municipal Advisor") has served as Municipal Advisor to the Town with respect to the issuance of the Bonds and has assisted the Town in preparing this Official Statement. 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 firm and is not engaged in the business of underwriting, trading or distributing municipal securities or other public securities.

## **Description of the Bonds**

The Bonds will be dated as of the date of delivery, and will mature in annual installments on July 15 in each of the years and in the principal amounts set forth on the cover page of this Official Statement. Interest on the Bonds will be payable on July 15, 2023 and semiannually thereafter on July 15 and January 15, in each year until maturity or earlier redemption. Interest will be calculated on the basis of twelve 30-day months and a 360-day year and will be payable to the registered owners of the Bonds as of the close of business on the last business day of June and December in each year, by check, mailed to the registered owner at the address as shown on the registration books of the Town kept for such purpose, or so long as the Bonds are registered in the name of Cede & Co., as nominee of DTC, by such other means as DTC, the Paying Agent and the Town shall agree. U.S. Bank Trust Company, National Association, CityPlace I, 185 Asylum Street, 27<sup>th</sup> Floor, Hartford, Connecticut 06103 will act as Registrar, Transfer Agent, Paying Agent, and Certifying Agent for the Bonds.

## **Redemption Provisions**

The Bonds maturing on or before July 15, 2030 are not subject to redemption prior to maturity. The Bonds maturing on July 15, 2031 and thereafter, are subject to redemption prior to maturity, at the election of the Town, on and after July 15, 2030 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 respective price (expressed as a percentage of the principal amount of Bonds to be redeemed), set forth in the following table, plus interest accrued and unpaid to the redemption date:

| <u>Period During Which Redeemed</u> | <u>Redemption Price</u> |
|-------------------------------------|-------------------------|
| July 15, 2030 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 at least thirty (30) days prior to the date fixed for redemption to the registered owner of the Bonds at the address of such registered owner as the same shall last appear on the registration books for the Bonds. 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 Bond 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 portions of the Bonds of any maturity by the Town will reduce the outstanding principal amounts 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 reductions 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 issued pursuant to Title 7 of the General Statutes of Connecticut, Revision of 1958, as amended (the "Connecticut General Statutes"), the Charter of the Town and resolutions approved by the Town Council and voters of the Town.

The projects financed by the Bonds are listed on the following page:

| <b>Project Number</b>                | <b>Project Name</b>   | <b>Bond Authorization</b> | <b>THIS ISSUE</b>    |
|--------------------------------------|---|---------------------------|----------------------|
| <b>General Purpose</b>               |   |                           |                      |
| 00713                                | Land Acquisition.....   | 1,987,458                 | 100,000              |
| 01222                                | Capital Planning.....   | 35,000                    | 35,000               |
| 01276                                | Fire Equipment.....   | 60,223                    | 60,223               |
| 01260                                | Upgrade and Expansion of Public Safety Radio<br>Communication System.....   | 47,777                    | 47,777               |
| 01360                                | Various Improvements to Bartlem, MacNamara and<br>and Quinniac Parks.....   | 25,000                    | 25,000               |
| 01361                                | Various Improvements to Cheshire, Mixville and Lock 12<br>Parks, the Linear Trail, and Open Space Properties..... | 14,000                    | 14,000               |
| 01383                                | Storm Water Drainage Disconnects (MSA)/Sediment Disposal.....   | 55,000                    | 55,000               |
| 01392                                | Road Improvement Program.....   | 198,723                   | 198,723              |
| 01405                                | Improvements to Various Town Buildings.....   | 75,000                    | 75,000               |
| 01406                                | Partial Roof Replacement at the Police Station.....   | 225,000                   | 225,000              |
| 01407                                | Roof Replacements at Fire House #3 and Town Hall.....   | 180,000                   | 180,000              |
| 01408                                | Emergency Portable Back-Up Generator.....   | 190,000                   | 190,000              |
| 01409                                | Acquisition of Public Works Equipment (Chipper).....  | 70,000                    | 70,000               |
| 01410                                | Design of Sidewalk Extensions Along Portions of Cheshire Street.....  | 50,000                    | 20,000               |
| 01411                                | Drainage Imps. in the Vacinity of 867 Farmington Dr. & 15 Roslyn Dr.....  | 145,000                   | 75,000               |
| 01422                                | Technology Reserve Fund - Replacement Equipment.....  | 350,000                   | 350,000              |
| 01423                                | Industrial Avenue Culvert Bridge Replacement.....   | 860,000                   | 430,000              |
| 01424                                | Public Works Dump Truck and Plow.....   | 263,000                   | 263,000              |
| 01425                                | Sidewalk Improvement Program.....   | 177,500                   | 177,500              |
| 01426                                | Renovation of the Indoor Section of the Mixville Park Pavilion.....   | 246,000                   | 246,000              |
| 01430                                | Road Improvement Program.....   | 1,700,000                 | 1,700,000            |
| 01431                                | Development of Chapman/Bartlem Park South.....  | 7,900,000                 | 3,081,080            |
| 01448                                | Public Works Dump Truck and Plow.....   | 245,000                   | 245,000              |
| 01449                                | Acquisition of a Public Works Loader.....   | 230,000                   | 205,000              |
| 01450                                | Storm Water Drainage Disconnects (MS4)/Sediment Disposal.....   | 110,000                   | 110,000              |
| 01460                                | Paving of the North Parking Lot and Access Drive at Cheshire Park.....  | 250,000                   | 250,000              |
| 01468                                | Road Improvement Program.....   | 2,400,000                 | 2,400,000            |
| <b>Subtotal General Purpose.....</b> |   | <b>18,089,681</b>         | <b>10,828,303</b>    |
| <b>School</b>                        |   |                           |                      |
| 00917                                | Planning and Design of Code Compliance for Improvements to<br>Humiston School and the Central Office.....         | 194,697                   | 194,697              |
| 01117                                | Interior Improvements to Cheshire High School.....  | 583,000                   | 99,000               |
| 01168                                | Cheshire High School Science Classrooms and Labs.....   | 200,000                   | 200,000              |
| 01323                                | District-Wide School Security Improvements.....   | 490,000                   | 40,000               |
| 01349                                | Bus Depot Parking and Driveway Improvements.....  | 50,000                    | 50,000               |
| 01350                                | District-Wide Acoustical Ceiling Tile Replacement.....  | 25,000                    | 23,000               |
| 01359                                | HVAC Improvements for Cheshire HS and Chapman Elem. School.....   | 310,000                   | 25,000               |
| 01385                                | District-Wide Sidewalk and Masonry Repairs.....   | 125,000                   | 37,000               |
| 01414                                | Design of Improvements to the Cheshire High School Loading Dock.....  | 50,000                    | 50,000               |
| 01415                                | School District-Wide Sidewalk and Masonry Repairs/Replacement.....  | 125,000                   | 100,000              |
| 01416                                | School District-Wide (Non Sidewalk) Masonry Restoration.....  | 100,000                   | 88,000               |
| 01417                                | Acquisition and Installation of an Energy Recovery Ventilator at Cheshire HS.....                                 | 175,000                   | 175,000              |
| 01418                                | Mechanical Tunnel Improvements at Cheshire High School.....   | 100,000                   | 100,000              |
| 01419                                | Athletic Complex Stadium and Seating Improvements at Cheshire HS.....   | 50,000                    | 50,000               |
| 01420                                | School District-Wide Interior Door Replacement.....   | 100,000                   | 65,000               |
| 01427                                | Replacement of a Portion of Dodd Middle School Roof.....  | 475,000                   | 380,000              |
| 01428                                | Replacement of a Portion of the Windows at Cheshire High School.....  | 500,000                   | 390,000              |
| 01429                                | Improvements to Lavatories at Doolittle Elem., Cheshire HS and Dodd MS.....                                       | 250,000                   | 250,000              |
| 01457                                | School District-Wide Ceiling Tile Replacement.....  | 100,000                   | 100,000              |
| 01458                                | School District-Wide Tile Flooring Replacement.....   | 200,000                   | 100,000              |
| 01461                                | Generator Upgrades at Cheshire HS and Highland Elem. School.....  | 280,000                   | 60,000               |
| 01462                                | Lighting Upgrades at Highland Elementary School.....  | 310,000                   | 280,000              |
| 01463                                | Unit Ventilator Replacements at Dodd MS and Doolittle Elem.....   | 300,000                   | 250,000              |
| 01465                                | Design and Replacement of the Fire Alarm System in Dodd MS.....   | 650,000                   | 400,000              |
| 01469                                | Design and Construction of a New North End Elementary School<br>and a New Norton Elementary School.....           | 166,600,000               | 3,000,000            |
| <b>Subtotal Schools.....</b>         |   | <b>172,342,697</b>        | <b>6,506,697</b>     |
| <b>Sewer</b>                         |   |                           |                      |
| 01317                                | Belt Filter Press Refurbishment - Waste Water Treatment Plant.....  | 90,000                    | 40,000               |
| 01451                                | Design of the Moss Farms Pump Station Upgrade.....  | 125,000                   | 125,000              |
| <b>Subtotal Sewers.....</b>          |   | <b>215,000</b>            | <b>165,000</b>       |
| <b>Grand Totals.....</b>             |   | <b>\$ 190,647,378</b>     | <b>\$ 17,500,000</b> |



## **Book-Entry-Only Transfer System**

The Depository Trust Company (“DTC”), New York, NY, will act as securities depository for the Bonds (the “Securities”). The Securities 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 Security certificate will be issued for each maturity of the Securities 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 Standard & Poor’s rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com).

Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC’s records. The ownership interest of each actual purchaser of each Security (“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 Securities 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 Securities, except in the event that use of the book-entry system for the Securities is discontinued.

To facilitate subsequent transfers, all Securities 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 Securities 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 Securities; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Securities 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 Securities 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 Securities 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 Securities 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 Securities 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 Paying Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with 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, Agent, or the Town, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Town or 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 Securities at any time by giving reasonable notice to the Town or Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, Security 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, Security 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 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.

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

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

### ***Qualification for Financial Institutions***

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

### ***Availability of Continuing Disclosure Information***

The Town prepares, in accordance with State law, annual independent audited financial statements and files such annual audits with the State Office of Policy and Management. The Town provides, and will continue to provide, to Moody's Investor Service, S&P Global Ratings and Fitch Ratings ongoing disclosure in the form of comprehensive annual audited financial statements, adopted budgets and other materials relating to its management and financial condition, as may be necessary or requested.

In accordance with the requirements of Rule 15c2-12(b)(5) promulgated by the Securities and Exchange Commission, the Town will agree to provide, or cause to be provided; (i) annual financial information and operating data, (ii) timely notice of the occurrence of certain events not in excess of 10 business days after the occurrence of such 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 to be executed in substantially the form attached as in 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 delivery of the Bonds, an executed copy of the Continuing Disclosure Agreement.

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

### ***Bond Rating***

The Bonds have been rated "AAA" by S&P Global and "AAA" by Fitch Ratings (the "Rating Agencies"). The Town furnished to the Rating Agencies certain information and materials, some of which may not have been included in this Official Statement. The rating reflects only the views of the Rating Agencies. No application was made to any other rating agencies for the purpose of obtaining ratings on outstanding securities of the Town.

Generally, the rating agencies base their rating upon such information and materials and upon investigations, studies and assumptions by the rating agencies. There can be no assurance that a rating will continue for any given period of time or that it will not be lowered or withdrawn entirely by a rating agency if in its judgment circumstances so warrant. Any such downward change in or withdrawal of a rating may have an adverse effect on the marketability or market price of the Town's outstanding bonds and notes, including this issue.

The Town expects to furnish to the Rating Agencies information and materials that they may request. However, the Town may issue short-term or other debt for which a rating is not requested. The Town's Municipal Advisor, Phoenix Advisors, LLC, recommends that all bonded debt be submitted for a credit rating.

## **Tax Matters**

**Federal Taxes.** In the opinion of Bond Counsel, under existing law, (i) interest on the Bonds is excluded from gross income for federal income tax purposes, and (ii) such interest is not an item of tax preference for purposes of the federal alternative minimum tax; however, such interest is taken into account in determining the annual adjusted financial statement income of certain corporations for the purpose of computing the alternative minimum tax imposed on corporations for tax years beginning after December 31, 2022.

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, as amended (the "Code"). The Code and regulations promulgated thereunder establish certain requirements which must be satisfied at and subsequent to the issuance of the 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 excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates and is excluded from amounts on which the net Connecticut minimum tax is based for individuals, trusts and estates required to pay the federal alternative minimum tax.

Interest on the 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 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.

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.

### ***Bond Insurance***

The Town does not expect to purchase a credit enhancement facility for the Bonds.

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## II. The Issuer



## Connecticut

### **Description of the Municipality**

Cheshire, originally a part of the Town of Wallingford, was settled in 1694 and incorporated as a town in May 1780. Located in the south central section of the State, Cheshire is approximately 14 miles north of New Haven and 25 miles southwest of Hartford. The Town has a land area of 33 square miles and is bounded on the north by Southington and Wolcott, on the east by Meriden and Wallingford, on the south by Hamden and Bethany, and on the west by Prospect and Waterbury.

Up until about 1950, Cheshire was predominantly a rural farming community that has grown into a well-planned residential, suburban Town. While the Town has experienced significant growth, it maintains its agricultural heritage with over two million square feet of greenhouses and hundreds of acres of open growing fields resulting in the Town having the designation as the bedding plant capital of Connecticut. Cheshire is ideally located in the center of Connecticut with access to all major routes and is a community of choice among families who seek the Town's exceptional public schools, dedication to services and a strong sense of community.

From its predominantly agricultural base, the economy of Cheshire has diversified and grown steadily. The Economic Development Coordinator and Town personnel work to attract new business development and retain companies. The Town has zoned 2,500 acres for industrial use in the north central section of Town. The Town continues to use a policy, started in 1993, for the possible granting of tax and infrastructure incentives to businesses that are compatible with Cheshire.

The Town's industrial zone is bounded on the west by Interstate 84, a major highway between Boston and New York. Interstate 691 traverses the industrial zone and links Interstate 84 to Interstate 91, 8 miles to the east. In addition, State Highway Routes 10 and 68/70, which run north south and east west respectively, intersect in the center of Cheshire. Intra and interstate area trucking companies are available to service Cheshire business and industry. International air service is 35 miles away at Bradley International Airport and 15 miles to the south is Tweed New Haven Airport, available for commuter and general aircraft use. The port of New Haven, the third largest in New England, handles all types of cargo and is less than one half hour away.

The Town is served by three daily newspapers and one local weekly newspaper. Several cable and fiber operators provide service to Cheshire residents and businesses.

The Town provides excellent quality of life opportunities for its residents. In addition to a variety of year-round recreational and cultural activities available in Cheshire, residents have easy access to activities in both the greater New Haven and greater Hartford areas.

The Town has been noted by a number of publications as a desirable community in which to live. In recent years, The Town has been recognized by Money and Connecticut magazines as one of the best small towns in the State and country.

## **Government Organization**

The Town is governed by a Council-Manager form of government, which was adopted under a Town Charter approved by Town voters on June 9, 1971. The most recent Town Charter revisions became effective January 1, 2018.

The legislative function is performed by a nine-member Town Council, one member for each of the four voting districts and five members elected at large (the “Town Council”). Not more than seven persons from any one political party may serve as Town Council members. All Town Council members are elected biennially for two-year terms. The Town Council is empowered to adopt the Town’s budget, fix the mill rate and enact local ordinances. A Mayor is elected from within the Town Council and acts as its Chairman. The Town Council also appoints the members of all boards and commissions, except those positions that are elected.

The Town Council appoints the Town Manager who serves as the Chief Executive Officer of the Town. The Town Manager is responsible, in accordance with the Town Charter, for the operation of the municipality, including the appointment of all department heads.

The Board of Education, a seven-member elected body, is responsible for the operation of the public school system and appoints a Superintendent of Schools who serves as the Chief Executive Officer of the school system.

### **Principal Municipal Officials**

| <b>Office</b>   | <b>Name</b>                    | <b>Manner of Selection/Term</b> | <b>Years of Service</b> |
|---|--------------------------------|---------------------------------|-------------------------|
| Town Manager .....  | Sean M. Kimball <sup>1</sup>   | Appointed                       | 5 years                 |
| Director of Finance/Treasurer .....                       | James J. Jaskot <sup>2</sup>   | Appointed                       | 24 years                |
| Deputy Director of Finance .....                          | Gina DeFilio                   | Appointed                       | 11 years                |
| Human Resources Director/Asst. Town Manager for H.R. .... | Louis A. Zullo                 | Appointed                       | 28 years <sup>5</sup>   |
| Asst. Town Manager/Public Information Officer .....       | Arnett T. Talbot <sup>3</sup>  | Appointed                       | 30 years                |
| Director of Public Works/Engineering.....                 | Gary Fuerstenberg <sup>4</sup> | Appointed                       | 0.5 years               |
| Chief of Police .....                                     | Neil Dryfe                     | Appointed                       | 12 years                |
| Fire Chief .....  | Jack Casner                    | Appointed                       | 26 years <sup>6</sup>   |
| Town Planner .....  | Michael Glidden                | Appointed                       | 1 year                  |
| Economic Development Coordinator .....                    | Andrew Martelli                | Appointed                       | 1 year                  |
| Superintendent of Schools.....                            | Jeffrey F. Solan               | Appointed                       | 7 years <sup>7</sup>    |

<sup>1</sup> Mr. Kimball previously served in the roles of Acting Town Manager, Director of Finance/Treasurer, and Deputy Director of Administrative Services in the Town of Simsbury for 7 years.

<sup>2</sup> Mr. Jaskot spent thirteen years with the Town as Deputy Finance Director before becoming the Director of Finance/Treasurer in 2011.

<sup>3</sup> Arnett Talbot was appointed Assistant Town Manager for Administration in January 2017, and has served as Public Information Officer since 2000. Ms. Talbot also served as the Executive Assistant to the Town Manager since 2000 and other various positions

<sup>4</sup> Mr. Fuerstengerg was hired as Deputy Director of Public Works/Engineering on December 5, 2022.

<sup>5</sup> Non-consecutive. Louis A. Zullo has been in his position since January 2017, Personnel Director since August 2000 and the Assistant Town Manager since April 2006.

<sup>6</sup> Fire Chief became a full time position in 2004. Mr. Casner served as Fire Chief in a volunteer capacity for seven years.

<sup>7</sup> Mr. Solan was the Assistant Principal at Dodd Middle School for three years, Principal at Dodd Middle School for four years, and Principal at Cheshire High School for four years before becoming Supertintedent of Schools.

## **Key Municipal Officials**

***Sean M. Kimball, Town Manager:*** Sean M. Kimball was appointed Town Manager in May 2018. Prior to coming to Cheshire he worked for the Town of Simsbury, Connecticut for 7 years where he served in the roles of Acting Town Manager, Director of Finance/Treasurer and Deputy Director of Administrative Services. Prior to joining the Town of Simsbury, Mr. Kimball served as a Budget Consultant for the City of New Haven's Office of Management and Budget and as a Local Government Management Fellow in the City Manager's Office in San Jose, CA.

Mr. Kimball graduated with a Bachelor's Degree in Political Science from Santa Clara University and a Master's Degree in Public Administration from the University of Connecticut. He is an active member of the Connecticut City and Town Management Association (CTCMA) and recently served on the CTCMA executive board for five years. Mr. Kimball has also served as a member of the Committee on Taxes and Finance and the Committee on Labor Relations for the Connecticut Conference of Municipalities (CCM) and as member of the Connecticut Government Finance Officers Association (GFOA CT).

***James J. Jaskot, Director of Finance / Treasurer:*** James J. Jaskot has been with the Town since July 1998. Mr. Jaskot served as Deputy Director of Finance for the Town for 13 years and was appointed Director of Finance / Treasurer in July 2011. Prior to coming to Cheshire, Mr. Jaskot worked for over fourteen years in public accounting with emphasis on municipal accounting, auditing and financial reporting.

Mr. Jaskot graduated from the University of Connecticut in 1983 with a Bachelor of Science Degree in Accounting. He is a Certified Public Accountant and member of the American Institute of Certified Public Accountants, Connecticut Society of Certified Public Accountants (CSCPA), and the GFOA CT. He is a past chair of the CSCPA Governmental Accounting and Auditing Committee and served as President of the GFOA CT Board. He has also participated on several task forces for the Governmental Accounting Standards Board (GASB) to deliberate proposed accounting standards.

***Gina M. DeFilio, Deputy Director of Finance:*** Gina M. DeFilio became the Deputy Director of Finance in September 2011. Prior to coming to Cheshire, Ms. DeFilio worked in public accounting at RSM US LLP for over 10 years, with an emphasis on municipal accounting, auditing and financial reporting. She has managed the financial statement and grant audits of a number of Connecticut municipalities.

Ms. DeFilio graduated from the University of Connecticut in 1995 with a Bachelor of Science Degree in Accounting. She is a Certified Public Accountant and a member of the American Institute of Certified Public Accountants, Connecticut Society of Certified Public Accountants (CSCPA), and the GFOA CT.

***Louis A. Zullo, Human Resources Director / Assistant Town Manager for Human Resources:*** Louis A. Zullo has been in his position since January 2017, Personnel Director since August 2000 and the Assistant Town Manager since April 2006. He has also served as Cheshire's Assistant to the Town Manager from 1986 to 1992. He had spent fourteen years with the Town of East Haven as Community Development Coordinator and then Director of Administration and Management. Prior to his return to Cheshire, Mr. Zullo served as Administrative Officer of the Town of Woodbridge for two years.

Mr. Zullo received a Bachelor of Arts degree in Political Science from Providence College in 1975 and a Master of Public Administration degree from the University of New Haven in 1984.

***Arnett T. Talbot, Assistant Town Manager / Public Information Officer:*** Arnett Talbot was appointed Assistant Town Manager in January 2017, and has served as Public Information Officer since 2000. She is responsible for the oversight of five departments. In her twenty-nine year tenure with the Town of Cheshire, Ms. Talbot has served as the Executive Assistant to the Town Manager and as the Assistant Town Clerk (certified). Prior to coming to the Town of Cheshire, Ms. Talbot worked as the Director of Marketing for the United Way of Greater New Haven and as an Account Supervisor in the advertising and public relations industry.

Ms. Talbot earned a Bachelor of Arts degree in Communication Science from the University of Connecticut in 1980, and is currently a candidate for a Master of Public Administration degree from Post University.

***Gary Fuerstenberg, Director of Public Works / Engineering:*** Gary Fuerstenberg was appointed to his current position in December 2022. Prior to his employment with the Town, he served as the Town Engineer (and interim Facilities Director) in Newington where he maintained Newington infrastructure and was a key member of the public works committee, public safety committee, and economic development committee. Prior to public service, Mr. Fuerstenberg worked for greater than 20 years as a consultant where he provided design and construction services for



road, bridge, culvert, building, dam/levee, wastewater treatment, drainage, solid waste, utility projects as well as environmental remediation projects.

Mr. Fuerstenberg earned a Bachelor of Science Degree and a Master of Science Degree in Civil Engineering from the University of Wisconsin. He regularly attends professional seminars and webinars sponsored by professional organizations and academic institutions as continuing education. In 2022, he completed the Connecticut Council of Municipalities Certified Connecticut Municipal Official. Gary is a licensed Professional Engineer in Connecticut and 11 other states. He is a member of the American Public Works Association and the Connecticut Society of Civil Engineers (former executive board member) and is expected become a certified Connecticut tree warden in 2023.

**Neil Dryfe, Chief of Police:** Neil Dryfe was appointed Chief of the Cheshire Police Department in January of 2011. Prior to coming to Cheshire, he served twenty-one years with the Hartford Police Department, rising through the ranks from police officer to assistant chief.

Chief Dryfe holds a Bachelors Degree from the University of Connecticut and a Masters Degree in Criminal Justice Administration from Western New England College. He is a member of the Connecticut Police Chiefs Association, the International Association of Chiefs of Police and the Police Executive Research Forum.

**Jack Casner, Fire Chief:** Jack Casner joined the volunteer fire department in 1987 and was appointed to the position of full time fire chief in January of 2004 after serving as a Lieutenant, Captain, and Fire Inspector over the course of his fire service career. Chief Casner was the volunteer fire chief for seven years prior to his appointment in 2004.

A thirty-four year veteran of the fire service, Chief Casner has gained his education through Connecticut colleges and fire service education through the State of Connecticut Fire Academy. Chief Casner is a member of the International Association of Fire Chiefs, member and past president of the Waterbury Area Fire Chiefs Association, Connecticut Career Fire Chiefs Association, New England Fire Chiefs Association, New York State Fire Chiefs Association and several other related associations. Chief Casner is a member of the National Fire Protection Association and has served on several committees and boards within all of these associations and organizations. Currently Chief Casner is on the Board of Directors and is the Past President of the New England Association of Fire Chiefs. Chief Casner is accredited as a Fire Officer by the Commission on Public Safety Excellence, the third accredited in the State of Connecticut.

**Michael Glidden, Town Planner:** Michael Glidden has been employed by the Town since January 2022. Prior to coming to Cheshire, Mr. Glidden worked for the Town of Simsbury for eight years where he served as Director of Planning and Community Development, Assistant Town Planner, and Code Compliance Officer during his tenure with Simsbury. He has also served as the Zoning Official for the Town of Waterford for six years and was the Assistant Zoning Enforcement Officer for the Town of West Hartford for two years. He is a member of the American Planning Association, Connecticut Association of Zoning Enforcement Officials (where he is the current president), and State Association of Flood Plain Managers.

Mr. Glidden holds a bachelor's degree in geography from Central Connecticut State University. He also possesses certifications as certified zoning official with CAZEO, certified flood plain manager with ASFPM, certified wetlands agent with CTDEEP, certified aquifer protection agent with CTDEEP, and a certified grant administrator with CT Dept of Housing.

**Andrew D. Martelli, Coordinator of Economic Development & Grant Writing:** Andrew Martelli replaced Gerald L. Sitko, in August of 2021. Jerry had been in this capacity since 1991. Andrew comes to Cheshire with over 15 years of municipal economic development experience in both urban and suburban settings. Mr. Martelli is a lifelong Cheshire resident with a degree in Urban & Community studies from the University of Connecticut. Prior to beginning employment with the Town, he directed grants and construction for the largest non-profit housing developer in the State of Connecticut.

**Jeffrey F. Solan, Ed.D. Superintendent of Schools:** Jeffrey F. Solan has been with the Cheshire Public Schools since July, 2005. Dr. Solan served as the Assistant Principal and Principal of Dodd Middle School before spending four years as Principal of Cheshire High School. He was appointed Superintendent of Schools in July, 2016. He has nearly 2 decades of experience in public school administration, including 1 year with the Ansonia Public School system.

Dr. Solan graduated from the State University of New York, Oswego with a Bachelor's Degree in Psychology and earned a Master's Degree in Counseling and Psychology Services also from the State University of New York, Oswego. He has a Sixth Year Certificate from Southern Connecticut State University, an Executive Leadership

Certificate from University of Connecticut. He completed his Educational Doctorate at Southern Connecticut State University in May, 2020. He helps shape the future of educational leadership through mentoring interns from Sacred Heart University, Central Connecticut University, and Southern Connecticut State University.

Dr. Solan is very active in the hockey community serving as a volunteer coach for the Wallingford Hawks and Greater New Haven Warriors organizations. He is currently an assistant hockey coach for Sheehan High School as well. He is currently a member of the Connecticut Association of Public School Superintendents and the American Association of School Administrators.

## ***Municipal Services***

### ***Police***

The Cheshire Police Department is staffed with fifty-eight full-time employees, forty eight of whom are sworn police officers. The Department is organized into three divisions; Patrol, Support Services, and Administration. The Police Department also manages the municipal animal control function consisting of two full-time employees, and employs seven part-time school crossing guards. The Cheshire Police Department is a full service agency providing a full range of police services on a twenty-four hour a day basis.

The headquarters building is a 20,000+ square foot facility, hosting all police department functions including a records division and dispatch facility. The Department is equipped with all appropriate telephone, radio and computer systems common to modern police agencies. The Department operates a fleet of twenty-five marked and unmarked vehicles equipped with two-way radios, computers, video cameras, less-lethal munitions, first aid supplies, Automatic External Defibrillators, GPS and traffic safety equipment. The Department also operates a motorcycle and an all-terrain vehicle.

### ***Fire***

Fire suppression and rescue services are provided by the Cheshire Fire Department. The Department is comprised of approximately 60 volunteer members. A career Fire Chief, appointed by the Town Manager, is responsible for administrative activities and personnel matters in addition to all of the services provided by the Department. The Town appropriates funds annually for the operation of the Department that are used for typical operating expenses such as training, insurance, and fleet maintenance. Apparatus and equipment are funded through the Town's Five-Year Capital Plan.

The Department equipment includes seven fire engines, two heavy-duty rescue units, two aerial ladders and several utility vehicles. The Department maintains three fire stations including an 18,000+ square foot headquarter facility and two substations.

Under the direction of the Fire Chief, the Fire Marshall's Office provides an aggressive prevention/public education/inspection program through its three full time and one part-time staff, who also serve as firefighters and respond with apparatus while on duty.

## ***Parks and Recreation***

The Parks & Recreation Department, located at the Harmon Leonard, Jr. Youth Center, offers a wide range of year-round inclusive recreational activities and special events for all age groups- preschool, school-age, teens, adults and senior citizens. Over 330 acres are devoted to parks and active recreation and over 1,500 acres for open space and passive recreation. Parks include Roaring Brook, a natural area with a water course that falls eighty feet; Lock 12 Historical Park, a restored 150 year old canal lock and gatekeeper's home on the Farmington Canal, picnic pavilion and public restrooms; Cheshire Park, 75 acres, 25% set aside for active recreation with 75% remaining undeveloped aside from the Ruth C. Burke trail system. Cheshire Park includes three ball fields one with athletic lighting, picnic pavilion, 3 tennis courts, 6 pickleball courts, basketball court, sand volleyball court, playground equipment and public restrooms; Mixville Recreation Area, two picnic pavilions, playground equipment, basketball court, sand volleyball court, pond for swimming, winter sledding, hiking trails and public restrooms; Farmington Canal Linear Trail, a 7 mile paved hiking and biking trail along the Farmington Canal running the length of Cheshire; Bartlem Park, features 6 multi use rectangular fields, 2 hardball fields, 2 softball fields, 50 meter year round community pool, boundless playground with equipment, skateboard park, community garden, picnic pavilion and public restrooms; Quinnipiac Park, has 7 multi use rectangular fields, concession stand, picnic pavilion, playground equipment, roller rink 80'x180', and public restrooms; McNamara American Legion Recreation Area, features 4 hardball fields, basketball court, playground equipment and public restrooms.

## ***Public Works***

The Public Works Department is made up of 43 administrative, technical, clerical, and labor personnel. The Department is responsible for the maintenance and repair of 152 miles of roads, sidewalks, stormwater drainage system, wastewater treatment plant, pump stations, sewer system, public buildings and properties, residential curbside garbage and recycling collection, Town tree program, engineering services, parks and open-space. Town roads are replaced/resurfaced on an approximate 15 to 20 year cycle. The Department improves about 10 to 12 miles of roadway annually via milling and paving as well as pavement preservation methods such as crack sealing, chip sealing, micro sealing and cape sealing (to extend the usefulness of the road network). Public works also maintains town vehicles and streetlights, is responsible for winter snow and ice operations, and manages solid waste (curbside garbage and recycle collection for residents). The department inspects town roads, sidewalks, storm drainage system, bridges, and dams/levees.

## ***Library***

The Cheshire Public Library provides library materials, services and programs for all ages. The Library houses a collection of over 106,000 print and audiovisual materials along with over 60 databases and electronic collections. Free Wi-Fi and 18 internet accessible computers are available for public use. There are four study rooms that may be reserved by individuals or small groups.

The Library provides educational and cultural programs including early-literacy classes for preschoolers, teen programs, adult lectures, concerts and art exhibits. The Library also collaborates with the Cheshire Performing and Fine Arts Committee, which provides art and theatre programs to residents.

## ***Human Services Department***

The Human Services Department provides programs serving Cheshire youth, senior citizens and the handicapped. Counseling is available for teenagers and their families, as well as positive youth development programs for high school-aged adolescents. Bartlem Park features the “Yellow House” community youth center. The Town Senior Center serves as a gathering place for seniors and offers a variety of activities. A transportation system is provided for seniors and the handicapped.

## ***Inspection***

The Inspection Department issues permits for mechanical, electrical, and demolition and is responsible for the inspection and approval of all permitted construction in the Town of Cheshire in accordance with the Connecticut State Building Code. The Department is staffed by a Building Official, two Assistant Building Officials, and a Clerk.

## ***Planning and Zoning***

Cheshire is served by an elected, nine-member Planning and Zoning Commission (the “Commission”) whose responsibilities include the adoption of the Cheshire Plan of Conservation and Development (“POCD”) as well as the Zoning Regulations and Subdivision Regulations. Additional duties include the review of proposed development projects throughout Cheshire which are governed by these regulations. The Commission also performs an annual review of the Capital Budget in accordance with Section 8-24 of the Connecticut General Statutes. The Planning Department is staffed by a Town Planner/Development Coordinator, Assistant Town Planner, and Land Use Specialist. The Commission has had a very active calendar the past three years including review and approval of 10,000 sq ft daycare facility, 140 condo/residential unit development, 300 apartment unit development, 14,000 sq ft dentist office, various smaller commercial and industrial expansions, and various single family residential projects throughout the town.

## ***Economic Development***

The Economic Development Commission (“EDC”), a seven-member body appointed by the Town Council, works with the Economic Development Coordinator to promote and develop the Town’s economic resources. The EDC feels that economic growth should be of high quality and compatible with the Town and that future commercial and industrial growth be linked closely to thoughtful planning and zoning decisions.

The EDC takes an active role in issues that affect the Town’s quality of life. EDC members feel that this involvement helps to make Cheshire a more attractive community in which to live and do business. The Economic Development Coordinator and EDC maintain contact with Cheshire companies as part of the EDC’s retention activities.

The Coordinator visits local businesses and the EDC invites companies to their monthly meetings to learn about and discuss possible ways the Town could be of service.

As the pandemic loosens its grip, the Cheshire Business Community has fared well. Cheshire's largest employer, Bozzuto's, Inc. a total service wholesale distributor of food and household products to retailers in New England, New York, New Jersey and Pennsylvania continued to add employees as did Whole Foods distribution.

New Business development reached arguably the highest level in the past several decades with several major projects coming to fruition. Commercial and industrial development blossomed across the community. One of the most significant areas of growth was the Town's West Main Street Business District. The area has long been a focus to create a walkable downtown. The Ball & Socket Arts (BaSA) complex welcomed its first tenant in the long dormant historic manufacturing complex. BaSA, with the assistance of the State Department of Economic & Community Development (DECD), Federal Environmental Protection Agency (EPA) and the Town of Cheshire have successfully secured several million dollars in brownfield remediation funding over the past several years. The site was once home to a button and fastener manufacturer that at one time was one of Cheshire's largest employers. After years of decay, the site is being repurposed into a mixed-use arts and retail complex along the Farmington Canal Heritage Trail. Sweet Claude's, Cheshire's flagship homemade ice cream shop relocated to the site signifying a rebirth of the factory and has resulted in significant interest. Additional renovation and remediation projects continue at the site with tenants lining up to populate the 65,000SF complex. BaSA will anchor the West Main Street Business District with more developer interest than available space and major economic spin off benefits to the immediate area and the Town.

Within a short walk of BaSA Cheshire welcomed Rebel Interactive, a digital marketing agency. Rebel with offices in Southington and Farmington, consolidated operations to a 30,000SF former furniture Store with 100 employees and growing. Rebel Interactive has been named to *Inc. 5000 Fastest Growing Companies* multiple years in a row and has brought jobs to the area, young professionals and forged partnerships with the Board of Education and programs at Cheshire High School. Rebel's new 30,000SF headquarters includes state-of-the-art facilities for video and photography production, a podcast studio, warehouse space, and collaboration spaces galore.

Cheshire has been planning for and seeking developers for its interchange zone since Interstate 691 opened in 1986. The area, at the northern reaches of Town, has been the site of several failed development attempts ranging from an indoor mall to an outlet center. The Property has lacked the required infrastructure to support major development with a lack of water and sewer. In 2019 the Town adopted a special development district (SDD) and a Tax Increment Financing District (TIF). The Town Council, Planning, and Economic Development staff understood that without the Town's support the area would not reach its full development potential. The Town entered into a Credit Enhancement Agreement (CEA) which is the vehicle in which a developer can utilize the TIF program with a private developer for a project entitled Stonebridge Commons. The CEA outlined both the Town's and the developer's responsibilities. In October of 2021 the CEA was finalized and over the past year water and sewer lines have been extended to the 110-acre site by the private developer. The Stonebridge Commons development is a mix of residential and commercial development spread across 110 acres with a 30-acre open space component. The developer has received approvals to build 300 upscale apartments and 140 free standing cluster single family homes. The 160,000 square foot retail component received Wetlands approval, with Planning and Zoning review scheduled for March 13, 2023. The final project components call for a hotel, restaurant, fuel station and medical offices with land use review expected prior to the end of 2023. The development is estimated to add upwards of \$100 million dollars in grand list growth.

Along Route 10, several dormant lots have developments underway. Properties at 306 and 435 Highland Avenue, and 687 South Main Street are under construction. A new 10,000SF day care, Chase Bank and dentist office are under construction or have opened in the past year. The developers of each property worked with planning and zoning and town beautification and have greatly improved the appearance of Route 10.

The Manufacturing sector saw growth as well. Property at 25 Knotter Drive a 40,000 SF building on 7 Acres transferred to HOB Industries for \$2.1 million. HOB Industries will be consolidating operations from Wolcott and Waterbury into this location with 30 employees. HOB Industries is a metals manufacturer and the largest producer of "wick clips" for candles. HOB is investing significantly into the building with a ribbon cutting anticipated in early 2023. Several prospective tenants are working with the property owner of 181 West Johnson Avenue to occupy the approved approximately 240,000SF shovel ready pad site. With the occupancy of 25 Knotter Drive Cheshire's industrial parks have zero vacancies in 2022.

Counterweight Brewing opened in the spring of 2022 at a 3.5-acre site on 7 Diana Court. The two story, 31,555 square foot manufacturing and tasting facility has become a major draw for the community with its expansive manufacturing operation and multi-level tasting and event spaces. Counterweight joins Cheshire Craft Brewing that opened in early 2021 and has immediately become a gathering place for Central Connecticut. The proximity of both Counterweight and Cheshire Craft Brewing to Viron Rondo Osteria, one of Connecticut's top restaurants, is creating a statewide draw to Cheshire.

The Town continues to rank among the most desirable communities in the State of Connecticut by both Connecticut Magazine and Money Magazine's ranking of 28<sup>th</sup> best place to live in the United States. The public-school system is one of the highest performing in the State of Connecticut. The residential real-estate market is booming with demand far outpacing supply and the average home price soaring with new construction starting above \$600,000. Socioeconomic indicators such as per capita and median family income and educational attainment continue to far exceed the norms in Connecticut and nationally. Further, Cheshire's unemployment rates continue to be below the State of Connecticut average. Past practices of open space acquisition, sound planning, and fiscal management are ensuring the community retains its charm while welcoming new residents and businesses.

### **Health**

Cheshire is a member of the multi-town (Cheshire, Prospect and Wolcott) Chesprocott Health District, which provides public health and sanitation inspection services to the member municipalities.

### **Sewer System**

The Water Pollution Control Authority oversees management of a sewer system of approximately 4,500 properties and 400 businesses, or 60% of the Town's population including the central business district and Cheshire Industrial Park. The municipal sanitary sewer system extends into the western, southern, southeastern and northern sections of town. Sewage is treated at the wastewater treatment plant and the design capacity is 4,000,000 gallons per day. The current average daily flow is approximately 2,400,000 gallons per day. The Town recovers a portion of the construction costs for lateral sewers through the collection of sewer assessments remitted over a period not to exceed ten years. Users of the system pay an initial connection charge and an annual sewer use charge that covers 100% of the annual operating and maintenance expenses and a substantial portion of capital improvements and debt service.

### **Water**

The South Central Connecticut Regional Water Authority supplies Cheshire with water from four wells located in Cheshire, with additional capacity available from the Authority's system in the adjacent Town of Hamden.

### **Natural Gas**

Natural gas distribution is provided by Eversource Energy, which currently serves approximately 1,250 customers in Cheshire.

### **Electricity**

Electricity is furnished to approximately 9,900 customers in Cheshire by Eversource Energy.

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## Employee Relations and Collective Bargaining

### Municipal Employees <sup>1</sup>

|                          | 2022-23    | 2021-22    | 2020-21    | 2019-20    | 2018-19    |
|--------------------------|------------|------------|------------|------------|------------|
| General Government ..... | 205        | 203        | 202        | 202        | 207        |
| Board of Education ..... | 786        | 771        | 754        | 756        | 643        |
| <b>Total</b> .....       | <b>991</b> | <b>974</b> | <b>956</b> | <b>958</b> | <b>850</b> |

<sup>1</sup> Full-time equivalent

Source: 2023 Adopted Budget.

### Employees Bargaining Organizations

| Employee Group   | Bargaining Organization  | Number of<br>Employees <sup>1</sup> | Contract<br>Expiration Date |
|--|--|-------------------------------------|-----------------------------|
| <b>General Government</b>                                    |  |                                     |                             |
| Police .....   | Cheshire Police Union  | 46                                  | 6/30/2024                   |
| Public Works .....   | Local 1303-202 of AFSCME, Council 4  | 35                                  | 6/30/2024                   |
| Dispatchers .....  | UPSEU Local 424, Unit 101  | 8                                   | 6/30/2024                   |
| Town Hall Employees ....                                     | Local 1303-374 of AFSCME, Council 4  | 37                                  | 6/30/2024                   |
| Library .....  | Local 1303-431 of AFSCME, Council 4  | 17                                  | 6/30/2024                   |
| <b>Total</b> .....   |  | <b>143</b>                          |                             |
| <b>Board of Education</b>                                    |  |                                     |                             |
| Administrators .....   | Cheshire Administrative Personnel  | 20                                  | 6/30/2024                   |
| Teachers .....   | Educational Association of Cheshire  | 382                                 | 6/30/2025                   |
| Clerical .....   | Cheshire Educational Secretaries and Technicians United                                    | 51                                  | 6/30/2023                   |
| Custodial .....  | Cheshire Custodians Local 424-Unit 19<br>of United Public Service Employees Union          | 23                                  | 6/30/2023                   |
| Paraeducators<br>and Lunchroom and<br>Playground Aides ..... | Cheshire Instructional Assistants Association,<br>CSEA Inc., SEIU, AFL-CIO, Local 2001 CTW | 175                                 | 6/30/2025                   |
| <b>Total</b> .....   |  | <b>651</b>                          |                             |

<sup>1</sup> Includes full-time and part-time union employees only.

Source: Finance Director and Superintendent of Schools, Town of Cheshire.

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

### School System

The Town's school system services grades pre-kindergarten through grade 12 and is governed by the local Board of Education. Cheshire has a seven-member Board of Education elected to 4-year staggered terms. The primary function of the Board is to establish policy. Some of the areas for which such policies are set include curriculum, submission of budget requests, ensuring funds for education as appropriated by the Town are properly expended, implementation of both State and Federal laws, and planning for facilities needed by the system, including construction and renovation. The Town has 8 schools for grades pre-kindergarten through 12. Enrollment in grades pre-kindergarten through 12 as of October 1, 2021 was 4,198. The rated capacity of the system facilities is 5,168.

## School Facilities

| Facility                              | Grades     | Date of Construction | Most Recent                          | Number of Classrooms | Enrollment 10/1/2022 | Rated Capacity <sup>2</sup> |
|---------------------------------------|------------|----------------------|--------------------------------------|----------------------|----------------------|-----------------------------|
|                                       |            |                      | Additions & Renovations <sup>1</sup> |                      |                      |                             |
| Chapman School.....                   | K-6        | 1949                 | 1981                                 | 19                   | 359                  | 380                         |
| Doolittle School.....                 | 1-6        | 1962                 | 2018                                 | 30                   | 522                  | 600                         |
| Highland School.....                  | K-6        | 1971                 | 1979                                 | 43                   | 838                  | 860                         |
| Norton School.....                    | K-6        | 1955                 | 1996                                 | 24                   | 429                  | 480                         |
| Dodd Middle.....                      | 7-8        | 1958                 | 2004                                 | 32                   | 622                  | 820                         |
| Cheshire High.....                    | 9-12       | 1952                 | 2000                                 | 71                   | 1,256                | 1,575                       |
| Humiston School <sup>3</sup> .....    | Sp.Ed.     | 1912                 | 1971                                 | 6                    | 23                   | 29                          |
| Darcey School <sup>4</sup> .....      | Pre-School | 1947                 | 1985                                 | 4                    | 115                  | 100                         |
| Darcey Kindergarten <sup>4</sup> .... | K          | 1990                 | 1990                                 | 9                    | 34                   | 324                         |
| <b>Total</b> .....                    |            |                      |                                      | 238                  | 4,198                | 5,168                       |

<sup>1</sup> Other additions and renovations to school buildings include: Chapman School 1954, 1962; Doolittle 1981, 1994, 2018; Norton School 1956, 1981, 1994; Dodd Middle 1969, 1980, 1994, 2004; Cheshire High School 1955, 1961, 1971, 1979, 1993; Humiston 1919, 1925; and Darcey School 1954, 1961, 1984.

<sup>2</sup> Capacities were taken from Cheshire Public Schools – 2005 Study per Kaestle Boos Associates, Inc., dated 4/17/97. Since the study, some space has been converted to be used as classroom space to accommodate the increased enrollment. As a result, total capacity has increased to 5,168.

<sup>3</sup> Renovated in 1971 for use for certain special education students and is also the site for the Cheshire Public Schools administrative offices.

<sup>4</sup> A portion of the facility is used for pre-school students and kindergarten.

Source: Superintendent of Schools, Town of Cheshire.

## School Enrollment and Projections

| As of October 1               | Special Education Pre-K | Grades K-6 | Grades 7-8 | Grades 9-12 | Total |
|-------------------------------|-------------------------|------------|------------|-------------|-------|
| <b>Actual <sup>1</sup></b>    |                         |            |            |             |       |
| 2013                          | 76                      | 2,213      | 747        | 1,558       | 4,594 |
| 2014                          | 74                      | 2,164      | 755        | 1,531       | 4,524 |
| 2015                          | 52                      | 2,115      | 719        | 1,497       | 4,383 |
| 2016                          | 65                      | 2,028      | 783        | 1,465       | 4,341 |
| 2017                          | 97                      | 1,969      | 783        | 1,435       | 4,284 |
| 2018                          | 100                     | 2,003      | 682        | 1,486       | 4,271 |
| 2019                          | 103                     | 1,989      | 651        | 1,445       | 4,188 |
| 2020                          | 94                      | 1,979      | 633        | 1,403       | 4,109 |
| 2021                          | 109                     | 2,107      | 614        | 1,355       | 4,185 |
| 2022                          | 115                     | 2,182      | 622        | 1,279       | 4,198 |
| <b>Projected <sup>2</sup></b> |                         |            |            |             |       |
| 2023                          | 115                     | 2,255      | 641        | 1,228       | 4,239 |
| 2024                          | 115                     | 2,287      | 665        | 1,237       | 4,304 |
| 2025                          | 115                     | 2,335      | 708        | 1,230       | 4,388 |

<sup>1</sup> Student Census Report/Racial Survey filed with the State Department of Education as of October 1.

<sup>2</sup> These are projections, they are intended as such, and not as representations of fact. No representation is made that such statements will be realized.

Source: Superintendent of Schools, Town of Cheshire.

### III. Economic and Demographic Information

#### Population and Density

| Year              | Town of Cheshire |          | Density <sup>1</sup> |
|-------------------|------------------|----------|----------------------|
|                   | Population       | % Change |                      |
| 2021 <sup>2</sup> | 28,766           | 0.11%    | 871.7                |
| 2020              | 28,733           | (1.80%)  | 870.7                |
| 2010              | 29,261           | 2.52%    | 886.7                |
| 2000              | 28,543           | 11.13%   | 864.9                |
| 1990              | 25,684           | 17.88%   | 778.3                |
| 1980              | 21,788           | 14.37%   | 660.2                |

<sup>1</sup> Density based on 33 square miles.

<sup>2</sup> American Community Survey, 2017-2021.

Source: U.S. Department of Commerce, Bureau of the Census, 1980 –2020.

#### Age Distribution of the Population

| Age                    | Town of Cheshire |               | State of Connecticut |               |
|------------------------|------------------|---------------|----------------------|---------------|
|                        | Number           | Percent       | Number               | Percent       |
| Under 5 years .....    | 1,016            | 3.5%          | 182,122              | 5.1%          |
| 5 to 9 years .....     | 1,336            | 4.6           | 196,540              | 5.5           |
| 10 to 14 years .....   | 1,862            | 6.5           | 224,371              | 6.2           |
| 15 to 19 years .....   | 2,358            | 8.2           | 245,790              | 6.8           |
| 20 to 24 years .....   | 1,577            | 5.5           | 241,370              | 6.7           |
| 25 to 34 years .....   | 2,970            | 10.3          | 445,861              | 12.4          |
| 35 to 44 years .....   | 3,060            | 10.6          | 439,098              | 12.2          |
| 45 to 54 years .....   | 4,516            | 15.7          | 488,283              | 13.5          |
| 55 to 59 years .....   | 2,203            | 7.7           | 269,688              | 7.5           |
| 60 to 64 years .....   | 2,076            | 7.2           | 252,028              | 7.0           |
| 65 to 74 years .....   | 3,362            | 11.7          | 357,409              | 9.9           |
| 75 to 84 years .....   | 1,563            | 5.4           | 173,149              | 4.8           |
| 85 years and over..... | 867              | 3.0           | 89,621               | 2.5           |
| <b>Total.....</b>      | <b>28,766</b>    | <b>100.0%</b> | <b>3,605,330</b>     | <b>100.0%</b> |

Source: American Community Survey, 2017-2021.

#### Income Distribution

|                        | Town of Cheshire |               | State of Connecticut |               |
|------------------------|------------------|---------------|----------------------|---------------|
|                        | Families         | Percent       | Families             | Percent       |
| \$ 0 - \$ 9,999.....   | 63               | 0.9%          | 23,811               | 2.6%          |
| 10,000 - 14,999.....   | 55               | 0.8           | 14,243               | 1.6           |
| 15,000 - 24,999.....   | -                | -             | 36,091               | 4.0           |
| 25,000 - 34,999.....   | 94               | 1.3           | 44,586               | 4.9           |
| 35,000 - 49,999.....   | 328              | 4.7           | 71,397               | 7.8           |
| 50,000 - 74,999.....   | 730              | 10.4          | 123,873              | 13.6          |
| 75,000 - 99,999.....   | 596              | 8.5           | 113,529              | 12.5          |
| 100,000 - 149,999..... | 1,305            | 18.6          | 188,052              | 20.7          |
| 150,000 - 199,999..... | 1,258            | 17.9          | 117,255              | 12.9          |
| 200,000 and over.....  | 2,589            | 36.9          | 177,169              | 19.5          |
| <b>Total.....</b>      | <b>7,018</b>     | <b>100.0%</b> | <b>910,006</b>       | <b>100.0%</b> |

Source: American Community Survey, 2017-2021.



### Income Levels

|   | <b>Town of<br/>Cheshire</b> | <b>State of<br/>Connecticut</b> |
|---|-----------------------------|---------------------------------|
| Per Capita Income, 2021.....                | \$ 57,009                   | \$ 47,869                       |
| Per Capita Income, 2010.....                | \$ 40,498                   | \$ 35,078                       |
| Median Family Income, 2021.....             | \$ 160,302                  | \$ 106,441                      |
| Percent Below Poverty (Families), 2021..... | 1.7%                        | 6.8%                            |

Source: U.S. Department of Commerce, Bureau of Census, 2010.

Source: American Community Survey, 2017-2021.

### Educational Attainment

(Years of School Completed Age 25 and Over)

|                                    | <b>Town of Cheshire</b> |                   | <b>State of Connecticut</b> |                   |
|------------------------------------|-------------------------|-------------------|-----------------------------|-------------------|
|                                    | <b>Number</b>           | <b>Percentage</b> | <b>Number</b>               | <b>Percentage</b> |
| Less than 9th grade.....           | 566                     | 2.7%              | 101,461                     | 4.0%              |
| Grades 9-12 – no diploma.....      | 786                     | 3.8               | 123,560                     | 4.9               |
| High School graduate.....          | 3,618                   | 17.5              | 656,949                     | 26.1              |
| Some College - no degree.....      | 2,304                   | 11.2              | 418,214                     | 16.6              |
| Associate Degree.....              | 1,413                   | 6.9               | 194,987                     | 7.8               |
| Bachelors Degree.....              | 6,235                   | 30.2              | 561,567                     | 22.3              |
| Graduate or Professional Degree... | 5,695                   | 27.6              | 458,399                     | 18.2              |
| <b>Totals.....</b>                 | <b>20,617</b>           | <b>100.0%</b>     | <b>2,515,137</b>            | <b>100.0%</b>     |

Percent High School Graduate or Higher..... 93.4% 91.1%

Percent Bachelor Degree or Higher..... 57.9% 40.6%

Source: American Community Survey, 2017-2021.

### Employment Data

| <b>Period</b>         | <b>Town of Cheshire</b> |                   | <b>Percentage Unemployed</b> |                                   |                                 |
|-----------------------|-------------------------|-------------------|------------------------------|-----------------------------------|---------------------------------|
|                       | <b>Employed</b>         | <b>Unemployed</b> | <b>Town of<br/>Cheshire</b>  | <b>New Haven<br/>Labor Market</b> | <b>State of<br/>Connecticut</b> |
| January 2023.....     | 15,632                  | 488               | 3.0                          | 3.9                               | 4.2                             |
| <b>Annual Average</b> |                         |                   |                              |                                   |                                 |
| 2022.....             | 15,572                  | 463               | 2.9                          | 3.9                               | 4.1                             |
| 2021.....             | 14,487                  | 638               | 4.2                          | 6.2                               | 6.6                             |
| 2020.....             | 14,835                  | 740               | 6.9                          | 6.8                               | 7.3                             |
| 2019.....             | 15,501                  | 404               | 2.5                          | 3.6                               | 3.7                             |
| 2018.....             | 15,297                  | 469               | 3.0                          | 4.0                               | 4.1                             |
| 2017.....             | 15,204                  | 511               | 3.3                          | 4.7                               | 4.7                             |
| 2016.....             | 14,931                  | 560               | 3.6                          | 5.3                               | 5.3                             |
| 2015.....             | 14,878                  | 583               | 3.8                          | 5.7                               | 5.6                             |
| 2014.....             | 13,937                  | 784               | 5.3                          | 6.9                               | 6.7                             |
| 2013.....             | 13,455                  | 903               | 6.3                          | 8.1                               | 7.9                             |

Source: State of Connecticut, Department of Labor.

### Employment by Industry

| <i>Industry</i>  | <i>Town of Cheshire</i> |                | <i>State of Connecticut</i> |                |
|--|-------------------------|----------------|-----------------------------|----------------|
|  | <i>Number</i>           | <i>Percent</i> | <i>Number</i>               | <i>Percent</i> |
| Agriculture, forestry, fishing/hunting, & mining ....                                  | 101                     | 0.7%           | 7,314                       | 0.4%           |
| Construction .....   | 512                     | 3.7            | 113,665                     | 6.2            |
| Manufacturing .....  | 1,583                   | 11.4           | 192,688                     | 10.6           |
| Wholesale trade .....  | 493                     | 3.5            | 41,165                      | 2.3            |
| Retail trade .....   | 1,160                   | 8.3            | 194,081                     | 10.6           |
| Transportation and warehousing, and utilities .....                                    | 361                     | 2.6            | 80,481                      | 4.4            |
| Information .....  | 225                     | 1.6            | 36,259                      | 2.0            |
| Finance, insurance, real estate, rental & leasing .....                                | 1,612                   | 11.6           | 164,657                     | 9.0            |
| Professional, scientific, management,<br>administrative, and waste mgmt services ..... | 1,652                   | 11.9           | 212,866                     | 11.7           |
| Education, health and social services .....  | 4,287                   | 30.8           | 482,274                     | 26.5           |
| Arts, entertainment, recreation, accommodation<br>and food services .....              | 868                     | 6.2            | 148,835                     | 8.2            |
| Other services (except public administration) .....                                    | 550                     | 4.0            | 82,217                      | 4.5            |
| Public Administration .....  | 512                     | 3.7            | 66,493                      | 3.6            |
| <b>Total Labor Force, Employed .....</b>   | <b>13,916</b>           | <b>100.0%</b>  | <b>1,822,995</b>            | <b>100.0%</b>  |

Source: American Community Survey, 2017-2021.

### Major Employers As of February 2023

| <i>Employer</i>           | <i>Nature of Business</i>   | <i>Number of<br/>Full-Time<br/>Employees</i> |
|---------------------------|-----------------------------|--|
| Bozzuto's Inc. ....       | Wholesale Food Distribution | 1,254  |
| State of Connecticut..... | Correctional Facilities     | 1,041  |
| Town of Cheshire.....     | Municipality                | 966  |
| Macy's Logistics.....     | Distribution                | 622  |
| Collins Aerospace.....    | Manufacturing               | 330  |
| Whole Foods.....          | Distribution                | 320  |
| Hanwha Aerospace.....     | Manufacturing               | 265  |
| Omnicare.....             | Pharmaceutical Services     | 220  |
| Elim Park.....            | Retirement Community        | 207  |
| Eversource.....           | Utility                     | 176  |

Source: Economic Development Coordinator, Town of Cheshire.

**Building Permits  
(Values in 000s)**

| <b>Fiscal<br/>Year</b> | <b>Residential <sup>1</sup></b> |              | <b>Industrial/Commercial</b> |              | <b>Other</b> |              | <b>Total</b> |              |
|------------------------|---------------------------------|--------------|------------------------------|--------------|--------------|--------------|--------------|--------------|
|                        | <b>No.</b>                      | <b>Value</b> | <b>No.</b>                   | <b>Value</b> | <b>No.</b>   | <b>Value</b> | <b>No.</b>   | <b>Value</b> |
| 2023 <sup>2</sup>      | 24                              | \$ 8,301     | 4                            | \$ 2,671     | 1,399        | \$ 28,830    | 1,427        | \$ 39,802    |
| 2022                   | 44                              | 14,424       | 4                            | 8,681        | 2,463        | 44,508       | 2,511        | 67,613       |
| 2021                   | 41                              | 11,034       | 2                            | 5,736        | 2,459        | 39,581       | 2,502        | 56,351       |
| 2020                   | 18                              | 14,040       | 1                            | 9,864        | 1,998        | 34,199       | 2,017        | 58,103       |
| 2019                   | 16                              | 3,249        | 4                            | 10,725       | 2,111        | 26,210       | 2,131        | 40,184       |
| 2018                   | 32                              | 6,879        | 3                            | 4,799        | 1,668        | 28,782       | 1,703        | 40,460       |
| 2017                   | 25                              | 5,276        | 3                            | 3,297        | 1,833        | 21,597       | 1,861        | 30,170       |
| 2016                   | 38                              | 10,926       | 2                            | 715          | 1,978        | 27,481       | 2,018        | 39,122       |
| 2015                   | 34                              | 7,752        | 1                            | 142          | 1,753        | 27,387       | 1,788        | 35,281       |
| 2014                   | 36                              | 7,442        | -                            | -            | 1,907        | 41,061       | 1,943        | 48,503       |

<sup>1</sup> Includes single, multi-family condominiums, apartments.

<sup>2</sup> As of December 31, 2022.

Source: Building Official, Town of Cheshire.

**Housing Unit Inventory and Vacancy Rates**

| <b>Type</b>                 | <b>Town of Cheshire</b> |                | <b>State of Connecticut</b> |                |
|-----------------------------|-------------------------|----------------|-----------------------------|----------------|
|                             | <b>Number</b>           | <b>Percent</b> | <b>Number</b>               | <b>Percent</b> |
| 1-unit, detached.....       | 8,403                   | 80.4%          | 899,368                     | 58.9%          |
| 1-unit, attached.....       | 374                     | 3.6            | 90,010                      | 5.9            |
| 2 units.....                | 254                     | 2.4            | 122,509                     | 8.0            |
| 3 or 4 units.....           | 180                     | 1.7            | 127,995                     | 8.4            |
| 5 to 9 units.....           | 368                     | 3.5            | 79,520                      | 5.2            |
| 10 to 19 units.....         | 332                     | 3.2            | 54,673                      | 3.6            |
| 20 or more units.....       | 387                     | 3.7            | 141,189                     | 9.2            |
| Mobile home.....            | 10                      | 0.1            | 11,240                      | 0.7            |
| Boat, RV, van, etc.....     | 149                     | 1.4            | 535                         | 0.0            |
| <b>Total Inventory.....</b> | <b>10,457</b>           | <b>100.0%</b>  | <b>1,527,039</b>            | <b>100.0%</b>  |

Source: American Community Survey, 2017-2021.

**Owner Occupied Housing Units**

| <b>Specified Owner-Occupied Units</b> | <b>Town of Cheshire</b> |                | <b>State of Connecticut</b> |                |
|---------------------------------------|-------------------------|----------------|-----------------------------|----------------|
|                                       | <b>Number</b>           | <b>Percent</b> | <b>Number</b>               | <b>Percent</b> |
| Less than \$50,000.....               | 101                     | 1.2%           | 19,747                      | 2.1%           |
| \$50,000 to \$99,999.....             | 70                      | 0.8            | 25,603                      | 2.8            |
| \$100,000 to \$149,999.....           | 263                     | 3.0            | 68,932                      | 7.4            |
| \$150,000 to \$199,999.....           | 484                     | 5.5            | 130,158                     | 14.1           |
| \$200,000 to \$299,999.....           | 2,248                   | 25.7           | 250,981                     | 27.1           |
| \$300,000 to \$499,999.....           | 4,249                   | 48.6           | 268,183                     | 29.0           |
| \$500,000 to \$999,999.....           | 1,303                   | 14.9           | 117,839                     | 12.7           |
| \$1,000,000 or more.....              | 16                      | 0.2            | 44,060                      | 4.8            |
| <b>Total.....</b>                     | <b>8,734</b>            | <b>100.0%</b>  | <b>925,503</b>              | <b>100.0%</b>  |
| <b>Median Sales Price.....</b>        | <b>\$ 349,900</b>       |                | <b>\$ 286,700</b>           |                |

Source: American Community Survey, 2017-2021.

### Age Distribution of Housing

| <b>Year Built</b>               | <b>Town of Cheshire</b> |                | <b>State of Connecticut</b> |                |
|---------------------------------|-------------------------|----------------|-----------------------------|----------------|
|                                 | <b>Units</b>            | <b>Percent</b> | <b>Units</b>                | <b>Percent</b> |
| 2010 or Later .....             | 227                     | 2.2%           | 54,195                      | 3.5%           |
| 2000 to 2009 .....              | 447                     | 4.3            | 104,519                     | 6.8            |
| 1990 to 1999 .....              | 1,363                   | 13.0           | 118,124                     | 7.7            |
| 1980 to 1989 .....              | 1,904                   | 18.2           | 191,539                     | 12.5           |
| 1970 to 1979 .....              | 1,279                   | 12.2           | 206,448                     | 13.5           |
| 1940 to 1969 .....              | 4,106                   | 39.3           | 528,583                     | 34.6           |
| 1939 or earlier .....           | 1,131                   | 10.8           | 323,631                     | 21.2           |
| <b>Total Housing Units.....</b> | <b>10,457</b>           | <b>100.0%</b>  | <b>1,527,039</b>            | <b>100.0%</b>  |
| Percent Owner Occupied.....     | 88.1%                   |                | 66.2%                       |                |

Source: American Community Survey, 2017-2021.

### Breakdown of Land Use

| <b>Land Use Category</b> | <b>Total Area</b> |                | <b>Residential</b> |                | <b>Commercial</b> |                | <b>Industrial</b> |                |
|--------------------------|-------------------|----------------|--------------------|----------------|-------------------|----------------|-------------------|----------------|
|                          | <b>Acres</b>      | <b>Percent</b> | <b>Acres</b>       | <b>Percent</b> | <b>Acres</b>      | <b>Percent</b> | <b>Acres</b>      | <b>Percent</b> |
| Developed .....          | 8,704.94          | 41.2%          | 6,843.00           | 37.5%          | 151.00            | 77.0%          | 1,710.94          | 64.3%          |
| Undeveloped ....         | 12,423.06         | 58.8           | 11,429.00          | 62.5           | 45.00             | 23.0           | 949.06            | 35.7           |
| <b>Total.....</b>        | <b>21,128.00</b>  | <b>100.0%</b>  | <b>18,272.00</b>   | <b>100.0%</b>  | <b>196.00</b>     | <b>100.0%</b>  | <b>2,660.00</b>   | <b>100.0%</b>  |

Source: Town Planner, Town of Cheshire, 2023.

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## **IV. Tax Base Data**

### **Property Tax Assessment**

The Assessor's Office is responsible for the revaluation of real property. The Town had a general property revaluation effective October 1, 2018. Under Connecticut General Statutes Section 12-62, the Town must next undergo a full physical revaluation effective October 1, 2023 and every fifth year thereafter. Public Act 06-148 permits the phase in of a real property assessment increase resulting from a revaluation over a period of up to five years. The maintenance of an equitable tax base and the location and appraisal of all real and personal property within the Town for inclusion onto the Grand List are the responsibilities of the Assessor's Office. The Grand List represents the total assessed values for all taxable real and personal property located within the Town on October 1 of each year. Each year a Board of Assessment Appeals determines whether adjustments to the Assessor's list on assessments under appeal are warranted. Assessments for real property are computed at 70% of the estimated market value at the time of the last general revaluation while assessments for motor vehicles are computed at 70% of the annual appraisal of motor vehicles. All personal property (furniture, fixtures, equipment, and machinery) is revalued annually. An Assessor's check and audit is completed periodically.

Section 12-124a of the Connecticut State 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.

Public Act 06-176 permits a municipality, upon approval by its legislative body, to freeze the property taxes due for certain low income elderly residents. Any municipality providing such property tax relief may place a lien upon such property in the amount of total tax relief granted plus interest.

When a new structure, or modification to an existing structure, is undertaken, the Assessor's Office receives a copy of the permit issued by the Building Official. A physical appraisal is then completed and the structure classified and priced from a schedule developed at the time of the last general revaluation. New construction completed after the October 1 assessment is prorated onto the grand list from the date the Building Official issues the Certificate of Occupancy or when the structure is occupied.

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 recommended by the Office of Policy and Management. For the October 1, 2014 grand list, OPM recommended using average retail values from the October 2014 issue of the National Automobile Dealers Association (NADA) guide. Section 12-71b of the Connecticut General Statutes provides that motor vehicles which are registered with the Commissioner of Motor Vehicles after the October 1 assessment date but before the next August 1 are subject to a supplemental property tax as if the motor vehicle had been included on the October Grand List. The assessment is prorated, and the proration is based on the number of months of ownership between October 1 and the following September 30. Motor vehicles purchased in August and September are not assessed until the next October 1 Grand List. The supplemental motor vehicle tax is not due until January 1, a year and three months after the Grand List date. If the motor vehicle replaces a motor vehicle that was assessed on the October 1 Grand List, the taxpayer is entitled to certain credits. Assessments for motor vehicles are computed at 70% of the annual appraisal.

Connecticut General Statutes (CGS) Section 12-71e, as amended by Public Act 22-118 Section 414, municipalities may not impose mill rates higher than 32.46 mills on motor vehicles for the assessment year commencing October 1, 2001 and each assessment year thereafter, CGS Section 4-66l of the General Statutes, as amended, diverts a portion of State collected sales tax revenue to provide funding to municipalities to mitigate the revenue loss attributed to the motor vehicle property tax cap. The Town's motor vehicle tax rate for the current 2021 assessment year (the fiscal year ending June 30, 2023) is capped at 32.46 mills.

## Property Tax Levy and Collection

Property taxes are levied on all taxable assessed property on the Grand List of October 1 prior to the beginning of the fiscal year. Real property taxes are payable in two installments on July 1 and January 1. Motor vehicle supplemental bills are payable on January 1. An estimate for interest and lien fees outstanding anticipated to be collected during the fiscal year is normally included as a revenue item in the budget. Payments not received within one month after the due date become delinquent, with interest charged at the rate of one and one-half percent per month from the due date on the tax. In accordance with State law, the oldest outstanding tax is collected first. Outstanding real estate tax accounts are liened each year in April following legal demands. These liens may then be assigned to a third party prior to June 30 for collection. Delinquent motor vehicle and personal property accounts may be placed with a State Marshal or a private collection agency following legal demands. If no payment is received on any account within one year of being placed with a State Marshal or a private collection agency, the account will be deemed uncollectible and placed on suspense, at which time it will cease to be carried as a receivable. Suspense accounts remain collectible for 15 years from the original due date.

Property tax revenues are recognized when they become available. Available means due or past due and receivable within the current period or expected to be collected soon enough thereafter (within 60 days) to be used to pay liabilities of the current period. Property taxes receivable not expected to be collected during the available period are reflected as a deferred revenue.

Section 12-165 of the Connecticut General Statutes, as amended, requires each municipality to write off, on an annual basis, the property taxes which are deemed to be uncollectable.

### Property Tax Collections

| Grand List<br>as of 10/1 | Fiscal<br>Year<br>Ended<br>6/30 | Net Taxable<br>Grand List<br>(000's) | Mill<br>Rate | Adjusted<br>Annual Levy | Percent of<br>Annual Levy<br>Collected at End<br>of Fiscal Year | Uncollected   |  |
|--------------------------|---------------------------------|--------------------------------------|--------------|-------------------------|---|---|--|
|                          |                                 |                                      |              |                         |   | Percent of<br>Annual Levy<br>Uncollected at End<br>of Fiscal Year | Percent of Annual<br>Levy Uncollected<br>as of 6/30/22 |
| 2021                     | 2023 <sup>2</sup>               | \$ 2,965,614                         | 34.32        | \$ 102,018,743          |   | <i>IN COLLECTION</i>  |  |
| 2020                     | 2022                            | 2,878,503                            | 33.72        | 97,693,803              | 99.71%  | 0.29%   | 0.29%  |
| 2019                     | 2021                            | 2,844,122                            | 33.22        | 94,844,902              | 99.70   | 0.30  | 0.02   |
| 2018 <sup>1</sup>        | 2020                            | 2,801,801                            | 33.22        | 93,368,389              | 99.65   | 0.35  | 0.02   |
| 2017                     | 2019                            | 2,778,822                            | 32.62        | 91,049,638              | 99.78   | 0.22  | 0.02   |
| 2016                     | 2018                            | 2,763,741                            | 31.94        | 88,471,517              | 99.78   | 0.22  | 0.02   |
| 2015                     | 2017                            | 2,750,532                            | 31.19        | 86,120,878              | 99.78   | 0.22  | 0.02   |
| 2014                     | 2016                            | 2,726,750                            | 30.69        | 83,710,090              | 99.78   | 0.22  | 0.02   |
| 2013 <sup>1</sup>        | 2015                            | 2,698,370                            | 30.25        | 81,616,162              | 99.79   | 0.21  | 0.02   |
| 2012                     | 2014                            | 2,881,585                            | 27.60        | 79,373,263              | 99.78   | 0.22  | 0.01   |

<sup>1</sup> Revaluation.

<sup>2</sup> Subject to Audit.

Source: Collector of Revenue, Town of Cheshire.

### Property Taxes Receivable

|      | For the Fiscal<br>Year Ending 6/30 | Total<br>Uncollected Taxes | Uncollected for<br>Current Year of Levy |
|------|------------------------------------|----------------------------|---|
| 2022 |                                    | \$416,232                  | \$281,857                               |
| 2021 |                                    | 475,380                    | 280,525                                 |
| 2020 |                                    | 510,454                    | 330,461                                 |
| 2019 |                                    | 340,324                    | 202,327                                 |
| 2018 |                                    | 313,357                    | 192,246                                 |
| 2017 |                                    | 275,303                    | 192,237                                 |
| 2016 |                                    | 250,115                    | 186,611                                 |
| 2015 |                                    | 224,596                    | 169,453                                 |
| 2014 |                                    | 224,462                    | 171,587                                 |
| 2013 |                                    | 290,407                    | 229,235                                 |

Source: Collector of Revenue, Town of Cheshire.

## Principal Taxpayers

| <b>Taxpayer</b>                  | <b>Nature of Business</b>   | <b>Assessment</b>     | <b>Percent of<br/>Net Taxable<br/>Grand List</b> <sup>1,2</sup> |
|----------------------------------|-----------------------------|-----------------------|---|
| Bozzuto's Inc. ....              | Wholesale Food Distribution | \$ 53,554,850         | 1.77%   |
| Connecticut Light & Power.....   | Utility                     | 52,910,300            | 1.74  |
| Industrial Ave LLC .....         | Wholesale Food Distribution | 39,620,260            | 1.31  |
| Yankee Gas Service SVC.....      | Utility                     | 18,009,620            | 0.59  |
| Macy's Corporate Services .....  | Warehouse/Distribution      | 16,311,278            | 0.54  |
| G&I IX Cheshire LLC.....         | Office/Research/Development | 14,829,890            | 0.49  |
| WFM Properties Cheshire LLC..... | Wholesale Food Distribution | 14,592,630            | 0.48  |
| Cheshire Surgery Center.....     | Real Estate/Medical         | 10,544,340            | 0.35  |
| IAT Insurance Group.....         | Real Estate/Insurance       | 9,294,400             | 0.31  |
| Cheshire ILMR LLC .....          | Real Estate                 | 7,770,000             | 0.26  |
| <b>Total</b> .....               |                             | <b>\$ 237,437,568</b> | <b>7.83%</b>  |

<sup>1</sup> Based on a Net Taxable Grand List for October 1, 2022 of \$3,032,258,000.

<sup>2</sup> Before Board of Assessment Appeals.

Source: Tax Assessor, Town of Cheshire.

## Comparative Assessed Valuations of Taxable Property

| <b>Grand List<br/>as of 10/1<sup>1</sup></b> | <b>Residential<br/>Real Property</b> | <b>Comercial and<br/>Industrial Real<br/>Property</b> | <b>Other Real<br/>Property</b> | <b>Personal<br/>Property</b> | <b>Motor<br/>Vehicle</b> | <b>Gross Taxable<br/>Grand List<br/>(000's)</b> | <b>Less<br/>Exemptions<br/>(000's)</b> | <b>Net Taxable<br/>Grand List<br/>(000's)</b> | <b>Percent<br/>Change</b> |
|--|--------------------------------------|---|--------------------------------|------------------------------|--------------------------|---|--|---|---------------------------|
| 2022   | 68.0%                                | 13.2%   | 0.7%                           | 6.4%                         | 11.8%                    | \$ 3,111,519                                    | \$ 79,261                              | \$ 3,032,258                                  | 2.2%                      |
| 2021   | 68.8                                 | 13.4  | 0.7                            | 6.0                          | 11.1                     | 3,048,391                                       | 82,777                                 | 2,965,614                                     | 3.0%                      |
| 2020   | 70.5                                 | 13.6  | 0.7                            | 6.0                          | 9.2                      | 2,950,758                                       | 72,255                                 | 2,878,503                                     | 1.2%                      |
| 2019   | 71.1                                 | 13.5  | 0.7                            | 5.9                          | 8.8                      | 2,918,554                                       | 74,432                                 | 2,844,122                                     | 1.5%                      |
| 2018 <sup>2</sup>                            | 71.5                                 | 13.8  | 0.8                            | 5.5                          | 8.4                      | 2,877,728                                       | 75,927                                 | 2,801,801                                     | 0.8%                      |
| 2017   | 72.2                                 | 13.3  | 0.7                            | 5.3                          | 8.5                      | 2,861,827                                       | 83,005                                 | 2,778,822                                     | 0.5%                      |
| 2016   | 70.7                                 | 13.3  | 0.7                            | 6.5                          | 8.8                      | 2,836,633                                       | 72,892                                 | 2,763,741                                     | 0.5%                      |
| 2015   | 70.3                                 | 13.3  | 0.7                            | 7.2                          | 8.5                      | 2,835,197                                       | 84,665                                 | 2,750,532                                     | 0.9%                      |
| 2014   | 70.5                                 | 13.4  | 0.7                            | 6.9                          | 8.5                      | 2,806,804                                       | 80,054                                 | 2,726,750                                     | 1.1%                      |
| 2013 <sup>2</sup>                            | 71.1                                 | 13.4  | 0.7                            | 6.5                          | 8.3                      | 2,770,330                                       | 71,960                                 | 2,698,370                                     | -6.4%                     |

<sup>1</sup> After Board of Assessment Appeals, except October 1, 2018.

<sup>2</sup> Revaluation.

Source: Tax Assessor, Town of Cheshire.

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## Tax-Exempt Property

The following categories of exempt real estate and personal properties are not included in the grand lists.

| <b>Public</b>  | <b>Assessed Value</b> |
|--|-----------------------|
| U.S. Government .....  | \$ -                  |
| State of Connecticut <sup>1</sup> .....                      | 156,469,550           |
| Town of Cheshire .....                                       | 115,195,340           |
| South Central CT Regional Water Authority <sup>1</sup> ..... | 22,078,033            |
| City of Meriden .....  | 3,506,270             |
| <b>Sub-Total Public</b> .....                                | <b>\$ 297,249,193</b> |
| <b>Private</b>   |                       |
| Volunteer Fire .....   | \$ 472,400            |
| Scientific .....   | 4,981,680             |
| Educational .....  | 19,686,500            |
| Historical .....   | 247,670               |
| Charitable .....   | 4,475,680             |
| Cemeteries .....   | 1,132,320             |
| Churches .....   | 20,582,700            |
| Hospitals and Sanitariums .....                              | 42,429,350            |
| Private College .....  | 14,827,550            |
| <b>Sub-Total Private</b> .....                               | <b>\$ 108,835,850</b> |
| <b>Total Exempt</b> .....                                    | <b>\$ 406,085,043</b> |

Percent Compared to Net Taxable Grand List <sup>2,3</sup> ..... 13.39%

<sup>1</sup> The Town has received a pilot payment from the State of Connecticut of \$1,317,410 and \$100,980 for Colleges & Hospitals (both prorated due to legislation) for fiscal year 2020-21 for this tax exempt property. Also, the Town has

<sup>2</sup> Based on a Net Taxable Grand List for October 1, 2022 of \$3,032,258,000.

<sup>3</sup> Before Board of Assessment Appeals.

Source: Tax Assessor, Town of Cheshire.

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**V. Debt Summary**  
**Long-Term Bonded Debt**  
**As of April 18, 2023**  
**(Pro Forma)**

| <b>Date of Issue</b>                          | <b>Date of Maturity</b> | <b>Rate</b> | <b>Purpose</b>                         | <b>Original Issue Amount</b> | <b>Balance Outstanding</b> |
|---|-------------------------|-------------|--|------------------------------|----------------------------|
| <b>General Purpose</b>                        |                         |             |  |                              |                            |
| 02/26/15                                      | 07/15/34                | 2.00-5.00   | General Purpose Bonds                  | \$ 12,044,268                | \$ 7,605,000               |
| 03/13/15                                      | 01/15/29                | 2.00-5.00   | General Purpose Refunding Bonds        | 2,977,000                    | 1,437,000                  |
| 03/31/16                                      | 07/15/30                | 2.00-4.00   | General Purpose Refunding Bonds        | 3,226,000                    | 2,048,000                  |
| 03/06/17                                      | 07/15/36                | 2.00-5.00   | General Purpose Bonds                  | 12,015,000                   | 8,850,000                  |
| 03/06/19                                      | 07/15/38                | 3.00-5.00   | General Purpose Bonds                  | 10,016,472                   | 8,445,000                  |
| 04/20/21                                      | 07/15/40                | 2.00-4.00   | General Purpose Bonds                  | 10,690,000                   | 10,125,000                 |
| 04/20/21                                      | 07/15/32                | 2.00-4.00   | General Purpose Refunding Bonds        | 6,200,000                    | 4,223,000                  |
| <b>Sub-total General Purpose</b> .....        |                         |             |  | \$ 57,168,740                | \$ 42,733,000              |
| <b>Schools</b> <sup>1</sup>                   |                         |             |  |                              |                            |
| 05/07/14                                      | 08/01/21                | 2.00-5.00   | School Refunding Bonds                 | \$ 2,880,000                 | \$ -                       |
| 02/26/15                                      | 07/15/34                | 2.00-5.00   | School Bonds                           | 2,909,732                    | 1,840,000                  |
| 03/13/15                                      | 01/15/29                | 2.00-5.00   | School Refunding Bonds                 | 980,000                      | 469,000                    |
| 03/31/16                                      | 07/15/30                | 2.00-4.00   | School Refunding Bonds                 | 1,476,000                    | 955,000                    |
| 03/06/17                                      | 07/15/36                | 2.00-5.00   | School Bonds                           | 2,985,000                    | 2,196,000                  |
| 03/06/19                                      | 07/15/38                | 3.00-5.00   | School Bonds                           | 3,533,500                    | 2,975,000                  |
| 04/20/21                                      | 07/15/40                | 2.00-4.00   | School Bonds                           | 2,860,000                    | 2,705,000                  |
| 04/20/21                                      | 07/15/32                | 2.00-4.00   | School Refunding Bonds                 | 2,940,000                    | 2,136,000                  |
| <b>Sub-total Schools</b> .....                |                         |             |  | \$ 20,564,232                | \$ 13,276,000              |
| <b>Sewers</b>                                 |                         |             |  |                              |                            |
| 09/30/07                                      | 03/31/27                | 2.00        | CWF 481-C / WWT Plant <sup>2,4</sup>   | \$ 5,226,439                 | \$ 1,207,358               |
| 09/30/07                                      | 03/31/27                | 2.00        | CWF 112-CSL / WWT Plant <sup>2,4</sup> | 1,497,614                    | 345,963                    |
| 02/26/15                                      | 07/15/34                | 2.00-5.00   | Sewer Bonds                            | 46,000                       | 25,000                     |
| 03/13/15                                      | 01/15/29                | 2.00-5.00   | Sewer Refunding Bonds                  | 1,008,000                    | 469,000                    |
| 03/31/16                                      | 07/15/30                | 2.00-4.00   | Sewer Refunding Bonds                  | 1,238,000                    | 792,000                    |
| 03/06/17                                      | 07/15/36                | 2.00-5.00   | Sewer Bonds                            | 2,500,000                    | 1,834,000                  |
| 07/01/17                                      | 07/01/37                | 2.00        | CWF 618-DC / WWT Plant <sup>2,4</sup>  | 24,428,785                   | 16,794,789                 |
| 03/06/19                                      | 07/15/38                | 3.00-5.00   | Sewer Bonds                            | 950,028                      | 800,000                    |
| 04/20/21                                      | 07/15/40                | 2.00-4.00   | Sewer Bonds                            | 450,000                      | 430,000                    |
| 04/20/21                                      | 07/15/32                | 2.00-4.00   | Sewer Refunding Bonds                  | 585,000                      | 266,000                    |
| <b>Sub-total Sewers</b> .....                 |                         |             |  | \$ 37,929,866                | \$ 22,964,110              |
| <b>Total Outstanding Long Term Debt</b> ..... |                         |             |  | \$ 115,662,838               | \$ 78,973,110              |
| <b>This Issue</b>                             |                         |             |  |                              |                            |
| 04/03/23                                      | 07/15/42                | <i>tbd</i>  | General Purpose Bonds                  | \$ 10,828,303                | \$ 10,828,303              |
| 04/03/23                                      | 07/15/42                | <i>tbd</i>  | School Bonds                           | 6,506,697                    | 6,506,697                  |
| 04/03/23                                      | 07/15/42                | <i>tbd</i>  | Sewer Bonds                            | 165,000                      | 165,000                    |
| <b>Sub-Total This Issue</b> .....             |                         |             |  | \$ 17,500,000                | \$ 17,500,000              |
| <b>Grand-Total</b> .....                      |                         |             |  | \$ 133,162,838               | \$ 96,473,110              |

<sup>1</sup> The State of Connecticut Bureau of School Building Grants will reimburse the Town for the State's share of eligible principal and interest costs over the life of any bonds issued for projects authorized by the General Assembly prior to July 1, 1996.

<sup>2</sup> Permanently financed under the State of Connecticut Clean Water Fund Program.

<sup>3</sup> Excludes bonds previously refunded.

<sup>4</sup> Debt service will be paid directly from the Water Pollution Control Fund with usage fees.

**Short Term Debt  
As of April 18, 2023  
(Pro-Forma)**

The Town has no short-term debt outstanding.

**Other Commitments**

On May 16, 2014, the Town entered into a \$9,765,000 capital lease for the purchase of energy conservation improvements in various Town and school buildings. The lease has a contract interest rate of 3.17% and an effective rate of 2.77% after an interest subsidy from Eversource Energy. The lease matures on March 15, 2031 and it is expected that the lease payments will be offset by the resulting energy cost savings. The Town, as lessee, holds title to the equipment in which the lessor is granted a priority security interest or lien.

On December 18, 2015, the Town entered into a \$1,200,000 capital lease for the purchase of street lights and poles, and retrofitting the lights with LED energy efficient fixtures. The lease has a contract interest rate of 1.97% and an effective rate of 1.49% after an interest subsidy from Eversource Energy. Energy savings are expected to more than cover the cost of the lease payments.

On July 13, 2020, the Town entered into a noninterest-bearing note payable in the amount of \$207,312 with Eversource Energy for energy efficient lighting and fixtures, with 48 equal monthly principal payments commencing on August 15, 2020 and ending on July 15, 2024.

**Annual Bonded Debt Maturity Schedule  
As of April 18, 2023  
(Pro Forma)**

| Fiscal<br>Year<br>Ended<br>6/30 | Principal<br>Payments | Interest<br>Payments | Total<br>Payments    | This Issue           |                     |                   | Total This<br>Issue  | Cumulative<br>Principal<br>Retired (%) |
|---------------------------------|-----------------------|----------------------|----------------------|----------------------|---------------------|-------------------|----------------------|--|
|                                 |                       |                      |                      | General<br>Purpose   | Schools             | Sewer             |                      |  |
| 2023 <sup>1</sup>               | \$ 297,061            | \$ 63,424            | \$ 360,485           | \$ -                 | \$ -                | \$ -              | \$ -                 | 0.31%                                  |
| 2024                            | 6,725,095             | 2,176,347            | 8,901,442            | -                    | -                   | -                 | -                    | 7.28                                   |
| 2025                            | 6,772,738             | 1,938,311            | 8,711,048            | 568,303              | 346,697             | 10,000            | 925,000              | 15.26                                  |
| 2026                            | 6,475,535             | 1,723,097            | 8,198,632            | 570,000              | 345,000             | 10,000            | 925,000              | 22.93                                  |
| 2027                            | 6,377,222             | 1,516,563            | 7,893,785            | 570,000              | 345,000             | 10,000            | 925,000              | 30.50                                  |
| 2028                            | 5,791,439             | 1,330,336            | 7,121,776            | 570,000              | 345,000             | 10,000            | 925,000              | 37.46                                  |
| 2029                            | 5,781,439             | 1,159,333            | 6,940,772            | 570,000              | 340,000             | 10,000            | 920,000              | 44.41                                  |
| 2030                            | 5,391,439             | 989,316              | 6,380,756            | 570,000              | 340,000             | 10,000            | 920,000              | 50.95                                  |
| 2031                            | 5,391,439             | 837,063              | 6,228,502            | 570,000              | 340,000             | 10,000            | 920,000              | 57.49                                  |
| 2032                            | 4,931,439             | 702,896              | 5,634,335            | 570,000              | 340,000             | 10,000            | 920,000              | 63.56                                  |
| 2033                            | 4,926,439             | 578,993              | 5,505,432            | 570,000              | 340,000             | 10,000            | 920,000              | 69.62                                  |
| 2034                            | 4,426,439             | 459,589              | 4,886,028            | 570,000              | 340,000             | 10,000            | 920,000              | 75.16                                  |
| 2035                            | 4,426,439             | 344,635              | 4,771,074            | 570,000              | 340,000             | 10,000            | 920,000              | 80.70                                  |
| 2036                            | 3,641,439             | 240,403              | 3,881,842            | 570,000              | 340,000             | 10,000            | 920,000              | 85.43                                  |
| 2037                            | 3,137,506             | 148,990              | 3,286,496            | 570,000              | 340,000             | 10,000            | 920,000              | 89.63                                  |
| 2038                            | 1,505,000             | 89,950               | 1,594,950            | 570,000              | 340,000             | 10,000            | 920,000              | 92.15                                  |
| 2039                            | 1,505,000             | 49,744               | 1,554,744            | 570,000              | 345,000             | 5,000             | 920,000              | 94.66                                  |
| 2040                            | 735,000               | 22,050               | 757,050              | 570,000              | 345,000             | 5,000             | 920,000              | 96.38                                  |
| 2041                            | 735,000               | 7,350                | 742,350              | 570,000              | 345,000             | 5,000             | 920,000              | 98.09                                  |
| 2042                            | -                     | -                    | -                    | 570,000              | 345,000             | 5,000             | 920,000              | 99.05                                  |
| 2043                            | -                     | -                    | -                    | 570,000              | 345,000             | 5,000             | 920,000              | 100.00                                 |
| <b>Total .....</b>              | <b>\$ 78,973,110</b>  | <b>\$ 14,378,388</b> | <b>\$ 93,351,498</b> | <b>\$ 10,828,303</b> | <b>\$ 6,506,697</b> | <b>\$ 165,000</b> | <b>\$ 17,500,000</b> |  |

<sup>1</sup> Excludes \$6,890,542 in principal payments and \$2,387,904 in interest payments made or coming due between July 1, 2022 and April 18, 2023.

Note: Includes State of Connecticut Clean Water Fund loan debt and excludes bonds previously refunded.

## Overlapping/Underlying Debt

The Town has neither overlapping nor underlying debt.

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

#### Debt Statement As of April 18, 2023 (Pro Forma)

**Long-Term Debt:**

|   |                      |
|---|----------------------|
| General Purpose (Includes this issue) .....                         | \$ 53,561,303        |
| Schools (Includes this issue) .....                                 | 19,782,697           |
| Sewers (Includes this issue) <sup>1</sup> .....                     | 23,129,110           |
| <b>Total Long-Term Debt</b> .....                                   | <b>96,473,110</b>    |
| <b>Short-Term Debt</b> .....  | -                    |
| <b>TOTAL DIRECT DEBT</b> .....                                      | <b>96,473,110</b>    |
| Less: Sewer and Water Assessments Receivable (As of 12/31/22) ..... | (41,567)             |
| <b>TOTAL NET DIRECT DEBT</b> .....                                  | <b>96,431,543</b>    |
| Plus: Overlapping/Underlying Debt .....                             | -                    |
| <b>TOTAL OVERALL NET DEBT</b> .....                                 | <b>\$ 96,431,543</b> |

<sup>1</sup> Partially supported by benefit assessments.

#### Current Debt Ratios As of April 18, 2023 (Pro Forma)

|  |                  |
|--|------------------|
| Population (2021) <sup>2</sup> .....                                 | 28,766           |
| Net Taxable Grand List (10/1/22) (70% of Estimated Full Value) ..... | \$ 3,032,258,000 |
| Estimated Full Value .....   | \$ 4,331,797,143 |
| Equalized Net Taxable Grand List (10/1/21) <sup>1</sup> .....        | \$ 4,002,765,243 |
| Income per Capita (2010) <sup>3</sup> .....                          | \$ 40,498        |
| Income per Capita (2021) <sup>2</sup> .....                          | \$ 57,009        |

|   | <b>Total<br/>Direct Debt</b> | <b>Total Net<br/>Direct Debt</b> | <b>Total Overall<br/>Net Debt</b> |
|---|------------------------------|----------------------------------|-----------------------------------|
|   | <b>\$96,473,110</b>          | <b>\$96,431,543</b>              | <b>\$96,431,543</b>               |
| Per Capita .....                                  | \$3,353.72                   | \$3,352.28                       | \$3,352.28                        |
| Ratio to Net Taxable Grand List .....             | 3.18%                        | 3.18%                            | 3.18%                             |
| Ratio to Estimated Full Value .....               | 2.23%                        | 2.23%                            | 2.23%                             |
| Ratio to Equalized Net Taxable Grand List .....   | 2.41%                        | 2.41%                            | 2.41%                             |
| Debt per Capita to Income per Capita (2010) ..... | 8.28%                        | 8.28%                            | 8.28%                             |
| Debt per Capita to Income per Capita (2021) ..... | 5.88%                        | 5.88%                            | 5.88%                             |

<sup>1</sup> Office of Policy and Management, State of Connecticut.

<sup>2</sup> American Community Survey, 2017-2021.

<sup>3</sup> U.S. Bureau of Census.

## **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 starting at the end of the third and continuing in each subsequent year during which such temporary notes remain outstanding in an amount equal to a minimum of 1/20th (1/30th for school and sewer projects) of the estimated net project cost (CGS Sec. 7-378a). The term of the bond issue is reduced by the amount of time temporary financing exceeds two years, or, for 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 school and 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 fifteen years for certain capital projects associated with the operation of a waterworks system (CGS Sec. 7-244a) or a sewage system (CGS Sec. 7-264a). In the first year following the completion of the project(s), or in the sixth year (whichever is sooner), and in each year thereafter, the notes must be reduced by at least 1/15 of the total amount of the notes issued by funds derived from certain sources of payment. Temporary notes may be issued in one year maturities for up to fifteen years in anticipation of sewer assessments receivable, such notes to be reduced annually by the amount of assessments received during the preceding year (CGS Sec. 7-269a).

## **Clean Water Fund Program**

The Town is a participant in the State of Connecticut's Clean Water Fund Program (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 qualifying municipalities receive a grant of 20% and a loan of 80% of total eligible costs (with the exception of combined sewer overflow, and phosphorous removal projects which are financed with a 50% grant and a 50% loan, and denitrification projects, which are financed with a 30% grant and a 70% loan).

Loans to each municipality are made pursuant to a Project Grant and Project Loan Agreement ("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 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 a single annual installment 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. Borrowers may prepay their loans at any time prior to maturity without penalty.

As of the date of this Official Statement, the Town has Clean Water Fund permanent loan obligations outstanding reflected in the Town's "Debt Summary" herein.

## ***Authority to Incur Debt***

The Town has the power to incur indebtedness by issuing its bonds and notes as provided by the Connecticut General Statutes and the Town Charter, subject to statutory debt limitations. The issuance of bonds and notes is authorized by resolution approved by the Town Council and subject to the following Town Charter provisions:

1. Any appropriation and bond authorization not exceeding \$250,000 may be approved by the Town Council.
2. Any appropriation and bond authorization which exceeds \$250,000 but does not exceed \$500,000 may be approved by the Town Council following a public hearing called by the Council and noticed pursuant to the Town Charter. Such appropriation and bond authorization is subject to referendum if a petition requesting the same signed by at least 10% of the electors of the Town is submitted to the Town Clerk within 21 days following the publication of notice of the making of such appropriation and bond authorization.
3. Any appropriation and bond authorization which exceeds \$500,000 may be approved by the Town Council only following a public hearing called by the Town Council and noticed pursuant to the Town Charter. Such appropriation and bond authorization must be approved by the voters of the Town at a referendum held pursuant to the Charter. The referendum shall be held no later than 90 days following the Council vote to approve said appropriation.
4. To the extent any appropriation in excess of \$250,000 is to be funded from the proceeds of grants, insurance, gifts, or other off-setting reimbursements, the amount of the appropriation to be funded from such sources shall not be included in determining whether a referendum is required under the Charter.
5. The approval limits are cumulative for a five-year period for any capital budget appropriations for a single, specified purpose.

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**Statement of Statutory Debt Limitation  
As of April 18, 2023  
(Pro Forma)**

**Total Tax Collections** (including interest and lien fees)

Received by the Treasurer for the year ended June 30, 2022 ..... \$ 94,690,000

**Reimbursement For Revenue Loss:**

Tax relief for elderly ..... -

**Base for Debt Limitation Computation**..... \$ 94,690,000

|   | <b>General<br/>Purpose</b> | <b>Schools</b>        | <b>Sewers</b>         | <b>Urban<br/>Renewal</b> | <b>Unfunded<br/>Pension</b> |
|---|----------------------------|-----------------------|-----------------------|--------------------------|-----------------------------|
| <b>Debt Limitation:</b>                         |                            |                       |                       |                          |                             |
| 2 1/4 times base.....                           | \$ 213,052,500             | -                     | -                     | -                        | -                           |
| 4 1/2 times base.....                           | -                          | \$ 426,105,000        | -                     | -                        | -                           |
| 3 3/4 times base.....                           | -                          | -                     | \$ 355,087,500        | -                        | -                           |
| 3 1/4 times base.....                           | -                          | -                     | -                     | \$ 307,742,500           | -                           |
| 3 times base.....                               | -                          | -                     | -                     | -                        | \$ 284,070,000              |
| <b>Total Debt Limitation</b> .....              | <b>\$ 213,052,500</b>      | <b>\$ 426,105,000</b> | <b>\$ 355,087,500</b> | <b>\$ 307,742,500</b>    | <b>\$ 284,070,000</b>       |
| <b>Indebtedness:</b>                            |                            |                       |                       |                          |                             |
| Bonds & CWF PLO's Outstanding.....              | 42,733,000                 | 13,276,000            | 22,964,110            | -                        | -                           |
| Bonds – This Issue.....                         | 10,828,303                 | 6,506,697             | 165,000               | -                        | -                           |
| Short Term Debt.....                            | -                          | -                     | -                     | -                        | -                           |
| Debt Authorized But Unissued.....               | 11,570,773                 | 167,777,119           | 1,890,000             | -                        | -                           |
| <b>Total Indebtedness</b> .....                 | <b>65,132,076</b>          | <b>187,559,816</b>    | <b>25,019,110</b>     | <b>-</b>                 | <b>-</b>                    |
| Less:   |                            |                       |                       |                          |                             |
| State School Grants - Principal Receivable..... | -                          | -                     | -                     | -                        | -                           |
| Estimated Grants Receivable .....               | (5,632,137)                | (73,585,971)          | (150,000)             | -                        | -                           |
| Sewer & Water Assessments Receivable.....       | -                          | -                     | (41,567)              | -                        | -                           |
| <b>Total Net Indebtedness</b> .....             | <b>59,499,939</b>          | <b>113,973,845</b>    | <b>24,827,543</b>     | <b>-</b>                 | <b>-</b>                    |
| <b>DEBT LIMITATION IN EXCESS</b>                |                            |                       |                       |                          |                             |
| <b>OF OUTSTANDING INDEBTEDNESS</b> .....        | <b>\$ 153,552,561</b>      | <b>\$ 312,131,155</b> | <b>\$ 330,259,957</b> | <b>\$ 307,742,500</b>    | <b>\$ 284,070,000</b>       |

Note: In no case shall total indebtedness exceed seven times annual receipts from taxation or \$662,830,000.

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**Authorized but Unissued Debt  
As of April 18, 2023  
(Pro Forma)**

| Project               | Amount<br>Authorized  | Amount<br>Previously<br>Bonded | Grants<br>Received  | This Issue:<br>Bonds | Authorized &<br>Unissued | Estimated<br>Grants<br>Receivable <sup>1</sup> |
|-----------------------|-----------------------|--------------------------------|---------------------|----------------------|--------------------------|--|
|                       |                       |                                |                     |                      |                          |  |
| General Purpose ..... | \$ 54,329,640         | \$ 26,755,787                  | \$ 5,174,777        | \$ 10,828,303        | \$ 11,570,773            | \$ 5,632,137                                   |
| Schools .....         | 180,324,824           | 5,674,915                      | 366,093             | 6,506,697            | 167,777,119              | 73,585,971                                     |
| Sewers .....          | 5,680,000             | 3,525,000                      | 100,000             | 165,000              | 1,890,000                | 150,000  |
| <b>Total .....</b>    | <b>\$ 240,334,464</b> | <b>\$ 35,955,702</b>           | <b>\$ 5,640,870</b> | <b>\$ 17,500,000</b> | <b>\$ 181,237,892</b>    | <b>\$ 79,368,108</b>                           |

<sup>1</sup> Subject to audit.

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

| Fiscal Year<br>Ending 6/30 | 2022                 | 2021                 | 2020                 | 2019                 | 2018                 |
|----------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| Long-Term Debt .....       | \$ 96,839,038        | \$ 98,499,218        | \$ 90,285,983        | \$ 94,767,927        | \$ 86,340,315        |
| Short-Term Debt .....      | -                    | -                    | -                    | -                    | -                    |
| <b>Total .....</b>         | <b>\$ 96,839,038</b> | <b>\$ 98,499,218</b> | <b>\$ 90,285,983</b> | <b>\$ 94,767,927</b> | <b>\$ 86,340,315</b> |

Source: Annual audited financial statements.

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

| Fiscal<br>Year<br>Ended<br>6/30 | Net               |                         | Net<br>Long-Term<br>Debt <sup>1</sup> | Ratio of Net<br>Long-Term<br>Debt to |                         | Population <sup>2</sup> | Ratio of Net<br>Long-Term<br>Debt per<br>Capita to<br>Income <sup>3</sup> |                      |
|---------------------------------|-------------------|-------------------------|---------------------------------------|--------------------------------------|-------------------------|-------------------------|---|----------------------|
|                                 | Assessed<br>Value | Estimated<br>Full Value |                                       | Assessed<br>Value                    | Estimated<br>Full Value |                         | Net<br>Long-Term<br>Debt per<br>Capita                                    | Per Capita<br>Income |
| 2022                            | \$ 2,965,614      | \$ 4,236,591            | \$ 96,839                             | 3.27%                                | 2.29%                   | 28,766                  | \$ 3,366.44   | 5.91%                |
| 2021                            | 2,878,503         | 4,112,147               | 98,499                                | 3.42                                 | 2.40                    | 28,766                  | 3,424.15  | 6.01                 |
| 2020                            | 2,844,122         | 4,063,031               | 90,286                                | 3.17                                 | 2.22                    | 28,766                  | 3,138.64  | 5.51                 |
| 2019                            | 2,801,801         | 4,002,573               | 94,768                                | 3.38                                 | 2.37                    | 28,766                  | 3,294.44  | 5.78                 |
| 2018                            | 2,778,822         | 3,969,746               | 86,340                                | 3.11                                 | 2.17                    | 28,766                  | 3,001.47  | 5.26                 |

<sup>1</sup> Total debt less school building grants receivable (water and sewer assessments receivable are not deducted).

<sup>2</sup> American Community Survey (ACS), 2017-2021.

<sup>3</sup> U.S. Department of Commerce, Bureau of Census, ACS 2021: Income Per Capita: \$57,009.

**Ratio of Annual Debt Service to  
Total General Fund Expenditures**

| <b>Fiscal Year<br/>Ended<br/>6/30</b> | <b>Total Debt<br/>Service</b> | <b>Total<br/>General Fund<br/>Expenditures</b> | <b>Ratio of Debt<br/>Service To<br/>General Fund<br/>Expenditures (%)</b> |
|---------------------------------------|-------------------------------|--|---|
| 2023 <sup>2,3</sup>                   | \$ 7,403,322                  | \$ 136,021,210                                 | 5.44%   |
| 2022                                  | 6,809,077                     | 132,667,721                                    | 5.13  |
| 2021                                  | 7,105,682                     | 125,541,910                                    | 5.66  |
| 2020                                  | 6,640,186                     | 122,840,553                                    | 5.41  |
| 2019                                  | 6,574,924                     | 115,710,793                                    | 5.68  |
| 2018                                  | 6,591,782                     | 120,075,276                                    | 5.49  |
| 2017                                  | 6,727,183                     | 119,988,739                                    | 5.61  |
| 2016                                  | 6,945,314                     | 113,718,678                                    | 6.11  |

<sup>1</sup> Presented on a GAAP basis (includes transfers out).

<sup>2</sup> Budgeted.

<sup>3</sup> An estimate for the State of Connecticut's Teacher's Retirement fund payment has been added to this number to be consistent with prior years.

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## VI. Financial Information

The General Fund Revenues, Expenditures and Changes in Fund Balance for the fiscal years ended June 30, 2018 through June 30, 2022 have been derived from audited financial statements on a GAAP basis. The Adopted Budget for fiscal year 2022-2023 is provided by the Town on a budgetary basis.

The financial information presented herein is the responsibility of the Town's management. (Appendix A -- "Financial Statements" was taken from the Comprehensive Annual Financial Report of the Town for the fiscal year ended June 30, 2022.)

### General Fund Revenues, Expenditures and Changes in Fund Balance

| <b>Revenues:</b>  | <b>Adopted<br/>Budget 2023</b> | <b>Actual<br/>2022</b> | <b>Actual<br/>2021</b> | <b>Actual<br/>2020</b> | <b>Actual<br/>2019</b> | <b>Actual<br/>2018</b> |
|---|--------------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|
| Property Taxes .....  | \$ 101,843,521                 | \$ 98,172,328          | \$ 94,843,375          | \$ 93,517,483          | \$ 91,342,679          | \$ 88,764,655          |
| Intergovernmental <sup>1</sup> .....  | 17,069,830                     | 31,459,841             | 26,300,228             | 26,581,375             | 20,631,985             | 28,670,263             |
| Investment Income (Loss) .....  | 750,000                        | (761,650)              | 40,698                 | 1,111,033              | 834,322                | 507,789                |
| Charges for services .....  | 2,952,480                      | 3,756,809              | 3,146,569              | 2,798,555              | 3,301,486              | 2,893,360              |
| Other <sup>2</sup> .....  | 2,250,086                      | 286,656                | 317,901                | 257,432                | 242,291                | 271,299                |
| <b>Total Revenues</b> .....   | <b>124,865,917</b>             | <b>132,913,984</b>     | <b>124,648,771</b>     | <b>124,265,878</b>     | <b>116,352,763</b>     | <b>121,107,366</b>     |
| <b>Expenditures:</b>  |                                |                        |                        |                        |                        |                        |
| Administration and Finance <sup>4</sup> .....   | 14,749,905                     | 13,921,872             | 13,320,873             | 13,302,087             | 12,775,667             | 12,362,605             |
| Planning and Development .....  | 440,011                        | 513,128                | 563,412                | 530,131                | 541,405                | 528,591                |
| Public Safety .....   | 8,556,670                      | 7,766,411              | 7,655,412              | 7,498,231              | 7,234,851              | 6,912,516              |
| Public Works .....  | 7,221,732                      | 6,804,071              | 6,600,135              | 6,531,762              | 6,226,631              | 6,043,517              |
| Public Health .....   | 721,744                        | 641,717                | 522,637                | 508,249                | 510,448                | 495,603                |
| Social Services .....   | 1,065,653                      | 995,453                | 928,056                | 938,632                | 908,674                | 862,945                |
| Cultural services .....   | 2,005,984                      | 1,870,925              | 1,874,050              | 1,957,018              | 1,871,975              | 1,911,595              |
| Leisure services .....  | 1,221,476                      | 1,488,791              | 1,366,472              | 1,504,161              | 1,560,921              | 1,488,947              |
| Education <sup>1</sup> .....  | 80,664,420                     | 89,856,276             | 83,714,181             | 82,340,094             | 76,372,797             | 83,409,031             |
| Debt Service .....  | 7,403,322                      | 6,809,077              | 7,105,682              | 6,640,186              | 6,574,924              | 6,591,782              |
| <b>Total Expenditures</b> .....   | <b>124,050,917</b>             | <b>130,667,721</b>     | <b>123,650,910</b>     | <b>121,750,551</b>     | <b>114,578,293</b>     | <b>120,607,132</b>     |
| <b>Excess (deficiency) of revenues over<br/>expenditures</b> .....                                | <b>815,000</b>                 | <b>2,246,263</b>       | <b>997,861</b>         | <b>2,515,327</b>       | <b>1,774,470</b>       | <b>500,234</b>         |
| <b>Other financing sources (uses):</b>  |                                |                        |                        |                        |                        |                        |
| Refunding Bond Proceeds .....   | -                              | -                      | 9,725,000              | -                      | -                      | -                      |
| Bond Premiums/Accrued Interest .....  | -                              | -                      | 1,074,437              | -                      | -                      | -                      |
| Payment to Refunded Bond Escrow .....   | -                              | -                      | (10,659,736)           | -                      | -                      | -                      |
| Transfer in .....   | 685,000                        | 689,712                | 724,151                | 738,327                | 742,669                | 1,062,775              |
| Transfer out <sup>3</sup> .....   | (1,500,000)                    | (2,000,000)            | (1,891,000)            | (1,090,002)            | (1,132,500)            | (781,952)              |
| <b>Net other financing sources (uses)</b> .....   | <b>(815,000)</b>               | <b>(1,310,288)</b>     | <b>(1,027,148)</b>     | <b>(351,675)</b>       | <b>(389,831)</b>       | <b>280,823</b>         |
| <b>Excess (deficiency) of revenues and other<br/>sources over expenditures and other uses</b> ... | <b>-</b>                       | <b>935,975</b>         | <b>(29,287)</b>        | <b>2,163,652</b>       | <b>1,384,639</b>       | <b>781,057</b>         |
| <b>Fund Balance, July 1</b> .....   | <b>17,505,318</b>              | <b>16,569,343</b>      | <b>16,598,630</b>      | <b>14,434,978</b>      | <b>13,050,339</b>      | <b>12,269,282</b>      |
| <b>Fund Balance, June 30</b> .....  | <b>\$ 17,505,318</b>           | <b>\$ 17,505,318</b>   | <b>\$ 16,569,343</b>   | <b>\$ 16,598,630</b>   | <b>\$ 14,434,978</b>   | <b>\$ 13,050,339</b>   |
| <b>Operating Expenditures</b>   |                                |                        |                        |                        |                        |                        |
| <b>(including transfers out)</b> .....  | N/A                            | \$ 132,667,721         | \$ 125,541,910         | \$ 122,840,553         | \$ 115,710,793         | \$ 121,389,084         |
| <b>Fund Balance as Percent of General Fund</b>  |                                |                        |                        |                        |                        |                        |
| <b>Expenditures (including transfers out)</b> .....   | N/A                            | 13.2%                  | 13.2%                  | 13.5%                  | 12.5%                  | 10.8%                  |

<sup>1</sup> GAAP basis includes payments made by the State of Connecticut on behalf of Town of Cheshire for the State Teachers' Retirement System including: \$10,819,198 (6/30/22), \$10,470,293 (6/30/21), \$10,912,562 (6/30/20), \$4,958,236 (6/30/19), \$14,050,395 (6/30/18).

<sup>2</sup> Included in the "Other" revenue line item is application of \$1,700,000 of Fund Balance in the fiscal year 2022-23 adopted budget. (6/30/2018).

<sup>4</sup> Fiscal Year 2023 Budget includes \$125,000 for contingency.

### Analysis of General Fund Balance

|   | <b>Budget<br/>2023</b> | <b>Actual<br/>2022</b> | <b>Actual<br/>2021</b> | <b>Actual<br/>2020</b> | <b>Actual<br/>2019</b> | <b>Actual<br/>2018</b> |
|---|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|
| Nonspendable .....                      | N/A                    | \$ 95,116              | \$ 86,667              | \$ 108,367             | \$ 87,295              | \$ 90,257              |
| Committed .....                         | N/A                    | -                      | -                      | -                      | -                      | 25,000                 |
| Assigned .....                          | N/A                    | 4,312,324              | 4,361,022              | 4,346,372              | 3,286,150              | 2,354,385              |
| Unassigned .....                        | N/A                    | 13,097,878             | 12,121,654             | 12,143,891             | 11,061,533             | 10,580,697             |
| <b>Total General Fund Balance .....</b> |                        | <b>\$ -</b>            | <b>\$ 17,505,318</b>   | <b>\$ 16,569,343</b>   | <b>\$ 16,598,630</b>   | <b>\$ 14,434,978</b>   |
|   |                        | <b>\$ 13,050,339</b>   |                        |                        |                        |                        |

<sup>1</sup> Starting with the year ending June 30, 2011, there was a change in fund type classification per implementation of GASB Statement No. 54.

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

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

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### Historical General Fund Balance Sheet

|  | <i>Actual</i><br>6/30/2022 | <i>Actual</i><br>6/30/2021 | <i>Actual</i><br>6/30/2020 | <i>Actual</i><br>6/30/2019 | <i>Actual</i><br>6/30/2018 |
|--|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|
| <b>Assets:</b>                                       |                            |                            |                            |                            |                            |
| Cash and Cash Equivalents .....                      | \$ 18,218,906              | \$ 18,751,761              | \$ 16,547,796              | \$ 15,627,633              | \$ 18,749,915              |
| Receivables .....                                    | 1,765,335                  | 871,440                    | 1,017,828                  | 721,295                    | 686,011                    |
| Investments .....                                    | 15,339,736                 | 12,769,938                 | 8,937,139                  | 8,533,000                  | 8,321,000                  |
| Due from other funds .....                           | -                          | -                          | -                          | 3,286                      | -                          |
| Other Assets .....                                   | 95,116                     | 86,667                     | 108,367                    | 87,295                     | 90,257                     |
| Bond Proceeds, held in trust.....                    | -                          | -                          | -                          | -                          | -                          |
| Prepays .....  | -                          | -                          | -                          | -                          | -                          |
| <b>Total Assets .....</b>                            | <b>\$ 35,419,093</b>       | <b>\$ 32,479,806</b>       | <b>\$ 26,611,130</b>       | <b>\$ 24,972,509</b>       | <b>\$ 27,847,183</b>       |
| <b>Liabilities:</b>                                  |                            |                            |                            |                            |                            |
| Accounts Payable .....                               | \$ 2,163,620               | \$ 2,297,678               | \$ 1,850,434               | \$ 1,662,732               | \$ 2,165,301               |
| Accrued Payroll .....                                | 7,247,142                  | 7,362,853                  | 7,399,678                  | 6,954,749                  | 5,523,557                  |
| Deferred Revenue .....                               | -                          | -                          | -                          | -                          | -                          |
| Unearned Revenue .....                               | 47,147                     | 4,391,450                  | 15,367                     | 35,123                     | 66,008                     |
| Due to bond escrow agent .....                       | -                          | -                          | -                          | -                          | -                          |
| Due to other funds .....                             | -                          | -                          | -                          | -                          | -                          |
| <b>Total Liabilities .....</b>                       | <b>\$ 9,457,909</b>        | <b>\$ 14,051,981</b>       | <b>\$ 9,265,479</b>        | <b>\$ 8,652,604</b>        | <b>\$ 7,754,866</b>        |
| <b>Deferred Inflows of Resources:</b>                |                            |                            |                            |                            |                            |
| Advance Tax Collections .....                        | \$ 7,283,170               | \$ 1,417,725               | \$ 87,218                  | \$ 1,566,274               | \$ 6,738,122               |
| Leases .....   | 732,608                    | -                          | -                          | -                          | -                          |
| Unavailable Resources .....                          | 440,088                    | 440,757                    | 659,803                    | 318,653                    | 303,856                    |
| <b>Total Deferred Inflows<br/>of Resources .....</b> | <b>\$ 8,455,866</b>        | <b>\$ 1,858,482</b>        | <b>\$ 747,021</b>          | <b>\$ 1,884,927</b>        | <b>\$ 7,041,978</b>        |
| <b>Fund Balance:</b>                                 |                            |                            |                            |                            |                            |
| Nonspendable .....                                   | \$ 95,116                  | \$ 86,667                  | \$ 108,367                 | \$ 87,295                  | \$ 90,257                  |
| Committed .....                                      | -                          | -                          | -                          | -                          | 25,000                     |
| Assigned .....                                       | 4,312,324                  | 4,361,022                  | 4,346,372                  | 3,286,150                  | 2,354,385                  |
| Unassigned .....                                     | 13,097,878                 | 12,121,654                 | 12,143,891                 | 11,061,533                 | 10,580,697                 |
| <b>Total Fund Balance .....</b>                      | <b>\$ 17,505,318</b>       | <b>\$ 16,569,343</b>       | <b>\$ 16,598,630</b>       | <b>\$ 14,434,978</b>       | <b>\$ 13,050,339</b>       |

### Accounting Policies and Basis of Accounting

The Town's accounting system conforms to Generally Accepted Accounting Principles (GAAP) as applied to governmental units. As a reporting entity, the Town's financial statements include all funds, account groups, agencies, boards, and commissions that are controlled by or dependent on the Town's executive and legislative branches. All accounts are organized on the basis of fund accounting and account groups. (See Appendix A -"Basic Financial Statements (Excerpted from the Town's Comprehensive Annual Financial Report)" herein.)

### Audit

Pursuant to the Municipal Auditing Act (Chapter 111 of the Connecticut General Statutes, Sections 7-391 through 7-397), the Town is obligated to undergo an annual examination by an independent certified public accountant. The audit must be conducted under the guidelines issued by the State of Connecticut, Office of Policy and Management, and a copy of said audit report must be filed with the Office of Policy and Management. The Town is in full compliance with said provisions. CliftonLarsonAllen LLP of West Hartford, Connecticut have audited the Town's finances for fiscal year ended 2022.

## ***Certificate of Achievement for Excellence in Financial Reporting***

The Town was awarded the Government Finance Officers Association (GFOA) Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association of the United States and Canada for its comprehensive annual financial reports for fiscal years ended June 30, 1993 through June 30, 2021. This is the highest form of recognition for governmental accounting and financial reporting. To be eligible for the award, financial reports must include general purpose financial statements presented in conformity with GAAP, and have been audited in accordance with generally accepted auditing standards. The reports also contain statistical information useful in evaluating the financial condition of a government and conform to certain generally accepted formatting standards established for the Certificate Program. In addition, the "Distinguished Budget Presentation Award" has been presented to the Town by the GFOA for the fiscal year 2021-2022 Town budget. This is the seventeenth year that the Town has received this award and the 2022-2023 Town budget has been submitted to GFOA for review.

## ***Budget Adoption Procedure***

Section 7-1 of the Town Charter requires that each department, office, board or commission of the Town, including the Board of Education, submit a budget request detailing estimates of the expenditures and anticipated revenues for the ensuing fiscal year to the Town Manager no later than February 15 in accordance with a format prescribed by the Town Manager. By March 10 the Town Manager must present an itemized annual operating budget to the Town Council detailing the Town Manager's recommendations for expenditures and revenues which must be balanced together with a budget message describing the recommended budget and outlining the financial policy for the Town for the upcoming fiscal year. The Town Manager, in making his recommendations, may make adjustments to any budget upwards or downwards except for the budget submitted by the Board of Education for which he may only offer recommendations but may not make any adjustments thereto.

Subsequent to the submission of the budget to the Town Council, a three-member Budget Committee of the Town Council conducts a series of public meetings concerning the Town Manager's proposed budget. By no later than March 24 the Town Council must hold one or more public hearings concerning the budget, public notice of which must be given at least five days prior to said hearing. By April 30 the Town Council must adopt a budget and fix a tax rate in mills. The Town Council has the authority to increase or decrease the operating budget submitted by the Town Manager, including that portion pertaining to the Board of Education. The adopted budget must be filed with the Town Clerk and published in its entirety in a local newspaper and/or by electronic media maintained by the Town, including but not limited to the Town website, by no later than May 10. In the event that the Council fails to adopt a budget by April 30 the budget submitted to the Town Council by the Town Manager is deemed to have been adopted and the Town Manager shall establish the tax rate.

The budget adopted by the Town Council is subject to referendum by petition of at least 10% of the registered electors. Said petition must be filed by May 20 and the Council shall call a referendum to be held no later than June 20. In order for a vote of a referendum to be effective, at least 20% of the qualified electors have to vote and in the event that the budget is rejected, the Council has to adopt a new budget and tax rate and file it with the Town Clerk by June 27.

*See "Authority to Incur Debt" herein for a discussion of a capital expenditure appropriation.*

**Capital Improvement Plan**

Annually, the Town Manager prepares a Five-Year Capital Expenditure Plan, which is reviewed by the Planning and Zoning Commission and the Town Council in accordance with the Town Charter. Included in the Five-Year Capital Expenditure Plan is a recommended Annual Capital Expenditure Budget for the current fiscal year.

| <b>Department</b>                                  | <b>Fiscal Year</b> |                  |                  |                  |                  | <b>Total</b>      |
|--|--------------------|------------------|------------------|------------------|------------------|-------------------|
|  | <b>2022-23</b>     | <b>2023-24</b>   | <b>2024-25</b>   | <b>2025-26</b>   | <b>2026-27</b>   |                   |
| <b>Administration &amp; Finance</b>                |                    |                  |                  |                  |                  |                   |
| Finance .....                                      | \$ 210             | \$ 210           | \$ 210           | \$ 210           | \$ 510           | \$ 1,350          |
| General Services.....                              | 513                | 383              | 424              | 356              | 382              | 2,058             |
| Public Property.....                               | 220                | 620              | 520              | 560              | 120              | 2,040             |
| <b>Planning &amp; Development</b>                  |                    |                  |                  |                  |                  |                   |
| Land Acquisition .....                             | 550                | 150              | 180              | -                | -                | 880               |
| <b>Public Safety</b>                               |                    |                  |                  |                  |                  |                   |
| Police .....                                       | -                  | -                | -                | -                | -                | -                 |
| Fire .....   | -                  | 1,550            | 1,200            | 1,275            | 1,275            | 5,300             |
| <b>Public Works</b>                                |                    |                  |                  |                  |                  |                   |
| Roads, Sidewalk, Drainage & Trees...               | 3,385              | 4,435            | 4,210            | 3,918            | 4,223            | 20,171            |
| Sewer & Water .....                                | 420                | 1,390            | 4,500            | 1,110            | 810              | 8,230             |
| <b>Leisure Services</b>                            |                    |                  |                  |                  |                  |                   |
| Recreation .....                                   | 248                | 334              | 192              | 55               | -                | 829               |
| Education .....                                    | 169,110            | 8,015            | 7,895            | 6,875            | 7,088            | 198,983           |
| <b>Total .....</b>                                 | <b>\$ 174,656</b>  | <b>\$ 17,087</b> | <b>\$ 19,331</b> | <b>\$ 14,359</b> | <b>\$ 14,408</b> | <b>\$ 239,841</b> |
| <b>Funding Sources</b>                             |                    |                  |                  |                  |                  |                   |
| Bond/Note Proceeds .....                           | \$ 100,381         | \$ 14,749        | \$ 17,204        | \$ 11,803        | \$ 12,618        | \$ 156,755        |
| Grants .....                                       | 72,709             | 1,445            | 1,080            | 1,065            | 788              | 77,087            |
| Capital & Non-recurring<br>Expenditures Fund ..... | 1,566              | 893              | 1,047            | 1,491            | 1,002            | 5,999             |
| <b>Total Funding Sources .....</b>                 | <b>\$ 174,656</b>  | <b>\$ 17,087</b> | <b>\$ 19,331</b> | <b>\$ 14,359</b> | <b>\$ 14,408</b> | <b>\$ 239,841</b> |

Note: The above is based on the Town Council's approved Five Year Capital Plan for Fiscal Years 2023 through 2027.

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## Pension Programs

The Town contributes to three single employer, defined benefit pension plans that are closed to new employees: Town, Police, and Volunteer Firefighters. Certificated teachers and certificated school administrators contribute to the Connecticut State Teachers' Retirement System which does not require Town funding.

As of the actuarial valuation for July 1, 2021, the Town, Police and Volunteer Firefighter plans were funded at 73.5%, 53.9% and 55.3%, respectively. Cheshire's pension contributions are actuarially determined and valuations are based on a 7.00% rate of return assumption on investments, projected salary increases of 2.5%-4.75% for the Town Plan and 2.5%-8% for the Police plan (not applicable for the Firefighters plan), and inflation rate increases of 2.75% for the Police and Firefighters plans. As of July 1, 2020, there were 730 members in the Town's three plans with 304 retirees receiving benefits, 150 terminated employees entitled to benefits at a future date, and 276 active plan members. Town and Police employees must have ten years of continuous service to be 100% vested. Volunteer firefighters are vested on a percentage basis after 5 years of credited service.

The Town defined benefit pension plan was closed to new employees at various times between July 1, 2006 and June 30, 2012, depending on the union or nonunion group. The Police pension plan was closed to new employees effective December 31, 2013. In lieu of these plans, the Town has instituted defined contribution plans and is contractually required to contribute a percentage of compensation to an eligible 457(b) plan for Town employees, a 403(b) plan for Board of Education employees, and a 401(a) plan for police officers and the Town Manager. Town contributions are generally 7% of compensation, 6% plus an additional 1% match depending on the union or nonunion group (increasing to generally 8% of compensation, 6% plus an additional 2% match), except for police officers that require a 10.25% contribution from the Town (increasing to 10.5% on July 1, 2023) and 6% from the officers based on compensation that includes overtime but excludes special duty.

Below is the past five years of funding of the Plans:

| <b>Town Plan</b>         |                                |                            |                            |
|--------------------------|--------------------------------|----------------------------|----------------------------|
| <b>Fiscal Year Ended</b> | <b>Actuarially</b>             |                            |                            |
|                          | <b>Determined Contribution</b> | <b>Actual Contribution</b> | <b>Percent Contributed</b> |
| 6/30/2023 <sup>1</sup>   | \$ 2,242,681                   | \$ 2,242,681               | 100.0%                     |
| 6/30/2022                | 2,347,738                      | 2,347,738                  | 100.0%                     |
| 6/30/2021                | 2,167,287                      | 2,019,781                  | 93.2%                      |
| 6/30/2020                | 1,800,781                      | 1,800,781                  | 100.0%                     |
| 6/30/2019                | 1,788,342                      | 1,788,342                  | 100.0%                     |
| 6/30/2018                | 1,825,373                      | 1,825,373                  | 100.0%                     |
| 6/30/2017                | 1,773,905                      | 1,773,905                  | 100.0%                     |

| <b>Police Plan</b>       |                                |                            |                            |
|--------------------------|--------------------------------|----------------------------|----------------------------|
| <b>Fiscal Year Ended</b> | <b>Actuarially</b>             |                            |                            |
|                          | <b>Determined Contribution</b> | <b>Actual Contribution</b> | <b>Percent Contributed</b> |
| 6/30/2023 <sup>1</sup>   | \$ 2,282,448                   | \$ 2,282,448               | 100.0%                     |
| 6/30/2022                | 2,217,278                      | 2,217,278                  | 100.0%                     |
| 6/30/2021                | 2,008,256                      | 2,008,256                  | 100.0%                     |
| 6/30/2020                | 1,884,505                      | 1,884,505                  | 100.0%                     |
| 6/30/2019                | 1,814,532                      | 1,702,765                  | 93.8%                      |
| 6/30/2018                | 1,631,178                      | 1,452,765                  | 89.1%                      |
| 6/30/2017                | 1,456,934                      | 1,302,765                  | 89.4%                      |

| <b>Volunteer Fire</b>    |                                |                            |                            |
|--------------------------|--------------------------------|----------------------------|----------------------------|
| <b>Fiscal Year Ended</b> | <b>Actuarially</b>             |                            |                            |
|                          | <b>Determined Contribution</b> | <b>Actual Contribution</b> | <b>Percent Contributed</b> |
| 6/30/2023 <sup>1</sup>   | \$ 259,357                     | \$ 259,357                 | 100.0%                     |
| 6/30/2022                | 252,998                        | 252,998                    | 100.0%                     |
| 6/30/2021                | 265,069                        | 265,069                    | 100.0%                     |
| 6/30/2020                | 259,652                        | 259,652                    | 100.0%                     |
| 6/30/2019                | 264,646                        | 264,646                    | 100.0%                     |
| 6/30/2018                | 257,157                        | 257,157                    | 100.0%                     |
| 6/30/2017                | 270,278                        | 270,278                    | 100.0%                     |

<sup>1</sup>Budgeted.

**Other Post-Employment Benefits**

The Town provides other postemployment benefits (OPEB), including health and life insurance benefits, for certain retired employees. Police, other Town and Board of Education employees, and teachers are provided benefits when they retire if they meet their contractual eligibility requirements. A brief description of the benefits follows:

The Town administers an OPEB trust for Police personnel and their spouses. As of July 1, 2021, this plan was 6.5% funded with actuarial assets valued at \$721,324 and had actuarial accrued liabilities valued at \$10,992,132.

The Town administers another OPEB trust for all retiree medical benefits other than Police. Town employees, other than Police, are provided a subsidy ranging from \$2,000 to \$2,500 towards health insurance coverage for up to five years or until Medicare eligible. In addition, health and life insurance has been provided to some Town and Board of Education early retirees for a limited duration. This OPEB trust also provides funds for an implicit rate subsidy pertaining to teacher post-retirement medical premiums. Teachers are allowed to continue participating in the Town’s health insurance program after retirement until Medicare eligible, but must reimburse the Town for premiums paid on their behalf. Since the premiums are based on a pool of current and retired employees, the Town incurs an implicit rate subsidy in providing these benefits. As of July 1, 2021, this plan was 3.8% funded with actuarial assets valued at \$805,026 and had an actuarial accrued liability of \$21,011,903.

Below is the past five years of funding of the Plans:

| <i>Fiscal Year</i><br><i>Ended</i> | <i>Actual Contribution</i> <sup>1</sup> |                    |
|------------------------------------|---|--------------------|
|                                    | <i>Town Plan</i>                        | <i>Police Plan</i> |
| 6/30/2022                          | \$ 934,262                              | \$ 628,869         |
| 6/30/2021                          | 929,891                                 | 543,164            |
| 6/30/2020                          | 824,585                                 | 497,205            |
| 6/30/2019                          | 750,485                                 | 500,146            |
| 6/30/2018                          | 733,522                                 | 505,276            |

<sup>1</sup> Actual contributions are made on a pay as you go basis.

For more information, please refer to Note #8 – Other Post-Employment Benefits (OPEB) in the Notes to the Financial Statements included as Appendix A herein.

**Compensated Absences**

Employees may accumulate a limited amount of vested vacation and sick leave. At the end of the fiscal year 2022, the accumulated value was \$2,793,146. The Town and Board of Education were also liable for early retirement contracts totaling \$194,640.

**Risk Management**

The Town is exposed to various risks of loss relating to public official liability, police liability, Board of Education legal liability, theft or impairment of assets, errors and omissions, injury to employees and natural disasters. The Town purchases commercial insurance for all risks of loss, including blanket and umbrella policies, except for self-insured medical benefits provided under its three health insurance plans, prescription drug plan, and dental plans. Settled claims have not exceeded commercial coverage in any of the past three fiscal years. There were no significant reductions in insurance coverage from coverage in the prior year.

The Town utilizes an internal service fund, the Health Insurance Fund, to account for and finance employee medical benefits claims for eligible employees of both the Town and Board of Education. The Town retains the risk of loss under the three medical plans it offers, along with dental and prescription drugs. A third party processes the claims filed under the self-insured health plans for which the Town is charged an administrative fee. The Town is a member of CT Prime, Inc, a captive established to provide a stop-loss policy for health insurance claims exceeding \$175,000. CT Prime, Inc. is an association sponsored, non-profit, non-stock specialty insurance company, fully regulated by the Connecticut Department of Insurance. Incurred but not reported (“IBNR”) claims are accrued for in the Health Insurance Fund.

The Town utilizes another internal service fund, Heart & Hypertension, to account for the financing of heart and hypertension claims. Payments to the Health Insurance Fund are based upon estimates for the number of employees and type of coverage (single or family) and trends in the insurance claims and estimates for administration. For the Heart & Hypertension Fund, payments to the fund are based upon estimates of claim reserves necessary to pay annual commitments as well as future claims. The claims liability for the Health Insurance Fund and Heart & Hypertension Fund, respectively, reported in the fund at June 30, 2022, is based upon the provisions of GASB Statements No. 10 and 30, which require that a liability for IBNR claims be 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 the possible loss can be reasonably estimated. The amount of claims accrual is based on the ultimate costs of settling the claims, which includes past experience data, inflation and other future economic and societal factors and incremental claims adjustment expenses, net of estimated subrogation recoveries. The claims accrual does not include other allocated or unallocated claims adjustment expenses.

**Investments**

Town policy for eligible investments is governed by State of Connecticut Statutes which, in general, allow the Town to invest in obligations of the United States of America or United States government sponsored corporations, in shares or other interests in any custodial arrangement, pool, or no-load, open-end management type investment company or investment trust (as defined), in obligations of any State or political subdivision rated within the top two rating categories of any nationally recognized rating service, or in obligations of the State of Connecticut or political subdivisions rated within the top three rating categories of any nationally recognized rating service. For the Capital Nonrecurring Fund, not more than 31% can be invested in equity securities. Investment income is recorded in the fund in which it was earned.

The Town has investment policies for its pension and other postemployment benefit (OPEB) funds that provide an asset allocation average, over a full market cycle, of approximately 65% equities (or alternative investment strategies as equivalents) and 35% fixed income and cash (or alternative investment strategies equivalents). For purposes of the policy, a full market cycle is defined by the Board to be no less than three years, or more than seven years. However, within a market cycle, Plan allocations should not exceed the following parameters:

|                                 | <u>Target</u> | <u>Range</u> |
|---------------------------------|---------------|--------------|
| A. Global Equities .....        | 65%           | 35% - 80%    |
| B. Fixed Income and Cash .....  | 35%           | 20% - 65%    |
| C. Domestic Equities .....      | 60%           | 40% - 80%    |
| D. International Equities ..... | 40%           | 20% - 60%    |

*(Remainder of page intentionally left blank)*



## **VII. Legal and Other Information**

### **Litigation**

Following consultation with the Town Attorney, and other attorneys providing legal services to the Town, Town officials advise that the Town, its officers, employees, boards and commissions are named defendants in a number of lawsuits. It is the Town Attorney's 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." For the purposes of this Official Statement judgments "which would materially adversely affect its financial position" means judgments for which "there is a substantial likelihood that a reasonable investor would consider the information important in deciding whether to invest".

### **Transcript and Closing Documents**

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

1. A Signature and No Litigation Certificate stating that at the time of delivery no litigation is pending or threatened affecting the validity of the Bonds or the levy or collection of taxes to pay them.

2. A certificate on behalf of the Town signed by the Town Manager and the Director of Finance & Treasurer, which will be dated the date of delivery, and which will certify that, to the best of said officials' knowledge and belief, at the time bids on the Bonds were accepted, the descriptions and statements in the Official Statement relating to the Town and its finances were true and correct in all material respects and did not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, and that there has been no material adverse change in the financial condition of the Town from that set forth in or contemplated by the Official Statement.

3. A receipt for the purchase price of the Bonds.

4. The approving opinion of Pullman & Comley, LLC, Bond Counsel, of Hartford, Connecticut in substantially the form attached as Appendix B to this Official Statement.

5. An executed Continuing Disclosure Agreement for the Bonds in substantially the form attached as Appendix C to this Official Statement.

6. The Town of Cheshire has prepared an Official Statement for the Bonds, which is dated March \_\_, 2023. The Town deems such Official Statement final as of its date for purposes of SEC Rule 15c2-12 (b)(5), but it is subject to revision or amendment. The Town will make available to the winning bidder of the Bonds 25 copies of the Official Statement at the Town's expense within seven business days of the bid opening. Additional copies may be obtained by the winning bidder at its own expense by arrangement with the printer.

A transcript of the proceedings taken by the Town will be kept on file at the offices of U.S. Bank Trust Company, National Association, Hartford, Connecticut 06103 and will be available for examination upon reasonable notice.

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## **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 provision 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.

Additional information may be obtained from James J. Jaskot, Director of Finance, Town of Cheshire, 84 South Main Street, Cheshire, Connecticut 06410, and telephone number (203) 271-6610. 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 CHESHIRE, CONNECTICUT***

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Sean M. Kimball, *Town Manager*

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James J. Jaskot, *Director of Finance & Treasurer*

Dated: March \_\_, 2023

## ***Appendix A***

### ***2022 Basic Financial Statements***

The following includes the Basic Financial Statements of the Town for the fiscal year ended June 30, 2022. 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 Spoerndle, Senior Managing Director, Phoenix Advisors LLC, 53 River Street, Suite 1, Milford, Connecticut 06460. Telephone (203) 878-4945.



## INDEPENDENT AUDITORS' REPORT

Audit Committee  
Town of Cheshire, Connecticut

### Report on the Audit of the Financial Statements

#### **Opinions**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Cheshire, Connecticut, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Town of Cheshire, Connecticut's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Cheshire, Connecticut, as of June 30, 2022, 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 Cheshire, 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 Cheshire, 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 Cheshire, 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 Cheshire, Connecticut's ability to continue as a going concern for a reasonable period of time.

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

### ***Required Supplementary Information***

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

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Cheshire, Connecticut's basic financial statements. The combining and individual nonmajor fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. 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 and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

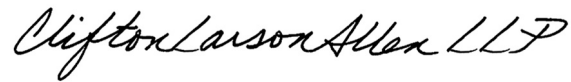
**Other Information**

Management is responsible for the other information included in the annual report. The other information comprises the introductory section and 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.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated February 1, 2023, on our consideration of the Town of Cheshire, 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 Cheshire, 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 Cheshire, Connecticut's internal control over financial reporting and compliance.



**CliftonLarsonAllen LLP**

West Hartford, Connecticut  
February 1, 2023

## **Town of Cheshire, Connecticut Management's Discussion and Analysis - *unaudited* June 30, 2022**

As management of the Town of Cheshire, Connecticut (the Town), we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2022. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages i-viii of this report as well as the Town's basic financial statements that follow this section.

To better understand the Town's financial activities, an overview of how the financial statements are presented in this book and the differences between the various financial statements are discussed below:

### **Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the Town's basic financial statements. The Town's financial statements are comprised of 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 summary of the Town's finances, on a full accrual basis, taking into account both long-term assets and liabilities.

The Statement of Net Position presents information on all Town assets and deferred outflows and liabilities and deferred inflows, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

The Statement of Activities presents information showing how the Town's net position changed during the fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash inflows or outflows in future fiscal periods, e.g., uncollected taxes and earned but unused, vacation leave.

Both of the government-wide financial statements distinguish functions of the Town between two categories: governmental activities that are principally supported by taxes and intergovernmental revenues and business-type activities that are intended to recover all or a significant portion of their costs through user fees and charges. The governmental activities of the Town include administration and finance, planning and development, public safety, public works, public health, social services, cultural services, leisure services, and education. The Town has no business type activities.

It is important to note that fiduciary funds are not presented in the government-wide statements as their assets cannot be used for Town operations. The Town is simply a conduit for these funds.

The government-wide financial statements can be found on pages 13-14 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 or modified accrual accounting to ensure and demonstrate compliance with finance-related legal requirements. All Town funds can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

**Governmental Funds.** Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements. Therefore, long-term liabilities and capital assets are not presented.

Because the focus of governmental fund financial statements 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 in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government'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 in the government-wide statements.

The Town maintains 22 individual governmental funds that are classified as either major or nonmajor funds. The information for the major funds is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances. The Town's 3 major funds are the General Fund, which includes 2 funds that were reclassified to the General Fund as they did not meet the definition of a special revenue fund per GASB No. 54, the Capital Improvements Fund and the Debt Reserve Fund. The other 17 funds are nonmajor and 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 in the Combining and Individual Nonmajor Fund Financial Statements and Schedules section of this report.

The Town adopts an annual budget for its General Fund, Water Pollution Control, and Community Pool funds. Budgetary comparison statements have been provided for these funds to demonstrate compliance with their adopted budget.

The basic governmental fund financial statements can be found on pages 15-19 of this report.

**Proprietary Funds.** The Town maintains one type of proprietary fund: internal service funds. Internal service funds are used to accumulate and allocate costs internally among the Town's various functions. The Town uses internal service funds to account for its self-insured medical benefits and heart and hypertension payments. Individual fund data for the internal service funds is provided in the form of combining statements in the Supplemental and Combining and Individual Fund Financial Statements and Other Schedules section of this report. These services have been included within governmental activities in the government-wide financial statements.

The basic proprietary fund financial statements can be found on pages 20-22 of this report.

**Fiduciary Funds.** The Town has one type of fiduciary funds: pension and other postemployment benefit trust funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government and are not available to support Town's programs. Therefore, these funds do not appear in the government-wide financial statements and appear separately in the fund financial statements.

The basic fiduciary fund financial statements can be found on pages 23-24 of this report.

**Notes to the Financial Statements.** The notes provide additional information that is essential to a full understanding of the data provided in both the government-wide and fund financial statements. The notes to the financial statements can be found on pages 25-72 of this report.

**Required Supplementary Information.** The required supplementary information presents the Town's progress in funding its obligation to provide pension and other postemployment benefits to employees. This information for pensions and other postemployment benefits can be found on pages 73-79 of this report. Also included in the required supplementary information is the General Fund budgetary-basis revenue and expenditure financial report and notes. This information can be found on pages 80-82 of this report.



Supplemental and combining nonmajor fund statements and schedules showing detail for nonmajor governmental funds, internal service funds, fiduciary funds and capital assets are presented on pages 96-108 of this report.

### ***Financial Highlights-Government-Wide Financial Statements***

- Total assets and deferred outflows of resources exceed liabilities and deferred inflows of resources resulting in a net position of \$83.747 million. The net position includes \$140.388 million invested in capital assets. The balance also includes \$6.295 million restricted for various programs and an unrestricted net position (deficit) of \$(62.937) million. Unrestricted net position, if any, may be used to meet the Town's ongoing obligations to citizens and creditors.
- Net position increased during the year by \$3.112 million resulting in a net position of \$83.747 million. The net investment in capital assets portion of net position increased by \$4.097 million. Restricted net position decreased by \$11.194 Million, mostly due to a decrease in cash restricted for capital projects. Unrestricted net position increased by \$10.210 million, mostly due to annual changes in pension and other postemployment plan liabilities.
- Overall, revenues decreased by \$5.566 million, or 3.70 percent, primarily due to an increase in property taxes of \$3.383 million and charges for services of \$1.417 million, offset by decreases in Operating Grants and Contributions of \$8.678 million and Capital Grants and Contributions of \$1.989 million. Charges for services rebounded after COVID concerns subsided with substantial increases in program and departmental revenues more consistent with pre-pandemic levels. The decrease in Operating Grants and Contributions was largely due to a decrease in revenue recognized for teacher pension and other postemployment plan liabilities that are funded by the State. The decrease in Capital Grants and Contributions was due to grant funded land acquisition and infrastructure projects that were completed in the prior year.
- Overall, expenses decreased by \$11.132 million, or 7.28 percent. The decrease was mostly due to a \$12.208 million decrease in Education expenses. Offsetting the overall decrease were increases in Public Safety and Planning and Development expenses totaling \$3.304 million. The decrease in education expenses was primarily due to a decrease in the pension and other postemployment expense recognition for liabilities associated with teacher retirement plans that are funded by the State. The increase in Public Safety expenses was partly due to an increase in net pension liabilities following a decline in asset market values. The Increase in Planning and Development Expenses was mainly due to State funded, brownfield remediation expenses at a former button and fastener manufacturing building that is being repurposed into a mixed-use arts and retail complex.

### ***Financial Highlights - Fund Financial Statements***

- As of the close of the current fiscal year, the overall decrease in fund balance for governmental funds is \$7.127 million resulting in an ending fund balance of \$30.766 million. This decrease was generated mostly from a decrease in the Capital Improvements fund balance of \$8.072 million due to capital outlay expenditures of \$8.250 million, offset by \$.178 million of grants, contributions, and other revenues. In addition, the Debt Reserve Fund balance decreased by \$.445 million due to debt service payments in excess of transfers into the fund and income from investments. The General Fund and nonmajor fund balances increased by only \$.936 million and \$.453 million respectively.
- The fund balance of the General Fund at June 30, 2022 was \$17.505 million, an increase of \$.936 million from the prior fiscal year as noted above. For reporting purposes, one reserve fund and the Community Pool fund are combined with the General Fund as they did not meet the definition of a special revenue fund per GASB No. 54.
- The \$17.505 million fund balance of the General Fund on June 30, 2022 includes \$13.098 million of unassigned fund balance, or 10.02 percent of GAAP operating expenditures. There is also \$.095 million of nonspendable fund balance earmarked for prepaid expenditures and \$4.312 million of assigned fund balance. Assigned fund balance includes \$1.700 million assigned for the 2023 fiscal year budget and \$2.612 million assigned for outstanding 2022 fiscal year encumbrances.

## Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Town, assets and deferred outflows exceeded liabilities and deferred inflows by \$83.747 million at the close of the most recent fiscal year.

### Town of Cheshire, Connecticut Summary Statement of Net Position June 30, 2022 and 2021

|   | Governmental Activities |                      |
|---|-------------------------|----------------------|
|   | 2022                    | 2021                 |
| Current and Other Assets                    | \$ 57,518,971           | \$ 59,143,290        |
| Capital Assets (net)                        | 233,041,962             | 230,943,021          |
| <b>Total assets</b>                         | <b>290,560,933</b>      | <b>290,086,311</b>   |
| Pension / OPEB related items                | 9,461,537               | 4,889,278            |
| Deferred charge on refundings               | 693,655                 | 845,274              |
| <b>Total deferred outflows of resources</b> | <b>10,155,192</b>       | <b>5,734,552</b>     |
| Current Liabilities                         | 24,112,567              | 26,243,419           |
| Long-Term Liabilities                       | 178,460,777             | 176,621,449          |
| <b>Total liabilities</b>                    | <b>202,573,344</b>      | <b>202,864,868</b>   |
| Pension / OPEB related items                | 6,379,933               | 10,903,520           |
| Advance tax collections                     | 7,283,170               | 1,417,725            |
| Leases                                      | 732,608                 | -                    |
| <b>Total deferred inflows of resources</b>  | <b>14,395,711</b>       | <b>12,321,245</b>    |
| Net Position                                |                         |                      |
| Net investment in capital assets            | 140,388,311             | 136,291,559          |
| Restricted                                  | 6,295,262               | 17,489,718           |
| Unrestricted (Deficit)                      | (62,936,503)            | (73,146,527)         |
| <b>Total net position</b>                   | <b>\$ 83,747,070</b>    | <b>\$ 80,634,750</b> |

The net investment in capital assets, e.g., land, buildings, machinery and equipment, and infrastructure, represents \$140.388 million, or 167.6 percent of the Town's net position. These assets are used to provide services to Town citizens; and it should be noted that these assets are not available for future spending. While the net investment in capital assets is reported net of related debt, the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

A small portion of the Town's net position, \$6.295 million, represents resources that are subject to external restrictions from grantors on how they may be used.

The remainder is a deficit, unrestricted net position (deficit) of \$(62.937) million. Unrestricted net position, if any, may be used to meet the Town's ongoing obligations to citizens and creditors.

**Town of Cheshire**  
**Summary Statement of Activities**  
**Years Ended June 30, 2022 and 2021**

|  | Governmental Activities |                      |               |
|--|-------------------------|----------------------|---------------|
|  | 2022                    | 2021                 | % Change      |
| <b>Revenues</b>  |                         |                      |               |
| Program Revenues:  |                         |                      |               |
| Charges for services   | \$ 9,712,685            | \$ 8,295,368         | 17.09%        |
| Operating grants and contributions                           | 30,343,684              | 39,021,274           | -22.24%       |
| Capital grants and contributions                             | 766,888                 | 2,756,349            | -72.18%       |
| General Revenues:  |                         |                      |               |
| Property taxes   | 98,161,958              | 94,778,480           | 3.57%         |
| Grants and contributions not restricted to specific programs | 5,937,484               | 5,067,972            | 17.16%        |
| Investment income and other                                  | (117,964)               | 451,435              | -126.13%      |
| <b>Total revenues</b>  | <b>144,804,735</b>      | <b>150,370,878</b>   | <b>-3.70%</b> |
| <b>Expenses</b>  |                         |                      |               |
| Administration & Finance                                     | 6,155,293               | 6,801,826            | -9.51%        |
| Planning and Development                                     | 2,524,873               | 739,382              | 241.48%       |
| Public Safety  | 16,922,870              | 15,404,799           | 9.85%         |
| Public Works   | 14,668,818              | 14,376,364           | 2.03%         |
| Public Health  | 641,717                 | 522,637              | 22.78%        |
| Social Services  | 1,737,914               | 1,760,825            | -1.30%        |
| Cultural Services  | 2,881,839               | 3,030,855            | -4.92%        |
| Leisure Services   | 2,186,080               | 2,277,124            | -4.00%        |
| Education  | 93,247,357              | 105,455,175          | -11.58%       |
| Interest on long-term debt                                   | 725,654                 | 2,455,497            | -70.45%       |
| <b>Total expenses</b>  | <b>141,692,415</b>      | <b>152,824,484</b>   | <b>-7.28%</b> |
| <b>Change in net position</b>                                | <b>3,112,320</b>        | <b>(2,453,606)</b>   |               |
| Net Position, beginning                                      | 80,634,750              | 83,088,356           |               |
| Net Position, ending   | <b>\$ 83,747,070</b>    | <b>\$ 80,634,750</b> |               |

**Governmental Activities.** The Town's net position for Governmental activities increased by \$3.112 million.

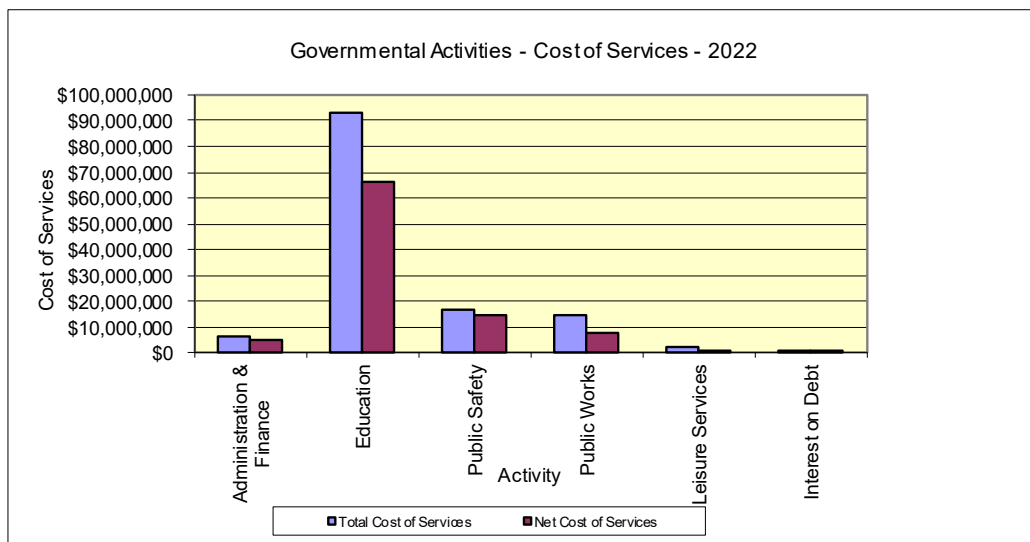
Major revenue factors include:

- Overall, revenues decreased by \$5.566 million, or 3.70 percent, primarily due to an increase in property taxes of \$3.383 million and charges for services of \$1.417 million, offset by decreases in Operating Grants and Contributions of \$8.678 million and Capital Grants and Contributions of \$1.989 million. Charges for services rebounded after COVID concerns subsided with substantial increases in program and departmental revenues more consistent with pre-pandemic levels. The decrease in Operating Grants and Contributions was largely due to a decrease in revenue recognized for teacher pension and other postemployment plan liabilities that are funded by the State. The decrease in Capital Grants and Contributions was due to grant funded land acquisition and infrastructure projects that were completed in the prior year.
- Property tax revenue increased by \$3.383 million, consistent with the fiscal year 2022 budget increase of \$5.854 million that was partially offset by increases in other revenue sources, mostly State and federal grants.
- Investment Income and Other revenue decreased by \$.569 million, mostly due to an increase in the fair value of investments that have not matured.

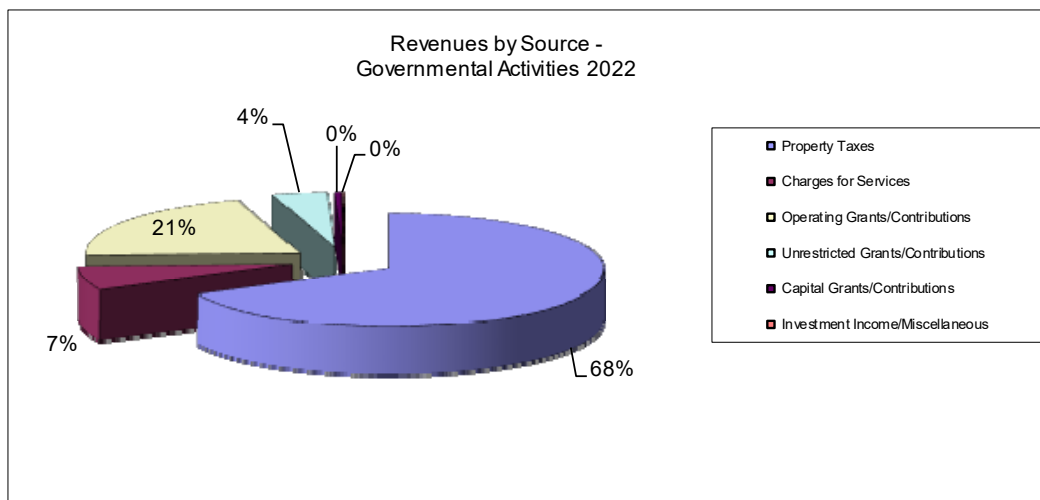
Major expense factors include:

- Overall, expenses decreased by \$11.132 million, or 7.28 percent. The decrease was mostly due to a \$12.208 million decrease in Education expenses. Offsetting the overall decrease were increases in Public Safety and Planning and Development expenses totaling \$3.304 million. The decrease in education expenses was primarily due to a decrease in the pension and other postemployment expense recognition for liabilities associated with teacher retirement plans that are funded by the State. The increase in Public Safety expenses was partly due to an increase in net pension liabilities following a decline in asset market values. The Increase in Planning and Development Expenses was mainly due to State funded, brownfield remediation expenses at a former button and fastener manufacturing building that is being repurposed into a mixed-use arts and retail complex.

The chart below presents the costs of six of the Town’s major governmental activities as well as their net cost (total cost less revenues generated by the activities). The Net Cost shows the financial burden that was placed on the Town’s taxpayers by each of these functions.



The chart below represents all Town revenues by source:



### Financial Analysis of the Government's Funds

As noted earlier, the Town uses fund or modified accrual accounting to demonstrate compliance with finance-related legal requirements.

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

As of the end of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$30.766 million, a decrease of \$7.127 million from the prior year. The \$30.766 million fund balance consists of \$19.240 million that is either nonspendable, restricted, committed, or assigned as defined by Governmental Accounting Standards Board No. 54, and an unassigned fund balance of \$11.526 million. Definitions for these fund balance classifications can be found in Note 1 to the financial statements.

### General Fund

The General Fund is the main operating fund of the Town. At the end of the current fiscal year, unassigned fund balance of the General Fund is \$13.098 million while total fund balance is \$17.505 million. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 10.02 percent of total General Fund expenditures, while total fund balance represents 13.40 percent of that same amount.

### Capital Improvements Fund

The Capital Improvements fund balance was \$2.772 million, a decrease of \$8.072 million. Capital outlay of \$8.250 million was only partially offset by .178 million of grants, contributions, and other revenue.

## Debt Reserve Fund

The Debt Reserve Fund balance was \$3.243 million, a decrease of \$.445 million. Debt service payments of \$1.461 million exceeded a transfer from the General Fund of \$1.000 million and investment income totaling \$.016 million. Starting in July 2017, debt service payments from this fund helped to mitigate the impact on taxpayers from a spike in debt service associated with a Connecticut Clean Water Fund loan that financed a major Water Pollution Control Plant upgrade.

## Capital Asset and Debt Administration

**Capital Assets.** The Town's investment in capital assets, net of accumulated depreciation, for its governmental activities as of June 30, 2022, amounts to \$233.042 million. This investment in capital assets includes land, land improvements, buildings and improvements, vehicles, machinery and equipment, infrastructure, and construction in progress.

Major capital asset activity during the current fiscal year follows: Buildings and Improvements of \$.677 million were placed in service during the year including roofing at Dodd Middle School, flooring and doorway replacements at Cheshire High School, an underground storage tank replacement at Darcey School, two new boilers at the Senior Center, and new flooring and carpeting at various Town and school buildings. Vehicle purchases of \$.364 million were for new fleet vehicles at various departments. Machinery and Equipment additions of \$5.270 million was mostly for a new Public Safety Radio Communication System. Other additions include technology equipment upgrades and maintenance equipment for the Town and Board of Education ground crews. Infrastructure additions of \$1.994 million include school sidewalks, road paving projects under the Town's maintenance program, and new stadium lighting at Cheshire High School. Construction in progress had a balance of \$6.583 million, consisting of HVAC and locker room improvements at the Police Station and various school and infrastructure projects.

|                             | Governmental Activities |                       |
|-----------------------------|-------------------------|-----------------------|
|                             | June 30,                |                       |
|                             | 2022                    | 2021                  |
| Land                        | \$ 25,310,762           | \$ 25,310,762         |
| Building and improvements   | 106,971,754             | 110,162,117           |
| Land Improvements           | 4,764,132               | 4,946,167             |
| Machinery and equipment     | 9,987,260               | 5,578,616             |
| Motor vehicles              | 6,592,022               | 6,927,697             |
| Infrastructure              | 72,689,380              | 73,103,485            |
| Right of Use - Leased Asset | 143,715                 | 197,824               |
| Construction in progress    | 6,582,937               | 4,914,177             |
| <b>Total</b>                | <b>\$ 233,041,962</b>   | <b>\$ 231,140,845</b> |

Additional information on the Town's capital assets can be found in Note 4 on page 41 of this report.

**Long-Term Debt.** At the end of the current fiscal year, the Town had total gross bonded debt and notes payable outstanding of \$96.839 million including \$3.374 million of unamortized bond premiums. The Town retired \$9.752 million in debt during the year, resulting in a decrease in gross debt outstanding of 9.15 percent over the prior year.

The Town maintains an "AAA" rating from both Fitch Ratings and Standard and Poor's for general obligation debt.

State statutes limit the amount of general obligation debt a governmental entity may issue to seven times total tax collections, including interest and lien fees. The current debt limit for the Town is \$662.830 million. The Town had debt issues outstanding that were \$93.465 million, or 14.10 percent of the total debt limitation.

Additional information on the Town's long-term debt can be found in Note 5 on pages 42-44 of this report.

## **Economic Factors and Next Year's Budgets and Rates**

Median household income was \$132,682 and per capita income was \$57,009 in 2022. For the fiscal year ended June 30, 2022, unassigned fund balance in the General Fund was \$13.098 million. These factors were among those considered in preparing the Town's budget for the 2023 fiscal year.

The 2023 General Fund budget increased by 2.81 percent, or \$3.433 million, and the mill rate increased by .60 mills to 34.32 mills. The Water Pollution Control Authority sewer use rate increased by \$10 to \$445 for the 2023 budget year.

## **Requests for Information**

This financial report is designed to provide a general overview 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 financial information should be addressed to the Finance Director/Treasurer James Jaskot, Town of Cheshire, 84 South Main Street, Cheshire, CT 06410.

## **Basic Financial Statements**



**Statement of Net Position  
June 30, 2022**

|   | Primary<br>Government<br>Governmental<br>Activities |
|---|---|
| <b>Assets</b>   |   |
| Current assets:   |   |
| Cash and cash equivalents   | \$ 31,989,245                                       |
| Investments   | 16,040,543  |
| Receivables, net of allowance for collection losses:              |   |
| Property taxes  | 480,605   |
| Assessments and user charges                                      | 191,221   |
| Intergovernmental   | 2,853,311   |
| Other   | 1,471,310   |
| Other assets  | 168,936   |
| <b>Total current assets</b>                                       | <u>53,195,171</u>                                   |
| Noncurrent assets:  |   |
| Capital assets not being depreciated                              | 31,893,699  |
| Capital assets being depreciated, net of accumulated depreciation | 201,148,263   |
| Restricted cash   | 4,323,800   |
| <b>Total noncurrent assets</b>                                    | <u>237,365,762</u>                                  |
| <b>Total assets</b>   | <u>290,560,933</u>                                  |
| Deferred outflows of resources:                                   |   |
| Pension related items   | 8,430,642   |
| OPEB related items  | 1,030,895   |
| Deferred charge on refundings                                     | 693,655   |
| <b>Total deferred outflows of resources</b>                       | <u>10,155,192</u>                                   |
| <b>Liabilities</b>  |   |
| Current liabilities:  |   |
| Accounts payable  | 5,313,733   |
| Accrued payroll   | 7,283,122   |
| Accrued interest payable  | 998,345   |
| Unearned revenue  | 1,574,659   |
| Current portion of long-term debt obligations                     | 8,942,708   |
| <b>Total current liabilities</b>                                  | <u>24,112,567</u>                                   |
| Noncurrent  |   |
| Noncurrent portion of long-term debt obligations                  | 178,460,777   |
| <b>Total noncurrent liabilities</b>                               | <u>178,460,777</u>                                  |
| <b>Total liabilities</b>  | <u>202,573,344</u>                                  |
| Deferred inflows of resources:                                    |   |
| Pension related items   | 184,463   |
| OPEB related items  | 6,195,470   |
| Advance tax collections   | 7,283,170   |
| Leases  | 732,608   |
| <b>Total deferred inflows of resources</b>                        | <u>14,395,711</u>                                   |
| Net position:   |   |
| Net investment in capital assets                                  | 140,388,311   |
| Restricted for various programs:                                  |   |
| Nonexpendable   | 78,361  |
| Administration and finance  | 378,383   |
| Public safety   | 780,647   |
| Public works  | 893,625   |
| Social Services   | 66,531  |
| Cultural services   | 96,477  |
| Leisure services  | 34,757  |
| Education   | 2,665,175   |
| Capital outlay  | 880,600   |
| Debt service  | 420,706   |
| Unrestricted (deficit)  | (62,936,503)  |
| <b>Total net position</b>   | <u>\$ 83,747,070</u>                                |

See notes to financial statements.



**Balance Sheet - Governmental Funds  
June 30, 2022**

|  | Major Funds          |                                 |                         | Nonmajor<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|--|----------------------|---------------------------------|-------------------------|-----------------------------------|--------------------------------|
|  | General<br>Fund      | Capital<br>Improvements<br>Fund | Debt<br>Reserve<br>Fund |                                   |                                |
| <b>Assets</b>  |                      |                                 |                         |                                   |                                |
| Cash and cash equivalents  | \$ 18,218,906        | \$ -                            | \$ 3,243,126            | \$ 6,824,130                      | \$ 28,286,162                  |
| Receivables (net of allowances for<br>collection losses):                          |                      |                                 |                         |                                   |                                |
| Property taxes, net of<br>allowance of \$140,917                                   | 480,605              | -                               | -                       | -                                 | 480,605                        |
| Assessments and user charges   | -                    | -                               | -                       | 191,221                           | 191,221                        |
| Intergovernmental  | 253,128              | 880,600                         | -                       | 1,719,583                         | 2,853,311                      |
| Other  | 1,031,602            | 5,000                           | -                       | 21,017                            | 1,057,619                      |
| Investments  | 15,339,736           | -                               | -                       | 700,807                           | 16,040,543                     |
| Restricted cash  | -                    | 4,323,800                       | -                       | -                                 | 4,323,800                      |
| Other assets   | 95,116               | 20,000                          | -                       | -                                 | 115,116                        |
| Inventory  | -                    | -                               | -                       | 53,820                            | 53,820                         |
| <b>Total assets</b>  | <b>\$ 35,419,093</b> | <b>\$ 5,229,400</b>             | <b>\$ 3,243,126</b>     | <b>\$ 9,510,578</b>               | <b>\$ 53,402,197</b>           |
| <b>Liabilities</b>   |                      |                                 |                         |                                   |                                |
| Accounts payable   | \$ 2,163,620         | \$ 476,192                      | \$ -                    | \$ 1,391,317                      | \$ 4,031,129                   |
| Accrued payroll  | 7,247,142            | -                               | -                       | 35,980                            | 7,283,122                      |
| Unearned revenues  | 47,147               | 1,100,800                       | -                       | 426,712                           | 1,574,659                      |
| <b>Total liabilities</b>   | <b>9,457,909</b>     | <b>1,576,992</b>                | <b>-</b>                | <b>1,854,009</b>                  | <b>12,888,910</b>              |
| Deferred inflows of resources:   |                      |                                 |                         |                                   |                                |
| Advance tax collections  | 7,283,170            | -                               | -                       | -                                 | 7,283,170                      |
| Leases   | 732,608              | -                               | -                       | -                                 | 732,608                        |
| Unavailable resources  | 440,088              | 880,600                         | -                       | 410,969                           | 1,731,657                      |
| <b>Total deferred inflows<br/>of resources</b>                                     | <b>8,455,866</b>     | <b>880,600</b>                  | <b>-</b>                | <b>410,969</b>                    | <b>9,747,435</b>               |
| Fund balances:   |                      |                                 |                         |                                   |                                |
| Nonspendable   | 95,116               | 20,000                          | -                       | 132,181                           | 247,297                        |
| Restricted   | -                    | 4,323,800                       | -                       | 5,336,301                         | 9,660,101                      |
| Committed  | -                    | -                               | 3,243,126               | 1,478,437                         | 4,721,563                      |
| Assigned   | 4,312,324            | -                               | -                       | 298,681                           | 4,611,005                      |
| Unassigned   | 13,097,878           | (1,571,992)                     | -                       | -                                 | 11,525,886                     |
| <b>Total fund balances</b>   | <b>17,505,318</b>    | <b>2,771,808</b>                | <b>3,243,126</b>        | <b>7,245,600</b>                  | <b>30,765,852</b>              |
| <b>Total liabilities, deferred<br/>inflows of resources,<br/>and fund balances</b> | <b>\$ 35,419,093</b> | <b>\$ 5,229,400</b>             | <b>\$ 3,243,126</b>     | <b>\$ 9,510,578</b>               | <b>\$ 53,402,197</b>           |

See notes to financial statements.

**Reconciliation of Fund Balance to Net Position of Governmental Activities  
June 30, 2022**

Amounts reported for governmental activities in the statement of net position are different from the governmental fund balance sheet. The details of this difference are as follows:

|   |                      |
|---|----------------------|
| Total fund balance (Page 15)  | \$ 30,765,852        |
| Capital assets, net of accumulated depreciation purchased in governmental funds are reported as expenditures; however, the statement of net position includes those capital assets among the assets of the Town as a whole.                           | 233,041,962          |
| Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds:<br>Property tax and other receivables not currently available  | 1,731,657            |
| Some expenses including deferred outflows/inflows reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.                           |                      |
| Deferred outflows of resources - pension related items  | 8,430,642            |
| Deferred outflows of resources - OPEB related items   | 1,030,895            |
| Deferred loss on refunding  | 693,655              |
| Deferred inflows of resources - pension related items   | (184,463)            |
| Deferred inflows of resources - OPEB related items  | (6,195,470)          |
| Internal service funds are used by management to charge the cost of medical insurance to individual departments:<br>The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position | (104,304)            |
| Some liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds:   |                      |
| Bonds and notes payable   | (93,464,768)         |
| Net pension liability   | (57,462,471)         |
| Net OPEB liability  | (26,510,814)         |
| Bond premium  | (3,374,270)          |
| Accrued interest payable  | (998,345)            |
| Landfill accrual  | (399,000)            |
| Compensated absences  | (2,793,146)          |
| Claims  | (120,000)            |
| Lease payable   | (145,902)            |
| Early retirement  | (194,640)            |
| <b>Net position of governmental activities (page13)</b>   | <b>\$ 83,747,070</b> |

See notes to financial statements.

**Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds  
For the Year Ended June 30, 2022**

|   | Major Funds        |                                 |                         | Nonmajor<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|---|--------------------|---------------------------------|-------------------------|-----------------------------------|--------------------------------|
|   | General<br>Fund    | Capital<br>Improvements<br>Fund | Debt<br>Reserve<br>Fund |                                   |                                |
| <b>Revenues:</b>  |                    |                                 |                         |                                   |                                |
| Property taxes  | \$ 98,172,328      | \$ -                            | \$ -                    | \$ -                              | \$ 98,172,328                  |
| Intergovernmental   | 31,459,841         | 55,182                          | -                       | 7,287,658                         | 38,802,681                     |
| Income from investments                                     | 241,552            | -                               | 16,378                  | 32,892                            | 290,822                        |
| Net increase (decrease) in the fair<br>value of investments | (1,003,202)        | -                               | -                       | (49,334)                          | (1,052,536)                    |
| Charges for services  | 3,756,809          | -                               | -                       | 5,976,594                         | 9,733,403                      |
| Contributions   | -                  | 75,000                          | -                       | 488,560                           | 563,560                        |
| Other   | 286,656            | 47,977                          | -                       | 315,474                           | 650,107                        |
| <b>Total revenues</b>                                       | <b>132,913,984</b> | <b>178,159</b>                  | <b>16,378</b>           | <b>14,051,844</b>                 | <b>147,160,365</b>             |
| <b>Expenditures:</b>  |                    |                                 |                         |                                   |                                |
| <b>Current:</b>   |                    |                                 |                         |                                   |                                |
| Administration and benefits                                 | 13,921,872         | -                               | -                       | 67,798                            | 13,989,670                     |
| Planning and development                                    | 513,128            | -                               | -                       | 1,873,426                         | 2,386,554                      |
| Public safety   | 7,766,411          | -                               | -                       | 499,688                           | 8,266,099                      |
| Public works  | 6,804,071          | -                               | -                       | 2,504,547                         | 9,308,618                      |
| Public health   | 641,717            | -                               | -                       | -                                 | 641,717                        |
| Social services   | 995,453            | -                               | -                       | 92,245                            | 1,087,698                      |
| Cultural services   | 1,870,925          | -                               | -                       | 35,736                            | 1,906,661                      |
| Leisure services  | 1,488,791          | -                               | -                       | 8,298                             | 1,497,089                      |
| Education   | 89,856,276         | -                               | -                       | 6,626,743                         | 96,483,019                     |
| Debt service  | 6,809,077          | -                               | 1,460,947               | 1,182,679                         | 9,452,703                      |
| Capital outlay  | -                  | 8,249,815                       | -                       | 1,017,497                         | 9,267,312                      |
| <b>Total expenditures</b>                                   | <b>130,667,721</b> | <b>8,249,815</b>                | <b>1,460,947</b>        | <b>13,908,657</b>                 | <b>154,287,140</b>             |
| <b>Revenues over (under)<br/>expenditures</b>               | <b>2,246,263</b>   | <b>(8,071,656)</b>              | <b>(1,444,569)</b>      | <b>143,187</b>                    | <b>(7,126,775)</b>             |
| <b>Other financing sources (uses):</b>                      |                    |                                 |                         |                                   |                                |
| Transfers in  | 689,712            | -                               | 1,000,000               | 1,000,000                         | 2,689,712                      |
| Transfers out   | (2,000,000)        | -                               | -                       | (689,712)                         | (2,689,712)                    |
| <b>Total other financing<br/>sources (uses)</b>             | <b>(1,310,288)</b> | <b>-</b>                        | <b>1,000,000</b>        | <b>310,288</b>                    | <b>-</b>                       |
| <b>Change in fund balances</b>                              | <b>935,975</b>     | <b>(8,071,656)</b>              | <b>(444,569)</b>        | <b>453,475</b>                    | <b>(7,126,775)</b>             |
| Fund balances, beginning                                    | 16,569,343         | 10,843,464                      | 3,687,695               | 6,792,125                         | 37,892,627                     |
| Fund balances, ending                                       | \$ 17,505,318      | \$ 2,771,808                    | \$ 3,243,126            | \$ 7,245,600                      | \$ 30,765,852                  |

See notes to financial statements.

**Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances  
of Governmental Funds to the Statement of Activities  
For the Year Ended June 30, 2022**

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances – total governmental funds (Page 17) \$ (7,126,775)

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

|                      |                         |
|----------------------|-------------------------|
| Capital outlay       | 10,242,350              |
| Depreciation expense | <u>(8,060,138)</u>      |
| <b>Total</b>         | <u><b>2,182,212</b></u> |

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase net position. In the statement of activities, only the loss on the sale of capital assets is reported. However, in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balance by the cost of the capital assets sold.

(83,271)

Changes in receivables that impact revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

|  |                       |
|--|-----------------------|
| Grants   | (31,088)              |
| Property tax, sewer use and sewer and water assessment interest and lien revenue | <u>167,369</u>        |
| <b>Total</b>   | <u><b>136,281</b></u> |

Change in deferred outflows of resources - pension and OPEB related items:

|                       |                         |
|-----------------------|-------------------------|
| Pension related items | 4,728,652               |
| OPEB related items    | <u>(156,393)</u>        |
| <b>Total</b>          | <u><b>4,572,259</b></u> |

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 premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. The details of these differences in the treatment of long-term debt and related items are as follows:

Debt issued or incurred:

|  |           |
|--|-----------|
| Amortization of premium                      | 2,042,751 |
| Amortization of deferred charge on refunding | (151,619) |
| Leases payable                               | (197,824) |

Principal repayments:

|                          |                         |
|--------------------------|-------------------------|
| Leases payable           | 51,922                  |
| Notes payable            | 783,691                 |
| General obligation bonds | <u>6,925,259</u>        |
| <b>Total</b>             | <u><b>9,454,180</b></u> |

(Continued)

See notes to financial statements.

**Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances  
of Governmental Funds to the Statement of Activities (Continued)  
For the Year Ended June 30, 2022**

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. This represents the changes in various liability accounts that impact expenses/expenditures:

|  |                                |
|--|--------------------------------|
| Compensated absences   | \$ 239,345                     |
| Early retirement   | (88,159)                       |
| Landfill closure   | (9,000)                        |
| Net pension liability  | (14,495,963)                   |
| Net OPEB liability   | 3,465,745                      |
| Claims   | 270,000                        |
| Accrued interest payable   | (89,342)                       |
| <b>Total</b>   | <u>(10,707,374)</u>            |
| <br>The change in net position of the Internal Service Fund is reported with governmental activities | <br><u>161,221</u>             |
| <br>Change in deferred inflows of resources - pension and OPEB related items:                        |                                |
| Pension related items  | 6,996,248                      |
| OPEB related items   | (2,472,661)                    |
| <b>Total</b>   | <u>4,523,587</u>               |
| <br><b>Change in net position of governmental activities (page 14)</b>                               | <br><u><u>\$ 3,112,320</u></u> |

(Concluded)

See notes to financial statements.

**Statement of Net Position - Proprietary Funds**  
**June 30, 2022**

|                           | Governmental<br>Activities        |
|---------------------------|-----------------------------------|
|                           | <u>Internal<br/>Service Funds</u> |
| <b>Assets</b>             |                                   |
| Current assets:           |                                   |
| Cash and cash equivalents | \$ 3,703,083                      |
| Accounts receivable       | 413,691                           |
| <b>Total assets</b>       | <u>4,116,774</u>                  |
| <b>Liabilities</b>        |                                   |
| Current liabilities:      |                                   |
| Claims payable            | <u>1,465,464</u>                  |
| Noncurrent liabilities:   |                                   |
| Claims payable            | <u>2,755,614</u>                  |
| <b>Total liabilities</b>  | <u>4,221,078</u>                  |
| Net position (deficit):   |                                   |
| Unrestricted              | <u>\$ (104,304)</u>               |

See notes to financial statements.



**Statement of Revenues, Expenses, and Changes in Fund Net Position - Proprietary Funds  
For the Year Ended June 30, 2022**

|                                    | Governmental<br>Activities<br><u>Internal<br/>Service Funds</u> |
|------------------------------------|---|
| Operating revenues:                |   |
| Charges for services               | \$ 16,942,849   |
| <b>Total operating revenues</b>    | <u>16,942,849</u>   |
| Operating expenses:                |   |
| Claims incurred                    | 15,155,508  |
| Administration                     | <u>1,636,763</u>  |
| <b>Total operating expenses</b>    | <u>16,792,271</u>   |
| <b>Operating Income</b>            | <u>150,578</u>  |
| Nonoperating revenues:             |   |
| Investment income                  | <u>10,643</u>   |
| <b>Total nonoperating revenues</b> | <u>10,643</u>   |
| <b>Change in net position</b>      | 161,221   |
| Net position (deficit), beginning  | <u>(265,525)</u>  |
| Net position (deficit), ending     | <u>\$ (104,304)</u>   |

See notes to financial statements.

**Statement of Cash Flows - Proprietary Funds  
For the Year Ended June 30, 2022**

|  | Governmental<br>Activities        |
|--|-----------------------------------|
|  | <u>Internal<br/>Service Funds</u> |
| Cash flows from operating activities:  |                                   |
| Receipts from charges for services   | \$ 16,854,113                     |
| Claims paid  | (14,170,236)                      |
| Payments for administration  | <u>(1,636,763)</u>                |
| <b>Net cash provided by operating activities</b>   | <u>1,047,114</u>                  |
| Cash flows provided by investing activities:   |                                   |
| Investment income  | 10,643                            |
| <b>Net cash provided by investing activities</b>   | <u>10,643</u>                     |
| <b>Net increase in cash and cash equivalents</b>   | 1,057,757                         |
| Cash and cash equivalents:   |                                   |
| Beginning  | <u>2,645,326</u>                  |
| Ending   | <u><u>\$ 3,703,083</u></u>        |
| Reconciliation of operating income to net cash<br>provided by operating activities:        |                                   |
| Operating income   | \$ 150,578                        |
| Adjustments to reconcile operating income to net<br>cash provided by operating activities: |                                   |
| Increase in accounts receivable  | (88,736)                          |
| Increase in claims payable   | <u>985,272</u>                    |
| <b>Net cash provided by operating activities</b>   | <u><u>\$ 1,047,114</u></u>        |

See notes to financial statements.

**Statement of Fiduciary Net Position - Fiduciary Funds**  
**June 30, 2022**

|                           | Pension and OPEB<br>Trust Funds |
|---------------------------|---------------------------------|
| <b>Assets</b>             |                                 |
| Cash and cash equivalents | <u>\$ 1,428,522</u>             |
| Investments:              |                                 |
| Common stock              | 10,378,812                      |
| Money market mutual funds | 3,866,200                       |
| Fixed income mutual funds | 12,685,276                      |
| Equity mutual funds       | 25,397,649                      |
| Private equity funds      | 4,311,115                       |
| Alternative investments   | <u>23,558,321</u>               |
| <b>Total investments</b>  | <u>80,197,373</u>               |
| <b>Total assets</b>       | <u>81,625,895</u>               |
| <b>Liabilities</b>        |                                 |
| Accounts payable          | <u>84,732</u>                   |
| <b>Total liabilities</b>  | <u>84,732</u>                   |
| Net position:             |                                 |
| Restricted for pensions   | 80,126,577                      |
| Restricted for OPEB       | <u>1,414,586</u>                |
| <b>Total net position</b> | <u><u>\$ 81,541,163</u></u>     |

See notes to financial statements.

**Statement of Changes in Fiduciary Net Position - Fiduciary Funds  
For the Year Ended June 30, 2022**

|  | Pension and OPEB<br>Trust Funds |
|--|---------------------------------|
| <hr/>  |                                 |
| Additions:   |                                 |
| Contributions:   |                                 |
| Employer   | \$ 6,381,145                    |
| Plan members   | 561,867                         |
| <b>Total contributions</b>   | <u>6,943,012</u>                |
| Investment Income:   |                                 |
| Net depreciation in fair value of investments                            | (9,867,759)                     |
| Interest and dividends   | 1,499,397                       |
| <b>Subtotal</b>  | <u>(8,368,362)</u>              |
| Less investment expenses:  |                                 |
| Investment management fees   | 267,328                         |
| <b>Net investment income</b>   | <u>(8,635,690)</u>              |
| <b>Total additions</b>   | (1,692,678)                     |
| Deductions:  |                                 |
| Benefits and other   | <u>8,723,650</u>                |
| <b>Changes in net position</b>   | (10,416,328)                    |
| Net position, restricted for pensions and other postemployment benefits: |                                 |
| Beginning of year  | <u>91,957,491</u>               |
| End of year  | <u><u>\$ 81,541,163</u></u>     |

See notes to financial statements.

## Town of Cheshire, Connecticut

### Notes to Financial Statements

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#### Note 1. Significant Accounting Policies

**Reporting entity:** The Town of Cheshire, Connecticut (the Town), was incorporated in 1780. The Town covers 33 square miles located in New Haven County.

The Town operates under a Council-Manager form of government, as prescribed by its Charter, which was adopted June 9, 1971, and most recently revised November 7, 2017. The Town provides a full range of services including general government, public safety, public works, health, social services, recreation, and education. The accompanying financial statements conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governments.

Accounting principles generally accepted in the United State of America require that the reporting entity include the primary government, organizations for which the primary government is financially accountable, and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. A government is financially accountable for a legally separate organization if it appoints a voting majority of the organization's governing body and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the government. These criteria have been considered and have resulted in the inclusion of the fiduciary component units as detailed below.

The Town has established three single-employer Public Retirement Systems (PERS) and two postretirement health care benefits (OPEB) plans to provide retirement benefits and post-retirement health care benefits primary to employees and their beneficiaries. The Town appoints the majority of the Retirement Board which performs the duties of a governing board for the Pension and OPEB plans and is required to make contributions to the pension and OPEB plans and can impose its will on the plans.

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

#### **Basis of presentation:**

**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 primary government. For the most part, the effect of interfund activity has been removed from these statements. Taxes and intergovernmental revenues normally support governmental activities.

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

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

## Town of Cheshire, Connecticut

### Notes to Financial Statements

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#### Note 1. Significant Accounting Policies (Continued)

**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 proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year when levied for. 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, with the exception of grant revenues which are considered available if they are collected 120 days of the end of the current fiscal period. Expenditures are generally recorded when a liability is incurred as under accrual accounting, however, debt service expenditures, pension, OPEB, early retirement, landfill, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due (matured).

Property taxes, when levied for, intergovernmental revenue when eligibility requirements are met, licenses, charges for services, and interest associated with the current fiscal period are all considered to be susceptible to accrual (measurable) and so have been recognized as revenues of the current fiscal period, if available. All other revenue items are considered to be measurable only when cash is received by the Town.

**Governmental funds:** Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities and deferred inflows of resources is reported as fund balance.

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 accounted for in another fund.

The **Capital Improvements Fund** accounts for financial resources to be used for the acquisition or construction of capital facilities and major equipment. Resources for the capital improvements fund generally consist of proceeds from long-term debt, grants, and transfers from other funds.

The **Debt Reserve Fund** is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

The other governmental funds of the Town are considered nonmajor and are as follows:

**Special Revenue Funds** are used to account for and report the proceeds of special revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects.

**Capital Project Funds** are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

## Town of Cheshire, Connecticut

### Notes to Financial Statements

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#### Note 1. Significant Accounting Policies (Continued)

**Permanent Funds** are used to account for and report resources that are restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting government's programs. The endowments have no appreciation of investments as they are invested in certificates of deposit which are held to maturity. All of the income is available for expenditure and there are no donor-imposed restrictions.

**Proprietary funds:** Proprietary fund reporting focuses on the determination of operating income, changes in net position, financial position, and cash flows.

The Town reports the following proprietary fund:

**Internal Service Funds** account for risk financing activities for medical insurance benefits and heart and hypertension claims under GASB Statement No. 10.

**Fiduciary funds:** The Town reports the following as fiduciary funds:

**Pension Trust Funds** account for the fiduciary activities of the Cheshire Retirement System, which accumulates resources for pension benefit payments to qualified employees and volunteer firefighters.

**Other Postemployment Trust Funds** account for the accumulation of resources to pay retiree medical benefits.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Interfund services provided and used are not eliminated in the process of consolidation (e.g., sewer usage charges). Interfund reimbursements are also not eliminated. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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 internal service funds are charges to other Town funds for medical insurance premiums. Operating expenses for internal service funds include the cost of claims and administrative expenses. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

#### Pension plan accounting:

**Pension trust funds:** Employee contributions are recognized in the period in which the contributions are due. Employer contributions to the plan are recognized when due and the Town has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of each plan. Investments are reported at fair value.

**Funding policy:** The Town makes annual contributions based on management decisions.

**Governmental funds and governmental activities:** In governmental funds, expenditures are recognized when they are paid or are expected to be paid with current available resources. In governmental activities, expense is recognized based on actuarially required contributions. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Pension Plan and additions to/deductions from the Pension Plan's fiduciary net position have been determined on the same basis as they are reported by the Pension Plan. For this purpose, benefits payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms.

## Town of Cheshire, Connecticut

### Notes to Financial Statements

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#### Note 1. Significant Accounting Policies (Continued)

##### Other postemployment obligations (OPEB) accounting:

**OPEB trust funds:** The OPEB Trust Funds are reported on the accrual basis of accounting. Employer contributions are recognized in the period in which the contributions are due, and the Town has made a formal commitment to provide contributions. Investments are reported at fair value.

**Governmental funds and governmental activities:** In governmental funds, expenditures are recognized when they are paid or are expected to be paid with current available resources. In governmental activities, expense is recognized based on actuarially required contributions. For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the OPEB Plan and additions to/deductions from the OPEB Plan's fiduciary net position have been determined on the same basis as they are reported by the OPEB Plan. For this purpose, benefits payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms.

**Funding policy:** The Town makes annual contributions based on management decisions.

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

**Restricted assets:** At June 30, 2022, the Town had \$4,323,800 included within restricted assets that relates to unspent bond proceeds which are to be used for the acquisition of capital assets.

**Encumbrances:** Encumbrances represent commitments related to contracts for goods or services. Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation, is utilized in the governmental funds. Encumbrances outstanding at year-end are reported as assigned fund balance as they do not constitute either expenditures or liabilities.

**Property taxes:** Property taxes are assessed as of October 1 and levied on the following July 1st. Real estate taxes are generally due and payable in two installments on July 1 and January 1. Real estate taxes not in excess of \$100 and motor vehicle and personal property taxes are due and payable in one installment on July 1. Motor vehicle supplemental bills are due on January 1. Payments not received within one month after the due date become delinquent, with interest charged at the rate of 1½ percent per month. Assessments for real and personal property, excluding motor vehicles, are computed at 70 percent of the market value. Liens are recorded during the month of April.

**Allowance for doubtful accounts:** Accounts, property taxes, and notes receivable for the Town are reported net of allowance for doubtful accounts. The allowance for doubtful accounts represents those amounts which are deemed uncollectible based upon past collection history and analysis of creditor's ability to pay.

**Cash equivalents:** The Town classifies money market funds, treasury bills, and certificates of deposit having original maturities of three months or less when purchased as cash equivalents.



## Town of Cheshire, Connecticut

### Notes to Financial Statements

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#### Note 1. Significant Accounting Policies (Continued)

The Connecticut State Treasurer's Short-Term Investment Fund is an investment pool managed by the State of Connecticut Office of the State Treasurer. Investments must be made in instruments authorized by Connecticut General Statutes 3-27c through 3-27e. Investment guidelines are adopted by the State Treasurer.

The pooled fixed income investments adhere to GASB Statement No. 79, "*Certain External Investment Pools and Pool Participants*." The value of the position in the pool is the same as the value of the pool shares. These cash equivalents are stated at amortized cost.

**Investments:** Investments are stated as follows:

- U.S. Government Agencies, U.S. Government Securities, Sovereign Fixed Income, Municipal Bonds, Collateralized Mortgage Obligations using quoted market price.
- Common Stock, and Equity Funds - closing market prices as reported on the primary market or exchange on which they trade.
- Money Market Instruments - amortized cost which approximates fair value.
- Negotiable Certificates of Deposit with maturities from one to five years held in an investment pool are recorded as fair market value.
- Hedge Funds may include private equity partnerships, hedge and absolute return funds for which there may be no ready market to determine fair value. These investments are valued using the most recent valuation available from the external fund manager. These estimated values do not necessarily represent the amounts that will ultimately be realized upon the disposition of those assets, which may be materially higher or lower than values determined if a ready market for the securities existed.

The majority of the Town's investments are in the Trust Funds.

**Fair value:** The Town uses fair value measurements to record fair value adjustments to certain assets and to determine fair value disclosures. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is best determined based upon quoted market prices. However, in certain instances, there are no quoted market prices for certain assets or liabilities. In cases where quoted market prices are not available, fair values are based on estimates using present value or other valuation techniques. Those techniques are significantly affected by the assumptions used, including the discount rate and estimates of future cash flows. Accordingly, the fair value estimates may not be realized in an immediate settlement of the asset or liability.

Fair value measurements focus on exit prices in an orderly transaction (that is, not a forced liquidation or distressed sale) between market participants at the measurement date under current market conditions. If there has been a significant decrease in the volume and level of activity for the asset or liability, a change in valuation technique or the use of multiple valuation techniques may be appropriate. In such instances, determining the price at which willing market participants would transact at the measurement date under current market conditions depends on the facts and circumstances and requires the use of significant judgment.

The Town's fair value measurements are classified into a fair value hierarchy based on the markets in which the assets and liabilities are traded and the reliability of the assumptions used to determine fair value.

## Town of Cheshire, Connecticut

### Notes to Financial Statements

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#### Note 1. Significant Accounting Policies (Continued)

The three categories within the hierarchy are as follows:

**Level 1:** Quoted prices in active markets for identical assets and liabilities.

**Level 2:** Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, including quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, interest rates and yield curves observable at commonly quoted intervals, implied volatilities, credit spreads, and market-corroborated inputs.

**Level 3:** Unobservable inputs shall be used to measure fair value to the extent that relevant observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date. Level 3 assets and liabilities include financial instruments whose value is determined using pricing models, discounted cash flows methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgement.

**Investments measured at the net asset value (NAV):** Investments valued using the net asset value (NAV) per share (or its equivalent) are considered “alternative investments” and, unlike more traditional investments, generally do not have readily obtainable market values and take the form of limited partnerships. The Town values these investments based on the partnerships’ audited financial statements. If June 30 statements are available, those values are used preferentially. However, some partnerships have fiscal years ending at other than June 30. If June 30 valuations are not available, the value is progressed from the most recently available valuation taking into account subsequent calls and distributions.

See Note 2 for additional information regarding fair value.

**Inventory:** All inventory is stated at the lower of cost or market and determined on a first-in, first-out basis. These commodities are recorded as expenditures when consumed rather than when purchased.

**Capital assets:** Capital assets, which include property, plant, equipment, and infrastructure assets, e.g., roads, bridges, sidewalks, and similar items, are reported in the governmental column in the government-wide financial statements. The government defines capital assets, as assets with an initial, individual cost of more than \$5,000 for equipment and improvements and all costs 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.

## Town of Cheshire, Connecticut

### Notes to Financial Statements

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#### Note 1. Significant Accounting Policies (Continued)

Land and construction in progress are not depreciated. The other property, plant, equipment, and infrastructure are depreciated using the straight-line method over the following estimated useful lives:

| <u>Assets</u>              | <u>Years</u> |
|----------------------------|--------------|
| Buildings and improvements | 8-100        |
| Land improvements          | 10-50        |
| Infrastructure:            |              |
| Roads                      | 6-50         |
| Sidewalks                  | 50           |
| Sewer lines                | 75           |
| Bridges and culverts       | 50           |
| Machinery and equipment    | 3-30         |
| Vehicles                   | 3-25         |

Capital assets are reported as expenditures and no depreciation expense is reported in the governmental fund financial statements.

#### Compensated absences:

**Town:** All employees are granted vacation and/or sick time based upon contractual provisions. At anniversary year-end, unused vacation up to a maximum of 10 days may be carried forward to the next vacation year with the approval of the Town Manager. Sick time accumulates and vests based upon a sliding scale related to years of service. The maximum sick time to be paid is 33 percent of the accumulated time. A liability for amounts expected to be paid for accrued vacation and/or sick time earned is reported in the government-wide statements. In the governmental funds, the amounts are reported when paid or when payment is due.

**Board of Education:** All full-time employees, except teachers, are granted vacation time based upon contractual provisions. At anniversary year-end, unused vacation may be accrued. Sick time accumulates subject to various contractual limitations, but retirement payouts are generally limited to 10 days. A liability for amounts expected to be paid for the accrued vacation and/or sick time earned is reported in the government-wide statements. In the governmental funds, the amounts are reported when paid or when payment is due.

**Long-term obligations:** In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities 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 as reported include the applicable bond premium or discount. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenses.

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

## Town of Cheshire, Connecticut

### Notes to Financial Statements

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#### Note 1. Significant Accounting Policies (Continued)

**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.

**Net OPEB liability:** The net OPEB liability is measured as the portion of the actuarial present value of projected benefits that is attributed to past periods of employee service (total OPEB liability), net of the OPEB plan's fiduciary net position. The OPEB plan's fiduciary net position is determined using the same valuation methods that are used by the OPEB plan for purposes of preparing its statement of fiduciary net position. The net OPEB 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.

**Deferred outflows/inflows of resources:** In addition to assets, the statement of net position has a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net assets that applies to future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Town reports a deferred charge on refunding in this manner in the government-wide statement of net position. A deferred charge on debt refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

The Town also reports deferred outflows related to pension and other postemployment benefits in the government-wide statement of net position. A deferred outflow of resources related to pension and other postemployment benefits results from differences between expected and actual experience, changes in assumptions, or other inputs. These amounts are deferred and included in pension and other postemployment benefits expense in a systematic and rational manner.

In addition to liabilities, the statement of net position has 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 advance property tax collections in the government-wide statement of net position and in the governmental funds balance sheet. Advance property tax collections represent taxes inherently associated with a future period. This amount is recognized during the period in which the revenue is associated. 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 several sources: property taxes, grants, and charges for services. These amounts are deferred and recognized as an inflow of resources (revenue) in the period in which the amounts become available. Finally, the Town reports deferred inflows related to leases in the government-wide statement of net position and in the proprietary funds statement of net position. Deferred inflows of resources related to leases are recognized at the commencement date based on the initial measurement of the lease receivable, plus any payments received from the lessee at or before the commencement of the lease term that relate to future periods, less any lease incentives paid to, or on behalf of, the lessee at or before the commencement of the lease term. The deferred inflows related to leases are recognized as lease revenue in a systematic and rational manner over the lease term.

The Town also reports a deferred inflow of resources related to pensions and other postemployment benefits in the government-wide statement of net position. A deferred inflow of resources related to pension and other postemployment benefits results from differences between expected and actual experience, changes in assumptions, or other inputs. These amounts are deferred and included in pension expense in a systematic and rational manner.

## Town of Cheshire, Connecticut

### Notes to Financial Statements

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#### Note 1. Significant Accounting Policies (Continued)

**Lessee Arrangements:** The Town determines if an arrangement is a lease at inception. Leases are included in lease assets and lease liabilities in the statements of net position.

Lease assets represent the Town's control of the right to use an underlying asset for the lease term, as specified in the contract, in an exchange or exchange-like transaction. Lease assets are recognized at the commencement date based on the initial measurement of the lease liability, plus any payments made to the lessor at or before the commencement of the lease term and certain direct costs. Lease assets are amortized in a systematic and rational manner over the shorter of the lease term or the useful life of the underlying asset.

Lease liabilities represent the Town's obligation to make lease payments arising from the lease. Lease liabilities are recognized at the commencement date based on the present value of expected lease payments over the lease term, less any lease incentives. Interest expense is recognized ratably over the contract term.

The lease term may include options to extend or terminate the lease when it is reasonably certain that the Town will exercise that option.

The Town records payments for short-term leases with a lease term of 12 months or less as expenses as incurred, and these leases are not included as lease liabilities or right-to-use lease assets on the statements of net position.

Individual lease contracts do not provide information about the discount rate; therefore, the incremental borrowing rate was used to calculate the present value of expected lease payments.

**Lessor Arrangements:** The Town determines if an arrangement is a lease at inception. Leases are included in lease receivables and deferred inflows of resources in the statements of net position and fund financial statements.

Lease receivables represent the Town's claim to receive lease payments over the lease term, as specified in the contract, in an exchange, or exchange-like transaction. Lease receivables are recognized at commencement date based on the present value of expected lease payments over the lease term, reduced by any provision for estimated uncollectible amounts. Interest revenue is recognized ratably over the contract term.

Deferred inflows of resources related to leases are recognized at the commencement date based on the initial measurement of the lease receivable, plus any payments received from the lessee at or before the commencement of the lease term that relate to future periods, less any lease incentives paid to, or on behalf of, the lessee at or before the commencement of the lease term. The deferred inflows related to leases are recognized as lease revenue in a systematic and rational manner over the lease term.

Amounts to be received under residual value guarantees that are not fixed in substance are recognized as a receivable and an inflow of resources if (a) a guarantee payment is required and (b) the amount can be reasonably estimated. Amounts received for the exercise price of a purchase option or penalty for lease termination are recognized as a receivable and an inflow of resources when those options are exercised.

The Town records payments received for short-term leases with a lease term of 12 months or less as revenue as the payments are received. These leases are not included as lease receivables or deferred inflows on the statements of net position and fund financial statements.

## Town of Cheshire, Connecticut

### Notes to Financial Statements

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#### Note 1. Significant Accounting Policies (Continued)

Individual lease contracts do not provide information about the discount rate; therefore, the incremental borrowing rate was used to calculate the present value of expected lease payments.

**Net position:** In the government-wide financial statements, net position is classified in the following categories:

**Net investment in capital assets:** The net investment in capital assets 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 those assets. 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 legislations.

**Unrestricted net position:** This category represents the net position of the Town, which are not reported in the other categories.

**Fund balance:** In the fund financial statements, the Town reported the following governmental fund balance classifications:

**Nonspendable:** Amounts which cannot be spent either because they are not in spendable form or because they are legally or contractually required to be maintained intact.

**Restricted:** 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 legislations.

**Committed:** This represents amounts constrained prior to year-end for a specific purpose by a government using its highest level of decision-making authority (Town of Cheshire Town Council.) Commitments may be established, modified, or rescinded only through resolutions approved by the Town Council as per the Town Fund Balance policy.

**Assigned:** Amounts constrained for the intent to be used for a specific purpose by a governing board or a body or official that has been delegated authority to assign amounts. Under the Town's Fund Balance policy, the Town Council has by resolution authorized the Town Manager or the Finance Director to assign fund balance.

**Unassigned:** 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.

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

As of June 30, 2022, the Town has a minimum General Fund balance policy to maintain an unassigned balance of at least 9.25 percent of the previous year's audited budgetary expenditures.

## Town of Cheshire, Connecticut

### Notes to Financial Statements

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#### Note 1. Significant Accounting Policies (Continued)

**Adoption of New Accounting Standards:** In June 2017, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 87, *Leases*. This standard requires the recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and as inflows of resources or outflows of resources recognized based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this standard, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources.

The Town adopted the requirements of the guidance effective July 1, 2021 and has applied the provisions of this standard to the beginning of the period of adoption.

#### Note 2. Cash, Cash Equivalents, and Investments

**Deposits:** The Town has a policy that deposits can include demand and savings accounts and certificates of deposits. Town policy for custodial credit risk follows the State of Connecticut requirements that each depository maintain segregated collateral in an amount equal to a defined percentage of its public deposits based upon the bank's risk-based capital ratio.

**Investments:** Town policy for eligible investments are governed by State of Connecticut Statutes which, in general, allow the Town to invest in obligations of the United States of America or United States government sponsored corporations, in shares or other interests in any custodial arrangement, pool, or no-load, open-end management type investment company or investment trust (as defined), in obligations of any State or political subdivision rated within the top two rating categories of any nationally recognized rating service, or in obligations of the State of Connecticut or political subdivision rated within the top three rating categories of any nationally recognized rating service. For the Capital Nonrecurring fund, not more than 31 percent can be invested in equity securities. Investment income is recorded in the fund in which it was earned.

The Town has an investment policy for each of its pension funds and an investment policy for the Police Post-Employment Healthcare Fund that provides an asset allocation, over a full market cycle of approximately 65 percent equities (or alternative investment strategies as equivalents) and 35 percent fixed income and cash (or alternative investment strategies as equivalents). For purposes of this document, a full market cycle is defined by the Retirement Board to be no less than three years, or no more than seven years.

The allocation targets and ranges for all plans are expressed in the Investment Policy Statement as follows:

|  | Minimum* | Target* | Maximum* |
|--|----------|---------|----------|
| Global equity securities or funds        | 35%      | 65%     | 80%      |
| Fixed income and cash                    | 20%      | 35%     | 65%      |
| Domestic equity securities or funds      | 40%      | 60%     | 80%      |
| International equity securities or funds | 20%      | 40%     | 60%      |

\* as a percentage of total equity

For both investment policies, no more than 5 percent (at cost) or 10 percent (at market) may be invested in any one company; no more than 20 percent exposure to any one industry.

## Town of Cheshire, Connecticut

### Notes to Financial Statements

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#### Note 2. Cash, Cash Equivalents, and Investments (Continued)

**Concentrations:** The Town's policy is to maintain a diversified portfolio to minimize the risk of loss resulting from over concentration of assets in a specific issuer.

**Custodial credit risk:**

*Investments:* This is the risk that in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The Pension Plan does not have custodial credit risk policies for investments.

The following represents the investments in each respective Plan that represents more than 5 percent of the respective Plan's net position as of June 30, 2022:

**Town Pension Fund**

|                             |    |           |
|-----------------------------|----|-----------|
| Pointer                     | \$ | 3,911,779 |
| Ironwood International Ltd. |    | 4,361,955 |

**Police Pension Fund**

|                             |  |           |
|-----------------------------|--|-----------|
| Pointer                     |  | 2,379,789 |
| Ironwood International Ltd. |  | 2,653,661 |

*Deposits:* This is the risk that, in the event of failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. As of June 30, 2022, approximately \$12,207,729 of the Town's approximate bank balance of \$29,676,808 was uninsured and uncollateralized.



## Town of Cheshire, Connecticut

### Notes to Financial Statements

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#### Note 2. Cash, Cash Equivalents, and Investments (Continued)

Cash, restricted cash, and investments of the Town, Pension, and OPEB trust funds consisted of the following at June 30, 2022:

|  |                       |
|--|-----------------------|
| Cash, restricted cash, and cash equivalents:                   |                       |
| Deposits with financial institutions                           | \$ 14,910,963         |
| State of Connecticut Short-Term Investment Fund                | <u>22,830,604</u>     |
| Total cash, restricted cash, and cash equivalents              | <u>37,741,567</u>     |
| Investments:   |                       |
| General Fund:  |                       |
| Negotiable Certificates of deposit                             | 12,044,087            |
| U.S. Government Securities                                     | 3,295,649             |
| Special Revenue Funds:   |                       |
| Certificates of deposit  | 650,732               |
| Permanent Funds:   |                       |
| Certificates of deposit  | <u>50,075</u>         |
| Total governmental funds investments                           | <u>16,040,543</u>     |
| Pension and OPEB Trust Funds:                                  |                       |
| Common stocks  | 10,378,812            |
| Money market mutual funds                                      | 3,866,200             |
| Fixed income mutual funds                                      | 12,685,276            |
| Equity mutual funds  | 25,397,649            |
| Private equity funds   | 4,311,115             |
| Alternative investments  | <u>23,558,321</u>     |
| Total pension and OPEB investments                             | <u>80,197,373</u>     |
| Total investments  | <u>96,237,916</u>     |
| Total cash, restricted cash, cash equivalents, and investments | <u>\$ 133,979,483</u> |

\* These investments are uninsured, with securities held by the counterparty, but in the Town's, or the Pension Plan's name.

**Town of Cheshire, Connecticut**

**Notes to Financial Statements**

**Note 2. Cash, Cash Equivalents, and Investments (Continued)**

Cash, cash equivalents, restricted cash and investments are classified in the accompanying financial statements as follow:

Statement of Net Position:

|                                      |                   |
|--------------------------------------|-------------------|
| Cash and cash equivalents            | \$ 31,989,245     |
| Investments                          | 16,040,543        |
| Restricted cash and cash equivalents | 4,323,800         |
| Total                                | <u>52,353,588</u> |

Fiduciary Funds:

|                           |                   |
|---------------------------|-------------------|
| Cash and cash equivalents | 1,428,522         |
| Investments               | 80,197,373        |
| Total                     | <u>81,625,895</u> |

|  |                       |
|--|-----------------------|
| Total cash, restricted cash, cash equivalents, and investments | <u>\$ 133,979,483</u> |
|--|-----------------------|

*Interest rate risk:* This 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. Information about the exposure of the Town's and fiduciary trust funds' debt type investments to this risk using the segmented time distribution model is as follows:

| Type of Investment        | Fair Value           | Investment Maturities (In Years) |                      |
|---------------------------|----------------------|----------------------------------|----------------------|
|                           |                      | Less Than 1 Year                 | 1 - 5 Years          |
| Money market mutual funds | \$ 3,866,200         | \$ 3,866,200                     | \$ -                 |
| Fixed income mutual funds | 12,685,276           | -                                | 12,685,276           |
| Total                     | <u>\$ 16,551,476</u> | <u>\$ 3,866,200</u>              | <u>\$ 12,685,276</u> |

*Credit risk:* Generally, credit risk is the risk that an issuer of a debt type investment will not fulfill its obligation to the holder of the investment. This is measured by assignment of a rating by a nationally recognized rating organization. U.S. government securities or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk exposure. Presented below is the actual rating by Standard and Poor's as required for each debt-type investment.

| Standard & Poor's | STIF                 | Money Market Mutual Funds | Fixed Income Mutual Fund |
|-------------------|----------------------|---------------------------|--------------------------|
| Unrated           | \$ 22,830,604        | \$ 3,866,200              | \$ 12,685,276            |
| Total             | <u>\$ 22,830,604</u> | <u>\$ 3,866,200</u>       | <u>\$ 12,685,276</u>     |

## Town of Cheshire, Connecticut

### Notes to Financial Statements

#### Note 2. Cash, Cash Equivalents, and Investments (Continued)

**Fair value:** The Town categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation input used to measure the fair value of the asset as shown in the table below. The Town has the following recurring fair value measurements as of June 30, 2022:

|  | Fair Value Measurements Using |   |   |   |
|--|-------------------------------|---|---|---|
|  | June 30, 2022                 | Quoted Prices<br>in Active<br>Markets for<br>Identical<br>Assets<br>(Level 1) | Significant<br>Other<br>Observable<br>Inputs<br>(Level 2) | Significant<br>Other<br>Unobservable<br>Inputs<br>(Level 3) |
| Investments by fair value level:                   |                               |   |   |   |
| Common stocks                                      | \$ 10,378,812                 | \$ 10,378,812   | \$ -  | \$ -  |
| Money market mutual funds                          | 3,866,200                     | 3,866,200   | -   | -   |
| Fixed income mutual funds                          | 12,685,276                    | 12,685,276  | -   | -   |
| Equity mutual funds                                | 25,397,649                    | 25,397,649  | -   | -   |
| Negotiable Certificates of deposit                 | 12,744,894                    | -   | 12,744,894  | -   |
| U.S. Government Securities                         | 3,295,649                     | 3,295,649   | -   | -   |
| Private equity funds                               | 4,311,115                     | -   | -   | 4,311,115   |
| Total investments by fair value level              | <u>72,679,595</u>             | <u>\$ 55,623,586</u>  | <u>\$ 12,744,894</u>                                      | <u>\$ 4,311,115</u>   |
| Investments measured by the net asset level (NAV): |                               |   |   |   |
| Equity long/short hedge funds                      | 9,319,938                     |   |   |   |
| Multi-strategy hedge funds                         | 7,015,615                     |   |   |   |
| Global opportunities hedge funds                   | 5,468,182                     |   |   |   |
| Other alternative investments                      | <u>1,754,586</u>              |   |   |   |
| Total investments measured by the NAV              | <u>23,558,321</u>             |   |   |   |
| Total investments at fair value                    | <u>\$ 96,237,916</u>          |   |   |   |

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

Investments measured by the net asset value (NAV) per share are described in the above schedule. A description of how the private equity funds are valued is presented below:

|                                       | Fair Value           | Unfunded Commitments | Redemption Frequency (If Currently Eligible) | Redemption Notice Period |
|---------------------------------------|----------------------|----------------------|--|--------------------------|
| Investments Measured by the NAV:      |                      |                      |  |                          |
| Equity long/short hedge funds         | \$ 9,319,938         | \$ 1,295,269         | Quarterly/Semi-Annually                      | 105 days                 |
| Multi-strategy hedge funds            | 7,015,615            | -                    | Quarterly                                    | 65-95 days               |
| Global opportunities hedge funds      | 5,468,182            | -                    | Daily/Quarterly                              | 1-30 days                |
| Other alternative investments         | <u>1,754,586</u>     | -                    | Daily  | Daily                    |
| Total investments measured at the NAV | <u>\$ 23,558,321</u> |                      |  |                          |

**Equity long/short hedge funds:** This type includes one fund of hedge funds that invests both long and short, primarily in global common stocks. Management of each hedge fund has the ability to shift investments from value to growth strategies, from small to large capitalization stocks, and from a net long position to a net short position.

Town of Cheshire, Connecticut

Notes to Financial Statements

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**Note 2. Cash, Cash Equivalents, and Investments (Continued)**

**Multi-strategy hedge funds:** This type invests in several hedge funds that pursue multiple strategies to diversify and reduce volatility. Underlying investments range across credit, fixed income, relative value, and other event driven strategies that are adjusted periodically by the investment managers' perception of the relative investment climate.

**Global opportunities hedge:** This type includes investments with exposure to a range of trading strategies executed across bond, equity, commodity, and foreign exchange futures markets. There is a range of trading strategies employed by managers including trend following, mean reversion, discretionary macro, and value. The drivers of returns for these approaches are different from those of equity portfolios and combining these approaches with equities has the potential to create portfolio benefits above those experienced by an equity-only portfolio.

**Other alternative investments:** This type includes alternative investments such as commodities, gold, and real estate that are held within mutual funds.

**Note 3. Interfund Transfers**

Interfund transfers during the year ended June 30, 2022 were as follows:

|                             | <u>Transfers In</u> | <u>Transfers Out</u> |
|-----------------------------|---------------------|----------------------|
| General Fund                | \$ 689,712          | \$ 2,000,000         |
| Debt Reserve Fund           | 1,000,000           | -                    |
| Nonmajor Governmental Funds | 1,000,000           | 689,712              |
| Total                       | <u>\$ 2,689,712</u> | <u>\$ 2,689,712</u>  |

Transfers are used to account for: (1) financing by the General Fund of programs accounted for in other funds in accordance with budgetary appropriations; (2) sewer and water assessments and sewer usage charges collected in special revenue funds appropriated to General Fund to offset debt service expenditures; and (3) the annual transfer of accumulated interest from the General Town Funds Special Revenue Fund to the General Fund.

**Town of Cheshire, Connecticut**

**Notes to Financial Statements**

**Note 4. Capital Assets**

Capital asset activity for the year ended June 30, 2022 was as follows:

|   | Beginning<br>Balance | Increases    | Decreases    | Ending<br>Balance |
|---|----------------------|--------------|--------------|-------------------|
| Governmental activities:                              |                      |              |              |                   |
| Capital assets, not being depreciated:                |                      |              |              |                   |
| Land  | \$ 25,310,762        | \$ -         | \$ -         | \$ 25,310,762     |
| Construction in progress                              | 4,914,177            | 8,846,096    | 7,177,336    | 6,582,937         |
| Total capital assets, not being depreciated/amortized | 30,224,939           | 8,846,096    | 7,177,336    | 31,893,699        |
| Capital assets, being depreciated:                    |                      |              |              |                   |
| Land improvements                                     | 7,663,428            | 70,571       | -            | 7,733,999         |
| Buildings and improvements                            | 177,404,705          | 677,191      | 5,700        | 178,076,196       |
| Vehicles  | 14,436,505           | 364,160      | 43,272       | 14,757,393        |
| Machinery and equipment                               | 16,057,696           | 5,269,570    | 1,563,502    | 19,763,764        |
| Infrastructure  | 121,934,432          | 1,994,274    | -            | 123,928,706       |
| Right-of-use - leased asset *                         | 197,824              | -            | -            | 197,824           |
| Total capital assets, being depreciated/amortized     | 337,694,590          | 8,375,766    | 1,612,474    | 344,457,882       |
| Governmental activities capital assets                | 367,919,529          | 17,221,862   | 8,789,810    | 376,351,581       |
| Less accumulated depreciation/amortization for:       |                      |              |              |                   |
| Land improvements                                     | 2,717,261            | 252,606      | -            | 2,969,867         |
| Buildings and improvements                            | 67,242,588           | 3,867,140    | 5,286        | 71,104,442        |
| Vehicles  | 7,508,808            | 695,312      | 38,749       | 8,165,371         |
| Machinery and equipment                               | 10,479,080           | 782,592      | 1,485,168    | 9,776,504         |
| Infrastructure  | 48,830,947           | 2,408,379    | -            | 51,239,326        |
| Right-of-use - leased asset                           | -                    | 54,109       | -            | 54,109            |
| Total accumulated depreciation/amortization           | 136,778,684          | 8,060,138    | 1,529,203    | 143,309,619       |
| Total capital assets, being depreciated/amortized     | 200,915,906          | 315,628      | 83,271       | 201,148,263       |
| Governmental activities capital assets, net           | \$ 231,140,845       | \$ 9,161,724 | \$ 7,260,607 | \$ 233,041,962    |

\* Increase represents beginning balance adjustment as a result of the implementation of GASB Statement No. 87, *Leases*

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

|   |                     |
|---|---------------------|
| Administration and finance              | \$ 422,230          |
| Public safety                           | 753,078             |
| Public works                            | 4,191,438           |
| Social services                         | 93,570              |
| Cultural services                       | 133,798             |
| Leisure services                        | 459,999             |
| Education                               | 2,006,025           |
| Total depreciation/amortization expense | <u>\$ 8,060,138</u> |

# Town of Cheshire, Connecticut

## Notes to Financial Statements

### Note 5. Long-Term Obligations

Long-term liability activity for the year ended June 30, 2022 was as follows:

#### Changes in Long-Term Obligations

| Description            | Original Amount | Date of Issue | Date of Maturity | Interest Rate | Balance July 1, 2021 | Additions | Deductions         | Balance June 30, 2022 | Due in Less Than One Year |
|------------------------|-----------------|---------------|------------------|---------------|----------------------|-----------|--------------------|-----------------------|---------------------------|
| <b>Bonds/Notes</b>     |                 |               |                  |               |                      |           |                    |                       |                           |
| Schools:               |                 |               |                  |               |                      |           |                    |                       |                           |
| School refunding bonds | \$ 2,880,000    | 05/07/14      | 08/01/21         | 2.00 - 4.00%  | \$ 102,000           | \$ -      | \$ (102,000)       | \$ -                  | \$ -                      |
| School bonds           | 2,909,732       | 02/26/15*     | 07/15/34         | 2.00 - 5.00%  | 2,146,000            | -         | (153,000)          | 1,993,000             | 153,000                   |
| School refunding bonds | 980,000         | 03/13/15      | 01/15/29         | 2.00 - 5.00%  | 628,000              | -         | (79,000)           | 549,000               | 80,000                    |
| School refunding bonds | 1,476,000       | 03/31/16*     | 07/15/30         | 2.00 - 4.00%  | 1,186,000            | -         | (115,000)          | 1,071,000             | 116,000                   |
| School bonds           | 2,985,000       | 03/06/17*     | 07/15/36         | 2.00 - 5.00%  | 2,511,000            | -         | (158,000)          | 2,353,000             | 157,000                   |
| School bonds           | 3,533,500       | 03/06/19*     | 07/15/38         | 3.00 - 5.00%  | 3,345,000            | -         | (185,000)          | 3,160,000             | 185,000                   |
| School bonds           | 2,860,000       | 04/20/21*     | 07/15/40         | 2.00 - 4.00%  | 2,860,000            | -         | -                  | 2,860,000             | 155,000                   |
| School refunding bonds | 2,940,000       | 04/20/21*     | 07/15/32         | 2.00 - 4.00%  | 2,940,000            | -         | (415,000)          | 2,525,000             | 389,000                   |
| School notes           | 100,000         | 12/19         | 11/30/23         | 0.00%         | 60,417               | -         | (25,000)           | 35,417                | 25,000                    |
| School notes           | 78,896          | 3/21-6/21     | 2/25-5/25        | 0.00%         | 74,365               | -         | (19,804)           | 54,561                | 19,804                    |
| Notes Payable          | 7,734,721       | 05/14         | 05/31            | 3.17%         | 5,909,171            | -         | (437,595)          | 5,471,576             | 469,828                   |
| <b>Subtotal</b>        |                 |               |                  |               | <b>21,761,953</b>    | <b>-</b>  | <b>(1,689,399)</b> | <b>20,072,554</b>     | <b>1,749,632</b>          |
| Bond premium           |                 |               |                  |               | 1,672,713            | -         | (576,553)          | 1,096,160             | -                         |
| <b>Total schools</b>   |                 |               |                  |               | <b>23,434,666</b>    | <b>-</b>  | <b>(2,265,952)</b> | <b>21,168,714</b>     | <b>1,749,632</b>          |
| Sewer: <sup>(1)</sup>  |                 |               |                  |               |                      |           |                    |                       |                           |
| WWTP notes             | 5,086,640       | 09/28/07      | 09/28/27         | 2.00%         | 1,705,977            | -         | (282,788)          | 1,423,189             | 288,497                   |
| WWTP notes             | 969,061         | 09/28/07      | 09/28/27         | 2.00%         | 488,840              | -         | (81,031)           | 407,809               | 82,667                    |
| WWTP notes             | 24,428,785      | 07/01/17      | 01/01/37         | 2.00%         | 19,034,095           | -         | (1,221,440)        | 17,812,655            | 1,221,439                 |
| Sewer bonds            | 46,000          | 02/26/15*     | 07/15/34         | 2.00 - 5.00%  | 31,000               | -         | (3,000)            | 28,000                | 3,000                     |
| Sewer refunding bonds  | 1,008,000       | 03/13/15      | 01/15/29         | 2.00 - 5.00%  | 633,000              | -         | (84,000)           | 549,000               | 80,000                    |
| Sewer refunding bonds  | 1,238,000       | 03/31/16*     | 07/15/30         | 2.00 - 4.00%  | 991,000              | -         | (99,000)           | 892,000               | 100,000                   |
| Sewer bonds            | 2,500,000       | 03/06/17*     | 07/15/36         | 2.00 - 5.00%  | 2,098,000            | -         | (134,000)          | 1,964,000             | 130,000                   |
| Sewer bonds            | 950,028         | 03/06/19*     | 07/15/38         | 3.00 - 5.00%  | 900,000              | -         | (50,000)           | 850,000               | 50,000                    |
| Sewer bonds            | 450,000         | 04/20/21*     | 07/15/40         | 2.00 - 4.00%  | 450,000              | -         | -                  | 450,000               | 20,000                    |
| Sewer refunding bonds  | 585,000         | 04/20/21*     | 07/15/32         | 2.00 - 4.00%  | 585,000              | -         | (165,000)          | 420,000               | 154,000                   |
| Notes Payable          | 24,380          | 05/14         | 05/31            | 3.17%         | 18,626               | -         | (1,379)            | 17,247                | 1,481                     |
| <b>Subtotal</b>        |                 |               |                  |               | <b>26,935,538</b>    | <b>-</b>  | <b>(2,121,638)</b> | <b>24,813,900</b>     | <b>2,131,084</b>          |
| Bond premium           |                 |               |                  |               | 416,570              | -         | (173,311)          | 243,259               | -                         |
| <b>Total sewer</b>     |                 |               |                  |               | <b>27,352,108</b>    | <b>-</b>  | <b>(2,294,949)</b> | <b>25,057,159</b>     | <b>2,131,084</b>          |

(Continued)

# Town of Cheshire, Connecticut

## Notes to Financial Statements

### Note 5. Long-Term Obligations (Continued)

#### Changes in Long-Term Obligations

| Description                                | Original Amount | Date of Issue | Date of Maturity | Interest Rate | Balance July 1, 2021  | Additions            | Deductions             | Balance June 30, 2022 | Due in Less Than One Year |
|--|-----------------|---------------|------------------|---------------|-----------------------|----------------------|------------------------|-----------------------|---------------------------|
| <b>Bonds/Notes, Continued</b>              |                 |               |                  |               |                       |                      |                        |                       |                           |
| General purpose: <sup>(2)</sup>            |                 |               |                  |               |                       |                      |                        |                       |                           |
| Improvement refunding bonds                | \$ 6,252,000    | 05/07/14      | 08/01/21         | 2.00 - 4.00%  | \$ 288,000            | \$ -                 | \$ (288,000)           | \$ -                  | \$ -                      |
| Improvement bonds                          | 12,044,268      | 02/26/15*     | 07/15/34         | 2.00 - 5.00%  | 8,873,000             | -                    | (634,000)              | 8,239,000             | 634,000                   |
| Improvement refunding bonds                | 2,977,000       | 03/13/15      | 01/15/29         | 2.00 - 5.00%  | 1,919,000             | -                    | (237,000)              | 1,682,000             | 245,000                   |
| Improvement refunding bonds                | 3,226,000       | 03/31/16*     | 7/15/30          | 2.00 - 4.00%  | 2,573,000             | -                    | (261,000)              | 2,312,000             | 264,000                   |
| Improvement bonds                          | 12,015,000      | 03/06/17*     | 07/15/36         | 2.00 - 5.00%  | 10,116,000            | -                    | (633,000)              | 9,483,000             | 633,000                   |
| Improvement bonds                          | 10,016,472      | 03/06/19*     | 07/15/38         | 3.00 - 5.00%  | 9,495,000             | -                    | (525,000)              | 8,970,000             | 525,000                   |
| Improvement bonds                          | 10,690,000      | 04/20/21*     | 07/15/40         | 2.00 - 4.00%  | 10,690,000            | -                    | -                      | 10,690,000            | 565,000                   |
| Improvement refunding bonds                | 6,200,000       | 04/20/21*     | 07/15/32         | 2.00 - 4.00%  | 6,200,000             | -                    | (1,020,000)            | 5,180,000             | 957,000                   |
| Improvement notes                          | 207,312         | 10/20         | 07/22-9/24       | 0%            | 158,503               | -                    | (65,078)               | 93,425                | 45,074                    |
| Notes Payable                              | 2,005,899       | 05/14         | 05/31            | 3.17%         | 1,532,466             | -                    | (113,484)              | 1,418,982             | 121,844                   |
| Notes Payable                              | 1,200,000       | 12/15         | 02/26            | 1.97%         | 631,258               | -                    | (121,351)              | 509,907               | 123,753                   |
| <b>Subtotal</b>                            |                 |               |                  |               | <b>52,476,227</b>     | <b>-</b>             | <b>(3,897,913)</b>     | <b>48,578,314</b>     | <b>4,113,671</b>          |
| Bond premium                               |                 |               |                  |               | 3,327,738             | -                    | (1,292,887)            | 2,034,851             | -                         |
| <b>Total general purpose</b>               |                 |               |                  |               | <b>55,803,965</b>     | <b>-</b>             | <b>(5,190,800)</b>     | <b>50,613,165</b>     | <b>4,113,671</b>          |
| <b>Total bonds and notes</b>               |                 |               |                  |               | <b>106,590,739</b>    | <b>-</b>             | <b>(9,751,701)</b>     | <b>96,839,038</b>     | <b>7,994,387</b>          |
| Net pension liability                      |                 |               |                  |               | 42,966,508            | 19,875,844           | (5,379,881)            | 57,462,471            | -                         |
| Net OPEB liability                         |                 |               |                  |               | 29,976,559            | 2,119,089            | (5,584,834)            | 26,510,814            | -                         |
| Landfill closure/post closure care costs   |                 |               |                  |               | 390,000               | 23,460               | (14,460)               | 399,000               | 28,500                    |
| Compensated absences                       |                 |               |                  |               | 3,032,491             | 32,765               | (272,110)              | 2,793,146             | 558,629                   |
| Heart and hypertension claims payable      |                 |               |                  |               | 2,086,252             | 972,364              | (120,142)              | 2,938,474             | 182,860                   |
| Claims                                     |                 |               |                  |               | 390,000               | 120,000              | (390,000)              | 120,000               | 60,000                    |
| Lease Payable                              |                 |               |                  |               | 197,824               | -                    | (51,922)               | 145,902               | 53,444                    |
| Early retirement                           |                 |               |                  |               | 106,481               | 129,240              | (41,081)               | 194,640               | 64,888                    |
| <b>Total general long-term obligations</b> |                 |               |                  |               | <b>\$ 185,736,854</b> | <b>\$ 23,272,762</b> | <b>\$ (21,606,131)</b> | <b>\$ 187,403,485</b> | <b>\$ 8,942,708</b>       |

\* Bonds have callable features.

(1) Sewer bonds are partially funded by sewer assessments transferred from the Sewer and Water Assessments Fund.

(2) Improvement bonds are partially funded by water assessments transferred from the Sewer and Water Assessments Fund.

All long-term liabilities are generally liquidated by the General Fund, with the exception of heart and hypertension benefits which are accounted for in the Internal Service Fund.

**Town of Cheshire, Connecticut**

**Notes to Financial Statements**

**Note 5. Long-Term Obligations (Continued)**

The annual debt service requirements of general obligation bonds and notes are as follows:

|           | Bonds                |                      | Notes                |                     | Total<br>Principal   | Total<br>Interest    |
|-----------|----------------------|----------------------|----------------------|---------------------|----------------------|----------------------|
|           | Principal            | Interest             | Principal            | Interest            |                      |                      |
| 2023      | \$ 5,595,000         | \$ 2,072,993         | \$ 2,399,387         | \$ 602,039          | \$ 7,994,387         | \$ 2,675,032         |
| 2024      | 5,125,000            | 1,829,973            | 2,431,409            | 548,530             | 7,556,409            | 2,378,503            |
| 2025      | 5,165,000            | 1,623,993            | 2,441,295            | 493,451             | 7,606,295            | 2,117,444            |
| 2026      | 4,860,000            | 1,441,017            | 2,451,597            | 436,911             | 7,311,597            | 1,877,928            |
| 2027-2031 | 4,855,000            | 1,266,711            | 2,275,491            | 380,032             | 7,130,491            | 1,646,743            |
| 2032-2036 | 21,179,999           | 4,148,668            | 9,647,326            | 1,131,528           | 30,827,325           | 5,280,196            |
| 2037-2041 | 14,960,000           | 1,511,357            | 5,598,263            | 261,252             | 20,558,263           | 1,772,609            |
| 2037-2041 | 4,480,001            | 169,095              | -                    | -                   | 4,480,001            | 169,095              |
| Total     | <u>\$ 66,220,000</u> | <u>\$ 14,063,807</u> | <u>\$ 27,244,768</u> | <u>\$ 3,853,743</u> | <u>\$ 93,464,768</u> | <u>\$ 17,917,550</u> |

**Bonds authorized but unissued:** Total authorized but unissued debt at June 30, 2022 consists of the following:

|                 |                      |
|-----------------|----------------------|
| General purpose | \$ 14,807,816        |
| Schools         | 5,376,510            |
| Sewers          | 735,000              |
| Total           | <u>\$ 20,919,325</u> |

**Legal debt limit:** The Town's indebtedness (including authorized but unissued bonds), net of principal reimbursements expected from the state, does not exceed the legal debt limitation as required by the Connecticut General Statutes as reflected in the following schedule:

| Category                            | Debt Limit     | Indebtedness  | Balance        |
|-------------------------------------|----------------|---------------|----------------|
| General purpose                     | \$ 213,052,500 | \$ 63,532,032 | \$ 149,520,468 |
| Unfunded pension benefit obligation | 284,070,000    | -             | 284,070,000    |
| Schools                             | 426,105,000    | 25,449,064    | 400,655,936    |
| Sewers                              | 355,087,500    | 25,548,900    | 329,538,600    |
| Urban renewal                       | 307,742,500    | -             | 307,742,500    |

The total overall statutory debt limit for the Town is equal to seven times annual receipts from taxation, or \$662,830,000.

**Landfill closure and post-closure care costs:** State and federal laws and regulations required the Town to place a final cover on its 12- and 18-acre landfill sites when it stopped accepting waste and to perform certain maintenance and monitoring functions at the sites for thirty years after closure. As of June 30, 2022, both landfill sites have been closed.

The projected liability reported at June 30, 2022 is estimated at \$399,000. The monitoring costs are based on what it would cost to perform all post-closure care at 2022 prices with a third party performing all closure work. Actual costs may also change based on inflation, deflation, technology, or changes in the applicable laws and regulations.



**Town of Cheshire, Connecticut**

**Notes to Financial Statements**

**Note 5. Long-Term Obligations (Continued)**

The Town has landfill post-closure care costs as follows:

| Town Landfill    | Year of Closure | Monitoring Costs (Estimate) | Years Remaining | Projected Liability | Short-Term Liability | Long-Term Liability |
|------------------|-----------------|-----------------------------|-----------------|---------------------|----------------------|---------------------|
| Southern Section | 2006            | <u>\$ 28,500</u>            | 14              | <u>\$ 399,000</u>   | <u>\$ 28,500</u>     | <u>\$ 370,500</u>   |

**Leases payable:** The Town leases various equipment for various terms under long-term, noncancelable lease agreements. The leases expire at various dates through 2026.

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

| Year Ending June 30, | Principal         | Interest        | Total             |
|----------------------|-------------------|-----------------|-------------------|
| 2023                 | \$ 53,444         | \$ 2,338        | \$ 55,782         |
| 2024                 | 55,017            | 1,254           | 56,271            |
| 2025                 | 34,741            | 265             | 35,006            |
| 2026                 | 2,700             | 3               | 2,703             |
| Total                | <u>\$ 145,902</u> | <u>\$ 3,860</u> | <u>\$ 149,762</u> |

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

| Asset class:                   | Amount            |
|--------------------------------|-------------------|
| Machinery and equipment        | \$ 197,824        |
| Less: accumulated amortization | (54,109)          |
| Net book value                 | <u>\$ 143,715</u> |

**Note 6. Employee Retirement Systems**

The Town administers three single employer, defined benefit pension plans. The three plans, Town Plan, Police Plan, and Volunteer Firefighter Plan are included in the financial statements as pension trust funds. The plans do not issue stand-alone financial reports. Plan contribution requirements and benefits are established by Town ordinances. Administrative expenses of the plan, including actuarial and legal fees, are paid from the trust fund. The Town reserves the right by action of the Council, after required public hearings, to amend the plans, subject to provisions, if any, in collective bargaining agreements.

**Plan administration:** The Retirement Board (Board) is responsible for the general administration and management of the pension plans. Membership on the Board is as follows:

- The regular members of the Board are 5 resident electors of the Town. They are appointed by the Town Council and serve four-year terms.
- Police members are two representatives appointed by the President of the Cheshire Police Department Collective Bargaining Unit. They serve a four-year term and vote only on matters relating exclusively to police officers.
- A Volunteer Fire Department Member is a representative appointed by the Town Council. The representative serves a four-term term and votes only on matters relating exclusively to volunteer fire fighters.

## Town of Cheshire, Connecticut

### Notes to Financial Statements

#### Note 6. Employee Retirement Systems (Continued)

Based on actuarial valuation reports dated July 1, 2021, membership consisted of:

| Category  | Town | Police | Volunteer Firefighter |
|---|------|--------|-----------------------|
| Retirees and beneficiaries currently receiving benefits               | 236  | 51     | 17                    |
| Terminated employees entitled to benefits, but not yet receiving them | 79   | 2      | 69 <sup>(1)</sup>     |
| Active plan members   | 168  | 33     | 75                    |
| Total   | 483  | 86     | 161                   |

(1) Volunteer firefighter count includes terminated volunteers and associate and lifetime members who are no longer active members but still affiliated with the volunteer organization.

Members are required to contribute to the plans and the Town is required to contribute the remaining amounts necessary to finance the employees coverage. Benefits and contributions are established by the Town and may be amended only by the Town Charter and Union negotiation. Benefits and refunds of the plan are recognized when due and payable in accordance with the terms of the plan. Administrative costs are financed by the plan and used in determining the Town's annual required contribution.

**Town plan:** This plan covers all regular full-time employees except teachers covered by the Connecticut Teachers' Retirement System and policemen. Employees are 100 percent vested after ten years of credited service. They may retire at age 65 after completing five years of credited service or, if earlier, the date upon which their age plus completed years of credited service equals 80. Retirement benefits are based on the plan and benefits elected. The plan was closed to new entrants for various union and nonunion groups between July 1, 2006 and June 30, 2012.

The latest valuation reflected no changes in plan provisions.

**Police plan:** This plan covers all regular, full-time police officers except those hired at age 55 and older. Officers are fully vested after completing ten years of credited service. Normal retirement shall be the earlier of 20 years of service or age 55 with 10 years of service. Final average compensation is computed in the same manner as for the Town plan. The plan also provides disability benefits, spousal benefits, and a death benefit equal to the return of employee contributions with interest if the employee has not satisfied the plan's vesting requirements. The plan was closed to new entrants on January 1, 2014.

The latest valuation reflected no changes in plan provisions.

**Volunteer firefighters plan:** This plan covers all volunteer firefighters. Firefighters are vested on a percentage basis after five years of credited service. Normal retirement is the participant's 65th birthday. Benefits are calculated based upon a flat rate schedule for years of service. The plan also provides disability benefits by the return of the value of their accrued benefit in a lump sum payment.

The latest valuation reflected no changes in plan provisions.

Employee contributions are based upon a percentage of earnings as follows:

| Town               | Police | Volunteer Firefighters |
|--------------------|--------|------------------------|
| Plan A - 3.5% - 4% | 8.50%  | None                   |
| Plan B - 1.5% - 2% | -      | -                      |

## Town of Cheshire, Connecticut

### Notes to Financial Statements

#### Note 6. Employee Retirement Systems (Continued)

**Rate of return:** For the year ended June 30, 2022, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was as follows. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

| Town   | Police | Volunteer Firefighters |
|--------|--------|------------------------|
| -9.23% | -9.07% | -11.10%                |

**Net pension liability of the Town:** The components of the net pension liability of the Town at June 30, 2022 were as follows:

| Net Pension Liability   | Town                 | Police               | Volunteer Firefighters |
|---|----------------------|----------------------|------------------------|
| Total pension liability   | \$ 72,448,463        | \$ 60,138,656        | \$ 5,001,929           |
| Fiduciary net position  | 48,078,913           | 29,425,442           | 2,622,222              |
| Net pension liability   | <u>\$ 24,369,550</u> | <u>\$ 30,713,214</u> | <u>\$ 2,379,707</u>    |
| Fiduciary net position as a percentage of total pension liability | 66.36%               | 48.93%               | 52.42%                 |
| Covered payroll   | \$ 10,456,128        | \$ 3,990,499         | N/A                    |
| Net pension liability as a percentage of covered payroll          | 233.06%              | 769.66%              | N/A                    |

**Actuarial assumptions:** The total pension liability was determined by an interim actuarial valuation as of July 1, 2021, calculated based on the discount rate and actuarial assumptions below, and then was projected forward to the measurement date June 30, 2022. Since the valuation date, the Town signed two new union contracts, for Public Works and the Town Hall Union. The Public Works contract included a retirement incentive program. However, the program benefits are not payable by the pension plan and the program is not expected to significantly impact pension benefits. Therefore, there were no adjustments to the liabilities.

|  | Town   | Police   | Volunteer Firefighters   |
|--|--|--|--|
| Valuation date   | July 1, 2020   | July 1, 2020   | July 1, 2020   |
| Measurement date   | June 30, 2022  | June 30, 2022  | June 30, 2022  |
| Inflation  | 2.75%  | 2.75%  | 2.75%  |
| Discount rate  | 7.00%  | 7.00%  | 7.00%  |
| Long-term expected rate of return, net of investment expense | 7.00%  | 7.00%  | 7.00%  |
| Municipal bond rate  | N/A  | N/A  | N/A  |
| Salary increases including inflation                         | Rates based on age   | Rates based on age   | N/A  |
| Mortality  | PubG-2010 Mortality Table with generational projection per the MP-2019 ultimate scale. | PubS-2010 Mortality Table with generational projection per the MP-2019 ultimate scale. | PubS-2010 Mortality Table with generational projection per the MP-2019 ultimate scale. |
| Actuarial cost method  | Projected Unit Credit  | Projected Unit Credit  | Unit Credit  |
| Asset valuation method                                       | Market Value   | Market Value   | Market Value   |

**Town of Cheshire, Connecticut**

**Notes to Financial Statements**

**Note 6. Employee Retirement Systems (Continued)**

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

**Town plan:**

|                                     | Increase (Decrease) |                |               |
|-------------------------------------|---------------------|----------------|---------------|
|                                     | Total Pension       | Plan Fiduciary | Net Pension   |
|                                     | Liability           | Net Position   | Liability     |
|                                     | (a)                 | (b)            | (a)-(b)       |
| Balances as of July 1, 2021         | \$ 70,353,504       | \$ 54,537,078  | \$ 15,816,426 |
| Changes for the year:               |                     |                |               |
| Service cost                        | 1,127,350           | -              | 1,127,350     |
| Interest on total pension liability | 4,869,407           | -              | 4,869,407     |
| Benefit payments                    | (3,901,798)         | (3,901,798)    | -             |
| Administrative expenses             | -                   | (82,263)       | 82,263        |
| Member contributions                | -                   | 238,971        | (238,971)     |
| Net investment income               | -                   | (5,060,813)    | 5,060,813     |
| Employer contributions              | -                   | 2,347,738      | (2,347,738)   |
| Net changes                         | 2,094,959           | (6,458,165)    | 8,553,124     |
| Balances as of June 30, 2022        | \$ 72,448,463       | \$ 48,078,913  | \$ 24,369,550 |

**Police plan:**

|                                     | Increase (Decrease) |                |               |
|-------------------------------------|---------------------|----------------|---------------|
|                                     | Total Pension       | Plan Fiduciary | Net Pension   |
|                                     | Liability           | Net Position   | Liability     |
|                                     | (a)                 | (b)            | (a)-(b)       |
| Balances as of July 1, 2021         | \$ 58,266,793       | \$ 33,008,916  | \$ 25,257,877 |
| Changes for the year:               |                     |                |               |
| Service cost                        | 851,132             | -              | 851,132       |
| Interest on total pension liability | 4,034,555           | -              | 4,034,555     |
| Benefit payments                    | (3,013,824)         | (3,013,824)    | -             |
| Administrative expenses             | -                   | (48,649)       | 48,649        |
| Member contributions                | -                   | 322,896        | (322,896)     |
| Net investment income               | -                   | (3,061,175)    | 3,061,175     |
| Employer contributions              | -                   | 2,217,278      | (2,217,278)   |
| Net changes                         | 1,871,863           | (3,583,474)    | 5,455,337     |
| Balances as of June 30, 2022        | \$ 60,138,656       | \$ 29,425,442  | \$ 30,713,214 |

**Town of Cheshire, Connecticut**

**Notes to Financial Statements**

**Note 6. Employee Retirement Systems (Continued)**

**Volunteer Firefighter plan:**

|                                     | Increase (Decrease)        |                                |                          |
|-------------------------------------|----------------------------|--------------------------------|--------------------------|
|                                     | Total Pension<br>Liability | Plan Fiduciary<br>Net Position | Net Pension<br>Liability |
|                                     | (a)                        | (b)                            | (a)-(b)                  |
| Balances as of July 1, 2021         | \$ 4,777,352               | \$ 2,885,147                   | \$ 1,892,205             |
| Changes for the year:               |                            |                                |                          |
| Service cost                        | 52,653                     | -                              | 52,653                   |
| Interest on total pension liability | 332,572                    | -                              | 332,572                  |
| Benefit payments                    | (160,648)                  | (160,648)                      | -                        |
| Administrative expenses             | -                          | (17,464)                       | 17,464                   |
| Net investment income               | -                          | (337,811)                      | 337,811                  |
| Employer contributions              | -                          | 252,998                        | (252,998)                |
| Net changes                         | 224,577                    | (262,925)                      | 487,502                  |
| Balances as of June 30, 2022        | \$ 5,001,929               | \$ 2,622,222                   | \$ 2,379,707             |

**Sensitivity analysis:** The following table presents the net pension liability calculated using the discount rate of 7.00 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.0 percent) or 1 percentage point higher (8.0 percent) than the current rate.

|                               | 1%<br>Decrease<br>6.00% | Current<br>Discount Rate<br>7.00% | 1%<br>Increase<br>8.00% |
|-------------------------------|-------------------------|-----------------------------------|-------------------------|
| <b>Town</b>                   |                         |                                   |                         |
| Net pension liability         | \$ 31,446,433           | \$ 24,369,550                     | \$ 18,308,848           |
| <b>Police</b>                 |                         |                                   |                         |
| Net pension liability         | \$ 38,833,947           | \$ 30,713,214                     | \$ 24,043,897           |
| <b>Volunteer Firefighters</b> |                         |                                   |                         |
| Net pension liability         | \$ 3,125,238            | \$ 2,379,707                      | \$ 1,765,664            |

**Town of Cheshire, Connecticut**

**Notes to Financial Statements**

**Note 6. Employee Retirement Systems (Continued)**

As of June 30, 2022, deferred outflows of resources and deferred inflows of resources related to pensions are reported as follows:

|  | Deferred Outflows of Resources |                     |                        |                     |
|--|--------------------------------|---------------------|------------------------|---------------------|
|  | Town                           | Police              | Volunteer Firefighters | Total               |
| Changes of assumptions                               | \$ -                           | \$ 1,700,821        | \$ 379,776             | \$ 2,080,597        |
| Net difference between projected and actual earnings | 3,760,387                      | 2,335,317           | 198,013                | 6,293,717           |
| Difference between expected and actual experience    | -                              | 55,336              | 992                    | 56,328              |
| Total outflows                                       | <u>\$ 3,760,387</u>            | <u>\$ 4,091,474</u> | <u>\$ 578,781</u>      | <u>\$ 8,430,642</u> |
|  | Deferred Inflows of Resources  |                     |                        |                     |
|  | Town                           | Police              | Volunteer Firefighters | Total               |
| Differences between expected and actual experience   | \$ -                           | \$ (6,172)          | \$ (178,291)           | \$ (184,463)        |
| Net difference between projected and actual earnings | -                              | -                   | -                      | -                   |
| Total inflows  | <u>\$ -</u>                    | <u>\$ (6,172)</u>   | <u>\$ (178,291)</u>    | <u>\$ (184,463)</u> |
| Net deferred outflows (inflows)                      | <u>\$ 3,760,387</u>            | <u>\$ 4,085,302</u> | <u>\$ 400,490</u>      | <u>\$ 8,246,179</u> |

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

| Year Ending June 30, | Town                | Police              | Volunteer Firefighters | Total               |
|----------------------|---------------------|---------------------|------------------------|---------------------|
| 2023                 | \$ 1,091,747        | \$ 2,007,952        | \$ 78,850              | \$ 3,178,549        |
| 2024                 | 772,629             | 908,518             | 70,422                 | 1,751,569           |
| 2025                 | 130,111             | 98,240              | 37,535                 | 265,886             |
| 2026                 | 1,765,900           | 1,070,592           | 141,986                | 2,978,478           |
| 2027                 | -                   | -                   | 43,295                 | 43,295              |
| Thereafter           | -                   | -                   | 28,402                 | 28,402              |
| Total                | <u>\$ 3,760,387</u> | <u>\$ 4,085,302</u> | <u>\$ 400,490</u>      | <u>\$ 8,246,179</u> |

**Town of Cheshire, Connecticut**

**Notes to Financial Statements**

**Note 6. Employee Retirement Systems (Continued)**

|                                      | Net Pension<br>Liability | Pension<br>Expense   | Deferred Inflows    | Deferred<br>Outflows |
|--------------------------------------|--------------------------|----------------------|---------------------|----------------------|
| Town plan                            | \$ 24,369,550            | \$ 2,793,310         | \$ -                | \$ 3,760,387         |
| Police plan                          | 30,713,214               | 4,515,121            | (6,172)             | 4,091,474            |
| Volunteer Firefighters plan          | 2,379,707                | 280,646              | (178,291)           | 578,781              |
| CT State Teachers' Retirement System | -                        | 8,148,993            | -                   | -                    |
| Total                                | <u>\$ 57,462,471</u>     | <u>\$ 15,738,070</u> | <u>\$ (184,463)</u> | <u>\$ 8,430,642</u>  |

**Assumed rate of return:** The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed. Best estimates of the real rates of returns for each major asset class are included in the pension plan's target asset allocation. Best estimates of geometric real rates of return for each major asset class included in the pension plan's target asset allocation as of July 1, 2021, and the final investment return assumption, are summarized in the following table:

| Asset Class                            | Long-Term<br>Expected<br>Arithmetic<br>Real Return | Long-Term<br>Expected<br>Geometric<br>Real Return |
|--|--|---|
| Cash                                   | -0.32%   | -0.32%  |
| Intermediate - Term Bonds              | 0.45%  | 0.37%   |
| Broad U.S. Equities                    | 5.33%  | 3.70%   |
| Developed Foreign Equities             | 6.74%  | 4.90%   |
| Assumed Inflation - Mean               | 2.75%  | 2.75%   |
| Assumed Inflation - Standard Deviation | 1.16%  | 1.16%   |
| Portfolio Real Mean Return             | 3.95%  | 3.28%   |
| Portfolio Nominal Mean Return          | 6.70%  | 6.12%   |
| Portfolio Standard Deviation           |  | 11.25%  |
| Long-Term Expected Rate of Return      |  | 7.00%   |

**Investments:**

**Concentrations:** Information regarding investment concentration is presented in Note 2.

**Investment policy:** The Plan's policy in regard to the allocation of invested assets is established and may be amended by the Retirement Board:

| Asset Class                | Pension Funds<br>Allocation % |
|----------------------------|-------------------------------|
| Cash                       | 5%                            |
| Intermediate - Term Bonds  | 30%                           |
| Broad U.S. Equities        | 39%                           |
| Developed Foreign Equities | 26%                           |
| Total                      | <u>100%</u>                   |

Town of Cheshire, Connecticut

Notes to Financial Statements

Note 6. Employee Retirement Systems (Continued)

Schedule of Plan Net Position  
June 30, 2022

|                                 | Pension Trust Funds |                     |                                | OPEB Trust                             |                                    | Total         |
|---------------------------------|---------------------|---------------------|--------------------------------|--|------------------------------------|---------------|
|                                 | Town Pension Fund   | Police Pension Fund | Volunteer Firefighters Pension | Police Post-Employment Healthcare Fund | Other Post-Employment Benefit Fund |               |
| <b>Assets</b>                   |                     |                     |                                |  |                                    |               |
| Cash                            | \$ 573,782          | \$ 525,127          | \$ 166,175                     | \$ 154,768                             | \$ 8,670                           | \$ 1,428,522  |
|                                 | 573,782             | 525,127             | 166,175                        | 154,768                                | 8,670                              | 1,428,522     |
| Investments:                    |                     |                     |                                |  |                                    |               |
| Common stock                    | 6,453,018           | 3,925,794           | -                              | -                                      | -                                  | 10,378,812    |
| Money market mutual funds       | 2,277,976           | 1,385,815           | 133,276                        | 30,314                                 | 38,819                             | 3,866,200     |
| Fixed income mutual funds       | 7,622,188           | 4,637,077           | 289,388                        | 60,925                                 | 75,698                             | 12,685,276    |
| Equity mutual funds             | 14,016,180          | 8,526,962           | 1,879,780                      | 437,274                                | 537,453                            | 25,397,649    |
| Private equity funds            | 2,680,432           | 1,630,683           | -                              | -                                      | -                                  | 4,311,115     |
| Alternative investments         | 14,503,019          | 8,823,138           | 156,487                        | 33,639                                 | 42,038                             | 23,558,321    |
| Total investments               | 47,552,813          | 28,929,469          | 2,458,931                      | 562,152                                | 694,008                            | 80,197,373    |
| Total assets                    | 48,126,595          | 29,454,596          | 2,625,106                      | 716,920                                | 702,678                            | 81,625,895    |
| <b>Liabilities</b>              |                     |                     |                                |  |                                    |               |
| Accounts payable                | 47,682              | 29,154              | 2,884                          | 2,684                                  | 2,328                              | 84,732        |
| Net Position:                   |                     |                     |                                |  |                                    |               |
| Restricted for pension benefits | 48,078,913          | 29,425,442          | 2,622,222                      | -                                      | -                                  | 80,126,577    |
| Restricted for OPEB benefits    | -                   | -                   | -                              | 714,236                                | 700,350                            | 1,414,586     |
| Total Net Position              | \$ 48,078,913       | \$ 29,425,442       | \$ 2,622,222                   | \$ 714,236                             | \$ 700,350                         | \$ 81,541,163 |



Town of Cheshire, Connecticut

Notes to Financial Statements

Note 6. Employee Retirement Systems (Continued)

Schedule of Changes in Plan Net Position  
Year Ended June 30, 2022

|   | Pension Trust Funds |                     |                                | OPEB Trust                             |                                    | Total         |
|---|---------------------|---------------------|--------------------------------|--|------------------------------------|---------------|
|   | Town Pension Fund   | Police Pension Fund | Volunteer Firefighters Pension | Police Post-Employment Healthcare Fund | Other Post-Employment Benefit Fund |               |
| <b>Additions:</b>   |                     |                     |                                |  |                                    |               |
| Employer contributions  | \$ 2,347,738        | \$ 2,217,278        | \$ 252,998                     | \$ 628,869                             | \$ 934,262                         | \$ 6,381,145  |
| Employee contributions  | 238,971             | 322,896             | -                              | -                                      | -                                  | 561,867       |
| Total additions   | 2,586,709           | 2,540,174           | 252,998                        | 628,869                                | 934,262                            | 6,943,012     |
| <b>Investment Income:</b>   |                     |                     |                                |  |                                    |               |
| Net depreciation in fair value of investments                                   | (5,770,391)         | (3,478,572)         | (410,001)                      | (92,808)                               | (115,987)                          | (9,867,759)   |
| Interest and dividends  | 867,179             | 519,993             | 74,784                         | 16,696                                 | 20,745                             | 1,499,397     |
| Total Investment Income   | (4,903,212)         | (2,958,579)         | (335,217)                      | (76,112)                               | (95,242)                           | (8,368,362)   |
| <b>Less investment expenses:</b>  |                     |                     |                                |  |                                    |               |
| Investment management fees  | 157,601             | 102,596             | 2,594                          | 2,987                                  | 1,550                              | 267,328       |
| Net investment earnings   | (5,060,813)         | (3,061,175)         | (337,811)                      | (79,099)                               | (96,792)                           | (8,635,690)   |
| Total additions   | (2,474,104)         | (521,001)           | (84,813)                       | 549,770                                | 837,470                            | (1,692,678)   |
| <b>Deductions:</b>  |                     |                     |                                |  |                                    |               |
| Benefits  | 3,901,798           | 3,013,824           | 160,648                        | 538,625                                | 934,262                            | 8,549,157     |
| Contribution refunds  | -                   | -                   | -                              | 10,307                                 | -                                  | 10,307        |
| Administration  | 82,263              | 48,649              | 17,464                         | 7,926                                  | 7,884                              | 164,186       |
| Total deductions  | 3,984,061           | 3,062,473           | 178,112                        | 556,858                                | 942,146                            | 8,723,650     |
| Change in net position  | (6,458,165)         | (3,583,474)         | (262,925)                      | (7,088)                                | (104,676)                          | (10,416,328)  |
| <b>Net position, restricted for pensions and other postemployment benefits:</b> |                     |                     |                                |  |                                    |               |
| Beginning of year   | 54,537,078          | 33,008,916          | 2,885,147                      | 721,324                                | 805,026                            | 91,957,491    |
| End of year   | \$ 48,078,913       | \$ 29,425,442       | \$ 2,622,222                   | \$ 714,236                             | \$ 700,350                         | \$ 81,541,163 |

**Connecticut state teachers' retirement system:** Teachers within the Town's school system participate in a retirement system administered by the Connecticut State Teachers' Retirement Board. This Connecticut State Teachers' Retirement System (the System) is a cost sharing multiple employer defined benefit pension system with a special funding situation.

## Town of Cheshire, Connecticut

### Notes to Financial Statements

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#### Note 6. Employee Retirement Systems (Continued)

The System is considered a part of the State of Connecticut financial reporting entity and is included in the State's financial reports as a pension trust fund. Those reports may be obtained at [www.ct.gov](http://www.ct.gov).

**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 multiple employer 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](http://www.ct.gov).

**Summary of significant accounting policies:** For purposes of measuring the liability, deferred outflows of resources and deferred inflows of resources, and expense associated with the State's requirement to contribute to the System, information about System's fiduciary net position and additions to/deductions from the System's fiduciary net position have been determined on the same basis as they are reported by the System. For this purpose, benefit payments (including refunds of contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. The Town has recorded, in the General Fund, intergovernmental revenue and education expenditures in the amount of \$10,470,293 as payments made by the State of Connecticut on-behalf of the Town. The Town does not have any liability for teacher pensions.

**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 percent of the average annual salary times the years of credited service (maximum benefit is 75 percent of average annual salary during the 3 years of highest salary).

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

**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 percent of average annual salary times credited service to date of disability, but not less than 15 percent of average annual salary, nor more than 50 percent of average annual salary.

**Contribution requirements:** 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 percent 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.

## Town of Cheshire, Connecticut

### Notes to Financial Statements

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#### Note 6. Employee Retirement Systems (Continued)

For the year ended June 30, 2021, the amount of “on-behalf” contributions made by the State was \$10,570,455 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 percent of salary for the pension benefit. Effective January 1, 2018, the required contribution increased to 7 percent of pensionable salary.

**Actuarial assumptions:** The total pension liability was determined by an actuarial valuation as of June 30, 2020, using the following actuarial assumptions, applied to all periods included in the measurement:

|  |                   |
|--|-------------------|
| Inflation  | 2.50 Percent      |
| Salary increases, including inflation  | 3.00-6.50 Percent |
| Long-term investment rate of return,<br>net of pension investment expense, including inflation | 6.90 Percent      |

Mortality rates were based on the PubT-2010 Healthy Retiree Table (adjusted 105 percent for males and 103 percent 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, 2020 valuation were based on the results of an actuarial experience study for the five-year period ending June 30, 2019.

Assumption changes since the prior year are as follows:

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

Benefit changes since the prior year are as follows:

- 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 percent and a maximum of 5 percent 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 percent per annum. If the return on assets in the previous year was less than 8.5 percent, the maximum increase is 1.5 percent.

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 percent per annum. If the return on assets in the previous year was less than 11.5 percent, the maximum increase is 3 percent, and if the return on the assets in the previous year was less than 8.5 percent, the maximum increase is 1.0 percent.

**Town of Cheshire, Connecticut**

**Notes to Financial Statements**

**Note 6. Employee Retirement Systems (Continued)**

**Long-term rate of return:** The long-term expected rate of return on pension 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 investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The current capital market assumptions and the target asset allocation as provided by the State of Connecticut Treasurer’s Office are summarized in the following table:

| Asset Class                       | Expected Return | Target Allocation |
|-----------------------------------|-----------------|-------------------|
| Domestic Equity Fund              | 5.6%            | 20.0%             |
| Developed Market Intl. Stock Fund | 6.0%            | 11.0%             |
| Emerging Market Intl. Stock Fund  | 7.9%            | 9.0%              |
| Cored Fixed Income Fund           | 2.1%            | 16.0%             |
| Inflation Linked Bond Fund        | 1.1%            | 5.0%              |
| Emerging Market Debt Fund         | 2.7%            | 5.0%              |
| High Yield Bond Fund              | 4.0%            | 6.0%              |
| Real Estate Fund                  | 4.5%            | 10.0%             |
| Private Equity                    | 7.3%            | 10.0%             |
| Alternative Investments           | 2.9%            | 7.0%              |
| Liquidity Fund                    | 0.4%            | 1.0%              |
| Total                             |                 | 100%              |

**Discount rate:** The discount rate used to measure the total pension liability was 6.90 percent. 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 proportionate share of the net pension liability to changes in the discount rate:** The Town’s proportionate share of the net pension liability is \$-0- and, therefore, the change in the discount rate would only impact the amount recorded by the State of Connecticut.

**Pension liabilities, pension expense, and deferred inflows/outflows of resources:** At June 30, 2022, 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 percent 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 OPEB liability that was associated with the Town was as follows:

|   |    |             |
|---|----|-------------|
| Town’s proportionate share of the net pension liability                           | \$ | -           |
| State’s proportionate share of the net pension liability associated with the Town |    | 126,238,571 |
| Total   | \$ | 126,238,571 |

## Town of Cheshire, Connecticut

### Notes to Financial Statements

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#### **Note 6. Employee Retirement Systems (Continued)**

The net pension liability was measured as of June 30, 2021 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as June 30, 2020. At June 30, 2022, the Town has no proportionate share of the net pension liability.

For the year ended June 30, 2022, the Town recognized pension expense and revenue of \$8,148,993 for on-behalf amounts for the benefits provided by the State.

**Pension Plan Fiduciary Net Position:** Detailed information about the pension plan's fiduciary net position is available in the separately issued financial statements available at [www.ct.gov](http://www.ct.gov).

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

**Defined contribution retirement savings plans:** Town employees hired after the pension plan was closed to new entrants, between July 1, 2006 and June 30, 2012 depending on the union and nonunion group, are eligible to participate in a 457 defined contribution plan administered by the Town. Town contributions to the plan for the year were \$287,787 for union participants, the Plan requires the Town to contribute 6 percent. For nonunion participants, the Plan requires the Town to contribute 5 percent and 6 percent if the employee contributes at least 1 percent. Board of Education employees similarly participate in a 403(b) defined contribution plan. This plan covers all regular full-time employees except teachers covered by the Connecticut Teachers' Retirement System. For the Cheshire Educational Secretaries and Technicians United Union participants, the Plan requires the BOE to contribute 5 percent if the participant contributes 3 percent, 6.5 percent if the participant contributes 4 percent, and 8 percent if the participant contributes 5 percent. For all other BOE union and nonunion participants the Plan requires the BOE to contribute 5 percent of each participant's salary and 6 percent if the employee contributes at least 1 percent. Town contributions to the plan for the year were \$362,653.

Police officers hired on or after January 1, 2014 are required to participate in a 401(a) defined contribution plan. The Plan requires the Town to contribute 10 percent of an officer's salary. Town contributions to the plan for the year were \$128,012. Officers are also required to contribute 6 percent of their salary.

#### **Note 7. Other Postemployment Benefits (OPEB)**

In addition to providing pension benefits, the Town instituted a policy providing for a portion of health insurance coverage or subsidized coverage to retired employees. Teachers, town employees and police may become eligible for those benefits if they retire under a normal retirement or with disability.

**Plan description:** The Town provides post-retirement benefits for certain employees for current and future health and life insurance benefit expenses through single-employer defined benefit plans. A bi-annual actuarial valuation is made to determine whether the contributions are sufficient to meet the plan obligations. The latest actuarial valuation was made July 1, 2021. The post-retirement plans do not issue stand-alone financial reports.

The contribution requirements of plan members and the Town are established and may be amended by the Town. The Town determines the required contribution using the Entry Age Normal Cost Method.

**Town of Cheshire, Connecticut**

**Notes to Financial Statements**

**Note 7. Other Postemployment Benefits (OPEB) (Continued)**

The valuation date July 1, 2021 reflects changes made to the plan provisions. The expected claims costs were updated based on analysis of the claims experience and premium information. Overall, per capita healthcare costs increased more than expected, which increased liabilities by about \$0.9 million. The mortality assumption was updated to use the MP-2-21 ultimate scale. The rates of retirement, termination, disability, and salary growth for Certified Board of Education employees was updated to reflect the assumption that were used in the June 30, 2020 valuation of the Connecticut State Teachers' Retirement System. The discount rate was decreased from 3.50 percent to 2.16 percent to align with the 20 Year Tax-Exempt Municipal bond yield as of June 30, 2021. These assumption changes in combination increased the Unfunded Accrued Liability by about \$4.6 million.

Membership in the plans consisted of the following at July 1, 2021.

| Category                                      | Town | Police |
|---|------|--------|
| Retirees and beneficiaries receiving benefits | 93   | 43     |
| Active plan members                           | 605  | 42     |
| Total   | 698  | 85     |

**Rate of return:** For the year ended June 30, 2022, the annual money-weighted rate of return on OPEB plan investments, net of OPEB plan investment expense, was as follows. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

|                | Town    | Police  |
|----------------|---------|---------|
| Rate of return | -12.07% | -10.70% |

**Net OPEB liability of the Town:** The components of the net OPEB liability of the Town at June 30, 2022 were as follows:

| Net OPEB Liability<br>as of June 30, 2022                              | Town          | Police       |
|--|---------------|--------------|
| Total OPEB liability   | \$ 18,075,810 | \$ 9,849,590 |
| Plan fiduciary net position  | 700,350       | 714,236      |
| Net OPEB liability   | \$ 17,375,460 | \$ 9,135,354 |
| Plan fiduciary net position as a<br>percentage of total OPEB liability | 3.87%         | 7.25%        |
| Covered payroll  | 49,964,394    | 3,609,170    |
| Net OPEB liability as a percentage<br>of covered payroll               | 34.78%        | 253.12%      |

**Town of Cheshire, Connecticut**

**Notes to Financial Statements**

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**Note 7. Other Postemployment Benefits (OPEB) (Continued)**

**Actuarial assumptions:** The total OPEB liability was determined by an actuarial valuation as of July 1, 2021, calculated based on the discount rate and the actuarial assumptions below, and then was projected forward to the measurement date June 30, 2022. There have been no significant changes between the valuation date and the fiscal year-end. The information presented was determined as part of the actuarial valuations. Information as of the July 1, 2021 valuation follows:

|                                     | <u>Town</u>   | <u>Police</u>                      |
|-------------------------------------|---|------------------------------------|
| Valuation date:                     | July 1, 2021  | July 1, 2021                       |
| Measurement date:                   | June 30, 2022   | June 30, 2022                      |
| Actuarial cost method:              | Entry Age Normal  | Entry Age Normal                   |
| Asset valuation method:             | Market Value  | Market Value                       |
| Amortization method:                | 30 Years, Level Percent,<br>Closed  | 30 Years, Level Percent,<br>Closed |
| Remaining amortization period       | 21 Years  | 21 Years                           |
| Actuarial assumptions:              |   |                                    |
| Discount rate                       | 3.54 percent  | 3.54 percent                       |
| Salary increase rate                | Rates Based on Age  | Rates Based on Age                 |
| Inflation rate                      | 2.30 percent  | 2.30 percent                       |
| Healthcare cost trend rates         | Average annual healthcare cost trend rates<br>are assumed to be as follows: |                                    |
| Medical inflation rate:             |   |                                    |
| Initial inflation rate              | 6.50 percent  |                                    |
| Ultimate inflation rate             | 4.00 percent  |                                    |
| Years until ultimate inflation rate | 54  |                                    |

The plans are considered to be part of the Town's financial reporting entity and are included in the Town's report as the OPEB Trust funds. These plans do not issue stand-alone financial reports.

Town of Cheshire, Connecticut

Notes to Financial Statements

Note 7. Other Postemployment Benefits (OPEB) (Continued)

|  | Changes in the Net OPEB Liability |                                       |                                    |
|--|-----------------------------------|---------------------------------------|------------------------------------|
|  | Increase (Decrease)               |                                       |                                    |
|  | Total OPEB<br>Liability<br>(a)    | Plan Fiduciary<br>Net Position<br>(b) | Net OPEB<br>Liability<br>(a) - (b) |
| <b>Town Plan</b>                               |                                   |                                       |                                    |
| <b>Changes in the Net OPEB Liability:</b>      |                                   |                                       |                                    |
| Balances at June 30, 2021                      | \$ 20,601,068                     | \$ 805,026                            | \$ 19,796,042                      |
| Changes for the year:                          |                                   |                                       |                                    |
| Service cost                                   | 503,255                           | -                                     | 503,255                            |
| Interest on total OPEB liability               | 445,817                           | -                                     | 445,817                            |
| Effect of economic/demographic gains or losses | (303,302)                         | -                                     | (303,302)                          |
| Effect of assumptions changes or inputs        | (2,236,766)                       | -                                     | (2,236,766)                        |
| Benefit payments                               | (934,262)                         | (934,262)                             | -                                  |
| Employer contributions                         | -                                 | 934,262                               | (934,262)                          |
| Net investment income                          | -                                 | (96,792)                              | 96,792                             |
| Administrative expenses                        | -                                 | (7,884)                               | 7,884                              |
| Net changes                                    | (2,525,258)                       | (104,676)                             | (2,420,582)                        |
| Balances at June 30, 2022                      | \$ 18,075,810                     | \$ 700,350                            | \$ 17,375,460                      |

|  | Changes in the Net OPEB Liability |                                       |                                    |
|--|-----------------------------------|---------------------------------------|------------------------------------|
|  | Increase (Decrease)               |                                       |                                    |
|  | Total OPEB<br>Liability<br>(a)    | Plan Fiduciary<br>Net Position<br>(b) | Net OPEB<br>Liability<br>(a) - (b) |
| <b>Police Plan</b>                             |                                   |                                       |                                    |
| <b>Changes in the Net OPEB Liability:</b>      |                                   |                                       |                                    |
| Balances at June 30, 2021                      | \$ 10,901,841                     | \$ 721,324                            | \$ 10,180,517                      |
| Changes for the year:                          |                                   |                                       |                                    |
| Service cost                                   | 643,621                           | -                                     | 643,621                            |
| Interest on total OPEB liability               | 242,750                           | -                                     | 242,750                            |
| Effect of economic/demographic gains or losses | 91,945                            | -                                     | 91,945                             |
| Effect of assumptions changes or inputs        | (1,413,228)                       | -                                     | (1,413,228)                        |
| Benefit payments                               | (617,339)                         | (548,932)                             | (68,407)                           |
| Employer contributions                         | -                                 | 628,869                               | (628,869)                          |
| Net investment income                          | -                                 | (79,099)                              | 79,099                             |
| Administrative expenses                        | -                                 | (7,926)                               | 7,926                              |
| Net changes                                    | (1,052,251)                       | (7,088)                               | (1,045,163)                        |
| Balances at June 30, 2022                      | \$ 9,849,590                      | \$ 714,236                            | \$ 9,135,354                       |



**Town of Cheshire, Connecticut**

**Notes to Financial Statements**

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**Note 7. Other Postemployment Benefits (OPEB) (Continued)**

**Sensitivity of the net OPEB liability to changes in the healthcare cost trend rates:** The following presents what the Town's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1.00 percent lower or 1.00 percent higher than the current healthcare cost trend rates:

| Town               | 1.0% Decrease | Current<br>Trend Rate | 1.0% Increase |
|--------------------|---------------|-----------------------|---------------|
| Net OPEB liability | \$ 15,351,836 | \$ 17,375,460         | \$ 19,770,565 |

| Police             | 1.0% Decrease | Current<br>Trend Rate | 1.0% Increase |
|--------------------|---------------|-----------------------|---------------|
| Net OPEB liability | \$ 8,001,726  | \$ 9,135,354          | \$ 10,481,685 |

**Sensitivity of estimates used in calculating the net OPEB liability:** The following presents the net OPEB liability of the Town, calculated using the discount rate of 3.54 percent, as well as what the Town's net OPEB liability would be if it were calculated using a discount rate that is 1.00 percent lower or 1.00 percent higher than the current rate.

| Town               | 1% Decrease<br>2.54% | Current<br>Discount Rate<br>3.54% | 1% Increase<br>4.54% |
|--------------------|----------------------|-----------------------------------|----------------------|
| Net OPEB liability | \$ 19,376,904        | \$ 17,375,460                     | \$ 15,660,100        |

| Police             | 1% Decrease<br>2.54% | Current<br>Discount Rate<br>3.54% | 1% Increase<br>4.54% |
|--------------------|----------------------|-----------------------------------|----------------------|
| Net OPEB liability | \$ 10,104,399        | \$ 9,135,354                      | \$ 8,276,613         |

**Town of Cheshire, Connecticut**

**Notes to Financial Statements**

**Note 7. Other Postemployment Benefits (OPEB) (Continued)**

As of June 30, 2022, deferred outflows of resources and deferred inflows of resources related to OPEB are reported as follows:

|   | Deferred Outflows of Resources |                   |                     |
|---|--------------------------------|-------------------|---------------------|
|   | Town                           | Police            | Total               |
| Differences between expected and actual experience                            | \$ -                           | \$ 80,157         | \$ 80,157           |
| Net difference between projected and actual earnings on OPEB plan investments | 1,862                          | 22,655            | 24,517              |
| Changes of assumptions  | 731,080                        | 195,141           | 926,221             |
| Total outflows  | <u>\$ 732,942</u>              | <u>\$ 297,953</u> | <u>\$ 1,030,895</u> |

|  | Deferred Inflows of Resources |                       |                       |
|--|-------------------------------|-----------------------|-----------------------|
|  | Town                          | Police                | Total                 |
| Differences between expected and actual experience | \$ (957,115)                  | \$ (1,572,818)        | \$ (2,529,933)        |
| Changes of assumptions                             | (2,330,627)                   | (1,334,910)           | (3,665,537)           |
| Total inflows                                      | <u>\$ (3,287,742)</u>         | <u>\$ (2,907,728)</u> | <u>\$ (6,195,470)</u> |
| Net deferred inflows                               | <u>\$ (2,554,800)</u>         | <u>\$ (2,609,775)</u> | <u>\$ (5,164,575)</u> |

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

| <u>Year ending June 30,</u> | Town                  | Police                | Total                 |
|-----------------------------|-----------------------|-----------------------|-----------------------|
| 2023                        | \$ (443,978)          | \$ (554,865)          | \$ (998,843)          |
| 2024                        | (442,307)             | (538,246)             | (980,553)             |
| 2025                        | (448,280)             | (438,699)             | (886,979)             |
| 2026                        | (278,663)             | (434,714)             | (713,377)             |
| 2027                        | (284,551)             | (338,338)             | (622,889)             |
| Thereafter                  | (657,021)             | (304,913)             | (961,934)             |
| Total                       | <u>\$ (2,554,800)</u> | <u>\$ (2,609,775)</u> | <u>\$ (5,164,575)</u> |

|                                      | Net OPEB Liability   | OPEB Expense      | Deferred Inflows      | Deferred Outflows   |
|--------------------------------------|----------------------|-------------------|-----------------------|---------------------|
| Town plan                            | \$ 17,375,460        | \$ 481,793        | \$ (3,287,742)        | \$ 732,942          |
| Police plan                          | 9,135,354            | 244,647           | (2,907,728)           | 297,953             |
| CT State Teachers' Retirement System | -                    | (507,872)         | -                     | -                   |
| Total                                | <u>\$ 26,510,814</u> | <u>\$ 726,440</u> | <u>\$ (6,195,470)</u> | <u>\$ 1,030,895</u> |

## Town of Cheshire, Connecticut

### Notes to Financial Statements

#### Note 7. Other Postemployment Benefits (OPEB) (Continued)

**Assumed rate of return:** The long-term expected rate of return on OPEB plan investments was determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. Best estimates of the real rates of returns for each major asset class are included in the OPEB plan's target asset allocation. Best estimates of arithmetic real rates of return for each major asset class included in the OPEB plan's target asset allocation as of July 1, 2022 and the final investment return assumption, are summarized in the following table:

| Asset Class - Town                     | Long-Term<br>Expected<br>Arithmetic<br>Real Return | Long-Term<br>Expected<br>Geometric<br>Real Return |
|--|--|---|
| Cash                                   | -0.32%   | -0.32%  |
| Intermediate - Term Bonds              | 0.94%  | 0.86%   |
| Broad U.S. Equities                    | 5.33%  | 3.70%   |
| Developed Foreign Equities             | 6.74%  | 4.90%   |
| Assumed Inflation - Mean               | 2.30%  | 2.30%   |
| Assumed Inflation - Standard Deviation | 1.16%  | 1.16%   |
| Portfolio Real Mean Return             | 4.10%  | 3.39%   |
| Portfolio Nominal Mean Return          | 6.40%  | 5.77%   |
| Portfolio Standard Deviation           |  | 11.55%  |
| Long-Term Expected Rate of Return      |  | 3.50%   |
| Asset Class - Police                   | Long-Term<br>Expected<br>Arithmetic<br>Real Return | Long-Term<br>Expected<br>Geometric<br>Real Return |
| Cash                                   | -0.32%   | -0.32%  |
| Intermediate - Term Bonds              | 0.94%  | 0.86%   |
| Broad U.S. Equities                    | 5.33%  | 3.70%   |
| Developed Foreign Equities             | 6.74%  | 4.90%   |
| Assumed Inflation - Mean               | 2.30%  | 2.30%   |
| Assumed Inflation - Standard Deviation | 1.16%  | 1.16%   |
| Portfolio Real Mean Return             | 4.10%  | 3.39%   |
| Portfolio Nominal Mean Return          | 6.40%  | 5.77%   |
| Portfolio Standard Deviation           |  | 11.55%  |
| Long-Term Expected Rate of Return      |  | 3.50%   |

**Town of Cheshire, Connecticut**

**Notes to Financial Statements**

**Note 7. Other Postemployment Benefits (OPEB) (Continued)**

**Investments:**

**Concentrations:** Information regarding investment concentration is presented in Note 2.

**Investment policy:** The Plan's policy in regard to the allocation of invested assets is established and may be amended by the Retirement Board:

| Asset Class                | OPEB Funds<br>Allocation % |
|----------------------------|----------------------------|
| Cash                       | 5%                         |
| Intermediate - Term Bonds  | 30%                        |
| Broad U.S. Equities        | 39%                        |
| Developed Foreign Equities | 26%                        |
| Total                      | 100%                       |

**Discount rate:** The plan's fiduciary net position was not projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total OPEB liability is equal to the single equivalent rate that results in the same actuarial present value as the long-term expected rate of return applied to benefit payments, to the extent that the plan's fiduciary net position is projected to be sufficient to make projected benefit payments, and the municipal bond rate applied to benefit payments, to the extent that the plan's fiduciary net position is not projected to be sufficient.

|  | Town  | Police |
|--|-------|--------|
| Discount rate  | 3.54% | 3.54%  |
| Long-term expected rate of return, net of investment expense | 3.50% | 3.50%  |
| 20 Year Tax-Exempt Municipal Bond Yield                      | 3.54% | 3.54%  |

**Other Postemployment Benefit - Connecticut State Teachers' Retirement Plan**

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

Chapter 167a Section 10-183 (t) 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](http://www.ct.gov/trb).

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

## Town of Cheshire, Connecticut

### Notes to Financial Statements

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#### **Note 7. Other Postemployment Benefits (OPEB) (Continued)**

Any member that is not currently participating in Medicare Parts A & B is eligible to continue healthcare coverage with their former employer. A subsidy of up to \$110 per month for a retired member plus an additional \$110 per month for a spouse enrolled in a local school district plan is provided to the school district to first offset the retiree's share of the cost of coverage, any remaining portion is used to offset the district's cost. The subsidy amount is set by statute, and has not increased since July of 1996. A subsidy amount of \$220 per month may be paid for a retired member, spouse, or the surviving spouse of a member who has attained the normal retirement age to participate in Medicare, is not eligible for Part A of Medicare without cost, and contributes at least \$220 per month towards coverage under a local school district plan.

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

**Survivor healthcare 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 Supplemental Plans, as long as they do not remarry.

**Eligibility:** Any member that is currently receiving a retirement or disability benefit is eligible to participate in the Plan.

**Credited service:** One month for each month of service as a teacher in Connecticut public schools, maximum 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.

**Proratable retirement:** Age 60 with 10 years of Credited Service.

**Disability retirement:** No service requirement if incurred in the performance of duty, and 5 years of Credited Service in Connecticut if not incurred in the performance of duty.

**Termination of employment:** 10 or more years of Credited Service.

## Town of Cheshire, Connecticut

### Notes to Financial Statements

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#### Note 7. Other Postemployment Benefits (OPEB) (Continued)

##### Contributions

###### *State of Connecticut*

Per Connecticut General Statutes Section 10-183t, 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.

###### *Employer (School Districts)*

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

For the year ended June 30, 2022, the amount of “on-behalf” contributions made by the State was \$248,743 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 percent 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, 2022, 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 percent 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 | <u>13,753,461</u>           |
| Total  | <u><u>\$ 13,753,461</u></u> |

The net OPEB liability was measured as of June 30, 2021 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as June 30, 2021. At June 30, 2022, the Town has no proportionate share of the net OPEB liability.

For the year ended June 30, 2022, the Town recognized OPEB expense and revenue of \$(507,872) for on-behalf amounts for the benefits provided by the State.

## Town of Cheshire, Connecticut

### Notes to Financial Statements

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#### Note 7. Other Postemployment Benefits (OPEB) (Continued)

**Actuarial assumptions:** The total OPEB liability was determined by an actuarial valuation as of June 30, 2021, using the following actuarial assumptions, applied to all periods included in the measurement:

|                                    |  |
|------------------------------------|--|
| Inflation                          | 2.50 percent   |
| Healthcare costs trend rates       | 5.125 percent for 2020, decreasing to 4.50 percent by 2023             |
| Salary increases                   | 3.00-6.50 percent, including inflation                                 |
| Investment rate of return          | 2.17 percent, net of OPEB plan investment expense, including inflation |
| Year net position will be depleted | 2023   |

Mortality rates were based on the PubT-2010 Healthy Retiree Table (adjusted 105 percent for males and 103 percent 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, 2020 valuation were based on the results of an actuarial experience study for the period July 1, 2014 - June 30, 2019.

The valuation date July 1, 2021 reflects changes made to the plan provisions. The discount rate used to measure Plan obligations decreased from 2.21 percent to 2.17 percent. Expected annual per capita claims were updated to better reflect anticipated Medicare and prescription drug claim experience based on scheduled premium increases through calendar year 2024.

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 percent invested in U.S. Treasuries (Cash Equivalents) for which the expected 10-Year Geometric Real Rate of Return is (0.42 percent).

## Town of Cheshire, Connecticut

### Notes to Financial Statements

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#### Note 7. Other Postemployment Benefits (OPEB) (Continued)

**Discount rate:** The discount rate used to measure the total OPEB liability was 2.17 percent. 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, 2020.

In addition to the actuarial methods and assumptions of the June 30, 2020, actuarial valuation, the following actuarial methods and assumptions were used in the projection of cash flows:

- Total payroll for the initial projection year consists of the payroll of the active membership present on the valuation date. In subsequent projection years, total payroll was assumed to increase annually at a rate of 3.00 percent.
- 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 2023 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 healthcare cost trend rate or the discount rate would only impact the amount recorded by the State of Connecticut.

**OPEB Plan Fiduciary Net Position:** Detailed information about the Connecticut State Teachers OPEB Plan fiduciary net position is available in the separately issued State of Connecticut Comprehensive Annual Financial Report at [www.ct.gov](http://www.ct.gov).

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



**Town of Cheshire, Connecticut**

**Notes to Financial Statements**

**Note 8. Fund Balances (Deficits)**

The detail of the Town's fund balances are as follows:

|  | General<br>Fund | Capital<br>Improvements<br>Fund | Debt<br>Reserve<br>Fund | Nonmajor<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|--|-----------------|---------------------------------|-------------------------|-----------------------------------|--------------------------------|
| Fund balances:                         |                 |                                 |                         |                                   |                                |
| Nonspendable:                          |                 |                                 |                         |                                   |                                |
| Prepays                                | \$ 95,116       | \$ 20,000                       | \$ -                    | \$ -                              | \$ 115,116                     |
| Inventory                              | -               | -                               | -                       | 53,820                            | 53,820                         |
| Permanent fund principal               | -               | -                               | -                       | 78,361                            | 78,361                         |
| Total nonspendable                     | 95,116          | 20,000                          | -                       | 132,181                           | 247,297                        |
| Restricted:                            |                 |                                 |                         |                                   |                                |
| General government activities          | -               | -                               | -                       | 378,383                           | 378,383                        |
| Police operations                      | -               | -                               | -                       | 369,422                           | 369,422                        |
| Fire operations                        | -               | -                               | -                       | 411,225                           | 411,225                        |
| Sewer and water assessments            | -               | -                               | -                       | 2,702                             | 2,702                          |
| Water pollution control operations     | -               | -                               | -                       | 890,923                           | 890,923                        |
| Social services                        | -               | -                               | -                       | 66,531                            | 66,531                         |
| Library operations                     | -               | -                               | -                       | 96,477                            | 96,477                         |
| Parks and recreation programs          | -               | -                               | -                       | 34,757                            | 34,757                         |
| School cafeteria operations            | -               | -                               | -                       | 1,171,842                         | 1,171,842                      |
| Educational programs                   | -               | -                               | -                       | 1,493,333                         | 1,493,333                      |
| Road, sidewalk and bridge construction | -               | 4,323,800                       | -                       | -                                 | 4,323,800                      |
| Debt service                           | -               | -                               | -                       | 420,706                           | 420,706                        |
| Total restricted                       | -               | 4,323,800                       | -                       | 5,336,301                         | 9,660,101                      |
| Committed:                             |                 |                                 |                         |                                   |                                |
| Capital projects                       | -               | -                               | -                       | 1,478,437                         | 1,478,437                      |
| Debt service                           | -               | -                               | 3,243,126               | -                                 | 3,243,126                      |
| Total committed                        | -               | -                               | 3,243,126               | 1,478,437                         | 4,721,563                      |
| Assigned:                              |                 |                                 |                         |                                   |                                |
| Education                              | 1,829,339       | -                               | -                       | -                                 | 1,829,339                      |
| General government activities          | 134,617         | -                               | -                       | -                                 | 134,617                        |
| Police and fire equipment              | 63,716          | -                               | -                       | -                                 | 63,716                         |
| Parks maintenance                      | 85,972          | -                               | -                       | -                                 | 85,972                         |
| Social services                        | 1,500           | -                               | -                       | -                                 | 1,500                          |
| Library books and supplies             | 16,985          | -                               | -                       | -                                 | 16,985                         |
| Recreation                             | 1,764           | -                               | -                       | -                                 | 1,764                          |
| Water pollution control                | -               | -                               | -                       | 105,507                           | 105,507                        |
| Subsequent year expenditures           | 1,700,000       | -                               | -                       | -                                 | 1,700,000                      |
| Community pool services                | 192,393         | -                               | -                       | -                                 | 192,393                        |
| Insurance reserves                     | 3               | -                               | -                       | -                                 | 3                              |
| Capital outlay                         | 286,035         | -                               | -                       | 193,174                           | 479,209                        |
| Total assigned                         | 4,312,324       | -                               | -                       | 298,681                           | 4,611,005                      |
| Unassigned                             | 13,097,878      | (1,571,992)                     | -                       | -                                 | 11,525,886                     |
| Total fund balance                     | \$ 17,505,318   | \$ 2,771,808                    | \$ 3,243,126            | \$ 7,245,600                      | \$ 30,765,852                  |

Encumbrances included in the above table in the assigned categories are as follows: \$2,373,145 in the General Fund.

## Town of Cheshire, Connecticut

### Notes to Financial Statements

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#### Note 9. Fund Deficits

The following fund had a fund deficit as of June 30, 2022:

|                        |              |
|------------------------|--------------|
| Internal Service Fund: |              |
| Heart & Hypertension   | \$ 2,691,667 |

The Internal Service fund deficit will be repaid with future charges.

#### Note 10. Contingencies and Commitments

Construction and other significant commitments have been reported as assigned fund balance in the fund equity section of the balance sheet. At year-end, the amount of encumbrances expected to be honored upon performance by the vendor in the next year were as follows:

|                             |                     |
|-----------------------------|---------------------|
| General Fund                | \$ 2,381,729        |
| Capital Improvements Fund   | 2,294,370           |
| Nonmajor governmental funds | 288,739             |
| Total                       | <u>\$ 4,964,838</u> |

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

The Town is currently a defendant in a number of lawsuits. It is the opinion of Town officials that such pending litigation will not result individually or in the aggregate in a final judgment against the Town which would have a material adverse effect on its financial position.

**Construction commitments:** The Town has active construction projects as of June 30, 2022. At year-end, the Town's commitment on uncompleted contracts is approximately \$2,488,000.

#### Note 11. Risk Management

The Town is exposed to various risks of loss relating to public official liability, police liability, Board of Education legal liability, theft or impairment of assets, errors and omissions, injury to employees, employee health, and natural disasters. The Town purchases commercial insurance for all risks of loss, including blanket and umbrella policies, except for self-insured medical benefits provided under its three health insurance plans, prescription drug plan, and dental plans. Settled claims have not exceeded commercial coverage in any of the past three fiscal years. There were no significant reductions in insurance coverage from coverage in the prior year.

The Town established an internal service fund, the health insurance fund, to account for and finance employee medical benefits claims for eligible employees of both the Town and Board of Education. The Town retains the risk of loss under the three medical plans it offers, along with dental and prescription drugs.

**Town of Cheshire, Connecticut**

**Notes to Financial Statements**

**Note 11. Risk Management (Continued)**

A third party processes the claims filed under the Town's self-insured health plans, for which the Town is charged an administrative fee. The Town participates in a stop-loss captive for individuals exceeding \$175,000. The captive purchases reinsurance for claims exceeding \$175,000. Incurred but not recorded (IBNR) are accrued for in the Health Insurance Fund.

The Town established an internal service fund, Heart and Hypertension, to account for the financing of heart and hypertension claims.

Payments to the Health Insurance internal service fund are based upon estimates for the number of employees and type of coverage (single or family) and trends in the insurance claims and estimates for administration. For the Heart and Hypertension fund, payments to the fund are based upon estimates of claim reserves necessary to pay annual commitments as well as future claims. The claims liability for the Health Insurance Fund and Heart and Hypertension Fund, respectively, reported in the fund at June 30, 2022, is based upon the provisions of GASB Statements No. 10 and 30, which require that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the possible loss can be reasonably estimated.

The amount of the claims accrual is based on the estimated ultimate costs of settling the claims, which includes past experience data, inflation, and other future economic and societal factors and incremental claims adjustment expenses, net of estimated subrogation recoveries. Liabilities for unpaid claims are based on recommendations from third-party administrators. The claims accrual does not include other allocated or unallocated claims adjustment expenses. Such amounts are included as a component of liabilities in the statement of financial position (Exhibit I) as accounts payable for health insurance claims payable and current and noncurrent portions of long-term debt obligations for heart and hypertension claims payable.

| Health Insurance Fund |                       |                                 |               |                        |                     |  |
|-----------------------|-----------------------|---------------------------------|---------------|------------------------|---------------------|--|
|                       | Claims Payable July 1 | Claims and Changes in Estimates | Claims Paid   | Claims Payable June 30 | Due Within One Year |  |
| 2020-2021             | \$ 1,291,155          | \$ 14,000,285                   | \$ 14,141,886 | \$ 1,149,554           | \$ 1,149,554        |  |
| 2021-2022             | \$ 1,149,554          | \$ 14,183,144                   | \$ 14,050,094 | \$ 1,282,604           | \$ 1,282,604        |  |

| Heart & Hypertension Fund |                       |                                 |             |                        |                     |  |
|---------------------------|-----------------------|---------------------------------|-------------|------------------------|---------------------|--|
|                           | Claims Payable July 1 | Claims and Changes in Estimates | Claims Paid | Claims Payable June 30 | Due Within One Year |  |
| 2020-2021                 | \$ 1,790,603          | \$ 424,459                      | \$ 128,810  | \$ 2,086,252           | \$ 155,051          |  |
| 2020-2022                 | \$ 2,086,252          | \$ 972,364                      | \$ 120,142  | \$ 2,938,474           | \$ 182,860          |  |

**Town of Cheshire, Connecticut**

**Notes to Financial Statements**

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**Note 12. Project Authorizations**

The following is a summary of Capital Improvement Fund projects at June 30, 2022:

|                              | <u>Authorization</u> | <u>Cumulative<br/>Expenditures</u> | <u>Unspent<br/>Authorizations</u> |
|------------------------------|----------------------|------------------------------------|-----------------------------------|
| Various capital improvements | <u>\$ 90,304,022</u> | <u>\$ 64,045,909</u>               | <u>\$ 20,919,326</u>              |

**Note 13. Tax Abatements**

The Town of Cheshire enters into property tax abatement agreements under Connecticut General Statute (CGS) Section 12-65b with local businesses that apply. Under the Statute, municipalities may grant property tax abatements for real estate for the purpose of attracting or retaining businesses within their jurisdictions. The abatements may be granted to any business located within or seeking to relocate to Cheshire. Cheshire's current policy is to abate taxes based on 50 percent of the assessed value of new construction for a 4-year period for projects with improvements less than three million and a 7-year period for projects that are three million or more. The Town can recapture abated taxes if the business does not stay in Cheshire for at least 10 years. There is also a penalty if an agreed upon minimum staffing level is not maintained for the 4- or 7-year abatement period. For the year ended June 30, 2022, property taxes in the amount of \$80,759 were abated under this program.

**Required Supplementary  
Information - *unaudited***

**Required Supplementary Information - unaudited  
Schedule of Investment Returns - Pension Plan Trusts  
Last Nine Fiscal Years**

|   | 2022    | 2021   | 2020   | 2019  | 2018  | 2017   | 2016   | 2015   | 2014   |
|---|---------|--------|--------|-------|-------|--------|--------|--------|--------|
| Annual money-weighted rate of return,<br>net of investment income, for: |         |        |        |       |       |        |        |        |        |
| Town  | -9.23%  | 25.06% | 0.43%  | 3.84% | 6.88% | 9.85%  | -3.29% | 1.35%  | 13.20% |
| Police  | -9.07%  | 24.40% | 0.34%  | 3.80% | 6.76% | 9.66%  | -3.39% | 1.32%  | 13.15% |
| Volunteer Firefighters  | -11.10% | 28.99% | -0.34% | 4.96% | 6.00% | 12.24% | 0.14%  | -0.36% | 14.68% |

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the Town will present information for those years for which information is available.

**Required Supplementary Information - unaudited**  
**Schedule of Employer Contributions - Pension Trust Funds**  
**Last Ten Fiscal Years**

*Schedule of Employer Contributions - Pension Trust Fund*

| Fiscal Year Ended June 30,           | Actuarially Determined Contribution | Actual Employer Contribution | Contribution Deficiency (Excess) | Covered Payroll | Contribution as a % of Covered Payroll |
|--------------------------------------|-------------------------------------|------------------------------|----------------------------------|-----------------|--|
| <b><u>Town</u></b>                   |                                     |                              |                                  |                 |  |
| 2013                                 | \$ 1,632,242                        | \$ 1,240,124                 | \$ 392,118                       | \$ 15,046,584   | 8.24%                                  |
| 2014                                 | 2,014,125                           | 1,540,124                    | 474,001                          | 14,629,500      | 10.53%                                 |
| 2015                                 | 2,096,584                           | 1,840,124                    | 256,460                          | 11,411,022      | 16.13%                                 |
| 2016                                 | 1,821,202                           | 1,821,202                    | -                                | 13,079,769      | 13.92%                                 |
| 2017                                 | 1,773,905                           | 1,773,905                    | -                                | 12,000,249      | 14.78%                                 |
| 2018                                 | 1,825,373                           | 1,825,373                    | -                                | 12,298,389      | 14.84%                                 |
| 2019                                 | 1,788,342                           | 1,788,342                    | -                                | 11,023,734      | 16.22%                                 |
| 2020                                 | 1,800,781                           | 1,800,781                    | -                                | 11,275,762      | 15.97%                                 |
| 2021                                 | 2,167,287                           | 2,019,781                    | 147,506                          | 9,979,654       | 20.24%                                 |
| 2022                                 | 2,347,738                           | 2,347,738                    | -                                | 10,456,128      | 22.45%                                 |
| <b><u>Police</u></b>                 |                                     |                              |                                  |                 |  |
| 2013                                 | \$ 748,172                          | \$ 552,765                   | \$ 195,407                       | \$ 4,206,231    | 13.14%                                 |
| 2014                                 | 1,143,257                           | 702,765                      | 440,492                          | 4,203,371       | 16.72%                                 |
| 2015                                 | 1,205,946                           | 852,765                      | 353,181                          | 4,146,467       | 20.57%                                 |
| 2016                                 | 1,342,563                           | 1,152,765                    | 189,798                          | 3,743,751       | 30.79%                                 |
| 2017                                 | 1,456,934                           | 1,302,765                    | 154,169                          | 3,687,620       | 35.33%                                 |
| 2018                                 | 1,631,178                           | 1,452,765                    | 178,413                          | 3,673,204       | 39.55%                                 |
| 2019                                 | 1,814,532                           | 1,702,765                    | 111,767                          | 3,694,630       | 46.09%                                 |
| 2020                                 | 1,884,505                           | 1,884,505                    | -                                | 3,730,828       | 50.51%                                 |
| 2021                                 | 2,008,256                           | 2,008,256                    | -                                | 3,752,318       | 53.52%                                 |
| 2022                                 | 2,217,278                           | 2,217,278                    | -                                | 3,990,499       | 55.56%                                 |
| <b><u>Volunteer Firefighters</u></b> |                                     |                              |                                  |                 |  |
| 2013                                 | \$ 214,537                          | \$ 189,000                   | \$ 25,537                        | N/A             | N/A                                    |
| 2014                                 | 249,892                             | 223,000                      | 26,892                           | N/A             | N/A                                    |
| 2015                                 | 241,200                             | 241,200                      | -                                | N/A             | N/A                                    |
| 2016                                 | 263,917                             | 263,917                      | -                                | N/A             | N/A                                    |
| 2017                                 | 270,278                             | 270,278                      | -                                | N/A             | N/A                                    |
| 2018                                 | 257,157                             | 257,157                      | -                                | N/A             | N/A                                    |
| 2019                                 | 264,646                             | 264,646                      | -                                | N/A             | N/A                                    |
| 2020                                 | 259,652                             | 259,652                      | -                                | N/A             | N/A                                    |
| 2021                                 | 265,069                             | 265,069                      | -                                | N/A             | N/A                                    |
| 2022                                 | 252,998                             | 252,998                      | -                                | N/A             | N/A                                    |

**Required Supplementary Information - unaudited**  
**Schedule of Changes in the Town's Net Pension Liability and Related Ratios (in 1,000's)**  
**Last Nine Fiscal Years**

| Changes in Net Pension Liability                         | Town                         |                  |                  |                  |                  |                  |                  |                  |                  | Police           |                  |                  |                  |                  |                  |                  |                  |                  |
|--|------------------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
|  | 2022                         | 2021             | 2020             | 2019             | 2018             | 2017             | 2016             | 2015             | 2014             | 2022             | 2021             | 2020             | 2019             | 2018             | 2017             | 2016             | 2015             | 2014             |
| <b>Total pension liability:</b>                          |                              |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |
| Service cost   | \$ 1,127                     | \$ 1,097         | \$ 1,048         | \$ 1,019         | \$ 1,184         | \$ 1,101         | \$ 1,513         | \$ 1,407         | \$ 1,237         | \$ 851           | \$ 828           | \$ 682           | \$ 664           | \$ 732           | \$ 681           | \$ 744           | \$ 692           | \$ 689           |
| Interest on total pension liability                      | 4,869                        | 4,787            | 4,458            | 4,383            | 4,214            | 4,179            | 3,991            | 3,780            | 4,023            | 4,035            | 3,899            | 3,625            | 3,510            | 3,421            | 3,208            | 3,099            | 2,987            | 2,870            |
| Effect of plan changes                                   | -                            | -                | -                | -                | -                | -                | -                | (9)              | -                | -                | -                | -                | -                | (378)            | -                | -                | -                | 1,001            |
| Effect of economic/demographic gains or (losses)         | -                            | (999)            | -                | (1,274)          | -                | (2,104)          | -                | (1,284)          | -                | -                | 111              | -                | (41)             | -                | 1,314            | -                | 1,063            | -                |
| Effect of assumption changes or inputs                   | -                            | -                | 6,792            | -                | -                | -                | -                | (5,119)          | -                | -                | -                | 5,626            | -                | -                | -                | -                | (1,071)          | -                |
| Benefit payments   | (3,901)                      | (3,572)          | (3,249)          | (3,065)          | (2,902)          | (2,680)          | (2,521)          | (2,405)          | (2,111)          | (3,014)          | (2,818)          | (2,639)          | (2,591)          | (2,449)          | (2,389)          | (2,269)          | (2,181)          | (1,829)          |
| <b>Net change in total pension liability</b>             | <b>2,095</b>                 | <b>1,313</b>     | <b>9,049</b>     | <b>1,063</b>     | <b>2,496</b>     | <b>496</b>       | <b>2,983</b>     | <b>(3,630)</b>   | <b>3,149</b>     | <b>1,872</b>     | <b>2,020</b>     | <b>7,294</b>     | <b>1,542</b>     | <b>1,326</b>     | <b>2,814</b>     | <b>1,574</b>     | <b>1,490</b>     | <b>2,731</b>     |
| Total pension liability, beginning                       | 70,353                       | 69,040           | 59,991           | 58,928           | 56,432           | 55,936           | 52,953           | 56,583           | 53,434           | 58,267           | 56,247           | 48,953           | 47,411           | 46,085           | 43,271           | 41,697           | 40,207           | 37,476           |
| <b>Total pension liability, ending (a)</b>               | <b>72,448</b>                | <b>70,353</b>    | <b>69,040</b>    | <b>59,991</b>    | <b>58,928</b>    | <b>56,432</b>    | <b>55,936</b>    | <b>52,953</b>    | <b>56,583</b>    | <b>60,139</b>    | <b>58,267</b>    | <b>56,247</b>    | <b>48,953</b>    | <b>47,411</b>    | <b>46,085</b>    | <b>43,271</b>    | <b>41,697</b>    | <b>40,207</b>    |
| <b>Fiduciary net position:</b>                           |                              |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |
| Employer contributions                                   | \$ 2,348                     | \$ 2,020         | \$ 1,801         | \$ 1,788         | \$ 1,825         | \$ 1,774         | \$ 1,821         | \$ 1,840         | \$ 1,540         | \$ 2,217         | \$ 2,008         | \$ 1,885         | \$ 1,703         | \$ 1,453         | \$ 1,303         | \$ 1,153         | \$ 853           | \$ 703           |
| Member contributions                                     | 239                          | 269              | 286              | 303              | 330              | 325              | 327              | 341              | 345              | 323              | 330              | 339              | 331              | 321              | 302              | 305              | 307              | 337              |
| Investment income net of investment expenses             | (5,061)                      | 11,257           | 195              | 1,738            | 2,972            | 3,938            | (1,380)          | 559              | 4,869            | (3,061)          | 6,720            | 95               | 1,033            | 1,757            | 2,348            | (877)            | 349              | 3,173            |
| Benefit payments   | (3,902)                      | (3,572)          | (3,249)          | (3,065)          | (2,902)          | (2,680)          | (2,521)          | (2,405)          | (2,111)          | (3,014)          | (2,818)          | (2,638)          | (2,590)          | (2,449)          | (2,389)          | (2,269)          | (2,181)          | (1,829)          |
| Administrative expenses                                  | (82)                         | (95)             | (40)             | (63)             | (42)             | (60)             | (54)             | (65)             | (51)             | (48)             | (50)             | (32)             | (51)             | (22)             | (31)             | (26)             | (47)             | (27)             |
| <b>net position</b>                                      | <b>(6,458)</b>               | <b>9,879</b>     | <b>(1,007)</b>   | <b>701</b>       | <b>2,183</b>     | <b>3,297</b>     | <b>(1,807)</b>   | <b>270</b>       | <b>4,592</b>     | <b>(3,583)</b>   | <b>6,190</b>     | <b>(351)</b>     | <b>426</b>       | <b>1,060</b>     | <b>1,533</b>     | <b>(1,714)</b>   | <b>(719)</b>     | <b>2,357</b>     |
| Fiduciary net position, beginning                        | 54,537                       | 44,658           | 45,665           | 44,964           | 42,781           | 39,484           | 41,291           | 41,021           | 36,429           | 33,009           | 26,819           | 27,170           | 26,744           | 25,684           | 24,151           | 25,865           | 26,584           | 24,227           |
| <b>Fiduciary net position, ending (b)</b>                | <b>48,079</b>                | <b>54,537</b>    | <b>44,658</b>    | <b>45,665</b>    | <b>44,964</b>    | <b>42,781</b>    | <b>39,484</b>    | <b>41,291</b>    | <b>41,021</b>    | <b>29,426</b>    | <b>33,009</b>    | <b>26,819</b>    | <b>27,170</b>    | <b>26,744</b>    | <b>25,684</b>    | <b>24,151</b>    | <b>25,865</b>    | <b>26,584</b>    |
| <b>Net pension liability, ending = (a) - (b)</b>         | <b>\$ 24,369</b>             | <b>\$ 15,816</b> | <b>\$ 24,382</b> | <b>\$ 14,326</b> | <b>\$ 13,964</b> | <b>\$ 13,651</b> | <b>\$ 16,452</b> | <b>\$ 11,662</b> | <b>\$ 15,562</b> | <b>\$ 30,713</b> | <b>\$ 25,258</b> | <b>\$ 29,428</b> | <b>\$ 21,783</b> | <b>\$ 20,667</b> | <b>\$ 20,401</b> | <b>\$ 19,120</b> | <b>\$ 15,832</b> | <b>\$ 13,623</b> |
| Fiduciary net position as a % of total pension liability | 66.36%                       | 77.52%           | 64.68%           | 76.12%           | 76.30%           | 75.81%           | 70.59%           | 77.98%           | 72.50%           | 48.93%           | 56.65%           | 47.68%           | 55.50%           | 56.41%           | 55.73%           | 55.81%           | 62.03%           | 66.12%           |
| Covered payroll  | \$ 10,456                    | \$ 9,980         | \$ 11,276        | \$ 11,024        | \$ 12,298        | \$ 12,000        | \$ 13,080        | \$ 11,411        | \$ 14,630        | \$ 3,990         | \$ 3,752         | \$ 3,731         | \$ 3,695         | \$ 3,673         | \$ 3,688         | \$ 3,744         | \$ 4,146         | \$ 4,203         |
| Net pension liability as a % of covered payroll          | 233.06%                      | 158.49%          | 216.24%          | 129.96%          | 113.54%          | 113.75%          | 125.78%          | 102.20%          | 106.37%          | 769.66%          | 673.13%          | 788.80%          | 589.58%          | 562.64%          | 553.22%          | 510.72%          | 381.86%          | 324.13%          |
|  | <b>Volunteer Firefighter</b> |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |
| <b>Changes in Net Pension Liability</b>                  | <b>2022</b>                  | <b>2021</b>      | <b>2020</b>      | <b>2019</b>      | <b>2018</b>      | <b>2017</b>      | <b>2016</b>      | <b>2015</b>      | <b>2014</b>      |                  |                  |                  |                  |                  |                  |                  |                  |                  |
| <b>Total pension liability:</b>                          |                              |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |
| Service cost   | \$ 53                        | \$ 53            | \$ 42            | \$ 41            | \$ 44            | \$ 39            | \$ 30            | \$ 27            | \$ 29            |                  |                  |                  |                  |                  |                  |                  |                  |                  |
| Interest on total pension liability                      | 333                          | 326              | 297              | 285              | 273              | 269              | 257              | 247              | 237              |                  |                  |                  |                  |                  |                  |                  |                  |                  |
| Effect of plan changes                                   | -                            | -                | -                | -                | -                | -                | -                | -                | -                |                  |                  |                  |                  |                  |                  |                  |                  |                  |
| Effect of economic/demographic gains or (losses)         | -                            | (128)            | -                | 2                | -                | (203)            | -                | (2)              | -                |                  |                  |                  |                  |                  |                  |                  |                  |                  |
| Effect of assumption changes or inputs                   | -                            | -                | 516              | -                | -                | 95               | -                | -                | -                |                  |                  |                  |                  |                  |                  |                  |                  |                  |
| Benefit payments   | (161)                        | (168)            | (168)            | (154)            | (151)            | (145)            | (143)            | (141)            | (139)            |                  |                  |                  |                  |                  |                  |                  |                  |                  |
| <b>Net change in total pension liability</b>             | <b>225</b>                   | <b>83</b>        | <b>687</b>       | <b>174</b>       | <b>166</b>       | <b>55</b>        | <b>144</b>       | <b>131</b>       | <b>127</b>       |                  |                  |                  |                  |                  |                  |                  |                  |                  |
| Total pension liability, beginning                       | 4,777                        | 4,694            | 4,007            | 3,833            | 3,667            | 3,612            | 3,468            | 3,337            | 3,210            |                  |                  |                  |                  |                  |                  |                  |                  |                  |
| <b>Total pension liability, ending (a)</b>               | <b>5,002</b>                 | <b>4,777</b>     | <b>4,694</b>     | <b>4,007</b>     | <b>3,833</b>     | <b>3,667</b>     | <b>3,612</b>     | <b>3,468</b>     | <b>3,337</b>     |                  |                  |                  |                  |                  |                  |                  |                  |                  |
| <b>Fiduciary net position:</b>                           |                              |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |
| Employer contributions                                   | \$ 253                       | \$ 265           | \$ 259           | \$ 265           | \$ 257           | \$ 270           | \$ 264           | \$ 241           | \$ 223           |                  |                  |                  |                  |                  |                  |                  |                  |                  |
| Member contributions                                     | -                            | -                | -                | -                | -                | -                | -                | -                | -                |                  |                  |                  |                  |                  |                  |                  |                  |                  |
| Investment income net of investment expenses             | (338)                        | 669              | (8)              | 101              | 110              | 191              | 2                | (5)              | 162              |                  |                  |                  |                  |                  |                  |                  |                  |                  |
| Benefit payments   | (161)                        | (168)            | (168)            | (153)            | (151)            | (145)            | (143)            | (141)            | (139)            |                  |                  |                  |                  |                  |                  |                  |                  |                  |
| Administrative expenses                                  | (17)                         | (20)             | (9)              | (16)             | (14)             | (24)             | (17)             | (23)             | (15)             |                  |                  |                  |                  |                  |                  |                  |                  |                  |
| <b>net position</b>                                      | <b>(263)</b>                 | <b>746</b>       | <b>74</b>        | <b>197</b>       | <b>202</b>       | <b>292</b>       | <b>106</b>       | <b>72</b>        | <b>231</b>       |                  |                  |                  |                  |                  |                  |                  |                  |                  |
| Fiduciary net position, beginning                        | 2,885                        | 2,139            | 2,065            | 1,868            | 1,666            | 1,374            | 1,268            | 1,195            | 964              |                  |                  |                  |                  |                  |                  |                  |                  |                  |
| <b>Fiduciary net position, ending (b)</b>                | <b>2,622</b>                 | <b>2,885</b>     | <b>2,139</b>     | <b>2,065</b>     | <b>1,868</b>     | <b>1,666</b>     | <b>1,374</b>     | <b>1,268</b>     | <b>1,195</b>     |                  |                  |                  |                  |                  |                  |                  |                  |                  |
| <b>Net pension liability, ending = (a) - (b)</b>         | <b>\$ 2,380</b>              | <b>\$ 1,892</b>  | <b>\$ 2,555</b>  | <b>\$ 1,942</b>  | <b>\$ 1,965</b>  | <b>\$ 2,001</b>  | <b>\$ 2,238</b>  | <b>\$ 2,200</b>  | <b>\$ 2,142</b>  |                  |                  |                  |                  |                  |                  |                  |                  |                  |
| Fiduciary net position as a % of total pension liability | 52.42%                       | 60.39%           | 45.57%           | 51.53%           | 48.73%           | 45.43%           | 38.04%           | 36.56%           | 35.81%           |                  |                  |                  |                  |                  |                  |                  |                  |                  |
| Covered payroll  | N/A                          | N/A              | N/A              | N/A              | N/A              | N/A              | N/A              | N/A              | N/A              |                  |                  |                  |                  |                  |                  |                  |                  |                  |
| Net pension liability as a % of covered payroll          | N/A                          | N/A              | N/A              | N/A              | N/A              | N/A              | N/A              | N/A              | N/A              |                  |                  |                  |                  |                  |                  |                  |                  |                  |

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the Town will present information for those years for which information is available.



**Required Supplementary Information - unaudited  
 Schedule of the Town's Proportionate Share of the Net Pension Liability -  
 Teachers' Retirement Plan  
 Last Eight Fiscal Years**

|   | 2022           | 2021           | 2020           | 2019           | 2018           | 2017           | 2016          | 2015          |
|---|----------------|----------------|----------------|----------------|----------------|----------------|---------------|---------------|
| Town's proportion of the net pension liability  | 0.00%          | 0.00%          | 0.00%          | 0.00%          | 0.00%          | 0.00%          | 0.00%         | 0.00%         |
| Town's proportionate share of the net pension liability   | -              | -              | -              | -              | -              | -              | -             | -             |
| State's proportionate share of the net pension liability  | \$ 126,238,571 | \$ 159,390,429 | \$ 140,330,173 | \$ 108,202,716 | \$ 110,113,252 | \$ 116,170,342 | \$ 89,484,226 | \$ 82,710,234 |
| Town's covered payroll  | \$ 37,489,453  | \$ 36,755,966  | \$ 36,131,492  | \$ 35,521,574  | \$ 34,901,983  | \$ 33,640,478  | \$ 33,261,768 | \$ 32,127,000 |
| Town's proportionate share of the net pension liability as a percentage of its covered-employee payroll | 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                              | 49.24%         | 49.24%         | 52.00%         | 57.69%         | 55.93%         | 52.26%         | 59.50%        | 61.56%        |

information is available.

**Notes to Schedule**

|                                       |   |
|---------------------------------------|---|
| Changes in benefit terms              | None  |
| Changes of assumptions                | None  |
| Actuarial cost method                 | Entry age   |
| Amortization method                   | Level percent of pay, closed, grading to a level dollar amortization method for the June 30, 2024 valuation |
| Single equivalent amortization period | 30 years  |
| Asset valuation method                | 4-year smoothed market  |
| Inflation                             | 2.50%   |
| Salary increase                       | 3.25%-6.50%, including inflation  |
| Investment rate of return             | 6.90%, net of investment related expense  |

Notes:

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

**Required Supplementary Information - unaudited  
 Schedule of Investment Returns - OPEB Trusts  
 Last Six Fiscal Years**

|  | 2022    | 2021   | 2020   | 2019  | 2018  | 2017   |
|--|---------|--------|--------|-------|-------|--------|
| Annual money-weighted rate of return,<br>net of investment income for: |         |        |        |       |       |        |
| Town   | -12.07% | 32.57% | -0.71% | 5.33% | 6.65% | 13.50% |
| Police   | -10.70% | 24.42% | -0.60% | 4.76% | 5.24% | 10.97% |

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the Town will present information for those years for which information is available.

**Required Supplementary Information - unaudited**  
**Schedule of Changes in the Town's Net OPEB Liability and Related Ratios (in 1,000's)**  
**Last Six Fiscal Years**

| Changes in Net OPEB Liability                         | Town             |                  |                  |                  |                  |                  | Police          |                  |                  |                  |                  |                  |
|---|------------------|------------------|------------------|------------------|------------------|------------------|-----------------|------------------|------------------|------------------|------------------|------------------|
|   | 2022             | 2021             | 2020             | 2019             | 2018             | 2017             | 2022            | 2021             | 2020             | 2019             | 2018             | 2017             |
| <b>Total OPEB liability:</b>                          |                  |                  |                  |                  |                  |                  |                 |                  |                  |                  |                  |                  |
| Service cost  | \$ 503           | \$ 457           | \$ 423           | \$ 378           | \$ 400           | \$ 424           | \$ 644          | \$ 593           | \$ 537           | \$ 516           | \$ 528           | \$ 612           |
| Interest on total OPEB liability                      | 446              | 453              | 695              | 723              | 734              | 631              | 243             | 241              | 440              | 451              | 442              | 366              |
| Effect of plan changes                                | -                | -                | 257              | -                | -                | -                | -               | -                | -                | -                | -                | -                |
| Effect of economic/demographic gains or (losses)      | (303)            | -                | (331)            | -                | (1,241)          | (1,922)          | 92              | -                | (2,204)          | -                | (867)            | -                |
| Effect of assumption changes or inputs                | (2,237)          | 107              | 442              | 835              | (948)            | -                | (1,414)         | 51               | (27)             | 434              | (311)            | (905)            |
| Benefit payments                                      | (934)            | (930)            | (824)            | (751)            | (734)            | (772)            | (617)           | (537)            | (473)            | (503)            | (468)            | (495)            |
| <b>Net change in total OPEB liability</b>             | <b>(2,525)</b>   | <b>87</b>        | <b>662</b>       | <b>1,185</b>     | <b>(1,789)</b>   | <b>(1,639)</b>   | <b>(1,052)</b>  | <b>348</b>       | <b>(1,727)</b>   | <b>898</b>       | <b>(676)</b>     | <b>(422)</b>     |
| Total OPEB liability, beginning                       | 20,601           | 20,514           | 19,852           | 18,667           | 20,456           | 22,095           | 10,902          | 10,554           | 12,281           | 11,383           | 12,059           | 12,481           |
| <b>Total OPEB liability ending (a)</b>                | <b>18,076</b>    | <b>20,601</b>    | <b>20,514</b>    | <b>19,852</b>    | <b>18,667</b>    | <b>20,456</b>    | <b>9,850</b>    | <b>10,902</b>    | <b>10,554</b>    | <b>12,281</b>    | <b>11,383</b>    | <b>12,059</b>    |
| <b>Fiduciary net position:</b>                        |                  |                  |                  |                  |                  |                  |                 |                  |                  |                  |                  |                  |
| Employer contributions                                | \$ 934           | \$ 930           | \$ 825           | \$ 750           | \$ 734           | \$ 772           | \$ 629          | \$ 543           | \$ 497           | \$ 500           | \$ 505           | \$ 505           |
| Member contributions                                  | -                | -                | -                | -                | -                | -                | 68              | 64               | 64               | 60               | 54               | 54               |
| Investment income net of investment expenses          | (97)             | 202              | (5)              | 33               | 39               | 70               | (79)            | 143              | (3)              | 20               | 17               | 25               |
| Benefit payments                                      | (934)            | (930)            | (825)            | (750)            | (734)            | (772)            | (617)           | (537)            | (473)            | (502)            | (468)            | (496)            |
| Administrative expenses                               | (8)              | (22)             | (8)              | (21)             | (8)              | (7)              | (8)             | (19)             | (7)              | (16)             | (9)              | (8)              |
| <b>Net change in plan fiduciary net position</b>      | <b>(105)</b>     | <b>180</b>       | <b>(13)</b>      | <b>12</b>        | <b>31</b>        | <b>63</b>        | <b>(7)</b>      | <b>194</b>       | <b>78</b>        | <b>62</b>        | <b>99</b>        | <b>80</b>        |
| Fiduciary net position, beginning                     | 805              | 625              | 638              | 626              | 595              | 532              | 721             | 527              | 450              | 388              | 289              | 209              |
| <b>Fiduciary net position, ending (b)</b>             | <b>700</b>       | <b>805</b>       | <b>625</b>       | <b>638</b>       | <b>626</b>       | <b>595</b>       | <b>714</b>      | <b>721</b>       | <b>528</b>       | <b>450</b>       | <b>388</b>       | <b>289</b>       |
| <b>Net OPEB liability, ending = (a) - (b)</b>         | <b>\$ 17,376</b> | <b>\$ 19,796</b> | <b>\$ 19,889</b> | <b>\$ 19,214</b> | <b>\$ 18,041</b> | <b>\$ 19,861</b> | <b>\$ 9,136</b> | <b>\$ 10,181</b> | <b>\$ 10,026</b> | <b>\$ 11,831</b> | <b>\$ 10,995</b> | <b>\$ 11,770</b> |
| Fiduciary net position as a % of total OPEB liability | 3.87%            | 3.91%            | 3.05%            | 3.21%            | 3.35%            | 2.91%            | 7.25%           | 6.62%            | 5.00%            | 3.66%            | 3.41%            | 2.40%            |
| Covered payroll                                       | \$ 49,964        | \$ 48,101        | \$ 48,101        | \$ 44,717        | \$ 44,717        | \$ 37,814        | \$ 3,609        | \$ 4,064         | \$ 4,064         | \$ 4,465         | \$ 4,465         | \$ 2,990         |
| Net OPEB liability as a % of covered payroll          | 34.78%           | 41.15%           | 41.35%           | 42.97%           | 40.34%           | 52.52%           | 253.12%         | 250.53%          | 246.73%          | 264.99%          | 246.25%          | 393.61%          |

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the Town will present information for those years for which information is available.

**Required Supplementary Information - unaudited**  
**Schedule of the Town's Proportionate Share of the Net OPEB Liability -**  
**Teachers' Retiree Health Plan**  
**Last Five Fiscal Years**

|  | 2022          | 2021          | 2020          | 2019          | 2018          |
|--|---------------|---------------|---------------|---------------|---------------|
| Town's proportion of the net OPEB liability  | 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  | \$ 13,753,461 | \$ 23,773,088 | \$ 21,885,283 | \$ 21,630,403 | \$ 28,341,917 |
| Town's covered-employee payroll  | \$ 37,489,453 | \$ 36,755,966 | \$ 36,131,492 | \$ 33,502,384 | \$ 34,902,001 |
| Town's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll | 0.00%         | 0.00%         | 0.00%         | 0.00%         | 0.00%         |
| Plan fiduciary net position as a percentage of the total OPEB liability                              | 6.11%         | 2.50%         | 2.08%         | 1.49%         | 1.79%         |

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the Town will present information for those years for which information is available.

**Notes to Schedule**

|                               |   |
|-------------------------------|---|
| Changes in benefit terms      | None  |
| Changes of assumptions        | Based on the procedure described in GASB 75, the discount rate used to measure plan obligations for financial accounting purposes as of June 30, 2021 was updated to equal the Municipal Bond Index Rate as of June 30, 2021; |
|                               | Expected annual per capita claims costs were updated to better reflect anticipated medical and prescription drug claim experience based on scheduled premium increases through calendar year 2024                             |
| 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               | 2.75%   |

**Notes:**

- This schedule is intended to show information for ten years.
- The measurement date is one year earlier than the employer's reporting date

**Required Supplementary Information - unaudited**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budgetary Basis -**  
**Budget and Actual - General Fund**  
**For the Year Ended June 30, 2022**

|  | Original           | Revised<br>Final   | Actual<br>Budgetary<br>Basis | Variance With<br>Final Budget |
|--|--------------------|--------------------|------------------------------|-------------------------------|
| <b>Revenues:</b>   |                    |                    |                              |                               |
| Property taxes, interest and lien fees   | \$ 97,176,214      | \$ 97,176,214      | \$ 98,172,328                | \$ 996,114                    |
| Charges for services   | 2,630,500          | 2,630,500          | 3,080,633                    | 450,133                       |
| Intergovernmental  | 17,936,112         | 19,761,112         | 20,640,643                   | 879,531                       |
| Interest and dividend income   | 215,000            | 215,000            | 241,387                      | 26,387                        |
| Other local income   | 265,000            | 265,000            | 313,999                      | 48,999                        |
| <b>Total revenues</b>  | <b>118,222,826</b> | <b>120,047,826</b> | <b>122,448,990</b>           | <b>2,401,164</b>              |
| <b>Expenditures:</b>   |                    |                    |                              |                               |
| <b>Current:</b>  |                    |                    |                              |                               |
| Administration and finance   | 14,296,192         | 14,319,692         | 13,958,059                   | 361,633                       |
| Planning and development   | 527,944            | 533,244            | 503,298                      | 29,946                        |
| Public safety  | 7,930,143          | 7,990,743          | 7,767,336                    | 223,407                       |
| Public works   | 6,897,744          | 7,222,744          | 6,875,691                    | 347,053                       |
| Public health  | 612,387            | 641,787            | 641,717                      | 70                            |
| Social services  | 1,020,697          | 1,020,697          | 990,986                      | 29,711                        |
| Cultural services  | 1,958,671          | 1,958,671          | 1,873,477                    | 85,194                        |
| Leisure services   | 627,059            | 627,059            | 522,689                      | 104,370                       |
| Education  | 77,001,052         | 78,501,052         | 78,501,052                   | -                             |
| Contingency  | 125,000            | 6,200              | -                            | 6,200                         |
| Debt service   | 6,809,077          | 6,809,077          | 6,809,077                    | -                             |
| <b>Total expenditures</b>  | <b>117,805,966</b> | <b>119,630,966</b> | <b>118,443,382</b>           | <b>1,187,584</b>              |
| <b>Revenues over (under) expenditures</b>  | <b>416,860</b>     | <b>416,860</b>     | <b>4,005,608</b>             | <b>3,588,748</b>              |
| <b>Other financing sources (uses):</b>   |                    |                    |                              |                               |
| Cancellation of prior year encumbrances  | 210,000            | 210,000            | 392,483                      | 182,483                       |
| Transfers in   | 685,000            | 685,000            | 689,712                      | 4,712                         |
| Transfers out  | (2,486,860)        | (2,486,860)        | (2,486,860)                  | -                             |
| <b>Net other financing sources (uses)</b>  | <b>(1,591,860)</b> | <b>(1,591,860)</b> | <b>(1,404,665)</b>           | <b>187,195</b>                |
| <b>Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses before utilization of fund balance</b> | <b>(1,175,000)</b> | <b>(1,175,000)</b> | <b>2,600,943</b>             | <b>3,775,943</b>              |
| Utilization of fund balance  | 1,175,000          | 1,175,000          | -                            | (1,175,000)                   |
| <b>Excess of revenues and other financing sources over expenditures and other financing uses after utilization of fund balance</b>               | <b>\$ -</b>        | <b>\$ -</b>        | <b>2,600,943</b>             | <b>\$ 2,600,943</b>           |
| Budgetary fund balance, July 1, 2021   |                    |                    | 13,301,026                   |                               |
| Budgetary fund balance, June 30, 2022  |                    |                    | <u>\$ 15,901,969</u>         |                               |

## Town of Cheshire, Connecticut

### Note to Required Supplementary Information - unaudited

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#### Note 1. Budgets and Budgetary Accounting

The Town's budget policies for the General Fund, the Water Pollution Control Fund, and the Cheshire Community Pool Fund are as follows:

- A. Each department, office, board, or commission of the Town, including the Board of Education, shall submit to the Town Manager a detailed estimate of the expenditures and anticipated revenues by February 15.
- B. On or before March 10, the Town Manager submits a balanced budget and budget message to the Town Council based upon requests submitted by the various Town departments.
- C. By March 24, the Town Council submits the proposed operating budget to one or more public hearings, at which elector or taxpayer comments are obtained. A second public hearing is held prior to adoption. The budget includes proposed expenditures and the means of financing them. By April 30, the Town Council must adopt an operating budget and fix a tax rate in mills and shall file it with the Town Clerk by May 10.
- D. The budget adopted by the Town Council is subject to one referendum by petition of at least 10 percent of the registered electors. The petition must be filed by May 20, and the Council must hold a referendum no later than June 20. If the budget is rejected at referendum, the Council has until June 27 to adopt a new budget and file it with the Town Clerk.
- E. The legal level of control for the General Fund, the level at which expenditures may not exceed appropriations, is at the department level within a function that includes departments, offices, projects, sub-functions, boards and commissions as prescribed by the Town Charter. The legal level of control is at the fund level for the Water Pollution Control Fund and the Cheshire Community Pool Fund.
- F. Management is not authorized to make budgetary transfers. The Town Council, in accordance with the provisions of the Charter and the Connecticut General Statutes, is authorized to transfer unexpended balances from one appropriation to another. Additional appropriations up to \$250,000 may be approved by the Town Council. Additional appropriations that exceed \$250,000 but do not exceed \$500,000 may be approved by the Council following a public hearing. Those in excess of \$500,000 may be approved for referendum by the Council following a public hearing. Additional appropriations funded with federal American Rescue Plan Act (ARPA) grants were approved for the General Fund during the year totaling \$1,825,000, including \$1,500,000 for the Department of Education to help fund an increase in medical claims and \$325,000 for a bulky waste pick up at Town residences. There was also an additional appropriation from the Water Pollution Control Department fund balance for additional overtime from staffing vacancies and the processing of accumulated solids as well as for equipment/program supplies and equipment maintenance that helped remedy deferred maintenance.
- G. The Department of Education is not a separate legal entity, but a separate function of the Town. Its Board is authorized under state law to make any transfers required within their budget at their discretion. Any additional appropriations must have Town Council approval and, if necessary, approval at a public hearing or referendum.
- H. Formal budgetary integration is employed as a management control device during the year.

**Town of Cheshire, Connecticut**

**Note to Required Supplementary Information - unaudited**

**Note 1. Budgets and Budgetary Accounting (Continued)**

I. 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 in the current year. Generally, all unencumbered appropriations lapse at year-end, except those for the capital projects funds. Appropriations for capital projects are continued until completion of applicable projects, even when projects extend more than one fiscal year.

A reconciliation of General Fund revenues, expenditures, and net other financing sources/uses, as presented in accordance with GAAP and as presented on the budgetary basis, is as follows:

|   | Revenues              | Expenditures          | Net Other<br>Financing<br>Sources/(Uses) | Fund<br>Balance      |
|---|-----------------------|-----------------------|--|----------------------|
| General Fund, budgetary basis                               | \$ 122,448,990        | \$ 118,443,382        | \$ (1,404,665)                           | \$ 15,901,969        |
| Accrued payroll   | -                     | 88,069                | -  | (235,711)            |
| Net increase (decrease) in the fair<br>value of investments | (1,003,202)           | -                     | -  | (773,264)            |
| Unemployment Compensation Costs                             | (27,343)              | (27,343)              | -  | -                    |
| State Teachers Retirement<br>System on-behalf payments      | 10,819,198            | 10,819,198            | -  | -                    |
| Encumbrances:   |                       |                       |  |                      |
| June 30, 2021   | -                     | 2,531,876             | -  | 232,078              |
| June 30, 2022   | -                     | (2,141,067)           | -  | 2,141,067            |
| Cancellation of prior year<br>encumbrances                  | -                     | -                     | (392,483)                                | -                    |
| Effect of GASB No. 54                                       | 676,341               | 953,606               | 486,860                                  | 239,179              |
| Combined General Fund, GAAP basis                           | <u>\$ 132,913,984</u> | <u>\$ 130,667,721</u> | <u>\$ (1,310,288)</u>                    | <u>\$ 17,505,318</u> |

## ***Appendix B***

### ***Form of Opinion of Bond Counsel***



## APPENDIX B – FORM OF OPINION OF BOND COUNSEL

April \_\_, 2023

Town of Cheshire  
84 South Main Street  
Cheshire, CT 06410

We have acted as Bond Counsel in connection with the issuance by the Town of Cheshire, Connecticut (the “Town”), of its \$ \_\_\_\_\_ General Obligation Bonds, Issue of 2023 (the “Bonds”) dated April \_\_, 2023. In such capacity, we have examined a record of proceedings of the Town authorizing the Bonds, a Tax Regulatory Agreement of the Town dated the date hereof (the “Agreement”), such law and such other proceedings, certifications, and documents as we have deemed necessary to render this opinion.

As to questions of fact material to our opinion, we have relied upon the certified proceedings and other certifications of public officials furnished to us without undertaking to verify the same by independent investigation.

We are of the opinion that when the 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 rights of the holders of the Bonds and the enforceability thereof may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors’ rights generally and by equitable principles, whether considered at law or in equity.

The Internal Revenue Code of 1986, as amended (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.

In our opinion, under existing statutes and court decisions, (i) interest on the Bonds is excluded from gross income for federal income tax purposes; and (ii) such interest is not an item of tax preference for purposes of the federal alternative minimum tax; however, such interest is taken into account in determining the annual adjusted financial statement income of certain corporations for the purpose of computing the alternative minimum tax imposed on corporations for tax years beginning after December 31, 2022. We express no opinion regarding other federal income 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 excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates and is excluded from amounts on which the net Connecticut minimum tax is based for individuals, trusts and estates required to pay the federal alternative minimum tax. We express no opinion regarding other state income tax consequences caused by ownership or disposition of, or receipt of interest on the Bonds.

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 foregoing opinion is based upon existing laws, regulations, rules and court decisions. We undertake no responsibility to inform you of changes in law or fact occurring after the date hereof which may affect the conclusions herein. In addition, we have not undertaken to advise in the future whether any events after the date of issuance of the Bonds, including the adoption of federal tax legislation, may affect the tax status of interest on the Bonds.

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 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.*

**CONTINUING DISCLOSURE AGREEMENT**

Town of Cheshire, Connecticut  
\$ \_\_\_\_\_ General Obligation Bonds, Issue of 2023

April \_\_, 2023

WHEREAS, the Town of Cheshire, Connecticut (the “Town”) has heretofore authorized the issuance of \$ \_\_\_\_\_ in aggregate principal amount of its General Obligation Bonds, Issue of 2023, dated April \_\_, 2023 (the “Bonds”), maturing on the dates and in the amounts set forth in the Town’s Official Statement dated April \_\_, 2023 describing the Bonds (the “Official Statement”); and

WHEREAS, the Bonds have been sold by a competitive bid pursuant to a Notice of Sale, dated March 28, 2023 (the “Notice of Sale”); and

WHEREAS, in the Notice of Sale, the Town has heretofore acknowledged that an underwriter may not purchase or sell the Bonds unless it has reasonably determined that the Town has undertaken in a written agreement for the benefit of the beneficial owners of the Bonds to provide certain continuing disclosure information as required by Securities and Exchange Commission Rule 15c2-12(b)(5), as amended from time to time (the “Rule”), and the Town desires to assist the underwriter of the Bonds in complying with the Rule; and

WHEREAS, the Town is authorized pursuant to Section 3-20e of the General Statutes of Connecticut to make such representations and agreements for the benefit of the beneficial owners of the Bonds to meet the requirements of the Rule; and

WHEREAS, in order to assist the underwriter of the Bonds in complying with the Rule, this Continuing Disclosure Agreement (this “Agreement”) is to be made, executed and delivered by the Town in connection with the issuance of the Bonds and to be described in the Official Statement, all for the benefit of the beneficial owners of the Bonds, as they may be from time to time;

NOW, THEREFORE, the Town hereby represents, covenants and agrees as follows:

Section 1. Definitions. In addition to the terms defined above, the following capitalized terms shall have the meanings ascribed thereto:

“Annual Report” shall mean any Annual Report provided by the Town pursuant to, and as described in, Sections 2 and 3 of this Agreement.

“Financial Obligation” shall mean any (i) debt obligation, (ii) derivative instrument entered into in connection with, or pledged as security or source of payment for, an existing or planned debt obligation, or (iii) guarantee of (i) or (ii). Municipal securities as to which a final official statement has been filed with the Repository, consistent with the Rule, shall not be considered a Financial Obligation.

“Fiscal Year End” shall mean the last day of the Town’s fiscal year, currently June 30.

“Listed Events” shall mean any of the events listed in Section 4 of this Agreement.

“MSRB” shall mean the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934, as amended, or any successor thereto.

“Repository” shall mean the Electronic Municipal Market Access (EMMA) system as described in 1934 Act Release No. 57577 for purposes of the Rule, the MSRB or any other nationally recognized municipal securities information repository or organization recognized by the SEC from time to time for purposes of the Rule.

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

Section 2. Annual Reports.

(a) The Town shall provide or cause to be provided to the Repository in electronic format, accompanied by identifying information, as prescribed by the MSRB, the following annual financial information and operating data regarding the Town:

(i) Audited financial statements as of and for the year ending on its Fiscal Year End prepared in accordance with accounting principles generally accepted in the United States, as promulgated by the Governmental Accounting Standards Board from time to time or mandated state statutory principles as in effect from time to time; and

(ii) Financial information and operating data as of and for the year ending on its Fiscal Year End of the following type to the extent not included in the audited financial statements described in (i) above:

(A) the amounts of the gross and net taxable grand list;

(B) a listing of the ten largest taxpayers on the grand list, together with each such taxpayer’s taxable valuation thereon;

(C) the percentage and amount of the annual property tax levy collected and uncollected;

(D) a schedule of the annual debt service on outstanding long-term bonded indebtedness;

(E) a calculation of the net direct debt, total direct debt, and total overall net debt (reflecting overlapping and underlying debt);

(F) the total direct debt, total net direct debt and total overall net debt of the Town per capita;

(G) the ratios of total direct debt and total overall net debt of the Town to the Town's net taxable grand list;

(H) a statement of statutory debt limitations and debt margins; and

(I) the funding status of the Town's pension benefit obligations.

(b) The above-referenced information is expected to be provided by the filing of and cross reference to the Town's audited financial statements. The information may be provided in whole or in part by cross-reference to other documents previously provided to the Repository, including official statements of the Town which will be available from the MSRB.

(c) Subject to the requirements of Section 8 hereof, the Town reserves the right to modify from time to time the type of financial information and operating data provided or the format of the presentation of such financial information and operating data, to the extent necessary or appropriate; provided that the Town agrees that any such modification will be done in a manner consistent with the Rule. The Town also reserves the right to modify the preparation and presentation of financial statements described herein as may be required to conform with changes in Connecticut law applicable to municipalities or any changes in generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board from time to time.

Section 3. Timing. The Town shall provide the financial information and operating data referenced in Section 2(a) not later than eight months after each Fiscal Year End subsequent to the date of issuance of the Bonds, provided, however, that if such financial information and operating data for the Fiscal Year End preceding the date of issuance of the Bonds is not contained in the Official Statement for the Bonds or has not otherwise been previously provided, the Town shall provide such financial information and operating data no later than eight months after the close of such preceding Fiscal Year End. The Town agrees that if audited financial statements are not available eight months after the close of any Fiscal Year End, it shall submit unaudited financial statements by such time and will submit audited financial statements information when and if available.

Section 4. Event Notices. The Town agrees to provide, or cause to be provided, in a timely manner not in excess of ten (10) business days after the occurrence of the event, notice to the Repository in electronic format, accompanied by identifying information, as prescribed by the MSRB, of the occurrence of any of the following events:

- (i) principal and interest payment delinquencies;
- (ii) non-payment related defaults, if material;
- (iii) unscheduled draws on debt service reserves reflecting financial difficulties;
- (iv) unscheduled draws on credit enhancements reflecting financial difficulties;
- (v) substitution of credit or liquidity providers, or their failure to perform;
- (vi) 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;

- (vii) modifications to rights of Bondholders, if material;
- (viii) Bond calls, if material, and tender offers;
- (ix) defeasances;
- (x) release, substitution, or sale of property securing repayment of the Bonds, if material;
- (xi) rating changes;
- (xii) bankruptcy, insolvency, receivership, or similar event of any obligated person;
- (xiii) the consummation of a merger, consolidation, or acquisition involving any obligated person or the sale of all or substantially all of the assets of any obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake any such action or the termination of a definitive agreement relating to such actions, other than pursuant to its terms, if material;
- (xiv) appointment of a successor or additional trustee or the change of name of a trustee, if any, if material;
- (xv) incurrence of a Financial Obligation by any obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of any obligated person, any of which affect Bondholders, if material; and
- (xvi) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of any obligated person, any of which reflect financial difficulties.

Section 5. Notice of Failure. The Town agrees to provide, or cause to be provided, in a timely manner to the Repository in electronic format, accompanied by identifying information, as prescribed by the MSRB, notice of any failure by the Town to provide the annual financial information described in Section 2(a) of this Agreement on or before the date described in Section 3 of this Agreement.

Section 6. Termination of Reporting Obligation. The Town's obligations under this Agreement shall terminate upon the defeasance, prior redemption or payment in full of all of the Bonds.

Section 7. Agent. The Town may, from time to time, appoint or engage an agent to assist it in carrying out its obligations under this Agreement, and may discharge any such agent, with or without appointing a successor agent.

Section 8. Amendment; Waiver. Notwithstanding any other provision of this Agreement, the Town may amend this Agreement, and any provision of this Agreement may be waived, if such amendment or waiver is made in connection with a change in circumstances that arises from a change in legal requirements, a change in law, or a change in the identity, nature or status of the Town, and is supported by an opinion of counsel expert in federal securities laws, to the effect that (i) such amendment or waiver would not materially adversely affect the beneficial owners of the Bonds and (ii) this Agreement, as so amended, 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 changes in circumstances. A copy of any such amendment will be filed in a timely manner with the Repository in electronic format. The Annual Report provided on the first date following adoption of any such amendment will explain, in

narrative form, the reasons for the amendment and the impact of the change in the type of financial information or operating data provided.

Section 9. Additional Information. Nothing in this Agreement shall be deemed to prevent the Town from disseminating any other information, using the means of dissemination set forth in this Agreement or any other means of communication, or including any other information in any Annual Report or providing notice of the occurrence of any other event, in addition to that which is required by this Agreement. If the Town chooses to include any other information in any Annual Report or provide notice of the occurrence of any other event in addition to that which is specifically required by this Agreement, the Town shall have no obligation under this Agreement to update such information or include or provide such information or notice of the occurrence of such event in the future.

Section 10. Indemnification. The Town agrees, pursuant to applicable law, to indemnify and save its officials, officers and employees harmless against any loss, expense or liability which they may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorney's fees) of defending against any claim of liability hereunder, but excluding any loss, expense or liability due to any such person's malicious, wanton, or willful act. The obligations of the Town under this Section shall survive termination of this Agreement.

Section 11. Enforceability. The Town agrees that its undertaking pursuant to the Rule set forth in this Agreement is intended to be for the benefit of and enforceable by the beneficial owners of the Bonds. In the event the Town shall fail to perform its duties hereunder, the Town shall have the option to cure such failure after its receipt of written notice from any beneficial owner of the Bonds of such failure. In the event the Town does not cure such failure, the right of any beneficial owner of the Bonds to enforce the provisions of this undertaking shall be limited to a right to obtain specific performance of the Town's obligations hereunder. No monetary damages shall arise or be payable hereunder, nor shall any failure to comply with this Agreement constitute a default of the Town with respect to the Bonds.

**IN WITNESS WHEREOF**, the Town has caused this Continuing Disclosure Agreement to be executed in its name by its undersigned officers, duly authorized, all as of the date first above written.

**TOWN OF CHESHIRE, CONNECTICUT**

By: \_\_\_\_\_  
Name: Sean M. Kimball  
Title: Town Manager

By: \_\_\_\_\_  
Name: James J. Jaskot  
Title: Director of Finance & Treasurer



***Appendix D***

***Notice of Sale***

**NOTICE OF SALE**

**TOWN OF CHESHIRE, CONNECTICUT  
\$17,500,000 GENERAL OBLIGATION BONDS, ISSUE OF 2023  
BOOK-ENTRY-ONLY**

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

APRIL 4, 2023

(the “Sale Date”) for the purchase, when issued, of all (but not less than all) of the Issuer’s \$17,500,000 General Obligation Bonds, Issue of 2023, dated April 18, 2023 (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 July 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> |
|-----------------|--------------------|-----------------|--------------------|
| 2024            | 925,000            | 2034            | 920,000            |
| 2025            | 925,000            | 2035            | 920,000            |
| 2026            | 925,000            | 2036            | 920,000            |
| 2027            | 925,000            | 2037            | 920,000            |
| 2028            | 920,000            | 2038            | 920,000            |
| 2029            | 920,000            | 2039            | 920,000            |
| 2030            | 920,000            | 2040            | 920,000            |
| 2031            | 920,000            | 2041            | 920,000            |
| 2032            | 920,000            | 2042            | 920,000            |
| 2033            | 920,000            |                 |                    |

The Bonds will bear interest commencing July 15, 2023 and semiannually thereafter on January 15 and July 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 July 15, 2030 are not subject to redemption prior to maturity. The Bonds maturing July 15, 2031 and thereafter are subject to redemption prior to maturity, at the option of the Issuer, on and after July 15, 2030, either in whole or in part at any time, in such order of maturity and amount as the Issuer may determine, and by lot within a maturity, at the respective 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>Period During Which Redeemed</u> | <u>Redemption Price</u> |
|-------------------------------------|-------------------------|
| July 15, 2030 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 NOT 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, as amended, 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. The record dates for the Bonds will be the last business day of June and December in each year.

## **Proposals**

Each bid must be for the entire \$17,500,000 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 three (3) 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; 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 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 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 LLC to obtain CUSIP numbers for the Bonds prior to delivery, and Phoenix Advisors, LLC, 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, LLC 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 i-Deal's 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 – email notice: [parity@i-deal.com](mailto: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 of **PARITY®** prospective electronic bidders shall be solely responsible to make necessary arrangements to access **PARITY®** for the purpose of submitting its bid in a timely manner and in compliance with the requirements of this Notice. Neither the 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. 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 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 April 18, 2023 (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 Pullman & Comley, LLC of Hartford, Connecticut, 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, as amended (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 Glenn Rybacki, Esq., Pullman & Comley, LLC, 90 State House Square, Hartford, CT 06103, Telephone: (860) 424-4391 E-mail: grybacki@pullcom.com and (2) the Municipal Advisor at Matthew Spoerndle, Phoenix Advisors, LLC, 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 (E.T.) 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 (ii) 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 March 28, 2023 (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, LLC, 53 River Street, Milford, CT 06460, Telephone: (203) 878-4945, E-mail: [mspoerndle@muniadvisors.com](mailto: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 CHESHIRE, CONNECTICUT**

**SEAN M. KIMBALL**

Town Manager

**JAMES J. JASKOT**

Director of Finance & Treasurer

March 28, 2023

**ATTACHMENT A**

**ISSUE PRICE CERTIFICATE**

*(If Competitive Sale Rule Met)*

TOWN OF CHESHIRE, CONNECTICUT  
\$ \_\_\_\_\_ GENERAL OBLIGATION BONDS, ISSUE OF 2023  
Dated April 18, 2023

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 CHESHIRE, CONNECTICUT (the “Issuer”) sold to [SHORT NAME OF UNDERWRITER], for delivery on or about April 18, 2023, 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 April 4, 2023 (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, as amended, and the Treasury Regulations thereunder (collectively, the “Code”). The undersigned understands that the foregoing information will be relied upon by the Issuer in making its certification as to issue price of the 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 April 4, 2023.

[UNDERWRITER]

By: \_\_\_\_\_

Name:

Title:

**Schedule A to Issue Price Certificate**

| <u>Maturity,<br/>July 15</u> | <u>Principal Amount (\$)</u> | <u>Interest<br/>Rate (%)</u> | <u>Price<br/>(\$, not Yield)</u> |
|------------------------------|------------------------------|------------------------------|----------------------------------|
| 2024                         |                              |                              |                                  |
| 2025                         |                              |                              |                                  |
| 2026                         |                              |                              |                                  |
| 2027                         |                              |                              |                                  |
| 2028                         |                              |                              |                                  |
| 2029                         |                              |                              |                                  |
| 2030                         |                              |                              |                                  |
| 2031                         |                              |                              |                                  |
| 2032                         |                              |                              |                                  |
| 2033                         |                              |                              |                                  |
| 2034                         |                              |                              |                                  |
| 2035                         |                              |                              |                                  |
| 2036                         |                              |                              |                                  |
| 2037                         |                              |                              |                                  |
| 2038                         |                              |                              |                                  |
| 2039                         |                              |                              |                                  |
| 2040                         |                              |                              |                                  |
| 2041                         |                              |                              |                                  |
| 2042                         |                              |                              |                                  |

**Schedule B to Issue Price Certificate**

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