

PRELIMINARY OFFICIAL STATEMENT DATED JANUARY 8, 2026

NEW ISSUE –Book-Entry-Only

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, (the "Code"), under existing law, interest on the Notes is excluded from gross income for federal income tax purposes and is not treated as an item of tax preference for purposes of the federal alternative minimum tax under the Code; however, such interest is taken into account in determining the annual adjusted financial statement income of certain corporations for the purpose of computing the alternative minimum tax imposed on corporations. In the opinion of Bond Counsel, under existing statutes, interest on the Notes is excludable from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates and is excluded from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay the federal alternative minimum tax. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the Notes. (See "Tax Matters" herein.)

TOWN OF STRATFORD, CONNECTICUT

\$22,385,000

GENERAL OBLIGATION BOND ANTICIPATION NOTES

Dated: Date of Delivery

Due: July 23, 2026

| <u>Par amount</u> | <u>Coupon</u> | <u>Yield</u> | <u>CUSIP¹</u> |
|-------------------|---------------|--------------|--------------------------|
| \$22,385,000 | % | % | 862812*** |

The \$22,385,000 General Obligation Bond Anticipation Notes (the "Notes") will be general obligations of the Town of Stratford, Connecticut (the "Town") and the Town will pledge its full faith and credit to pay the principal of and interest on the Notes when due. (See "Security and Remedies" herein).

Interest on the Notes will be payable at maturity. The Notes are **not** subject to redemption prior to maturity.

The Notes will be issued by means of a book-entry-only system and will be registered in the name of Cede & Co., as nominee for The Depository Trust Company ("DTC"), New York, New York. The Beneficial Owners of the Notes will not receive certificates representing their ownership interest in the Notes. Principal of, redemption premium, if any, and interest on the Notes will be payable by the Town or its agent to DTC or its nominee as registered owner of the Notes. Ownership of the Notes will be in principal amounts of \$5,000 or integral multiples thereof plus any odd amount. DTC will act as security depository for the Notes. So long as Cede & Co. is the Noteowner, as nominee of DTC, reference herein to the Noteowner shall mean Cede & Co. as aforesaid, and shall not mean the Beneficial Owners (as described herein) of the Notes. (See "Book-Entry Transfer System" herein).

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

The Notes are being offered for sale in accordance with an official Notice of Sale dated January 8, 2026. Electronic bids via *PARITY*® for the Notes will be received until 11:30 A.M. (E.T.) on Thursday, January 15, 2026, at the Office of the Finance Director, 2725 Main Street, Stratford, Connecticut 06615, as described in the official Notice of Sale. (See Appendix D herein).

The Notes are offered for delivery when, as and if issued, subject to the final approving opinions of Pullman & Comley, LLC, Bond Counsel, of Bridgeport and Hartford, Connecticut. It is expected that delivery of the Notes in book-entry-only form will be made through the facilities of DTC on or about January 28, 2026.

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

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

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

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

Other than as to matters expressly set forth in Appendix A – “Audited Financial Statements” hereto, the independent auditors for the Town are not passing on and do not assume any responsibility for the accuracy or adequacy of the financial information presented in this Official Statement and make no representation that they have independently verified the same. The independent auditor has not been engaged to perform and has not performed, since the date of its report included herein, any procedures on the financial statements addressed in that report. The independent auditor also has not performed any procedures relating to this Official Statement.

Other than as to matters expressly set forth in Appendices B and C to this Official Statement Bond Counsel is not passing on and does not assume any responsibility for the accuracy or adequacy of the statements made in this Official Statement and makes no representation that it has independently verified the same.

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

The Notes have not been registered under the Securities Act of 1933, as amended, nor have the Notes been registered under any state securities laws.

The Municipal Advisor to the Town has provided the following sentence for inclusion in this Official Statement. The Municipal Advisor has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to the Town and, as applicable, to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Municipal Advisor does not guarantee the accuracy or completeness of such information.

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

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

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Bridgeport and Hartford, Connecticut
(203) 330-2000

MUNICIPAL ADVISOR
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NOTE SALE SUMMARY

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

| | |
|--|---|
| Date of Sale: | Thursday, January 15, 2026, 11:30 AM (Eastern Time). |
| Location of the Sale: | Office of the Finance Director, 2725 Main Street, Stratford, Connecticut 06615 |
| Issuer: | Town of Stratford, Connecticut (the “Town”). |
| Issue: | \$22,385,000 General Obligation Bond Anticipation Notes. |
| Dated Date: | January 28, 2026. |
| Principal Due: | At maturity, July 23, 2026. |
| Interest Due: | At maturity, July 23, 2026. |
| Purpose and Authority: | The Notes are being issued to finance and refinance various capital improvement projects under taken by the Town and authorized by ordinances adopted by the Town Council. See “Authorization and Purpose of the Notes” herein. |
| Redemption: | The Notes are NOT subject to redemption prior to maturity. |
| Security: | The Notes will be general obligations of the Town, and the Town will pledge its full faith and credit to the payment of the principal of and interest on the Notes when due. |
| Credit Rating: | The Notes have not been rated. |
| Basis of Award: | Lowest Net Interest Cost (NIC), as of the dated date. |
| Tax Matters: | See “Tax Matters” herein. |
| Continuing Disclosure Undertaking: | See “Availability of Continuing Disclosure” and “Appendix C” herein. |
| Bank Qualification: | The Notes shall NOT be designated by the Town as qualified tax-exempt obligations under the provisions of Section 265(b) of the Internal Revenue Code of 1986, for purposes of the deduction by financial institutions for interest expense allocable to the Notes. |
| Certifying Bank Registrar, Transfer and Paying Agent: | U.S. Bank Trust Company, National Association, Hartford, Connecticut. |
| Legal Opinion: | Pullman & Comley, LLC, of Bridgeport and Hartford, Connecticut is Bond Counsel. |
| Delivery and Payment: | It is expected that delivery of the Notes in book-entry only form will be made on or about January 28, 2026, against payment in federal funds. |
| Issuer Official: | Questions regarding this Official Statement should be directed to Caitlin Bosse, Interim Finance Director, Town of Stratford, Connecticut - Telephone (203) 385-4040. |
| Municipal Advisor: | Munistat Services, Inc., 129 Samson Rock Drive, Suite A, Madison, Connecticut 06443, attention: Mr. William N. Lindsay, Managing Director, Telephone: (203) 421-2880. |

I. SECURITIES OFFERED

INTRODUCTION

This Official Statement, including the cover page and appendices has been prepared by the Town of Stratford, Connecticut (the “Town”) with assistance from its municipal advisor and is provided for the purpose of presenting certain information relating to the Town, in connection with the original issuance and sale of \$22,385,000 General Obligation Bond Anticipation Notes (the “Notes”) of the Town.

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

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

DESCRIPTION OF THE NOTES

The Notes will be dated the date of delivery and will be due and payable as to both principal and interest at maturity, on July 23, 2026. The Notes will bear interest calculated on the basis of a 30-day month and a 360-day year at the rate or rates per annum as set forth on the inside cover page of this Official Statement. A book-entry system will be employed evidencing ownership of the Notes in principal amounts of \$5,000 or integral multiples thereof plus any odd amount, with transfers of ownership effected on the records of DTC and its participants pursuant to rules and procedures established by DTC and its participants. (See “Book-Entry-Only Transfer System” herein.) The Registrar, Certifying Bank, Paying and Transfer Agent for the Notes will be U.S. Bank Trust Company, National Association of Hartford, Connecticut. The legal opinion on the Notes will be rendered by Pullman & Comley, LLC, of Bridgeport and Hartford, Connecticut, in substantially the form set forth in Appendix C- “Form of Legal Opinion of Bond Counsel” hereto. **The Notes are NOT subject to redemption prior to maturity.**

RATINGS

The Notes have not been rated.

AUTHORIZATION AND PURPOSE

Authorization: The Notes are issued pursuant to Title 7 of the General Statutes of Connecticut, as amended, the Charter of the Town and certain ordinances adopted by the Town Council.

Purpose: Proceeds of the Notes are anticipated to be used to finance and refinance the various public improvements and school projects and equipment authorized by the Town as follows:

| Project | Authorization | BANs | Additions/ Reductions | The Notes (This Issue) |
|--|----------------------|-----------------------|--------------------------|---------------------------|
| | | Maturing 1/28/2026 | | |
| Stratford High School Improvements..... | \$ 65,000,000 | \$ 7,000,000 | \$ - | \$ 7,000,000 |
| 2020 School Roof Projects..... | 6,900,000 | 4,115,000 | - | 4,115,000 |
| 2021 School Photo-voltaic Panel Array Projects.. | 4,296,000 | 2,562,000 | - | 2,562,000 |
| Fiscal Year 2021-22 Capital Improvement Plan.... | 11,685,000 | 395,000 | (395,000) | - |
| Fiscal Year 2022-23 Capital Equipment Plan..... | 2,013,000 | 2,013,000 | (597,000) | 1,416,000 |
| Fiscal Year 2022-23 Capital Improvement Plan.... | 10,425,000 | 1,400,000 | (355,000) | 1,045,000 |
| Fiscal Year 2023-24 Capital Equipment Plan..... | 3,200,000 | 1,575,000 | 1,538,599 | 3,113,599 |
| Fiscal Year 2024-25 Capital Equipment Plan..... | 5,189,015 | 225,000 | 2,338,977 | 2,563,977 |
| Fiscal Year 2025-26 Capital Equipment Plan..... | 4,474,000 | - | 569,424 | 569,424 |
| Total..... | <u>\$113,182,015</u> | <u>\$19,285,000</u> | <u>\$ 3,100,000</u> | <u>\$22,385,000</u> |

BOOK-ENTRY-ONLY TRANSFER SYSTEM

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

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

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

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

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

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

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

payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

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

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

The information in this section concerning DTC and DTC's book-entry system has been provided by DTC. The Town takes no responsibility for the accuracy thereof.

REPLACEMENT NOTES

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

DTC PRACTICES

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

Neither the Town, the Paying Agent will have any responsibility or obligation to the Participants of DTC or the persons for whom they act as nominees with respect to (i) the accuracy of any records maintained by DTC or by any Participant of DTC, (ii) payments or the providing of notice to the Direct Participants, the Indirect Participants or the Beneficial Owners, (iii) the selection by DTC or by any Participant of DTC of any Beneficial Owner to receive payment in the event of a partial redemption of the Notes or (iv) any other actions taken by DTC or its partnership nominees as owner of the Notes.

SECURITY AND REMEDIES

The Notes will be general obligations of the Town and the Town will pledge its full faith and credit to pay the principal of and interest on the Notes when due. Unless paid from other sources, the Notes are payable from general tax revenues of the Town. The Town has the power under Connecticut statutes to levy ad valorem taxes on all taxable property subject to taxation by the Town without limitation as to rate or amount, except as to certain classified property, such as certified forest land taxable at a limited rate and dwelling houses of qualified elderly persons of low income or of qualified disabled persons taxable at limited amounts.

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

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

The Town is subject to suit on its general obligation bonds and notes and a court of competent jurisdiction has the power in appropriate proceedings to render a judgment against the Town. Courts of competent jurisdiction also have the power in appropriate proceedings to order payment of a judgment on such bonds or notes from funds lawfully available therefor or, in the absence thereof, to order the Town to take all lawful action to obtain the same, including the raising of the required amount in the next annual tax levy. In exercising their discretion as to whether to enter such an order, the courts may take into account all relevant factors including the current operating needs of the Town and the availability and adequacy of other remedies. Enforcement of a claim for payment of principal of or interest on the Notes would also be subject to the applicable provisions of Federal bankruptcy laws and to provisions of other statutes, if any, hereafter enacted by the Congress or the Connecticut General Assembly extending the time for payment or imposing other constraints upon enforcement insofar as the same may be constitutionally applied. Under the Federal Bankruptcy Code, the Town may seek relief only, among other requirements, if it is specifically authorized, in its capacity as a municipality or by name, to be a debtor under Chapter 9, Title 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.

TAX MATTERS

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

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

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

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

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

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

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

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

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

federal or state income taxes (including replacement with another type of tax), or repeal (or reduction in the benefit) of the exclusion of interest on the Notes from gross income for federal or state income tax purposes for all or certain taxpayers.

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

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

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

PUBLIC HEALTH CONSIDERATIONS

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

While COVID-19 continues to circulate and cause infections, vaccination rates have increased, and the number of cases and hospitalizations have decreased since the peak of the pandemic. To date, the COVID-19 outbreak has had no material adverse effect on the finances of the Town. However, prospective investors should assume that restrictions and limitations related to COVID-19 and any future variants or pandemics may be instituted by the federal or State governments and that any resurgence of COVID-19 or another infectious disease could have a material adverse effect on the Town and its financial and operational performance.

The Town received \$25.9 million from the American Rescue Plan Act of 2021 in response to the COVID-19 pandemic (the "COVID-19 Aid"). The Town developed a plan for the use of such funds that focused on infrastructure improvements and other initiatives that complied with the program eligibility criteria. No assurance can be given that the Town would receive federal aid akin to the COVID-19 Aid if another pandemic or similar public health emergency were to occur.

CYBERSECURITY

The Town like many other public and private entities, relies on technology to conduct its operations. The Town and its departments face cyber threats from time to time, including but not limited to hacking, viruses, malware, phishing, and other attacks on computers and other sensitive digital networks and systems. To mitigate the risk of business operations impact and/or damage from cyber incidents or cyber-attacks, the Town invests in various forms of cybersecurity and operational controls, including the use of virtual private networks, offsite servers and hosting platforms for its financial systems to mitigate risk. All third-party vendors are fully insured. Additionally, the Town undertakes internal testing of its systems and maintains variable daily backup schedules. Recently, the Town has taken a number of steps to improve their security over email including the implementation of conditional access, cyber security education through BullPhish and email scanning powered by Inky. In addition, the Town has contracted with a service provider to do quarterly vulnerability scans. No assurances can be given, however, that such security and operational control measures will be completely successful to guard against future cyber threats and attacks. The results of any such attack could impact business operations and/or damage the Town's digital networks and systems and the costs of remedying any such damage could be substantial.

CLIMATE CHANGE

Numerous scientific studies have detailed changing global weather patterns and the potential for increasing extreme weather events across the world. Like much of Connecticut, the Town is vulnerable to inland wetland, small stream and river flooding as well as coastal flooding and storm surge. Finally, the Town faces other threats due to climate change, including soil erosion, heat impacts, and damaging wind that could become more severe and frequent.

The Town of Stratford's location in Southern Connecticut on Long Island Sound increases its vulnerability to storm surge and coastal flooding. To prepare itself for risks related to flooding, the Town has undertaken a number of coastal resiliency and flood mitigation efforts, including the adoption of a Coastal Resiliency Plan in December of 2016. Stratford has been recognized as a leader in statewide resiliency efforts by being one of only 13 towns in CT designated as Class 8 community in FEMA's Community Rating System ("CRS") program. This designation aids property owners with national flood insurance policies by reducing their premiums by 10%. As part of participation in the CRS program, the Town is currently in the process of conducting a Repetitive Loss Area Analysis ("RLAA"), which evaluates properties in Town that have experienced repetitive flood damage and site-specific mitigation solutions will be developed accordingly. The Town's expectation is that through this analysis, property owners will be able to implement low-cost, short-term solutions on their properties to mitigate flooding impacts. The Town partnered with the Connecticut Metropolitan Council of Governments to update the multi-jurisdictional Natural Hazard Mitigation Plan ("NHMP") in calendar year 2024, thus satisfying Federal Emergency Management Agency ("FEMA") requirements to update this plan once every five years. The NHMP was officially adopted by the Town Council in October 2024 and was adopted by FEMA in November 2024, qualifying the Town to pursue federal climate mitigation grants. The Town is also in the process of constructing a floodwall around the Town's Water Pollution Control Facility with the support of roughly \$2.7 million in grant dollars from FEMA to implement flood protection measures around the Water Pollution Control Facility. Further, through Congressionally Directed Spending, the Town was awarded approximately \$4.1 million in grant dollars from FEMA's Pre-Disaster Mitigation grant programs for site drainage upgrades at the Water Pollution Control Facility.

Further, there are other significant planning efforts taken on by the Town and outside agencies to mitigate flooding. The Town was one of seven municipalities in the state selected by the Connecticut Institute for Resilience and Climate Adaptation to develop scientifically informed adaptation strategies and to scope the engineering and infrastructure components to develop concept designs for promoting climate resiliency within the Lordship Boulevard commercial/industrial area and the South End neighborhood. The recommendations of this study, once implemented, will benefit the businesses in heavy manufacturing/commercial neighborhoods as well as residents in low lying coastal areas that are affected by flooding. Additionally, a South End Drainage Study conducted by Weston & Sampson was completed in June 2024 and the Town will provide its initial review within the next year. The Town has invested and entered into an agreement with the US Army Corps of Engineers to conduct a Coastal Risk Management Study that will provide next level feasibility analyses for the coastal resiliency projects identified in the Town's Coastal Resiliency Plan. Once this study is complete, the Town intends to review findings and seek Federal grant dollars to support implementation of viable projects.

Stratford Point Living Shoreline received "Best Restored Shore Award" from the American Shore and Beach Preservation Association for the artificial reef balls implemented along the mouth of the Housatonic River at Stratford Point. Lastly, with the aim of mitigating urban heat, the Town has conducted various planning efforts to support its urban and community forestry. The benefits of urban trees include lowering temperatures in urban areas, protecting biodiversity, and managing stormwater. The Town seeks to reap these benefits through enhancement of its urban and community forestry with the now finalized tree canopy assessment and tree inventory, funded in part through State grant dollars from Connecticut Department of Energy and Environmental protection. The Town continues to source grant dollars to complete the initiated urban forest management plan which will further future practice and implementation of tree-related efforts in addition to mitigating urban heat.

The Town cannot predict the timing, extent, or severity of climate change and its impact on the Town's operations and finances. Between its mitigation efforts and budgeted reserves for contingencies, the Town is prepared to respond and recover from any severe weather events. The Town is continually applying for grant funding to support its mitigation efforts at either the planning or implementation stage. Further, the Town regularly communicates and collaborates with both State and Federal agencies such as Connecticut Department of Energy and Environmental Protection, U.S. Army Corps of Engineers, and FEMA for mitigation funding opportunities or guidance. The significant planning efforts involved in mitigation against climate change are extensive and involve a variety of agencies outside of the local level.

The Town remains steadfast in its commitment to mitigating impacts from climate change and will continue to work collaboratively with agencies to ensure a safe community for everyone.

QUALIFICATION FOR FINANCIAL INSTITUTIONS

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

AVAILABILITY OF CONTINUING DISCLOSURE INFORMATION

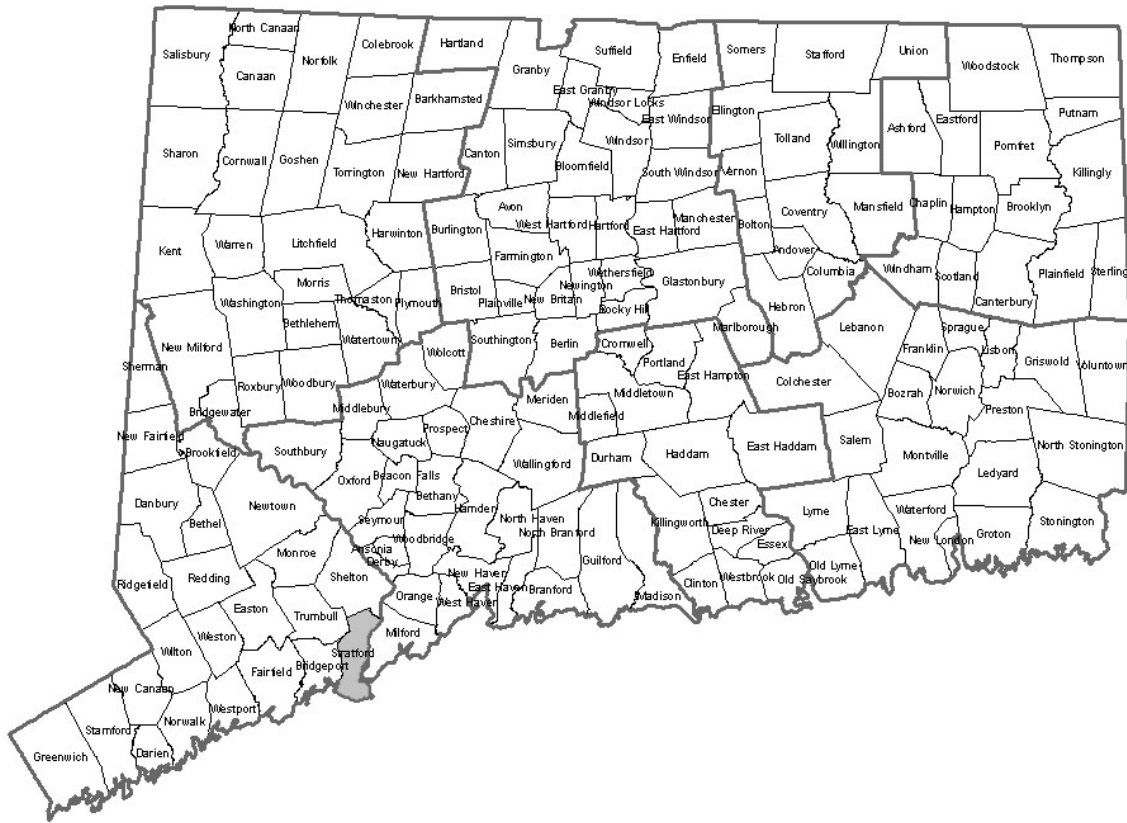
In accordance with State law, the Town provides or causes to be provided annual audited financial statements and operating statements and files such annual audits with the State of Connecticut Office of Policy and Management annually. The Town provides, and will continue to provide the rating agencies with ongoing disclosure in the form of independent annual financial reports, adopted budgets, and other materials relating to its management and financial condition, as may be necessary or requested from time to time.

The Town will enter into a Continuing Disclosure Agreement with respect to the Notes, substantially in the form attached as Appendices C to this Official Statement (the “Continuing Disclosure Agreement”) to provide or cause to be provided, in accordance with the requirements of Securities and Exchange Commission’s Rule 15c2-12(b)(5), timely notice of the occurrence of certain events with respect to the Notes not later than ten (10) business days after such occurrence. The winning bidders’ obligation to purchase the Notes shall be conditioned upon their receiving, at or prior to the delivery of the Notes, an executed copy of the respective 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 and notes to provide certain annual financial information and notices of certain events pursuant to Rule 15c2-12(b)(5). Over the last five years, the Town has complied in all material respects with its undertakings under such agreements with the exception of a timely filing of its annual financial information and operating data for the fiscal years ending June 30, 2020, 2021, 2022 and 2023. Due to unforeseen circumstances related to the COVID-19 pandemic, the fiscal year 2020 financial statements were delayed. The Town timely filed a notice of failure to file on February 26, 2021 and subsequently filed the fiscal year 2020 audited financial statements on April 1, 2021 and financial information and operating data on April 7, 2021. For fiscal year 2021, again due to unforeseen circumstances related to the COVID-19 pandemic and a merger at the Town’s accounting firm, the Town’s financial statements were again delayed. The Town timely filed a notice of failure to file on February 28, 2022 and subsequently filed the fiscal year 2021 audited financial statements on April 21, 2022 and financial information and operating data on April 26, 2022. For fiscal year 2022, due to a combination of turnover at key positions at the Town and staffing issues with the Town’s auditor, the Town’s financial statements were again delayed. The Town timely filed a notice of failure to file on February 28, 2023 and subsequently filed the fiscal year 2022 audited financial statements on August 1, 2023 and financial information and operating data on August 11, 2023. For fiscal year 2023, like many local governments in Connecticut and across the country, the Town’s audited financial statements were again delayed. The Town timely filed a failure to file notice on February 27, 2024 and subsequently filed its audited financial statements on May 1, 2024 and financial information and operating data on May 3, 2024. For fiscal year 2024, the Town timely filed draft financial statements on February 28, 2025 and subsequently filed its audited financial statements on April 1, 2025 along with the required financial information and operating data. In an effort to improve its continuing disclosure procedures, the Town has signed up for reminder notifications from the Municipal Security Rulemaking Board’s (“MSRB”) Electronic Municipal Market Data (“EMMA”) and has retained Munistat Services Inc. as its dissemination agent.

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II. THE ISSUER



DESCRIPTION OF THE TOWN

The Town of Stratford (the “Town”) was founded by English settlers in 1639, making it the eighth oldest town in the State of Connecticut. Located thirteen miles west of New Haven and adjacent to Bridgeport to the west, Milford to the east, Long Island Sound to the south and Shelton to the north, the Town is located approximately 65 miles east of New York City and 50 miles southwest of Hartford, Connecticut. The Town encompasses approximately 18.7 square miles within Fairfield County.

The Town is traversed by two major highways, the Merritt Parkway (Route 15) and the Connecticut Turnpike (Interstate 95). Metro-North and Amtrak provide rail service to Boston or New York. Sikorsky Memorial Airport is located within the Town and provides various services to both private industry and commuters to New York’s major airports. The Town is a member of the Greater Bridgeport Transit District that operates more than fifty buses along sixteen routes within the Town, the Towns of Fairfield and Trumbull and the City of Bridgeport.

The Town is a balanced community of residential, waterfront and rural areas, retail and commercial development and major industrial plants. The large selection of affordable homes is one reason many companies are located in the Town. The Town has more land zoned for industry percentage-wise than any other town in the State of Connecticut, almost all of which is within five minutes of either Interstate 95 or the Merritt Parkway. The Stratford Industrial Park, a 240-acre site, is located one half mile from Interstate 95 and Sikorsky Airport.

The Town's public school system provides a balanced curriculum for approximately 6,800 students. There are several vocational training facilities, colleges and universities in close proximity to the Town which offer a variety of educational programs.

The Town's location on Long Island Sound provides residents with three public beaches, five marinas, a fishing pier and public launch ramp. In addition, Roosevelt Forest and Boothe Memorial Park are ideal for hiking, picnicking and cross-country skiing.

The Town offers a variety of cultural attractions, including the 11 museums, Square One Theater Productions and Celebrate Events which run community and cultural events throughout the year including a Latin Festival, the Booth Park Pumpkin Festival and Blue on the Beach to name a few.

FORM OF GOVERNMENT

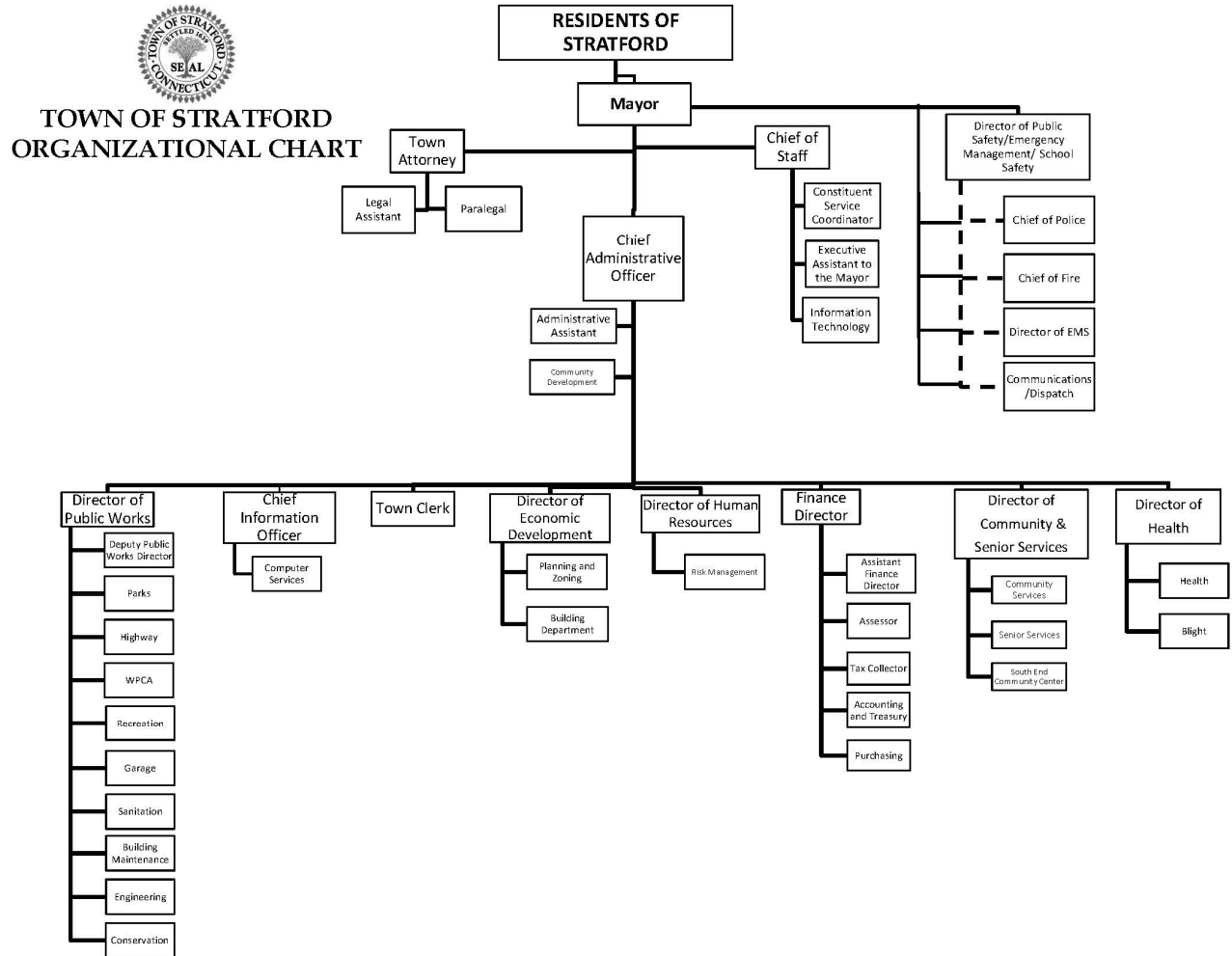
From 1921 until 2005, the Town operated under a Council-Manager form of government. In November 2003, the electors of the Town approved a revision to the Charter requiring a change to a Mayor-Council form of government. The new form of government took effect on December 12, 2005 when the Town's first Mayor was sworn into office. The Mayor is a full time, compensated, elected official. The Mayor's term is for four years. The Mayor is recognized as the head of the Town and appoints all department heads including the Town Attorney, appoints citizens to commissions, prepares the budget, establishes criteria for evaluation of subordinates, and signs or vetoes legislation passed by the Council. This power includes the ability to veto a specific line item within proposed operating budgets. The Mayor's attendance at all Council meetings is required, but the Mayor is not able to vote unless to break a tie vote of the Town Council. A Chief Administrative Officer (the "CAO") is appointed by the Mayor, and assists the Mayor with budget preparation, labor negotiations, and any other areas deemed appropriate by the Mayor. The CAO is required to have an education and background in public administration. A Town Council of ten members, who are elected biennially for two-year terms and cannot serve more than three consecutive terms, performs the legislative function. The Town Council approves the annual budget, supplemental appropriations, and bond authorizations. See "Emergency Appropriations" and "Legal Requirements for Approval of Borrowing" herein.

MUNICIPAL OFFICIALS

| <u>Name</u> | <u>Position</u> | <u>Term</u> | <u>Length of Service</u> |
|--------------------------|-----------------------------------|-------------------|--------------------------|
| David Chess..... | Mayor | 4 years - Elected | Less than 1 year |
| Anthony Afriye..... | Town Council Chair..... | 2 years - Elected | 2 year |
| Carl Glad..... | Town Council Member..... | 2 years - Elected | 2 year |
| Philip Young IV..... | Town Council Member..... | 2 years - Elected | 2 year |
| Christopher Green..... | Town Council Member..... | 2 years - Elected | 8 year (not consecutive) |
| William Boyd..... | Town Council Member..... | 2 years - Elected | Less than 1 year |
| Rene Gibson..... | Town Council Member..... | 2 years - Elected | 2 year |
| George Zamary III..... | Town Council Member..... | 2 years - Elected | Less than 1 year |
| Jean Collier..... | Town Council Member..... | 2 years - Elected | Less than 1 year |
| Lisa Carroll Fabian..... | Town Council Member..... | 2 years - Elected | Less than 1 year |
| Paul Aurelia..... | Town Council Member..... | 2 years - Elected | 2 year |
| Christopher Tymniak..... | Chief Administrative Officer..... | Appointed | 10 years |
| Heather Borges..... | Superintendent of Schools..... | Appointed | 10 years |
| Caitlin Bosse..... | Interim Finance Director..... | Appointed | Less than 1 year |
| Caryn Kaufman..... | Chief of Staff..... | Appointed | Less than 1 year |
| Thomas Tesoro..... | Human Resources Director..... | Appointed | Less than 1 year |
| Larry Ciccarelli..... | Public Safety Director..... | Appointed | 11 years |

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ORGANIZATIONAL CHART



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SUMMARY OF MUNICIPAL SERVICES

As previously indicated, the Town operates under a Mayor-Council form of government where the Mayor functions as the Chief Executive of the Town and day to day operations are managed by the CAO, at the direction of the Mayor. Reporting to the Mayor are the Chief of Staff, the Town Attorney, the Chiefs of Police and Fire, Director of EMS, Dispatch, and the Director of Public Safety/Emergency, Reporting to the CAO, Finance, Human Resources, Public Works and Health, and the Town Clerk.

The Town also has full time dedicated and certified staff specializing in Planning, Zoning, Engineering, Building and Information Technology matters. Also, to ensure proper public purchasing and fiscal controls, the Town has a fully skilled and staffed Finance Department which includes finance administration, accounting, purchasing, tax assessment, and tax collection functions. The Finance Department, under the direction of the Interim Finance Director, is responsible for overall supervision of the Town's financial management, including treasury functions, property tax assessment, tax collection, financial accounting and reporting, payroll processing, debt management, purchasing, special financial analysis and management of the Town's pension fund.

The Town's Public Works Department serves the public with a comprehensive, one-stop-shopping approach with responsibility for Building Inspections, Town Building Maintenance, Engineering, Parks, Highways, Town Garage, Recycling/Refuse, Sewers and Environmental Conservation. The Public Works Department has the responsibility for designing, developing, constructing and maintaining public roads, walks, parks and buildings in the community, including 191 miles of roads. This division also manages the building code enforcement program, pickup and disposal of solid waste generated within the Town, and provides guidance and direction in resource management on conservation and pollution control issues, including recycling mandates. The Town currently operates its own wastewater collection and treatment facility. The Town established an enterprise fund for its water pollution control facility on July 1, 1993. All costs of operating the sewer treatment system and its approximately 200 miles of sewer mains and laterals are funded through user charges. The Town's water is supplied by the Aquarion Water Company of Connecticut, a subsidiary of Aquarion Corporation and the Town's electricity is supplied by United Illuminating.

Public safety is of paramount importance to the Town and its citizens. The Fire, Police and Emergency Medical (ambulance) departments or services are responsible for the security and safety of the community. The Police Department has an authorized strength of 107 full-time members, including sworn officers, animal control officers and civilian support personnel. Numerous state and federal grants help fund many programs in areas such as community policing, police-youth outreach, traffic enforcement, and drug enforcement and prevention. The Stratford Fire Department has 114 members including a Communications Division responsible for manning the E-911 center and central dispatching. The department maintains a fire and rescue delivery system and an extensive fire prevention program. The Town maintains an Emergency Medical Services Program with six administrative/supervisory employees and ten full time paramedics. The Town bills for ambulance services and has established an enterprise fund to account for these billings.

The Town's Health Department attained national reaccreditation in fiscal year 2022 and is committed to improving the quality of life for Stratford residents. The department covers everything from restaurant inspections to childhood immunizations. The department educates, licenses and inspects food establishments, hair and nail salons and operates a school-based health center. The department leads the region's local health departments emergency preparedness planning and response. It works daily to prevent disease and ensure a clean and safe environment for Stratford residents.

Beyond day-to-day operations, the citizens of the Town are offered services that range from counseling services through its Community Services Department to recreation and leisure services through its Parks and Recreation department. Broadening the Town's reach of services are three Stratford based nonprofit agencies, independent of the Town, which provide services to citizens by contracts. These agencies are the Sterling House, the Stratford Public Library and the Stratford Visiting Nurses Association. In addition to these agencies, the Stratford Housing Authority (the "SHA") owns and operates 514 dwelling units located in several separate areas throughout the Town. The SHA is self-supporting with an annual operating budget of over \$6.5 million and assets of over \$37.2 million.

The Town utilizes the Greater Bridgeport Regional Solid Waste Interlocal (the "Interlocal") for the disposal of solid waste through the Greater Bridgeport Regional Solid Waste Interlocal Committee (the "Committee"), including a solid waste disposal and processing facility located in Bridgeport and operated by Wheelabrator Bridgeport L.P (the "Facility"). The initial Municipal Services Agreement ("MSA") took effect on August 2, 2014 and expired on June 30, 2024, subject to two five (5) year extensions as described herein. The Town is one of eleven Connecticut municipalities participating in the contract (a "Participating Municipality"). Following an RFP for solid waste disposal services, the Committee voted in December 2023 on a new contract with operator Wheelabrator. Under the new contract which commenced July 1, 2024 and will expire on June 30, 2029, tipping fees increased between 4-6% each year over the five-year term of the agreement. Each Participating

Municipality has signed such an agreement and each participating municipality submits itself to the governance and jurisdiction of the Committee. Each Municipality annually appoints their Chief Elected Official to the Committee. The Committee negotiates, executes and delivers contracts for delivery of solid waste to the Facility under terms which it determines to be in the best interest of the eleven municipalities as a whole. Each municipality is obligated to deliver all of its municipal solid waste to the Facility operated by Wheelabrator, but no minimum tonnage is required to be delivered without the consent of that Participating Municipality. However, there is a total capacity for the Interlocal (250,000 tons per year) and for each Participating Municipality and if there is “excess” waste over and above that capacity Wheelabrator will accept it, but only if it has the capacity to do so, at a per ton tipping fee to be agreed upon at the time. Each Participating Municipality pays a disposal fee which is the tipping fee for each year multiplied by the tons of Acceptable Waste (AW) delivered, plus or minus adjustments, all as calculated on a monthly basis. Base tipping fee equals \$60.00 per ton, less \$1.00 per ton for every 25,000 tons in excess of 175,000 tons per year to the stated Interlocal capacity. The tipping fee is adjusted annually based on a formula encompassing changes in the Consumer Price Index. The tipping for fiscal year 2025-26 is \$88.66 under the terms of the new agreement (the “2024 Agreement”). There is a weighted vote for all matters coming before the Committee based on tonnage delivered during the prior fiscal year. The total budget of the Interlocal will be prorated between each Participating Municipality based on tonnage delivered by each Participating Municipality to the Facility. The term of the 2024 Agreement is 10 years, with two 5-year options if the Interlocal and Wheelabrator both agree to the same. All Participating Municipalities, including the Town, pledge their full faith and credit for the payment of all service payments under the 2024 Agreement.

EDUCATIONAL SYSTEM

The Town's school system consists of one school for Pre-Kindergarten, eight schools for pupils in grades K through 6, two schools for pupils in grades 7-8 and two schools for pupils in grades 9-12. The schools are governed by a seven-member elected Board of Education.

EDUCATIONAL FACILITIES

| School | Grades | Year Built | Renovation | Enrollment 10/1/2025 |
|---|---------------|-------------------|------------------------------|-----------------------------|
| Stratford Academy School - Victoria Soto..... | Pre K | 2015 | N/A | 235 |
| Franklin Elementary School..... | K-6 | 1910 | 1917, 41, 66, 90 | 303 |
| Second Hill Lane School..... | K-6 | 1954 | 1958, 99 | 561 |
| Stratford Academy School - Johnson House... | K-6 | 1966 | 1995 | 433 |
| Chapel Street School..... | K-6 | 1956 | 1966, 99 | 386 |
| Lordship Elementary School..... | K-6 | 1941 | 1953, 84 | 202 |
| Nichols Elementary School..... | K-6 | 1914 | 1927, 56, 91 | 408 |
| Eli Whitney Elementary School..... | K-6 | 1945 | 1948, 54, 92 | 420 |
| Wilcoxson Elementary School..... | K-6 | 1928 | 1941, 48, 91 | 316 |
| Flood Intermediate School..... | 7-8 | 1972 | 1988 | 479 |
| Wooster Intermediate School..... | 7-8 | 1953 | 1995 | 526 |
| Bunnell High School..... | 9-12 | 1971 | 1991 | 969 |
| Stratford High School..... | 9-12 | 1925 | 1930, 36, 42, 50, 71, 89, 19 | 1,097 |
| Evening HS..... | 9-12 | N/A | N/A | 19 |
| Other Programs..... | K-12 | N/A | N/A | 155 |
| Total | | | | 6,509 |

Source: Superintendent of Schools.

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SCHOOL ENROLLMENT

Actual Enrollments

| <u>School Year</u> | <u>PK-6</u> | <u>7-8</u> | <u>9-12</u> | <u>Total</u> |
|--------------------|-------------|------------|-------------|--------------|
| 2016-17 | 3,720 | 1,158 | 2,109 | 6,987 |
| 2017-18 | 3,656 | 1,143 | 2,154 | 6,953 |
| 2018-19 | 3,613 | 1,139 | 2,164 | 6,916 |
| 2019-20 | 3,590 | 1,158 | 2,208 | 6,956 |
| 2020-21 | 3,413 | 1,128 | 2,253 | 6,794 |
| 2021-22 | 3,512 | 1,108 | 2,324 | 6,944 |
| 2022-23 | 3,430 | 1,084 | 2,351 | 6,865 |
| 2023-24 | 3,432 | 1,060 | 2,330 | 6,822 |
| 2024-25 | 3,389 | 1,040 | 2,255 | 6,684 |
| 2025-26 | 3,315 | 1,026 | 2,168 | 6,509 |

Enrollment Projections

| | | | | |
|---------|-------|-------|-------|-------|
| 2026-27 | 3,384 | 1,053 | 2,105 | 6,542 |
| 2027-28 | 3,397 | 1,016 | 2,117 | 6,530 |
| 2028-29 | 3,347 | 1,038 | 2,099 | 6,484 |
| 2029-30 | 3,311 | 1,031 | 2,042 | 6,384 |

Source: Superintendent of Schools.

MUNICIPAL EMPLOYMENT

Full-time Equivalents

| <u>Fiscal Year</u> | <u>2026</u> | <u>2025</u> | <u>2024</u> | <u>2023</u> | <u>2022</u> |
|---------------------------------------|--------------|--------------|--------------|--------------|--------------|
| Board of Education..... | 1,064 | 1,053 | 1,005 | 970 | 955 |
| General Government ¹ | 472 | 453 | 453 | 447 | 443 |
| Total | 1,536 | 1,506 | 1,458 | 1,417 | 1,398 |

¹ Includes Town grant supported employees and Town employees supported by Enterprise funds, including the Wastewater Treatment Plant and EMS.

Source: Town Officials.

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MUNICIPAL EMPLOYEES BY CATEGORY

| <u>Department</u> | <u>Number of Employees</u> ¹ |
|--------------------------------------|---|
| General Government | |
| Administration..... | 29 |
| Finance..... | 20 |
| Human Development ² | 33 |
| Physical Development..... | 125 |
| Public Safety..... | 251 |
| Wastewater Operations - WPC..... | <u>14</u> |
| Subtotal..... | <u>472</u> |
| Board of Education | |
| Administration and Principals..... | 44 |
| Teachers..... | 601 |
| Secretaries..... | 43 |
| Classroom Instructional Aids..... | 167 |
| Nurses..... | 16 |
| Custodial/Maintenance..... | 57 |
| Cafeteria Workers..... | 27 |
| Non-union..... | <u>109</u> |
| Subtotal..... | <u>1,064</u> |
| Grand Total..... | <u>1,536</u> |

¹ As of December 1, 2025.

² Includes employees of the Stratford Library Association, whose budget is supported by the Town, but whose employees are hired and managed by the Town Council-appointed Library Trustees.

Source: Town Officials.

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MUNICIPAL EMPLOYEE BARGAINING ORGANIZATIONS

| <u>Employees</u> | <u>Organization</u> | <u>Employees Covered</u> ¹ | <u>Current Expiration</u> |
|--|---|---------------------------------------|---------------------------|
| General Government | | | |
| Communications/Dispatch... | United Public Service Employees Union..... | 12 | 6/30/2025 ² |
| Police..... | Council #15, Local 407, AFSCME..... | 104 | 6/30/2025 ² |
| Public Works..... | Local 134, Stratford Public Works Employees Association..... | 112 | 6/30/2027 |
| Firefighters..... | Local 998, International Association of Firefighters.... | 96 | 6/30/2026 |
| Town Hall..... | Local 136, Administrative, Technical and Clerical Employees AFL-CIO..... | 50 | 6/30/2026 |
| Supervisors..... | Supervisors, Council #4 AFSCME..... | 39 | 6/30/2027 |
| Non-Bargaining..... | Town non-bargaining employees ³ | 40 | N/A |
| | Total General Government | 453 | |
| Board of Education | | | |
| Administrators..... | Stratford Administrators Association Inc..... | 41 | 6/30/2026 |
| Teachers..... | Stratford Education Association..... | 601 | 6/30/2028 |
| Nurses..... | Stratford School Nurses' Association, CSEA | 16 | 6/30/2027 |
| Classroom Instructional Aids (CIA), & Lunch Personnel..... | UAW Local 376..... | 167 | 6/30/2028 |
| Secretaries..... | Stratford Educational Secretaries' Association, CSEA.. | 43 | 6/30/2025 ² |
| Custodians..... | Stratford Public School Custodians Association..... | 57 | 6/30/2029 |
| Non-Bargaining..... | Town non-bargaining employees..... | 109 | |
| | Total Board of Education | 1,034 | |
| | Total..... | 1,487 | |

¹ As of December 1, 2025.

² In negotiations.

³ Includes both grant employees and employees of the Stratford Library Association.

Source: Town Officials.

Connecticut General Statutes Sections 7-473c, 7-474, and 10-153a to 10-153n provide for a procedure for binding arbitration of collective bargaining agreements between municipal employers and organizations representing municipal employees, including certified teachers and certain other employees. The legislative body may reject an arbitration panel's decision by a two-thirds majority vote. The State 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 contracts, in assessing the financial capability of a municipality, there is an irrefutable presumption that a budget reserve of: (i) 5% or less with respect to teacher's contracts, and (ii) 15% or less with respect to municipal employees, is not available for payment of the cost of any item subject to arbitration. In light of the employer's financial capability, the panel considers prior negotiations between the parties, the interests and welfare of the employee group, changes in the cost of living, existing employment conditions, and wages, salaries, fringe benefits, and other conditions of employment prevailing in the labor market, including developments in private sector wages and benefits.

ECONOMIC DEVELOPMENT

Strategically located between New York City and Boston, the Town offers unparalleled transportation access that has fueled its economic development for decades. The Town is bisected by Interstate 95 and the Metro North railroad while the Merritt Parkway and Routes 8 and 25 connect the Town seamlessly to the entire Northeast corridor. The Town boasts over 17 miles of scenic coastline, 400 acres of preserved forest, beautiful parks, and a rich cultural heritage- providing a unique quality of life for its multi-generational and diverse community of approximately 53,000 residents. The Town is home to world-class employers and a highly skilled workforce, supported by a cost of living that remains more affordable than surrounding metropolitan areas. Enhancing the Town's transportation infrastructure, Sikorsky Memorial Airport recently completed a \$40 million federally-funded improvement project. Upgrades included hazardous sub-soil remediation, the installation of a new EMAS safety zone, and enhancements to Main Street, further positioning the Town as a gateway for business travel.

Lockheed Martin / Sikorsky Aircraft

Just recently announced, the U.S. Department of War is ordering up to 99 CH-53K King Stallion helicopters from Stratford-based Sikorsky, a Lockheed Martin company. In February, the U.S. Navy authorized \$232M in funding for the production of parts to be used in the future assembly of King Stallion helicopters. The Sikorsky CH-53K King Stallion is the most modern and most capable helicopter built for the U.S. military. The CH-53K King Stallion can lift 36,000 pounds, which is three times the weight of its predecessor the CH-53E, and the cargo hold is large enough to accommodate a Humvee vehicle or the newer Joint Light Tactical Vehicle used by the Marines.

Earlier this calendar year, the U.S. Army awarded Sikorsky a contract that funds Black Hawk modernization efforts. Sikorsky is also growing its aerial firefighting manufacturing capabilities, including a new MOU with CAL FIRE to enhance autonomous aerial firefighting technologies and the company is regularly demonstrating its MATRIX autonomy technology to a variety of users including firefighters, U.S. Army and U.S. Marine Corps.

In 2024, Sikorsky was awarded contracts to manufacture and deliver 84 UH-60M Black Hawk helicopters to countries in Europe, Asia, the Middle East and South America. Sikorsky helicopters saved at least 6,200 lives in 2024. Sikorsky is focused on its modernization efforts to ensure their customers can be ready for any mission. Sikorsky has made progress in the development of next-generation rotorcraft, including the Rotor Blown Wing Unmanned Aerial System (UAS). These innovative UAS are well suited for a variety of all-weather operations from reconnaissance, light attack and contested logistics and can serve across DoD, Homeland Security, Forestry and civilian organizations.

As a global security, innovation, and aerospace company, Sikorsky provides aircraft systems to five branches of the U.S. armed forces and to global militaries and commercial operators in 40 nations.

Point Stratford Renewal (Army Engine Plant)

This 77-acre waterfront property is a former Army Engine site (which was the last base closure in 1995) conveyed on April 2, 2024 to the Army's preferred developer, Point Stratford Renewal (PSR). The project is well underway with the remediation of PCBs from some of the buildings, demolition of all the buildings, and bringing in fill to cap the property, all occurring simultaneously.

Upon the conveyance, PSR and the Army entered into an Environmental Service Cooperative Agreement (ESCA) wherein the Army has given PSR the authority to manage the remediation of the tidal flats concurrently with the upland property. The tidal flat silt is being used as part of the capping of the site. The tidal flat project began in May and is estimated to be completed ahead of schedule in the spring of 2026.

The Town of Stratford has received more than \$900,000 in grants from the State of CT for "predevelopment planning and environmental compliance analysis" for the Point Stratford Renewal project of which \$485,000 remains available. The Town of Stratford is using the grant money to design a waterfront linear park, ensuring a mile of waterfront access to the community.

Plans are being created to transform this 77-acre parcel into a mixed-use development to include housing and destination venues. The additional remediation required will push back our shovel in the ground timeline, anticipating Fall 2027.

Additional Projects

The additional projects below are in process in Stratford's designated Transit Oriented District (TOD) which by enhance Stratford's residential neighborhoods, preserve its historic character, revitalize Stratford Town Center and commercial areas and promote mixed-use development that increases employment and the Town's tax base.

- **The Village**, The Town's newest 103-unit apartment complex located within Stratford's Historic and Transit Oriented District, at 2009-2019 Main Street. The three-acre site will preserve and restore the historic Lillie Devereux Blake

House, creating four apartments. The complex will include a 5,500 square-foot amenity area. The development will be open in early 2026.

- **1000 East Broadway (former Center School property):** The Town is finalizing their agreement with the developer who will be building a 154-unit Transit Oriented Development apartment complex on this 3 + acres of Town-owned property in the heart of Stratford Center. The project will not only bring retail revitalization to the center of town but will also be included on the Town's tax rolls for the first time.
- **Aldi's** is beginning the permit approval process and will be located behind the train station in the TOD shopping plaza at Barnum Ave. extension.
- **Complete Streets:** Stratford Center has a finished **Complete Streets** with pedestrian/bike friendly lanes in the Town Center and south. Phase II of Complete Streets is in the 90% design phase, extending Phase I north through Paradise Green which will connect the two retail-heavy centers.
- **Ferry Boulevard:** The Town's Route 1 corridor has an abundance of residential/mixed use projects in various stages of development. 211 Ferry Boulevard is a completed building with 45 units. Down the road, 382 Ferry Blvd is going before zoning with 127 residential apartments and further along the corridor 990 Stratford Ave. is moving forward with a mixed-use project on a former Exxon property that has been vacant for decades. All of these developments are directly south of the train station, in addition to a 100% affordable residential development going before zoning next to the train station. The mix of projects add up to over 300 new apartments which will increase the downtown density, providing growth for our local business and housing needs, including affordable housing.

The third extension of the Greenway trail is in the design phase. The project will accommodate both cyclists and pedestrians along the Route 130 portion of Ferry Blvd. (between Elm Street and the Devon bridge) in preparation for the aforementioned mixed-use developments popping up along Route 1.

The extended portion of the Greenway will add to the improved traffic pattern thanks to the construction of the exit 33 full interchange project several years ago, which has aided in the commercial redevelopment in and around Stratford's TOD district and Route 1.

- **Contract Plating:** Contract Plating is a 10.5-acre brownfield site located in the TOD and abutting the Raymark Superfund site. The CT Department of Economic & Community Development (DECD) and the Environmental Protection Agency (EPA) have funded over \$4M in grants for remediation. Included in the \$4M is the most recent supplemental funding from DECD to remediate a section of the property where 11 fuel cells will be installed, along with completing a Phase III on the property in order to move forward in developing the significant remaining portion of the property. This property has not been on the tax rolls for well over a decade.
- **Fuel Cells:** –The provider HyAxiom has invested approximately \$30M and has signed a 20-year lease for the southwest corner of the former Contract Plating property where they will install 11 fuel cells. The fuel cell system will be gas-powered and will generate approximately 5 MW of power continuously, totaling over 44,000 MWh annually, helping to support a decentralized power grid.
- **Raymark Superfund Site Cleanup:** EPA's \$94M superfund project: The excavation is complete along the Route 1, Ferry Blvd corridor including all the businesses and marshlands remediated and restored. The end result is an aesthetically improved shoreline area as well as tax revenue opportunities for the first time in over a quarter century. The Raybestos property to which the remediated material has been transported has been capped and is ready for development (this property abuts the Contract Plating property). Next on the remediation list for the EPA is 576 East Broadway slated to begin work in 2026, transforming a contaminated overgrown property into a sports complex for the Town.
- **Stratford Performing Arts Center:** The Stratford Performing Arts Complex property, formerly the site of the Shakespeare Theatre, is in the midst of a long-awaited facelift. Phase I plans include infrastructure improvements and renovations to a long vacant historic building on the property, the Benjamin Nichols House. Full-service architectural firm, Svigals + Partners, has been referred and selected by the Town Council for this phase of the project. The Town will be working with EPA on the timeline for their Shore Rd Raymark remediation which runs along the Stratford Performing Arts property. The road will be raised during the project for FEMA compliance, enhancing and protecting the shoreline of the property.

- **Parkway Plaza Development:** Located adjacent to Lockheed Martin/Sikorsky, Phase I— a Starbucks was completed a couple of years ago. To make way for Phase II which includes a waterfront hotel and additional office/ retail space the property owner has purchased two lots adjacent to the current site. The development of a mixed-use building with apartments and restaurant as well as a stand-alone restaurant will be included in Phase III of the overall development.
- **West Broad Street:** The recent streetscape project along West Broad Street has led to development in this intersection of I-95 on and off ramps, allowing for industrial and service industry business development.
- **Lordship Boulevard Neighborhood:** This vibrant industrial area includes many of Stratford’s largest businesses including three Fedex facilities which employ 1200, UPS, Bridgeport Fittings, Nuovo Pasta and Connecticut Distributors to name a few. All of these businesses have grown over the past several years, many with additional locations.
- **Stratford Avenue/Honeyspot Road:** This roundabout and sidewalk project is at 90% design and will provide improved traffic patterns, safer pedestrian travel and nicer aesthetics in the neighborhood that is experiencing an influx of new businesses and renovation projects.
- **Adult Use Recreational Marijuana:** The Town of Stratford is one of the few municipalities in the region that has not enacted a full moratorium on Adult Use Recreational Retailers and Manufacturers. Instead, the Town has implemented a controlled approach by limiting the number of retail cannabis establishments to two. Under current legislation, the Town receives a 3% municipal sales tax on retail cannabis transactions. Since December 2024, Stratford has received \$129,694.16 in revenue. A second cannabis retail location recently opened at 130 Honeyspot Rd. In addition to retail operations, a cannabis manufacturer has established a 40,000 sq. ft. cultivation and processing facility at 350 Hathaway Dr. Notably, this property had been vacant for nearly a decade and is located in a FEMA designated flood zone. The manufacturer has made substantial investments to renovate and flood-proof the building, bringing new economic activity and revitalization to an underutilized industrial site.
- **Stratford Tourism:** Stratford’s shoreline is lined with bustling restaurants and vibrant tourist activity, anchored by a beautifully renovated waterfront hotel. The Town is home to 11 museums and a thriving artistic community. Founded in 1639, the Town holds a significant place in American history, offering engaging historic walks and lectures that bring its rich past to life. This year through July 2026, the Town will be celebrating the Country’s 250 anniversary with several town events, many will be interwoven with our Celebrate Stratford events. These events—funded by private sponsors—kick off with Restaurant Week and continue throughout the year with highlights like the Latin Music Festival, the Summer Concert Series, and the Great Pumpkin Festival. These events not only foster community spirit but also support local businesses and the Town’s many impactful non-profits.

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III. ECONOMIC AND DEMOGRAPHIC DATA

POPULATION TRENDS

| <u>Year</u> | <u>Town of Stratford</u> | <u>Fairfield County</u> | <u>Greater Bridgeport Planning Region ¹</u> | <u>State of Connecticut</u> |
|-------------|------------------------------|-----------------------------|--|---------------------------------|
| 1980 | 50,541 | 807,143 | n/a | 3,107,576 |
| 1990 | 49,389 | 857,270 | n/a | 3,287,116 |
| 2000 | 49,976 | 882,567 | n/a | 3,405,565 |
| 2010 | 51,384 | 916,829 | n/a | 3,574,097 |
| 2020 | 51,982 | 944,306 | n/a | 3,570,549 |
| 2023 | 52,403 | n/a | 326,296 | 3,598,348 |

¹ Starting with the 2018-2022 American Community Survey data, the county measurement was adjusted from Fairfield County to the Greater Bridgeport Planning Region.

Source: U.S. Census Bureau.

AGE CHARACTERISTICS OF POPULATION

| <u>Age</u> | <u>Town of Stratford</u> | | <u>Greater Bridgeport Planning Region</u> | | <u>State of Connecticut</u> | |
|-----------------|--------------------------|----------------|---|----------------|-----------------------------|----------------|
| | <u>Number</u> | <u>Percent</u> | <u>Number</u> | <u>Percent</u> | <u>Number</u> | <u>Percent</u> |
| Under 5..... | 2,141 | 4.1 | 17,622 | 5.4 | 181,240 | 5.0 |
| 5 - 9..... | 2,383 | 4.5 | 19,069 | 5.8 | 195,390 | 5.4 |
| 10 - 14..... | 3,043 | 5.8 | 22,110 | 6.8 | 217,297 | 6.0 |
| 15 - 19..... | 2,968 | 5.7 | 24,888 | 7.6 | 238,145 | 6.6 |
| 20 - 24..... | 3,045 | 5.8 | 22,148 | 6.8 | 233,423 | 6.5 |
| 25 - 34..... | 5,821 | 11.1 | 37,155 | 11.4 | 449,771 | 12.5 |
| 35 - 44..... | 5,857 | 11.2 | 41,996 | 12.9 | 451,461 | 12.5 |
| 45 - 54..... | 7,845 | 15.0 | 44,473 | 13.6 | 462,543 | 12.9 |
| 55 - 59..... | 3,889 | 7.4 | 23,005 | 7.1 | 260,758 | 7.2 |
| 60 - 64..... | 4,002 | 7.6 | 22,363 | 6.9 | 257,548 | 7.2 |
| 65 - 74..... | 6,476 | 12.4 | 29,691 | 9.1 | 376,023 | 10.4 |
| 75 - 84..... | 3,585 | 6.8 | 14,471 | 4.4 | 187,378 | 5.2 |
| 85 and over.... | 1,348 | 2.6 | 7,305 | 2.2 | 87,371 | 2.4 |
| Total | 52,403 | 100.0 | 326,296 | 100.0 | 3,598,348 | 100.0 |
| Median Age... | 46.5 | | 40.0 | | 41.2 | |

Source: U.S. Census Bureau, 2019-2023 American Community Survey.

SELECTED WEALTH AND INCOME INDICATORS

| | <u>Median Family Income</u> | | <u>Per Capita Income</u> | |
|--------------------------------------|-----------------------------|---------------|--------------------------|---------------|
| | <u>(2000)</u> | <u>(2023)</u> | <u>(2000)</u> | <u>(2023)</u> |
| Town of Stratford..... | \$64,364 | \$118,761 | \$26,501 | \$ 49,178 |
| Greater Bridgeport Planning Region.. | n/a | 120,213 | n/a | 51,322 |
| Connecticut..... | 65,521 | 120,011 | 28,766 | 54,409 |
| United States..... | 49,600 | 96,922 | 21,690 | 43,289 |

Source: U.S. Census Bureau.

INCOME DISTRIBUTION

| | Town of Stratford | | Greater Bridgeport Planning Region | | State of Connecticut | |
|-------------------------|--------------------------|----------------|---|----------------|-----------------------------|----------------|
| | Families | Percent | Families | Percent | Families | Percent |
| Less than \$10,000..... | 172 | 1.2 | 2,836 | 3.4 | 22,973 | 2.5 |
| 10,000 to 14,999..... | 148 | 1.1 | 1,075 | 1.3 | 12,547 | 1.4 |
| 15,000 to 24,999..... | 404 | 2.9 | 3,200 | 3.8 | 29,893 | 3.3 |
| 25,000 to 34,999..... | 425 | 3.1 | 3,581 | 4.3 | 35,598 | 3.9 |
| 35,000 to 49,999..... | 1,148 | 8.3 | 4,630 | 5.5 | 61,793 | 6.7 |
| 50,000 to 74,999..... | 1,791 | 12.9 | 11,806 | 14.1 | 108,046 | 11.8 |
| 75,000 to 99,999..... | 1,667 | 12.0 | 7,573 | 9.1 | 108,216 | 11.8 |
| 100,000 to 149,999... | 3,191 | 23.0 | 16,273 | 19.5 | 185,242 | 20.2 |
| 150,000 to 199,999... | 2,175 | 15.7 | 9,880 | 11.8 | 128,574 | 14.0 |
| 200,000 or more..... | 2,771 | 19.9 | 22,636 | 27.1 | 224,258 | 24.5 |
| | <u>13,892</u> | <u>100.0</u> | <u>83,490</u> | <u>100.0</u> | <u>917,140</u> | <u>100.0</u> |

Source: U.S. Census Bureau, 2019-2023 American Community Survey.

EDUCATIONAL ATTAINMENT

| <u>Educational Attainment Group</u> | Town of Stratford | | Greater Bridgeport Planning region | | State of Connecticut | |
|--|--------------------------|----------------|---|----------------|-----------------------------|----------------|
| | Number | Percent | Number | Percent | Number | Percent |
| Less than 9th grade..... | 1,281 | 3.3 | 15,348 | 7.0 | 101,530 | 4.0 |
| 9th to 12th grade, no diploma..... | 1,929 | 5.0 | 12,747 | 5.8 | 118,019 | 4.7 |
| High School graduate (includes equivalency)... | 11,310 | 29.1 | 54,739 | 24.8 | 647,094 | 25.5 |
| Some college, no degree..... | 6,890 | 17.7 | 32,207 | 14.6 | 410,591 | 16.2 |
| Associates degree..... | 2,853 | 7.3 | 13,580 | 6.2 | 193,216 | 7.6 |
| Bachelor's degree..... | 8,300 | 21.4 | 52,136 | 23.6 | 581,935 | 23.0 |
| Graduate or professional degree..... | 6,260 | 16.1 | 39,702 | 18.0 | 480,468 | 19.0 |
| Total | <u>38,823</u> | <u>100.0</u> | <u>220,459</u> | <u>100.0</u> | <u>2,532,853</u> | <u>100.0</u> |
| Percent of High School Graduates..... | | 91.7% | | 87.3% | | 91.3% |
| Percent of College Graduates..... | | 37.5% | | 41.7% | | 41.9% |

Source: U.S. Census Bureau, 2019-2023 American Community Survey.

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EMPLOYMENT BY INDUSTRY

| Employment Sector | Town of Stratford | | Greater Bridgeport Planning Region | | State of Connecticut | |
|---|--------------------------|----------------|---|----------------|-----------------------------|----------------|
| | Number | Percent | Number | Percent | Number | Percent |
| Agriculture, Forestry, Fishing, Hunting & Mining... | 85 | 0.3 | 170 | 0.1 | 7,261 | 0.4 |
| Construction..... | 1,464 | 5.4 | 13,236 | 8.0 | 112,821 | 6.1 |
| Manufacturing..... | 2,886 | 10.5 | 17,175 | 10.3 | 195,355 | 10.6 |
| Wholesale Trade..... | 667 | 2.4 | 3,392 | 2.0 | 37,294 | 2.0 |
| Retail Trade..... | 3,054 | 11.2 | 15,766 | 9.5 | 192,535 | 10.5 |
| Transportation, Warehousing & Utilities..... | 1,344 | 4.9 | 7,383 | 4.4 | 84,571 | 4.6 |
| Information..... | 566 | 2.1 | 3,367 | 2.0 | 36,631 | 2.0 |
| Finance, Insurance & Real Estate..... | 2,274 | 8.3 | 13,664 | 8.2 | 162,724 | 8.9 |
| Professional, Scientific & Management..... | 3,216 | 11.8 | 24,171 | 14.5 | 223,982 | 12.2 |
| Educational Services & Health Care..... | 7,477 | 27.3 | 42,958 | 25.8 | 490,839 | 26.7 |
| Arts, Entertainment, Recreation & Food Services... | 2,162 | 7.9 | 12,918 | 7.8 | 145,445 | 7.9 |
| Other Service (including nonprofit)..... | 1,104 | 4.0 | 7,140 | 4.3 | 78,662 | 4.3 |
| Public Administration..... | 1,062 | 3.9 | 5,066 | 3.0 | 67,335 | 3.7 |
| Total | 27,361 | 100.0 | 166,406 | 100.0 | 1,835,455 | 100.0 |

Source: U.S. Census Bureau, 2019-2023 American Community Survey.

MAJOR EMPLOYERS

| Name of Employer | Nature of Entity | Number of Employees ¹ |
|--------------------------------------|--|---|
| Lockheed Martin Sikorsky Aircraft... | Manufacturer of Helicopters..... | 5,483 |
| Town of Stratford..... | Government..... | 1,536 |
| Ashcroft Holdings..... | Manufacturer of Gauges, Valves..... | 404 |
| Burns Construction..... | Construction..... | 365 |
| Connecticut Distributors..... | Liquor Distributors..... | 307 |
| Encon..... | HVAC..... | 287 |
| Nuovo Pasta..... | Retail Grocery Products..... | 275 |
| Lord Chamberlain..... | Skilled Nursing Facility..... | 246 |
| Bridgeport Fittings..... | Manufacturer of Electrical Fittings..... | 245 |
| United Parcel Service..... | Package Delivery..... | 224 |
| Unifirst Corp..... | Uniforms..... | 104 |
| Two Roads Brewing..... | Craft Beer Industry..... | 103 |
| Amazon..... | Package Delivery..... | 100 |
| Straton Industries..... | Precision Manufacturing..... | 93 |
| William B Myers..... | Moving, Storage, & Rigging..... | 83 |
| Total | | 9,855 |

¹ As of December 1, 2025.

Source: Town of Stratford, Department of Economic and Community Development.

UNEMPLOYMENT RATE STATISTICS

| Period | Town of Stratford | | Percentage Unemployed | | |
|-----------------------|-----------------------|-------------------------|------------------------------------|--|---------------------------------------|
| | Employed ¹ | Unemployed ¹ | Town of Stratford (%) ¹ | Bridgeport Labor Market (%) ¹ | State of Connecticut (%) ¹ |
| Jan-Sept 2025... | 28,033 | 1,301 | 4.4 | 3.7 | 3.9 |
| <u>Annual Average</u> | | | | | |
| 2024..... | 26,133 | 1,126 | 4.2 | 3.7 | 3.5 |
| 2023..... | 25,867 | 1,205 | 4.5 | 4.0 | 3.8 |
| 2022..... | 26,020 | 1,313 | 4.8 | 4.2 | 4.1 |
| 2021..... | 24,318 | 2,014 | 7.6 | 6.4 | 6.4 |
| 2020..... | 24,104 | 2,507 | 9.4 | 8.2 | 8.0 |
| 2019..... | 26,306 | 1,156 | 4.2 | 3.6 | 3.6 |
| 2018..... | 26,264 | 1,215 | 4.4 | 3.9 | 3.9 |
| 2015..... | 25,788 | 1,710 | 6.2 | 5.5 | 5.6 |
| 2014..... | 25,526 | 2,032 | 7.4 | 6.4 | 6.6 |

¹ Not seasonally adjusted.

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

VALUE OF BUILDING PERMITS

| Calendar Year | New Construction | Alterations/ Additions Miscellaneous | Total |
|-------------------|------------------|--|---------------|
| 2025 ¹ | \$ 7,780,179 | \$ 28,058,179 | \$ 35,838,358 |
| 2024 | 27,443,713 | 40,347,683 | 67,791,396 |
| 2023 | 15,659,287 | 43,532,865 | 59,192,152 |
| 2022 | 11,524,737 | 21,403,082 | 32,927,819 |
| 2021 | 15,516,068 | 31,500,290 | 47,016,358 |
| 2020 | 9,135,382 | 18,547,594 | 27,682,976 |
| 2019 | 18,697,958 | 34,679,028 | 53,376,986 |
| 2018 | 10,649,136 | 24,503,459 | 35,152,595 |
| 2017 | 12,960,514 | 23,549,891 | 36,510,405 |
| 2016 | 15,596,146 | 27,054,525 | 42,650,671 |

¹ As of December 1, 2025.

Source: Town of Stratford, Office of Building Inspections.

NUMBER OF DWELLING UNITS

| 2023 | 2020 | 2010 | 2000 | 1990 | 1980 | % Increase 2010-2023 | % Increase 1980-2023 |
|--------|--------|--------|--------|--------|--------|-------------------------|-------------------------|
| 21,880 | 21,596 | 21,091 | 20,596 | 20,152 | 18,957 | 3.7% | 15.4% |

Source: U.S. Census Bureau.

STRATFORD HOUSING INVENTORY

| <u>Type</u> | <u>Units</u> | <u>Percent</u> |
|-------------------------------|---------------|----------------|
| 1-unit detached..... | 15,027 | 68.7 |
| 1-unit attached..... | 2,153 | 9.8 |
| 2 to 4 units..... | 2,498 | 11.4 |
| 5 to 9 units..... | 311 | 1.4 |
| 10 or more units..... | 1,853 | 8.5 |
| Mobile home, trailer, other.. | 38 | 0.2 |
| Total Inventory..... | <u>21,880</u> | <u>100.0</u> |

Source: U.S. Census Bureau, 2019-2023 American Community Survey.

CHARACTERISTICS OF HOUSING UNITS

| <u>Value of Owner Occupied Units</u> | <u>Town of Stratford</u> | | <u>Greater Bridgeport Planning Region</u> | | <u>State of Connecticut</u> | |
|--------------------------------------|--------------------------|----------------|---|----------------|-----------------------------|----------------|
| | <u>Number</u> | <u>Percent</u> | <u>Number</u> | <u>Percent</u> | <u>Number</u> | <u>Percent</u> |
| Less than \$50,000..... | 282 | 1.7 | 2,081 | 2.7 | 22,174 | 2.4 |
| \$50,000 to 99,999..... | 159 | 0.9 | 1,468 | 1.9 | 15,116 | 1.6 |
| \$100,000 to 149,999..... | 609 | 3.6 | 3,151 | 4.1 | 38,832 | 4.1 |
| \$150,000 to 199,999..... | 880 | 5.2 | 4,031 | 5.2 | 77,152 | 8.2 |
| \$200,000 to 299,999..... | 3,853 | 22.8 | 12,981 | 16.8 | 233,824 | 24.9 |
| \$300,000 to 499,999..... | 9,107 | 53.8 | 26,960 | 34.8 | 319,703 | 34.0 |
| \$500,000 to 999,999..... | 1,870 | 11.1 | 20,609 | 26.6 | 173,643 | 18.5 |
| \$1,000,000 and over..... | 154 | 0.9 | 6,081 | 7.9 | 59,468 | 6.3 |
| Total..... | <u>16,914</u> | <u>100.0</u> | <u>77,362</u> | <u>100.0</u> | <u>939,912</u> | <u>100.0</u> |
| Median Value | \$344,200 | | \$397,000 | | \$343,200 | |

Source: U.S. Census Bureau, 2019-2023 American Community Survey.

AGE DISTRIBUTION OF HOUSING

| <u>Year Structure Built</u> | <u>Town of Stratford</u> | | <u>Greater Bridgeport Planning Region</u> | | <u>State of Connecticut</u> | |
|-----------------------------|--------------------------|----------------|---|----------------|-----------------------------|----------------|
| | <u>Number</u> | <u>Percent</u> | <u>Number</u> | <u>Percent</u> | <u>Number</u> | <u>Percent</u> |
| 2020 or later..... | 74 | 0.3 | 612 | 0.5 | 6,350 | 0.4 |
| 2010 to 2019..... | 439 | 2.0 | 3,685 | 2.9 | 66,546 | 4.3 |
| 2000 to 2009..... | 443 | 2.0 | 4,342 | 3.5 | 108,430 | 7.1 |
| 1990 to 1999..... | 1,001 | 4.6 | 6,689 | 5.3 | 116,617 | 7.6 |
| 1980 to 1989..... | 1,542 | 7.0 | 12,585 | 10.0 | 197,533 | 12.9 |
| 1970 to 1979..... | 3,798 | 17.4 | 15,885 | 12.6 | 210,611 | 13.7 |
| 1960 to 1969..... | 2,452 | 11.2 | 16,767 | 13.3 | 198,807 | 12.9 |
| 1950 to 1959..... | 4,675 | 21.4 | 21,859 | 17.4 | 221,879 | 14.4 |
| 1940 to 1949..... | 2,684 | 12.3 | 12,910 | 10.3 | 95,842 | 6.2 |
| 1939 or earlier..... | 4,772 | 21.8 | 30,344 | 24.1 | 313,434 | 20.4 |
| Total housing units..... | <u>21,880</u> | <u>100.0</u> | <u>125,678</u> | <u>100.0</u> | <u>1,536,049</u> | <u>100.0</u> |

Source: U.S. Census Bureau, 2019-2023 American Community Survey.

BREAKDOWN OF LAND USE

| Land Use Category | Total Acreage by Zoning | Percent |
|-----------------------------------|------------------------------------|----------------|
| Agriculture..... | 119 | 1.0 |
| Residential - Low Density..... | 5,012 | 42.0 |
| Residential - Medium Density..... | 716 | 6.0 |
| Commercial..... | 597 | 5.0 |
| Industrial..... | 1,074 | 9.0 |
| Community Service..... | 597 | 5.0 |
| Public Services..... | 716 | 6.0 |
| Parks/Open Space/Recreation..... | 2,387 | 20.0 |
| Vacant..... | 716 | 6.0 |
| Total Area..... | 11,934 | 100.0 |

Source: Town Plan of Conservation and Development 2023.

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IV. TAX BASE DATA

ASSESSMENT PRACTICES

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 is the responsibility of the Assessor's Office. The Grand List represents the total of assessed value for all taxable real and personal property and motor vehicles located within the Town on October 1, in accordance with Section 12-62a of the Connecticut General Statutes. 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 revaluation.

When a new structure, or modification to an existing structure, is undertaken, the Assessor's Office receives a copy of the permit issued by the Building Inspector. Upon issuance of a certificate of completion, a physical appraisal is then completed and the structure classified and priced with the aid of a schedule developed at the time of the last revaluation. The property depreciation and obsolescence factors are also considered when arriving at an equitable value.

Motor vehicle lists are furnished to the Town by the State of Connecticut Department of Motor Vehicles and appraisals of motor vehicles are accomplished in accordance with an automobile price schedule recommended by the Office of Policy and Management.

All personal property (furniture, fixtures, equipment, machinery, supplies, non-registered motor vehicles and leased equipment) is assessed annually with manufacturers and businesses completing and returning to the Assessor's Office standard worksheets for computing value. An assessor's check and audit is completed periodically. Assessments for both personal property and motor vehicles are computed at 70% of present market value.

The Town last conducted a town wide revaluation for the grand list dated October 1, 2019, which was effective for fiscal year 2020-21. The Town is in the process of conducting a revaluation for the grand list dated October 1, 2025, which will be effective in fiscal year 2026-27. Under Section 12-62 of the Connecticut General Statutes, as amended, the Town must do a revaluation of its real property every five years based on generally accepted mass appraisal methods and a revaluation by physical inspection no later than 10 years from the preceding physical inspection. Prior to the completion of each revaluation, the Assessor shall conduct a field review.

MOTOR VEHICLE PROPERTY TAX RATE

Connecticut General Statutes Section 12-71e, as amended, allows municipalities to tax motor vehicles at a different rate than other taxable property, but caps the motor vehicle tax rate at 32.46 mills for the assessment year commencing October 1, 2021. Section 4-661 of the General Statutes, as amended ("Section 4-661"), diverts a portion of 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 2024 assessment year (Fiscal Year ending June 30, 2026) is 32.46 mills.

TAX COLLECTION PROCEDURES

Taxes for the fiscal year are paid on the grand list of the prior October 1, and are payable in two installments, one half on July 1 and one half on January 1. Payments not received by August 1 and February 1 become delinquent and interest will accrue at the rate of 1.5% per month (18% per annum). Outstanding real estate tax accounts are automatically lien-ed each year prior to June 30 with legal demands and alias tax warrants used in the collection of personal property and motor vehicle tax bills. Delinquent motor vehicle and personal property accounts are transferred to suspense account after three years at which time they cease to be carried as receivables. Real estate accounts are transferred to suspense fifteen years after the due date in accordance with state statutes.

PROPERTY TAX LEVIES AND COLLECTIONS

| FY Ending 30-Jun | Net Taxable Grand List | Total Tax Rate (In Mills) | Adjusted Tax Levy | Collected | Uncollected Taxes | |
|------------------------|---------------------------|---------------------------------|----------------------|----------------------|-------------------|---------------------------------|
| | | | | End of Each FY | Each FY | As of 6/30/2025 ¹ |
| 2026 ² | \$5,363,029,709 | 40.20 | \$207,122,914 | In process | In process | In process |
| 2025 ¹ | 5,149,703,992 | 40.20 | 203,429,459 | 96.6 % | \$6,986,368 | \$6,986,368 |
| 2024 | 5,153,602,131 | 40.20 | 204,343,961 | 97.7 | 4,598,684 | 3,039,808 |
| 2023 | 4,909,532,523 | 39.46 | 195,327,984 | 97.9 | 4,190,785 | 1,537,684 |
| 2022 | 4,775,849,130 | 39.47 | 192,146,304 | 97.5 | 4,736,804 | 1,145,861 |
| 2021 ³ | 4,769,109,532 | 39.64 | 189,770,948 | 97.8 | 4,095,027 | 224,659 |
| 2020 | 4,617,731,000 | 39.87 | 182,676,632 | 97.6 | 4,391,158 | 84,599 |
| 2019 | 4,553,923,882 | 39.90 | 181,908,368 | 97.9 | 3,874,828 | 55,616 |
| 2018 | 4,492,487,619 | 39.97 | 179,620,498 | 97.5 | 4,562,247 | 37,751 |
| 2017 | 4,482,170,702 | 38.99 | 164,272,933 | 97.7 | 3,994,094 | 38,706 |

¹ Unaudited estimate.

² Adopted budget.

³ Year of revaluation.

Sources: Annual audited financial statements; Fiscal Year 2024-25 unaudited estimate and Fiscal Year 2025-26 Adopted Budget.

TAXABLE GRAND LIST

| Grand List Dated | Real Property | Personal Property | Motor Vehicle Property | Gross Taxable Grand List | Less Exemptions | Net Taxable Grand List |
|------------------------|------------------|----------------------|------------------------------|--------------------------------|--------------------|---------------------------|
| 10/1/24 | \$4,198,754,391 | \$773,248,609 | \$496,197,260 | \$5,468,200,260 | \$105,170,551 | \$5,363,029,709 |
| 10/1/23 | 4,173,659,663 | 768,900,855 | 517,802,068 | 5,460,362,586 | 310,658,594 | 5,149,703,992 |
| 10/1/22 | 4,146,606,470 | 774,252,183 | 540,689,508 | 5,461,548,161 | 307,946,030 | 5,153,602,131 |
| 10/1/21 | 4,041,780,685 | 681,118,728 | 494,214,415 | 5,217,113,828 | 307,581,305 | 4,909,532,523 |
| 10/1/20 | 4,017,920,520 | 632,943,671 | 381,013,445 | 5,031,877,636 | 256,028,506 | 4,775,849,130 |
| 10/1/19 ¹ | 4,062,106,980 | 586,022,641 | 361,182,757 | 5,009,312,378 | 240,202,846 | 4,769,109,532 |
| 10/1/18 | 3,929,535,970 | 575,631,130 | 351,015,990 | 4,856,183,090 | 238,452,090 | 4,617,731,000 |
| 10/1/17 | 3,909,285,220 | 544,923,142 | 345,667,180 | 4,799,875,542 | 245,951,660 | 4,553,923,882 |
| 10/1/16 | 3,897,095,857 | 495,024,132 | 341,137,740 | 4,733,257,729 | 240,770,110 | 4,492,487,619 |
| 10/1/15 | 3,899,177,250 | 474,463,002 | 336,333,270 | 4,709,973,522 | 227,802,820 | 4,482,170,702 |

¹ Year of revaluation.

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The following table sets forth the Real Property portion of the Town's grand list by component:

| Grand List Dated | Residential Property | Commercial/Industrial Property | Total Other Land | Total Real Property |
|-------------------------|-----------------------------|---------------------------------------|-------------------------|----------------------------|
| 10/1/24 | \$3,142,878,561 | \$918,622,035 | \$137,253,795 | \$4,198,754,391 |
| 10/1/23 | 3,136,583,622 | 898,992,321 | 138,083,720 | 4,173,659,663 |
| 10/1/22 | 3,130,604,220 | 927,236,460 | 88,765,790 | 4,146,606,470 |
| 10/1/21 | 3,120,875,260 | 855,580,835 | 65,324,590 | 4,041,780,685 |
| 10/1/20 | 3,109,430,860 | 839,852,760 | 68,636,900 | 4,017,920,520 |
| 10/1/19 ¹ | 3,164,254,800 | 822,207,790 | 75,644,390 | 4,062,106,980 |
| 10/1/18 | 3,003,231,950 | 853,178,360 | 73,125,660 | 3,929,535,970 |
| 10/1/17 | 2,999,074,500 | 843,445,850 | 66,764,870 | 3,909,285,220 |
| 10/1/16 | 2,988,494,687 | 840,959,830 | 67,641,340 | 3,897,095,857 |
| 10/1/15 | 2,978,997,350 | 852,131,020 | 68,048,880 | 3,899,177,250 |

¹ Year of revaluation.

Source: Town of Stratford Assessor's Office.

LARGEST TAXPAYERS

| | | Grand List of October 1, 2024 | | |
|--|---------------------------|--------------------------------------|-------------|-------------------------|
| | | Total | | |
| Business-Name | Nature of Business | Estimated Assessment | Rank | Percent of Total |
| Lockheed Martin Company..... | Helicopter Manufacturer.. | \$ 236,136,612 | 1 | 4.40% |
| United Illuminating..... | Utility..... | 175,521,870 | 2 | 3.27% |
| Sikorsky Aircraft..... | Helicopter Manufacturer.. | 83,679,900 | 3 | 1.56% |
| Southern Connecticut Gas..... | Utility..... | 52,342,540 | 4 | 0.98% |
| Point Stratford Renewal..... | Real Estate..... | 27,015,730 | 5 | 0.50% |
| 495 Lordship De Owner LLC..... | Real Estate..... | 22,827,350 | 6 | 0.43% |
| ETCL Stratford, LLC..... | Real Estate..... | 21,157,430 | 7 | 0.39% |
| UB Dockside LLC..... | Real Estate..... | 19,937,190 | 8 | 0.37% |
| Northtown Ctr LLC (formerly DCR7S1CT)... | Real Estate..... | 19,093,270 | 9 | 0.36% |
| Stonybrook Gardens Cooperative..... | CO-OP | 18,886,910 | 10 | 0.35% |
| Total | | <u>\$ 676,598,802</u> | | <u>12.61%</u> |

Source: Town of Stratford Assessor's Office.

EQUALIZED NET GRAND LIST

| Grand List of 10/1 | Equalized Net Grand List | % Growth |
|---------------------------|---------------------------------|-----------------|
| 2023 | \$ 10,991,996,929 | 4.96% |
| 2022 | 10,472,589,181 | 10.07% |
| 2021 | 9,514,455,478 | 11.50% |
| 2020 | 8,533,418,103 | 25.12% |
| 2019 ¹ | 6,820,084,632 | -3.14% |
| 2018 | 7,041,461,636 | 2.81% |
| 2017 | 6,849,326,658 | 4.01% |
| 2016 | 6,585,078,288 | -1.23% |
| 2015 | 6,666,989,582 | 4.94% |
| 2014 ¹ | 6,353,037,221 | -2.94% |

¹ Year of revaluation.

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

V. FINANCIAL DATA

ACCOUNTING POLICIES

The Town's accounting policies are summarized in Note 1 "Summary of Significant Account Policies" in the Notes to Financial Statements, attached hereto as Appendix A.

BASIS OF ACCOUNTING

See Note 1 "Basis of Accounting" in the Notes to Financial Statements, attached hereto as Appendix A.

AUDIT

The Town has engaged outside independent auditors, CliftonLarsonAllen LLP, of West Hartford, Connecticut. The most recently completed audit report covers the fiscal year ended June 30, 2024. Included in this Official Statement and made a part hereof as Appendix A are the Financial Statements of the Town of Stratford, Connecticut as of June 30, 2022. Appendix A includes the auditor's opinion on the general-purpose financial statements and does not include all schedules, management letter or supplemental schedules from the complete audit report.

Certificate of Achievement for Excellence in Financial Reporting: The Town received a Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association ("GFOA") of the United States and Canada for its comprehensive annual financial report for fiscal year ending June 30, 2024. The Town has received the award for 29 out of 30 fiscal years. To be eligible for the award, financial reports must include general purpose financial statements presented in conformity with generally accepted accounting principles, 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.

BUDGETARY PROCEDURE

The Town follows the following procedure in establishing the budgetary data included in the General Fund and certain Special Revenue Funds financial statements. Financial controls are provided under the Town Council which is responsible for approving annual budgets and all other Town appropriations, and determining the tax rate. The annual budget making process for the Town is outlined in Section 6 of the Town Charter. The timetable is established annually but all actions must be completed at least 30 days prior to the beginning of each fiscal year based upon a budget submitted by the Mayor. The budget making process is detailed below:

| <u>Date</u> | <u>Action</u> |
|----------------|---|
| By February 23 | Departments, offices, boards and commissions submit estimates of revenues and expenditures to the Mayor. The Mayor reviews the budget requests together with estimates of revenues and expenditures for the current year with the requesting agency. |
| By March 12 | Estimated revenues and expenditures, including the Board of Education, submitted to the Town Council by the Mayor. |
| By May 5 | The Town Council holds one or more public hearings and makes any changes it believes are needed. |
| By May 12 | The Ordinance Committee adopts a proposed budget and holds one or more public hearings. |
| By May 12 | The Town Council adopts a recommended budget and sets the tax rate for the fiscal year beginning July 1. |

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

EMERGENCY APPROPRIATIONS

Under the Town Charter, emergency appropriations may be made upon the recommendation of the Mayor and by a vote of not less than two-thirds (2/3), or seven members, of the Town Council, provided that a public hearing is held prior to making such appropriation. The hearing and notice of hearing may be waived if the Town Council, by two-thirds (2/3) of its entire membership, decides that a delay in making the emergency appropriation would jeopardize the peace, health, safety or property of its citizens. In the absence of an available un-appropriated and unencumbered general fund cash balance to meet such appropriation, additional means of financing shall be provided in such a manner, consistent with the provisions of the Connecticut General Statutes, and of the Town Charter, as may be determined by the Town Council.

EMPLOYEE PENSION SYSTEMS

The Town is the administrator of a single-employer, defined benefit public employee retirement system (“PERS”) which was established by the Town to provide pension benefits for its employees and non-certified employees of the Board of Education. The retirement plan is governed by a thirteen-member board composed of seven members appointed by the Town Council and six members from the Town's various union groups (the “Pension Board”). The Town's Finance Director is the Treasurer of the retirement plan. Effective July 1, 2012, the pension plan is closed to all new hires for all bargaining units. As of July 1, 2024, the date of the most recent actuarial valuation, there were 147 active or suspended members; 11 terminated vested or inactive members; and 636 retired, disabled, or beneficiaries of deceased members covered under this plan. Total membership of 794 was down from 800 in July 2023.

The certified teaching faculty and administrative personnel of the Board of Education participate in an employee contributory defined benefit plan administered by the Connecticut State Teachers' Retirement Board. The Town does not contribute to the plan nor does it have any legal obligation for benefit payments.

On October 29, 2013 the Town issued \$162,690,000 in Taxable General Obligation Pension Bonds (the “2013 Pension Bond Issue”) to fund a portion of the unfunded actuarial accrued liability of its retirement plan thereby increasing the plan's funded ratio to approximately eighty-five percent (85%). The 2013 Pension Bond Issue was issued by the Town in part pursuant to Title 7 of the Connecticut General Statutes, including Sections 7-374c and 7-403a. In accordance with Section 7-374c, the Town is required to annually fund the Actuarially Recommended Contribution, which is now referred to as the "Actuarial Determined Contribution" or “ADC”, on the Unfunded Actuarially Accrued Liability. Pursuant to Section 7-374c, in any fiscal year for which the Town fails to appropriate sufficient funds to meet the ADC, such contribution is “deemed appropriated”, notwithstanding the provisions of any general statute, special act, charter, home-rule ordinance, local ordinance or local law to the contrary. For the fiscal years ending June 30, 2017 and 2018, due to the timing of the completion of the pension valuations, the Town budgeted the estimated contribution initially provided by its actuarial consultant. However, when the valuations were ultimately completed, the final ADEC was greater than the Town’s contribution. See the Schedule of Employer Contributions provided in this section of the Official Statement.

In accordance with GASB Statement No. 67, the components of the net pension liability of the Town were as follows:

| | 2025 | 2024 | 2023 | 2022 | 2021 |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|
| Total pension liability..... | \$335,327,202 | \$334,410,562 | \$336,566,774 | \$336,422,998 | \$334,208,067 |
| Plan fiduciary net postion..... | 264,575,085 | 257,889,976 | 261,719,628 | 268,430,253 | 301,760,734 |
| Net pension liability..... | <u>\$70,752,117</u> | <u>\$76,520,586</u> | <u>\$74,847,146</u> | <u>\$67,992,745</u> | <u>\$32,447,333</u> |
| Plan fiduciary net position as a % of total pension liability..... | 78.9% | 77.1% | 77.8% | 79.8% | 90.3% |

The following represents the net pension liability of the Town, calculated using the discount rate of 6.75%, as well as what the Town's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

| | 1% Decrease 5.75% | Current Discount Rate 6.75% | 1% Increase 7.75% |
|----------------------------|----------------------|-----------------------------------|----------------------|
| Net Pension Liability..... | \$ 105,410,888 | \$ 70,752,117 | \$ 41,306,913 |

Based on actuarial valuations performed by the Town's actuary, the actuarial value of assets and accrued liabilities held in the PERS were as follows:

Historic Trend Data

**Schedule of Funding Progress
(Actuarial Value - In Thousands)**

| Actuarial Valuation Date | Actuarial Value of Assets (a) | Actuarial Accrued Liability (AAL) (b) | Unfunded AAL (UAAL) (b-a) | Funded Ratio (a/b) | Covered Payroll (c) | UAAL as a % of Covered Payroll ((b-a)/c) |
|---|--|--|--|-----------------------------------|------------------------------------|---|
| July 1, 2024 | \$ 269,881 | \$ 334,648 | \$ 64,767 | 80.6% | \$ 14,856 | 436.0% |
| July 1, 2023 | 271,130 | 333,424 | 62,294 | 81.3% | 15,215 | 409.4% |
| July 1, 2022 | 271,490 | 336,052 | 64,562 | 80.8% | 16,470 | 392.0% |
| July 1, 2021 | 265,539 | 335,251 | 69,712 | 79.2% | 15,704 | 443.9% |
| July 1, 2020 | 252,717 | 332,550 | 79,833 | 76.0% | 16,509 | 483.6% |
| July 1, 2019 | 254,789 | 315,879 | 61,090 | 80.7% | 17,810 | 343.0% |
| July 1, 2018 | 255,867 | 315,196 | 59,329 | 81.2% | 17,810 | 333.1% |
| July 1, 2017 | 254,022 | 313,202 | 59,180 | 81.1% | 18,713 | 316.3% |
| July 1, 2016 | 254,217 | 312,191 | 57,974 | 81.4% | 18,756 | 309.1% |
| July 1, 2015 | 255,001 | 305,935 | 50,934 | 83.4% | 19,912 | 255.8% |

The following table represents recent funding trends for the Town's pension plans. Actual contributions include amounts from the General Fund and Water Pollution Control Authority Fund.

Schedule of Employer Contributions

| Fiscal Year | Actuarial Determined Contribution | Actual Contribution | Percentage Contributed |
|------------------------|--|--------------------------------|-----------------------------------|
| 2026 ¹ | \$ 6,314,514 | \$ 6,314,514 | 100.0% |
| 2025 ² | 6,049,000 | 6,703,881 | 110.8% |
| 2024 | 6,087,126 | 5,610,521 | 92.2% |
| 2023 | 6,243,501 | 6,262,481 | 100.3% |
| 2022 | 6,878,195 | 6,859,206 | 99.7% |

¹ Adopted Budget.

² Unaudited estimate.

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The following table represents a prospective forecast of the Plan's accrued liability and corresponding ARC based on the July 1, 2024 valuation and assumes (i) that the Town will pay the ADEC each year; (ii) that assets will return 6.75% on a market value basis and (iii) that there are no future changes in the actuarial methods, assumptions or plan provisions.

| Fiscal Year Ending | Actuarial Required Contribution | Actuarial Value of Assets (a) | Actuarial Accrued Liability (AAL) (b) | Unfunded AAL (UAAL) (b-a) | Funded Ratio (a/b) |
|-----------------------------------|--|--|--|--|-----------------------------------|
| 2026 | \$ 6,314,514 | \$ 269,881,363 | \$ 334,647,930 | \$ 64,766,567 | 80.6% |
| 2027 | 6,497,000 | 270,122,000 | 334,725,000 | 64,603,000 | 80.7% |
| 2028 | 7,462,000 | 259,284,000 | 333,886,000 | 74,602,000 | 77.7% |
| 2029 | 7,901,000 | 256,158,000 | 333,019,000 | 76,861,000 | 76.9% |
| 2030 | 8,142,000 | 255,151,000 | 331,749,000 | 76,598,000 | 76.9% |
| 2031 | 8,344,000 | 255,004,000 | 329,910,000 | 74,906,000 | 77.3% |
| 2032 | 8,518,000 | 255,020,000 | 327,801,000 | 72,781,000 | 77.8% |
| 2033 | 8,690,000 | 255,077,000 | 325,288,000 | 70,211,000 | 78.4% |
| 2034 | 8,857,000 | 255,055,000 | 322,255,000 | 67,200,000 | 79.1% |
| 2035 | 8,921,000 | 254,842,000 | 318,561,000 | 63,719,000 | 80.0% |
| 2036 | 8,997,000 | 254,123,000 | 313,762,000 | 59,639,000 | 81.0% |
| 2037 | 9,084,000 | 253,142,000 | 308,204,000 | 55,062,000 | 82.1% |
| 2038 | 9,188,000 | 251,957,000 | 301,919,000 | 49,962,000 | 83.5% |
| 2039 | 9,283,000 | 250,662,000 | 294,982,000 | 44,320,000 | 85.0% |
| 2040 | 9,294,000 | 249,234,000 | 287,326,000 | 38,092,000 | 86.7% |
| 2041 | 9,320,000 | 247,675,000 | 278,866,000 | 31,191,000 | 88.8% |
| 2042 | 9,218,000 | 246,197,000 | 269,941,000 | 23,744,000 | 91.2% |
| 2043 | 8,954,000 | 244,674,000 | 260,314,000 | 15,640,000 | 94.0% |
| 2044 | 7,962,000 | 243,350,000 | 250,393,000 | 7,043,000 | 97.2% |
| 2045 | 412,000 | 242,128,000 | 240,210,000 | (1,918,000) | 100.8% |

Defined Contribution Plans

The Town is also the administrator of two defined contribution ("DC") retirement plans for employees. The first DC plan which was created for employees hired on or after their 45th birthday is now closed. The second DC plan was established for new employees hired after September 1999 for all bargaining units no longer eligible for the Town's Defined Benefit Pension Plan. The DC plans are administered by the Town's Human Resources Department. There are currently 163 members covered under the second DC plan. The following tables represent the Town's historic and projected contributions to the DC plans:

Schedule of Employer Contributions – Historic

| Fiscal Year | Town Contribution |
|------------------------|------------------------------|
| 2026 ¹ | \$ 2,200,000 |
| 2025 ² | 2,027,207 |
| 2024 | 2,158,350 |
| 2023 | 1,887,104 |
| 2022 | 1,755,703 |

¹ Adopted Budget.

² Unaudited estimate.

See Appendix A, "Audited Financial Statements", for additional information concerning the Town's retirement plans.

OTHER POST-EMPLOYMENT BENEFITS ("OPEB")

The Town provides certain health care and life insurance benefits, in accordance with union contracts, to all Town employees who retire. Certain employees of the Board of Education receive post-employment benefits depending upon their particular bargaining unit. The Town also pays benefits under the Heart and Hypertension Act to retirees whose disabilities are claimed to be job related. The Town has established an OPEB Trust Fund makes contributions to the fund annually. The contribution requirements of plan members and the Town are negotiated with the various unions representing the employees. Retired plan members and beneficiaries currently receiving benefits are required to contribute specified amounts monthly towards the cost of health insurance premiums. For more information see Appendix A hereto.

The Town has retained the firm Milliman Inc. to perform an actuarial valuation to determine the Town's liability for post-employment benefits. The most recent valuation was effective July 1, 2024. Beginning in fiscal year 2017, the Town implemented Government Accounting Standards Board's (GASB) Statement No. 74. In accordance with GASB Statement 74, the net position is based on fair market value as of June 30th and OPEB Liability is based on the actuarial assumptions as of the prior valuation date updated to the end of the fiscal year. The components of the net OPEB liability of the Town were as follows:

| | 2025 | 2024 | 2023 | 2022 | 2021 |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|
| Total OPEB liability..... | \$180,295,378 | \$207,256,005 | \$209,942,354 | \$243,132,373 | \$288,762,665 |
| Plan fiduciary net position..... | 10,104,148 | 9,003,962 | 7,780,391 | 7,153,157 | 8,249,690 |
| Net OPEB liability..... | <u>\$170,191,230</u> | <u>\$198,252,043</u> | <u>\$202,161,963</u> | <u>\$235,979,216</u> | <u>\$280,512,975</u> |
| Plan fiduciary net position as a % of total pension liability..... | 5.60% | 4.34% | 3.71% | 2.94% | 2.86% |

The following represents the net OPEB liability of the Town, calculated using the discount rate of 5.20%, as well as what the Town's net OPEB liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current discount rate:

| | 1% Decrease (2.93%) | Current Rate (3.93%) | 1% Increase (4.93%) |
|--------------------------------|--------------------------------|---------------------------------|--------------------------------|
| Town's Net OPEB Liability..... | \$ 191,502,153 | \$ 170,191,230 | \$ 152,324,308 |

The following represents the net OPEB liability of the Town, calculated using the current healthcare cost trend rates, as well as what the Town's net OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1% lower or 1% higher than the current healthcare cost trend rate:

| | 1% Decrease | Current Rate | 1% Increase |
|--------------------------------|--------------------|---------------------|--------------------|
| Town's Net OPEB Liability..... | \$ 148,736,829 | \$ 170,191,230 | \$ 196,465,267 |

The following represents historic trend data for the Town's OPEB Plan funding including the results of the July 2024 valuation:

Schedule of Funding Progress

| Actuarial Valuation Date | Actuarial Value of Assets (a) | Actuarial Accrued Liability (AAL) (b) | Unfunded AAL (UAAL) (b-a) | Funded Ratio (a/b) | Covered Payroll (c) | UAAL as a % of Covered Payroll ((b-a)/c) |
|---|--|--|--|-----------------------------------|------------------------------------|---|
| July 1, 2024 | \$ 9,003,962 | \$ 202,426,881 | \$193,422,919 | 4.4% | \$112,207,446 | 172.4% |
| July 1, 2022 | 7,153,157 | 208,399,310 | 201,246,153 | 3.4% | 103,884,532 | 193.7% |
| July 1, 2020 | 5,923,076 | 279,769,067 | 273,845,991 | 2.1% | 103,884,532 | 263.6% |
| July 1, 2018 | 5,022,624 | 263,345,104 | 258,322,480 | 1.9% | 79,532,000 | 324.8% |
| July 1, 2016 | 3,784,000 | 250,657,000 | 246,873,000 | 1.5% | 72,582,000 | 340.1% |

Schedule of Employer Contributions

| Fiscal Year | Actuarial Required Contribution | Actual Contribution | Percentage Contributed |
|--------------------|--|--------------------------------|-----------------------------------|
| 2026 ¹ | \$23,017,920 | \$ 140,000 | 0.6% |
| 2025 ² | 21,641,312 | 10,616,010 | 49.1% |
| 2024 | 20,374,013 | 10,191,622 | 50.0% |
| 2023 | 26,594,245 | 9,726,281 | 36.6% |
| 2022 | 24,704,615 | 10,544,013 | 42.7% |

¹ Adopted budget. Represents pre-funding only. Excludes pay-as -you-go funding of benefits.

² Unaudited estimate. Includes pre-funding and pay-as -you-go funding of benefits.

INVESTMENT POLICIES AND PRACTICES

Under the Town Charter and under Connecticut General Statutes Section 7-400, as amended, the Town may invest in certificates of deposit, repurchase agreements, municipal notes and bonds, obligations of the United States of America, including joint and several obligations of the Federal Home Loan Mortgage Association, the Federal Savings and Loan Insurance Corporation, obligations of the United States Postal Service, all the Federal Home Loan Banks, all Federal Land Banks, the Tennessee Valley Authority, or any other agency of the United States government, mutual funds and money market mutual funds.

The Town policy for eligible investments is governed by State of Connecticut General Statutes Section 7-400, 7-401 and 7-402 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 money market mutual funds whose portfolios are limited to obligations of the United States and its agencies, and repurchase agreements fully collateralized by such obligations. The Town's investment practices have been to invest in certificates of deposit, repurchase agreements, U.S. Treasury securities and the State of Connecticut Short-Term Investment Fund (STIF). The Town's operating funds and capital funds are currently invested in the following short-term investments: (1) overnight repurchase agreement with M&T Bank, Bank of America, Fairfield County Bank and STIF.

All Town pension funds are invested in mutual funds and securities by pension fund administrators. The Town's Pension Board updated its investment policy in anticipation of the proceeds from the issuance of the Town's 2013 Pension Bonds and continues to review and update the policy as necessary. Board of Education pension funds for administrators and teachers are invested in a cost sharing, multiple employer public employees' retirement system established by the State of Connecticut and administered by the State of Connecticut Retirement Commission to provide pension benefits for the employees of participating municipalities. For further description of the Town's Pension Plans, see Note 9 to the Town's audited financial statements in Appendix A hereof.

PROPERTY TAX REVENUES

| Fiscal Year | General Fund Revenues & Transfers In | Property Tax Revenues | Property Tax Revenues as a % General Fund Revenues |
|--------------------|---|----------------------------------|---|
| 2026 ¹ | \$ 266,046,133 | \$ 212,709,414 | 80.0% |
| 2025 ² | 256,648,742 | 203,163,249 | 79.2% |
| 2024 | 277,376,130 | 205,076,452 | 73.9% |
| 2023 | 268,634,492 | 196,311,851 | 73.1% |
| 2022 | 257,666,444 | 193,473,157 | 75.1% |
| 2021 | 249,577,239 | 190,726,606 | 76.4% |
| 2020 | 243,810,807 | 185,583,030 | 76.1% |
| 2019 | 229,186,559 | 183,916,324 | 80.2% |
| 2018 | 236,161,983 | 180,421,843 | 76.4% |
| 2017 | 233,081,720 | 174,120,628 | 74.7% |

¹ Adopted Budget, budgetary basis, excludes on-behalf payments to the Connecticut State Teachers' Retirement System.

² Unaudited estimate, budgetary basis, excludes on-behalf payments to the Connecticut State Teachers' Retirement System.

Sources: Annual audited financial statements; Unaudited estimate Fiscal Year 2024-25 and Adopted Budget 2025-26.

INTERGOVERNMENTAL REVENUES

| Fiscal Year | General Fund Revenues & Transfers In | Federal and State Aid | Aid as a Percentage Of General Fund Revenue |
|--------------------|---|------------------------------|--|
| 2026 ¹ | \$ 266,046,133 | \$ 40,521,664 | 15.2% |
| 2025 ² | 256,648,742 | 40,325,335 | 15.7% |
| 2024 | 277,376,130 | 62,240,433 | 22.4% |
| 2023 | 268,634,492 | 58,817,345 | 21.9% |
| 2022 | 257,666,444 | 54,079,573 | 21.0% |
| 2021 | 249,577,239 | 49,714,746 | 19.9% |
| 2020 | 243,810,807 | 47,900,337 | 19.6% |
| 2019 | 229,186,559 | 36,258,221 | 15.8% |
| 2018 | 236,161,983 | 48,171,466 | 20.4% |
| 2017 | 233,081,720 | 49,234,555 | 21.1% |

¹ Adopted Budget, budgetary basis, excludes on-behalf payments to the Connecticut State Teachers' Retirement System.

² Unaudited estimate, budgetary basis, excludes on-behalf payments to the Connecticut State Teachers' Retirement System.

Sources: Annual audited financial statements; Unaudited estimate Fiscal Year 2024-25 and Adopted Budget 2025-26.

MUNICIPAL BUDGET EXPENDITURE CAP

Connecticut General Statutes Section 4-66l, as amended ("Section 4-66l"), creates certain disincentives on increasing adopted budget expenditures for municipalities in Connecticut. Beginning in fiscal year 2018, 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.

EXPENDITURES

| Fiscal Year | Education | Public Safety | Employee Benefits | Debt Service | Physical Development |
|--------------------|------------------|----------------------|--------------------------|---------------------|-----------------------------|
| 2026 ¹ | 50.0 % | 10.9 % | 8.9 % | 13.4 % | 6.4 % |
| 2025 ² | 49.7 | 12.1 | 9.5 | 12.8 | 6.3 |
| 2024 | 53.5 | 11.2 | 9.3 | 11.9 | 5.9 |
| 2023 | 53.2 | 11.1 | 9.4 | 12.5 | 6.0 |
| 2022 | 53.7 | 11.1 | 8.7 | 12.8 | 6.0 |
| 2021 | 53.6 | 11.2 | 8.2 | 13.3 | 6.3 |
| 2020 | 54.0 | 11.0 | 7.9 | 13.8 | 5.9 |
| 2019 | 52.8 | 11.2 | 8.5 | 13.1 | 5.7 |
| 2018 | 53.5 | 10.4 | 8.1 | 14.8 | 5.2 |
| 2017 | 53.6 | 10.9 | 8.7 | 14.0 | 4.8 |

¹ Adopted Budget, budgetary basis, excludes on-behalf payments to the Connecticut State Teachers' Retirement System.

² Unaudited estimate, budgetary basis, excludes on-behalf payments to the Connecticut State Teachers' Retirement System.

Sources: Annual audited financial statements; Unaudited estimate Fiscal Year 2024-25 and Adopted Budget 2025-26.

COMPARATIVE GENERAL FUND OPERATING STATEMENT
(Budgetary Basis)

| | Fiscal Year 2023-24 | | | Fiscal Year | Fiscal Year |
|--|-------------------------|-------------------------|----------------------------|-------------------------|-------------------------|
| | Final | Actual | Variance | 2024-25 | 2025-26 |
| | Budget | Operations | Favorable (Unfavorable) | Unaudited Estimate | Adopted Budget |
| REVENUES | | | | | |
| Property taxes, interest and liens..... | \$205,123,589 | \$205,312,332 | \$ 188,743 | \$203,163,249 | \$212,709,414 |
| Intergovernmental revenue..... | 39,285,747 | 41,066,004 | 1,780,257 | 40,325,335 | 40,521,664 |
| Departmental revenues..... | 3,331,100 | 3,170,646 | (160,454) | 3,536,507 | 3,975,700 |
| Licenses, fees and permits..... | 1,043,000 | 1,335,189 | 292,189 | 1,281,415 | 1,313,355 |
| Investment Income..... | 1,595,000 | 4,792,048 | 3,197,048 | 4,477,385 | 3,600,000 |
| Other revenues..... | 2,964,000 | 435,408 | (2,528,592) | 1,201,934 | 2,551,000 |
| TOTAL REVENUES | 253,342,436 | 256,111,627 | 2,769,191 | 253,985,825 | 264,671,133 |
| EXPENDITURES | | | | | |
| Current: | | | | | |
| Administration..... | \$ 6,758,782 | \$ 7,155,307 | \$ (396,525) | \$ 8,165,841 | \$ 10,155,704 |
| Contingency..... | 5,556,806 | 4,704,729 | 852,077 | 4,810,167 | 5,911,751 |
| Employee Benefits..... ¹ | 36,712,429 ¹ | 36,305,264 ¹ | 407,165 | 35,910,968 ¹ | 35,266,302 ¹ |
| Finance..... | 2,288,175 | 2,257,191 | 30,984 | 2,158,839 | 2,562,544 |
| Human Development..... | 7,253,695 | 7,246,670 | 7,025 | 8,008,188 | 8,103,385 |
| Physical Development..... | 16,827,435 | 16,048,883 | 778,552 | 16,248,626 | 17,083,772 |
| Public Safety..... | 29,012,483 | 30,000,031 | (987,548) | 31,034,385 | 29,007,423 |
| Education..... | 124,902,725 | 123,348,778 | 1,553,947 | 127,502,725 | 132,953,937 |
| Debt Service..... | 23,715,600 | 21,649,028 | 2,066,572 | 21,509,511 | 24,379,150 |
| TOTAL EXPENDITURES | 253,028,130 | 248,715,881 | 4,312,249 | 255,349,250 | 265,423,968 |
| Excess (deficiency) of revenues over expenditures | 314,306 | 7,395,746 | 7,081,440 | (1,363,425) | (752,835) |
| Other financing sources (uses): | | | | | |
| Operating transfers in..... | 1,050,000 | 900,000 | (150,000) | 2,662,917 | 1,375,000 |
| Operating transfers out..... | (1,364,306) | (1,364,306) | - | (1,122,470) | (622,165) |
| Total Other financing sources (uses)..... | (314,306) | (464,306) | (150,000) | 1,540,447 | 752,835 |
| Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses..... | \$ - | \$ 6,931,440 | \$ 6,931,440 | \$ 177,022 | \$ - |

¹ Consistent with the presentation in the fiscal year 2024 ACFR, includes debt service for the Town's 2013 Pension Bond issue. Pension Bond debt service was moved to the debt service line item beginning with the Fiscal Year 2022-23 Adopted Budget.

Sources: Annual audited financial statements; Unaudited estimate Fiscal Year 2024-25 and Adopted Budget 2025-26.

COMPARATIVE BALANCE SHEETS - GENERAL FUND

| Fiscal Year Ended: | 2020 | 2021 | 2022 | 2023 | 2024 |
|--|----------------------|-----------------------|-----------------------|-----------------------|----------------------|
| ASSETS | | | | | |
| Cash and cash equivalents..... | \$ 38,095,458 | \$ 38,347,614 | \$ 55,335,140 | \$ 56,554,113 | \$ 8,283,131 |
| Investments..... | - | - | - | 5,893,004 | - |
| Receivables, net..... | 12,292,756 | 12,741,881 | 16,484,709 | 14,770,733 | 15,655,811 |
| Inventories and prepaids..... | 249,081 | 105,832 | 23,977 | 15,985 | 7,993 |
| Advances to other funds..... | 1,220,363 | 1,063,061 | 895,502 | 659,350 | - |
| Due from other funds..... | 28,049,220 | 108,994,946 | 108,327,724 | 34,736,472 | 23,406,737 |
| TOTAL ASSETS..... | \$ 79,906,878 | \$ 161,253,334 | \$ 181,067,052 | \$ 112,629,657 | \$ 47,353,672 |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES | | | | | |
| LIABILITIES..... | | | | | |
| Accounts payable..... | \$ 3,840,609 | \$ 4,383,557 | \$ 3,421,448 | \$ 4,009,096 | \$ 4,149,650 |
| Accrued liabilities..... | 819,624 | 823,399 | 1,398,794 | 883,312 | 1,043,605 |
| Due to other funds..... | 56,491,648 | 132,701,294 | 147,335,733 | 72,923,715 | - |
| TOTAL LIABILITIES..... | 61,151,881 | 137,908,250 | 152,155,975 | 77,816,123 | 5,193,255 |
| DEFERRED INFLOWS OF RESOURCES | | | | | |
| Unavailable resources - property taxes..... | 10,808,112 | 11,407,315 | 8,721,644 | 7,993,063 | 9,210,646 |
| Unavailable resources - property taxes interest... | - | - | 3,617,197 | 3,554,529 | 3,619,199 |
| Unavailable resources - other..... | 33,629 | 34,411 | - | - | - |
| Leases..... | - | - | 1,427,345 | 1,662,461 | 1,673,027 |
| TOTAL DEFERRED INFLOWS OF RESOURCES..... | 10,841,741 | 11,441,726 | 13,766,186 | 13,210,053 | 14,502,872 |
| FUND BALANCES | | | | | |
| Nonspendable..... | 1,469,444 | 1,168,893 | 919,479 | 675,335 | 7,993 |
| Restricted..... | - | - | - | - | 2,000,000 |
| Committed..... | - | - | - | - | - |
| Assigned..... | 102,859 | 502,946 | 599,538 | 1,470,530 | 32,195 |
| Unassigned..... | 6,340,953 | 10,231,519 | 13,625,874 | 19,457,616 | 25,617,357 |
| TOTAL FUND BALANCES..... | 7,913,256 | 11,903,358 | 15,144,891 | 21,603,481 | 27,657,545 |
| TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES..... | \$ 79,906,878 | \$ 161,253,334 | \$ 181,067,052 | \$ 112,629,657 | \$ 47,353,672 |

Source: Annual audited financial statements.

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - GENERAL FUND

| Fiscal Year Ended: | 2020 | 2021 | 2022 | 2023 | 2024 |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|
| REVENUES | | | | | |
| Property taxes..... | \$185,583,030 | \$190,726,606 | \$193,473,157 | \$196,311,851 | \$205,076,452 |
| State and Federal Governments..... | 47,900,337 | 49,714,746 | 54,079,573 | 58,817,345 | 62,240,433 |
| Charges for services..... | 2,708,610 | 2,981,652 | 3,266,057 | 3,002,762 | 2,845,854 |
| Licenses and permits..... | 1,107,379 | 1,066,298 | 1,071,416 | 1,367,859 | 1,320,098 |
| Investment income..... | 931,490 | 22,420 | (23,855) | 1,871,489 | 4,908,702 |
| Other revenues..... | 969,961 | 635,275 | 2,060,072 | 663,186 | 894,591 |
| TOTAL REVENUES..... | \$239,200,807 | \$245,146,997 | \$253,926,420 | \$262,034,492 | \$277,286,130 |
| EXPENDITURES | | | | | |
| Current: | | | | | |
| Administration..... | 5,391,074 | 5,595,510 | 6,250,354 | 6,081,025 | 7,155,306 |
| Contingency..... | 3,422,031 | 3,627,246 | 3,934,753 | 4,542,850 | 4,743,864 |
| Employee Benefits..... | 19,230,941 | 20,146,212 | 22,166,936 | 24,708,979 | 25,310,311 |
| Finance..... | 2,561,578 | 1,821,275 | 1,982,376 | 2,485,559 | 2,257,189 |
| Human Development..... | 6,131,545 | 5,651,247 | 6,353,933 | 6,853,989 | 7,321,422 |
| Physical Development..... | 14,355,797 | 15,444,312 | 15,371,085 | 15,622,075 | 16,094,092 |
| Public Safety..... | 26,686,653 | 27,567,001 | 28,203,594 | 28,970,979 | 30,345,824 |
| Education..... | 131,166,556 | 132,123,348 | 136,591,658 | 139,435,099 | 145,710,077 |
| Debt service ¹ | 33,469,155 | 32,888,900 | 32,681,468 | 32,811,828 | 32,322,781 |
| Capital outlay..... | - | 163,073 | 88,754 | 113,519 | 71,200 |
| TOTAL EXPENDITURES..... | 242,415,330 | 245,028,124 | 253,624,911 | 261,625,902 | 271,332,066 |
| Excess (deficiency) of revenues over expenditures..... | (3,214,523) | 118,873 | 301,509 | 408,590 | 5,954,064 |
| Other financing sources (uses): | | | | | |
| Proceeds from issuance of bonds... | - | 92,104,976 | - | - | - |
| Premium on bond issuance..... | - | 5,877,594 | - | - | - |
| Payment to bond escrow agent..... | - | (97,054,563) | - | - | - |
| Proceeds from capital lease..... | - | - | - | - | - |
| Operating transfers in..... | 4,610,000 | 4,430,242 | 3,740,024 | 6,600,000 | 900,000 |
| Operating transfers (out)..... | (538,000) | (1,487,020) | (800,000) | (550,000) | (800,000) |
| Total other financing sources (uses).. TOTAL OTHER FINANCING SOURCES (USES)..... | 4,072,000 | 3,871,229 | 2,940,024 | 6,050,000 | 100,000 |
| Excess (deficiency) of revenues and other financing sources over expenditures and other uses..... | 857,477 | 3,990,102 | 3,241,533 | 6,458,590 | 6,054,064 |
| Fund Balance - July 1..... | 7,055,779 | 7,913,256 | 11,903,358 | 15,144,891 | 21,603,481 |
| Fund Balance - June 30..... | \$ 7,913,256 | \$ 11,903,358 | \$ 15,144,891 | \$ 21,603,481 | \$ 27,657,545 |

¹ Includes debt service for the Town's 2013 Pension Bond issue.

Source: Annual audited financial statements.

VI. INDEBTEDNESS

PRINCIPAL AMOUNT OF INDEBTEDNESS

As of January 28, 2026
(Pro Forma)

Long-Term Debt

| Date of Issue | Issue | Coupon Rate % | Original Issue Amount | Debt Outstanding Including This Issue | Final Maturity |
|------------------|--|------------------|-----------------------------|--|-------------------|
| 01/31/08 | Clean Water Fund Loan #105-CSL ¹ | 2.000 | \$ 1,837,123 | \$ 118,318 | 01/31/27 |
| 10/31/10 | Clean Water Fund Loan #366-C1 ¹ | 2.000 | 46,145,572 | 10,232,705 | 10/31/29 |
| 12/29/11 | Series 2011 (Energy Performance Contract) ¹ ... | 3.240 | 8,212,115 | 2,400,464 | 06/15/30 |
| 10/29/13 | Series 2013B (Federally Taxable)..... | 0.500 - 6.000 | 162,690,000 | 52,020,000 | 08/15/38 |
| 01/04/17 | Series 2017..... | 3.000 -5.000 | 25,260,000 | 14,620,000 | 07/01/36 |
| 01/02/19 | Series 2019..... | 4.000 - 5.000 | 70,000,000 | 50,550,000 | 01/01/39 |
| 04/28/20 | Series 2020A..... | 3.000 -5.000 | 29,105,000 | 16,970,000 | 07/01/40 |
| 04/28/20 | Series 2020B (Refunding)(Federally Taxable).. | 0.349 - 2.461 | 78,100,000 | 55,005,000 | 08/01/34 |
| 12/16/21 | Series 2022..... | 4.000 - 5.000 | 15,650,000 | 14,780,000 | 05/15/42 |
| 04/28/23 | Clean Water Fund Loan #713-CSL ¹ | 2.000 | 23,202,261 | 19,945,803 | 04/30/42 |
| 01/30/24 | Series 2024..... | 5.000 | 20,000,000 | 18,000,000 | 01/15/44 |
| 01/29/25 | Series 2025A..... | 4.000 - 5.000 | 15,750,000 | 14,960,000 | 01/15/45 |
| Total | | | | <u>\$ 269,602,290</u> | |

¹ Includes debt of the Water Pollution Control Authority and EMS Enterprise Funds which are guaranteed by the full faith and credit of the Town but are expected to be repaid from user fees.

Short-Term Debt

| Date of Issue | Issue | Coupon Rate % | Original Issue Amount | Debt Outstanding Including This Issue | Final Maturity |
|------------------|------------------------------|------------------|-----------------------------|--|-------------------|
| 01/28/26 | Bond Anticipation Notes..... | TBD | \$22,385,000 | \$ 22,385,000 | 7/23/2026 |

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

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COMBINED SCHEDULE OF GENERAL AND ENTERPRISE FUND DEBT THROUGH MATURITY

As of January 28, 2026

(Pro Forma)

| Fiscal Year | Existing Indebtness ¹ | | | Principal All Issues |
|-------------------|----------------------------------|----------------------|-----------------------|-------------------------|
| | Principal Payments | Interest Payments | Total Debt Service | |
| 2026 ³ | \$ 3,078,231 | \$ 2,722,047 | \$ 5,800,278 | \$ 3,078,231 |
| 2027 | 24,150,907 | 10,561,278 | 34,712,184 | 24,150,907 |
| 2028 | 23,829,774 | 9,848,305 | 33,678,079 | 23,829,774 |
| 2029 | 23,603,731 | 9,115,874 | 32,719,605 | 23,603,731 |
| 2030 | 21,629,117 | 8,375,435 | 30,004,552 | 21,629,117 |
| 2031 | 19,351,172 | 7,674,206 | 27,025,377 | 19,351,172 |
| 2032 | 19,221,172 | 6,868,073 | 26,089,244 | 19,221,172 |
| 2033 | 19,181,172 | 5,933,002 | 25,114,174 | 19,181,172 |
| 2034 | 18,106,172 | 5,026,108 | 23,132,279 | 18,106,172 |
| 2035 | 18,051,172 | 4,194,114 | 22,245,286 | 18,051,172 |
| 2036 | 16,276,172 | 3,392,149 | 19,668,321 | 16,276,172 |
| 2037 | 16,266,172 | 2,612,276 | 18,878,448 | 16,266,172 |
| 2038 | 14,946,172 | 1,865,653 | 16,811,824 | 14,946,172 |
| 2039 | 14,866,172 | 1,153,829 | 16,020,001 | 14,866,172 |
| 2040 | 4,546,172 | 638,106 | 5,184,277 | 4,546,172 |
| 2041 | 4,511,172 | 471,382 | 4,982,554 | 4,511,172 |
| 2042 | 3,667,643 | 318,128 | 3,985,771 | 3,667,643 |
| 2043 | 1,790,000 | 192,800 | 1,982,800 | 1,790,000 |
| 2044 | 1,790,000 | 111,200 | 1,901,200 | 1,790,000 |
| 2045 | 740,000 | 29,600 | 769,600 | 740,000 |
| | <u>\$269,602,290</u> | <u>\$ 81,103,565</u> | <u>\$350,705,855</u> | <u>\$269,602,290</u> |

¹ Includes debt of the Water Pollution Control Authority and EMS Enterprise Funds which are guaranteed by the full faith and credit of the Town but are expected to be repaid from user fees. Includes bonds issued in December 2011 to finance a Guaranteed Energy Performance Contract ("EPC") between the Town and Honeywell International Inc. Under the terms of the contract, various equipment and improvements intended to reduce energy consumption were undertaken at Town and Board of Education buildings. The cost of the improvements were in part financed by the issuance of \$8,212,115 of bonds and a \$2,229,855 lease with Bank of America. Under the terms of the EPC, if energy savings in any year are not sufficient to substantially cover the cost of the debt service on the improvements, Honeywell will cover the differential. The amounts reflected herein include \$2,400,464 of outstanding bonds (principal) for the EPC. In December 2021, the final lease payment was made.

² Totals may not sum due to rounding.

³ Excludes principal payments of \$23,014,842 and interest payments of \$8,525,373 made prior to January 28, 2026.

Source: Annual audited financial statements.

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SCHEDULE OF GENERAL FUND BONDED DEBT THROUGH MATURITY

As of January 28, 2026

(Pro Forma)

| Fiscal Year | Existing Indebtness ¹ | | | Principal All Issues |
|-------------------|----------------------------------|----------------------|-----------------------|-------------------------|
| | Principal Payments | Interest Payments | Total Debt Service | |
| 2026 ³ | \$ 1,107,619 | \$ 5,294,642 | \$ 6,402,262 | \$ 1,107,619 |
| 2027 | 20,215,239 | 10,026,528 | 30,241,767 | 20,215,239 |
| 2028 | 19,905,239 | 9,392,273 | 29,297,512 | 19,905,239 |
| 2029 | 19,625,239 | 8,739,199 | 28,364,438 | 19,625,239 |
| 2030 | 19,449,048 | 8,068,377 | 27,517,425 | 19,449,048 |
| 2031 | 18,130,000 | 7,396,389 | 25,526,389 | 18,130,000 |
| 2032 | 18,000,000 | 6,614,680 | 24,614,680 | 18,000,000 |
| 2033 | 17,960,000 | 5,704,033 | 23,664,033 | 17,960,000 |
| 2034 | 16,885,000 | 4,821,561 | 21,706,561 | 16,885,000 |
| 2035 | 16,830,000 | 4,013,991 | 20,843,991 | 16,830,000 |
| 2036 | 15,055,000 | 3,236,450 | 18,291,450 | 15,055,000 |
| 2037 | 15,045,000 | 2,481,000 | 17,526,000 | 15,045,000 |
| 2038 | 13,725,000 | 1,758,800 | 15,483,800 | 13,725,000 |
| 2039 | 13,645,000 | 1,071,400 | 14,716,400 | 13,645,000 |
| 2040 | 3,325,000 | 580,100 | 3,905,100 | 3,325,000 |
| 2041 | 3,290,000 | 437,800 | 3,727,800 | 3,290,000 |
| 2042 | 2,650,000 | 308,800 | 2,958,800 | 2,650,000 |
| 2043 | 1,790,000 | 192,800 | 1,982,800 | 1,790,000 |
| 2044 | 1,790,000 | 111,200 | 1,901,200 | 1,790,000 |
| 2045 | 740,000 | 29,600 | 769,600 | 740,000 |
| | <u>\$239,162,383</u> | <u>\$ 80,279,624</u> | <u>\$319,442,008</u> | <u>\$239,162,383</u> |

¹ Includes debt of the Water Pollution Control Authority and EMS Enterprise Funds which are guaranteed by the full faith and credit of the Town but are expected to be repaid from user fees. Includes bonds issued in December 2011 to finance a Guaranteed Energy Performance Contract ("EPC") between the Town and Honeywell International Inc. Under the terms of the contract, various equipment and improvements intended to reduce energy consumption were undertaken at Town and Board of Education buildings. The cost of the improvements were in part financed by the issuance of \$8,212,115 of bonds and a \$2,229,855 lease with Bank of America. Under the terms of the EPC, if energy savings in any year are not sufficient to substantially cover the cost of the debt service on the improvements, Honeywell will cover the differential. The amounts reflected herein include \$2,400,464 of outstanding bonds (principal) for the EPC. In December 2021, the final lease payment was made.

² Totals may not sum due to rounding.

³ Excludes principal payments of \$20,947,620 and interest payments of \$5,338,162 made prior to January 28, 2026.

Source: Annual audited financial statements.

CLEAN WATER FUND PROGRAM

The Town is a participant in the State of Connecticut Clean Water Fund Program (Connecticut General Statutes Section 22a-475 et seq., as amended) which provides financial assistance through a combination of grants and loans bearing interest at a rate of 2% per annum. All participating municipalities receive a grant of 20% and a loan of 80% of total eligible costs (with the exception of combined sewer overflow correction projects which are financed with a 50% grant and a 50% loan and denitrification projects which are funded with a 30% grant and a 70% loan.)

Loans to each municipality are made pursuant to Project Grant and Project Loan Agreements (the “Loan Agreement”). Each municipality is obligated to repay only that amount which it draws down for the payment of project costs (“Interim Funding Obligations”). 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 scheduled 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 made (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 scheduled completion date specified in the Loan Agreement and then thereafter in monthly installments. Loans made under a Loan Agreement entered into prior to July 1, 1989 are repayable in annual 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.

The Town has the following permanent Clean Water Fund loans outstanding:

| <u>Project</u> | <u>Date of Issue</u> | <u>Original 2%</u> | <u>Amount</u> |
|---------------------|----------------------|----------------------|----------------------|
| | | <u>Loan Amount</u> | <u>Outstanding</u> |
| CWF PLO 105-CSL.... | 8/31/2007 | \$ 1,837,123 | \$ 118,318 |
| CWF PLO 366-C1..... | 10/29/2010 | 46,154,572 | 10,232,705 |
| CWF PLO 713-CSL.... | 4/28/2023 | 23,202,261 | 19,945,803 |
| | | <u>\$ 71,193,956</u> | <u>\$ 30,296,826</u> |

Although the security on the loans was the Town's full faith and credit, the Town expects that the debt service on the loans will be repaid from sewer user fees.

SCHEDULE OF WPCA AND EMS ENTERPRISE FUND DEBT THROUGH MATURITY

As of January 28, 2026

(Pro Forma)

| <u>Fiscal</u> | <u>Existing Indebtness</u> | | |
|-------------------|----------------------------|---------------------|-----------------------------|
| | <u>Principal</u> | <u>Interest</u> | <u>Total Debt</u> |
| <u>Year</u> | <u>Payments</u> | <u>Payments</u> | <u>Service</u> ¹ |
| 2026 ² | \$ 1,970,612 | \$ 299,711 | \$ 2,270,322 |
| 2027 | 3,935,668 | 534,749 | 4,470,417 |
| 2028 | 3,924,535 | 456,032 | 4,380,567 |
| 2029 | 3,978,493 | 376,675 | 4,355,168 |
| 2030 | 2,180,069 | 307,058 | 2,487,127 |
| 2031 | 1,221,172 | 277,817 | 1,498,988 |
| 2032 | 1,221,172 | 253,393 | 1,474,565 |
| 2033 | 1,221,172 | 228,970 | 1,450,141 |
| 2034 | 1,221,172 | 204,546 | 1,425,718 |
| 2035 | 1,221,172 | 180,123 | 1,401,294 |
| 2036 | 1,221,172 | 155,699 | 1,376,871 |
| 2037 | 1,221,172 | 131,276 | 1,352,448 |
| 2038 | 1,221,172 | 106,853 | 1,328,024 |
| 2039 | 1,221,172 | 82,429 | 1,303,601 |
| 2040 | 1,221,172 | 58,006 | 1,279,177 |
| 2041 | 1,221,172 | 33,582 | 1,254,754 |
| 2042 | 1,017,643 | 9,328 | 1,026,971 |
| | <u>\$30,439,907</u> | <u>\$ 3,696,246</u> | <u>\$34,136,154</u> |

¹ Totals may not sum due to rounding.

² Excludes principal payments of \$2,067,222 and interest payments of \$314,906 made prior to January 28, 2026.

Source: Annual audited financial statements.

OUTSTANDING SHORT-TERM INDEBTEDNESS

Following this issue the Town will have \$19,285,000 in outstanding short-term indebtedness which matures on July 23, 2026.

OVERLAPPING AND UNDERLYING INDEBTEDNESS

The Town has no overlapping or underlying indebtedness.

DEBT STATEMENT
As of January 28, 2026
(Pro Forma)

| | |
|---|-----------------------------|
| Indebtedness ¹ | |
| Bonded Debt | |
| General Purpose..... | \$ 69,975,557 |
| Schools..... | 81,571,826 |
| Sewers..... | 143,081 |
| Pensions..... | 87,615,000 |
| State of Connecticut CWF PLO ² | 30,296,826 |
| Total Bonded Debt..... | <u>269,602,290</u> |
| Short Term Debt | |
| The Notes (This Issue)..... | 22,385,000 |
| Total Short-term Debt..... | <u>22,385,000</u> |
| Gross Direct Debt..... | 291,987,290 |
| Exclusions: | |
| Self-supporting Enterprise Fund Debt ² | (30,296,826) |
| Guaranteed Energy Performance Contract ³ | (2,400,464) |
| Net Direct Debt..... | <u>\$259,290,000</u> |

¹ Does not include authorized but unissued debt of \$79,086,649.

² The Town has financed renovations and upgrades to its Water Pollution Control Facility through the State of Connecticut Clean Water Fund Program. See “Authorized but Unissued Debt” and “Clean Water Fund” herein.

³ Includes debt of the Water Pollution Control Authority and EMS Enterprise Funds which are guaranteed by the full faith and credit of the Town but are expected to be repaid from user fees. Includes bonds issued in December 2011 to finance a Guaranteed Energy Performance Contract (“EPC”) between the Town and Honeywell International Inc. Under the terms of the contract, various equipment and improvements intended to reduce energy consumption were undertaken at Town and Board of Education buildings. The cost of the improvements were in part financed by the issuance of \$8,212,115 of bonds and a \$2,229,855 lease with Bank of America. Under the terms of the EPC, if energy savings in any year are not sufficient to substantially cover the cost of the debt Honeywell will cover the differential. The amounts reflected herein include \$2,400,464 of outstanding bonds (principal) for the EPC. The final lease payment was made in December 2021.

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CURRENT DEBT RATIOS

As of January 28, 2026
(Pro Forma)

| | |
|--|------------------|
| Gross Direct Debt..... | \$291,987,290 |
| Net Direct Debt..... | \$259,290,000 |
| Population ¹ | 52,403 |
| Net Taxable Grand List (10/1/24)..... | \$5,363,029,709 |
| Estimated Full Value..... | \$7,661,471,013 |
| Equalized Net Taxable Grand List (2023) ² | \$10,991,996,929 |
| Per Capita Income ¹ | \$49,178 |
| Total Direct Indebtedness: | |
| Per Capita..... | \$5,571.96 |
| To Net Taxable Grand List | 5.44% |
| To Estimated Full Value | 3.81% |
| To Equalized Net Taxable Grand List..... | 2.66% |
| Per Capita to Per Capita Income..... | 11.33% |
| Net Direct Indebtedness: | |
| Per Capita..... | \$4,948.00 |
| To Net Taxable Grand List..... | 4.83% |
| To Estimated Full Value..... | 3.38% |
| To Equalized Net Taxable Grand List..... | 2.36% |
| Per Capita to Per Capita Income..... | 10.06% |

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

² Office of Policy and Management, State of Connecticut

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 project costs or temporary notes when they become due and payable, and the legislative body schedules principal reductions by the end of the third year and for each subsequent year during which such temporary notes remain outstanding, in an amount equal to a minimum of 1/20th (1/30th for sewer projects, certain school construction projects and in some instances, refunding bonds) of the estimated net project cost (CGS Sec. 7-378a), subject to the exception set forth in CGS Sec. 10-287f. The term of the bond issue is reduced by the amount of time temporary financing exceeds two years.

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

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

SCHOOL BUIDLING PROJECTS

Pursuant to Section 10-287i of the Connecticut General Statutes, the State of Connecticut provides proportional progress payments for eligible school construction expenses on projects approved after July 1, 1996. State grants will be paid directly to a municipality after it submits its request for progress payments, and accordingly, the municipality will issue bonds and notes only for its net share of project costs. Current and future school projects of the Town will receive reimbursement under this method include the following:

| Project | Total Appropriation | Reimbursement Rate | Estimated Grant ¹ |
|---|--------------------------------|-------------------------------|---|
| New Victoria Soto School..... | \$ 18,350,654 | 56.43% | \$ 7,622,689 |
| Stratford High School Improvements ² | 125,966,646 | 57.00% | 65,269,060 |
| 2020 School Roof Projects..... | 6,900,000 | 59.64% | 4,115,160 |
| 2021 School Photo-voltaic Panel Array Projects.. | 4,296,000 | 59.64% | 2,562,134 |
| Total | \$155,513,300 | | \$79,569,043 |

¹ Estimated grants receivable are based upon eligibility of project costs. Eligible costs are to be determined at completion of a post-project audit. To date, the Town has received \$67,450,158 in grants for the projects listed above and expects to receive an additional \$12,118,885.

² The Town appropriated a total of \$125,966,646 for the Stratford High School Improvement project and has authorized up to \$65,000,000 in bonds to fund the Town's share of the project costs.

LIMITATION OF INDEBTEDNESS

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

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

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

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

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COMPUTATION OF STATUTORY DEBT LIMIT AND DEBT MARGIN ⁵

As of January 28, 2026

(Pro Forma)

| | |
|--|----------------------|
| Total Tax Collections (including interest and lien fees) for the year ended June 30, 2025 | \$202,738,302 |
| Reimbursement for Revenue Loss On: | |
| Tax relief for elderly freeze | - |
| Base for Debt Limitation Computation | <u>\$202,738,302</u> |

| <u>Debt Limitation ¹</u> | <u>General Purposes</u> | <u>Schools</u> | <u>Sewers</u> | <u>Urban</u> | <u>Past Pension</u> | <u>Total Debt</u> |
|---|-----------------------------|----------------------|----------------------|----------------------|----------------------|------------------------|
| 2 1/4 times base..... | \$456,161,180 | | | | | |
| 4 1/2 times base..... | | \$912,322,359 | | | | |
| 3 3/4 times base..... | | | \$760,268,633 | | | |
| 3 1/4 times base..... | | | | \$658,899,482 | | |
| 3 times base | | | | | \$608,214,906 | |
| 7 times base..... | | | | | | \$1,419,168,114 |
| Indebtedness: | | | | | | |
| Outstanding Debt ² | \$ 69,975,557 | \$ 81,571,826 | \$ 143,081 | \$ - | 87,615,000 | \$ 239,305,464 |
| Refunded Bonds..... | - | - | - | - | - | - |
| Notes (This Issue)..... | 7,694,000 | 14,691,000 | - | - | - | 22,385,000 |
| Clean Water Fund PLO ³ | - | - | 30,296,826 | - | - | 30,296,826 |
| Authorized but Unissued Debt..... | 48,076,758 | 9,752,751 | 21,257,141 | - | - | 79,086,649 |
| Total Indebtedness | <u>125,746,315</u> | <u>106,015,577</u> | <u>51,697,048</u> | <u>-</u> | <u>87,615,000</u> | <u>371,073,939</u> |
| Less: | | | | | | |
| School Grants Receivable ⁴ | - | (12,118,885) | - | - | - | (12,118,885) |
| Total Net Indebtedness | <u>125,746,315</u> | <u>93,896,692</u> | <u>51,697,048</u> | <u>-</u> | <u>87,615,000</u> | <u>358,955,054</u> |
| Debt Limitation in Excess of | | | | | | |
| Indebtedness..... | <u>\$330,414,865</u> | <u>\$818,425,667</u> | <u>\$708,571,585</u> | <u>\$658,899,482</u> | <u>\$520,599,906</u> | <u>\$1,060,213,060</u> |

¹ Under Chapter 109 of the Connecticut General Statutes the total of all indebtedness shall not exceed seven times the base or \$1,419,168,114.

² Includes debt of the Water Pollution Control Authority and EMS Enterprise Funds which are guaranteed by the full faith and credit of the Town but are expected to be repaid from user fees. Includes bonds issued in December 2011 to finance a Guaranteed Energy Performance Contract ("EPC") between the Town and Honeywell International Inc. Under the terms of the contract, various equipment and improvements intended to reduce energy consumption were undertaken at Town and Board of Education buildings. The cost of the improvements were in part financed by the issuance of \$8,212,115 of bonds and a \$2,229,855 lease with Bank of America. Under the terms of the EPC, if energy savings in any year are not sufficient to substantially cover the cost of the debt service on the improvements, Honeywell will cover the differential. The amounts reflected herein include \$2,400,464 of outstanding bonds (principal) for the EPC. The final lease payment was made in December 2021.

³ The Town has financed renovations and upgrades to its Water Pollution Control Facility through the State of Connecticut Clean Water Fund Program. See "Authorized but Unissued Debt" and "Clean Water Fund" herein.

⁴ To date, the Town has received \$67,450,158 in progress payments for current school construction projects from the State of Connecticut. The Town expects to receive an additional \$12,118,885 in progress payments for school construction projects. (See "School Projects" herein.)

⁵ Unaudited.

Source: Town Officials.

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PROVISIONS REGARDING BOND AUTHORIZATIONS

The normal provisions for adopting a bond ordinance in accordance with the Town Charter are provided below. However, in the case of refunding bonds, the Town, in accordance with Section 7-370c of the Connecticut General Statutes, which supersedes the Town Charter, authorizes its refunding bonds by the passage of a resolution by the Town Council. Such resolution is effective immediately upon passage.

Pursuant to the Town Charter, the legislative body of the Town is the Town Council. The Town Council has the authority to adopt ordinances making appropriations and authorizing the issuance of bonds to meet appropriations. Bond ordinances require public notice of at least two weeks before final action by the Town Council. After a public hearing and a second reading, bond ordinances must be adopted upon the approval of at least seven members of the Town Council, or failing such approval, may be submitted to the electors of the Town at a regular or special election. Except for ordinances approving refunding bonds, ordinances become effective thirty days after passage.

The Town's bond ordinances authorize bonds or bond anticipation notes to be issued and sold by the Mayor and the Finance Director. The Mayor and Finance Director also approve the issuance and sale of bonds from time to time to permanently finance any bond anticipation notes outstanding when there are no other conditions precedent to the issuance of bonds under duly adopted ordinances.

The Charter of the Town provides in Section 6.2.6 as follows: "Upon the adoption of a budget, the council shall, by ordinance, levy such tax as may be necessary to meet the appropriations made (less the estimated amount of revenue from other sources) and all sums required by law to be raised on account of the Town debt, together with such additional funds as may be required by the Town budget, and shall prescribe the manner and time for payment."

The Charter provides further in Section 2.2.4., in part, as follows: "Every issue of bonds shall be payable with a term of years not to exceed the estimated period of utility of the public improvement for which they are issued and in no case exceed thirty (30) years, and shall be payable, with exception of the last annual installment, in equal annual serial installments." and "Every ordinance for the issue of bonds shall provide for a tax levy for each year to meet the annual serial installments of principal and interest, and such amounts shall be included in a tax levy for each year until said bonds shall have been paid in full."

Each bond ordinance of the Town, including the bond ordinance for the Notes, contains the provisions of Sections 6.2.6 and 2.2.4 of the Town Charter, with respect to a pledge to levy taxes sufficient to pay principal and interest due on bonds of the Town in any fiscal year. Each bond of the Town issued pursuant to the Town Charter and a duly adopted bond ordinance constitutes a contract between the Town and the owner thereof.

The above provisions of the Town Charter and State law impose a legal duty on the Town to levy ad valorem taxes on all taxable property in the Town without limitation as to rate or amount, except as to classified property, to pay principal of and interest on the bonds or notes of the Town and, in the event of failure by the Town to make such payments when due, a bond owner may sue the Town to compel such payments.

The Charter of the Town further provides electors of the Town the power to initiate a petition for the adoption or repeal of ordinances or other measures. If the Town Council shall fail to adopt an ordinance or other measure initiated by petition, the proposed ordinance or measure must be submitted to a vote of the electors at the next Town election occurring not less than 30 days after the date of the final action by the Town Council, and if no election is to be held within six months from such date, the Town Council shall call a special election to be held not less than 30 nor more than 45 days from such date. If the electors petition to repeal an ordinance, a petition may be filed within 30 days of its final passage. The Town will reconsider such ordinance which will not go into effect until a vote of the electors is held. If the Town Council does not repeal the ordinance, it will be submitted to a vote of the electors at the next Town election which must occur not less than 30 days after such petition is filed.

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AUTHORIZED BUT UNISSUED DEBT

| Capital Bond Ordinances | Amended Authorization | Prior Debt Issued | Grants Received | The Notes | Authorized but Unissued¹ |
|--|----------------------------------|------------------------------|----------------------------|----------------------|--|
| Miscellaneous Capital Bond Ordinances... | \$ 76,424,196 | \$ 60,468,195 | \$ 14,590,164 | \$ - | \$ 1,365,837 |
| FY 2005-06 Capital Bond Ordinance..... | 6,606,000 | 6,605,000 | - | - | 1,000 |
| FY 2006-07 Capital Bond Ordinance..... | 6,254,000 | 6,099,000 | - | - | 155,000 |
| FY 2007-08 Capital Bond Ordinance..... | 11,687,000 | 11,586,000 | - | - | 101,000 |
| FY 2009-10 Capital Bond Ordinance..... | 12,060,700 | 12,060,000 | - | - | 700 |
| FY 2010-11 Capital Bond Ordinance..... | 74,952,100 | 67,407,000 | - | 7,000,000 | 545,100 |
| FY 2011-12 Capital Bond Ordinance..... | 9,113,801 | 8,961,186 | - | - | 152,614 |
| FY 2012-13 Capital Bond Ordinance..... | 16,459,011 | 11,533,773 | 1,381,708 | - | 3,543,530 |
| FY 2013-14 Capital Bond Ordinance..... | 13,084,613 | 13,035,758 | - | - | 48,855 |
| FY 2014-15 Capital Bond Ordinance..... | 12,214,324 | 12,098,721 | - | - | 115,603 |
| FY 2015-16 Capital Bond Ordinance..... | 12,476,160 | 11,509,449 | - | - | 966,711 |
| FY 2016-17 Capital Bond Ordinance..... | 12,427,500 | 12,327,500 | - | - | 100,000 |
| FY 2017-18 Capital Bond Ordinance..... | 4,498,705 | 4,295,000 | - | - | 203,705 |
| FY 2018-19 Capital Bond Ordinance..... | 13,660,700 | 11,223,000 | - | - | 2,437,700 |
| FY 2019-20 Capital Bond Ordinance..... | 14,941,996 | 14,386,000 | 453,000 | - | 102,996 |
| FY 2020-21 Capital Bond Ordinance..... | 25,170,000 | 17,252,000 | - | 6,677,000 | 1,241,000 |
| FY 2022-23 Capital Bond Ordinance..... | 12,438,000 | 8,152,000 | - | 2,461,000 | 1,825,000 |
| FY 2023-24 Capital Bond Ordinance..... | 18,053,500 | 9,024,000 | - | 3,113,599 | 5,915,901 |
| FY 2024-25 Capital Bond Ordinance..... | 52,335,056 | 9,732,000 | - | 2,563,977 | 40,039,079 |
| FY 2025-26 Capital Bond Ordinance..... | 20,794,742 | - | - | 569,424 | 20,225,318 |
| Total..... | \$ 448,227,104 | \$330,330,582 | \$ 16,424,872 | \$ 22,385,000 | \$ 79,086,649 |

¹ Water Pollution Control Facility Upgrades were financed through the State of Connecticut Clean Water Fund Program (See "Clean Water Fund Program" herein). Although the Town pledged its full faith and credit as security on the loans, it is expected that the loans will be repaid from user fees.

² Included in the Fiscal Year 2010-11 Capital Bond Ordinance is the Stratford High School Improvement project for which the Town has appropriated a total of \$125,966,646 and has authorized up to \$65,000,000 in bonds to fund the Town's share of project costs.

HISTORICAL DEBT STATEMENT

| | 2024-25¹ | 2023-24 | 2022-23 | 2021-22 | 2020-21 |
|--|----------------------------|------------------|-----------------|-----------------|-----------------|
| Population ² | 52,403 | 52,403 | 52,403 | 52,436 | 52,360 |
| Net taxable grand list..... | \$ 5,149,703,992 | \$ 5,153,602,131 | \$4,909,532,523 | \$4,775,849,130 | \$4,769,109,532 |
| Estimated full value..... | \$ 7,356,719,989 | \$ 7,362,288,759 | \$7,013,617,890 | \$6,822,641,614 | \$6,813,013,617 |
| Equalized net taxable grand list ³ .. | \$10,991,996,929 | \$10,472,589,181 | \$9,514,455,478 | \$8,533,418,103 | \$6,820,084,632 |
| Per capita income ² | \$ 49,178 | \$ 49,178 | \$ 49,178 | \$ 47,849 | \$ 41,009 |
| Short-term debt..... | \$ 19,285,000 | \$ 19,285,000 | \$ 19,285,000 | \$ 19,472,000 | \$ 13,845,000 |
| Long-term debt..... | \$ 260,378,145 | \$ 302,212,249 | \$ 307,422,632 | \$ 308,099,818 | \$ 315,865,727 |
| Total Direct debt..... | \$ 279,663,145 | \$ 321,497,249 | \$ 326,707,632 | \$ 327,571,818 | \$ 329,710,727 |
| Net Direct debt..... | \$ 279,663,145 | \$ 321,497,249 | \$ 326,707,632 | \$ 327,571,818 | \$ 329,710,727 |

¹ Unaudited estimate.

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

³ Office of Policy and Management, State of Connecticut

HISTORICAL DEBT RATIOS

| | <u>2024-25¹</u> | <u>2023-24</u> | <u>2022-23</u> | <u>2021-22</u> | <u>2020-21</u> |
|--|----------------------------|----------------|----------------|----------------|----------------|
| Total Direct debt: | | | | | |
| Per capita..... | \$5,336.78 | \$6,135.09 | \$6,234.52 | \$6,247.08 | \$6,297.00 |
| To net taxable grand list..... | 5.43% | 6.24% | 6.65% | 6.86% | 6.91% |
| To estimated full value..... | 3.80% | 4.37% | 4.66% | 4.80% | 4.84% |
| To equalized net taxable grand list..... | 2.54% | 3.07% | 3.43% | 3.84% | 4.83% |
| Debt per capita to per capita income.. | 10.85% | 12.48% | 12.68% | 13.06% | 15.36% |
| Net direct debt: | | | | | |
| Per capita..... | \$5,336.78 | \$6,135.09 | \$6,234.52 | \$6,247.08 | \$6,297.00 |
| To net taxable grand list..... | 5.43% | 6.24% | 6.65% | 6.86% | 6.91% |
| To estimated full value..... | 3.80% | 4.37% | 4.66% | 4.80% | 4.84% |
| To equalized net taxable grand list..... | 2.54% | 3.07% | 3.43% | 3.84% | 4.83% |
| Debt per capita to per capita income.. | 10.85% | 12.48% | 12.68% | 13.06% | 15.36% |

¹ Unaudited estimate.

CAPITAL IMPROVEMENT / CAPITAL EQUIPMENT PROGRAMS

The Mayor annually prepares five-year municipal capital improvement and capital equipment programs ("CIP/CEP"). The CIP/CEP are systematic programs of capital improvements to the Town's physical assets. The CIP/CEP are subject to approval of the Town Council annually.

| <u>Department</u> | <u>2025-26</u> | <u>2026-27</u> | <u>2027-28</u> | <u>2028-29</u> | <u>2029-30</u> | <u>Total</u> |
|----------------------------------|----------------------|----------------------|----------------------|----------------------|-----------------------|-----------------------|
| Public Safety..... | \$ 1,693,000 | \$ 2,953,000 | \$ 885,000 | \$ 1,030,000 | \$ 590,000 | \$ 7,151,000 |
| Public Works..... | 4,037,000 | 4,097,000 | 3,907,000 | 2,847,000 | 2,832,000 | 17,720,000 |
| Roads & Sewers..... | 21,956,000 | 19,361,000 | 35,286,000 | 44,246,000 | 160,316,000 | 281,165,000 |
| Board of Education..... | 6,466,742 | 6,996,000 | 6,520,000 | 3,320,000 | 2,515,000 | 25,817,742 |
| Town Facilities..... | 7,520,000 | 3,191,000 | 2,046,000 | 1,690,000 | 1,690,000 | 16,137,000 |
| Town Hall..... | - | 100,000 | - | 100,000 | - | 200,000 |
| Total Program Costs..... | \$ 41,672,742 | \$ 36,698,000 | \$ 48,644,000 | \$ 53,233,000 | \$ 167,943,000 | \$ 348,190,742 |
| <u>Funding Sources</u> | <u>2025-26</u> | <u>2026-27</u> | <u>2027-28</u> | <u>2028-29</u> | <u>2029-30</u> | <u>Total</u> |
| General Fund..... | \$ 47,000 | \$ 47,000 | \$ 47,000 | \$ 147,000 | \$ 47,000 | \$ 335,000 |
| G.O. BANS..... | 5,279,000 | 5,839,000 | 5,561,000 | 5,445,000 | 5,300,000 | 27,424,000 |
| G.O. Bonds (General Fund)... | 18,485,742 | 21,766,000 | 31,490,000 | 35,520,000 | 138,890,000 | 246,151,742 |
| G.O. Bonds (Harbor Fund)..... | - | - | 500,000 | - | - | 500,000 |
| Grant..... | 16,000,000 | 4,850,000 | 1,900,000 | 6,000,000 | 17,400,000 | 46,150,000 |
| LOCIP Grants..... | 596,000 | 596,000 | 596,000 | 596,000 | 596,000 | 2,980,000 |
| EMS Fund..... | 65,000 | - | - | - | 10,000 | 75,000 |
| WPCA Fund..... | 1,200,000 | 3,600,000 | 8,550,000 | 5,525,000 | 5,700,000 | 24,575,000 |
| Total Funding Sources.... | \$ 41,672,742 | \$ 36,698,000 | \$ 48,644,000 | \$ 53,233,000 | \$ 167,943,000 | \$ 348,190,742 |

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VII. ADDITIONAL INFORMATION

LITIGATION

The Town, its officers, employees, boards and commissions are defendants in various lawsuits. In the opinion of the Town Attorney, as of the date of this Official Statement, there are no claims or litigation pending or to his knowledge threatened, which would individually or in the aggregate result in final judgments against the Town which would have a material adverse effect on the finances of the Town or which would impact the validity of the Notes or the power of the Town to levy and collect taxes to pay them.

MUNICIPAL ADVISOR

Munistat Services, Inc. (the “Municipal Advisor”), is a Municipal Advisor, registered with the Securities and Exchange Commission and the Municipal Securities Rulemaking Board. The Municipal Advisor serves as independent municipal advisor to the Town on matters relating to debt management. The Municipal Advisor is a municipal advisory and consulting organization and is not engaged in the business of underwriting, marketing, or trading municipal securities or any other negotiated instruments. The Municipal Advisor has assisted the Town as to the plan of finance and the structuring of the Notes and has reviewed and commented on certain legal documents, including this Official Statement. The advice on the plan of financing and the structuring of the Notes was based on materials provided by the Town and other sources of information believed to be reliable. The Municipal Advisor has not audited, authenticated, or otherwise verified the information provided by the Town or the information set forth in this Official Statement or any other information available to the Town with respect to the appropriateness, accuracy, or completeness of disclosure of such information and no guarantee, warranty, or other representation is made by the Municipal Advisor respecting the accuracy and completeness of or any other matter related to such information and this Official Statement.

DOCUMENTS ACCOMPANYING DELIVERY OF THE NOTES

Upon delivery of the Notes, the underwriter will be furnished the following:

1. A Signature and No Litigation certificate stating that at the time of delivery no litigation is pending or threatened effecting the validity of the Notes or the levy or collection of taxes to pay debt service on the Notes;
2. A certificate on behalf of the Town, signed by the Mayor and the Interim Finance Director which will be dated the date of delivery which will certify to the best of said officials' knowledge and belief, that at the time that the bids were accepted on the Notes, 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 statement therein, in the light of the circumstances under which they were made, not misleading, and that there has been no material adverse change in the financial condition of the Town from that set forth in or contemplated by the Official Statement;
3. Receipt for the purchase price of the Notes;
4. The approving opinion of Pullman & Comley, LLC, Bond Counsel, of Bridgeport and Hartford, in substantially the forms of Appendix B, attached hereto; and
5. Executed Continuing Disclosure Agreement for the Notes in substantially the form of Appendix D, attached hereto.

The Town has prepared a Preliminary Official Statement for the Notes which is dated January 8, 2026. The Town deems such Official Statement final as of its date for the purposes of SEC Rule 15c2-12(b)(1), but is subject to revision or amendment. The Town will furnish each winning bidder with a reasonable number of copies of the Official Statement within seven business days the bid opening.

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

CONCLUDING STATEMENT

Additional information may be obtained upon request from the Interim Finance Director at (203) 385-4040 or Munistat Services, Inc. at (203) 421-2880.

This Official Statement is submitted only in connection with the sale of the Notes by the Town and may not be reproduced or used in whole or part for any other purpose. This Official Statement has been duly authorized and approved by the Town and duly executed and delivered on its behalf by the Town.

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

TOWN OF STRATFORD, CONNECTICUT

BY: _____
Dr. David Chess
Mayor

BY: _____
Caitlin Bosse
Interim Finance Director

Dated: January __, 2026

APPENDIX A - AUDITED FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2024

Appendix A - Basic Financial Statements - is taken from the Annual Report of the Town of Stratford for the Fiscal Year ended June 30, 2024 as presented by the Auditors and does not include all of the schedules or management letter made in such report. A copy of the complete report is available upon request to the Finance Director, Town of Stratford, Connecticut.



INDEPENDENT AUDITORS' REPORT

Members of the Town Council
Town of Stratford, Connecticut

Report on the Audit of the Financial Statements

Opinions

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

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

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town of Stratford, 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 Stratford, 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 Stratford, 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 Stratford, 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 Stratford, Connecticut's basic financial statements. The combining statements and report of tax collector 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 statements and report of tax collector 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 28, 2025, on our consideration of the Town of Stratford, 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 Stratford, 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 Stratford, Connecticut's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

West Hartford, Connecticut
February 28, 2025

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**TOWN OF STRATFORD, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2024**

This discussion and analysis of the Town of Stratford, Connecticut's (the Town) financial performance is developed by management to provide an overview of the Town's financial activities for the fiscal year ended June 30, 2024. Please read this MD&A in conjunction with the transmittal letter and the Town's financial statements, Exhibits I to XI.

Financial Highlights

- In the Statement of Net Position, The Town's net position increased by \$49.9 million. The net position of our business-type activities increased by \$3.1 million.
- During the year, the Town's governmental activities program expenses were \$49.4 million less than the \$323.7 million generated in tax and other revenues for governmental programs.
- In the Town's business-type activities, revenues from charges for services are \$17.5 million while operating expenses are \$13.9 million primarily due to the Water Treatment plant.
- Total cost of all the Town's programs increased by \$18.8 million to \$288.2 million. The main increase was in Physical Development for \$9.3 million due to school building energy efficiency projects to add photovoltaic solar panels to school roofs, as well as \$8.5 million additional spending on Board of Education expenditures.
- The General Fund reported a fund balance this year of \$27.7 million, which is an increase of \$6.1 million from the prior year.

Overview of the Financial Statements

This annual report consists of a series of financial statements. The statement of net position and the statement of activities (Exhibits I and II, respectively) provide information about the activities of the Town as a whole and present a longer-term view of the Town's finances. Fund financial statements are presented in Exhibits III to XI. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the Town's operations in more detail than the government-wide statements by providing information about the Town's most significant funds. The remaining statements provide financial information about activities for which the Town acts solely as a trustee or agent for the benefit of those outside of the government.

Government-Wide Financial Statements

The analysis of the Town as a whole begins on Exhibits I and II. The statement of net position and the statement of activities report information about the Town as a whole and about its activities for the current period. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the Town's net position and changes in them. The Town's net position, the difference between assets and liabilities, are one way to measure the Town's financial health, or financial position. Over time, increases or decreases in the Town's net position are one indicator of whether its financial health is improving or deteriorating. The reader needs to consider other nonfinancial factors, however, such as changes in the Town's property tax base and the condition of the Town's capital assets, to assess the overall health of the Town.

**TOWN OF STRATFORD, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2024**

In the statement of net position and the statement of activities, we divide the Town into two types of activities:

- *Governmental Activities* – Most of the Town's basic services are reported here, including education, public safety, highways and streets, sanitation, economic development and recreation. Property taxes, charges for services and state and federal grants finance most of these activities.
- *Business-Type Activities* – The Town charges a fee to customers to help it cover all or most of the cost of certain services it provides. The Town's Waste Operating Facility, Town golf facilities and EMS Fund are reported here.

Fund Financial Statements

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

Governmental Funds (Exhibits III to IV): Most of the Town's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash.

The governmental fund statements provide a detailed short-term view of the Town's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Town's programs. The relationship (or differences) between governmental activities (reported in the statement of net position and the statement of activities) and governmental funds is described in a reconciliation at the bottom of the fund financial statements.

Proprietary Funds (Exhibits V to VII): When the Town charges customers for the services it provides, whether to outside customers or to other units of the Town, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the statement of net position and the statement of activities. In fact, the Town's enterprise funds (a component of proprietary funds) are the same as the business-type activities reported in the government-wide statements, but provide more detail and additional information, such as cash flows, for proprietary funds.

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

**TOWN OF STRATFORD, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2024**

Government-Wide Financial Analysis

The Town's combined net position increased from a year ago \$(279.5) million to \$(226.5) million. The analysis below focuses on the net position (Table 1) and changes in net position (Table 2) of the Town's governmental and business-type activities.

**Table 1
SUMMARY STATEMENT OF NET POSITION
(In Thousands)**

| | Governmental Activities | | Business-Type Activities | | Total | |
|---------------------------------------|----------------------------|---------------------|-----------------------------|------------------|---------------------|---------------------|
| | 2024 | 2023 | 2024 | 2023 | 2024 | 2023 |
| ASSETS | | | | | | |
| Current and Other Assets | \$ 113,220 | \$ 97,135 | \$ 14,587 | \$ 5,124 | \$ 127,807 | \$ 102,259 |
| Capital Assets, Net of Depreciation | 322,523 | 314,998 | 49,983 | 53,651 | 372,506 | 368,649 |
| Total Assets | 435,743 | 412,133 | 64,570 | 58,775 | 500,313 | 470,908 |
| DEFERRED OUTFLOWS OF RESOURCES | | | | | | |
| Deferred Outflows - Pension | 11,640 | 9,504 | 351 | 287 | 11,991 | 9,791 |
| Deferred Outflows - OPEB | 11,467 | 22,345 | 276 | 594 | 11,743 | 22,939 |
| Deferred Outflows on Refunding | 4,794 | 5,230 | - | - | 4,794 | 5,230 |
| Total Deferred Outflows of Resources | 27,901 | 37,079 | 627 | 881 | 28,528 | 37,960 |
| LIABILITIES | | | | | | |
| Current Liabilities | 64,949 | 77,543 | 9,072 | 1,225 | 74,021 | 78,768 |
| Long-Term Debt Outstanding | 557,796 | 559,482 | 39,793 | 44,347 | 597,589 | 603,829 |
| Total Liabilities | 622,745 | 637,025 | 48,865 | 45,572 | 671,610 | 682,597 |
| DEFERRED INFLOWS OF RESOURCES | | | | | | |
| Deferred Inflows - Pension | 1,086 | 527 | 33 | 16 | 1,119 | 543 |
| Deferred Inflows - OPEB | 78,907 | 100,624 | 1,900 | 2,678 | 80,807 | 103,302 |
| Deferred Inflows on Refunding | 119 | 132 | - | - | 119 | 132 |
| Leases | 1,712 | 1,725 | - | 81 | 1,712 | 1,806 |
| Total Deferred Inflows of Resources | 81,824 | 103,008 | 1,933 | 2,775 | 83,757 | 105,783 |
| NET POSITION | | | | | | |
| Net Investment in Capital Assets | 180,577 | 141,187 | 13,466 | 13,083 | 194,043 | 154,270 |
| Restricted | 6,648 | 7,080 | - | - | 6,648 | 7,080 |
| Unrestricted | (428,150) | (439,088) | 933 | (1,774) | (427,217) | (440,862) |
| Total Net Position | <u>\$ (240,925)</u> | <u>\$ (290,821)</u> | <u>\$ 14,399</u> | <u>\$ 11,309</u> | <u>\$ (226,526)</u> | <u>\$ (279,512)</u> |

Net position of the Town's governmental activities increased to \$(240.9) million compared to the prior year at \$(290.8) million. The Town's net investment capital assets increased by over 25% to \$194 million. Unrestricted net position – the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements – increased from \$(441) million at prior year end to \$(427) million at June 30, 2024.

**TOWN OF STRATFORD, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2024**

**Table 2
SUMMARY STATEMENT OF ACTIVITIES
(In Thousands)**

| | Governmental Activities | | Business-Type Activities | | Total | |
|---|----------------------------|---------------------|-----------------------------|------------------|---------------------|---------------------|
| | 2024 | 2023 | 2024 | 2023 | 2024 | 2023 |
| REVENUES | | | | | | |
| Program Revenues: | | | | | | |
| Charges for Services | \$ 15,621 | \$ 19,068 | \$ 17,469 | \$ 16,189 | \$ 33,090 | \$ 35,257 |
| Operating Grants and Contributions | 59,873 | 55,619 | - | - | 59,873 | 55,619 |
| Capital Grants and Contributions | 27,055 | 21,765 | - | - | 27,055 | 21,765 |
| General Revenues: | | | | | | |
| Property Taxes | 207,496 | 195,543 | - | - | 207,496 | 195,543 |
| Grants and Contributions Not Restricted to Specific Purposes | 6,563 | 5,516 | - | - | 6,563 | 5,516 |
| Unrestricted Investment Earnings | 5,346 | 2,101 | - | - | 5,346 | 2,101 |
| Miscellaneous | 1,753 | 1,856 | - | - | 1,753 | 1,856 |
| Total Revenues | 323,707 | 301,468 | 17,469 | 16,189 | 341,176 | 317,657 |
| PROGRAM EXPENSES | | | | | | |
| General Government | 38,105 | 37,186 | - | - | 38,105 | 37,186 |
| Human Development | 9,259 | 8,924 | - | - | 9,259 | 8,924 |
| Physical Development | 22,083 | 12,738 | - | - | 22,083 | 12,738 |
| Public Safety | 28,783 | 27,985 | - | - | 28,783 | 27,985 |
| Education | 166,136 | 157,582 | - | - | 166,136 | 157,582 |
| Interest Expense | 9,894 | 9,917 | - | - | 9,894 | 9,917 |
| Waste Operating | - | - | 10,788 | 11,708 | 10,788 | 11,708 |
| Short Beach Golf Course | - | - | 172 | 142 | 172 | 142 |
| Emergency Medical Services | - | - | 2,969 | 3,209 | 2,969 | 3,209 |
| Total Program Expenses | 274,260 | 254,332 | 13,929 | 15,059 | 288,189 | 269,391 |
| EXCESS BEFORE TRANSFERS | 49,447 | 47,136 | 3,540 | 1,130 | 52,987 | 48,266 |
| TRANSFERS | 450 | 450 | (450) | (450) | - | - |
| CHANGE IN NET POSITION | 49,897 | 47,586 | 3,089 | 680 | 52,986 | 48,266 |
| Net Position - Beginning of Year | (290,822) | (358,404) | 11,309 | 30,625 | (279,513) | (327,779) |
| RESTATEMENT | - | 19,996 | - | (19,996) | - | - |
| NET POSITION - END OF YEAR | <u>\$ (240,925)</u> | <u>\$ (290,822)</u> | <u>\$ 14,399</u> | <u>\$ 11,309</u> | <u>\$ (226,526)</u> | <u>\$ (279,512)</u> |

The Town's total revenues were \$341 million. The total cost of all programs and services was \$288.2 million. Our analysis below separately considers the operations of governmental and business-type activities.

**TOWN OF STRATFORD, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2024**

The Town's governmental activities change in Net Position is greatly impacted by the recognition of annual changes in the City's Pension & OPEB liabilities as well as the associated recognition of deferred inflows/outflows that do not require the use of current financial resources but are recognized in the statement of activities as a change in Net Position. Financial Statement Exhibit IV's reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances reports the following changes related to the Town's Pension & OPEB Liabilities:

| | |
|--|----------------------------|
| Changes in Net Pension Liability | \$ (74,279) |
| Change in Deferred Outflows Related to Pension | 11,640 |
| Change in Deferred Inflows Related to Pension | (1,086) |
| Change in Net OPEB Liability | (193,590) |
| Change in Deferred Outflows Related to OPEB | 11,467 |
| Change in Deferred Inflows Related to OPEB | (78,907) |
| Statement of Activities - Change in Pension/OPEB | <u><u>\$ (324,755)</u></u> |

Governmental Activities

Approximately 64% of the revenues were derived from property taxes; the remaining 36% of revenue is made up of operating and capital grants, investment earnings and service fees.

Major revenue factors include:

- Property taxes increased by \$12 million over the prior year. Current tax collections totaled \$199.9 million or 97.8% of the current collectible taxes. Arrear taxes and interest collected was an additional \$5.9 million.
- Operating grants for governmental activities increased by \$4.3 million over the prior year. The State of Connecticut Education Cost Sharing grant, Special education, Municipal Grants-in-Aid, and Motor Vehicle Property Tax Grant totaled \$38.8 million of the Operating grants total.
- Governmental expenses increased from \$254.3 million to \$274.2 million this year. While Education increased \$8.6 million and General Government increased less than \$1 million.

Table 3 presents the cost of each of the Town's five largest programs - education, public safety, general administration, physical development, and human development - as well as each programs 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.

**Table 3
GOVERNMENTAL ACTIVITIES
(In Thousands)**

| | Total Cost of Services | | Net Cost of Services | |
|----------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| | 2024 | 2023 | 2024 | 2023 |
| General Government | \$ 38,105 | \$ 37,186 | \$ 22,152 | \$ 20,621 |
| Public Safety | 28,783 | 27,985 | 26,696 | 25,927 |
| Physical Development | 22,083 | 12,738 | 9,185 | (281) |
| Education | 166,136 | 157,582 | 95,999 | 94,093 |
| Human Development | 9,259 | 8,924 | 7,785 | 7,602 |
| All Others | 9,894 | 9,917 | 9,894 | 9,917 |
| Total | <u><u>\$ 274,260</u></u> | <u><u>\$ 254,332</u></u> | <u><u>\$ 171,711</u></u> | <u><u>\$ 157,879</u></u> |

**TOWN OF STRATFORD, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2024**

Business-Type Activities

Business-type activities net position increased by \$3.1 million. The key factors were \$13.7 million in program operating revenues in Waste Operating Fund.

Town Funds Financial Analysis

Governmental Funds – The focus of the Town's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Town's financing requirements. In particular, the 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 \$33.6 million, an increase of \$13.5 million in comparison with the prior year.

The General Fund is the chief operating fund of the Town. At the end of the current fiscal year, the General Fund total fund balance is \$27.7 million.

General Fund mirrors the general fund activities analysis highlighted in RSI-1 and RSI-2. The fund balance of the Town's General Fund increased by \$6.1 million during the current fiscal year.

The Capital Projects Fund has a fund balance of \$(6.8) million at the end of the year, an increase of \$4 million from the prior year. The Town will bond in FY25 to eliminate this deficit. Major projects in 2024 are as follows:

- Road Resurfacing, sidewalk improvement, street improvement, and bridge improvement of \$3 million.
- Capital equipment purchases including vehicles for public works, police, and fire of \$1 million.
- School building and ballfield improvements including lighting and flooring for \$3 million.

Other nonmajor governmental funds have a total fund balance of \$12.7 million, an increase of \$3.6 million from the prior year. Most of the increase is attributed to reimbursement of state and federal government funds of prior year.

Proprietary Funds – The Town's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Overall enterprise funds' net position totaled \$13.9 million at the end of 2024, increasing by \$2.6 million from the previous year.

Net position of the Waste Operating Fund at the end of the year is \$15.7 million, 113% of total net position of the proprietary funds. Other nonmajor activities have net deficit of \$(1.8) million or (13)% of the total net position. Other factors concerning the finances of these funds have already been addressed in the discussion of the Town's Business-Type Activities.

**TOWN OF STRATFORD, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2024**

The Internal Service Funds net position at the end of 2024 totaled \$(780,508); thereby, reducing the deficit by \$7.2 million from the previous year.

Net position of the Health Benefit Fund and Workers' Compensation as of June 30, 2024 is \$7 million and (\$7.8) million, respectively. The increase in the Health Benefit fund net position is due to a transfer of ARPA funds to cover expenses as well as reduced claims. The increase in the net position for Worker's Compensation is due to continuing risk management strategies coupled with strong case management that includes department heads, town attorneys, and administration to contain costs and minimize lost wages.

General Fund Budgetary Highlights

During the year, total revenues were over budgetary estimates by \$2.77 million and total expenditures were under budgetary estimates by \$4.3 million. The Town had a positive revenue variance of \$1.77 million in State Intergovernmental Revenues that was the result of \$1.4 million in State Revenue Sharing of Sales Tax that was more than in the Governor's original budget proposal at the time the Town passed its budget and \$3.2 million more in investment income due to favorable market conditions. Employee Benefits of \$407,165, Contingency of \$852,077 and Physical Development of \$778,552 positive variances in Expenditures offset deficit of \$(987,548) in Public Safety budget mostly due to higher than budget overtime expense. The Board of Education underspending by \$1.6 million was another contributor to the overall positive variance.

Capital Asset and Debt Administration

Capital Assets – The Town's investment in capital assets (net of accumulated depreciation) for its governmental and business-type activities as of June 30, 2024 amounted to \$323 million and \$50 million, respectively. This investment in capital assets included land, buildings and system improvements, machinery and equipment, park facilities, roads, highways, and bridges.

**Table 4
CAPITAL ASSETS AT YEAR-END
NET OF DEPRECIATION
(In Thousands)**

| | Governmental Activities | | Business-Type Activities | | Total | |
|----------------------------|----------------------------|-------------------|-----------------------------|------------------|-------------------|-------------------|
| | 2024 | 2023 | 2024 | 2023 | 2024 | 2023 |
| Land | \$ 15,855 | \$ 15,855 | \$ - | \$ - | \$ 15,855 | \$ 15,855 |
| Land Improvements | 14,579 | 13,304 | - | 4 | 14,579 | 13,308 |
| Buildings and Improvements | 206,307 | 209,049 | 15,360 | 18,526 | 221,668 | 227,575 |
| Infrastructure | 46,045 | 41,726 | 27,686 | 28,301 | 73,731 | 70,027 |
| Machinery and Equipment | 12,507 | 10,786 | 1,593 | 1,407 | 14,100 | 12,193 |
| Construction in Progress | 27,230 | 24,278 | 5,344 | 5,413 | 32,574 | 29,691 |
| Total | <u>\$ 322,523</u> | <u>\$ 314,998</u> | <u>\$ 49,983</u> | <u>\$ 53,651</u> | <u>\$ 372,507</u> | <u>\$ 368,649</u> |

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

**TOWN OF STRATFORD, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2024**

Long-Term Debt – At June 30, 2024, the Town had \$315 million in bonds and notes outstanding versus \$320 million last year, a decrease of 1.5% as shown in Table 5.

**Table 5
OUTSTANDING DEBT AT YEAR-END
(In Thousands)**

| | Governmental Activities | | Business-Type Activities | | Total | |
|--------------------------------------|----------------------------|-------------------|-----------------------------|------------------|-------------------|-------------------|
| | 2024 | 2023 | 2024 | 2023 | 2024 | 2023 |
| General and Pension Obligation Bonds | \$ 278,811 | \$ 279,347 | \$ 433 | \$ 694 | \$ 279,244 | \$ 280,041 |
| Notes Payable | - | - | 36,084 | 39,874 | 36,084 | 39,874 |
| Total | <u>\$ 278,811</u> | <u>\$ 279,347</u> | <u>\$ 36,517</u> | <u>\$ 40,568</u> | <u>\$ 315,328</u> | <u>\$ 319,915</u> |

The Town maintains an “AA”- rating from Standard & Poor’s and an “A+” rating from Fitch’s for its general obligation debt. The Town provides the rating agencies with ongoing disclosure in the form of independent annual financial reports, adopted budgets, and other materials relating to its management and financial condition, as may be necessary or requested from time to time.

State statutes limit the amount of general obligation debt a governmental entity may issue to 7.0 times its total prior year’s tax collections. The current debt limitation for the Town amounts to \$1.38 billion, significantly more than the Town’s outstanding general obligation debt.

More detailed information about the Town’s long-term liabilities is presented in Note 7 to the financial statements.

Economic Factors and Next Year’s Budgets and Rates

- Inflationary trends in the region are higher than the national indices.
- The Town will issue general obligation bonds for capital projects in fiscal year 2025.
- BOE was declared an Alliance District by State therefore the Town’s portion of State Education Cost Sharing/Equalization Grant will remain static while increases go directly to the BOE for programming requiring the General Fund Operating Budget to absorb the full impact of increases to education funding.

All of these factors were considered in preparing the Town’s budget for fiscal year 2025. The fiscal year 2025 General Fund budget calls for \$260,014,370 in revenues with matching expenditures resulting in an increase of \$5,621,934 over fiscal year 2024 or a 2.21% increase. The net taxable Grand List decreased by less than 1% from fiscal year 2024 and the Town’s mill rate remained stable at 40.2.

During the current fiscal year, unassigned fund balance in the General Fund increased by \$6.1 million for an unassigned balance of \$25.6 million at June 30, 2024. The Town did not appropriate or use any general fund balance for the fiscal year 2025 budget.

Contacting the Town’s Financial Management

This financial report is designed to provide citizens, taxpayers, customers, investors, governing bodies, and creditors with a general overview of the Town’s finances and to show the Town’s accountability for the tax and other funding it receives. The report is available on the Town website: (www.townofstratford.com) If you have questions about this report or need additional financial information, contact the Finance Director, Town of Stratford at 2725 Main Street, Stratford, Connecticut 06615.

BASIC FINANCIAL STATEMENTS

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

| | Governmental Activities | Business-Type Activities | Total |
|---------------------------------------|----------------------------|-----------------------------|------------------|
| ASSETS | | | |
| Cash and Cash Equivalents | \$ 75,174,534 | \$ 10,226,042 | \$ 85,400,576 |
| Investments | 2,919,150 | - | 2,919,150 |
| Receivables, Net | 35,035,139 | 4,360,070 | 39,395,209 |
| Supplies and Prepaids | 89,818 | - | 89,818 |
| Capital Assets: | | | |
| Assets Not Being Depreciated | 43,084,725 | 5,344,366 | 48,429,091 |
| Assets Being Depreciated, Net | 279,438,733 | 44,638,701 | 324,077,434 |
| Total Assets | 435,742,099 | 64,569,179 | 500,311,278 |
| DEFERRED OUTFLOWS OF RESOURCES | | | |
| Deferred Outflows Related to Pension | 11,640,147 | 351,243 | 11,991,390 |
| Deferred Outflows Related to OPEB | 11,467,363 | 276,122 | 11,743,485 |
| Deferred Outflows on Refunding | 4,793,967 | - | 4,793,967 |
| Total Deferred Outflows of Resources | 27,901,477 | 627,365 | 28,528,842 |
| LIABILITIES | | | |
| Accounts and Other Payables | 9,430,765 | 1,064,211 | 10,494,976 |
| Accrued Liabilities | 5,659,485 | 92,706 | 5,752,191 |
| Unearned Revenue | 8,264,725 | 464 | 8,265,189 |
| Internal Balances | (3,741,236) | 3,741,236 | - |
| Bond Anticipation Notes | 19,285,000 | - | 19,285,000 |
| Noncurrent Liabilities: | | | |
| Due Within One Year | 26,049,517 | 4,173,902 | 30,223,419 |
| Due in More Than One Year | 557,796,425 | 39,792,694 | 597,589,119 |
| Total Liabilities | 622,744,681 | 48,865,213 | 671,609,894 |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Deferred Inflows Related to Pension | 1,085,643 | 32,759 | 1,118,402 |
| Deferred Inflows Related to OPEB | 78,906,985 | 1,899,996 | 80,806,981 |
| Deferred Inflows on Refunding | 118,896 | - | 118,896 |
| Leases | 1,712,206 | - | 1,712,206 |
| Total Deferred Inflows of Resources | 81,823,730 | 1,932,755 | 83,756,485 |
| NET POSITION | | | |
| Net Investment in Capital Assets | 180,576,874 | 13,466,059 | 194,042,933 |
| Restricted For: | | | |
| Education | 4,307,578 | - | 4,307,578 |
| Human Development | 232,433 | - | 232,433 |
| Physical Development | 2,107,900 | - | 2,107,900 |
| Unrestricted | (428,149,620) | 932,517 | (427,217,103) |
| Total Net Position | \$ (240,924,835) | \$ 14,398,576 | \$ (226,526,259) |

See accompanying Notes to Financial Statements.

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

| Functions/Programs | Expenses | Program Revenues | | | Net (Expense) Revenue and Changes in Net Assets | | |
|--|----------------|-------------------------|--|--|--|-----------------------------|------------------|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Governmental Activities | Business-Type Activities | Total |
| GOVERNMENTAL ACTIVITIES | | | | | | | |
| General Government | \$ 38,105,085 | \$ 3,339,673 | \$ 6,828,924 | \$ 5,784,708 | \$ (22,151,780) | \$ - | \$ (22,151,780) |
| Human Development | 9,258,929 | 702,115 | 658,820 | 112,729 | (7,785,265) | - | (7,785,265) |
| Physical Development | 22,083,193 | 7,147,861 | - | 5,750,323 | (9,185,009) | - | (9,185,009) |
| Public Safety | 28,782,918 | 1,917,093 | 169,920 | - | (26,695,905) | - | (26,695,905) |
| Education | 166,135,469 | 2,513,922 | 52,215,100 | 15,407,541 | (95,998,906) | - | (95,998,906) |
| Debt Service | 9,894,304 | - | - | - | (9,894,304) | - | (9,894,304) |
| Total Governmental Activities | 274,259,898 | 15,620,664 | 59,872,764 | 27,055,301 | (171,711,169) | - | (171,711,169) |
| BUSINESS-TYPE ACTIVITIES | | | | | | | |
| Waste Operating | 10,788,014 | 13,904,053 | - | - | - | 3,116,039 | 3,116,039 |
| Emergency Medical Services | 2,967,816 | 3,168,954 | - | - | - | 201,138 | 201,138 |
| Short Beach Golf Course | 171,591 | 393,743 | - | - | - | 222,152 | 222,152 |
| Total Business-Type Activities | 13,927,421 | 17,466,750 | - | - | - | 3,539,329 | 3,539,329 |
| Total | \$ 288,187,319 | \$ 33,087,414 | \$ 59,872,764 | \$ 27,055,301 | (171,711,169) | 3,539,329 | (168,171,840) |
| GENERAL REVENUES | | | | | | | |
| Property Taxes | | | | | 207,495,929 | - | 207,495,929 |
| Grants and Contributions Not Restricted to Specific Programs | | | | | 6,562,833 | - | 6,562,833 |
| Unrestricted Investment Earnings | | | | | 5,345,611 | - | 5,345,611 |
| Miscellaneous | | | | | 1,753,334 | - | 1,753,334 |
| Total General Revenues | | | | | 221,157,707 | - | 221,157,707 |
| Transfers | | | | | 450,000 | (450,000) | - |
| Total General Revenue and Transfers | | | | | 221,607,707 | (450,000) | 221,157,707 |
| CHANGE IN NET POSITION | | | | | | | |
| Net Position - Beginning of Year | | | | | (290,821,373) | 11,309,247 | (279,512,126) |
| NET POSITION - END OF YEAR | | | | | | | |
| | | | | | \$ (240,924,835) | \$ 14,398,576 | \$ (226,526,259) |

See accompanying Notes to Financial Statements.

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

| | General | Capital Projects | Nonmajor Governmental Funds | Total Governmental Funds |
|--|----------------------|----------------------|-----------------------------------|--------------------------------|
| ASSETS | | | | |
| Cash and Cash Equivalents | \$ 8,283,131 | \$ 47,410,224 | \$ 10,824,456 | \$ 66,517,811 |
| Investments | - | - | 2,919,150 | 2,919,150 |
| Receivables, Net | 15,655,811 | 16,921,085 | 2,458,243 | 35,035,139 |
| Supplies and Prepaids | 7,993 | - | 81,825 | 89,818 |
| Due From Other Funds | 23,406,737 | - | - | 23,406,737 |
| Total Assets | <u>\$ 47,353,672</u> | <u>\$ 64,331,309</u> | <u>\$ 16,283,674</u> | <u>\$ 127,968,655</u> |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES | | | | |
| LIABILITIES | | | | |
| Accounts and Other Payables | \$ 4,149,650 | \$ 4,310,619 | \$ 766,759 | \$ 9,227,028 |
| Accrued Liabilities | 1,043,605 | - | 56,130 | 1,099,735 |
| Unearned Revenue | - | 7,019,843 | 1,244,882 | 8,264,725 |
| Bond Anticipation Notes | - | 19,285,000 | - | 19,285,000 |
| Due to Other Funds | - | 23,551,641 | 516,982 | 24,068,623 |
| Total Liabilities | <u>5,193,255</u> | <u>54,167,103</u> | <u>2,584,753</u> | <u>61,945,111</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | |
| Unavailable Revenue - Property Taxes | 9,210,646 | - | - | 9,210,646 |
| Unavailable Revenue - Property Taxes Interest | 3,619,199 | - | - | 3,619,199 |
| Unavailable Revenue - Other Receivables | - | 15,578,167 | 993,708 | 16,571,875 |
| Unavailable Revenue - Special Assessments | - | 1,342,853 | - | 1,342,853 |
| Leases | 1,673,027 | - | 39,179 | 1,712,206 |
| Total Deferred Inflows of Resources | <u>14,502,872</u> | <u>16,921,020</u> | <u>1,032,887</u> | <u>32,456,779</u> |
| FUND BALANCES | | | | |
| Nonspendable | 7,993 | - | 3,117,740 | 3,125,733 |
| Restricted | 2,000,000 | - | 5,606,170 | 7,606,170 |
| Committed | - | 37,251,851 | 5,024,753 | 42,276,604 |
| Assigned | 32,195 | - | - | 32,195 |
| Unassigned | 25,617,357 | (44,008,665) | (1,082,629) | (19,473,937) |
| Total Fund Balances | <u>27,657,545</u> | <u>(6,756,814)</u> | <u>12,666,034</u> | <u>33,566,765</u> |
| Total Liabilities, Deferred Inflows of Resources, and Fund Balances | <u>\$ 47,353,672</u> | <u>\$ 64,331,309</u> | <u>\$ 16,283,674</u> | <u>\$ 127,968,655</u> |

See accompanying Notes to Financial Statements.

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

RECONCILIATION TO THE STATEMENT OF NET POSITION

Fund Balances - Total Governmental Funds (Exhibit III) \$ 33,566,765

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

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

| | |
|-------------------------------|---------------|
| Governmental Capital Assets | 589,038,616 |
| Less Accumulated Depreciation | (266,515,158) |
| Net Capital Assets | 322,523,458 |

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

| | |
|---|------------|
| Property Tax Receivables Greater Than 60 Days | 9,210,646 |
| Interest Receivable on Property Taxes | 3,619,199 |
| Assessments Receivable | 1,342,853 |
| Other Receivables | 16,571,875 |

Deferred outflows of resources and deferred inflows of resources for pension and OPEB are applicable to future periods, and therefore, are not reported in the governmental funds:

| | |
|--------------------------------------|------------|
| Deferred Outflows Related to Pension | 11,640,147 |
| Deferred Outflows Related to OPEB | 11,467,363 |
| Deferred Charges on Refunding | 4,793,967 |

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

(1,302,386)

Long-term 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 | (265,695,241) |
| Bond Premium | (13,115,834) |
| Interest Payable on Bonds and Notes | (4,544,564) |
| Compensated Absences | (12,504,261) |
| Landfill Closure | (9,517,508) |
| Deferred Charges on Refunding | (118,896) |
| Claims and Judgments | (1,000,000) |
| Net Pension Liability | (74,279,201) |
| Net OPEB Liability | (193,590,589) |
| Deferred Inflows Related to Pension | (1,085,643) |
| Deferred Inflows Related to OPEB | (78,906,985) |

Net Position of Governmental Activities (Exhibit I) \$ (240,924,835)

See accompanying Notes to Financial Statements.

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

| | General | Capital Projects | Nonmajor Governmental Funds | Total Governmental Funds |
|--|----------------------|-----------------------|-----------------------------------|--------------------------------|
| REVENUES | | | | |
| Property Taxes and Assessments | \$ 205,076,452 | \$ 172,490 | \$ - | \$ 205,248,942 |
| State and Federal Governments | 62,240,433 | 9,877,947 | 23,363,392 | 95,481,772 |
| Department Revenue | 2,845,854 | - | 4,285,525 | 7,131,379 |
| Licenses and Permits | 1,320,098 | - | 50,508 | 1,370,606 |
| Investment Income (Loss) | 4,908,702 | - | 436,909 | 5,345,611 |
| Other | 894,591 | - | 1,966,829 | 2,861,420 |
| Total Revenues | 277,286,130 | 10,050,437 | 30,103,163 | 317,439,730 |
| EXPENDITURES | | | | |
| Current: | | | | |
| General Government: | | | | |
| Administration | 7,155,306 | - | 182,952 | 7,338,258 |
| Contingency | 4,743,864 | - | - | 4,743,864 |
| Employee Benefits | 25,310,311 | 4,925,000 | - | 30,235,311 |
| Finance | 2,257,189 | - | - | 2,257,189 |
| Human Development | 7,321,422 | - | 1,537,800 | 8,859,222 |
| Physical Development | 16,094,092 | - | 1,284,839 | 17,378,931 |
| Public Safety | 30,345,824 | - | 1,911,840 | 32,257,664 |
| Education | 145,710,077 | 1,000,000 | 23,267,009 | 169,977,086 |
| Debt Service: | | | | |
| Principal Retirements | 25,454,191 | - | - | 25,454,191 |
| Interest and Other Charges | 6,868,590 | - | - | 6,868,590 |
| Capital Outlay | 71,200 | 20,418,217 | 907,125 | 21,396,542 |
| Total Expenditures | 271,332,066 | 26,343,217 | 29,091,565 | 326,766,848 |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | 5,954,064 | (16,292,780) | 1,011,598 | (9,327,118) |
| OTHER FINANCING SOURCES (USES) | | | | |
| Issuance of Bonds | - | 20,000,000 | - | 20,000,000 |
| Premium on Bond Issuance | - | - | 2,389,642 | 2,389,642 |
| Transfers In | 900,000 | 250,000 | 100,000 | 1,250,000 |
| Transfers Out | (800,000) | - | - | (800,000) |
| Total Other Financing Sources | 100,000 | 20,250,000 | 2,489,642 | 22,839,642 |
| NET CHANGE IN FUND BALANCES | 6,054,064 | 3,957,220 | 3,501,240 | 13,512,524 |
| Fund Balances - Beginning of Year | 21,603,481 | (10,714,034) | 9,164,794 | 20,054,241 |
| FUND BALANCES - END OF YEAR | <u>\$ 27,657,545</u> | <u>\$ (6,756,814)</u> | <u>\$ 12,666,034</u> | <u>\$ 33,566,765</u> |

See accompanying Notes to Financial Statements.

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

RECONCILIATION TO THE STATEMENT OF ACTIVITIES

Net Change in Fund Balances - Total Governmental Funds (Exhibit IV) \$ 13,512,524

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

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

| | |
|----------------------|--------------|
| Capital Outlay | 20,966,050 |
| Depreciation Expense | (13,415,785) |

In the statement of activities, only the gain 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 assets sold.

(24,385)

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

| | |
|--|--------------|
| Property Tax Receivable | 1,217,583 |
| Property Tax Interest Receivable | 64,670 |
| Assessments | 964,734 |
| Other Receivables | 6,098,358 |
| Change in Deferred Outflows Related to Pension | 2,136,534 |
| Change in Deferred Outflows Related to OPEB | (10,877,558) |
| Change in Deferred Outflow on Refunding | (435,815) |

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

| | |
|--|--------------|
| Bond Principal Payments | 21,159,239 |
| Premium on Bonds Issued | (2,323,460) |
| Issuance of Bonds | (20,000,000) |
| Amortization of Premiums and Discounts | 1,700,128 |

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds. The details of the changes in other recorded obligations are as follows:

| | |
|---|-------------|
| Compensated Absences | (241,201) |
| Accrued Interest | (74,468) |
| Landfill Post Closure Care | (259,449) |
| Deferred Inflow on Refunding | 13,211 |
| Change in Net Pension Liability | (1,624,422) |
| Change in Net OPEB Liability | 3,331,010 |
| Change in Deferred Inflows Related to Pension | (558,748) |
| Change in Deferred Inflows Related to OPEB | 21,717,427 |

Internal service funds are used by management to charge costs to individual funds. The net revenue of certain activities of internal services funds is reported with governmental activities.

6,850,361

Change in Net Position of Governmental Activities (Exhibit 2)

\$ 49,896,538

See accompanying Notes to Financial Statements.

TOWN OF STRATFORD, CONNECTICUT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2024

| | Business-Type Activities - Enterprise Funds | | | Governmental Activities |
|---|---|----------------|---------------|-------------------------|
| | Major Fund | | | |
| | Waste Operating Fund | Nonmajor Funds | Total | Internal Service Fund |
| ASSETS | | | | |
| Current Assets: | | | | |
| Cash and Cash Equivalents | \$ 10,226,042 | \$ - | \$ 10,226,042 | \$ 8,656,723 |
| Receivables: | | | | |
| Accounts and Other | - | 902,573 | 902,573 | - |
| Sewer Usage Receivable | 1,268,437 | - | 1,268,437 | - |
| Unbilled Sewer Usage Receivable | 2,189,060 | - | 2,189,060 | - |
| Due From Other Funds | - | - | - | 4,925,000 |
| Total Current Assets | 13,683,539 | 902,573 | 14,586,112 | 13,581,723 |
| Capital Assets: | | | | |
| Assets Not Being Depreciated | 5,114,827 | 229,539 | 5,344,366 | - |
| Assets Being Depreciated, Net | 42,668,177 | 1,970,524 | 44,638,701 | - |
| Total Capital Assets | 47,783,004 | 2,200,063 | 49,983,067 | - |
| Total Assets | 61,466,543 | 3,102,636 | 64,569,179 | 13,581,723 |
| DEFERRED OUTFLOWS OF RESOURCES | | | | |
| Related to Pension | 351,243 | - | 351,243 | - |
| Related to OPEB | 276,122 | - | 276,122 | - |
| Total Deferred Outflows of Resources | 627,365 | - | 627,365 | - |
| LIABILITIES | | | | |
| Current: | | | | |
| Accounts Payable | 925,018 | 139,193 | 1,064,211 | 218,923 |
| Accrued Wages and Benefits | 92,706 | - | 92,706 | - |
| Unearned Revenue | - | 464 | 464 | - |
| Due to Other Funds | - | 4,263,114 | 4,263,114 | - |
| Risk Management Claims | - | - | - | 963,000 |
| Bonds Payable | 30,122 | 135,000 | 165,122 | - |
| Serial Notes Payable - Clean Water Fund | 3,844,756 | - | 3,844,756 | - |
| Compensated Absences | 74,213 | 89,811 | 164,024 | - |
| Total Current Liabilities | 4,966,815 | 4,627,582 | 9,594,397 | 1,181,923 |
| Noncurrent Liabilities: | | | | |
| Bonds Payable | 158,143 | 110,000 | 268,143 | - |
| Serial Notes Payable - Clean Water Fund | 32,238,987 | - | 32,238,987 | - |
| Risk Management Claims | - | - | - | 13,180,308 |
| Net Pension Liability | 2,241,385 | - | 2,241,385 | - |
| Net OPEB Liability | 4,661,454 | - | 4,661,454 | - |
| Compensated Absences | 173,164 | 209,561 | 382,725 | - |
| Total Noncurrent Liabilities | 39,473,133 | 319,561 | 39,792,694 | 13,180,308 |
| Total Liabilities | 44,439,948 | 4,947,143 | 49,387,091 | 14,362,231 |
| DEFERRED INFLOWS OF RESOURCES | | | | |
| Related to Pension | 32,759 | - | 32,759 | - |
| Related to OPEB | 1,899,996 | - | 1,899,996 | - |
| Leases | - | - | - | - |
| Total Deferred Inflows of Resources | 1,932,755 | - | 1,932,755 | - |
| NET POSITION | | | | |
| Net Investment in Capital Assets | 11,510,996 | 1,955,063 | 13,466,059 | - |
| Unrestricted | 4,210,209 | (3,799,570) | 410,639 | (780,508) |
| Total Net Position | 15,721,205 | (1,844,507) | 13,876,698 | (780,508) |
| Adjustment to Reflect the Consolidation of Internal Service Fund Activities Related to Enterprise Funds | 354,555 | 167,323 | 521,878 | (521,878) |
| Net Position of Business-Type Activities | \$ 16,075,760 | \$ (1,677,184) | \$ 14,398,576 | \$ (1,302,386) |

See accompanying Notes to Financial Statements.

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

| | Business-Type Activities - Enterprise Funds | | | Governmental Activities |
|---|---|----------------|---------------|-------------------------|
| | Major Fund | | | |
| | Waste Operating Fund | Nonmajor Funds | Total | Internal Service Funds |
| OPERATING REVENUES | | | | |
| Charges for Services | \$ 13,669,443 | \$ 3,393,120 | \$ 17,062,563 | \$ 16,571,619 |
| Other | 20,566 | - | 20,566 | - |
| Total Operating Revenues | 13,690,009 | 3,393,120 | 17,083,129 | 16,571,619 |
| OPERATING EXPENSES | | | | |
| Operating and Maintenance | 5,958,323 | 2,878,971 | 8,837,294 | 9,337,637 |
| Depreciation | 3,735,586 | 255,714 | 3,991,300 | - |
| Total Operating Expenses | 9,693,909 | 3,134,685 | 12,828,594 | 9,337,637 |
| OPERATING INCOME (LOSS) | 3,996,100 | 258,435 | 4,254,535 | 7,233,982 |
| NONOPERATING EXPENSES | | | | |
| Loss on Disposal of Capital Assets | (324,424) | - | (324,424) | - |
| Interest Expense, Net | (769,681) | (4,722) | (774,403) | - |
| Total Nonoperating Revenues (Expenses) | (1,094,105) | (4,722) | (1,098,827) | - |
| INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS | 2,901,995 | 253,713 | 3,155,708 | 7,233,982 |
| TRANSFERS IN | - | 450,000 | 450,000 | - |
| TRANSFERS OUT | (900,000) | - | (900,000) | - |
| CHANGE IN NET POSITION | 2,001,995 | 703,713 | 2,705,708 | 7,233,982 |
| Net Position - Beginning of Year | 13,719,210 | (2,548,220) | 11,170,990 | (8,014,490) |
| NET POSITION - END OF YEAR | 15,721,205 | (1,844,507) | 13,876,698 | (780,508) |
| Adjustment to Reflect the Consolidation of Internal Service Fund Activities Related to Enterprise Funds | 214,044 | 169,577 | 383,621 | (383,621) |
| Change in Net Position of Business-Type Activities | \$ 2,216,039 | \$ 873,290 | \$ 3,089,329 | \$ 6,850,361 |

See accompanying Notes to Financial Statements.

**TOWN OF STRATFORD, CONNECTICUT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2024**

| | Business-Type Activities - Enterprise Funds | | | Governmental Activities |
|---|---|-------------------|----------------------|----------------------------|
| | Major Fund | | | |
| | Waste Operating Fund | Nonmajor Funds | Total | Internal Service Fund |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | |
| Cash Received From Customers and Users | \$ 13,690,009 | \$ 2,887,133 | \$ 16,577,142 | \$ 16,571,619 |
| Cash Payments to Suppliers | (3,803,510) | (83,974) | (3,887,484) | (8,695,512) |
| Cash Payments to Employees | (2,828,373) | (2,679,006) | (5,507,379) | - |
| (Payments) Receipts for Interfund Services | 8,913,350 | (1,861,301) | 7,052,049 | 700,616 |
| Net Cash Provided (Used) by Operating Activities | 15,971,476 | (1,737,148) | 14,234,328 | 8,576,723 |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | | | |
| Transfers to (from) Other Funds | (900,000) | 450,000 | (450,000) | - |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | | | |
| Principal Payments on Debt | (3,820,174) | (231,000) | (4,051,174) | - |
| Acquisition and Construction of Capital Assets | (255,579) | (392,171) | (647,750) | - |
| Principal Income from Leases | - | 19,307 | 19,307 | - |
| Interest Income from Leases | - | 692 | 692 | - |
| Interest Paid on Debt | (769,681) | (5,414) | (775,095) | - |
| Net Cash Used by Capital and Related Financing Activities | (4,845,434) | (608,586) | (5,454,020) | - |
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | 10,226,042 | (1,895,734) | 8,330,308 | 8,576,723 |
| Cash and Cash Equivalents - Beginning of Year | - | 1,895,734 | 1,895,734 | 80,000 |
| CASH AND CASH EQUIVALENTS - END OF YEAR | <u>\$ 10,226,042</u> | <u>\$ -</u> | <u>\$ 10,226,042</u> | <u>\$ 8,656,723</u> |

See accompanying Notes to Financial Statements.

**TOWN OF STRATFORD, CONNECTICUT
STATEMENT OF CASH FLOWS (CONTINUED)
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2024**

| | Business-Type Activities - Enterprise Funds | | | Governmental Activities |
|---|---|-----------------------|----------------------|----------------------------|
| | Major Fund | | | |
| | Waste Operating Fund | Nonmajor Funds | Total | Internal Service Fund |
| RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES | | | | |
| Operating Income (Loss) | \$ 3,996,100 | \$ 258,435 | \$ 4,254,535 | \$ 7,233,982 |
| Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities | | | | |
| Depreciation | 3,735,586 | 255,714 | 3,991,300 | - |
| Change in Assets, Deferred Outflows, Liabilities and Deferred Inflows: | | | | |
| (Increase) Decrease in Accounts Receivable | 200,820 | (425,060) | (224,240) | 27,737 |
| (Increase) Decrease in Unbilled Accounts Receivable | (331,223) | - | (331,223) | - |
| (Increase) Decrease in Due from Other Funds | 12,773,925 | 92,717 | 12,866,642 | 747,118 |
| Increase (Decrease) in Accounts Payable and Accrued Expenses | 462,616 | 26,156 | 488,772 | 197,942 |
| Increase (Decrease) in Risk Management Claim Liability | - | (1,466) | (1,466) | 416,446 |
| Increase (Decrease) in Compensated Absences | 30,984 | 91,301 | 122,285 | - |
| Increase (Decrease) in Due to Other Funds | (3,860,575) | (1,954,018) | (5,814,593) | (46,502) |
| Increase (Decrease) in Net Pension Liability | 49,018 | - | 49,018 | - |
| Increase (Decrease) in Net OPEB Liability | (578,910) | - | (578,910) | - |
| (Increase) Decrease in Deferred Outflows of Resources - Pension | (64,470) | - | (64,470) | - |
| Increase (Decrease) in Deferred Inflows of Resources - Pension | 16,860 | - | 16,860 | - |
| (Increase) Decrease in Deferred Outflows of Resources - OPEB | 318,508 | - | 318,508 | - |
| Increase (Decrease) in Deferred Inflows of Resources - OPEB | (777,763) | - | (777,763) | - |
| Increase (Decrease) in Deferred Inflows of Resources - Leases | - | (80,927) | (80,927) | - |
| Net Cash Provided (Used) by Operating Activities | <u>\$ 15,971,476</u> | <u>\$ (1,737,148)</u> | <u>\$ 14,234,328</u> | <u>\$ 8,576,723</u> |

See accompanying Notes to Financial Statements.

TOWN OF STRATFORD, CONNECTICUT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2024

| | Pension and Other Employee Benefit Trust Funds | Custodial Fund Teachers' Retiree |
|---------------------------------------|--|---|
| ASSETS | | |
| Cash and Cash Equivalents | \$ 5,693,538 | \$ 1,423,657 |
| Investments: | | |
| Mutual Funds | 6,369,396 | - |
| Common Stock | 139,541,793 | - |
| U.S. Government Securities | 15,263,307 | - |
| U.S. Government Agencies | 7,138,154 | - |
| Corporate Bonds | 43,530,621 | - |
| Alternative Investments | 49,357,129 | - |
| Total Assets | <u>266,893,938</u> | <u>1,423,657</u> |
| NET POSITION | | |
| Restricted for Pension Benefits | 257,889,976 | - |
| Restricted for OPEB Benefits | 9,003,962 | - |
| Restricted for Teacher's Retiree Fund | <u>-</u> | <u>1,423,657</u> |
| Total Net Position | <u><u>\$ 266,893,938</u></u> | <u><u>\$ 1,423,657</u></u> |

See accompanying Notes to Financial Statements.

**TOWN OF STRATFORD, CONNECTICUT
STATEMENT OF CHANGES IN PLAN NET POSITION
FIDUCIARY FUNDS
YEAR ENDED JUNE 30, 2024**

| | Pension and Other Employee Benefit Trust Funds | Custodial Fund Teachers' Retiree |
|---|--|---|
| ADDITIONS | | |
| Contributions: | | |
| Plan Members | \$ 1,164,349 | \$ - |
| Employer | 15,802,143 | - |
| Other | - | 1,558,789 |
| Total Contributions | <u>16,966,492</u> | <u>1,558,789</u> |
| Investment Income (Loss): | | |
| Net Change in Fair Value of Investments | 6,914,899 | - |
| Interest and Dividends | 8,072,943 | - |
| Total Investment Income | <u>14,987,842</u> | - |
| Investment Fee | (693,540) | - |
| Net Investment Income (Loss) | <u>14,294,302</u> | <u>-</u> |
| Total Additions | 31,260,794 | 1,558,789 |
| DEDUCTIONS | | |
| Benefits | 33,718,629 | - |
| Other | 148,247 | 962,354 |
| Total Deductions | <u>33,866,876</u> | <u>962,354</u> |
| CHANGE IN NET POSITION | (2,606,082) | 596,435 |
| Net Position - Beginning of Year | <u>269,500,020</u> | <u>827,222</u> |
| NET POSITION - END OF YEAR | <u><u>\$ 266,893,938</u></u> | <u><u>\$ 1,423,657</u></u> |

See accompanying Notes to Financial Statements.

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Town was founded in 1639. The Town covers an area of 18.7 square miles and is located on Long Island Sound, 65 miles east of New York City and 50 miles southwest of Hartford, Connecticut. The Town has operated under a Council/Manager form of government since 1921. Effective December 12, 2005, the Town became a Mayor-Council form of government.

The Town provides a full range of services including public safety, roads, sanitation, health, social services, culture and recreation, education, planning, zoning, and general administrative services to its residents. The accompanying financial statements conform to accounting principles generally accepted in the United States of America as applicable to governments.

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

Fiduciary Component Units

The Town has established a single-employer Public Retirement Systems (PERS) and a postretirement retiree health plan (OPEB) to provide retirement benefits and post-retirement health care benefits to employees and their beneficiaries. The Town appoints a majority of the Pension Board and is required to make contributions to the pension and OPEB plans and can impose its will.

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

B. Basis of Presentation

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

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basis of Presentation (Continued)

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the Town. For the most part, the effect of interfund activity has been removed from these statements. However, interfund services provided and used are not eliminated in the process of consolidation. Governmental activities, which are normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

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 expenses 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.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements.

Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as 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 after the end of the current fiscal period for property taxes and certain other revenues and 120 days for grants.

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basis of Presentation (Continued)

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

Property taxes, licenses and interest associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. In determining when to recognize intergovernmental revenues (grants and entitlements), the legal and contractual requirements of the individual programs are used as guidance. Revenues are recognized when the eligibility requirements have been met. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the Town.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to leases, compensated absences and claims and judgments, are recorded only when payment is due.

The Town reports the following major governmental funds:

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

The Capital Projects Fund accounts for the proceeds of specific general obligation bonds for various projects to further develop the Town.

The Town reports the following major proprietary fund:

The Waste Operating Fund accounts for the operations at the Stratford Water Pollution Control Authority.

Additionally, the Town reports the following fund types:

The Internal Service Fund accounts for the Town's health benefit and workers' compensation costs.

The Pension and OPEB Trust Funds account for the fiduciary activities of the Town's defined benefit and defined contribution pension plans, which accumulate resources for pension benefit payments to qualified employees and also the activities of the Stratford non pension postemployment benefits for certain retirees and their beneficiaries.

The Custodial Funds are used to account for assets held by the Town in a custodial capacity for teachers.

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basis of Presentation (Continued)

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

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the enterprise funds and various other function of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the proprietary funds are charges to users for services. Operating expenses for internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

C. Cash Equivalents

For purposes of reporting cash flows, all savings, checking, money market accounts and certificates of deposit with an original maturity of less than 90 days are considered to be cash equivalents.

D. Investments

Investments are stated at fair value, other than Alternative Investments which are valued using the net asset value (NAV) per share; for more information on Alternative Investments, see Note 3.

E. Supplies

All inventory of supplies are valued at cost using the first-in/first-out (FIFO) method. Inventories of United States Department of Agriculture donated commodities are stated at the lower of cost or market. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Receivables and Payables

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as either "Due to/from Other Funds" (i.e., the current portion of interfund loans) or "Advances to/from Other Funds" (i.e., the noncurrent portion of interfund loans). All other outstanding balances between funds are reported as "Due to/from Other Funds."

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

In the government-wide financial statements, all trade and property tax receivables are shown net of an allowance for uncollectibles.

G. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and proprietary fund financial statements.

Capital assets are defined by the Town as assets with an initial individual cost (or groups of like-assets with an aggregate cost) of more than \$5,000 and an estimated useful life of more than one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed.

Donated capital assets are recorded at acquisition value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend lives are not capitalized.

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

Land and construction in progress are not depreciated. Capital assets of the Town are depreciated using the straight-line method over the following estimated useful lives:

| <u>Assets</u> | <u>Years</u> |
|-------------------------------------|--------------|
| Buildings | 50 |
| Building improvements | 20 |
| Distribution and collection systems | 50-65 |
| Public domain infrastructure | 50 |
| System infrastructure | 30 |
| Machinery and equipment | 5-20 |

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Deferred Outflows/Inflows of Resources

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

The Town reports a deferred outflow on refunding and deferred outflows related to pension and OPEB in the government-wide statement of net position. A deferred outflow on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. A deferred outflow of resources related to pension and OPEB results from differences between expected and actual experience, changes in assumptions or other inputs and differences in actual versus expected investment income. These amounts are deferred and included in pension and OPEB expense in a systematic and rational manner over a period equal to the average of the expected remaining service lives of all employees that are provided with benefits through the pension plan (active employees and inactive employees) except for differences in actual versus expected investment income which is amortized over 5 years.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position 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 a deferred inflow on refunding, deferred inflows related to OPEB, deferred inflows for unavailable revenues and deferred inflows related to leases in the government-wide statement of net position. A deferred inflow on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. A deferred outflow of resources related to OPEB results from differences between expected and actual experience, changes in assumptions or other inputs. These amounts are deferred and included in OPEB expense in a systematic and rational manner over a period equal to the average of the expected remaining service lives of all employees that are provided with benefits through the OPEB plans (active employees and inactive employees). 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 three sources: property taxes, other receivables, and special assessments. These amounts are deferred and recognized as an inflow of resources (revenue) in the period during which the amounts become available. 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.

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. Long-Term Obligations

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

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

J. Compensated Absences

Town employees accumulate vacation and sick leave hours for subsequent use or for payment upon termination or retirement. Vacation and sick leave expenses to be paid in future periods are accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only for amounts expected to be paid with available resources, for example, as a result of employee resignations and retirements.

K. Net Pension Liability and Net Other Post-Employment Benefits (OPEB) 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.

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.

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

L. Equity

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

Net Investment in Capital Assets

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

Restricted Net Position

Restricted net position contains assets subject to restrictions that are externally imposed by creditors (such as through debt covenants), grantors, contributors or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

Unrestricted Net Position

This component consists of net position that does not meet the definition of “Restricted” or “Net Investment in Capital Assets.”

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

Nonspendable Fund Balance

This component represents amounts that cannot be spent due to form (e.g., inventories and prepaid amounts).

Restricted Fund Balance

This component represents amounts constrained for a specific purpose by external parties, such as grantors, creditors, contributors, or laws and regulations of their governments.

Committed Fund Balance

This component represents amounts constrained for a specific purpose by a government using its highest level of decision-making authority (Town Council). The Town Council can, by adoption of a resolution prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken (the adoption of another resolution) to remove or revise the limitation.

Assigned Fund Balance

For all governmental funds other than the General Fund, this represents any remaining positive amounts not classified as restricted, committed or nonspendable. For the General Fund, includes amounts constrained for the intent to be used for a specific purpose by the Town of Stratford Town Council. Under the Town’s adopted policy, the Town Council has the authority to authorize the Director of Finance to assign amounts for specific purposes.

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

L. Equity (Continued)

Unassigned Fund Balance

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

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

M. Property Taxes

The Town's property tax is levied on the Grand List of October 1 each year and is due and payable in two installments on the following July 1 and January 1. Supplemental motor vehicle taxes are due in full January 1.

The Town files liens against property in April, if taxes that are due July 1 remain unpaid on the following June 30.

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 to be used to pay liabilities of the current period. The Town defines the current period to mean within 60 days after year-end. Property taxes receivable not expected to be collected during the available period are reflected in unavailable revenue in the fund financial statements. The entire receivable is recorded as revenue in the government-wide financial statements. Property taxes collected prior to June 30 that are applicable to the subsequent years' assessment are reflected as advance tax collections in both the fund financial statements and the government-wide financial statements.

N. 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, and deferred inflows of resources, and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

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

NOTE 2 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

General Fund

The Town's general budget policies are as follows:

Not later than March 12, the Mayor prepares and submits to the Town Council an annual budget for the next fiscal year based on detailed estimated revenues and expenditures for the Town.

The Town's charter requires the Town Council to hold public hearings prior to the adoption of the final budget, at which time taxpayers' comments are obtained.

Prior to May 13, the Town Council adopts the budget and sets the tax rate for the fiscal year through the passage of ordinances.

All interdepartmental appropriations and budget transfers must be approved by the Town Council. The Mayor approves all intradepartmental transfers.

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

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

Budgeted amounts reported are as originally adopted, or as amended by the Town Council during the course of the year. No supplemental appropriations were approved for year ended June 30, 2024.

B. Expenditures Exceeding Appropriations

The following line items exceeded appropriations for the year ended June 30, 2024:

| | |
|-----------------------|-----------|
| Office of the Mayor | \$ 30,353 |
| Human Resources | 112,509 |
| Town Attorney | 463,221 |
| Registrar of Voters | 22,640 |
| Agencies | 1,650 |
| Administration | 7,965 |
| Tax Assessor | 65,433 |
| Health Department | 17,888 |
| Recreation Department | 21,529 |
| Senior Services | 1,895 |
| Administration | 10,089 |
| Building Inspection | 7,693 |
| Administration | 8,688 |
| Fire Suppression | 703,515 |
| Administration | 12,096 |
| Investigation | 192,044 |
| Patrol | 32,955 |
| Traffic | 86,841 |
| Police Records | 9,347 |

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

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)

B. Expenditures Exceeding Appropriations (Continued)

Deficit Fund Equity

The following funds had fund deficits at June 30, 2024:

| | |
|---------------------------------|--------------|
| Major Funds: | |
| Capital Projects**** | \$ 6,756,814 |
| Nonmajor Special Revenue Funds: | |
| Railroad Property* | 443,770 |
| Miscellaneous Grants** | 638,859 |
| Nonmajor Enterprise Funds: | |
| Emergency Medical Services* | 2,056,268 |
| Internal Service Funds: | |
| Workers' Compensation*** | 7,793,595 |

* Deficit will be eliminated through future charges for services.

** Deficit will be eliminated through future intergovernmental receipts.

*** Deficit will be eliminated through future appropriations.

**** Deficit will be eliminated through future debt proceeds.

NOTE 3 CASH, CASH EQUIVALENTS, AND INVESTMENTS

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

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

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

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

The Statutes (Sections 3-24f and 3-27f) also provide for investment in shares of the State Short-Term Investment Fund (STIF). These investment pools are under the control of the State Treasurer, with oversight provided by the Treasurer's Cash Management Advisory Board, and are regulated under the State Statutes and subject to annual audit by the Auditors of Public Accounts.

Investment yields are accounted for on an amortized-cost basis with an investment portfolio that is designed to attain a market-average rate of return throughout budgetary and economic cycles. Investors accrue interest daily based on actual earnings, less expenses and transfers to the designated surplus reserve, and the fair value of the position in the pool is the same as the value of the pool shares.

Deposits

Deposit Custodial Credit Risk

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

Based on the criteria described in GASB Statement No. 40, *Deposits and Investment Risk Disclosures*, \$25,549,786 of the Town's bank balance of \$26,879,786 was exposed to custodial credit risk as follows:

| | |
|--|-----------------------------|
| Uninsured and Uncollateralized | \$ 22,869,806 |
| Uninsured and Collateral Held by the Pledging Bank's Trust Department, not in the Town's Name | <u>2,679,980</u> |
| Total Amount Subject to Custodial Credit Risk | <u><u>\$ 25,549,786</u></u> |

Cash Equivalents

At June 30, 2024, the Town's cash equivalents amounted to \$50,347,664. State Short-Term Investment Fund (STIF) is an investment pool of high-quality, short-term money market instruments with an average maturity of less than 60 days. There were no limitations or restrictions on any withdrawals due to redemption notice periods, liquidity fees, or redemption gates. The Town also holds various money market funds which are exclusively invested in U.S. Treasury obligations. There were no limitations or restrictions on any withdrawals due to redemption notice periods, liquidity fees, or redemption gates.

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

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

Deposits (Continued)

Credit Risk – Cash Equivalents

Credit risk is the risk that an issuer of an investments will not fulfill its obligation to the holder. This is measure by the assignment of a rating by a nationally recognized statistical rating organization. The following chart summarizes year-end ratings for the Town as rated by Standard & Poor's:

| | <u>Standard & Poor's</u> |
|---|----------------------------------|
| State Short-Term Investment Fund (STIF) | AAAm |
| Allspring 100% Treasury Money Market Fund | AAAm |
| Fidelity Government Cash Reserves | AAA |
| Morgan Stanley US Government Money Market Trust | AAAm |
| JPMorgan US Government Money Market Fund (CAP) | AAAm |
| US Bank Money Market Funds | AAAm |

Investments

The Town categorizes its fair value measurements within the fair value hierarchy established by accounting principles generally accepted in the United States of America. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements); followed by quoted prices in inactive markets or for similar assets or with observable inputs (Level 2 measurements); and the lowest priority to unobservable inputs (Level 3 measurements). The Town has the following recurring fair value measurements as of June 30, 2024:

| | <u>Fair Value</u> | <u>Level 1</u> | <u>Level 2</u> | <u>Level 3</u> |
|---|-----------------------|-----------------------|----------------|----------------|
| Investments by Fair Value Level: | | | | |
| U.S. Government Securities | \$ 15,298,163 | \$ 15,298,163 | \$ - | \$ - |
| U.S. Government Agencies | 7,138,154 | 7,138,154 | - | - |
| Corporate Bonds | 43,530,621 | 43,530,621 | - | - |
| Common Stock | 140,598,583 | 140,598,583 | - | - |
| Mutual Funds | 8,075,604 | 8,075,604 | - | - |
| Total Investments by Fair Value Level | 214,641,125 | <u>\$ 214,641,125</u> | <u>\$ -</u> | <u>\$ -</u> |
| Investments Recorded at Net Asset Value (NAV): | | | | |
| Alternative Investments | 49,478,425 | | | |
| Total Investments | <u>\$ 264,119,550</u> | | | |

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 fair 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.

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

NOTE 3 CASH, CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

Investments (Continued)

The valuation method for investments measured at net asset value (NAV) per share (or its equivalent) is presented on the following table:

| | Fair Value | Unfunded Commitments | Frequency (If Currently Eligible) | Notice Period |
|-----------------------------------|----------------------|-------------------------|--------------------------------------|------------------|
| Alternative Investments | \$ 49,478,425 | \$ - | Quarterly | Various |
| Total Investments Measured at NAV | <u>\$ 49,478,425</u> | <u>\$ -</u> | | |

Equity Hedge Funds

This type includes an investment in a hedge fund that invest both long and short primarily in U.S. common stock. Management of each hedge fund can shift investments from value to growth strategies, from small to large capitalization stocks, and from a net long position to a net short position. The fair values of the investments in this type have been determined using the NAV per share of the investments.

Real Estate Investment Funds

This type includes four real estate funds that invest primarily in U.S. commercial real estate. The fair values of the investments in this type have been determined using the NAV per share of the Plan's ownership interest in partners' capital. These investments can never be redeemed with the funds. Distributions from each fund will be received as the underlying investments of the funds are liquidated. Because it is not probable that any individual investment will be sold, the fair value of each individual investment has been determined using the NAV per share of the Plan's ownership interest in partners' capital. Once it has been determined which investments will be sold and whether those investments will be sold individually or in a group, the investments will be sold in an auction process.

Interest Rate Risk

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

As of June 30, 2024, the Town had the following investments:

| | Fair Value | Less Than 1 | 1 - 10 | More Than 10 |
|-------------------------------|-----------------------|----------------------|----------------------|---------------------|
| Interest-bearing investments: | | | | |
| U.S. Government Securities | \$ 15,298,163 | \$ 3,030,546 | \$ 11,337,778 | \$ 929,839 |
| U.S. Government Agencies | 7,138,154 | - | - | 7,138,154 |
| Corporate Bonds | 43,530,621 | 7,762,453 | 34,863,983 | 904,185 |
| Total | <u>65,966,938</u> | <u>\$ 10,792,999</u> | <u>\$ 46,201,761</u> | <u>\$ 8,972,178</u> |
| Other investments: | | | | |
| Mutual Funds | 8,075,604 | | | |
| Common Stock | 140,598,583 | | | |
| Alternative Investments | 49,478,425 | | | |
| Total Investments | <u>\$ 264,119,550</u> | | | |

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

NOTE 3 CASH, CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

Investments (Continued)

Credit Risk – Investments

The Town does not have an investment policy that would limit its investment choices due to credit risk, other than State Statutes governing investments in obligations of any State or political subdivision or in obligations of the state of Connecticut or political subdivision.

Presented below is the rating of investments for each debt investment type as of June 30, 2024:

| Average Rating | Corporate Bonds | U.S. Government Securities | U.S. Government Agencies |
|-------------------|----------------------|----------------------------------|--------------------------------|
| Aaa | \$ - | \$ 15,298,163 | \$ 7,138,154 |
| A1 | 4,245,152 | - | - |
| A2 | 1,733,874 | - | - |
| A3 | 8,854,515 | - | - |
| Baa1 | 9,238,966 | - | - |
| Baa2 | 11,930,229 | - | - |
| Baa3 | 2,066,940 | - | - |
| Ba1 | 2,097,681 | - | - |
| Ba2 | 2,082,425 | - | - |
| Ba3 | 1,280,839 | - | - |
| Totals | <u>\$ 43,530,621</u> | <u>\$ 15,298,163</u> | <u>\$ 7,138,154</u> |

Concentration of Credit Risk

The Town's investment policy does not allow for an investment in any one issuer that is in excess of 5% of the Town's investments.

Custodial Credit Risk

Custodial credit risk for an investment is the risk that, in the event of the failure of the counterparty (the institution that pledges collateral or repurchase agreement securities to the Town or that sells investments to or buys them for the Town), the Town will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Town does not have a policy for custodial credit risk. At June 30, 2024, the Town did not have any uninsured and unregistered securities held by the counterparty, or by its trust department or agent, that were not in the Town's name.

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

NOTE 4 RECEIVABLES

Receivables as of June 30, 2024 for the Town's individual major funds and nonmajor and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

| | General | Capital Projects | Waste Operating | Nonmajor Enterprise Funds | Nonmajor Governmental Funds and Other Funds | Total |
|--------------------------------------|----------------------|----------------------|---------------------|---------------------------------|--|----------------------|
| Receivables: | | | | | | |
| Taxes and Interest | \$ 14,169,388 | \$ - | \$ - | \$ - | \$ - | \$ 14,169,388 |
| Accounts and Other | 339,629 | - | - | 1,347,125 | 600,758 | 2,287,512 |
| Special Assessments | - | 1,342,853 | - | - | - | 1,342,853 |
| Sewer Usage | - | - | 1,268,437 | - | - | 1,268,437 |
| Unbilled Sewer Usage | - | - | 2,189,060 | - | - | 2,189,060 |
| Intergovernmental | 32,117 | 15,578,232 | - | - | 1,817,127 | 17,427,476 |
| Leases | 1,764,677 | - | - | - | 40,358 | 1,805,035 |
| Gross Receivables | 16,305,811 | 16,921,085 | 3,457,497 | 1,347,125 | 2,458,243 | 40,489,761 |
| Less Allowance for Uncollectibles | 650,000 | - | - | 444,552 | - | 1,094,552 |
| Net Total Receivables | <u>\$ 15,655,811</u> | <u>\$ 16,921,085</u> | <u>\$ 3,457,497</u> | <u>\$ 902,573</u> | <u>\$ 2,458,243</u> | <u>\$ 39,395,209</u> |

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

NOTE 5 CAPITAL ASSETS

| | Beginning Balance | Increases | Decreases | Transfers | Ending Balance |
|---|-----------------------|-----------------------|-------------------|-------------|-----------------------|
| Governmental Activities: | | | | | |
| Capital Assets Not Being Depreciated: | | | | | |
| Land | \$ 15,854,529 | \$ - | \$ - | \$ - | \$ 15,854,529 |
| Construction in Progress | 24,277,705 | 10,400,273 | - | (7,447,782) | 27,230,196 |
| Total Capital Assets Not Being Depreciated | 40,132,234 | 10,400,273 | - | (7,447,782) | 43,084,725 |
| Capital Assets Being Depreciated: | | | | | |
| Land Improvements | 26,300,736 | 1,642,595 | - | 735,907 | 28,679,238 |
| Buildings and Improvements | 312,808,027 | 2,870,988 | - | 2,018,910 | 317,697,925 |
| Machinery and Equipment | 51,025,334 | 3,297,962 | 412,976 | 493,092 | 54,403,412 |
| Infrastructure | 138,219,211 | 2,754,232 | - | 4,199,873 | 145,173,316 |
| Total Capital Assets Being Depreciated | 528,353,308 | 10,565,777 | 412,976 | 7,447,782 | 545,953,891 |
| Less Accumulated Depreciation for: | | | | | |
| Land Improvements | 12,996,256 | 1,103,870 | - | - | 14,100,126 |
| Buildings and Improvements | 103,759,039 | 7,631,277 | - | - | 111,390,316 |
| Machinery and Equipment | 40,239,163 | 2,045,455 | 388,591 | - | 41,896,027 |
| Infrastructure | 96,493,506 | 2,635,183 | - | - | 99,128,689 |
| Total Accumulated Depreciation | 253,487,964 | 13,415,785 | 388,591 | - | 266,515,158 |
| Total Capital Assets Being Depreciated, Net | 274,865,344 | (2,850,008) | 24,385 | 7,447,782 | 279,438,733 |
| Governmental Activities Capital Assets, Net | <u>\$ 314,997,578</u> | <u>\$ 7,550,265</u> | <u>\$ 24,385</u> | <u>\$ -</u> | <u>\$ 322,523,458</u> |
| Business-Type Activities: | | | | | |
| Capital Assets Not Being Depreciated: | | | | | |
| Construction in Progress | \$ 5,413,211 | \$ 255,579 | \$ 324,424 | \$ - | \$ 5,344,366 |
| Capital Assets Being Depreciated: | | | | | |
| Land Improvements | 2,148,942 | - | - | - | 2,148,942 |
| Buildings and Improvements | 71,576,138 | - | - | - | 71,576,138 |
| Machinery and Equipment | 8,411,961 | 392,171 | - | - | 8,804,132 |
| Infrastructure | 44,258,119 | - | - | - | 44,258,119 |
| Total Capital Assets Being Depreciated | 126,395,160 | 392,171 | - | - | 126,787,331 |
| Less Accumulated Depreciation for: | | | | | |
| Land Improvements | 2,144,481 | 4,461 | - | - | 2,148,942 |
| Buildings and Improvements | 53,051,106 | 3,164,493 | - | - | 56,215,599 |
| Machinery and Equipment | 7,005,012 | 206,486 | - | - | 7,211,498 |
| Infrastructure | 15,956,731 | 615,860 | - | - | 16,572,591 |
| Total Accumulated Depreciation | 78,157,330 | 3,991,300 | - | - | 82,148,630 |
| Total Capital Assets Being Depreciated, Net | 48,237,830 | (3,599,129) | - | - | 44,638,701 |
| Business-Type Activities Capital Assets, Net | <u>\$ 53,651,041</u> | <u>\$ (3,343,550)</u> | <u>\$ 324,424</u> | <u>\$ -</u> | <u>\$ 49,983,067</u> |

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

NOTE 5 CAPITAL ASSETS (CONTINUED)

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

| | |
|---|----------------------|
| Governmental Activities: | |
| General Government | \$ 520,678 |
| Human Development | 399,707 |
| Physical Development | 4,014,321 |
| Public Safety | 1,342,427 |
| Education | 7,138,652 |
| Total Depreciation Expense - Governmental Activities | <u>\$ 13,415,785</u> |

| | |
|--|---------------------|
| Business-Type Activities: | |
| Waste Operating | \$ 3,735,586 |
| Short Beach Golf Course | 29,012 |
| Emergency Medical Services | 226,702 |
| Total Depreciation Expense - Business-Type Activities | <u>\$ 3,991,300</u> |

NOTE 6 INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The composition of interfund balances as of June 30, 2024 is as follows:

| Receivable Fund | Payable Fund | Amount |
|------------------|--------------------------|----------------------|
| General Fund | Nonmajor Special Revenue | \$ 516,982 |
| General Fund | Nonmajor Enterprise | 4,263,114 |
| General Fund | Capital Projects | 18,626,641 |
| Internal Service | Capital Projects | 4,925,000 |
| Total | | <u>\$ 28,331,737</u> |

Interfund balances are a result of temporary loans to various funds.

Interfund transfers for the year ended June 30, 2024 are as follows:

| | Transfers In | | | | Total Transfers Out |
|----------------------|-------------------|---------------------|--------------------------|------------------------|------------------------|
| | General | Capital Projects | Nonmajor Governmental | Nonmajor Enterprise | |
| Transfers Out: | | | | | |
| General Fund | \$ - | \$ 250,000 | \$ 100,000 | \$ 450,000 | \$ 800,000 |
| Waste Operating Fund | 900,000 | - | - | - | 900,000 |
| Total Transfers In | <u>\$ 900,000</u> | <u>\$ 250,000</u> | <u>\$ 100,000</u> | <u>\$ 450,000</u> | <u>\$ 1,700,000</u> |

All transfers are for regularly recurring operational transfers. These transfers represent revenue sources from the General Fund for capital improvement programs and various nonmajor governmental fund activities, and transfer of unrestricted revenue from enterprise funds and nonmajor governmental funds to the General Fund to finance various programs in accordance with budget authorizations.

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

NOTE 7 LONG-TERM DEBT

Changes in Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2024 was as follows:

| | Beginning Balance | Additions | Reductions | Ending Balance | Due Within One Year |
|--|-----------------------|----------------------|----------------------|-----------------------|------------------------|
| Governmental Activities: | | | | | |
| Bonds Payable: | | | | | |
| General Obligation Bonds | \$ 266,854,480 | \$ 20,000,000 | \$ 21,159,239 | \$ 265,695,241 | \$ 21,335,239 |
| Premium on General Obligation Bonds | 12,492,502 | 2,323,460 | 1,700,128 | 13,115,834 | - |
| Claims and Judgments | 1,000,000 | - | - | 1,000,000 | - |
| Compensated Absences | 12,263,060 | 20,919,638 | 20,678,437 | 12,504,261 | 3,751,278 |
| Landfill Monitoring Closure and Postclosure Costs | 9,258,059 | 259,449 | - | 9,517,508 | - |
| Net Pension Liability | 72,654,779 | 1,624,422 | - | 74,279,201 | - |
| Net OPEB Liability | 196,921,599 | - | 3,331,010 | 193,590,589 | - |
| Risk Management | 13,726,862 | 1,267,446 | 851,000 | 14,143,308 | 963,000 |
| Governmental Activities Long-Term Liabilities * | <u>\$ 585,171,341</u> | <u>\$ 46,394,415</u> | <u>\$ 47,719,814</u> | <u>\$ 583,845,942</u> | <u>\$ 26,049,517</u> |
| Business-Type Activities: | | | | | |
| General Obligation Bonds Payable | \$ 694,387 | \$ - | \$ 261,122 | \$ 433,265 | \$ 165,122 |
| Direct Borrowing Notes Payable | 39,873,795 | - | 3,790,052 | 36,083,743 | 3,844,756 |
| Compensated Absences | 424,464 | 1,094,137 | 971,852 | 546,749 | 164,024 |
| Net Pension Liability | 2,192,367 | 49,018 | - | 2,241,385 | - |
| Net OPEB Liability | 5,240,364 | - | 578,910 | 4,661,454 | - |
| Business-Type Activities Long-Term Liabilities | <u>\$ 48,425,377</u> | <u>\$ 1,143,155</u> | <u>\$ 5,601,936</u> | <u>\$ 43,966,596</u> | <u>\$ 4,173,902</u> |

For governmental activities, claims and judgments, compensated absences, landfill post-closure costs, risk management, net pension and OPEB liabilities are generally liquidated by the General Fund.

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

NOTE 7 LONG-TERM DEBT (CONTINUED)

General Obligation Bonds

The Town issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities.

General obligation bonds are direct obligations of the Town for which full faith and credit are pledged and are payable from taxes levied on all taxable properties located within the Town. The Town is liable for all outstanding bonds. General obligation bonds currently outstanding are as follows:

| Description | Balance Outstanding June 30, 2024 |
|---|---|
| Governmental Activities: | |
| School bonds with interest rates ranging from 2.0% to 5.0% and varying expiration dates ranging from June 2030 to January 2044 | \$ 94,168,097 |
| General obligation pension bonds with interest rates ranging from 0.5% to 5.0% and varying expiration dates from August 2030 to August 2038 | 102,965,000 |
| General obligation bonds with interest rates ranging from 2.0% to 5.0% and varying expiration dates from June 2030 to January 2044 | 68,562,144 |
| Total Governmental Activities | <u>\$ 265,695,241</u> |
| Business-Type Activities: | |
| EMS Bonds with interest rates ranging from 2.0% to 5.0% and an expiration date of August 2025 | \$ 245,000 |
| WPCA Bonds with interest rates ranging from 1.0% to 5.0% and an expiration date of June 2030 | 188,265 |
| Total Business-Type Activities | <u>\$ 433,265</u> |

Annual debt service requirements to maturity for general obligation bonds are as follows:

Governmental Activities

| Fiscal Year Ending June 30, | Principal | Interest | Total |
|-----------------------------|-----------------------|----------------------|-----------------------|
| 2025 | \$ 21,335,239 | \$ 10,650,493 | \$ 31,985,732 |
| 2026 | 21,265,238 | 9,966,562 | 31,231,800 |
| 2027 | 19,425,239 | 9,372,828 | 28,798,067 |
| 2028 | 19,115,238 | 8,778,074 | 27,893,312 |
| 2029 | 18,835,239 | 8,164,499 | 26,999,738 |
| 2030-2034 | 86,474,048 | 30,324,040 | 116,798,088 |
| 2035-2039 | 70,350,000 | 11,149,641 | 81,499,641 |
| 2040-2044 | 8,895,000 | 1,008,700 | 9,903,700 |
| Total | <u>\$ 265,695,241</u> | <u>\$ 89,414,837</u> | <u>\$ 355,110,078</u> |

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

NOTE 7 LONG-TERM DEBT (CONTINUED)

General Obligation Bonds (Continued)

Business-Type Activities

| <u>Fiscal Year Ending June 30,</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|------------------------------------|-------------------|------------------|-------------------|
| 2025 | \$ 165,122 | \$ 7,696 | \$ 172,818 |
| 2026 | 140,123 | 5,477 | 145,600 |
| 2027 | 30,122 | 3,904 | 34,026 |
| 2028 | 30,122 | 2,927 | 33,049 |
| 2029 | 30,123 | 1,952 | 32,075 |
| 2030-2034 | 37,653 | 976 | 38,629 |
| Total | <u>\$ 433,265</u> | <u>\$ 22,932</u> | <u>\$ 456,197</u> |

Bonds Authorized but Unissued

The total of authorized but unissued bonds at June 30, 2024 are as follows:

| | |
|-----------------|----------------------|
| General Purpose | \$ 18,305,424 |
| School | 8,574,286 |
| Sewers | 1,527,141 |
| Total | <u>\$ 28,406,851</u> |

Direct Borrowing Notes Payable

The state of Connecticut under the Clean Water Fund Program issued these serial notes outstanding. The proceeds financed the Water Pollution Control Facility. The obligation will be paid from future user fees. The notes carry interest rates of 2%.

Direct borrowing notes payable to the state of Connecticut mature as follows:

| <u>Fiscal Year Ending June 30,</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|------------------------------------|----------------------|---------------------|----------------------|
| 2025 | \$ 3,844,756 | \$ 686,518 | \$ 4,531,274 |
| 2026 | 3,897,712 | 609,129 | 4,506,841 |
| 2027 | 3,905,546 | 530,845 | 4,436,391 |
| 2028 | 3,894,412 | 453,104 | 4,347,516 |
| 2029 | 3,948,369 | 374,723 | 4,323,092 |
| 2030-2034 | 7,027,103 | 1,270,423 | 8,297,526 |
| 2035-2039 | 6,105,859 | 656,379 | 6,762,238 |
| 2040-2042 | 3,459,986 | 100,916 | 3,560,902 |
| Total | <u>\$ 36,083,743</u> | <u>\$ 4,682,037</u> | <u>\$ 40,765,780</u> |

The Town's outstanding notes from direct borrowing notes payable contain provisions that in an event of default, the State may declare that the outstanding principal and interest are immediately due and payable in full automatically without further notice or demand of any kind. Additionally, and the State may be entitled to injunctive relief from the Town in the event of default.

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

NOTE 7 LONG-TERM DEBT (CONTINUED)

Debt Limitation

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

| Category | Debt Limit | Net Indebtedness | Balance |
|-------------------------------------|-------------------------|-----------------------|-------------------------|
| General Purpose | \$ 445,059,756 | \$ 86,867,568 | \$ 358,192,188 |
| Schools | 890,119,512 | 122,027,383 | 768,092,129 |
| Sewer and Water | 741,766,260 | 37,799,149 | 703,967,111 |
| Urban Renewal | 642,864,092 | - | 642,864,092 |
| Unfunded Pension Benefit Obligation | 593,413,008 | 102,965,000 | 490,448,008 |
| Total | <u>\$ 3,313,222,628</u> | <u>\$ 349,659,100</u> | <u>\$ 2,963,563,528</u> |

The total overall statutory debt limit for the Town does not exceed the legal debt limitation that is equal to seven times annual receipts from taxation (\$1.38 billion).

Bond Anticipation Notes Payable

Bond anticipation notes outstanding at June 30, 2024 were as follows:

| | Amount |
|------------------------------|----------------------|
| Notes Payable, July 1, 2023 | \$ 21,085,000 |
| Notes Issued | 38,570,000 |
| Notes Retired | (40,370,000) |
| Notes Payable, June 30, 2024 | <u>\$ 19,285,000</u> |

During the year, the Town issued bond anticipation notes. These notes serve as temporary financing for various public improvements and school projects.

- \$19,285,000 in notes dated October 3, 2023, which matured on January 30, 2024. The notes carried an interest rate of 5.0%.
- \$19,285,000 in notes dated January 30, 2024, which matured on January 29, 2025. The notes carried an interest rate of 4.5%.

Landfill Post-Closure Care Costs

State and federal laws and regulations require that the Town place a final cover on its closed landfill and perform certain maintenance and monitoring functions at the landfill site for 30 years after closure. The estimated total current cost of the landfill post closure care, aggregating \$9,517,508, is based on the amount estimated to be paid for all equipment, facilities and services required to cap, monitor, and maintain the landfills as of June 30, 2024. However, the actual cost of post closure care may be higher due to inflation, changes in technology or changes in landfill laws and regulations. Costs will be funded through the issuance of general obligation bonds and state and federal grants. The Town is currently in discussions with the Department of Environmental Protection to develop and implement a superfund site plan, which needs to occur prior to the capping process. Therefore, there is no current portion of the liability reflected in the financial statements. Once an agreement is established the current portion will be reported.

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

NOTE 8 FUND BALANCE

The components of fund balance for the governmental funds as of June 30, 2024 are as follows:

| | General Fund | Capital Projects | Nonmajor Governmental Funds | Total |
|------------------------|----------------------|-----------------------|-----------------------------------|----------------------|
| Fund Balances: | | | | |
| Nonspendable: | | | | |
| Inventory and Prepaids | \$ 7,993 | \$ - | \$ 81,825 | \$ 89,818 |
| Nonexpendable Trusts | - | - | 3,035,915 | 3,035,915 |
| Restricted for: | | | | |
| Debt Service | - | - | 958,259 | 958,259 |
| Education | 2,000,000 | - | 2,307,578 | 4,307,578 |
| Human Development | - | - | 232,433 | 232,433 |
| Physical Development | - | - | 2,107,900 | 2,107,900 |
| Committed to: | | | | |
| General Government | - | - | 97,470 | 97,470 |
| Education | - | - | 883,183 | 883,183 |
| Human Development | - | - | 882,304 | 882,304 |
| Physical Development | - | - | 1,120,589 | 1,120,589 |
| Public Safety | - | - | 1,718,139 | 1,718,139 |
| Student Activities | - | - | 323,068 | 323,068 |
| Capital Projects | - | 37,251,851 | - | 37,251,851 |
| Assigned to: | | | | |
| Education Encumbrances | 32,195 | - | - | 32,195 |
| Unassigned | 25,617,357 | (44,008,665) | (1,082,629) | (19,473,937) |
| Total Fund Balances | <u>\$ 27,657,545</u> | <u>\$ (6,756,814)</u> | <u>\$ 12,666,034</u> | <u>\$ 33,566,765</u> |

Encumbrances of approximately \$32,195 at June 30, 2024 are contained in the above table in the assigned category of the General Fund. The fund balance of the General Fund also includes \$2,000,000 which is restricted for the Board of Education's nonlapsing account based on Connecticut General Statutes §10-248a.

NOTE 9 EMPLOYEE RETIREMENT PLAN

Employee Defined Benefit Pension Plan

A. Plan Description

The Town is the administrator of a single-employer defined benefit public employee retirement system (PERS) established and administered by the Town to provide pension benefits for its employees. The PERS is considered to be a part of the Town's financial reporting entity and is included in the Town's financial reports as the Defined Benefit Pension Trust Fund. Stand-alone plan reports are not available.

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

NOTE 9 EMPLOYEE RETIREMENT PLAN (CONTINUED)

Employee Defined Benefit Pension Plan (Continued)

A. Plan Description (Continued)

As of July 1, 2022, the date of the most recent actuarial valuation, membership consisted of the following:

| | |
|---------------------------------------|------------|
| Actives | 162 |
| Terminated Vested and Other Inactives | 13 |
| Retirees and Beneficiaries | 652 |
| Total | <u>827</u> |

The Town covers all full-time salaried Town employees, noncertified employees of the Board of Education and all full-time uniformed and investigative employees classified as police officers and firefighters. The Town provides all retirement, death and disability benefits through a single employer, contributory, defined benefit plan. Under the plan, all employees are eligible to join after their probationary period.

B. Summary of Significant Accounting Policies and Plan Asset Matters

Basis of Accounting

Plan financial statements are prepared using the accrual basis of accounting. Employee and employer contributions are recognized as revenues in the period in which employee services are performed. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. Administrative costs are funded with investment earnings of the plan.

Method Used to Value Investments

Investments are reported at fair value. Investment income is recognized when earned and gains and losses on sales or exchanges of investments are recognized on the transaction date. Unrealized gains and losses due to appreciation and depreciation of Plan assets are also recognized at fiscal year-end.

C. Funding Policy

The PERS is a contributory defined benefit plan. Participants in the State Teachers' Retirement System and officials elected by popular vote are excluded. Employees hired after age 45 are also excluded, but included in a separate defined contribution plan. Also, police and firefighters are included in a separate defined contribution annuity plan as well as the defined benefit plan.

Under the Town's defined benefit plan, all employees hired and working 20 hours or more per week are eligible. Employees are 100% vested after 10 years of service. The retirement benefit is calculated at 2.4% of average compensation during the 24 months immediately prior to retirement multiplied by up to 25 years of service. The calculation for service over 25 years varies by union contract. Employees are required to contribute 8% of their salaries to the defined benefit plan except for police hired after October 17, 1996, who contribute 7%.

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

NOTE 9 EMPLOYEE RETIREMENT PLAN (CONTINUED)

Employee Defined Benefit Pension Plan (Continued)

C. Funding Policy (Continued)

If an employee leaves covered employment or dies before 10 years of service, accumulated employee contributions and related investment earnings are refunded. The Town is required to contribute the remaining amounts necessary to finance the coverage for its employees. Benefits and contributions are established by the Town and may be amended only by the Town Council and Union negotiations.

D. Investments Investment Policy

The pension plan's policy, in regard to the allocation of invested assets, is established and may be amended by the Pension Board. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the pension plan. The following was the adopted allocation policy as of June 30, 2024.

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 return for each major asset class are included in the pension plan's target asset allocation as of June 30, 2024, and are also summarized in the following table:

| <u>Asset Class</u> | <u>Target Allocation</u> | <u>Long-Term Expected Rate of Return</u> |
|----------------------------------|--------------------------|--|
| US Cash | 2.5 % | 0.91 % |
| US Core Fixed Income (Aggregate) | 25.0 | 2.36 |
| US High Yield Bonds | 5.0 | 3.87 |
| US Large Cap Equity | 22.5 | 3.80 |
| US Mid Cap Equity | 10.0 | 3.90 |
| US Small Cap Equity | 5.0 | 4.41 |
| Non-US Equity | 17.5 | 5.75 |
| Emerging Markets Equity | 10.0 | 6.21 |
| US REITs | 2.5 | 4.72 |
| Total | <u>100.0 %</u> | |

Concentrations

The following investments have a fair value of more than 5% of the Town's PERS.

| <u>Concentration</u> | <u>Percentage</u> |
|--------------------------------------|-------------------|
| Pension: | |
| Prime Property Fund LLC | 8.1 % |
| U.S. Real Estate Investment Fund LLC | 6.5 |

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

NOTE 9 EMPLOYEE RETIREMENT PLAN (CONTINUED)

Employee Defined Benefit Pension Plan (Continued)

D. Investments Investment Policy (Continued)

Rate of Return

For the year ended June 30, 2024, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 5.17%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Deferred Retirement Option Plan (DROP)

The Town offers a DROP to bargaining unit members employed on or after July 1, 2001. Any bargaining unit member who is a member of the Retirement Plan for full-time employees of the police Department of the Town upon completing his/her 25th year of service may elect the DROP at any time up to and through the completion of his/her 29th year of service. No bargaining unit member may elect the DROP after the completion of his/her 29th year of service. Upon the election of the DROP, no further pension benefits will accrue. During the DROP period, the employee's monthly pension benefits will be made to the employee's separately designated DROP account equal to 96% of the pension payment the employee was entitled to receive had that employee not elected the DROP. Upon separation from Town service, the monthly pension benefit shall increase to 100% of the monthly pension payment. During the DROP period, the employee will continue to make employee contributions equivalent to the amounts in effect at the time the DROP was elected, and these contributions will be made to the Town's Pension Fund, not the member's separate DROP account. The DROP period has a minimum length of one year and a maximum of five years. At June 30, 2024, there is one member participating in the DROP. The DROP account balance is \$271,566 at June 30, 2024.

Net Pension Liability of the Town

The components of the net pension liability of the Town at June 30, 2024 were as follows:

| | |
|---|----------------------|
| Total Pension Liability | \$ 334,410,562 |
| Plan Fiduciary Net Position | 257,889,976 |
| Net Pension Liability | <u>\$ 76,520,586</u> |
| | |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability | 77.12 % |

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

NOTE 9 EMPLOYEE RETIREMENT PLAN (CONTINUED)

Employee Defined Benefit Pension Plan (Continued)

E. Actuarial Assumptions

The total pension liability for the plan was determined by an actuarial valuation as of July 1, 2022, using the following actuarial assumptions, applied to all periods included in the measurement:

| | |
|---------------------------|---|
| Inflation | 2.50 % |
| Salary Increases | 3.75 % for Police and Fire, rates that vary by age for all others |
| Investment Rate of Return | 6.75 % |

Pension plan mortality rates were based on the Pub-2010 Mortality (Public Safety variant for Police, Fire and Public Works employees and General variant for all others) with generational projection per MP 2021 Ultimate Scale.

F. Discount Rate

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that Town contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

G. Changes in the Net Pension Liability

| | Increase (Decrease) | | |
|--|-------------------------|-----------------------------|-----------------------|
| | Total Pension Liability | Plan Fiduciary Net Position | Net Pension Liability |
| | (a) | (b) | (a)-(b) |
| Balances as of July 1, 2023 | \$ 336,566,774 | \$ 261,719,628 | \$ 74,847,146 |
| Changes for the Year: | | | |
| Service Cost | 2,709,261 | - | 2,709,261 |
| Interest on Total Pension Liability | 22,116,741 | - | 22,116,741 |
| Effect of Economic/Demographic Gains or Losses | (3,355,207) | - | (3,355,207) |
| Employer Contributions | - | 5,610,521 | (5,610,521) |
| Member Contributions | - | 1,164,349 | (1,164,349) |
| Net Investment Income | - | 13,170,732 | (13,170,732) |
| Benefit Payments, Including Refund of Employee Contributions | (23,627,007) | (23,627,007) | - |
| Administrative Expenses | - | (148,247) | 148,247 |
| Net Changes | (2,156,212) | (3,829,652) | 1,673,440 |
| Balances as of June 30, 2024 | \$ 334,410,562 | \$ 257,889,976 | \$ 76,520,586 |

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

NOTE 9 EMPLOYEE RETIREMENT PLAN (CONTINUED)

Employee Defined Benefit Pension Plan (Continued)

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

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

| | 1% Decrease (5.75%) | Current Discount Rate (6.75%) | 1% Increase (7.75%) |
|-----------------------|------------------------|-------------------------------------|------------------------|
| Net Pension Liability | \$ 111,465,673 | \$ 76,520,586 | \$ 46,856,052 |

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

For the year ended June 30, 2024, the Town recognized pension expense of \$5,658,565. At June 30, 2024, the Town reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|--------------------------------------|-------------------------------------|
| Difference Between Expected and Actual Experience | \$ - | \$ 1,118,402 |
| Net Difference Between Projected and Actual Earnings on Pension Plan Investments | 11,991,390 | - |
| Total | <u>\$ 11,991,390</u> | <u>\$ 1,118,402</u> |

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

| <u>Year Ending June 30,</u> | <u>Pension Expense</u> |
|-----------------------------|----------------------------|
| 2025 | \$ (1,873,431) |
| 2026 | 9,732,433 |
| 2027 | 2,228,807 |
| 2028 | 785,179 |
| Total | <u>\$ 10,872,988</u> |

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

NOTE 9 EMPLOYEE RETIREMENT PLAN (CONTINUED)

Connecticut Teachers Retirement System – Pension

A. 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.

B. Benefit Provisions

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

Normal Retirement

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

Early Retirement

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

Disability Retirement

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

C. Contributions

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

Employer (School Districts)

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

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

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

NOTE 9 EMPLOYEE RETIREMENT PLAN (CONTINUED)

Connecticut Teachers Retirement System – Pension (Continued)

C. Contributions (Continued)

Employer (School Districts) (Continued)

For the year ended June 30, 2024, the amount of “on-behalf” contributions made by the State was \$20,647,061 and is recognized in the General Fund as intergovernmental revenues and education expenditures.

Employees

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

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

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

| | |
|--|-----------------------|
| Town's Proportionate Share of the Net Pension Liability | \$ - |
| State's Proportionate Share of the Net Pension Liability | |
| Associated with the Town | 222,523,618 |
| Total | <u>\$ 222,523,618</u> |

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

For the year ended June 30, 2024, the Town recognized pension expense and revenue of \$21,305,348 in Exhibit II for on-behalf amounts for the benefits provided by the State.

D. Actuarial Assumptions

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

| | |
|---------------------------|---|
| Inflation | 2.50 % |
| Salary Increases | 3.00 %-6.50 %, including inflation |
| Investment Rate of Return | 6.90 %, net of pension plan investment expense, including inflation |

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

NOTE 9 EMPLOYEE RETIREMENT PLAN (CONTINUED)

Connecticut Teachers Retirement System – Pension (Continued)

D. Actuarial Assumptions (Continued)

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

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

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% and a maximum of 5% per annum.

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

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

Long-Term Rate of Return

The long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

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

NOTE 9 EMPLOYEE RETIREMENT PLAN (CONTINUED)

Connecticut Teachers Retirement System – Pension (Continued)

D. Actuarial Assumptions (Continued)

Long-Term Rate of Return (Continued)

The current capital market assumptions and the target allocation as provided by the state of Connecticut treasurer's office are summarized in the following table:

| Asset Class | Expected Return | Target Allocation |
|--------------------------------------|--------------------|----------------------|
| Global Equity | 6.80 % | 37.00 % |
| Public Credit | 2.90 | 2.00 |
| Core Fixed Income | 0.40 | 13.00 |
| Liquidity Fund | (0.40) | 1.00 |
| Risk Mitigation | 0.10 | 5.00 |
| Private Equity | 11.20 | 15.00 |
| Private Credit | 6.10 | 10.00 |
| Real Estate | 6.20 | 10.00 |
| Infrastructure and Natural Resources | 7.70 | 7.00 |
| Total | | <u>100.00 %</u> |

E. Discount Rate

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

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

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

G. 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.

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

NOTE 9 EMPLOYEE RETIREMENT PLAN (CONTINUED)

Connecticut Teachers Retirement System – Pension (Continued)

H. 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 Pension Plan

The Town administers a money purchase 401a defined contribution pension plan that was opened to new members and contributions beginning in 1999. Employees are vested after five years of service with the Town and contribute between 6-8% annually, depending on the union, with a 100% variable employer match.

The Town also administers a profit sharing 401a defined contribution pension plan for at will employees that was opened in 2022. All participants are 100% vested in the plan. Participants contribute between 6-8% annually, with a 100% variable employer match.

In a defined contribution plan, benefits depend solely on the amounts contributed to the plan plus investment earnings. Plan investments are reported at fair value. Benefits and contributions are established by the Town and may be amended by the Town Council and union negotiations. The Town's contributions to the 401a plans for the fiscal year ended June 30, 2024 totaled \$2,158,350.

NOTE 10 OTHER POSTEMPLOYMENT BENEFITS PLAN

A. Plan Description

The Town, in accordance with various collective bargaining agreements, provides retiree medical benefits for the lifetime of the retired member and covered dependents. The single-employer plan covers Town, Board of Education, police, and fire employees as further defined in collective bargaining agreements and other written materials. Eligibility and premium sharing information is detailed in the various collective bargaining agreements. The Town does not issue separate stand-alone financial statements for the plan. At July 1, 2022, plan membership consisted of the following:

| | |
|----------------------------|--------------|
| Active Members | 1,160 |
| Retired Members | 934 |
| Beneficiaries | 76 |
| Spouses of Retired Members | 281 |
| Total Participants | <u>2,451</u> |

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

NOTE 10 OTHER POSTEMPLOYMENT BENEFITS PLAN (CONTINUED)

B. Funding Policy

The Town has established an OPEB Trust Fund and makes contributions to the fund from various other fund types. This trust fund was opened for the purpose of segregating balances for postemployment benefits. The contribution requirements of plan members and the Town are negotiated with the various unions representing the employees. Retired plan members and beneficiaries currently receiving benefits are required to contribute specified amounts monthly towards the cost of health insurance premiums as follows:

Town Hall

Generally, retirees and their dependents are covered after 23 years of continuous service by the retiree and, if hired after July 1, 1977, age 50, or 5 years of service and age 55.

Medical Benefits:

Retire prior to July 1, 1986 - Town pays 100% of the cost for the retiree and 50% of the cost for the dependents.

Retire after July 1, 1986 and prior to signing of 1987-1990 collective bargaining agreement - Town pays 75% of the cost for the retiree and 50% of the cost for the dependents.

Retire after signing of 1987-1990 collective bargaining agreement - Town pays 100% of the cost for the retiree and 50% of the cost for the dependents.

Life Insurance:

Retire before September 1, 1999 - \$5,000 until age 65.

Retire after September 1, 1999 - \$25,000 until age 70, \$5,000 thereafter.

Police

Generally, retirees and their dependents are covered after 25 years of service.

Medical Benefits:

Town pays 100% of the cost for the retiree and 50% of the cost for the dependents.

Life Insurance:

\$5,000 until age 65.

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

NOTE 10 OTHER POSTEMPLOYMENT BENEFITS PLAN (CONTINUED)

B. Funding Policy (Continued)

Firefighters

Generally, retirees and their dependents are covered after 25 years of service.

Medical Benefits:

Retire prior to July 1, 1987 - Benevolent Society pays 100% of the cost for the retiree and 50% of the cost for the dependents.

Retire after July 1, 1987 and prior to July 1, 1989 - Town pays 50% of the cost for the retiree and 50% of the cost for the dependents.

Retire on or after July 1, 1989 - Town pays 100% of the cost for the retiree and 50% of the cost for the dependents.

Public Works

Generally, retirees and their dependents are covered after 23 years of continuous service by retiree and, if hired after July 1, 1985, age 50, or 5 years of service and age 55.

Medical Benefits:

Retire prior to July 1, 1985 - Town pays 50% of the cost for the retiree and 50% of the cost for the dependents.

Retire after July 1, 1985 and prior to July 1, 1986 - Town pays 100% of the cost for the retiree and 50% of the cost for the dependents.

Retire after July 1, 1986 and prior to July 1, 1987 - Town pays 75% of the cost for the retiree and 50% of the cost for the dependents.

Retire on or after July 1, 1987 - Town pays 100% of the cost for the retiree and 50% of the cost for the dependents.

Life Insurance:

\$5,000 until age 65.

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

NOTE 10 OTHER POSTEMPLOYMENT BENEFITS PLAN (CONTINUED)

B. Funding Policy (Continued)

Supervisors

Generally, retirees and their dependents are covered after 23 years of continuous service by retiree and, if hired after April 1, 1985, age 50, or 5 years of service and age 55.

Medical Benefits:

Retire prior to July 2, 1985 - Town pays 50% of the cost for the retiree and 50% of the cost for the dependents.

Retire after July 2, 1985 and prior to March 31, 1986 - Town pays 100% of the cost for the retiree and 50% of the cost for the dependents.

Retire after April 1, 1986 and prior to September 4, 1987 - Town pays 75% of the cost for the retiree and 50% of the cost for the dependents.

Retire on or after September 4, 1987 - Town pays 100% of the cost for the retiree and 50% of the cost for the dependents.

Life Insurance:

Retire after August 2, 1985, \$5,000 until age 65.

BOE Custodians

Generally, retirees and their dependents are covered after 23 years of continuous service by retiree and, if hired after April 1, 1985, age 50, or 5 years of service and age 55.

Medical and Dental Benefits:

Board pays 100% of the cost for the retiree and 50% of the cost for the dependents.

Life Insurance:

\$15,000.

BOE Nurses

Generally, retirees and their dependents are covered after 23 years of continuous service by retiree and, if hired after July 1, 1977, age 50, or 5 years of service and age 55.

Medical and Dental Benefits:

Board pays 50% of the cost for the retiree only.

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

NOTE 10 OTHER POSTEMPLOYMENT BENEFITS PLAN (CONTINUED)

B. Funding Policy (Continued)

BOE Administrators

Generally, an administrator retiring under the Connecticut State Teachers Retirement System shall be eligible to receive health benefits for self and spouse.

Normal retirement for administrators is the earliest of age 60 with 20 years of service, or completion of 35 years of service regardless of age. Early retirement is the earliest of age 60 with 10 years of service, any age with 25 years of service, or age 55 with 20 years of service.

Medical and Dental Benefits:

Board pays 50% of the cost for the retiree only.

BOE Paraprofessional/Cafeteria Workers

Generally, retirees and their dependents are covered after 23 years of continuous service by retiree and, if hired after April 1, 1985, age 50, or 5 years of service and age 55.

Medical and Dental Benefits:

Board pays 100% of the cost for the retiree and 50% of the cost for the dependents.

Life Insurance:

\$7,000.

BOE Secretaries

Generally, retirees and their dependents are covered after 23 years of continuous service by retiree and, if hired after April 1, 1985, age 50, or 5 years of service and age 55.

Medical and Dental Benefits:

Board pays 100% of the cost for the retiree and 50% of the cost for the dependents.

Life Insurance:

\$15,000.

BOE Teachers

Generally, a teacher retiring under the Connecticut State Teachers Retirement System shall be eligible to receive benefits for self and spouse at the earliest age of 60 with 20 years of service, or completion of 35 years of service regardless of age. Early retirement is the earliest of age 60 with 10 years of service, any age with 25 years of service, or age 55 with 20 years of service.

Medical and Dental Benefits:

Board pays 50% of the cost for the retirees only.

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

NOTE 10 OTHER POSTEMPLOYMENT BENEFITS PLAN (CONTINUED)

C. Investments

Investment Policy

The OPEB Plan's policy in regard to the allocation of invested assets is established and may be amended by the Board. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the OPEB plan.

Rate of Return

For the year ended June 30, 2024, the annual money-weighted rate of return on investments, net of investment expense, was 14.32%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

D. Net OPEB Liability of the Town

The components of the net OPEB liability of the Town at June 30, 2024, were as follows:

| | |
|-----------------------------|------------------------------|
| Total OPEB Liability | \$ 207,256,005 |
| Plan Fiduciary Net Position | 9,003,962 |
| Net OPEB Liability | <u><u>\$ 198,252,043</u></u> |

| | |
|--|--------|
| Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability | 4.34 % |
|--|--------|

E. Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of July 1, 2022, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

| | |
|-----------------------------|---|
| Inflation | 2.50 % |
| Discount Rate | 3.54 % |
| Discount Rate (Prior) | 3.65 % |
| Healthcare Cost Trend Rates | Varies by Medical Plan, Group, and Age |

Mortality rates for Teachers and Administrators were based on the PubT-2010 Mortality Table for Employees and Health Annuitants (adjusted 105% for males and 103% for females at ages 82 and above) with general projection of future improvements per the MP-2021 Ultimate Scale.

Mortality rates for All Others were based on the Pub-2010 Mortality Table with generational projection per the MP-2021 Ultimate scale, with employee rates before benefit commencement and healthy annuitant rates after benefit commencement. The Public Safety variant was used for the police and fire groups, the general variant was used for all other groups.

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

NOTE 10 OTHER POSTEMPLOYMENT BENEFITS PLAN (CONTINUED)

E. Actuarial Assumptions (Continued)

The actuarial assumptions used in the July 1, 2022 valuation were based on standard tables modified for certain plan features such as eligibility for full and early retirement where applicable and input from the plan sponsor. A full actuarial experience study has not been completed.

The long-term expected rate of return on OPEB plan investments was determined using a building- block method in which best-estimate ranges of expected future real rates of return (expected returns, net of 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 target allocation and best estimates of arithmetic real rates of return for each major asset as of June 30, 2024 are summarized in the following table:

| Asset Class | Target Allocation | Long-Term Expected Rate of Return |
|-------------------------|----------------------|---|
| US Cash | 2.50 % | 0.91 % |
| US Core Fixed Income | 25.00 | 2.36 |
| US High Yield Bonds | 5.00 | 3.87 |
| US Large Cap Equity | 22.50 | 3.80 |
| US Mid Cap Equity | 10.00 | 3.90 |
| US Small Cap Equity | 5.00 | 4.41 |
| Non-US Equity | 17.50 | 5.75 |
| Emerging Markets Equity | 10.00 | 6.21 |
| US REITs | 2.50 | 4.72 |
| Total | <u>100.00 %</u> | |

F. Discount Rate

The discount rate used to measure the total OPEB liability was 3.93% (prior: 3.65%). The projection of cash flows used to determine the discount rate assumed that Town contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB 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 OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

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

NOTE 10 OTHER POSTEMPLOYMENT BENEFITS PLAN (CONTINUED)

G. Changes in OPEB Liability

| | Increase (Decrease) | | |
|---|-------------------------|--------------------------------|-----------------------|
| | Total OPEB Liability | Plan Fiduciary Net Position | Net OPEB Liability |
| | (a) | (b) | (a)-(b) |
| Balances as of July 1, 2023 | \$ 209,942,354 | \$ 7,780,391 | \$ 202,161,963 |
| Changes for the Year: | | | |
| Service Cost | 6,751,173 | - | 6,751,173 |
| Interest on Total OPEB Liability | 7,726,792 | - | 7,726,792 |
| Effect of Assumptions/Changes or Inputs | (7,072,692) | - | (7,072,692) |
| Employer Contributions | - | 10,191,622 | (10,191,622) |
| Net Investment Income | - | 1,123,571 | (1,123,571) |
| Benefit Payments, Including Refund of Employee Contributions | (10,091,622) | (10,091,622) | - |
| Net Changes | (2,686,349) | 1,223,571 | (3,909,920) |
| Balances as of June 30, 2024 | \$ 207,256,005 | \$ 9,003,962 | \$ 198,252,043 |

H. Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

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

| | 1% Decrease (2.93%) | Discount Rate (3.93%) | 1% Increase (4.93%) |
|--------------------|------------------------|--------------------------|------------------------|
| Net OPEB Liability | \$ 225,389,375 | \$ 198,252,043 | \$ 175,824,032 |

I. Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates

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

| | 1% Decrease | Healthcare Cost Trend Rates | 1% Increase |
|--------------------|----------------|--------------------------------|----------------|
| Net OPEB Liability | \$ 170,101,396 | \$ 198,252,043 | \$ 233,328,671 |

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

NOTE 10 OTHER POSTEMPLOYMENT BENEFITS PLAN (CONTINUED)

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

For the year ended June 30, 2024, the Town recognized OPEB expense (revenue) of \$(5,017,422). At June 30, 2024, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|--------------------------------------|-------------------------------------|
| Difference Between Expected and Actual Experience | \$ - | \$ 43,760,906 |
| Changes of Assumptions | 11,743,485 | 36,264,310 |
| Net Difference Between Projected and Actual Earnings on OPEB Plan Investments | - | 781,765 |
| Total | <u>\$ 11,743,485</u> | <u>\$ 80,806,981</u> |

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

| <u>Year Ending June 30.</u> | <u>Amount</u> |
|-----------------------------|------------------------|
| 2025 | \$ (22,416,602) |
| 2026 | (23,397,065) |
| 2027 | (15,961,945) |
| 2028 | (6,887,542) |
| 2029 | (400,342) |
| Total | <u>\$ (69,063,496)</u> |

Other Post Employment Benefit – Connecticut State Teachers Retirement Plan

A. Plan Description

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

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

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

NOTE 10 OTHER POSTEMPLOYMENT BENEFITS PLAN (CONTINUED)

**Other Post Employment Benefit – Connecticut State Teachers Retirement Plan
(Continued)**

B. Benefit Provisions

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

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

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

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

Survivor Health Care Coverage

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

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

NOTE 10 OTHER POSTEMPLOYMENT BENEFITS PLAN (CONTINUED)

**Other Post Employment Benefit – Connecticut State Teachers Retirement Plan
(Continued)**

C. Eligibility

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

Credited Service

One month for each month of service as a teacher in Connecticut public schools, maximum 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

Ten or more years of Credited Service.

D. Contributions

State of Connecticut

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

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

NOTE 10 OTHER POSTEMPLOYMENT BENEFITS PLAN (CONTINUED)

**Other Post Employment Benefit – Connecticut State Teachers Retirement Plan
(Continued)**

D. Contributions (Continued)

Employer (School Districts)

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

For the year ended June 30, 2024, the amount of “on-behalf” contributions made by the State was \$280,966 and is recognized in the General Fund as intergovernmental revenues and education expenditures.

Employees/Retirees

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

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

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

| | |
|---|----------------------|
| Town's Proportionate Share of the Net OPEB Liability | \$ - |
| State's Proportionate Share of the Net OPEB Liability | |
| Associated with the Town | 20,847,407 |
| Total | <u>\$ 20,847,407</u> |

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

For the year ended June 30, 2024, the Town recognized OPEB expense and revenue of \$(2,455,960) in Exhibit II for on-behalf amounts for the benefits provided by the State.

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

NOTE 10 OTHER POSTEMPLOYMENT BENEFITS PLAN (CONTINUED)

**Other Post Employment Benefit – Connecticut State Teachers Retirement Plan
(Continued)**

F. Actuarial Assumptions

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

| | |
|---|--|
| Inflation | 2.50 % |
| Health Care Costs Trend Rate | Known increases until calendar year 2024 then general trend decreasing to an ultimate rate of 4.50 % by 2031 |
| Salary Increases | 3.00 %-6.50 %, including inflation |
| Investment Rate of Return | 3.00 %, net of OPEB plan investment expense, including inflation |
| Year Fund Net Position Will be Depleted | 2028 |

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

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

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

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

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

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

NOTE 10 OTHER POSTEMPLOYMENT BENEFITS PLAN (CONTINUED)

**Other Post Employment Benefit – Connecticut State Teachers Retirement Plan
(Continued)**

G. Discount Rate

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

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

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

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

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

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

I. OPEB Plan Fiduciary Net Position

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

J. 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 STRATFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 11 PENSION AND OPEB TRUST FUNDS COMBINING SCHEDULES

Combining Schedule of Net Position – Trust Funds

| | Pension Trust Fund | OPEB Trust Fund | Total |
|--|--------------------------|-----------------------|----------------|
| Assets: | | | |
| Cash and Cash Equivalents | \$ 5,419,017 | \$ 274,521 | \$ 5,693,538 |
| Investments: | | | |
| Mutual Funds | 5,551,509 | 817,887 | 6,369,396 |
| Common Stock | 132,888,167 | 6,653,626 | 139,541,793 |
| U.S. Government Securities | 14,080,153 | 1,183,154 | 15,263,307 |
| U.S. Government Agencies | 7,138,154 | - | 7,138,154 |
| Corporate Bonds | 43,455,847 | 74,774 | 43,530,621 |
| Alternative Investments | 49,357,129 | - | 49,357,129 |
| Total Assets | 257,889,976 | 9,003,962 | 266,893,938 |
| Net Position: | | | |
| Restricted for Pension and OPEB Benefits | \$ 257,889,976 | \$ 9,003,962 | \$ 266,893,938 |

Combining Schedule of Changes in Net Position – Trust Funds

| | Pension Trust Fund | OPEB Trust Fund | Total |
|---|--------------------------|-----------------------|----------------|
| Additions: | | | |
| Contributions: | | | |
| Plan Members | \$ 1,164,349 | - | \$ 1,164,349 |
| Employer | 5,610,521 | 10,191,622 | 15,802,143 |
| Total Contributions | 6,774,870 | 10,191,622 | 16,966,492 |
| Investment Income: | | | |
| Net Appreciation in Fair Value of Investments | 5,828,999 | 1,085,900 | 6,914,899 |
| Interest and Dividends | 8,035,273 | 37,670 | 8,072,943 |
| Total Investment Income | 13,864,272 | 1,123,570 | 14,987,842 |
| Investment Fees | (693,540) | - | (693,540) |
| Net Investment Income | 13,170,732 | 1,123,570 | 14,294,302 |
| Total Additions | 19,945,602 | 11,315,192 | 31,260,794 |
| Deductions: | | | |
| Benefits | 23,627,007 | 10,091,622 | 33,718,629 |
| Other | 148,247 | - | 148,247 |
| Total Deductions | 23,775,254 | 10,091,622 | 33,866,876 |
| Net Increase (Decrease) | (3,829,652) | 1,223,570 | (2,606,082) |
| Net Position - Beginning of Year | 261,719,628 | 7,780,392 | 269,500,020 |
| Net Position - End of Year | \$ 257,889,976 | \$ 9,003,962 | \$ 266,893,938 |

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

NOTE 12 OTHER INFORMATION

A. Risk Management

The Town is exposed to various risks of loss related to torts; theft of damage to and destruction of assets; error and omissions; injuries to employees; and natural disasters. The Town purchases commercial property, boiler, and machinery insurance for losses in excess of \$50,000 to the Town's real estate, third-party liability insurance up to \$10,000,000 for claims above a \$1,000,000 self-insured retention. These risks are covered by commercial insurance purchased from independent third parties. Settled claims from these risks did not exceed commercial insurance coverage during the three years ended June 30, 2024.

The Town is self-insured for medical, dental, workers' compensation, and heart and hypertension. The Town has opted to manage certain of its risks internally and has set aside assets for claim settlement in its Internal Service Fund.

The Internal Service Fund services employee health and workers' compensation claims for risk of loss. Under the program, the Town is obligated for claim payments. The Town has purchased a stop loss policy for individual claims exceeding \$500,000 for hospital and major medical. All departments of the Town participate in the program and make payments to the Internal Service Fund based on estimates of the amount needed to provide for normal occurrence of claims.

Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that has been incurred but not reported (IBNR). The result of the process to estimate the claims liability is not an exact amount, as it depends on many complex factors, such as inflation, changes in legal doctrines and damage awards. Accordingly, claims are reevaluated periodically to consider the effects of inflation, recent claim settlement trends (including frequency and amount of pay-outs) and other economic and social factors. The estimate of the claims liability also includes amounts for incremental claim adjustment expenses related to specific claims and other claim adjustment expenses regardless of whether allocated to specific claims. Estimated recoveries, for example for salvage or subrogation, are another component of the claims liability estimate. The entire liability is considered to be a current liability because the Town has determined through past experience that materially all of the claims outstanding at year-end are liquidated within the subsequent fiscal year. Changes in the claims liability for the past two years are as follows:

Health Benefit Fund

| <u>Fiscal Year</u> | <u>Claims Payable July 1,</u> | <u>Current Year Claims and Changes in Estimates</u> | <u>Payment of Claims</u> | <u>Claims Payable June 30,</u> |
|--------------------|---------------------------------------|---|------------------------------|--|
| 2023 | \$ 1,086,000 | \$ 7,348,022 | \$ 7,583,022 | \$ 851,000 |
| 2024 | 851,000 | 6,480,935 | 6,368,935 | 963,000 |

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

NOTE 12 OTHER INFORMATION (CONTINUED)

A. Risk Management (Continued)

Workers' Compensation Fund

| Fiscal Year | Claims Payable July 1, | Current Year Claims and Changes in Estimates | Payment of Claims | Claims Payable June 30, |
|-------------|------------------------|--|-------------------|-------------------------|
| 2023 | \$ 13,269,818 | \$ 1,050,295 | \$ 1,444,251 | \$ 12,875,862 |
| 2024 | 12,875,862 | 3,273,148 | 2,968,702 | 13,180,308 |

B. Contingent Liabilities and Commitments Lawsuits

There are several personal injury, negligence and personnel related lawsuits pending against the Town. The outcome and eventual liability of the Town, if any, in these cases is not known at this time.

Based upon consultation with legal counsel, the Town's management estimates that potential claims against the Town not covered by insurance resulting from such litigation would not materially affect the financial position of the Town. The Town has recorded in the government-wide financial statements \$1,000,000 to cover claims not covered by insurance. At this time, the Town has determined that none of the claims outstanding are due within the next 12 months.

Municipal Solid Waste Service Agreement

The Town has entered into a Greater Bridgeport Regional Solid Waste Interlocal Agreement which creates the Greater Bridgeport Regional Solid Waste Committee (Operating Committee) as a public body comprised of various southwest Connecticut municipalities for the purpose of, and with the authority to, contract with a solid waste facility for the disposal of municipal solid waste. Wheelabrator agreed to contract terms of \$61.22 per ton for a term of up to 20 years with a \$1.00 per ton decrease for each new 25,000 tons the Operating Committee attracts and an annual Consumer Price Index escalator at 75% of the change, subject to an executable contract and Wheelabrator Board approvals.

Federal and State Assistance Programs - Compliance Audits

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

NOTE 13 SUBSEQUENT EVENTS

On January 14, 2025, the Town issued \$15,750,000 in General Obligation Bonds that have interest rates between 4.0%-5.0% and a maturity date of January 2045.

On January 14, 2025, the Town issued \$19,285,000 of General Obligation Bond Anticipation Notes that have an interest rate of 4.0%. The notes are due January 28, 2026.

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REQUIRED SUPPLEMENTARY INFORMATION

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

| | Budgeted Amounts | | | Variance |
|-----------------------------------|------------------|----------------|----------------|------------------------|
| | Original | Final | Actual | Positive (Negative) |
| Property Taxes: | | | | |
| Current Levy | \$ 199,182,089 | \$ 199,182,089 | \$ 199,420,789 | \$ 238,700 |
| Arrears | 5,150,000 | 5,150,000 | 4,995,428 | (154,572) |
| Interest and Lien Fees | 565,000 | 565,000 | 570,743 | 5,743 |
| Suspense Taxes | - | - | 89,492 | 89,492 |
| Payments in Lieu of Taxes - Local | 226,500 | 226,500 | 235,880 | 9,380 |
| Total Property Taxes | 205,123,589 | 205,123,589 | 205,312,332 | 188,743 |
| Intergovernmental Revenues: | | | | |
| State: | | | | |
| Education Equalization Grant | 25,147,965 | 25,147,965 | 25,251,674 | 103,709 |
| Special Education | 3,500,000 | 3,500,000 | 3,738,047 | 238,047 |
| Veterans' Additional Relief | 100,000 | 100,000 | 66,332 | (33,668) |
| In Lieu of State Property Tax | 464,767 | 464,767 | 464,767 | - |
| State Disability Exemption | 7,000 | 7,000 | 7,539 | 539 |
| State Health CGS 10-217A | 69,000 | 69,000 | 44,402 | (24,598) |
| State Telecom Personal Property | 85,500 | 85,500 | 158,553 | 73,053 |
| Municipal Grants-in-Aid | 5,784,709 | 5,784,709 | 5,784,708 | (1) |
| State Revenue Sharing | - | - | 1,416,568 | 1,416,568 |
| MV Property Tax Grant | 4,006,239 | 4,006,239 | 4,006,239 | - |
| Airplane Registration Fee | 50,000 | 50,000 | 44,229 | (5,771) |
| Mashantucket Indian Grant | 30,567 | 30,567 | 30,567 | - |
| Total State | 39,245,747 | 39,245,747 | 41,013,625 | 1,767,878 |
| Federal: | | | | |
| Civil Preparedness | 40,000 | 40,000 | 52,379 | 12,379 |
| Total Federal | 40,000 | 40,000 | 52,379 | 12,379 |
| Total Intergovernmental Revenues | 39,285,747 | 39,285,747 | 41,066,004 | 1,780,257 |
| Departmental Revenues: | | | | |
| Education | 63,500 | 63,500 | 59,174 | (4,326) |
| Economic Development | - | - | 4,752 | 4,752 |
| Finance | 375,000 | 375,000 | 272,827 | (102,173) |
| Fire Department | 70,000 | 70,000 | 127,047 | 57,047 |
| Health Department | 93,750 | 93,750 | 101,731 | 7,981 |
| Conservation | 30,000 | 30,000 | 54,147 | 24,147 |
| Planning and Zoning | 95,000 | 95,000 | 106,014 | 11,014 |
| Police Department | 120,000 | 120,000 | 105,929 | (14,071) |
| Public Works | 513,100 | 513,100 | 501,623 | (11,477) |
| Recreation Department | 15,500 | 15,500 | (2,640) | (18,140) |
| Sanitation | 365,000 | 365,000 | 528,334 | 163,334 |
| Senior Services | 7,500 | 7,500 | 9,581 | 2,081 |
| Town Attorney | - | - | 15,176 | 15,176 |
| Town Clerk | 1,582,750 | 1,582,750 | 1,286,951 | (295,799) |
| Total Departmental Revenues | 3,331,100 | 3,331,100 | 3,170,646 | (160,454) |

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

| | Budgeted Amounts | | Actual | Variance Positive (Negative) |
|------------------------------|------------------|----------------|--------------|------------------------------------|
| | Original | Final | | |
| Licenses and Permits: | | | | |
| Building Permits | \$ 874,000 | \$ 874,000 | \$ 1,132,234 | \$ 258,234 |
| Boothe Memorial Park Permits | 30,000 | 30,000 | 29,540 | (460) |
| Street and Sewer Permits | 19,000 | 19,000 | 17,285 | (1,715) |
| Beach Stickers/Concessions | 120,000 | 120,000 | 156,130 | 36,130 |
| Total Licenses and Permits | 1,043,000 | 1,043,000 | 1,335,189 | 292,189 |
| Investment Income | 1,595,000 | 1,595,000 | 4,792,048 | 3,197,048 |
| Other: | | | | |
| Miscellaneous Rental: | | | | |
| Cell Tower Rentals | 170,000 | 170,000 | 127,258 | (42,742) |
| Baldwin Rental | 4,000 | 4,000 | 2,832 | (1,168) |
| Beach House Rental | 20,000 | 20,000 | 20,000 | - |
| Rental Custodian Revenue | 75,000 | 75,000 | 2,912 | (72,088) |
| Other Insurance Recovery | 25,000 | 25,000 | - | (25,000) |
| Traffic Patrol | 10,000 | 10,000 | 16,623 | 6,623 |
| Gain on Sale of Land | 2,500,000 | 2,500,000 | 120,698 | (2,379,302) |
| Miscellaneous | 50,000 | 50,000 | 38,602 | (11,398) |
| Boothe Estates | 110,000 | 110,000 | 106,478 | (3,522) |
| Total Other | 2,964,000 | 2,964,000 | 435,403 | (2,528,597) |
| Total Revenues | 253,342,436 | 253,342,436 | 256,111,622 | 2,769,186 |
| Other Financing Sources: | | | | |
| ARPA Revenue Replacement | - | - | - | - |
| Transfers In | 1,050,000 | 1,050,000 | 900,000 | (150,000) |
| Total | \$ 254,392,436 | \$ 254,392,436 | 257,011,622 | \$ 2,619,186 |

Budgetary revenues are different than GAAP revenues because:

| | |
|---|------------|
| State of Connecticut pension on-behalf contributions related to the Connecticut State Teachers' Retirement System for Town teachers is not budgeted | 20,647,061 |
| State of Connecticut OPEB on-behalf contributions related to the Connecticut State Teachers' Retirement System for Town teachers is not budgeted | 280,966 |
| Lease Revenue | 30,825 |
| Other Unbudgeted Items | 183,867 |
| Revenues Consolidated for GASB Statement No. 54 | 31,789 |

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

\$ 278,186,130

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

| | Budgeted Amounts | | Actual | Variance Positive (Negative) |
|--------------------------------|------------------|------------|------------|------------------------------------|
| | Original | Final | | |
| Administration: | | | | |
| Council Clerk | \$ 98,423 | \$ 98,423 | \$ 82,303 | \$ 16,120 |
| Office of the Mayor | 357,746 | 357,746 | 388,099 | (30,353) |
| Human Resources | 475,530 | 475,530 | 588,039 | (112,509) |
| Town Attorney | 1,963,583 | 1,963,583 | 2,426,804 | (463,221) |
| Chief Administrative Officer | 452,884 | 452,884 | 382,318 | 70,566 |
| Department of Planning | 441,063 | 441,063 | 428,421 | 12,642 |
| Registrar of Voters | 289,745 | 289,745 | 312,385 | (22,640) |
| Town Clerk | 482,448 | 482,448 | 422,563 | 59,885 |
| Town Buildings | 1,292,000 | 1,292,000 | 1,221,307 | 70,693 |
| Agencies | 210,315 | 210,315 | 211,965 | (1,650) |
| Information Technology | 695,045 | 695,045 | 691,103 | 3,942 |
| Total Administration | 6,758,782 | 6,758,782 | 7,155,307 | (396,525) |
| Contingency | 5,556,806 | 5,556,806 | 4,704,729 | 852,077 |
| Employee Benefits | 36,712,429 | 36,712,429 | 36,305,264 | 407,165 |
| Finance: | | | | |
| Administration | 215,637 | 215,637 | 223,602 | (7,965) |
| Accounting | 589,861 | 589,861 | 544,858 | 45,003 |
| Purchasing | 192,404 | 192,404 | 177,122 | 15,282 |
| Tax Assessor | 639,688 | 639,688 | 705,121 | (65,433) |
| Tax Collector | 650,585 | 650,585 | 606,488 | 44,097 |
| Total Finance | 2,288,175 | 2,288,175 | 2,257,191 | 30,984 |
| Human Development: | | | | |
| Community Services | 638,398 | 638,398 | 614,902 | 23,496 |
| Economic Community Development | 293,698 | 293,698 | 289,087 | 4,611 |
| Health Department | 961,583 | 961,583 | 979,471 | (17,888) |
| Recreation Department | 837,843 | 837,843 | 859,372 | (21,529) |
| Senior Services | 646,743 | 646,743 | 648,638 | (1,895) |
| Sterling House | 245,400 | 245,400 | 245,400 | - |
| Stratford Library Association | 3,576,530 | 3,576,530 | 3,556,300 | 20,230 |
| Visiting Nurses Association | 53,500 | 53,500 | 53,500 | - |
| Total Human Development | 7,253,695 | 7,253,695 | 7,246,670 | 7,025 |

**TOWN OF STRATFORD, CONNECTICUT
GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL (CONTINUED)
YEAR ENDED JUNE 30, 2024
(NON-GAAP BUDGETARY BASIS)**

| | Budgeted Amounts | | | Variance Positive (Negative) |
|----------------------------|------------------|-------------|-------------|------------------------------------|
| | Original | Final | Actual | |
| Physical Development: | | | | |
| Public Works: | | | | |
| Administration | \$ 621,113 | \$ 621,113 | \$ 631,202 | \$ (10,089) |
| Building Inspection | 282,799 | 282,799 | 290,492 | (7,693) |
| Building Maintenance | 2,394,142 | 2,394,142 | 2,296,745 | 97,397 |
| Engineering | 402,240 | 402,240 | 307,174 | 95,066 |
| Parks | 3,157,774 | 3,157,774 | 2,922,453 | 235,321 |
| Highways | 3,063,754 | 3,063,754 | 2,853,970 | 209,784 |
| Town garage | 963,245 | 963,245 | 938,811 | 24,434 |
| Sanitation/Refuse | 5,942,368 | 5,942,368 | 5,808,036 | 134,332 |
| Total Physical Development | 16,827,435 | 16,827,435 | 16,048,883 | 778,552 |
| Public Safety: | | | | |
| Fire Department: | | | | |
| Administration | 421,786 | 421,786 | 430,474 | (8,688) |
| Fire Suppression | 14,071,036 | 14,071,036 | 14,774,551 | (703,515) |
| Fire Prevention | 567,919 | 567,919 | 557,478 | 10,441 |
| Communications Center | 1,398,519 | 1,398,519 | 1,368,273 | 30,246 |
| Police Department: | | | | |
| Administration | 712,585 | 712,585 | 724,681 | (12,096) |
| Investigation | 2,287,181 | 2,287,181 | 2,479,225 | (192,044) |
| Patrol | 7,542,709 | 7,542,709 | 7,575,664 | (32,955) |
| Traffic | 702,118 | 702,118 | 788,959 | (86,841) |
| Professional Standards | 816,572 | 816,572 | 799,321 | 17,251 |
| Police Records | 492,058 | 492,058 | 501,405 | (9,347) |
| Total Public Safety | 29,012,483 | 29,012,483 | 30,000,031 | (987,548) |
| Board of Education | 124,902,725 | 124,902,725 | 123,348,778 | 1,553,947 |
| Debt Service: | | | | |
| Bonds Payable: | | | | |
| Principal and Interest | 23,715,600 | 23,715,600 | 21,649,028 | 2,066,572 |
| Total Debt Service | 23,715,600 | 23,715,600 | 21,649,028 | 2,066,572 |
| Total Expenditures | 253,028,130 | 253,028,130 | 248,715,881 | 4,312,249 |

**TOWN OF STRATFORD, CONNECTICUT
GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL (CONTINUED)
YEAR ENDED JUNE 30, 2024
(NON-GAAP BUDGETARY BASIS)**

| | Budgeted Amounts | | Actual | Variance Positive (Negative) |
|-----------------------|-----------------------|-----------------------|--------------|------------------------------------|
| | Original | Final | | |
| Other Financing Uses: | | | | |
| Transfers Out | \$ 1,364,306 | \$ 1,364,306 | \$ 1,364,306 | \$ - |
| Total | <u>\$ 254,392,436</u> | <u>\$ 254,392,436</u> | 250,080,187 | <u>\$ 4,312,249</u> |

Budgetary expenditures are different than GAAP expenditures because:

| | |
|---|------------------|
| State of Connecticut pension on-behalf contributions relative to the Connecticut State Teachers' Retirement System for Town teachers is not budgeted | 20,647,061 |
| State of Connecticut OPEB on-behalf contributions relative to the Connecticut State Teachers' Retirement System for Town teachers is not budgeted | 280,966 |
| Encumbrances for purchases and commitments ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year received for financial reporting purposes. | (32,195) |
| Encumbrances for purchases and commitments ordered in the previous year, that were received and liquidated in the current year are reported for financial statement reporting purposes. | 1,470,530 |
| Other Unbudgeted Items | 109,511 |
| Expenditures and Transfers Consolidated for GASB Statement No. 54 | <u>(423,994)</u> |

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

\$ 272,132,066

TOWN OF STRATFORD, CONNECTICUT
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
PENSION
LAST TEN FISCAL YEARS
(IN THOUSANDS)

| | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
|--|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| Total Pension Liability: | | | | | | | | | | |
| Service Cost | \$ 2,709 | \$ 2,810 | \$ 2,705 | \$ 2,818 | \$ 3,003 | \$ 3,009 | \$ 3,143 | \$ 3,169 | \$ 3,338 | \$ 3,386 |
| Interest | 22,117 | 22,090 | 21,959 | 20,787 | 20,756 | 20,644 | 20,662 | 20,268 | 20,161 | 19,991 |
| Effect of Economic/Demographic Gains or Losses | (3,355) | 922 | 1,113 | (2,018) | - | 1,070 | (1,327) | 4,548 | 1,019 | (1,301) |
| Effect of Assumption Changes or Inputs | - | (1,318) | - | 19,193 | - | - | - | - | - | - |
| Benefit Payments | (23,627) | (24,360) | (23,563) | (23,067) | (23,143) | (22,967) | (22,252) | (22,019) | (21,504) | (20,807) |
| Net Change in Total Pension Liability | (2,156) | 144 | 2,215 | 17,713 | 616 | 1,756 | 226 | 5,966 | 3,014 | 1,269 |
| Total Pension Liability - Beginning | 336,567 | 336,423 | 334,208 | 316,495 | 315,879 | 314,123 | 313,897 | 307,931 | 304,917 | 303,648 |
| Total Pension Liability - Ending (a) | 334,411 | 336,567 | 336,423 | 334,208 | 316,495 | 315,879 | 314,123 | 313,897 | 307,931 | 304,917 |
| Plan Fiduciary Net Position: | | | | | | | | | | |
| Contributions - Employer | 5,611 | 6,262 | 6,859 | 6,610 | 5,349 | 5,400 | 5,644 | 5,385 | 5,393 | 5,221 |
| Contributions - Member | 1,164 | 1,211 | 1,199 | 1,320 | 1,282 | 1,309 | 1,387 | 1,447 | 1,661 | 1,578 |
| Net Investment Income (Loss) | 13,171 | 10,308 | (17,672) | 68,689 | 6,376 | 15,456 | 22,479 | 28,887 | (1,004) | 9,918 |
| Benefit Payments, Including | | | | | | | | | | |
| Refunds of Member Contributions | (23,627) | (24,360) | (23,563) | (23,067) | (23,143) | (22,967) | (22,252) | (22,019) | (21,504) | (20,807) |
| Administrative Expense | (148) | (132) | (154) | (206) | (276) | (326) | (305) | (295) | (264) | (400) |
| Net Change in Plan Fiduciary Net Position | (3,829) | (6,711) | (33,331) | 53,346 | (10,412) | (1,128) | 6,953 | 13,405 | (15,718) | (4,490) |
| Plan Fiduciary Net Position - Beginning | 261,719 | 268,430 | 301,761 | 248,415 | 258,827 | 259,955 | 253,002 | 239,597 | 255,315 | 259,805 |
| Plan Fiduciary Net Position - Ending (b) | 257,890 | 261,719 | 268,430 | 301,761 | 248,415 | 258,827 | 259,955 | 253,002 | 239,597 | 255,315 |
| Net Pension Liability - Ending (a)-(b) | \$ 76,521 | \$ 74,848 | \$ 67,993 | \$ 32,447 | \$ 68,080 | \$ 57,052 | \$ 54,168 | \$ 60,895 | \$ 68,334 | \$ 49,602 |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability | 77.12 % | 77.76 % | 79.79 % | 90.29 % | 78.49 % | 81.94 % | 82.76 % | 80.60 % | 77.81 % | 83.73 % |
| Covered Payroll | \$ 16,470 | \$ 15,704 | \$ 16,509 | \$ 17,810 | \$ 17,810 | \$ 18,713 | \$ 18,756 | \$ 19,912 | \$ 20,317 | \$ 22,237 |
| Net Pension Liability as a Percentage of Covered Payroll | 464.61 % | 476.62 % | 411.85 % | 182.18 % | 382.26 % | 304.88 % | 288.80 % | 305.82 % | 336.34 % | 223.06 % |

**TOWN OF STRATFORD, CONNECTICUT
SCHEDULE OF EMPLOYER CONTRIBUTIONS
PENSION
LAST TEN FISCAL YEARS**

| | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
|--|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Actuarially Determined Contribution | \$ 6,087,126 | \$ 6,243,502 | \$ 6,878,195 | \$ 6,610,201 | \$ 6,241,601 | \$ 6,088,400 | \$ 5,830,217 | \$ 5,470,701 | \$ 5,212,079 | \$ 5,185,559 |
| Contributions in Relation to the Actuarially Determined Contribution | 5,610,521 | 6,262,481 | 6,859,206 | 6,610,201 | 5,348,880 | 5,399,899 | 5,643,634 | 5,385,385 | 5,393,200 | 5,220,969 |
| Contribution Deficiency (Excess) | \$ 476,605 | \$ (18,979) | \$ 18,989 | \$ - | \$ 892,721 | \$ 688,501 | \$ 186,583 | \$ 85,316 | \$ (181,121) | \$ (35,410) |
| Covered Payroll | \$ 16,469,870 | \$ 15,704,334 | \$ 16,508,932 | \$ 17,809,917 | \$ 17,809,917 | \$ 18,713,339 | \$ 18,755,885 | \$ 19,912,480 | \$ 20,317,247 | \$ 22,237,216 |
| Contributions as a Percentage of Covered Payroll | 34.07 % | 39.88 % | 41.55 % | 37.12 % | 30.03 % | 28.86 % | 30.09 % | 27.05 % | 26.54 % | 23.48 % |

Notes to Schedule

Valuation Date: July 1, 2022
Measurement Date: June 30, 2024
Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported.

Methods and Assumptions Used to Determine

Contribution Rate for Most Recent Year:

| | |
|-------------------------------|---|
| Actuarial Cost Method | Entry Age Normal |
| Amortization Method | Level Percent of Payroll, Closed |
| Remaining Amortization Period | 20 years |
| Asset Valuation Method | 5-year, Non-asymptotic, no corridor |
| Inflation | 2.50% |
| Salary Increases | 3.75% for Police and Fire; rates vary by age for all others |
| Investment Rate of Return | 6.75% |
| Retirement Age | Rates vary by length of service for Police and Fire; rates vary by age for all others |
| Mortality | Pub-2010 Mortality (Public Safety variant for Police, Fire and Public Works employees and General variant for all others) with generational projection per MP 2021 Ultimate Scale |

**TOWN OF STRATFORD, CONNECTICUT
SCHEDULE OF INVESTMENT RETURNS
PENSION
LAST TEN FISCAL YEARS**

| | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
|--|--------|--------|---------|---------|--------|--------|--------|---------|---------|--------|
| Annual Money-Weighted Rate of Return, Net of Investment Expense | 5.17 % | 3.94 % | (5.98)% | 28.22 % | 2.53 % | 6.11 % | 9.11 % | 12.38 % | (0.40)% | 3.91 % |

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

| | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
|--|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Town's Proportion of the Net Pension Liability | - % | - % | - % | - % | - % | - % | - % | - % | - % | - % |
| Town's Proportionate Share of the Net Pension Liability | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| State's Proportionate Share of the Net Pension Liability Associated with the Town | 222,523,618 | 241,376,381 | 196,576,197 | 248,199,613 | 221,298,534 | 170,634,027 | 169,755,214 | 179,093,051 | 138,076,507 | 127,624,060 |
| Total | <u>\$ 222,523,618</u> | <u>\$ 241,376,381</u> | <u>\$ 196,576,197</u> | <u>\$ 248,199,613</u> | <u>\$ 221,298,534</u> | <u>\$ 170,634,027</u> | <u>\$ 169,755,214</u> | <u>\$ 179,093,051</u> | <u>\$ 138,076,507</u> | <u>\$ 127,624,060</u> |
| Town's Covered Payroll | \$ 61,741,733 | \$ 60,572,332 | \$ 59,465,140 | \$ 58,257,295 | \$ 56,384,995 | \$ 53,913,000 | \$ 53,337,000 | \$ 51,654,000 | \$ 49,711,000 | \$ 47,921,000 |
| Town's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll | - % | - % | - % | - % | - % | - % | - % | - % | - % | - % |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability | 58.39 % | 54.06 % | 60.77 % | 49.24 % | 52.00 % | 57.69 % | 55.93 % | 52.26 % | 59.50 % | 61.51 % |

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 |
| Amortization Period | 27.8 years |
| Asset Valuation Method | 4-year Smoothed Market |
| Inflation | 2.50% |
| Salary Increase | 3.00%-6.50%, Including Inflation |
| Investment Rate of Return | 6.90%, Net of Investment Related Expense |

Notes:

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

TOWN OF STRATFORD, CONNECTICUT
SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS
OPEB
LAST EIGHT FISCAL YEARS*
(IN THOUSANDS)

| | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 |
|---|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Total OPEB Liability: | | | | | | | | |
| Service Cost | \$ 6,751 | \$ 6,901 | \$ 10,746 | \$ 9,012 | \$ 10,105 | \$ 9,059 | \$ 9,287 | \$ 10,903 |
| Interest | 7,727 | 8,681 | 6,357 | 7,280 | 10,321 | 10,954 | 10,221 | 8,890 |
| Effect of Plan Changes | - | - | - | (4,729) | - | - | - | - |
| Economic/Demographic (Gains) or Losses | - | (30,221) | - | (67,527) | - | (13,465) | - | - |
| Changes of Assumptions | (7,072) | (8,824) | (52,238) | 29,164 | 24,641 | 13,360 | (13,028) | (36,171) |
| Benefit Payments | (10,092) | (9,726) | (10,494) | (9,624) | (9,259) | (8,968) | (8,427) | (8,447) |
| Net Change in Total OPEB Liability | (2,686) | (33,189) | (45,629) | (36,424) | 35,808 | 10,940 | (1,947) | (24,825) |
| Total OPEB Liability - Beginning (a) | 209,942 | 243,132 | 288,762 | 325,186 | 289,378 | 278,438 | 280,385 | 305,210 |
| Total OPEB Liability - Ending (b) | 207,256 | 209,942 | 243,132 | 288,762 | 325,186 | 289,378 | 278,438 | 280,385 |
| Plan Fiduciary Net Position: | | | | | | | | |
| Contributions - Employer | 10,192 | 9,726 | 10,544 | 9,674 | 9,310 | 9,018 | 8,477 | 8,497 |
| Net Investment Income (Loss) | 1,124 | 630 | (1,143) | 2,280 | 379 | 433 | 573 | 611 |
| Benefit Payments | (10,092) | (9,726) | (10,494) | (9,624) | (9,259) | (8,968) | (8,427) | (8,447) |
| Administrative Expense | - | (2) | (4) | (3) | (2) | (11) | (43) | (2) |
| Net Change in Plan Fiduciary Net Position | 1,224 | 627 | (1,097) | 2,327 | 428 | 472 | 580 | 659 |
| Plan Fiduciary Net Position - Beginning | 7,780 | 7,153 | 8,250 | 5,923 | 5,495 | 5,023 | 4,443 | 3,784 |
| Plan Fiduciary Net Position - Ending | 9,004 | 7,780 | 7,153 | 8,250 | 5,923 | 5,495 | 5,023 | 4,443 |
| Net OPEB Liability - Ending (a)-(b) | <u>\$ 198,252</u> | <u>\$ 202,162</u> | <u>\$ 235,979</u> | <u>\$ 280,513</u> | <u>\$ 319,264</u> | <u>\$ 283,884</u> | <u>\$ 273,415</u> | <u>\$ 275,942</u> |
| Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability | 4.34 % | 3.71 % | 2.94 % | 2.86 % | 1.82 % | 1.90 % | 1.80 % | 1.58 % |
| Covered Payroll | \$ 104,687 | \$ 103,885 | \$ 103,885 | \$ 103,885 | \$ 79,532 | \$ 79,532 | \$ 71,201 | \$ 71,201 |
| Net OPEB Liability as a Percentage of Covered Payroll | 189.38 % | 194.60 % | 227.16 % | 270.02 % | 401.43 % | 356.94 % | 384.00 % | 387.55 % |

*Note - This schedule is intended to show information for ten years. Additional information will be added as it becomes available.

**TOWN OF STRATFORD, CONNECTICUT
SCHEDULE OF EMPLOYER CONTRIBUTIONS
OPEB
LAST TEN FISCAL YEARS**

| | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|-------------------|----------------------|----------------------|----------------------|----------------------|
| Actuarially Determined Contribution (1) | \$ 20,374,013 | \$ 26,594,245 | \$ 24,704,615 | \$ 26,133,040 | \$ 23,177,582 | 22,133,340 | \$ 20,679,264 | \$ 21,050,753 | \$ 19,699,700 | \$ 20,482,200 |
| Contributions in Relation to the Actuarially Determined Contribution | 10,191,622 | 9,726,281 | 10,544,013 | 9,674,363 | 9,310,404 | 9,017,976 | 8,477,088 | 8,496,506 | 8,139,200 | 7,635,300 |
| Contribution Deficiency | <u>\$ 10,182,391</u> | <u>\$ 16,867,964</u> | <u>\$ 14,160,602</u> | <u>\$ 16,458,677</u> | <u>\$ 13,867,178</u> | <u>13,115,364</u> | <u>\$ 12,202,176</u> | <u>\$ 12,554,247</u> | <u>\$ 11,560,500</u> | <u>\$ 12,846,900</u> |
| Covered Payroll | \$ 104,686,852 | \$ 103,884,532 | \$ 103,884,532 | \$ 103,884,532 | \$ 79,531,950 | 79,531,950 | \$ 71,200,894 | \$ 71,200,894 | N/A | N/A |
| Contributions as a Percentage of Covered Payroll | 9.74 % | 9.36 % | 10.15 % | 9.31 % | 11.71 % | 11.34 % | 11.91 % | 11.93 % | N/A | N/A |

(1) Actuarially Determined Contributions prior to fiscal year ending June 30, 2017 is based on the Annual Required Contribution (ARC) calculated in accordance with GASB No. 45

Notes to Schedule

Valuation Date: July 1, 2022

Measurement Date: June 30, 2024

Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported

Methods and Assumptions Used to Determine

Contribution Rate for Most Recent Year:

| | |
|-----------------------------|---|
| Actuarial Cost Method | Entry age normal |
| Amortization Method | Level percentage of payroll, closed |
| Amortization Period | 15 years |
| Asset Valuation Method | Market value |
| Inflation | 2.50% |
| Healthcare Cost Trend Rates | Town pre-65 trend is 6.30%-3.90% over 50 years, Town post-65 trend is 4.10%-3.90% over 50 years. BOE pre-65 trend is 6.90%-3.90% over 50 years, BOE post-65 trend is -17.30%-3.90% over 50 years, and BOE Medicare Part B trend rate is 1.90%-3.80% over 68 years. |
| Salary Increases | 3.75% for Police and Fire, graded by age for teachers and administrators, graded by age for all others |
| Investment Rate of Return | 3.65% |
| Retirement Age | Retirement ages and rates vary |
| Mortality | Teachers and Administrators: PubT-2010 Mortality Table for Employees and Healthy Annuitants (adjusted 105% for males and 103% for females at ages 82 and above) with generational projection of future improvements per the MP-2021 Ultimate scale. The PubT-2010 Contingent Survivor Table projected generationally per the MP-2021 Ultimate scale and set forward 1 year for both males and females is used for survivors and beneficiaries. All Others: Pub-2010 Mortality Table with generational projection per the MP-2021 Ultimate scale, with employee rates before benefit commencement and healthy annuitant rates after benefit commencement. The Public Safety variant was used for the Police and Fire groups, the General variant was used for all other groups. |

**TOWN OF STRATFORD, CONNECTICUT
SCHEDULE OF INVESTMENT RETURNS
OPEB
LAST EIGHT FISCAL YEARS***

| | <u>2024</u> | <u>2023</u> | <u>2022</u> | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> |
|---|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Annual Money-Weighted Rate of Return, Net of Investment Expense | 14.32 % | 8.80 % | (13.78)% | 38.18 % | 6.84 % | 8.54 % | 12.83 % | 15.98 % |

*Note - This schedule is intended to show information for ten years. Additional information will be added as it becomes available.

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

| | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| Town's Proportion of the Net OPEB Liability | - % | - % | - % | - % | - % | - % | - % |
| Town's Proportionate Share of the Net OPEB Liability | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| State's Proportionate Share of the Net OPEB Liability Associated with the Town | 20,847,407 | 21,139,035 | 21,416,616 | 37,018,981 | 34,512,756 | 34,110,853 | 43,693,067 |
| Total | <u>\$ 20,847,407</u> | <u>\$ 21,139,035</u> | <u>\$ 21,416,616</u> | <u>\$ 37,018,981</u> | <u>\$ 34,512,756</u> | <u>\$ 34,110,853</u> | <u>\$ 43,693,067</u> |
| Town's Covered Payroll | \$ 61,741,733 | \$ 60,572,332 | \$ 59,465,140 | \$ 58,257,295 | \$ 56,384,995 | \$ 53,913,000 | \$ 53,337,000 |
| Town's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll | - % | - % | - % | - % | - % | - % | - % |
| Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability | 11.92 % | 9.46 % | 6.11 % | 2.50 % | 2.08 % | 1.49 % | 1.79 % |

Notes to Schedule

| | |
|-------------------------------|---|
| Changes in Benefit Terms | There were no changes to benefit terms since the prior Measurement Date |
| Changes of Assumptions | Based on the procedure described in GASB 74, the discount rate used to measure plan obligations for financial accounting purposes as of June 30, 2023 was updated to equal the SEIR of 3.64% as of June 30, 2023; |
| Actuarial Cost Method | Entry age |
| Amortization Method | Level percent of payroll over an open period |
| Remaining Amortization Period | 30 years |
| Asset Valuation Method | Market value of assets |
| Investment Rate of Return | 3.00%, net of investment related expense including price inflation |
| Price Inflation | 2.50% |

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

APPENDIX B – FORM OF APPROVING OPINION OF BOND COUNSEL

January ___, 2026

Town of Stratford
Stratford Town Hall
2725 Main Street
Stratford, CT 06615

We have acted as Bond Counsel to the Town of Stratford, Connecticut (the “Town”) in connection with the issuance by the Town of its \$22,385,000 General Obligation Bond Anticipation Notes (the “Notes”) dated January ___, 2026. In such capacity, we have examined such law and such certified proceedings, certifications, and other documents (including, but not limited to, a Tax Compliance Certificate of the Town dated the date hereof (the “Agreement”)) as we have deemed necessary to give the opinions below.

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

Based on the foregoing, we are of the opinion that when the Notes are duly certified by U.S. Bank Trust Company, National Association, the Notes will be valid and legally binding general obligations of the Town payable as to both principal and interest from ad valorem taxes which may be levied on all taxable property subject to taxation by the Town without limitation as to rate or amount except as to classified property such as certified forest lands taxable at a limited rate and dwelling houses of qualified elderly persons of low income or of qualified disabled persons taxable at limited amounts pursuant to Connecticut statutes. We are further of the opinion that the Agreement is a valid and binding agreement of the Town and was duly authorized by the Town.

The Internal Revenue Code of 1986 (the “Code”) establishes certain requirements that must be satisfied at and subsequent to the issuance and delivery of the Notes in order that interest on the Notes be excluded from gross income 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 Notes to ensure that interest on the Notes shall not be included in gross income for federal income tax purposes retroactive to the date of issuance of the Notes, including covenants regarding, among other matters, the use, expenditure and investment of the proceeds of the Notes.

In rendering the below opinions regarding the federal treatment of interest on the Notes, we have relied upon and assumed (i) the material accuracy of the representations, statements of intention and reasonable expectations, and certifications of fact contained in the Agreement, and (ii) continuing compliance by the Town with the covenants set forth in the Agreement as to such tax matters.

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

We are further of the opinion that, under existing statutes, interest on the Notes is excludable from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates and is excluded from amounts on which the net Connecticut minimum tax is based for individuals, trusts and estates required to pay the federal alternative minimum tax. We express no opinion regarding other state and other State of Connecticut tax consequences caused by ownership or disposition of, or receipt of interest on the Notes.

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

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

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

Respectfully,

PULLMAN & COMLEY, LLC

APPENDIX C - FORM OF CONTINUING DISCLOSURE AGREEMENT

FORM OF CONTINUING DISCLOSURE AGREEMENT FOR NOTES BY THE TOWN OF STRATFORD, CONNECTICUT

In Connection With The Issuance and Sale of \$22,385,000 Town of Stratford, Connecticut General Obligation Bond Anticipation Notes

This Continuing Disclosure Agreement (“Agreement”) is made as of January __, 2026, by the Town of Stratford, Connecticut (the “Issuer”) acting by its undersigned officers, duly authorized, in connection with the issuance of its \$22,385,000 General Obligation Bond Anticipation Notes, dated January __, 2026 (the “Notes”).

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

“EMMA” means the Electronic Municipal Market Access System as described in the 1934 Act Release #59062 and maintained by the Municipal Securities Rulemaking Board for the purposes of the Rule and as further described in Section 10 hereof.

“Final Official Statement” means the official statement of the Issuer dated January __, 2026 prepared in connection with the issuance of the Notes.

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

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

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

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

Section 2. Event Notices.

(a) The Issuer agrees to provide or cause to be provided to the MSRB, within ten (10) business days of the occurrence of any of the following events with respect to the Notes, notice of the occurrence of such event:

(i) principal and interest payment delinquencies;

(ii) unscheduled draws on debt service reserves reflecting financial difficulties;

(iii) unscheduled draws on credit enhancements reflecting financial difficulties;

(iv) substitution of credit or liquidity providers, or their failure to perform;

(v) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB), or other material notices or determinations with respect to the tax status of the Notes, or other events affecting the tax status of the Notes;

(vi) tender offers;

(vii) bankruptcy, insolvency, receivership, or a similar proceeding by the Issuer;

Note to clause (a)(vii): For the purposes of the event identified in clause (a)(vii) above, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Issuer in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or government authority has assumed jurisdiction over substantially all of the assets or business of the Issuer, or if such jurisdiction has been assumed by leaving the existing governing

body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Issuer.

(viii) Note defeasances;

(ix) rating changes; and

(x) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the Issuer, any of which reflect financial difficulties.

(b) The Issuer agrees to provide or cause to be provided to the MSRB, within ten (10) business days of the occurrence of any of the following events with respect to the Notes, notice of the occurrence of such event, if material:

(i) non-payment related defaults;

(ii) modifications to rights of Note holders;

(iii) Note calls;

(iv) release, substitution, or sale of property securing repayment of the Notes;

(v) consummation of a merger, consolidation, acquisition involving the Issuer, other than the ordinary course of business, or the sale of all or substantially all the assets of the Issuer, or the entry into a definitive agreement to engage in such a transaction, or a termination of such an agreement, other than in accordance with its terms;

(vi) appointment of a successor or additional trustee, or the change in the name of the trustee; and

(vii) incurrence of a financial obligation of the Issuer or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the Issuer, any of which affect security holders.

Note to clauses (a)(x) and (b)(vii): For purposes of the events identified in clauses (a)(x) and (b)(vii), the term “financial obligation” means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term “financial obligation” shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

Section 3. Termination of Reporting Obligation. The Issuer’s obligations under this Agreement shall terminate upon the defeasance, prior redemption or payment in full of all of the Notes.

Section 4. Agent. The Issuer may, from time to time, appoint or engage an agent to assist it in carrying out its obligations under this Agreement, and may discharge any such agent, with or without appointing a successor agent.

Section 5. Amendment; Waiver. Notwithstanding any other provision of this Agreement, the Issuer may amend this Agreement, and any provision of this Agreement may be waived, if such amendment or waiver is made in connection with a change in circumstances that arises from a change in legal requirements, a change in law, or a change in the identity, nature or status of the Issuer, and is supported by an opinion of counsel expert in federal securities laws, to the effect that (i) such amendment or waiver would not materially adversely affect the beneficial owners of the Notes and (ii) the Agreement as so amended would have complied with the requirements of the Rule as of the date of the Agreement, taking in account any amendments or interpretations of the Rule as well as any changes in circumstances. A copy of any such amendment will be filed in a timely manner with the MSRB. The annual financial information provided on the first date following adoption of any such amendment will explain, in narrative form, the reasons for the amendment and the impact of the change in the type of operating or financial information provided.

Section 6. Additional Information. Nothing in this Agreement shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Agreement or any other means of communications, or including any other information in any annual report or notice of occurrence of a Listed Event, in addition to that which is required by this Agreement. If the Issuer chooses to include any information in any annual report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Agreement, the Issuer shall have no obligation under this Agreement to update such information or include it in any future annual report or notice of occurrence of a Listed Event.

Section 7. Indemnification. The Issuer agrees to indemnify and save its officials, officers and employees harmless against any loss, expense and liabilities 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 such liabilities due to any such person's malicious, wanton, or willful act. The obligations of the Issuer under this Section shall survive, notwithstanding that such person may no longer be serving in such capacity.

Section 8. Enforceability. The Issuer agrees that its undertaking pursuant to the Rule set forth in this Agreement is intended to be for the benefit of and enforceable by the beneficial owners of the Notes. In the event the Issuer shall fail to perform its duties hereunder, the Issuer shall have the option to cure such failure after its receipt of written notice from any beneficial owner of the Notes of such failure. The present address of the Issuer is Stratford Town Hall, 2725 Main Street, Stratford, Connecticut 06615, Attn: Finance Director. In the event the Issuer does not cure such failure, the right of any beneficial owner of the Notes to enforce the provisions of this undertaking shall be limited to a right to obtain specific enforcement of the Issuer's obligations hereunder. No monetary damages shall arise or be payable hereunder nor shall any failure to comply with this Agreement constitute default of the Issuer with respect to the Notes.

Section 9. Governing Law. This Agreement shall be governed by the laws of the State of Connecticut.

Section 10. Method of Filing. To the extent filings are required to be made to the MSRB under this Agreement, the Issuer shall transmit such filings or notices in an electronic format to the continuing disclosure service portal provided through MSRB's EMMA as provided at <http://emma.msrb.org/> or any similar system that is acceptable to the SEC.

IN WITNESS WHEREOF, the Issuer has caused this Agreement to be executed in its name by its undersigned officers, duly authorized, all as of the date first above written.

TOWN OF STRATFORD, CONNECTICUT

By: _____
Dr. David Chess, Mayor

By: _____
Caitlin Bosse, Interim Finance Director

APPENDIX D – NOTICE OF SALE

NOTICE OF SALE

TOWN OF STRATFORD, CONNECTICUT \$22,385,000 GENERAL OBLIGATION BOND ANTICIPATION NOTES BOOK-ENTRY-ONLY

NOTICE IS GIVEN that ELECTRONIC BIDS via **PARITY®** (as described herein) will be received by the TOWN OF STRATFORD, CONNECTICUT (the “Issuer”), until 11:30 A.M. (E.T.) on THURSDAY,

JANUARY 15, 2026

(the “Sale Date”) for the purchase of the Issuer’s \$22,385,000 General Obligation Bond Anticipation Notes (the “Notes”). Electronic bids must be submitted via **PARITY®** (see “Electronic Bidding Procedures”).

The Notes

The Notes are expected to be dated January 28, 2026 and will mature and be payable to the registered owner on July 23, 2026 as further described in the Preliminary Official Statement (as hereinafter defined). The Notes will bear interest (which interest shall be calculated on the basis of a 360-day year consisting of twelve 30-day months) payable at maturity at the rate or rates per annum fixed in the proposal or proposals accepted for their purchase, which rates shall be in multiples of 1/100 of 1% per annum.

Nature of Obligation

The Notes 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 Notes when due. Unless paid from other sources, the Notes 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. The information in this Notice of Sale is only a brief summary of certain provisions of the Notes. For further information about the Notes, reference is hereby made to the Preliminary Official Statement.

Bank Qualification

The Notes 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 for purposes of the deduction by financial institutions for interest expense allocable to the Notes.

Registration

The Notes will be issued by means of a book-entry system with no physical distribution of note certificates made to the public. The Notes will be issued in registered form and one note certificate for each interest rate will be issued to The Depository Trust Company (“DTC”), New York, New York, registered in the name of its nominee, Cede & Co., and immobilized in its custody. A book-entry system will be employed, evidencing ownership of the Notes in principal amounts of \$5,000 or any integral 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(s), as a condition to delivery of the Notes, will be required to deposit the Note certificates with DTC, registered in the name of Cede & Co. Principal of and interest on the Notes will be payable by the Issuer or its agent to DTC or its nominee as registered owner of the Notes. Principal and interest payments by DTC to participants of DTC will be the responsibility of DTC; principal and interest payments to beneficial owners by participants of DTC will be the responsibility of such participants and other nominees of beneficial owners. The 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 Notes directly to DTC so long as DTC or its nominee, Cede & Co, is the Noteholder.

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

Each bid for the purchase of the Notes must be submitted in accordance with the requirements prescribed herein. A proposal may be for all or any part of the Notes but any proposal for a part must be for at least \$100,000, or a whole multiple thereof, except one such proposal for a part may include the odd \$185,000 and a separate proposal will be required for each part of the Notes for which a separate interest rate is bid. Unless all bids are rejected, the Notes will be awarded to the bidder or bidders offering to purchase the Notes at the lowest net interest cost (“NIC”), computed as to each interest rate stated by adding the total interest which will be paid at such rate and deducting therefrom the premium offered, if any. As between proposals resulting in the same lowest net interest cost to the Issuer, the award will be made on the basis of the highest principal amount of the Notes specified. No bid for less than par and accrued interest, if any, will be considered and the Issuer reserves the right to award to any bidder all or any part of the Notes bid for in its proposal. If a bidder is awarded only a part of the Notes bid for in its proposal, any premium offered in such proposal will be proportionately reduced so that the resulting net interest cost to the Issuer with respect to the Notes awarded is the same as that contained in the bidder’s proposal with respect to the entire amount bid, carried to six decimal places. The purchase price must be paid in immediately available federal funds.

The right is reserved to reject any and all proposals and to reject any proposal not complying with this Notice of Sale and to waive any irregularity or informality with respect to any proposal.

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

Electronic Bidding Procedures

Any prospective bidder intending to submit an electronic bid must submit its electronic bid through the facilities of **PARITY**[®]. Subscription to the BiDCOMP Competitive Bidding System is required in order to submit an electronic bid and the Issuer will neither confirm any subscription nor be responsible for the failure of any prospective bidder to subscribe.

An electronic bid made through the facilities of **PARITY**[®] shall be deemed an irrevocable offer to purchase the Notes on the terms provided in this Notice of Sale, and shall be binding upon the bidder as if made by a signed, sealed bid delivered to the Issuer. By submitting a bid for the Notes via **PARITY**[®], the bidder represents and warrants to the Issuer that such bidder’s bid for the purchase of the Notes is submitted for and on behalf of such prospective bidder by an officer or agent who is duly authorized to bind the prospective bidder by an irrevocable offer and that acceptance of such bid by the Issuer will bind the bidder by a legal, valid and enforceable contract, for the purchase of the Notes on the terms described in this Notice of Sale. **The 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.**

If any provisions of this Notice of Sale shall conflict with information provided by **PARITY**[®] as the approved provider of electronic bidding services, this Notice of Sale shall control. Further information about **PARITY**[®], including any fee charged, may be obtained from **PARITY**[®], 1359 Broadway, 36th Street, 2nd Floor, New York, NY 10018, Attention: Customer Service Department (telephone: (212) 849-5021 or (212) 849-5023 - email notice: munis@spglobal.com or parity@i-deal.com).

For purposes of the electronic bidding process, the time as maintained by **PARITY**[®] shall constitute the official time. For information purposes only, bidders are requested to state in their bids the net interest cost to the Issuer, as described under “Bid Specifications; Basis of Award; Right to Reject Proposals; Waiver; Right to Cancel; Postponement; Change of Terms” above, and in the written form of Proposal for Notes. All electronic bids shall be deemed to incorporate the provisions of this Notice of Sale and form of Proposal for Notes.

Disclaimer. Each **PARITY**[®] prospective electronic bidder shall be solely responsible to make necessary arrangements to access **PARITY**[®] for the purposes of submitting its bid in a timely manner and in compliance with the requirements of this Notice of Sale. Neither the 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 nor **PARITY**[®] shall be responsible for a bidder’s failure to make a bid or for proper operation of, or have any liability for any delays or interruptions of, or any damages caused by, **PARITY**[®]. The Issuer is using **PARITY**[®] as a communication mechanism, and not as the Issuer’s agent, to conduct the electronic bidding for the Notes. 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 of Sale and in particular the bid requirements herein set forth. All costs and expenses incurred by prospective bidders in connection with their subscription to, arrangements with and submission of bids via **PARITY**® are the sole responsibility of the bidders; and the Issuer is not responsible, directly or indirectly, for any such costs or expenses. If a prospective bidder encounters any difficulty in arranging to bid or submitting, modifying or withdrawing a bid for the Notes, the prospective bidder should telephone **PARITY**® at (212) 849-5021 or (212) 849-5023.

CUSIP Numbers

The deposit of the Notes with DTC under a book-entry system requires the assignment of CUSIP numbers prior to delivery. It shall be the responsibility of the purchaser to apply for CUSIP numbers for the Notes prior to delivery. Neither the failure to print such CUSIP number on any note, nor any error with respect thereto, shall constitute cause for a failure or refusal by the purchaser thereof to accept delivery of and pay for the Notes. All expenses in relation to the printing of CUSIP numbers on the Notes shall be paid 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.

Certifying Agent, Registrar, Paying Agent and Transfer Agent

The Notes 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 Notes the winning bidder 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 Notes, and stating that there is no litigation pending, or to the knowledge of the signer or signers thereof threatened, affecting the validity of the Notes or the power of the Issuer to levy and collect taxes to pay them; (c) a copy of the Official Statement prepared for this note 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 Notes.

The Notes will be delivered against payment in immediately available federal funds through the facilities of DTC, New York, New York or its agent via Fast Automated Securities Transfer (“FAST”) on or about January 28, 2026 (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 Notes for sale under securities or “Blue Sky” laws and the preparation of any surveys or memoranda in connection with such sale. The Issuer shall have no responsibility for such clearance, exemption or preparation.

Bond Counsel Opinion

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

Establishment of Issue Price

In order to provide the Issuer with information that enables it to comply with certain requirements of the Internal Revenue Code of 1986 (the “Code”) relating to the exclusion of interest on the Notes 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 Notes an “issue price” or similar certificate setting forth the reasonably expected initial offering price to the Public (the

“Initial Offering Price”) or the actual sales price or prices of the Notes, as circumstances may determine, together with the supporting pricing wires or equivalent communications, with such modifications as may be appropriate or necessary, in the reasonable judgment of Bond Counsel. Communications relating to this “Establishment of Issue Price” section, the completed certificate(s) and any supporting information shall be delivered to (1) Bond Counsel at Michael J. Andreana, Esq., Pullman & Comley, LLC, 90 State House Square, Hartford, CT 06103, Telephone: (203) 330-2235, E-mail: mandreana@pullcom.com and (2) the Municipal Advisor at William Lindsay, Munistat Services, Inc., 129 Samson Rock Drive, Suite A, Madison, CT 06443, Telephone: (203) 421-2880, E-mail: Bill.Lindsay@munistat.com (the “Municipal Advisor”). Questions related to this “Establishment of Issue Price” section should be directed to Bond Counsel or the Municipal Advisor. For purposes of this “Establishment of Issue Price” section, Bond Counsel may act on behalf of the 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 Notes, is a good faith offer which the bidder believes reflects current market conditions, and is not a “courtesy bid” being submitted for the purpose of assisting in meeting the competitive sale requirements relating to the establishment of the “issue price” of the Notes pursuant to Section 148 of the Code, including the requirement that bids be received from at least three (3) underwriters of municipal bonds or notes who have established industry reputations for underwriting new issuances of municipal bonds or notes.

By submitting a bid, a bidder represents to the Issuer that it has an established industry reputation for underwriting new issuances of municipal bonds or notes such as the Notes, represents that such bidder’s bid is submitted for or on behalf of such bidder by an officer or agent who is duly authorized to bind the bidder to a legal, valid and enforceable contract for the purchase of the Notes, and understands that upon award by the 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 Notes) will apply to the initial sale of the Notes (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 or notes who have established industry reputations for underwriting new issuances of municipal bonds or notes; and
- (4) the Issuer anticipates awarding the sale of the Notes to the bidder who submits a firm offer to purchase the Notes at the lowest net interest cost, as set forth in this Notice of Sale.

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. The winning bidder will be required to deliver to Bond Counsel on behalf of the Issuer prior to the delivery of the Notes a completed “Certificate as to Issue Price” (in form satisfactory to Bond Counsel) for such Notes, setting forth the Initial Offering Price.

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 Notes (the “Actual Sales Rule”) is sold to the Public as the issue price of that Maturity, and/or (ii) the Initial Offering Price to the Public as of the Sale Date of any Maturity of the Notes as the issue price of that Maturity (the “Hold-the-Offering-Price Rule”), in each case applied on a

Maturity-by-Maturity basis. In the event that the Competitive Sale Rule is not satisfied, the winning bidder, by 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 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 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 Notes shall be subject to the Actual Sales Rule and which Maturities shall be subject to the Hold-the-Offering-Price Rule.

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

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

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

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

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

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

- (3) “Maturity” means Notes with the same credit and payment terms. Notes with the same maturity date but different stated interest rates, are treated as separate Maturities.
- (4) “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.
- (5) “Related Party” generally means any two or more persons who have greater than 50% common ownership, directly or indirectly.

- (6) “Underwriter” means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead Underwriter to form an underwriting syndicate) to participate in the initial sale of the Notes to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this definition to participate in the initial sale of the Notes to the Public (including a member of a selling group or a party to a third-party distribution agreement participating in the initial sale of the Notes to the Public).

Official Statement

For more information regarding the Notes or the Issuer, reference is made to the Preliminary Official Statement dated January 8, 2026 (the “Official Statement”) describing the Notes and the financial condition of the Issuer. The Preliminary Official Statement is available in electronic format at www.i-dealprospectus.com and www.munistat.com, and such electronic access is being provided as a matter of convenience only. Copies of the Preliminary Official Statement may be obtained from William Lindsay, Munistat Services, Inc., 129 Samson Rock Drive, Suite A, Madison, CT 06443, Telephone: (203) 421-2880, E-mail: Bill.Lindsay@munistat.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 a reasonable number of 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 Notes or by the seventh (7th) business day after the day bids on the Notes 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 Notes, and any corrections. The purchaser shall arrange with the Municipal Advisor the method of delivery of the copies of the final Official Statement to the purchaser. Additional copies of the final Official Statement may be obtained by the purchaser at its own expense by arrangement with the printer.

Continuing Disclosure Agreement

As required by the Rule, the Issuer will undertake, pursuant to a Continuing Disclosure Agreement (the “Agreement”), to provide notice of the occurrence of certain events with respect to the Notes within ten (10) business days of such event. A form of the Agreement is attached to the Official Statement as Appendix C. The purchaser’s obligation to purchase the Notes shall be conditioned upon its receiving, at or prior to delivery of the Notes, an executed Agreement.

TOWN OF STRATFORD, CONNECTICUT

DR. DAVID CHESSE
Mayor

CAITLIN BOSSE
Interim Finance Director

January 8, 2026