

OFFICIAL STATEMENT DATED JULY 9, 2026

NEW MONEY ISSUE

S&P GLOBAL RATINGS: AA+
(see “Ratings” herein)

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

TOWN OF LEBANON, CONNECTICUT

\$2,990,000 GENERAL OBLIGATION BONDS, ISSUE OF 2026 (the “Bonds”)

(BOOK-ENTRY-ONLY) (BANK QUALIFIED)

Dated: Date of Delivery

Due: July 15, as shown below

MATURITY SCHEDULE

Maturity	Amount	Coupon	Yield	CUSIP ¹	Maturity	Amount	Coupon	Yield	CUSIP ¹
2027	\$150,000	5.000%	% 2.150%	% 522408DU4	2037	\$150,000	3.000%	% 3.120%	% 522408EE9
2028	150,000	5.000%	2.210%	522408DV2	2038	150,000	3.000%	3.250%	522408EF6
2029	150,000	5.000%	2.310%	522408DW0	2039	150,000	3.000%	3.320%	522408EG4
2030	150,000	5.000%	2.380%	522408DX8	2040	150,000	3.250%	3.390%	522408EH2
2031	150,000	5.000%	2.450%	522408DY6	2041	150,000 *	4.000%	3.300%	522408EJ8
2032	150,000	5.000%	2.540%	522408DZ3	2042	150,000 *	4.000%	3.390%	522408EK5
2033	150,000	5.000%	2.610%	522408EA7	2043	150,000 *	4.000%	3.490%	522408EL3
2034	150,000	5.000%	2.710%	522408EB5	2044	150,000 *	4.000%	3.600%	522408EM1
2035	150,000 *	4.000%	2.790%	522408EC3	2045	145,000 *	4.000%	3.700%	522408EN9
2036	150,000 *	4.000%	2.860%	522408ED1	2046	145,000 *	4.000%	3.800%	522408EP4

*Priced assuming redemption on July 15, 2034; however redemption is at the election of the Town. See “Redemption Provisions” herein.

FIDELITY CAPITAL MARKETS

Interest on the Bonds will be payable on July 15, 2027 and semiannually thereafter on January 15 and July 15 in each year until maturity. **The Bonds are subject to optional redemption prior to maturity. See “Redemption Provisions” herein.**

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

The Bonds will be issued by means of a book-entry system and registered in the name of Cede & Co., as nominee for The Depository Trust Company (“DTC”). DTC will act as securities depository for the Bonds. Principal of, redemption premium, if any, and interest on the Bonds will be payable by the Town or its agent to DTC or its nominee as registered owners of the Bonds. Purchases of the Bonds will be made in book-entry form in denominations of \$5,000 or any integral multiples thereof. Purchasers of the Bonds will not receive certificates representing their ownership interest in the Bonds. So long as Cede & Co. is the Bond Owner, as nominee of DTC, reference herein to the Bond Owner or owners shall mean Cede & Co. as aforesaid, and shall not mean the Beneficial Owners (as described herein) of the Bonds. See “Book-Entry-Only Transfer System” herein.

U.S. Bank Trust Company, National Association, CityPlace I, 185 Asylum Street, 27th Floor, Hartford, Connecticut will act as Registrar, Transfer Agent, Certifying Agent and Paying Agent.

The Bonds are offered for delivery when, as and if issued, subject to the final approving opinion of Pullman & Comley, LLC, Bond Counsel, of Hartford, Connecticut. It is expected that delivery of the Bonds in book-entry-only form will be made to DTC on or about July 22, 2026.

This cover and inside front cover page contain certain information for quick reference only. It is NOT a summary of this issue. Investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision.

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

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

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

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

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

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

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

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

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

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

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BOND ISSUE SUMMARY

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

Issuer:	Town of Lebanon, Connecticut (the “Town”).
Issue:	\$2.990,000 General Obligation Bonds, Issue of 2026 (the “Bonds”).
Dated Date:	Date of Delivery.
Interest Due:	Semiannually on January 15 and July 15 in each year until maturity, commencing July 15, 2027.
Principal Due:	Serially, July 15, 2027 through July 15, 2046 as shown on the inside cover page to this Official Statement.
Purpose and Authority:	The proceeds of the Bonds will be used to permanently finance a portion of the \$3,245,000 Bond Anticipation Notes of the Town maturing July 22, 2026 which were used for the construction of a new Department of Public Work (“DPW”) building as authorized by the voters of the Town. See “Authorization and Use of Proceeds” herein.
Redemption:	The Bonds are subject to optional redemption prior to maturity. See “Redemption Provisions”, herein.
Security:	The Bonds will be general obligations of the Town and the Town will pledge its full faith and credit to the payment of principal of and interest on the Bonds when due.
Credit Rating:	The Town received a credit rating of “AA+”, with a stable outlook, from S&P Global Ratings (“S&P”) on the Bonds. See “Ratings” herein.
Basis of Award:	Lowest True Interest Cost (TIC) as of dated date.
Tax Exemption:	See “Tax Matters” herein.
Bank Qualification:	The Bonds shall be designated 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 Bonds.
Continuing Disclosure:	In accordance with the requirements of Rule 15c2-12 promulgated by the Securities and Exchange Commission, the Town will agree to provide, or cause to be provided, (i) annual financial information and operating data, (ii) notice of the occurrence of certain events, not in excess of 10 business days of the occurrence of such events, and (iii) timely notice of a failure to provide the required financial information by the date specified pursuant to a Continuing Disclosure Agreement to be executed by the Town substantially in the form attached as Appendix C to this Official Statement.
Registrar, Transfer Agent, Certifying Agent, and Paying Agent:	U.S. Bank Trust Company, National Association, CityPlace I, 185 Asylum Street, 27 th Floor, Hartford Connecticut 06103.
Legal Opinion:	Pullman & Comley, LLC of Hartford, Connecticut will act as Bond Counsel. (See Appendix B to this Official Statement).
Delivery and Payment:	It is expected that delivery of the Bonds in book-entry-only form will be made to The Depository Trust Company on or about July 22, 2026 against payment in Federal Funds .
Issuer Official:	Questions concerning the Official Statement should be addressed to Hayley Wagner, Finance Director, Town of Lebanon, 579 Exeter Road, Lebanon, Connecticut 06249. Telephone: 860-642-3572.
Municipal Advisor:	Munistat Services, Inc., 129 Samson Rock Drive, Suite A, Madison, Connecticut 06443, attention: Susan Caron, Vice President, Telephone: 860-372-1887.

I. SECURITIES OFFERED

INTRODUCTION

This Official Statement, including the cover page and appendices, is provided for the purpose of presenting certain information relating to the Town of Lebanon, Connecticut (the “Town”) in connection with the issuance and sale of \$2,990,000 General Obligation Bonds, Issue of 2026 (the “Bonds”) of the Town.

This Official Statement is not to be construed as a contract or agreement between the Town and the purchasers or holders of any of the Bonds. Any statements made in this Official Statement involving matters of opinion or estimates are not intended to be representations of fact, and no representation is made that any such opinion or estimate will be realized. Neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Town since the date hereof. All quotations from and summaries and explanations of provisions of statutes, charters, or other laws and acts and proceedings of the Town contained herein do not purport to be complete and are qualified in their entirety by reference to the original official documents, and all references to the Bonds, and the proceedings of the Town relating thereto are qualified in their entirety by reference to the definitive form of the Bonds, and such proceedings.

The 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.

Munistat Services, Inc. (“Munistat”) is engaged as Municipal Advisor to the Town in connection with the issuance of the Bonds. The Municipal Advisor’s fee for services rendered with respect to the sale of the Bonds is contingent upon the issuance and delivery of the Bonds. Munistat, in its capacity as Municipal Advisor, does not assume any responsibility for the information, covenants, and representations contained in any of the legal documents with respect to the federal and state income tax status of the Bonds or the possible impact of any present, pending or future actions taken by any legislative or judicial bodies.

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

Bond Counsel is not passing upon and does not assume responsibility for the accuracy or completeness of the statements made in this Official Statement (other than matters expressly set forth in its opinion in Appendix B hereto) and it 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 is subject to revision or amendment.

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AUTHORIZATION AND USE OF PROCEEDS

Authorization:

The Bonds are issued pursuant to the General Statutes of Connecticut, as amended, the Charter of the Town, and a bond resolution approved by the voters of the Town at a referendum held on February 18, 2025.

Use of Proceeds:

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

<u>Project</u>	<u>Amount Authorized</u>	<u>Previously Bonded</u>	<u>Paydown/ Grants/Other</u>	<u>Notes</u>	<u>Additions/ (Reductions)</u>	<u>Bonds This Issue</u>	<u>Premium Applied</u>
				<u>Maturing 7/22/2026</u>			
Department of Public Works Building.....	\$3,245,000	\$ -	\$ 115,000 ¹	\$3,245,000	\$ (115,000)	\$2,990,000	\$140,000
	\$3,245,000	\$ -	\$ 115,000	\$3,245,000	\$ (115,000)	\$2,990,000	\$140,000

¹ Includes \$55,000 received from other funds and \$60,000 in interest income from investments.

DESCRIPTION OF THE BONDS

The Bonds will be dated the date of delivery and will mature in annual installments on July 15 in each of the years and in principal amounts set forth on the cover page of this Official Statement. The Bonds will be issued in denominations of \$5,000 or any integral multiples thereof. Interest on the Bonds will be payable semiannually on January 15 and July 15 in each year until maturity, commencing on July 15, 2027 and will be payable to the registered owners of the Bonds as of the close of business on the last business day of December and June in each year. Interest will be calculated on the basis of a 360-day year, consisting of twelve 30-day months. A book-entry-only transfer system will be employed evidencing ownership of the Bonds with transfers of ownership on the records of The Depository Trust Company (“DTC”), and its participants pursuant to rules and procedures established by DTC and its participants. See “Book-Entry-Only Transfer System” herein. The Certifying Agent, Paying Agent, Registrar and Transfer Agent for the Bonds will be U.S. Bank Trust Company, National Association, CityPlace I, 185 Asylum Street, 27th Floor, Hartford, Connecticut. The legal opinion on the Bonds will be rendered by Pullman & Comley, LLC, in substantially the form set forth in Appendix B to this Official Statement.

The Bonds are subject to redemption prior to maturity. See “Redemption Provisions” herein.

REDEMPTION PROVISIONS

The Bonds maturing on or before July 15, 2034 are not subject to redemption prior to maturity. The Bonds maturing on July 15, 2035 and thereafter are subject to redemption prior to maturity, at the option of the Town, on and after July 15, 2034, at any time, in whole or in part and by lot within a maturity, in such amounts and in such order of maturity as the Town may determine, at the redemption prices (expressed as a percentage of the principal amount of Bonds to be redeemed) set forth in the following table, plus interest accrued and unpaid to interest, to the redemption date:

<u>Redemption Dates</u>	<u>Redemption Price</u>
July 15, 2034 and thereafter	100.00%

NOTICE OF REDEMPTION

Notice of redemption shall be given by the Town or its agent by mailing a copy of the redemption notice by first-class mail not less than thirty (30) days but not more than sixty (60) days prior to the redemption date to the registered owner of such Bonds designated for redemption in whole or in part at the address of such registered owner as the same shall last appear on the registration books for the Bonds kept for such purpose. Failure to give such notice by mailing to any registered owner, or any defect therein, shall not affect the validity of the redemption of any other Bonds. Upon the giving of such notice, if sufficient funds available solely for redemption are on deposit with the Paying Agent, the Bonds, or portions thereof so called for redemption will cease to bear interest after the specified redemption date. So long as Cede & Co., as nominee for DTC is the

registered owner of the Bonds, notice of redemption will be sent only to DTC (or its successor securities depository) or its successor nominee.

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

The Town, so long as a book-entry system is used for the Bonds, will send any notice of redemption only to DTC (or a successor securities depository) or its nominee. Any failure of DTC to advise any DTC Participant, or of any DTC Participant or Indirect Participant to notify any Indirect Participant or Beneficial Owner, of any such notice and its content or effect will not affect the validity of the redemption of such Bonds called for redemption. (See "Book-Entry-Only Transfer System", herein for discussion of DTC and definitions of "Direct Participants", "Indirect Participants" and "Beneficial Owners".)

Redemption of a portion of the Bonds of any maturity by the Town will reduce the outstanding principal amount of Bonds of such maturity held by DTC. In such event it is the current practice of DTC to allocate by lot, through its book-entry system, among the interests held by DTC Participants in the Bonds to be redeemed, the interest to be reduced by such redemptions in accordance with its own rules or other agreements with DTC Participants. The DTC Participants and Indirect Participants may allocate reductions of the interest in the Bonds to be redeemed held by the Beneficial Owners. Any such allocation of interest in the Bonds to be redeemed will not be governed by the determination of the Town authorizing the issuance of the Bonds and will not be conducted by the Town, or be the responsibility of, the Town, the Registrar or Paying Agent, for the Bonds.

ADJUSTMENT OF PRINCIPAL AMOUNT AND MATURITY SCHEDULE OF THE BONDS

The Town reserves the right to change the maturity schedule after the determination of the winning bidder. In such event, the final aggregate principal amount of the Bonds will be increased or decreased by the net amount of such change or changes in principal amount of one or more maturities. The winning bidder will be required to provide the coupon, yield and reoffering price information to be included in the issue price certificate, if requested, for purposes of determining the adjustment. The dollar amount bid by the bidder will be adjusted to reflect any adjustments in the final maturity schedule and the aggregate principal amount of the Bonds to be issued. The adjusted bid price will reflect changes in the dollar amount of the underwriter's discount and original issue discount/premium, if any, but every effort will be made not change the per bond underwriter's discount as calculated from the bid and the initial reoffering prices required to be delivered to the Town as stated herein. **The winning bidder may not withdraw its bid or change the interest rates bid or initial reoffering prices provided as a result of any changes made to the principal amounts within these limits.**

BOOK-ENTRY-ONLY TRANSFER SYSTEM

This section describes how ownership of the Bonds is to be transferred and how the principal of, premium, if any, and interest on the Bonds are to be paid to and accredited by DTC while the Bonds are registered in its nominee name. The information in this section concerning DTC and the Book-Entry-Only System has been provided by DTC for use in disclosure documents such as this Official Statement. The Town believes the source of such information to be reliable, but takes no responsibility for the accuracy or completeness thereof.

The Town cannot and does not give any assurance that (1) DTC will distribute payments of debt service on the Bonds, or redemption or other notices to DTC Participants, (2) DTC Participants or others will distribute debt service payments paid to DTC or its nominee (as the registered owner of the Bonds), or redemption or other notices, to the Beneficial Owners, or that they will do so on a timely basis, or (3) DTC will serve and act in the manner described in this Official Statement. The current rules applicable to DTC are on file with the Securities and Exchange Commission, and the current procedures of DTC to be followed in dealing with DTC Participants are on file with DTC.

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

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

Purchases of the Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued. To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

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

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

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

Principal and interest payments on, and redemption premium, if any, with respect to the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Town or the Paying Agent/Registrar, on payable date in accordance with their respective holdings shown on DTC's records. Payments by

Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with Bonds 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, the Paying Agent/Registrar, 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/Registrar, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the Town or the Paying Agent/Registrar. Under such circumstances, in the event that a successor depository is not obtained, bond and note certificates are required to be printed and delivered. The Town may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, bond and note certificates will be printed and delivered to DTC.

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

REPLACEMENT BONDS

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

DTC PRACTICES

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

SECURITY AND REMEDIES

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

Unless paid from other sources, the Bonds are payable from general property tax revenues. The Town has the power under the Connecticut General Statutes to levy ad valorem taxes on all taxable property in the Town without limit as to rate or amount, except as to certain classified property such as certified forest land taxable at a limited rate and dwelling houses of qualified elderly persons of low income or of qualified disabled persons taxable at limited amounts. The Town may place a lien on the property for the amount of tax relief granted, plus interest, with respect to dwelling houses of qualified elderly persons of low income or qualified disabled persons. Under existing statutes, the State of Connecticut is obligated to pay the Town the amount of tax revenue which the Town would have received except for the limitation under certain of the statutes upon its power to tax such dwelling houses of qualified elderly persons of low income.

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

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

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

TAX MATTERS

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

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

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

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

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

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

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

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

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

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

Accrued original issue discount on an OID Bond is also 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.

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

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

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

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

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

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 \$2.114 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 comprehensive procedures relating to the security of the Town’s government networks. Additionally, the Town purchases cybersecurity insurance with CFC, so that a claim can be made to the insurance provider in the event of a cyber-attack. No assurances can be given, however, that such security and operational control measures will be completely successful to guard against cyber threats and attacks. The results of any such attack could impact business operations and/or damage the Town’s digital networks and systems and the costs of remedying any such damage could be substantial. As of July 22, 2026 there have been no cyber breaches.

CLIMATE CHANGE

Numerous scientific studies have detailed changing global weather patterns and their resulting impacts, such as increased flooding, extreme storms, high heat, drought, and wildfires. Like much of Connecticut, the Town is vulnerable to inland wetland, small river and stream flooding. The Town faces other threats due to climate change, including damaging wind that could become more severe and frequent. The Town has a very active program of tree inspections and removals. While the Town cannot predict the timing, extent or severity of climate change and its impact on the Town’s operations and finances, the Town believes it holds sufficient reserves and annually budgets for contingencies to address unforeseen expenses resulting from the increasing frequency of severe weather. Additionally, the Town works closely with the local power company to address trees that have been identified as a hazard to the utility infrastructure. The Town is prepared to quickly respond and recover from any such events that would exceed its annual operating budget. Lebanon is part of the Southeastern Connecticut Council of Governments (“SCCOG”) and has a Hazard Mitigation Plan Annex that reviews local natural hazard vulnerabilities and mitigation capabilities. The Plan was last adopted in December 2017 and sets forth projects that include climate adaption considerations.

QUALIFICATION FOR FINANCIAL INSTITUTIONS

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

AVAILABILITY OF CONTINUING DISCLOSURE

The Town prepares, in accordance with State law, annual audited financial statements and files such annual audits with the State Office of Policy and Management within six months of the end of its fiscal year. The Town provides, and will continue to provide, to the rating agency ongoing disclosure in the form of annual audited financial statements, adopted budgets and other materials relating to its management and financial condition as may be necessary or requested.

The Town will enter into a continuing disclosure agreement with respect to the Bonds, substantially in the form attached as Appendix C to this Official Statement (the “Continuing Disclosure Agreement”), to provide or cause to be provided, in accordance with the requirements of Securities and Exchange Commission Rule 15c2-12, (i) annual financial information and operating data, (ii) notice of the occurrence of certain events, not in excess of ten (10) business days of the occurrence of such events; and (iii) timely notice of the failure by the Town to provide the required annual financial information and operating data with respect to the Bonds as specified in the Continuing Disclosure Agreement.

The Town has previously undertaken in continuing disclosure agreements entered into for the benefit of holders of certain of its general obligation bonds and notes to provide certain annual financial information and event notices pursuant to Rule 15c2-12(b)(5). In the last five years, the Town has had no outstanding debt which required the filing of continuing disclosure documents.

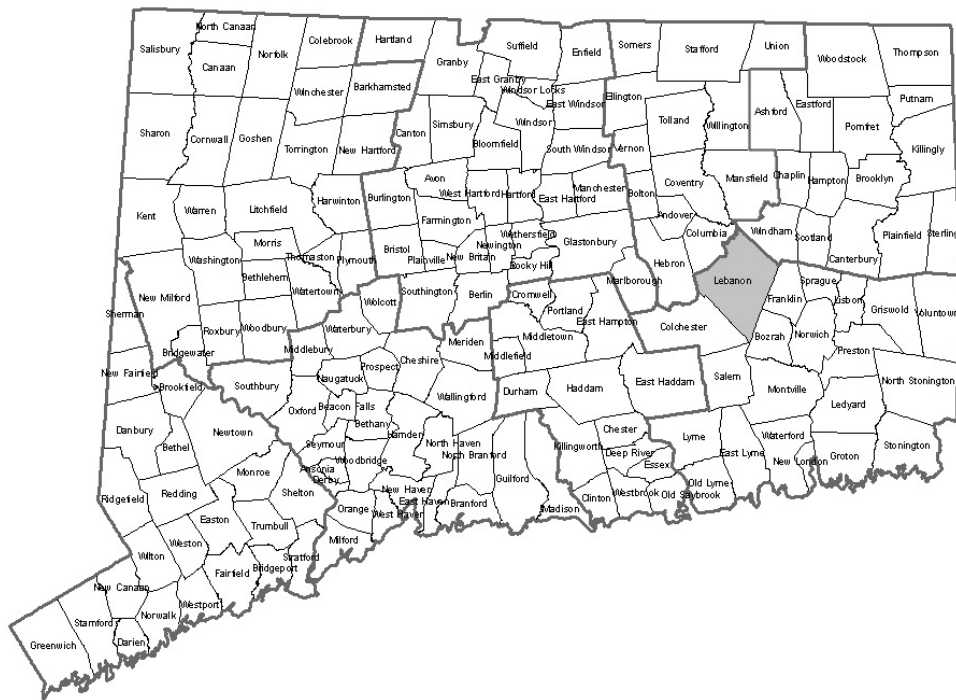
RATING

The Town received a credit rating of “AA+” with a stable outlook from S&P Global Ratings (“S&P”) on the Bonds.

Generally, a rating agency bases ratings on the information and materials furnished to it and on investigations, studies and assumptions of its own. The rating reflects only the view of the rating agency and an explanation of the significance of the rating may be obtained from S&P Global ratings, 55 Water Street, 45th Floor, New York, New York 10041. There is no assurance that the rating will continue for any given period of time or that it will not be revised or withdrawn entirely if, in the judgment of such rating agency, circumstances so warrant. A revision or withdrawal of the rating may have an effect on the market price of the Town’s bonds and notes, including the Bonds.

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II. THE ISSUER



DESCRIPTION OF THE TOWN

The Town of Lebanon (the “Town” or “Lebanon”) is located in the southeastern part of the State. Lebanon is bordered by the Towns of Columbia and Windham to the north, Colchester and Bozrah to the south, Franklin to the east and Hebron to the west. The Town is located approximately 20 miles from Hartford, the State Capital, 60 miles from Providence, Rhode Island and 70 miles from Worcester, Massachusetts.

State highway Routes 289, 207, 87, and 16 run through the Town and Route 2 runs along its southern border. Bradley International Airport provides commercial and passenger air service and is situated approximately 35 miles northwest of the Town.

The Town was founded in 1700, covers 55.2 square miles and is characterized by extensive agricultural lands, rolling wooded hills, and low-density, residential development. Lebanon is one of the largest towns geographically in the State and contains the greatest amount of active and preserved farmland in all New England. Known for its unique role in the Revolutionary War, the Town became one of the largest and most politically important towns in Connecticut since Governor Jonathan Trumbull conducted government business here during the Revolution. Lebanon is the birthplace of five Connecticut governors and the site of the Revolutionary War Office.

The mile long Common or Green, is the Town’s most distinctive feature. Connecticut’s war efforts during the Revolutionary War were directed from the War Office on the Green and the adjacent home of Governor Jonathan Trumbull. In addition, many historic properties surround the Green and are now complimented by the Lebanon Historical Society Museum and Visitor Center. This state-of-the-art facility provides technology enabling visitors a unique opportunity to learn about the significant contributions the Town of Lebanon played in United States history and serves as a focal point for tourism in the Town and the region. The Museum, as part of a consortium including all historic properties on the Green, coordinates educational tourism for schools, colleges and others, visiting southeastern Connecticut and New England. Today the Green is used for agriculture

(hay), passive recreation (walking trails and ice skating), municipal buildings (town hall, library and the community center), and for community events such as the Christmas tree lighting, summer dance fest, outdoor movies, concerts and antique show. The Green has remained the civic and cultural center of the Town since Lebanon's inception.

Agriculture is the dominant economic activity in the Town. There are few commercial establishments, and residents mainly travel outside the Town for employment and shopping. Lebanon residents travel to the urban centers of Willimantic, Colchester, and Norwich to conduct trade and business.

The Planning and Zoning Commission last updated their Plan of Conservation and Development in 2020. The Plan encourages agricultural land use, promoting agricultural-based economic development opportunities and farmland preservation along with heritage tourism through identification and advertisement of available resources and attractions and by increasing visitor accommodations and services. In addition, the plan intends to strengthen the quality and diversity of Lebanon's housing stock by increasing opportunities for multi and senior housing for all age groups to create a sustainable population mix of age and income groups.

FORM OF GOVERNMENT

Pursuant to its charter, Lebanon has a Town Meeting form of government with a five- member Board of Selectmen and a Board of Finance consisting of six members. Elections are held biennially in November in every odd-numbered year. The inhabitants also have the powers and privileges conferred and granted to Towns and Cities under the Constitution and the General Statutes of the State of Connecticut. Selectmen serve a 4-year term with staggered terms and Board of Finance members a 6-year term.

The First Selectman is the full-time Chief Executive of the Town and oversees the execution of all laws and ordinances governing the Town. The First Selectman presides over the Board of Selectmen and has full voting privileges on the Board of Selectmen, while also being an ex-officio member of all other Boards and Commissions. The First Selectman is responsible for the everyday operations of the town, but cannot sign any contracts without the authorization of the full Board of Selectmen.

The Board of Finance is responsible for the preparation and presentation of the annual Town budget and works closely with the Finance Director to establish and enforce fiscal policy and implement the recommendations of the Town auditors. The Board of Finance is responsible for overseeing the financing of the Town's operations.

The Finance Director is responsible for the accounting and safe-keeping of all funds of the Town. The major functions of include: accounting, accounts payable, budget implementation, cash management, debt management, employee benefit administration, insurance administration, payroll and purchasing. In addition, the Finance Director is responsible for assisting the Board of Finance in the preparation of the annual budget and the annual report.

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PRINCIPAL TOWN OFFICIALS

Office	Name	Manner of Selection	Term	Years of Service
First Selectman.....	Kathleen Smith ¹	Elected	11/25-11/29	6 Months
Selectman.....	Kevin Cwikla ²	Elected	11/25-11/29	6 Months
Selectman.....	Robin Chesmer.....	Elected	11/23-11/27	6 Years
Selectman.....	Betsy Petrie ³	Elected	11/23-11/27	6 Years
Selectman.....	Harold Nelson.....	Elected	11/25-11/29	6 Months
Chairman, Board of Finance.	Gisele Russo ⁴	Elected	11/25-11/31	6 Months
Finance Director.....	Hayley Wagner.....	Appointed	Indefinite	4.5 Years
Treasurer.....	Scott McCall.....	Elected	11/25-11/29	5.5 Years
Director of Public Works....	Dean Hunniford.....	Appointed	Indefinite	5.5 Years
Town Planner.....	Philip Chester.....	Appointed	Indefinite	20 Years
Assessor.....	Gail Gwiazdowski.....	Appointed	Indefinite	3 Years
Tax Collector.....	Tony Tyler.....	Appointed	Indefinite	1 Year
Town Clerk.....	Mary Ellen Wieczorek.	Appointed	Indefinite	8 Years
Superintendent of Schools...	Andrew Gonzalez.....	Appointed	Indefinite	5 Years

¹ Previously served as a Selectman for 6 years.

² Previously served as First Selectman for 6 years.

³ Previously served as First Selectman for 4 years.

⁴ Previously served as an alternate on the Board of Finance for 2 years.

Source: Town Officials.

ECONOMY

Agriculture: Lebanon is an agricultural community. Agriculture has been the predominate land use for over 300 years. Today the Town has over 140 farms comprising of over 8,000 acres. Almost 7,000 acres of farmland is preserved in Town. Lebanon farms represent a variety of large-and-small scale agriculture including poultry/egg (1.5 million chickens), dairy (several thousand cows), nursery stock (largest wholesaler in New England), beef cattle, vegetables, llamas, sheep, goats, equine, maple syrup, honey, wine, CSA's and other agrarian endeavors.

Housing: Lebanon is one of the nation's earliest settled communities. It contains 300+/- classic 18th and 19th century homes with several predating the American Revolution. The vast majority of homes are single-family dwellings, with eight apartment complexes and several multiple accessory-living units attached to homes. Approximately 3.5% of the housing units are deemed "affordable". Thirty-two units of housing for seniors, including seniors with disabilities, are located adjacent to the Senior Center, with an additional twenty-four approved for development. A thirty-four unit senior housing development is under construction at 1 Scott Hill Road. The Town has an affordable housing plan.

SUMMARY OF MUNICIPAL SERVICES

Police: The Lebanon Resident Trooper's Program protects, maintains, and enhances the quality of life within the Lebanon Community by providing a Resident State Trooper. The Town is presently seeking to procure a second Resident Trooper. The Board of Education employs an Armed Security Officer ("ASO") that rotates coverage of the schools.

The Lebanon Resident Trooper's Office falls under the direct command of "Troop K" (Colchester Barracks). The State Police and Troop K manage all clerical requests and manage investigative reporting, computers, and radio communications. The Lebanon Resident State Trooper's Supervisor works closely with the Town's First Selectman and Troop K Commander to establish goals and objectives to ensure the efficiency and effectiveness of the program.

Fire: The Lebanon Volunteer Fire Department Inc. is an independent non-profit organization that provides fire, rescue, and emergency response services to the residents of Lebanon. The Fire Department is supported by the Town, who owns the apparatus and provides the fire safety complex. The Town provides funding that covers half the operating budget. The remaining funds are covered by ambulance billing revenue as well as donations and grants. The Fire Department has 69 volunteer members. Currently, 39 are Emergency Medical Technicians (“EMT”) and 50 members are firefighter certified. Mutual aid is provided by abutting Towns also.

Public Works: The Public Works Department is comprised of six highway CDL maintainers, one mechanic, one non-CDL maintainer and one leadman, and the Director of Public Works and Facilities. The Public Works Director also oversees two part-time Facilities/Grounds maintainers and two transfer station operators. The Public Works Department is responsible for the maintenance and repair of approximately 77.25 miles of roads and 15.5 miles of dirt roads. The Public Works Director manages the maintenance of all Town-owned buildings and grounds, excluding those overseen by the Board of Education.

Duties of the Public Works Department include cleaning drainage swales and hundreds of stormwater catch basins, roadside mowing, tree trimming, maintenance of all fleet vehicles and equipment, road repairs, maintenance of the Airline Trail and snow removal of all Town roads and facilities excluding the schools.

Solid Waste: Lebanon has a transfer station. Residents have the option of transporting their waste to the Transfer Station and paying a per bag fee between \$2 to \$6 based on the size of the bag, or contracting with a private hauler. Waste is transferred from Lebanon to Reworld SECONN in Preston, Connecticut. Mixed recycling and cardboard are no charge for disposal at the transfer station.

Water: Four community wells are located in the residential developments of Frankel Acres, Carriage Drive, the Dr. Manning Drive elderly housing development, and Amston Lake. All remaining homes and businesses obtain water from dug or drilled private wells.

Sewers: In 2013 the Town installed sewers at Amston Lake. The sewer system is maintained by the Water Pollution Control Authority and no additional sewer service areas are proposed. All other homes and businesses employ on-site private septic systems.

Library: The Jonathan Trumbull Library provides the citizens of the Town of Lebanon with resources and materials for the enrichment, enjoyment and education of the community and supplies a safe space for the people of Lebanon to come together. In July 2026, the Town contracted with the Town of Bozrah to be their principal public library. The Library collection consists of books, audiobooks, magazines, newspapers, puzzles, games, and digital content. Also available are computers, photocopiers and printers, and meeting rooms. As well as materials, the library provides a variety of programs for patrons of all ages, including book discussion groups, informational speakers, story hours, summer reading programs, Tai Chi, yoga, knitting groups, game nights and more.

In July 2021 the Library broke ground on a renovation and expansion project which was completed in August 2022. The project included a new foyer, new layouts to the children and teen areas, a relocation of meeting rooms, ADA compliance, and an overall facelift of the building. The project was funded, in part, by grants from the Connecticut Department of Economic and Community Development and from the Hugh Trumbull Adams Trust. Additional proceeds were bonded for in April 2022.

Senior Center: Constructed in 2008, the 6,450 square foot Senior Center is operated by the Senior Center Director. The facility focuses on supporting and promoting independent living for seniors through socialization and program opportunities. Some popular programs provided include Tuesday luncheons, Brain Training Dementia Support Group, Healthy Feet, Cardio Drumming, Chair Yoga and Heart Healthy Exercise. In addition, a robust senior transportation program, utilizing three vans provides seniors with transportation needs. The facility contains meeting rooms, an exercise room, activity spaces, a commercial kitchen, and other areas.

Community Center: the center is located across from the Trumbull Library and the historic Lebanon town green. It is available to rent to Lebanon residents and Lebanon-based non-profit organizations. It is the perfect venue for adult-centered celebrations such as baby showers, bridal showers, and family gatherings along with town board and commission meetings. The versatile space supports a variety of community activities and events, ensuring it remains a hub for local engagement. It was given to the Town in loving memory of Mary Trumbull Adams by her son Hugh Trumbull Adams. The center has

undergone a stunning transformation, with funding from the American Rescue Plan Act (ARPA). The upgrades include a new roof, windows, exterior siding, kitchen, bathroom and the interior was modernized including new furniture throughout.

Social Services: Lebanon Social Services Office offer a variety of services for children, adults and seniors. The Office works with federal, state and local organizations to provide assistance to residents in need. Services include but are not limited to, referrals for Supplement Nutrition Assistance Program (“SNAP”), assistance with Husky Insurance for uninsured children and adults, intake for Connecticut Energy Assistance Program, food assistance, back to school supplies, medical, dental and behavioral counseling referrals. For seniors the Office provides assistance with budgeting and general paperwork, referrals for Meals-on-Wheels, transportation and assistance with Medicare savings programs.

Utilities: Electricity for the Town is provided by the Eversource, formerly known as Connecticut Light & Power Company and Bozrah Light and Power Company.

TOWN EMPLOYEES

The following table illustrates the permanent full and part-time Town employees:

Fiscal Year	2026	2025	2024	2023	2022
General Government.....	59	59	56	57	58
Board of Education.....	272	280	270	269	261
Total.....	331	339	326	326	319

Source: Town Officials, Town of Lebanon.

MUNICIPAL EMPLOYEES’ BARGAINING UNITS

Organization	Number of Employee	Current Contract Expiration
<u>General Government</u>		
Public Works Department CSEA/SEIU Local 2001.....	7	June 30, 2027
Town Hall Employees CSEA/SEIU Local 2001.....	7	June 30, 2026 ¹
General Government sub-total.....	14	
<u>Board of Education</u>		
Lebanon Education Association - Teachers.....	110	June 30, 2029
Lebanon Administrators' Association.....	6	June 30, 2027
Lebanon Paraeducators (SEIU, Local 2001, CSEA).....	40	June 30, 2026 ¹
Lebanon School Custodians (CSEA/Local 2001).....	10	June 30, 2026 ¹
Lebanon Educational Secretaries (CSEA, Local 760, SEIU).....	5	June 30, 2027
Board of Education sub-total.....	116	
Total General Government and Board of Education.....	130	

¹ In negotiation.

Source: Town Officials, Town of Lebanon.

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

EDUCATION SYSTEM

The Lebanon Public Schools system services grades pre-kindergarten through twelve and is governed by the local Board of Education. Lebanon has a nine-member Board of Education elected to four-year staggered terms. The primary function of the Board is to establish policy. Some of the areas for which such policies are set include curriculum, budget request submissions, ensuring funds for education as appropriated by the Town are properly expanded, implementation of both State and Federal laws, and planning for facilities needed by the system, including construction and renovation.

The Town has one elementary school, one middle school, and one high school. Enrollment in the system as of October 1, 2025 was 922 with a rated capacity of 1,630.

SCHOOL FACILITIES

School	Grades	Construction/Addition/ Renovation	Number of Classrooms	Enrollment 10/01/25	Capacity
Lyman High School.....	9-12	1992	47	318	605
Lebanon Middel School.....	5-8	1959, 1972, 2004-2007	30	231	500
Lebanon Elementary School	PreK-4	1936, 1959, 1966, 1972, 1977, 1979, 1983, 2004-2007	38	373	525
Total			115	922	1,630

Source: Board of Education, Town of Lebanon.

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SCHOOL ENROLLMENT AND PROJECTIONS

School Year	Elementary School	Middle School	High School	Total
<i>Historical</i>				
2021-22	338	271	330	939
2022-23	370	263	322	955
2023-24	367	272	339	978
2024-25	366	265	327	958
2025-26	373	231	318	922
<i>Projected</i>				
2026-27	388	262	327	977
2027-28	396	259	323	978
2028-29	377	276	318	971
2029-30	381	287	305	973
2030-31	380	292	312	984

Source: Board of Education, Town of Lebanon.

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III. ECONOMIC AND DEMOGRAPHIC INFORMATION

POPULATION TRENDS

Year	Population¹	% Increase	Density²
1970	3,838	175.0	70
1980	4,762	24.1	86
1990	6,041	26.9	109
2000	6,907	14.3	125
2010	7,308	5.8	132
2020	7,142	(2.3)	129
2024	7,116	(0.4)	129

¹ U.S. Department of Commerce, Bureau of Census, 1970 – 2024,

² Per square mile: 55.2 square miles.

AGE DISTRIBUTION OF THE POPULATION

Age	Town of Lebanon		Southeastern CT Planning Region¹		State of Connecticut	
	Number	Percent	Number	Percent	Number	Percent
Under 5.....	414	5.8	13,387	4.8	181,691	5.0
5 - 9.....	188	2.6	13,978	5.0	195,164	5.4
10 - 14.....	318	4.5	16,528	5.9	214,972	5.9
15 - 19.....	449	6.3	17,987	6.4	239,710	6.6
20 - 24.....	299	4.2	19,723	7.0	238,387	6.6
25 - 34.....	644	9.1	36,907	13.2	454,892	12.6
35 - 44.....	955	13.4	33,770	12.1	460,916	12.7
45 - 54.....	1,206	16.9	32,685	11.7	453,917	12.5
55 - 59.....	403	5.7	19,900	7.1	256,068	7.1
60 - 64.....	635	8.9	20,430	7.3	258,234	7.1
65 - 74.....	1,007	14.2	31,920	11.4	386,232	10.7
75 - 84.....	578	8.1	16,399	5.9	196,373	5.4
85 and over..	20	0.3	6,357	2.3	87,952	2.4
Total	<u>7,116</u>	<u>100.0</u>	<u>279,971</u>	<u>100.0</u>	<u>3,624,508</u>	<u>100.0</u>
Median Age (years)	46.9		41.1		41.1	

¹ Starting with the 2019-2023 American Community Survey data, the area was adjusted to reflect the Southeastern Connecticut Planning Region. Previous to the 2022 data, New London County data was used.

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

INCOME DISTRIBUTION

	Town of Lebanon		Southeastern CT Planning Region ¹		State of Connecticut	
	<u>Families</u>	<u>Percent</u>	<u>Families</u>	<u>Percent</u>	<u>Families</u>	<u>Percent</u>
Less than \$10,000	19	0.9	1,939	2.7	24,004	2.6
\$ 10,000 to 14,999	76	3.6	1,381	1.9	12,584	1.4
\$ 15,000 to 24,999	0	0.0	2,456	3.4	27,285	3.0
\$ 25,000 to 34,999	20	1.0	3,169	4.4	33,429	3.6
\$ 35,000 to 49,999	166	7.9	5,437	7.6	59,826	6.5
\$ 50,000 to 74,999	193	9.2	9,463	13.2	106,611	11.6
\$ 75,000 to 99,999	269	12.8	9,197	12.8	106,893	11.6
\$100,000 to 149,999 ..	440	21.0	14,956	20.8	182,785	19.8
\$150,000 to 199,999 ..	493	23.5	11,091	15.5	131,310	14.3
\$200,000 or more	424	20.2	12,677	17.7	236,661	25.7
Total	<u>2,100</u>	<u>100.0</u>	<u>71,766</u>	<u>100.0</u>	<u>921,388</u>	<u>100.0</u>

¹ Starting with the 2019-2023 American Community Survey data, the area was adjusted to reflect the Southeastern Connecticut Planning Region. Previous to the 2022 data, Tolland County data was used.

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

INCOME LEVELS

	<u>Town of Lebanon</u>	<u>Southeastern CT Planning Region ¹</u>	<u>State of Connecticut</u>
Per Capita Income, 2024.....	\$55,601	\$47,133	\$55,915
Per Capita Income, 2020.....	\$43,225	\$40,995	\$45,668
Per Capita Income, 2010.....	\$37,663	\$32,888	\$36,775
Per Capita Income, 2000.....	\$24,953	\$24,678	\$28,766
Median Family Income, 2024.....	\$133,479	\$108,228	\$122,706
Median Family Income, 2020.....	\$107,044	\$94,894	\$102,061
Median Family Income, 2010.....	\$97,152	\$80,425	\$84,170
Median Family Income, 2000.....	\$69,214	\$59,857	\$65,521
Percent Below Poverty Level 2024....	4.5%	7.8%	6.9%

¹ Starting with the 2019-2023 American Community Survey data, the area was adjusted to reflect the Southeastern Connecticut Planning Region. Previous to the 2022 data, Tolland County data was used.

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

EDUCATIONAL ATTAINMENT
Years of School Completed Age 25 and Over

<u>Educational Attainment Group</u>	<u>Town of Lebanon</u>		<u>Southeastern CT Planning Region ¹</u>		<u>State of Connecticut</u>	
	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>
Less than 9th grade.....	61	1.1	5,909	3.0	101,458	4.0
9th to 12th grade.....	59	1.1	8,396	4.2	114,887	4.5
High School graduate.....	1,548	28.4	57,464	29.0	647,192	25.3
Some college - no degree.....	984	18.1	38,024	19.2	410,903	16.1
Associates degree.....	613	11.3	17,552	8.8	195,081	7.6
Bachelor's degree.....	1,178	21.6	39,277	19.8	595,631	23.3
Graduate or professional degree.....	1,005	18.4	31,746	16.0	489,432	19.2
Total.....	<u>5,448</u>	<u>100.0</u>	<u>198,368</u>	<u>100.0</u>	<u>2,554,584</u>	<u>100.0</u>
Percent High School Graduate or Higher.....		97.8%		92.8%		91.5%
Percent Bachelor's Degree or Higher.....		40.1%		35.8%		42.5%

¹ Starting with the 2019-2023 American Community Survey data, the area was adjusted to reflect the Southeastern Connecticut Planning Region. Previous to the 2022 data, Tolland County data was used.

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

MAJOR EMPLOYERS

As of June 2026

<u>Employer</u>	<u>Nature of Business</u>	<u>Estimated Number of Employees</u>
Prides Corner Farms.....	Wholesale nursery.....	250-499
Town of Lebanon.....	Municipality.....	331
The Scotts Company.....	Manufacturer soil products.....	100-249
Hillandale Farms.....	Egg farm.....	55
Lebanon Veterinary Hospital.....	Veterinary	20-49
The Grand Lake Hotel & Casa Martinaj.....	Hotel & restaurant.....	23
Market on the Green.....	Grocery store.....	14
Bender's Oil Service.....	Retail fuel & heating service.....	10

Source: Town Officials and CT Labor Market website ctdol.state.ct.us.

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EMPLOYMENT BY INDUSTRY

	Town of Lebanon		Southeastern CT Planning Region ¹		State of Connecticut	
	Number	Percent	Number	Percent	Number	Percent
Agriculture, forestry, fisheries.....	68	1.8	904	0.7	7,132	0.4
Construction.....	550	14.5	8,507	6.3	113,006	6.1
Manufacturing.....	659	17.4	20,706	15.2	198,526	10.7
Wholesale trade.....	67	1.8	1,764	1.3	35,592	1.9
Retail trade.....	225	5.9	14,345	10.6	192,698	10.4
Transportation & warehousing & utilities...	120	3.2	5,381	4.0	87,076	4.7
Information.....	22	0.6	1,970	1.5	37,488	2.0
Finance, insurance, real estate.....	241	6.4	5,725	4.2	161,226	8.7
Professional, scientific & management.....	369	9.7	12,967	9.5	228,229	12.3
Educational, health & social services.....	1,021	26.9	35,314	26.0	496,559	26.8
Arts, entertainment & recreation.....	235	6.2	16,740	12.3	143,851	7.8
Other professional services.....	109	2.9	5,211	3.8	80,617	4.4
Public administration.....	106	2.8	6,247	4.6	67,864	3.7
Total.....	3,792	100.0	135,781	100.0	1,849,864	100.0

¹ Starting with the 2019-2023 American Community Survey data, the area was adjusted to reflect the Southeastern Connecticut Planning Region. Previous to the 2022 data, Tolland County data was used.

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

EMPLOYMENT DATA

	Percentage Unemployed			
	Town of Lebanon	Norwich - New London Labor Market ¹	State of Connecticut	United States
Yearly Average	%	%	%	%
2016	4.6	5.0	4.8	4.9
2017	4.4	4.3	4.4	4.4
2018	3.6	3.8	3.9	3.9
2019	3.4	3.5	3.6	3.7
2020	7.1	10.0	8.0	8.1
2021	6.1	6.9	6.4	5.4
2022	3.8	4.1	4.1	3.7
2023	3.1	3.2	3.2	3.6
2024	3.1	3.1	3.2	4.0
2025	3.4	3.8	3.9	4.3
2026 Monthly ²				
January	5.5	5.4	5.5	4.7

¹ Not seasonally adjusted.

² Estimated

Source: Department of Labor, State of Connecticut.

AGE DISTRIBUTION OF HOUSING

Year Built	Town of Lebanon		Southeastern CT Planning Region ¹		State of Connecticut	
	Units	Percent	Units	Percent	Units	Percent
1939 or earlier.....	500	16.2	29,792	23.6	311,584	20.2
1940 - 1949.....	52	1.7	5,307	4.2	96,711	6.3
1950 - 1959.....	200	6.5	13,569	10.7	217,807	14.1
1960 - 1969.....	422	13.7	15,669	12.4	199,847	13.0
1970 - 1979.....	523	16.9	17,865	14.1	210,797	13.7
1980 - 1989.....	622	20.1	15,862	12.5	199,083	12.9
1990 - 1999.....	171	5.5	9,887	7.8	115,803	7.5
2000 - 2009.....	548	17.7	12,415	9.8	109,783	7.1
2010 - 2019.....	14	0.5	5,019	4.0	69,596	4.5
2020 or later.....	39	1.3	1,040	0.8	10,811	0.7
Total.....	<u>3,091</u>	<u>100.0</u>	<u>126,425</u>	<u>100.0</u>	<u>1,541,822</u>	<u>100.0</u>

Percent Owner Occupied..... 88.0% 65.1% 66.5%

¹ Starting with the 2019-2023 American Community Survey data, the area was adjusted to reflect the Southeastern Connecticut Planning Region.

Previous to the 2022 data, Tolland County data was used.

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

HOUSING INVENTORY

Type	Town of Lebanon		Southeastern CT Planning Region ¹		State of Connecticut	
	Number	Percent	Number	Percent	Number	Percent
1-unit, detached.....	2,774	89.7	77,228	61.1	902,771	58.6
1-unit, attached.....	13	0.4	7,259	5.7	99,493	6.5
2 units.....	165	5.3	9,617	7.6	115,211	7.5
3 or 4 units.....	80	2.6	9,047	7.2	125,486	8.1
5 to 9 units.....	0	0.0	7,331	5.8	76,014	4.9
10 to 19 units.....	0	0.0	4,525	3.6	54,675	3.5
20 or more units.....	40	1.3	8,521	6.7	156,730	10.2
Mobile home, boat, other.....	19	0.6	2,897	2.3	11,442	0.7
Total	<u>3,091</u>	<u>100.0</u>	<u>126,425</u>	<u>100.0</u>	<u>1,541,822</u>	<u>100.0</u>

¹ Starting with the 2019-2023 American Community Survey data, the area was adjusted to reflect the Southeastern Connecticut Planning Region. Previous to the 2022 data, Tolland County data was used.

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

OWNER-OCCUPIED HOUSING VALUES

Sales Price Category	Town of Lebanon		Southeastern CT Planning Region ¹		State of Connecticut	
	Number	Percent	Number	Percent	Number	Percent
Less than \$50,000	35	1.4	2,894	3.8	23,262	2.4
\$ 50,000 to \$ 99,999 ...	40	1.6	1,541	2.0	14,209	1.5
\$ 100,000 to \$149,999 ...	92	3.7	2,994	4.0	31,134	3.3
\$ 150,000 to \$199,999 ...	98	3.9	6,068	8.1	65,851	6.9
\$ 200,000 to \$299,999 ...	719	28.8	20,051	26.6	205,349	21.5
\$ 300,000 to \$499,999 ...	1,184	47.5	29,171	38.7	350,277	36.8
\$ 500,000 to \$999,999 ...	312	12.5	10,946	14.5	197,853	20.8
\$1,000,000 and over	15	0.6	1,676	2.2	65,054	6.8
Total	2,495	100.0	75,341	100.0	952,989	100.0
 Median Value ²	 \$144,300		 \$142,200		 \$166,900	
Median Value ³	\$345,900		\$323,400		\$366,900	

¹ Starting with the 2019-2023 American Community Survey data, the area was adjusted to reflect the Southeastern Connecticut Planning Region. Previous to the 2022 data, Tolland County data was used.

² Median Sales Price, U.S. Department of Commerce, Bureau of Census, 2000.

³ Median Sales Price, U.S. Census Bureau, 2020-2024 American Community Survey.

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

BUILDING PERMITS

Fiscal Year Ending 6/30	Total	
	Number	Value
2025	677	\$13,392,193
2024	643	12,110,219
2023	731	17,845,384
2022	730	11,207,689
2021	703	9,550,668
2020	546	6,490,379
2019	637	7,843,576
2018	612	14,114,737
2017	672	9,678,454
2016	618	6,139,937

Source: Building Department, Town of Lebanon.

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IV. TAX BASE DATA

ASSESSMENTS

The Town had a general property revaluation effective October 1, 2023. The next revaluation is scheduled for October 1, 2028. Under section 12-62 of the Connecticut General Statutes, as amended, the Town must do a revaluation every five years based on generally accepted mass appraisal methods and a revaluation by physical inspection no later than ten years from the preceding physical inspection. A 2006 statute permits a municipality, upon approval of its legislative body, to phase-in a real property assessment increase resulting from a revaluation over a period of up to five years. Various state statutes provide for or authorize exemptions, abatement and other adjustments to assessments. Section 12-62 also imposes a penalty on municipalities that fail to effect revaluations as required, with certain exceptions. Municipalities may choose to phase-in real property assessment increases resulting from a revaluation, but such phase-in must be implemented in less than five assessment years. The maintenance of an equitable tax base, and the location and appraisal of all real and personal property within the Town of Lebanon for inclusion onto the Grand List are the responsibilities of the Town's Assessor's Office. The Grand List represents the total of assessed values for all taxable and non-taxable real and personal property and motor vehicles located within the Town on October 1. A Board of Assessment Appeals determines whether adjustments to the Assessor's list on assessments under appeal are warranted. Assessments for real property are computed at 70 percent of the estimated market value at the time of the last general revaluation, while assessments for personal property and motor vehicles are computed at 70 percent of the annual appraisal value.

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

All personal property (furniture, fixtures, equipment, and machinery) is revalued annually. An assessor's check and audit is completed periodically.

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

PROPERTY TAX COLLECTION PROCEDURE

Property taxes are levied on all assessed property on the Grand List of October 1 prior to the beginning of the fiscal year. Real estate tax bills are payable in two installments on July 1 and January 1. Real estate and personal property taxes of less than \$250 are due in full in July. Motor vehicle taxes are payable in full, regardless of amount, on July 1. A margin against delinquencies, legal reductions, and Grand List adjustments, such as Assessor errors, is provided by adjusting the Grand List downward when computing anticipated property tax revenue from the current levy. An estimate for delinquent taxes and outstanding interest and lien fees anticipated to be collected during the fiscal year is normally included as a revenue item in the budget. Delinquent taxes are billed monthly, with interest charged at the rate of one and one-half percent per month with a minimum charge of \$2. In accordance with State law, the oldest outstanding tax is collected first. Outstanding real estate tax accounts are automatically 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, personal property, and real estate accounts are transferred to a suspense account after three years at which time they cease to be carried as receivables.

MOTOR VEHICLE PROPERTY TAX RATE

Section 12-71e(a) of the Connecticut General Statutes (the "General Statutes") has been amended whereby the mill rate for motor vehicles shall not exceed 32.46 mills for the assessment year commencing October 1, 2021, and each assessment year

thereafter. Section 12-71e(b) of the General Statutes has been amended to state that no district or borough may set a motor vehicle mill rate that if combined with the motor vehicle mill rate of the town, city, consolidated town and city or consolidated town and borough in which such district or borough is located would result in a combined motor vehicle mill rate above 32.46 mills for the assessment year commencing October 1, 2021, and each assessment year thereafter. Section 4-66I of the General Statutes diverts a portion of State collected sales tax revenue to provide funding to municipalities to mitigate the revenue loss attributed to the motor vehicle property tax cap. The Town's mill rate for motor vehicles for the assessment year commencing October 1, 2025 (the fiscal year ending June 30, 2027) is 22.50 mills.

COMPARATIVE ASSESSED VALUATIONS

Grand List Dated	Real Property (%)	Personal Property (%)	Motor Vehicle Property (%)	Gross Taxable Grand List	Less Exemptions ¹	Net Taxable Grand List	% Growth
2025	77.1	15.0	7.9	\$1,077,761,704	\$25,365,360	\$1,052,396,344	1.1%
2024	77.6	14.7	7.7	1,063,712,734	22,605,921	1,041,106,813	0.3%
2023 ²	77.9	13.8	8.3	1,053,085,435	15,460,620	1,037,624,815	41.5%
2022	71.7	16.0	12.3	743,679,036	10,528,370	733,150,666	2.5%
2021	73.4	13.9	12.7	722,192,980	6,880,681	715,312,299	4.5%
2020	76.3	13.7	10.0	692,015,226	7,227,231	684,787,995	2.1%
2019	77.6	13.0	9.4	678,929,913	8,174,560	670,755,353	0.6%
2018 ²	77.8	13.2	9.0	674,799,053	8,217,130	666,581,923	3.6%
2017	77.2	13.4	9.4	652,311,293	9,202,090	643,109,203	3.2%
2016	79.2	11.5	9.3	632,679,581	9,478,140	623,201,441	-0.2%

¹ Revaluation Year.

Source: Assessor's Office, Town of Lebanon.

PROPERTY TAX LEVIES AND COLLECTIONS

Grand List 1-Oct	FY Ending 30-Jun	Net Taxable Grand List	Mill Rate	Tax Levy	Percent Collected End of Each Fiscal Year	Percent Uncollected End of Each Fiscal Year	Percent Annual Levy Uncollected 6/30/2025	Amount Uncollected as of 6/30/2025
2025	2027	\$1,052,396,344	22.50	\$23,808,194	Collections 7/1/2026 and 1/1/27			N/A
2024	2026	1,041,106,813	22.00	23,012,124	Collections 7/1/2025 and 1/1/26			N/A
2023	2025	1,037,624,815	21.00	21,777,926	99.1%	0.9%	0.9%	\$203,186
2022	2024	733,150,666	29.00	20,803,972	98.7%	1.3%	0.6%	117,307
2021	2023	715,312,299	28.50	20,314,859	98.4%	1.6%	0.3%	59,871
2020	2022	684,787,995	28.40	19,645,997	98.7%	1.3%	0.1%	11,082
2019	2021	670,755,353	28.20	19,038,165	98.6%	1.4%	0.0%	8,463
2018	2020	666,581,923	29.40	19,758,122	98.2%	1.8%	0.0%	7,179
2017	2019	643,109,203	29.40	19,014,434	97.8%	2.2%	0.0%	5,447
2016	2018	623,201,441	29.40	18,498,930	97.5%	2.5%	0.0%	5,288

Source: Assessor's Office, Town of Lebanon.

TEN LARGEST TAXPAYERS¹

Business-Name	Nature Of Business	Estimated Assessment 10/1/2025	Rank	Percent of Total¹
Eversource.....	Utility.....	\$110,927,230	1	10.54%
Prides Corner Farms, Inc.....	Farm.....	14,473,340	2	1.38%
Hillandale Farms Conn LLC.....	Egg Farm.....	7,741,830	3	0.74%
Algonquin Gas Transmission Co.....	Gas transmission line.....	6,590,360	4	0.63%
Hyponex Corporation.....	Soil & excavation.....	6,128,090	5	0.58%
Insight Material Handling LLC.....	IT equipment leasing.....	3,175,950	6	0.30%
Green Gate LLC.....	Chesmer farm.....	2,084,560	7	0.20%
Korten, Brian L.	Residential real estate.....	1,410,600	8	0.13%
Deere Credit Inc.....	Equipment Financing.....	1,335,220	9	0.13%
Kubota Credit Corporation.....	Equipment Financing.....	1,268,350	10	0.12%
Total		\$155,135,530		14.74%

¹ Based on a 10/1/25 Net Taxable Grand List of \$1,052,396,344.
Source: Assessor's Office, Town of Lebanon.

EQUALIZED NET GRAND LIST

Grand List of 10/1	Equalized Net Grand List	% Growth
2024	\$1,699,317,495	14.63%
2023	1,482,459,449	-1.57%
2022	1,506,040,737	11.71%
2021	1,348,157,180	10.52%
2020	1,219,861,425	17.70%
2019	1,036,435,589	8.82%
2018	952,466,476	-5.56%
2017	1,008,534,748	11.34%
2016	905,784,251	0.79%
2015	898,645,327	2.80%

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

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V. FINANCIAL INFORMATION

FISCAL YEAR

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

BASIS OF ACCOUNTING

Accounting Policies

The financial statements of the Town of Lebanon, Connecticut have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. Please refer to Appendix A "Basic Financial Statements" herein for compliance and implementation details.

The reporting model includes the following segments:

Management's Discussion and Analysis ("MD&A") – provides introductory information on basic financial statements and an analytical overview of the Town's financial activities.

Government-wide financial statements – consists of a statement of net assets and a statement of activities, which are prepared on the accrual basis of accounting. These statements distinguish between governmental activities and business-type activities and exclude fiduciary (employee retirement system and agency funds). Capital assets, including infrastructure and long-term obligations are included along with current assets and liabilities.

Fund financial statements – provides information about the Town's governmental, proprietary and fiduciary funds. These statements emphasize major fund activity and, depending on the fund type, utilize different basis of accounting.

Required supplementary information – in addition to the MD&A, budgetary comparison schedules are presented for the General Fund.

Please refer to Appendix A "Basic Financial Statements" herein for measurement focus and basis of accounting of the government-wide financial statements as well as the fiduciary fund financial statements of the Town of Lebanon.

BUDGETARY PROCEDURES

The Board of Finance shall be responsible for the preparation and presentation of the Annual Town Budget, which shall include the Town Operating Budget, the Board of Education Operating Budget and the Non-Operating Budget. The Board of Finance shall have the authority to change only the total requested appropriation of the Board of Education Operating Budget. The proposed Annual Town Budget shall include estimates of fund balances for the current fiscal year, net taxable grand list, tax rate, and recommendations for capital projects and methods of financing and recommendations for an appropriation for the contingency account, and shall provide a comparison to all items in the current fiscal year.

- Annually the Board of Finance shall develop and publish a budget development calendar.
- The Board of Finance shall hold joint capital planning meetings with the Board of Selectmen, Board of Education and appropriate boards, agencies and departments.
- On or before March 1, the Board of Education shall submit to the Board of Finance its estimated of receipts and expenditures for the upcoming fiscal year, and the proposed Board of Education Operating Budget for the upcoming fiscal year. The Board of Education shall also submit its capital needs for the upcoming and following four (4) fiscal years to the Board of Finance.
- The Board of Finance shall prepare the Town Operating Budget with due consideration of public health and safety, the financial objectives and priorities of the Town and the Plan of Conservation and Development provided by the Planning and Zoning Commission. The Finance Director shall provide such information and support as the Board of Finance requests to prepare the Annual Town Budget detailing each itemized estimate for the upcoming fiscal year, of expenditures and revenues to be received.

- The Board of Finance shall hold one or more meeting(s) to review the proposed Town Operating Budget and may require the Board of Selectmen, town departments, agencies and the Board of Education to attend such meeting(s).
- The Board of Finance shall hold one or more Public Hearings prior to April 22, at which time the Board of Finance shall present the proposed Annual Town Budget.
- At least ten (10) days in advance of any Public Hearing, the Board of Finance shall provide notice of such Public Hearing and shall cause such notice to be published in a newspaper having general circulation in the Town.
- One (1) week prior to the Public Hearing, as well as at the Public Hearing, sufficient copies of the proposed Annual Town Budget shall be made available for general distribution.
- Following the Public Hearing, the Board of Finance may revise the proposed Annual Town Budget giving due consideration to the comments made during the Public Hearing.
- The Board of Finance shall file such proposed Annual Town Budget with the Town Clerk as least five (5) days prior to the Annual Town Meeting.
- Consideration of the Annual Town Budget at the Annual Town Meeting shall be limited to a public presentation by the Board of Finance, Board of Education and Town personnel with an opportunity for public participation by comments and questions.
- Upon completion of the Annual Town Meeting, the moderator shall adjourn the meeting to a referendum which shall take place on the Thursday in May which is ten (10) days after the Annual Town Meeting.
- If the Annual Town Budget is rejected at referendum, the Board of Finance shall review the last proposed Annual Town Budget and revise it consistent with the expressed interest of the Town.
- The Board of Selectman shall announce a reconvened referendum date, location and time.
- The referendum process set forth in the foregoing provisions shall govern the subsequent referendum and the process as outlined, shall be repeated until an Annual Town Budget has been approved.

The Town's budget process must also anticipate the impact of the State's budget which proceeds simultaneously with the Town's.

Section 4-66l(h) (the "Act"), as amended, reduces a municipality's revenue sharing grant if its general budget expenditures (as modified by the Act) in any fiscal year exceeds a threshold set forth in the Act. As a result of utilizing modified budget growth to reduce a municipality's revenue sharing grant the Act is sometimes popularly referred to as imposing a "spending cap". Beginning in fiscal year 2018, the Office of Policy and Management ("OPM") must reduce the municipal revenue sharing grant amount for those municipalities whose spending, with certain exceptions, exceeds the spending limits specified in the Act. Each fiscal year, OPM must determine the municipality's percentage growth in spending over the prior fiscal year and reduce the grant if the growth rate is equal to or greater than 2.5% or the inflation rate, whichever is greater. The reduction is generally equal to 50 cents for every dollar the municipality spends over this cap.

The Act requires that each municipality annually certify to the Secretary of OPM whether the municipality exceeded the spending cap and if so, the amount over the cap.

Under the Act, municipal spending does not include expenditures: (1) for debt service, special education, costs to implement court orders or arbitration awards, budgeting for an audited deficit, nonrecurring grants, capital expenditures of \$100,000 or more, or payments on unfunded pension liabilities; (2) associated with a major disaster or emergency declaration by the President or disaster emergency declaration issued by the Governor under the civil preparedness law; or (3) for any municipal revenue sharing grant the municipality disburses to a special taxing district, up to the difference between the amount of property taxes the district levied on motor vehicles in the 2013 assessment year and the amount the levy would have been had the motor vehicle mill rate been 45 mills. In addition, if budget expenditures exceed the 2.5% cap, but are proportional to population growth from the previous year, the municipal; revenue sharing grant will not be reduced.

For fiscal years ending June 30, 2020 and each year thereafter, each municipal revenue sharing grant is proportionately reduced if amounts in the revenue sharing account are insufficient to fund all the revenue sharing grants. For fiscal year ending June 30, 2026 the Town received municipal revenue sharing grants totaling \$162,740. It is anticipated the Town will receive \$162,740 in municipal revenue sharing for the fiscal year ending June 30, 2027.

ANNUAL AUDIT

Pursuant to the Municipal Auditing Act (Chapter 111 of the Connecticut General Statutes), the Town is obligated to undergo an annual examination by an independent certified public accountant. The audit must be conducted under the guidelines issued

by the State of Connecticut, Office of Policy and Management, and a copy of said audit report must be filed with the Office of Policy and Management. The Town is in full compliance with said provisions. For the fiscal year ended June 30, 2025, the financial statements of the Town were audited by the firm of CliftonLarsonAllen LLP, West Hartford, Connecticut.

PENSION PLANS

Municipal Employees’ Retirement System

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

The plan provides retirement, disability and death benefits and annual cost-of-living adjustments to plan members and their beneficiaries. Employees are eligible to retire at age 55 with 5 years of continuous service, or 15 years of active aggregate service or 25 years of aggregate service. In addition, compulsory retirement is at age 65 for police and fire members. Employees under the age of 55 are eligible to retire with 25 years of service.

The total pension liability was determined by an actuarial valuation as of June 30, 2024.

Actuarial Valuation Date	Actuarial Determined Employer Contribution (ADEC)	Annual Contribution	% of ADEC Contributed
<u>MERS</u>			
2020	186,058	186,058	100.00%
2021	221,603	221,603	100.00%
2022	260,083	260,083	100.00%
2023	252,144	253,144	100.40%
2024	268,626	268,626	100.00%
2025	299,266	299,266	100.00%

The Town’s required contribution rate for the year ended June 30, 2025, was 16.68% of annual payroll. Contributions to the pension plan from the Town were \$299,266 for the year ended June 30, 2025.

Town's Proportionate Share - Municipal Employees Retirement System		
Town's Proportion of Net Pension Liability		0.18%
Town's Proportionate Share of Net Pension Liability	\$	2,308,290
Plan fiduciary net position as a % of total pension liability		72.85%

The following presents the Town’s proportionate share of the net pension liability, calculated using the discount rate of 7.00% as well as what the Town’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00%) or 1-percentage-point higher (8.00%) than the current rate.

Town's Proportionate Share - Municipal Employees Retirement System			
	1% Decrease	Current	1% Increase
	6.00%	Discount Rate	8.00%
		7.00%	
Town's Net Pension Liability as of June 30, 2025	\$ 3,340,304	\$ 2,308,290	\$ 1,449,323

Connecticut State Teachers' Retirement System

The faculty and professional personnel of the Board of Education are eligible to participate in the State of Connecticut Teachers' Retirement System, a multiple employer public employees retirement system described in the Connecticut General Statutes Chapter 167a. The system has been established to provide retirement and other benefits for teachers, their survivors and beneficiaries. The financial report for this may be obtained through the State Teachers' Retirement Board.

Please refer to the Town of Lebanon's "Notes to Financial Statements", Note 5, in "Appendix A" hereto for further information on the Town's Pension Plans.

OTHER POST-EMPLOYMENT BENEFITS

Board of Education Program

The Board of Education of the Town provides other post-employment benefits through a single employer defined benefit healthcare plan (the "OPEB Plan") to its employees upon retirement in the form of the ability to be part of the health insurance and dental plan while paying the full amount of the premium charged for active employees and receiving no physical subsidy from the Town. As a result, the Town does not have an explicit liability for the post-employment benefits because retirees pay the full health insurance and dental premium. However, the Town does have an implicit rate subsidy that recognizes the expected higher health and dental costs attributed to retirees. The funding and payment for the postemployment benefits are accounted for within the Board of Education budget within the general fund of the Town on a pay-as-you-go basis. The Plan does not issue a publicly available financial report and is not included in the financial statements of another entity.

The Town implemented GASB Statement No. 75. The following net OPEB liability of the OPEB Plan at June 30, 2025, determined by an actuarial valuation as of July 1, 2024 and based on actuarial assumptions as of that date, were as follows:

	1% Decrease	Current	1% Increase
	4.20%	Discount Rate	6.20%
		5.20%	
Town's Net OPEB Liability as of June 30, 2025	\$ 2,004,189	\$ 1,841,829	\$ 1,699,341

Connecticut State Teachers' Retirement System

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"), which is a cost sharing multiple-employer defined benefit pension plan that provides retirement, disability, survivorship and health insurance benefits to plan members and their beneficiaries. The TRS is governed by Connecticut General Statute ("CGS") Title 10, Chapter 167a and is administered by the Connecticut State Teachers' Retirement Board (the "Board"). The OPEB trust fund is included in the TRS, and the TRS is included in the State of Connecticut audit as a pension trust fund. These reports can be obtained from the Connecticut Office of the State Comptroller or at www.ct.gov/trb.

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.

Please refer to the Town of Lebanon's "Notes to Financial Statements", Note 6, in "Appendix A" hereto for further information on the Town's Other Post-Employment Benefits.

INVESTMENT PRACTICES

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

The Town's investment practices are in compliance with the Connecticut General Statutes.

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

	Fiscal Year 2024-25			Fiscal Year 2025-26	Fiscal Year 2026-27
	Final Budget	Actual Operations	Variance Favorable (Unfavorable)	Adopted Budget	Adopted Budget
REVENUES					
Property Taxes	\$ 22,039,483	\$ 22,040,361	\$ 878	\$ 23,012,124	\$ 23,808,194
Intergovernmental	5,169,520	5,486,244	316,724	5,346,171	5,796,435
Investment Income.....	600,500	608,443	7,943	525,000	500,000
Tuition.....	1,200,000	1,169,981	(30,019)	1,200,000	1,200,000
Charges for Services.....	523,810	685,979	162,169	824,100	756,325
TOTAL REVENUES	29,533,313	29,991,008	457,695	30,907,395	32,060,954
EXPENDITURES					
Current:					
General Government	1,235,666	1,159,938	75,728	1,256,979	1,320,533
Public Safety	778,620	747,838	30,782	717,821	757,695
Public Works.....	1,858,990	1,714,272	144,718	1,892,194	1,911,722
Health & Social	257,109	253,614	3,495	276,890	287,014
Community Preservation.....	191,724	184,472	7,252	194,067	205,205
Unclassified & Program.....	957,461	744,556	212,905	2,379,010	2,917,825
Education	22,383,000	22,369,960	13,040	23,502,150	23,963,220
TOTAL EXPENDITURES	27,662,570	27,174,650	487,920	30,219,111	31,363,214
Excess (deficiency) of revenues over expenditures	1,870,743	2,816,358	945,615	688,284	697,740
Other financing sources (uses):					
Appropriation of fund balance.....	-	-	-	-	-
Other income sources	-	-	-	-	-
Transfers In	-	-	-	-	-
Transfers Out	3,227,743	3,227,743	-	688,284	697,740
Total Other financing sources (uses) ..	(3,227,743)	(3,227,743)	-	(688,284)	(697,740)
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	\$ (1,357,000)	\$ (411,385)	\$ 945,615	\$ -	\$ -

Source: Annual Audited Financial Statements 2025; Adopted Budgets 2026 and 2027.

GENERAL FUND BALANCE SHEET
Summary of Audited Assets and Liabilities
(GAAP Basis)

FISCAL YEAR ENDED:	2025	2024	2023	2022	2021
ASSETS					
Cash and cash equivalents	\$ 6,724,512	\$ 8,615,382	\$ 11,229,118	\$ 10,964,973	\$ 8,226,003
Investments	4,102,997	3,708,765	2,376,055	799,397	2,370,045
Receivables, Net	806,094	615,798	689,111	749,023	541,325
Prepaid Items	73,126	48,953	66,801	17,170	10,018
Due from Other Funds	584,787	585,740	507,696	770,208	2,561,650
Other	-	-	-	-	13,361 ¹
TOTAL ASSETS	\$ 12,291,516	\$ 13,574,638	\$ 14,868,781	\$ 13,300,771	\$ 13,722,402
LIABILITIES					
Accounts and Other Payable	\$ 298,275	\$ 435,276	\$ 349,128	\$ 392,068	\$ 800,971
Accrued Liabilities	78,824	59,624	108,555	179,638	81,215
Other Liabilities	-	-	-	-	153,191
Due to Other Funds	4,793,760	5,728,833	7,256,786	6,767,560	5,392,499
Unearned Revenue	-	13,005	2,230	7,508	-
Total Liabilities	5,170,859	6,236,738	7,716,699	7,346,774	6,427,876
DEFERRED INFLOWS OF RESOURCES					
Unavailable Revenue - Property Taxes	321,660	288,388	347,089	293,582	367,871
Unavailable Revenue - Tax Interest	125,162	108,717	107,952	103,349	-
Advance Property Tax Collections	438,419	156,297	587,388	57,518	431,947
TOTAL DEFERRED INFLOWS	885,241	553,402	1,042,429	454,449	799,818
FUND BALANCE					
Nonspendable	73,126	48,953	66,801	17,170	10,018
Restricted	-	-	-	-	-
Committed	25,784	36,049	38,544	20,170	742,814
Assigned	-	-	-	-	-
Unassigned	6,136,506	6,699,496	6,004,308	5,462,208	5,741,876
TOTAL FUND BALANCE	6,235,416	6,784,498	6,109,653	5,499,548	6,494,708
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 12,291,516	\$ 13,574,638	\$ 14,868,781	\$ 13,300,771	\$ 13,722,402

¹ Includes tax acquired property of \$13,361.

Source: Annual Audited Financial Statements 2021-2025.

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

FISCAL YEAR ENDED:	2025	2024	2023	2022	2021
REVENUES					
Property Taxes	\$22,040,361	\$21,634,409	\$20,443,807	\$19,783,484	\$19,257,103
Intergovernmental	8,876,430	9,077,449	8,724,514	8,093,990	10,808,436
Charges for Services	1,905,044	2,157,490	2,034,079	1,463,186	1,246,847
Investment Income.....	608,447	597,812	277,695	23,563	34,207
Other Revenues.....	-	-	-	-	104,301
Transfers In	-	-	-	-	2,887
Total Revenues & Transfers In	\$33,430,282	\$33,467,160	\$31,480,095	\$29,364,223	\$31,453,781
EXPENDITURES					
Current:					
General Government	2,051,594	1,863,435	1,918,604	1,788,592	996,570
Public Safety	724,053	735,061	718,984	629,578	608,937
Public Works.....	1,813,497	1,692,639	1,497,725	1,525,727	1,305,803
Education.....	25,754,507	24,675,229	23,566,684	22,663,355	25,085,055
Health & Social.....	390,065	358,803	334,369	303,734	200,945
Community Preservation.....	-	-	-	-	151,202
Unclassified & Program.....	-	-	-	-	712,963
Debt Service.....	465,927	474,581	481,859	-	387,220
Capital Outlay.....	-	-	-	-	-
Transfers Out.....	2,779,721	2,992,567	2,351,765	2,726,476	2,457,260
Total Expenditures & Transfers Out	33,979,364	32,792,315	30,869,990	29,637,462	31,905,955
Results from Operations.....	(549,082)	674,845	610,105	(273,239)	(452,174)
Fund Balance - July 1	6,784,498	6,109,653	5,499,548	5,772,787 ¹	6,946,882
Fund Balance - June 30	\$6,235,416	\$6,784,498	\$ 6,109,653	\$5,499,548	\$6,494,708

¹ Restated.

Source: Annual Audited Financial Statements 2021-2025.

ANALYSIS OF GENERAL FUND EQUITY
(GAAP Basis)

FISCAL YEAR ENDED:	2025	2024	2023	2022	2021
Nonspendable.....	\$ 73,126	\$ 48,953	\$ 66,801	\$ 17,170	\$ 10,018
Committed.....	25,784	36,049	38,544	20,170	742,814
Unassigned.....	6,136,506	6,699,496	6,004,308	5,462,208	5,741,876
Total Fund Balance.....	6,235,416	6,784,498	6,109,653	5,499,548	6,494,708
Unassigned Fund Balance As % of					
Total Expenditures.....	18.06%	20.43%	19.45%	18.43%	18.00%

Source: Annual Audited Financial Statements 2021-2025.

PROPERTY TAX REVENUES

Fiscal Year	General Fund Revenues & Transfers in	Property Tax Revenues	Property Tax Revenues as a Percentage of General Fund Revenues
2027 ¹	\$32,060,954	\$23,808,194	74.3 %
2026 ¹	30,907,395	23,012,124	74.5
2025	33,430,282	22,040,361	65.9
2024	33,467,160	21,634,409	64.6
2023	31,480,095	20,443,807	64.9
2022	29,364,223	19,783,484	67.4
2021	31,453,781	19,257,103	61.2

¹ Adopted budget.

INTERGOVERNMENTAL REVENUES

Fiscal Year	General Fund Revenues & Transfers in	Intergovernmental Revenue	Aid as a Percentage of General Fund Revenues
2027 ¹	\$32,060,954	\$5,796,435	18.1 %
2026 ¹	30,907,395	5,346,171	17.3
2025	33,430,282	8,876,430	26.6
2024	33,467,160	9,077,449	27.1
2023	31,480,095	8,724,514	27.7
2022	29,364,223	8,093,990	27.6
2021	31,453,781	10,808,436	34.4

¹ Adopted budget.

EXPENDITURES

Fiscal Year	Education	Public Safety	General Government	Public Works	Debt Service
2027 ¹	74.7%	2.4%	4.1%	6.0%	2.0%
2026 ¹	76.0%	2.3%	4.1%	6.1%	1.5%
2025	75.8%	2.1%	6.0%	5.3%	1.4%
2024	75.2%	2.2%	5.7%	5.2%	1.4%
2023	76.3%	2.3%	6.2%	4.9%	1.6%
2022	76.5%	2.1%	6.0%	5.1%	0.0%
2021	78.6%	1.9%	3.1%	4.1%	1.2%

¹ Adopted budget.

VI. DEBT SUMMARY

PRINCIPAL AMOUNT OF INDEBTEDNESS

As of July 22, 2026
(Pro Forma)

Long-Term Debt: Bonds

<u>Date of Issue</u>	<u>Purpose</u>	<u>Rate %</u>	<u>Original Issue Amount</u>	<u>Principal Outstanding as of 7/22/2026</u>	<u>Fiscal Year Maturity</u>
<u>General Purpose</u>					
7/8/2021	Road & Bridge Improvements.....	2.25	\$ 2,100,000	\$ 1,400,000	2037
4/7/2022	Library Expansion.....	2.56	3,225,000	2,365,000	2035
7/22/2026	DPW Building.....	3.39	2,990,000	2,990,000	2047
	Total.....		\$ 8,315,000	\$ 6,755,000	
<u>Sewers</u>					
1/17/2013	USDA Loan.....	2.50	5,105,000	3,263,092	2047
	Total.....		\$ 5,105,000	\$ 3,263,092	
	Total Long Term Debt.....		\$ 13,420,000	\$ 10,018,092	

Short-Term Debt:

None

Other Obligations:

Promissory Note Payable:

The Town signed a \$500,000 promissory note in November 2019 to finance a portion of the Library expansion project. The principal amount along with all interest accrued on the unpaid balance was due in November 2024. The Town did not pay, and the lender did not request payment. The Town is currently in talks with the lender to issue a new promissory note for the outstanding balance of \$122,802. The principal and interest are forgivable by the note holder, and during the year ended June 30, 2025 no principal or interest was forgiven by the note holder. On November 21, 2025, \$9,956 was forgiven by the note holder.

USDA LOANS

The United States Department of Agriculture ("USDA") has funded and committed to funding several sewer and water projects in the Town. The term of USDA loans are 40 years, prepayable at any time without penalty, and bear interest as determined at the time of closing but not in excess of the rate set forth in the commitment letter.

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ANNUAL BONDED DEBT MATURITY SCHEDULE ^{1,2}

As of July 22, 2026

(Pro Forma)

Fiscal Year	General Obligation Debt					
Ending	General Obligation Bonds ^{1,2}			The Bonds (<i>This Issue</i>)		Percent
30-Jun	Principal	Interest	Total	Principal	Interest	Retired
2027	\$ 215,000	\$ 76,294	\$ 291,294	\$ -	\$ -	3.18%
2028	355,000	84,965	439,965	150,000	182,763	10.66%
2029	355,000	76,311	431,311	150,000	114,725	18.13%
2030	355,000	67,657	422,657	150,000	107,225	25.61%
2031	355,000	59,003	414,003	150,000	99,725	33.09%
2032	355,000	50,349	405,349	150,000	92,225	40.56%
2033	355,000	41,695	396,695	150,000	84,725	48.04%
2034	355,000	33,041	388,041	150,000	77,225	55.51%
2035	355,000	24,387	379,387	150,000	69,725	62.99%
2036	355,000	15,733	370,733	150,000	62,975	70.47%
2037	355,000	7,079	362,079	150,000	56,975	77.94%
2038	-	-	-	150,000	51,725	80.16%
2039	-	-	-	150,000	47,225	82.38%
2040	-	-	-	150,000	42,725	84.60%
2041	-	-	-	150,000	38,038	86.82%
2042	-	-	-	150,000	32,600	89.05%
2043	-	-	-	150,000	26,600	91.27%
2044	-	-	-	150,000	20,600	93.49%
2045	-	-	-	150,000	14,600	95.71%
2046	-	-	-	145,000	8,700	97.85%
2047	-	-	-	145,000	2,900	100.00%
Total	\$ 3,765,000	\$ 536,514	\$ 4,301,514	\$ 2,990,000	\$ 1,234,000	

¹ Excludes other obligations.

² Excludes principal payments of \$140,000 and interest payments of \$17,325 made in the current Fiscal Year 2026-27.

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Fiscal Year	Self-Supporting Debt				
Ending	USDA Loans			Percent	
30-Jun	Principal	Interest	Total	Retired	
2027	\$ 121,807	\$ 81,577	\$ 203,384	3.73%	
2028	124,862	78,522	203,384	7.56%	
2029	127,964	75,420	203,384	11.48%	
2030	131,173	72,212	203,384	15.50%	
2031	134,451	68,932	203,384	19.62%	
2032	137,821	65,563	203,384	23.84%	
2033	141,251	62,133	203,384	28.17%	
2034	144,790	58,594	203,384	32.61%	
2035	148,410	54,974	203,384	37.16%	
2036	152,126	51,258	203,384	41.82%	
2037	155,917	47,467	203,384	46.60%	
2038	159,821	43,563	203,384	51.50%	
2039	163,817	39,567	203,384	56.52%	
2040	167,917	35,468	203,384	61.66%	
2041	172,106	31,278	203,384	66.94%	
2042	176,412	26,972	203,384	72.34%	
2043	180,823	22,561	203,384	77.89%	
2044	185,346	18,038	203,384	83.57%	
2045	189,975	13,409	203,384	89.39%	
2046	194,726	8,658	203,384	95.35%	
2047	151,578	3,789	155,367	100.00%	
Total	\$ 3,263,092	\$ 959,955	\$ 4,223,047		

OVERLAPPING/UNDERLYING DEBT

Amston Lake Tax District and Lake Williams Beach Association are taxing district in the Town. Amston Lake Tax District and Lake Williams Beach Association do not have any underlying debt as of June 30, 2026. The Town does not have overlapping debt.

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DEBT STATEMENT¹
As of July 22, 2026
(Pro Forma)

Long-Term Indebtedness	
General Purpose <i>(includes this issuance)</i>	\$ 6,755,000
Sewers.....	3,263,092
Total Long-Term Indebtedness.....	\$ 10,018,092
Short-Term Indebtedness	
Promisary Note.....	\$ 122,802
Total Short-Term Indebtedness.....	\$ 122,802
Total Direct Indebtedness.....	\$ 10,140,894
Exclusions:	
Less:	
Self-Supporting	\$ 3,263,092 ²
Net Direct Indebtedness.....	\$ 6,877,802
Overlapping/Underlying Indebtedness.....	-
Total Overall Net Direct Indebtedness.....	\$ 6,877,802

¹ Excludes other obligations.

² Estimated as of July 22, 2026.

CURRENT DEBT RATIOS
July 22, 2026
(Pro Forma)

Population ¹	7,116
Net Taxable Grand List (10/1/25).....	\$1,052,396,344
Estimated Full Value.....	\$1,503,423,349
Equalized Net Taxable Grand List (10/1/24)....	\$1,699,317,495
Per Capita Income (2024).....	\$55,601

	Total Direct debt \$10,140,894	Total Net Direct Debt \$6,877,802	Total Overall Net Debt \$6,877,802
Per Capita.....	\$1,425.08	\$966.53	\$966.53
Ratio to Net Taxable Grand List.....	0.96%	0.65%	0.65%
Ratio to Estimated Full Value.....	0.67%	0.46%	0.46%
Ratio to Equalized Net Taxable Grnad List.....	0.60%	0.40%	0.40%
Debt per Capita to Money Income per Capita.....	2.56%	1.74%	1.74%

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

BOND AUTHORIZATION

The Town has the power to incur indebtedness by issuing its bonds or notes as authorized by the General Statutes of the State of Connecticut subject to statutory debt limitations and the procedural requirements of the Town Charter. A referendum shall be required after being recommended by the Board of Selectmen and pursuant to Connecticut General Statutes 7-7, after reasonable discussion at a Town meeting, any appropriation or any authorization for the issuance of bonds, notes, or other

borrowing which exceed one million dollars (\$1,000,000). The issuance of bonds and notes is authorized by the Town Meeting, at which all electors and certain non-resident property owners can vote upon the recommendations of the Board of Finance.

MATURITIES

General obligation bonds (serial and term) are required to be payable in maturities wherein a succeeding maturity may not exceed any prior maturity by more than 50% or aggregate annual principal and interest payments must be substantially equal. The first installment of any series of bonds shall mature not later than three years from the date of the issue of such series. Pursuant to state law, all bonds issued on or after July 1, 2017, including sewer and school bonds, shall be due not later than thirty years from the date of their issuance.

TEMPORARY FINANCING

When general obligation bonds have been authorized, bond anticipation notes may be issued maturing in not more than two years (CGS Sec. 7-378). Temporary notes may be renewed up to ten years from their original date of issue as long as all project grant payments are applied toward payment of temporary notes when they become due and payable and the legislative body schedules principal reductions no later than 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 and certain school projects) of 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, or, for sewer and school projects, by the amount of time temporary financing has been outstanding.

Temporary notes may be funded beyond ten years from the initial borrowing if a written commitment exists for State and/or Federal grants, for terms not to exceed six months until such time that the final grant payments are received (CGS Sec. 7-378b).

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

Temporary notes may be issued in one year maturities for up to fifteen years in anticipation of sewer assessments receivable, such notes to be reduced annually by the amount of assessments received during the preceding year (CGS Sec. 7-269a).

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
Pension Obligation 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 Connecticut General Statutes Sections 12-129d and 7-528).

Section 7-374 of the Connecticut General Statutes also provides for exclusion from the debt limit calculation debt (i) issued in anticipation of taxes; (ii) for the supply of water, gas, electricity; for the construction of subways for cables, wires and pipes; for the construction of underground conduits for cables, wires and pipes; 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 an allocation has been approved by the State Bond Commission or from a contract with the state, a state agency or another municipality providing for the reimbursement of costs but only to the extent such indebtedness can be paid from such proceeds;

(v) issued for certain pollution control projects; and (vi) upon placement in escrow of the proceeds of refunding bonds, notes or other obligations or other funds of the municipality in amount sufficient, together with such investment earnings thereon as are to be retained in said escrow, to provide for the payment when due of the principal and interest on such bond, note or other evidence of indebtedness.

STATEMENT OF STATUTORY DEBT LIMITATION
As of July 22, 2026

Total Receipts for fiscal year ended June 30, 2024 (including interest and lien fees)	\$ 20,962,835
State Reimbursement for Revenue Loss on:	
Tax Relief for Elderly	-
Base for Establishing Debt Limit: ¹	<u>\$ 20,962,835</u>

	General Purpose	Schools	Sewers	Urban Renewal	Past Pension	Total Debt
(2.25 times base).....	\$ 47,166,379					
(4.50 times base).....		\$94,332,758				
(3.75 times base).....			\$78,610,631			
(3.25 times base).....				\$68,129,214		
(3.00 times base).....					\$62,888,505	
(7.00 times base).....						\$146,739,845
Indebtedness						
Bonds Payable <i>(includes this issue)</i>	\$ 6,755,000	\$ -	\$ 3,263,092	\$ -	\$ -	\$ 10,018,092
Notes Payable	-	-	-	-	-	-
Authorized but Unissued Debt.....	-	-	-	-	-	-
Total Bonded Indebtedness.....	\$ 6,755,000	\$ -	\$ 3,263,092	\$ -	\$ -	\$ 10,018,092
Less Sewer Assessments.....	-	-	3,263,092 ²	-	-	3,263,092
Net Bonded Indebtedness.....	\$ 6,755,000	\$ -	\$ 0	\$ -	\$ -	\$ 6,755,000
Excess of Limit Over Outstanding and Authorized Debt.....	\$ 40,411,379	\$94,332,758	\$78,610,631	\$68,129,214	\$62,888,505	\$139,984,845

¹ Does not include other obligations.
² Represents Sewer Assessment receivables as of July 22, 2026.
Note: In no case shall total indebtedness exceed seven times annual receipts from taxation or \$146,739,845.

AUTHORIZED BUT UNISSUED DEBT
As of July 22, 2026
(Pro Forma)

Project	Amount Authorized	Previously Bonded	Paydown/ Grants/Other	Premium Applied	Bonds This Issue	Debt Authorized but Unissued		
						General Purpose	School	Total
DPW Building	\$ 3,245,000	\$ -	\$ 115,000 ¹	\$ 140,000	\$ 2,990,000	\$ -	\$ -	\$ -
Total.....	<u>\$ 3,245,000</u>	<u>\$ -</u>	<u>\$ 115,000</u>	<u>\$ 140,000</u>	<u>\$ 2,990,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

¹ Includes \$55,000 received from other funds and \$60,000 in interest income from investments.

PRINCIPAL AMOUNT OF OUTSTANDING DEBT ¹

Long-Term Debt	2026 Est.	2025	2024	2023	2022	2021
Bonds.....	\$ 3,905,000	\$4,260,000	\$4,615,000	\$4,970,000	\$5,325,000	\$ -
USDA Loan.....	3,263,338	3,382,167	3,497,865	3,610,975	3,721,326	3,828,985
Short-Term Debt						
Bond Anticipation Notes.....	3,245,000	-	-	-	-	2,000,000
Promisary Note.....	122,802	132,758	132,758	143,444	200,211	301,728
Financing Arrangement - Lease.	929,422	-	-	64,047	171,948	278,370
Totals.....	\$11,465,562	\$7,774,925	\$8,245,623	\$8,788,466	\$9,418,485	\$6,409,083

¹ Excludes other obligations.

RATIO OF DIRECT DEBT TO VALUATION, POPULATION AND INCOME

Fiscal Year	Net Assessed Value	Estimated Full Value	Direct Debt¹	Ratio of Direct Debt to Net Assessed Value (%)	Ratio of Direct Debt to Estimated Full Value (%)	Population²	Direct Debt per Capita	Ratio of Direct Debt per Capita to Per Capita Income (%)³
Ended 6/30	Value	Full Value	Debt¹	Value (%)	Full Value (%)	Population²	Capita	Income (%)³
2026 Est.	\$1,037,624,815	\$1,482,321,164	\$11,465,562	1.10%	0.77%	7,116	\$1,611.24	2.90%
2025	733,150,666	1,047,358,094	7,774,925	1.06%	0.74%	7,116	1,092.60	1.97%
2024	715,312,299	1,021,874,713	8,245,623	1.15%	0.81%	7,116	1,158.74	2.08%
2023	684,787,995	978,268,564	8,788,466	1.28%	0.90%	7,137	1,231.39	2.21%
2022	670,755,353	958,221,933	9,418,485	1.40%	0.98%	7,145	1,318.19	2.37%
2021	666,581,923	952,259,890	6,409,083	0.96%	0.67%	7,140	897.63	1.61%

¹ Excludes State of Connecticut School Construction Grants, actual and estimated, due to the Town of Lebanon over the life of the bond issues.

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

³ Income per Capita: \$55,601: U.S. Census Bureau, 2020-2024 American Community Survey.

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

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VII. LEGAL AND OTHER LITIGATION

LITIGATION

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

MUNICIPAL ADVISOR

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

TRANSCRIPT AND CLOSING DOCUMENTS

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

1. A Signature and No Litigation Certificate stating that at the time of delivery of the Bonds no litigation is pending or threatened affecting the validity of the Bonds or the levy or collection of taxes to pay them.
2. A Certificate on behalf of the Town signed by the Board of Selectmen, or a majority of them, the Treasurer, and Finance Director which will be dated the date of delivery and which will certify, to the best of said officials' knowledge and belief, that at the time the bids were accepted, the descriptions and statements contained in the Official Statement (with such supplemental information concerning ratings, insurance, interest rates and corrections) relating to the Town and its finances were and are true and correct in all material respects and did not and do not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; provided, that no view is expressed with respect to any information furnished to the Town by or on behalf of the purchaser or any insurer specifically for inclusion in the Official Statement, and that there has been no material adverse change in the financial condition of the Town from that set forth in or as contemplated by the Official Statement.
3. Receipt for the purchase price of the Bonds;
4. The approving opinion of Pullman & Comley LLC, Bond Counsel, of Hartford, Connecticut substantially in the form attached hereto as Appendix B;
5. An executed Continuing Disclosure Agreement for the Bonds in substantially in the form attached hereto as Appendix C; and
6. The Town has prepared an Official Statement for the Bonds which is dated July 9, 2026. The Town deems such Official Statement final as of its date for purposes of SEC Rule 15c2-12(b)(i), but it is subject to revision or amendment. The Town will make available to the winning purchaser a reasonable number of copies of the Official Statement at the Town's expense within seven business days of the bid opening.

A transcript of the proceedings taken by the Town in authorizing the Bonds will be kept in 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

This Official Statement is not to be construed as a contract or agreement between the Town and the purchaser or holders of any of the Bonds. Any statements made in this Official Statement involving matters of opinion or estimates are not intended to be representations of fact, and no representation is made that any of such opinion or estimate will be realized.

No representation is made that past experience, as might be shown by financial or other information herein, will necessarily continue or be repeated in the future. Neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Town since the date hereof. References to statutes, charters, or other laws herein may not be complete and such provisions of law are subject to repeal or amendment.

This Official Statement has been duly prepared and delivered by the Town, and executed for and on behalf of the Town by the following officials:

TOWN OF LEBANON, CONNECTICUT

By: /s/ Kathleen Smith

Kathleen. Smith, *First Selectman*

By: /s/ Kevin Cwikla

Kevin Cwikla, *Selectman*

By: /s/ Robin Chesmer

Robin Chesmer, *Selectman*

By: /s/ Betsy Petrie

Betsy Petrie, *Selectman*

By: /s/ Harold Nelson

Harold Nelson, *Selectman*

By: /s/ Hayley Wagner

Hayley Wagner, *Finance Director*

By: /s/ Scott McCall

Scott McCall, *Treasurer*

July 9, 2026

APPENDIX A - BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2025

Appendix A - Basic Financial Statements - is taken from the Annual Financial Report of the Town of Lebanon for the Fiscal Year ended June 30, 2025 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 Lebanon, Lebanon, Connecticut.



INDEPENDENT AUDITORS' REPORT

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

Basis for Opinions

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 3, 2025, on our consideration of the Town of Lebanon, 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 Lebanon, 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 the Town of Lebanon, Connecticut's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

West Hartford, Connecticut
November 3, 2025

**TOWN OF LEBANON, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
YEAR ENDED JUNE 30, 2025**

As management of the Town of Lebanon, we offer readers of the Town of Lebanon's financial statements this narrative overview and analysis of the financial activities of the Town of Lebanon for the fiscal year ended June 30, 2025. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal in the introductory section of this report, as well as the Town's basic financial statements.

Financial Highlights

- On a government-wide basis, the assets of the Town of Lebanon exceeded its liabilities at the close of the most recent year by \$54,211,643 (net position). Of this amount, \$12,677,094 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- On a government-wide basis, the government's total net position increased by \$1,001,136. Governmental and business-type activity expenses were \$37,222,204 while revenues were \$38,223,340.
- The total cost of all Town services for fiscal year 2025 was \$37,222,204 of which \$37,049,111 was for governmental services and \$173,093 was for business-type activities.
- At the close of the fiscal year, the Town's governmental funds reported, on a current resource basis, combined ending fund balances of \$16,162,559, a decrease of \$396,481 from the prior fiscal year. Of the total fund balance as of June 30, 2025, \$6,134,836 represents the combined unassigned fund balance in the general fund, special revenue funds, capital projects funds and permanent funds.
- At the end of the current fiscal year, the total fund balance on a GAAP basis for the general fund alone was \$6,235,416, a decrease of \$549,082 over the prior fiscal year. Unassigned fund balance for the general fund was \$6,136,506 or 18.06% of general fund expenditures and transfers out. There was no restricted fund balance in the general fund.

Overview of the Financial Statements

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

Government-Wide Financial Statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the Town of Lebanon's finances, in a manner similar to a private-sector business. All of the resources available to the Town are shown, including major assets such as buildings and infrastructure. A thorough accounting of the cost of government is rendered because the statements present all costs, not just how much was collected and disbursed. They provide long-term and short-term information about the Town's overall financial status.

The *statement of net position* presents information on all of the Town of Lebanon's assets and liabilities, with the difference reported as *net position*. One can think of the Town's net position, the difference between assets and liabilities, as one way to measure the Town's financial health and financial position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town of Lebanon is improving or deteriorating. It addresses the question of whether or not the Town is better or worse off as a result of this year's activities.

**TOWN OF LEBANON, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
YEAR ENDED JUNE 30, 2025**

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

Both of the government-wide financial statements distinguish functions of the Town of Lebanon that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the Town of Lebanon encompass most of the Town's basic services and include general government, public safety, public works, health and social services, community preservation, recreation, education and other unclassified programs and activities. The business-type activities of the Town of Lebanon consist of benefit assessment activities of the Amston Lake Water Pollution Control Authority (the Authority). The Authority was established for the purpose of operating a sewerage system located around Amston Lake within the Town. The capital assets and long-term debt obligations are being accounted for within the WPCA assessment fund which is funded by the repayment of the benefit assessments which were assessed to all of the properties located along the sewage system along with a borrowed interest assessment. The operations of the Authority are being accounted for within the WPCA Operating fund (non-major governmental funds section of the financial statements).

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

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

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

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

**TOWN OF LEBANON, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
YEAR ENDED JUNE 30, 2025**

The Town of Lebanon maintains 30 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General, ARPA, Bonded Capital Projects and Small Cities Program funds, which are considered to be major funds. Data from the other 26 governmental funds are combined into a single, aggregated presentation under the caption "non-major governmental funds." Nonmajor governmental funds include Cemetery Lots, Adams Community center, Animal Control, Recreation Commission, Capital Non-Recurring, Radio Infrastructure Development, Unimproved Roads, Town Improvement Fund, Warm Hearts, Historic Building Fund, Public Library, Summer Dance Festival, Hugh Trumbull Adams, Senior Van Program, Emergency Management, Special Purpose Fund, Town Grants, Edward Jones Investments, Self-Funded Dental, BOE Grants, User Fees Amston Lake, Permanent Trust Funds, BOE Non-Lapsing, BOE Student Activity, School Lunch Program and the DPW Renovations Project fund. Individual fund data for each of these nonmajor governmental funds is provided in the *form of combining statements* elsewhere in this report.

The Town of Lebanon adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this authorized budget.

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

Proprietary Funds. The Town of Lebanon maintains two proprietary funds. The *Enterprise fund* is used to report the same functions presented as *business-type activities* in the government-wide financial statements. The Town of Lebanon uses an enterprise fund to account for its Benefit Assessment activities of the Amston Lake Water Pollution Control Authority which is a major fund of the Town of Lebanon. The Town also utilizes an internal service fund (governmental activities) to account for the Self-funded Dental Plan and retired teachers who remain on the town's health insurance.

The basic proprietary fund financial statements can be found on Exhibits V-VIII of this report.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found beginning on page 24 of this report.

The combining statements and supplemental schedules referred to earlier in connection with nonmajor governmental funds are presented immediately following the notes to the basic financial statements. Combining and individual fund statements and schedules can be found beginning on page 74 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a Town's financial position and an important determinant of its ability to finance services in the future. The Town of Lebanon's total assets exceeded liabilities by \$54,211,643 (net position) at the close of the most recent fiscal year.

TOWN OF LEBANON, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
YEAR ENDED JUNE 30, 2025

By far, the largest portion of the Town of Lebanon's net position \$37,976,705 (70.05%) reflects its investment in capital assets (e.g., land, buildings, vehicles, furniture and equipment, and infrastructure) less related outstanding debt used to acquire those assets. The Town of Lebanon uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the Town of Lebanon's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

TOWN OF LEBANON NET POSITION
June 30, 2025 and 2024

	Governmental Activities		Business-Type Activities		Total	
	2025	2024	2025	2024	2025	2024
Current and Other Assets	\$ 19,241,065	\$ 20,376,391	\$ 3,327,022	\$ 3,429,970	\$ 22,568,087	\$ 23,806,361
Capital Assets	40,288,629	39,134,607	5,463,002	5,549,716	45,751,631	44,684,323
Total Assets	59,529,694	59,510,998	8,790,024	8,979,686	68,319,718	68,490,684
Deferred Outflows of Resources	1,599,917	1,768,099	-	-	1,599,917	1,768,099
Current Liabilities	1,223,158	2,203,460	38,223	39,531	1,261,381	2,242,991
Noncurrent Liabilities	8,437,607	8,935,910	3,382,168	3,497,865	11,819,775	12,433,775
Total Liabilities	9,660,765	11,139,370	3,420,391	3,537,396	13,081,156	14,676,766
Deferred Inflows of Resources	2,626,836	2,371,510	-	-	2,626,836	2,371,510
Net Investment in Capital Assets	35,895,871	34,384,914	2,080,834	2,051,851	37,976,705	36,436,765
Restricted	3,557,844	3,476,613	-	-	3,557,844	3,476,613
Unrestricted	9,388,295	9,906,690	3,288,799	3,390,439	12,677,094	13,297,129
Total Net Position	<u>\$ 48,842,010</u>	<u>\$ 47,768,217</u>	<u>\$ 5,369,633</u>	<u>\$ 5,442,290</u>	<u>\$ 54,211,643</u>	<u>\$ 53,210,507</u>

An additional portion of the Town of Lebanon's total net position, 6.6% or \$3,557,844, represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$12,677,094 is *unrestricted net position* and may be used to meet the Town's ongoing obligations to citizens and creditors.

For governmental activities, at the end of the current fiscal year, the Town of Lebanon reported a decreased balance in unrestricted net position, an increase in net investment in capital assets and an increase in restricted net position.

For business-type activities, at the end of the current fiscal year, the Town of Lebanon reports an increase in net investment in capital assets, and a decrease in unrestricted net position.

**TOWN OF LEBANON, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
YEAR ENDED JUNE 30, 2025**

**TOWN OF LEBANON CHANGES IN NET POSITION
June 30, 2025 and 2024**

The Town of Lebanon's overall net position increased \$1,001,136 from the prior fiscal year. The major changes in revenues and expenses creating this overall increase are discussed in the following sections for governmental activities and business-type activities. Governmental activities increased the Town of Lebanon's net position by \$1,073,793 and business-type activities decreased by \$72,657.

	Governmental Activities		Business-Type Activities		Total	
	2025	2024	2025	2024	2025	2024
Revenues:						
Program Revenues:						
Charges for Services	\$ 2,904,353	\$ 2,752,745	\$ 54,648	\$ 42,031	\$ 2,959,001	\$ 2,794,776
Operating Grants and Contributions	11,539,616	11,056,965	-	-	11,539,616	11,056,965
Capital Grants and Contributions	221,914	95,733	-	-	221,914	95,733
General Revenues:						
Property Taxes	22,090,078	21,576,473	-	-	22,090,078	21,576,473
Grants and Contributions Not Restricted to Specific Programs	240,106	417,195	-	-	240,106	417,195
Investment Income	1,126,187	908,608	45,788	19,135	1,171,975	927,743
Miscellaneous	650	58,455	-	-	650	58,455
Total Revenues	<u>38,122,904</u>	<u>36,866,174</u>	<u>100,436</u>	<u>61,166</u>	<u>38,223,340</u>	<u>36,927,340</u>
Expenses:						
General Government	2,844,005	3,186,624	-	-	2,844,005	3,186,624
Public Safety Services	1,035,892	1,201,854	-	-	1,035,892	1,201,854
Public Works	2,914,732	2,539,229	-	-	2,914,732	2,539,229
Education	29,355,373	27,034,527	-	-	29,355,373	27,034,527
Health & Social	350,996	302,171	-	-	350,996	302,171
Community Preservation	428,747	391,867	-	-	428,747	391,867
Interest Expense	119,366	105,250	86,379	89,243	205,745	194,493
Sewer Fund	-	-	86,714	86,714	86,714	86,714
Total Expenses	<u>37,049,111</u>	<u>34,761,522</u>	<u>173,093</u>	<u>175,957</u>	<u>37,222,204</u>	<u>34,937,479</u>
Change in Net Position	1,073,793	2,104,652	(72,657)	(114,791)	1,001,136	1,989,861
Net Position - July 1	<u>47,768,217</u>	<u>45,663,565</u>	<u>5,442,290</u>	<u>5,557,081</u>	<u>53,210,507</u>	<u>51,220,646</u>
Net Position - June 30	<u>\$ 48,842,010</u>	<u>\$ 47,768,217</u>	<u>\$ 5,369,633</u>	<u>\$ 5,442,290</u>	<u>\$ 54,211,643</u>	<u>\$ 53,210,507</u>

Governmental Activities

For governmental activities, approximately 57.9% of the revenues were derived from property taxes, followed by 42.1% in all other intergovernmental revenues. These percentages are similar to the prior fiscal year where property taxes were 58.2% and other intergovernmental revenues were 41.8% of total revenues.

**TOWN OF LEBANON, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
YEAR ENDED JUNE 30, 2025**

Major revenue factors included:

1. *Property tax revenues* recorded during fiscal year 2025 reflected an 8 mill decrease for the current levy. A Revaluation was required for the 2023 Grand List which resulted in a 41.44% increase in the grand list. There was an increase of \$513,605 in property tax revenues collected over the previous year.
2. *Charges for services* were \$151,608 more than the prior year. The most significant increases were education, general government and health and social.
3. *Operating grants and Contributions* reflected an increase of \$482,651. There was an increase of \$757,278 in Education but there were decreases in General Government, Public Safety, Health & Social, and Community Preservation.
4. *Capital grants and contributions* reflected an increase of \$126,181 over the previous year. A LOCIP public works grant and a senior center ARPA grant were received during this fiscal year.

Overall governmental revenues increased by \$1,256,730. This is mainly due to increased revenues in property taxes, operating grants, charges for services, and investment income and a decrease in restricted programs and miscellaneous revenues.

For governmental activities, 79.23% of the Town's expenses relate to education, 7.87% to public works, 7.68 to general government, 2.80% to public safety, 1.16% to community preservation, .32% to interest payments on long-term debt, and .95% to health and social.

The overall total of governmental expenses excluding transfers increased in the amount of \$2,287,589 with the biggest impacts resulting from an increase of \$2,320,846 in education, \$375,503 in public works, and a decrease of \$342,619 in general government and \$165,962 in public safety.

Business-Type Activities. Business-type activities revenue increased by \$12,617 for charges for services and investment income increased by \$26,653.

Financial Analysis of the Government's Funds

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

Governmental Funds. The focus of the Town of Lebanon'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 of Lebanon's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a Town's net resources available for spending at the end of the fiscal year.

**TOWN OF LEBANON, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
YEAR ENDED JUNE 30, 2025**

As of the end of the current fiscal year, the Town of Lebanon's governmental funds reported combined ending fund balances of \$16,162,559, a decrease of \$396,481 from the previous year. The largest change in fund balance was an increase in restricted and bonded capital projects and a decrease in restricted in the non-major government funds. *The general fund* balance decreased by \$549,082.

The overall amount of the governmental fund balances totals up to \$16,162,559. Of that amount the non-spendable fund balance is \$522,720 which includes the principal portion of its permanent funds, inventories and pre-paid expenditures. Restricted fund balance is \$2,120,162 which is restricted for a specific purpose (grants, special revenue funds, donations, housing rehabilitation fund etc.). Committed fund balance is \$7,384,841 which can only be used for a specific purpose, and the unassigned fund balance is \$6,134,836 which is the residual and is not restricted, committed or assigned to a specific purpose.

The general fund is the chief operating fund of the Town of Lebanon. At the end of the current fiscal year, unassigned fund balance of the general fund was \$6,136,506, while total fund balance was \$6,235,416. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 18.06% of total general fund expenditures including transfers out. Total fund balance represents 18.35% of that same amount. The unassigned portion of fund balance, when compared with unassigned last year portion for the general fund had decreased by \$562,990 while the total fund balance increased by \$549,082.

General Fund Budgetary Highlights were:

- Overall the Town experienced an excess in revenues of \$457,695.
- Intergovernmental revenue for education experienced an excess in revenues of \$317,023.
- Investment income exceeded the budget by \$7,943.
- Charges for Services for general government and police services exceeded the budget by \$162,169 of which \$90,032 was for excess building official fees.
- School tuition revenues were \$30,019 less than budgeted.
- Total Expenditures were \$487,920 less than anticipated. Of this amount, \$75,728 was unexpended from General Government, \$144,718 from Public Works, \$154,512 from employee benefits, and \$58,393 contingency. Educational expenditures were \$13,040 less than anticipated, these funds will be transferred to the Board of Education Non-Lapsing fund.

**TOWN OF LEBANON, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
YEAR ENDED JUNE 30, 2025**

Highlights of Other Major Funds:

The Town of Lebanon was awarded \$2,114,270 under the Coronavirus Local Fiscal Recovery Fund in fiscal year 2021. The Board of Selectmen has sought to use ARPA funds primarily to make one-time investments in government services that will not generate significant new recurring expenses in future years. Some of those major projects include: Town wide radio upgrades, Town Hall Fiber installation, bleachers at the high school, HVAC for the town hall and fire safety complex, affordable senior housing feasibility study, updated phone systems, pavement management study, basketball court reconstruction, senior center efficiency lighting, financial software upgrade for education and general government, fire safety complex door replacements along with painting and floor replacement, police tasers, community center renovations, asbestos abatement and renovations at town hall, DPW schematic design, DPW sweeper, Playscape at Tyler Field and a fuel station at DPW.

Unassigned fund balance was utilized for several projects that were approved at Town Meeting on October 9, 2024. These projects included: Tree removal \$300,000, Fire Safety Complex roof \$300,000, Town Garage Building Renovations (small building) \$250,000, skid steer loader \$85,000, repairs to the Community Center pool and decking \$75,000, upgrade access controls at school facilities \$120,000 and school technology \$227,000.

Capital Asset and Debt Administration

**TOWN OF LEBANON'S CAPITAL ASSETS
(Net of depreciation)**

	Governmental Activities		Business-Type Activities		Total	
	2025	2024	2025	2024	2025	2024
Land	\$ 2,351,249	\$ 2,228,189	\$ -	\$ -	\$ 2,351,249	\$ 2,228,189
Construction in Progress	1,000,878	344,755	-	-	1,000,878	344,755
Buildings	20,171,297	20,511,467	-	-	20,171,297	20,511,467
Equipment	2,794,906	1,873,731	-	-	2,794,906	1,873,731
Vehicles	2,158,619	1,852,231	-	-	2,158,619	1,852,231
Infrastructure	11,811,680	12,324,234	-	-	11,811,680	12,324,234
Amston Lake Sewage System	-	-	5,463,002	5,549,716	5,463,002	5,549,716
Total	<u>\$ 40,288,629</u>	<u>\$ 39,134,607</u>	<u>\$ 5,463,002</u>	<u>\$ 5,549,716</u>	<u>\$ 45,751,631</u>	<u>\$ 44,684,323</u>

Capital Assets. The Town of Lebanon's investment in capital assets for its combined governmental and business-type assets includes land, buildings and improvements, vehicles and equipment, roads, rights of way, dams, bridges, and sewer lines. The total increase in the Town of Lebanon's investment in capital assets for the current fiscal year was \$1,067,308 or approximately 2.39%, with an increase of \$1,154,022 for governmental activities and a decrease of \$86,714 for business-type activities.

**TOWN OF LEBANON, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
YEAR ENDED JUNE 30, 2025**

The Town's Governmental Activities type Capital Assets increased \$1,154,022. This is the net result of depreciation, deletions, and additions. The following are the additions to capital assets for fiscal year 2024-2025:

Community Center – Pool and decking renovations	75,000
Community Center – Bathroom Remodel	7,500
Community Center – Glass for Tabletops	3,500
Fire Safety Complex – replace Boiler	26,814
Fire Safety Complex – repairs to Sewer Line	16,590
Fire Safety Complex – New Roof	217,993
Library – Parking Lot Guardrails	7,800
Public Safety – Improvements to Communications Facility in Salem for increased coverage	55,283
Public Safety – Balance of Town Wide Radio Project	210,521
Public Safety – Gear	18,440
Public Safety – Power Loader	25,567
Old Fire House – Replace Garage Doors (50%)	5,245
Public Works – New DPW Building	212,005
Public Works – Tobacco Street Bridge Design	1,035
Public Works – replace Fuel Station	379,038
Public Works – replace Septic System	30,067
Public Works – Alden Tavern Crosswalk engineering	1,396
Public Works – Renovate Small Building	244,603
Public Works – Mack Plow Truck – Cab & Chassis	164,319
Public Works – Mack Plow Truck	246,658
Public Works – International Plow Truck	209,280
Public Works – 1 Ton Dump Truck	77,890
Public Works – Skid Steer	85,000
Public Works – Excavator	145,500
Public Works – Trailer	18,190
Public Works – Card Street – Balance of Paving	183,850
Recreation – Stebner Farm on Cook Hill Road	123,060
Schools – Repairs & Refinish Gym Floor	64,390
Schools – Repairs & Refinish Gym Floor	225,838
Schools – Install AC for Pre-K	5,460
Schools – Stage Lighting Phase 2	38,756
Schools – LENS Project	31,169
Schools – Compressor Replacement for Cameras	10,585
Schools – Computer Upgrades	191,909
Schools – Promethean 65 Active panel (75)	157,648
Schools – Livestream System Upgrade	14,849
Schools – TV Mount System (50)	14,320
Schools – Access Control System	104,584
Schools – Skid Steer	47,948
Senior Center – Replace Garage Doors	10,323
Senior Center – Replace Tile Floor	32,203
Senior Center – Kitchen Renovations	17,500
Senior Center – 12' X 24" Garden Shed	11,757
Senior Center – Van	87,579
Town Hall – install hardware for Automatic Doors	10,449
Transfer Station – Install VFD's for Trash Compactors	5,761

**TOWN OF LEBANON, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
YEAR ENDED JUNE 30, 2025**

Business-type activities decreased by \$86,714 due to the net effect of depreciation. There were no additional assets for Business-type Activities.

Additional information on the Town of Lebanon's capital assets can be found in Note 3C on pages 38-40 of this report.

Long-Term Debt. At the end of the current fiscal year, the Town of Lebanon had total bonded debt outstanding of \$7,642,167, all of which is backed by the full faith and credit of the Town. Of this debt, \$3,610,975 is related to the sewer installation, \$2,100,000 is for Roads and Bridges, and \$3,225,000 is for the Library expansion project.

State statutes limit the amount of general obligation debt a governmental entity may issue to 2¼ to 4½ times total tax collections including interest and lien fees and the tax relief for the elderly freeze grant. The current debt limitation for the Town of Lebanon is \$62,888,505 which is significantly in excess of the Town of Lebanon's outstanding general obligation debt.

Additional information on the Town of Lebanon's long-term debt can be found in Note 3E on pages 41-43 of this report.

Next Year's Budget and Rates

The Town's elected and appointed officials considered many factors when setting the fiscal year 2026 budget. The relatively low ratio of commercial to residential property places a high burden on the residential taxpayer. The town continues to seek opportunities to relieve this burden through minimal fees and seek grant applications whenever possible.

The final adopted budget was approved at a second Referendum held on June 10, 2025 for fiscal year 2025-2026 in the amount of \$30,907,395, a total increase of 4.65%. The major increases were education and capital projects.

The property tax revenue increase needed was 5.21% from the previous year to fund this budget. The mill rate for the Town reflected a 1 mill increase over the previous year. Overall, the increase to the Grand list was \$2,847,224 or .27%.

Economic Factors

Lebanon's unemployment rate decreased from 3.0% as of June 2024 to 2.9% as of June 2025. The State of CT unemployment rate increased from 3.1% (June 2024) to 3.8% as of June 2025.

Requests for Information

This financial report is designed to provide a general overview of the Town of Lebanon's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Director, Town of Lebanon, 579 Exeter Road, Lebanon, CT 06249.

BASIC FINANCIAL STATEMENTS

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TOWN OF LEBANON, CONNECTICUT
STATEMENT OF NET POSITION
JUNE 30, 2025

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and Cash Equivalents	\$ 8,806,841	\$ 2,000,097	\$ 10,806,938
Investments	8,061,975	-	8,061,975
Accounts Receivable, Net	2,366,808	6,882	2,373,690
Internal Balances	(112,227)	112,227	-
Other Assets	117,668	-	117,668
Current Portion of Assessment Receivable	-	175,623	175,623
Noncurrent Portion of Assessment Receivable	-	1,032,193	1,032,193
Capital Assets, Nondepreciable	3,352,127	-	3,352,127
Capital Assets, Net of Accumulated Depreciation	36,936,502	5,463,002	42,399,504
Total Assets	<u>59,529,694</u>	<u>8,790,024</u>	<u>68,319,718</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Outflows Related to OPEB	867,927	-	867,927
Deferred Outflows Related to Pensions	731,990	-	731,990
Total Deferred Outflows of Resources	<u>1,599,917</u>	<u>-</u>	<u>1,599,917</u>
LIABILITIES			
Accounts Payable	481,912	-	481,912
Accrued Liabilities	86,024	-	86,024
Accrued Interest Payable	45,228	38,223	83,451
Unearned Revenue	119,020	-	119,020
Noncurrent Liabilities, Due Within One Year	490,974	118,829	609,803
Noncurrent Liabilities, Due in More Than One Year	8,437,607	3,263,339	11,700,946
Total Liabilities	<u>9,660,765</u>	<u>3,420,391</u>	<u>13,081,156</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflows Related to OPEB	1,637,452	-	1,637,452
Deferred Inflows Related to Pensions	139,000	-	139,000
Lease Related	411,965	-	411,965
Advance Property Tax Collections	438,419	-	438,419
Total Deferred Inflows of Resources	<u>2,626,836</u>	<u>-</u>	<u>2,626,836</u>
NET POSITION			
Net Investment in Capital Assets	35,895,871	2,080,834	37,976,705
Restricted for:			
Permanent Fund - Nonexpendable	449,594	-	449,594
Permanent Fund - Expendable	226,783	-	226,783
Grant Programs	1,812,319	-	1,812,319
Capital Projects	642,761	-	642,761
Donations	426,387	-	426,387
Unrestricted	9,388,295	3,288,799	12,677,094
Total Net Position	<u>\$ 48,842,010</u>	<u>\$ 5,369,633</u>	<u>\$ 54,211,643</u>

See accompanying Notes to Financial Statements.

**TOWN OF LEBANON, CONNECTICUT
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2025**

Functions/Programs	Expenses	Program Revenues			Net Revenues (Expenses) and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
GOVERNMENTAL ACTIVITIES							
General Government	\$ 2,844,005	\$ 209,406	\$ 772,571	\$ -	\$ (1,862,028)	\$ -	\$ (1,862,028)
Public Safety Services	1,035,892	280,158	-	-	(755,734)	-	(755,734)
Public Works	2,914,732	405,306	319,506	196,914	(1,993,006)	-	(1,993,006)
Education	29,355,373	1,910,069	10,290,203	-	(17,155,101)	-	(17,155,101)
Health & Social	350,996	86,064	132,118	25,000	(107,814)	-	(107,814)
Community Preservation	428,747	13,350	25,218	-	(390,179)	-	(390,179)
Interest Expense	119,366	-	-	-	(119,366)	-	(119,366)
Total Governmental Activities	37,049,111	2,904,353	11,539,616	221,914	(22,383,228)	-	(22,383,228)
BUSINESS-TYPE ACTIVITIES							
WPCA Assessment Fund	173,093	54,648	-	-	-	(118,445)	(118,445)
Total Business-Type Activities	173,093	54,648	-	-	-	(118,445)	(118,445)
Total	\$ 37,222,204	\$ 2,959,001	\$ 11,539,616	\$ 221,914	(22,383,228)	(118,445)	(22,501,673)
General Revenues:							
Property Taxes					22,090,078	-	22,090,078
Grants and Contributions not Restricted to Specific Programs					240,106	-	240,106
Investment Income					1,126,187	45,788	1,171,975
Miscellaneous					650	-	650
Total General Revenues					23,457,021	45,788	23,502,809
Change in Net Position					1,073,793	(72,657)	1,001,136
Net Position - Beginning of Year					47,768,217	5,442,290	53,210,507
NET POSITION - END OF YEAR					\$ 48,842,010	\$ 5,369,633	\$ 54,211,643

See accompanying Notes to Financial Statements.

**TOWN OF LEBANON, CONNECTICUT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2025**

	General	ARPA Fund	Bonded Capital Projects	Small Cities Program Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS						
Cash and Cash Equivalents	\$ 6,724,512	\$ -	\$ 644,923	\$ 71,416	\$ 1,252,659	\$ 8,693,510
Investments	4,102,997	-	-	-	3,958,978	8,061,975
Receivables, Net	806,094	-	-	968,534	592,180	2,366,808
Prepaid Items	73,126	6,300	-	-	-	79,426
Due From Other Funds	584,787	68,960	-	-	4,612,573	5,266,320
Other	-	-	-	-	38,242	38,242
Total Assets	<u>\$ 12,291,516</u>	<u>\$ 75,260</u>	<u>\$ 644,923</u>	<u>\$ 1,039,950</u>	<u>\$ 10,454,632</u>	<u>\$ 24,506,281</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES						
LIABILITIES						
Accounts and Other Payables	\$ 298,275	\$ 339	\$ -	\$ -	\$ 178,052	\$ 476,666
Accrued Liabilities	78,824	-	-	-	-	78,824
Due to Other Funds	4,793,760	-	2,162	2,228	580,397	5,378,547
Unearned Revenue	-	61,421	-	-	46,525	107,946
Total Liabilities	<u>5,170,859</u>	<u>61,760</u>	<u>2,162</u>	<u>2,228</u>	<u>804,974</u>	<u>6,041,983</u>
DEFERRED INFLOWS OF RESOURCES						
Unavailable Revenue - Property Taxes	321,660	-	-	-	-	321,660
Unavailable Revenue - Tax Interest	125,162	-	-	-	-	125,162
Lease Related	-	-	-	-	411,965	411,965
Unavailable Revenue - Sewer Receivable	-	-	-	-	16,445	16,445
Unavailable Revenue - Loans Receivable	-	-	-	968,534	-	968,534
Unavailable Revenue - Grant Receivable	-	-	-	-	19,554	19,554
Advance Property Tax Collections	438,419	-	-	-	-	438,419
Total Deferred Inflows of Resources	<u>885,241</u>	<u>-</u>	<u>-</u>	<u>968,534</u>	<u>447,964</u>	<u>2,301,739</u>
FUND BALANCES						
Nonspendable	73,126	6,300	-	-	443,294	522,720
Restricted	-	7,200	642,761	69,188	1,401,013	2,120,162
Committed	25,784	-	-	-	7,359,057	7,384,841
Unassigned	6,136,506	-	-	-	(1,670)	6,134,836
Total Fund Balances	<u>6,235,416</u>	<u>13,500</u>	<u>642,761</u>	<u>69,188</u>	<u>9,201,694</u>	<u>16,162,559</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 12,291,516</u>	<u>\$ 75,260</u>	<u>\$ 644,923</u>	<u>\$ 1,039,950</u>	<u>\$ 10,454,632</u>	<u>\$ 24,506,281</u>

See accompanying Notes to Financial Statements.

**TOWN OF LEBANON, CONNECTICUT
BALANCE SHEET
GOVERNMENTAL FUNDS (CONTINUED)
JUNE 30, 2025**

Reconciliation of Balance Sheet - Governmental Funds to Statement of Net Position:

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

Total fund balances (Exhibit III)	\$	16,162,559
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Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:

Governmental capital assets	\$	93,931,653	
Less: accumulated depreciation		(53,643,024)	
Net Capital Assets			40,288,629

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

Property tax, sewer use, water assessment and community development block grant receivable - accrual basis change	446,822
CDBG Loans receivable accrual basis change	968,534
Grant receivable accrual basis change	19,554
Sewer receivable accrual basis change	16,445
Deferred outflows of resources related to OPEB	867,927
Deferred outflows of resources related to Pensions	731,990

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.

89,811

Some liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds:

Bonds payable	(4,260,000)
Net pension liability	(2,308,290)
Total OPEB liability	(1,841,829)
Deferred inflows of resources related to OPEB	(1,637,452)
Deferred inflows of resources related to Pensions	(139,000)
Compensated absences	(385,704)
Accrued interest payable	(45,228)
Promissory notes payable	(132,758)

Net Position of Governmental Activities (Exhibit I)	\$	48,842,010
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TOWN OF LEBANON, CONNECTICUT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2025

	General	ARPA Fund	Bonded Capital Projects	Small Cities Program Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES						
Property Taxes	\$ 22,040,361	\$ -	\$ -	\$ -	\$ -	\$ 22,040,361
Intergovernmental	8,876,430	747,674	-	22,995	2,105,766	11,752,865
Charges for Services	1,905,044	-	-	-	977,329	2,882,373
Investment Income (Loss)	608,447	-	-	-	515,342	1,123,789
Other Revenues	-	-	-	-	52,203	52,203
Total Revenues	33,430,282	747,674	-	22,995	3,650,640	37,851,591
EXPENDITURES						
Current:						
General Government	2,051,594	687,973	-	-	611,153	3,350,720
Public Safety Services	724,053	35,579	-	-	-	759,632
Public Works	1,813,497	-	-	-	165,299	1,978,796
Education	25,754,507	-	-	-	2,177,070	27,931,577
Health & Social	390,065	24,122	-	25,223	147,014	586,424
Community Preservation	-	-	-	-	61,041	61,041
Debt Service	465,927	-	-	-	-	465,927
Capital Outlay	-	-	1,036	-	3,112,919	3,113,955
Total Expenditures	31,199,643	747,674	1,036	25,223	6,274,496	38,248,072
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	2,230,639	-	(1,036)	(2,228)	(2,623,856)	(396,481)
OTHER FINANCING SOURCES (USES)						
Transfers In	-	13,500	-	-	3,117,657	3,131,157
Transfers Out	(2,779,721)	-	(351,436)	-	-	(3,131,157)
Net Other Financing Sources	(2,779,721)	13,500	(351,436)	-	3,117,657	-
NET CHANGE IN FUND BALANCES	(549,082)	13,500	(352,472)	(2,228)	493,801	(396,481)
Fund Balances - Beginning, As Originally Reported	6,784,498	-	995,233	-	8,779,309	16,559,040
Adjustment	-	-	-	71,416	(71,416)	-
Fund Balances - Beginning, As Adjusted	6,784,498	-	995,233	71,416	8,707,893	16,559,040
FUND BALANCES - END OF YEAR	<u>\$ 6,235,416</u>	<u>\$ 13,500</u>	<u>\$ 642,761</u>	<u>\$ 69,188</u>	<u>\$ 9,201,694</u>	<u>\$ 16,162,559</u>

See accompanying Notes to Financial Statements.

TOWN OF LEBANON, CONNECTICUT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS (CONTINUED)
YEAR ENDED JUNE 30, 2025

Reconciliation of Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds to Statement of Activities:

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

Net change in fund balances - total governmental funds (Exhibit IV)	\$	(396,481)
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Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period:

Capital outlay		3,875,172
Depreciation expense		(2,600,867)

The statement of activities reports losses arising from the trade-in of existing capital assets to acquire new capital assets. Conversely, governmental funds do not report any gain or loss on a trade-in of capital assets.		(120,283)
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Change in deferred outflows related to Pensions		(235,622)
Change in deferred outflows related to OPEB		67,440
Change in deferred inflows related to Pensions		15,522
Change in deferred inflows related to OPEB		(3,223)

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:

Increase in property tax receivable - accrual basis change		32,507
Increase in property tax interest receivable - accrual basis change		17,210
Increase in CDBG Loans receivable - accrual basis change		(2,817)
Increase in sewer revenue - accrual basis change		(4,503)
Increase in grant revenue - accrual basis change		(19,222)

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

Bond payments		355,000
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Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:

Compensated absences		(31,846)
Change in accrued interest		(8,439)
Net Pension Liability - Pension expense		114,150
Total OPEB Liability - OPEB expense		52,947

The net loss of the internal service funds is reported with governmental activities.		(32,852)
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Change in Net Position of Governmental Activities (Exhibit II)	\$	1,073,793
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TOWN OF LEBANON, CONNECTICUT
STATEMENT OF NET POSITION
PROPRIETARY FUND
JUNE 30, 2025

	Business- Type Activities Enterprise Fund WPCA Assessment Fund	Governmental Activities Internal Service Funds
ASSETS		
Cash and Cash Equivalents	\$ 2,000,097	\$ 113,331
Interest Receivable	5,917	-
Accounts Receivable	965	-
Due from Other Funds	112,227	-
Current Portion of Assessment Receivable	175,623	-
Noncurrent Portion of Assessment Receivable	1,032,193	-
Capital Assets, Net of Accumulated Depreciation	5,463,002	-
Total Assets	<u>8,790,024</u>	<u>113,331</u>
LIABILITIES		
Accounts Payable	-	5,246
Claims Payable	-	7,200
Unearned Revenue	-	11,074
Accrued Interest Payable	38,223	-
Noncurrent Liabilities, Due Within One Year	118,829	-
Noncurrent Liabilities, Due in More Than One Year	3,263,339	-
Total Liabilities	<u>3,420,391</u>	<u>23,520</u>
NET POSITION		
Net Investment in Capital Assets	2,080,834	-
Unrestricted	3,288,799	89,811
Total Net Position	<u><u>\$ 5,369,633</u></u>	<u><u>\$ 89,811</u></u>

See accompanying Notes to Financial Statements.

TOWN OF LEBANON, CONNECTICUT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUND
YEAR ENDED JUNE 30, 2025

	Business- Type Activities Enterprise Fund WPCA Assessment Fund	Governmental Activities Internal Service Funds
OPERATING REVENUES		
Assessment Interest	\$ 54,288	\$ -
Employer Contributions	-	149,086
Employee Contributions	-	129,994
Other Income	360	-
Total Operating Revenues	<u>54,648</u>	<u>279,080</u>
OPERATING EXPENSES		
Employee Benefits	-	314,330
Depreciation	86,714	-
Total Operating Expenses	<u>86,714</u>	<u>314,330</u>
OPERATING INCOME (LOSS)	(32,066)	(35,250)
Nonoperating Revenue (Expenses):		
Interest Expense	(86,379)	-
Investment Income	45,788	2,398
Net Nonoperating Revenue (Expense)	<u>(40,591)</u>	<u>2,398</u>
CHANGE IN NET POSITION	(72,657)	(32,852)
Net Position - Beginning of Year	<u>5,442,290</u>	<u>122,663</u>
NET POSITION - END OF YEAR	<u><u>\$ 5,369,633</u></u>	<u><u>\$ 89,811</u></u>

See accompanying Notes to Financial Statements.

**TOWN OF LEBANON, CONNECTICUT
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
YEAR ENDED JUNE 30, 2025**

	Business- Type Activities Enterprise Fund WPCA Assessment Fund	Governmental Activities Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from Customers	\$ 224,806	\$ 275,670
Payments to Providers of Benefits	-	(310,244)
Net Cash Provided (Used) by Operating Activities	224,806	(34,574)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Transfers In/Out	(96,475)	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Loan Principal Payments	(115,698)	-
Interest Payments	(87,687)	-
Net Cash Provided (Used) by Capital and Related Financing Activities	(203,385)	-
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment Income	45,788	2,398
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(29,266)	(32,176)
Cash and Cash Equivalents - Beginning of Year	2,029,363	145,507
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 2,000,097</u>	<u>\$ 113,331</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating Income (Loss)	\$ (32,066)	\$ (35,250)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:		
Depreciation Expense	86,714	-
(Increase) Decrease in Accounts Receivable	170,158	3,715
Increase (Decrease) in Accounts Payable	-	2,786
Increase (Decrease) in Claims Payable	-	1,300
Increase (Decrease) in Unearned Revenue	-	(7,125)
Net Cash Provided (Used) by Operating Activities	<u>\$ 224,806</u>	<u>\$ (34,574)</u>

See accompanying Notes to Financial Statements.

**TOWN OF LEBANON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Town of Lebanon, Connecticut (the Town), was settled in the 1690s and incorporated in 1700. The Town maintains a Board of Selectmen, Board of Finance form of government and provides the following services as authorized by its charter: general government, public safety (police and fire), public works, health and social, community preservation and education.

B. Basis of Presentation

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

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 no organizations meet the requirements for inclusion in the financial statements.

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 as a whole. For the most part, the effect of interfund activity has been removed from these statements, except for interfund services provided and used. Governmental activities, which normally are 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 is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

TOWN OF LEBANON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basis of Presentation (Continued)

Government-Wide and Fund Financial Statements (Continued)

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

Measurement of 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 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 of the end of the current fiscal period.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences 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 required to be accounted for in another fund.

The *ARPA Fund* accounts for revenues to be used for approved ARPA projects, funded by the federal ARPA grants.

The *Bonded Capital Projects Fund* accounts for revenues to be used for major capital asset construction and/or purchases funded by debt issuances, grants, and General Fund appropriations.

The *Small Cities Program Fund* accounts for loans to qualified residents that are to be paid back to the Town upon either refinancing or selling the home.

TOWN OF LEBANON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basis of Presentation (Continued)

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

The Town reports the following major proprietary fund:

The *WPCA Assessment Fund* accounts for the benefit assessments relating to the Amston Lake Water Pollution Control Authority.

Additionally, the Town reports the following fund types:

The *Internal Service Fund* is used to account for the fees associated with the self-insured dental activities, and retired teachers health payments of the Town and Board of Education.

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 WPCA Assessment Fund and various other functions 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. 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 customers for services. The enterprise fund also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise 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 and Cash Equivalents

The Town's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

TOWN OF LEBANON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Cash and Cash Equivalents (Continued)

State statutes authorize the Town to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds, repurchase agreements and certain other investments as described in Note 3.

D. Investments

Investments are reported at fair value.

E. Receivables and Payables

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

F. Lease Receivable

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

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

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

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

The individual lease contracts do not provide information about the discount rate implicit in the lease. Therefore, the Entity has elected to use their incremental borrowing rate to calculate the present value of expected lease payments.

**TOWN OF LEBANON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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. Capital assets are defined by the government as assets with an initial individual cost of more than \$5,000, and an estimated useful life of more than two years. 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.

Property, plant, and equipment of the primary government is depreciated using the straight-line method over the following estimated useful lives.

Buildings	30 to 50 Years
Building Improvements	30 to 50 Years
Roads	30 to 50 Years
Bridges	30 to 50 Years
Water and Pollution Control Systems	75 Years
Vehicles	5 to 10 Years
Machinery and Equipment	3 to 10 Years

H. Deferred Outflows 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 deferred outflows related to pension and OPEB in the government-wide statement of net position. A deferred outflow of resources related to pension and OPEB results from differences between expected and actual experience and investment gains or losses. 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 and OPEB plans (active employees and inactive employees). No deferred outflows of resources affect the governmental fund financial statements in the current year.

TOWN OF LEBANON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. Deferred Inflows of Resources

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 advance property tax collections, lease receivables and deferred inflows of resources related to pension and OPEB in the government-wide statement of net position. Advance property tax collections represent taxes inherently associated with a future period. This amount is recognized during the period in which the revenue is associated. 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. A deferred inflow of resources related to pension and OPEB results from differences between expected and actual experience, changes in assumptions or other inputs. 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 and OPEB plans (active employees and inactive employees). For governmental funds, the Town reports unavailable revenue, which arises only under the modified accrual basis of accounting. The governmental funds report unavailable revenues from several sources: property taxes, interest on property taxes, grants, sewer receivables, leases, and long-term loans. These amounts are deferred and recognized as an inflow of resources (revenue) in the period in which the amounts become available.

J. Compensated Absences

Based on union contracts, certain Town and Board of Education employees may accumulate a certain amount of unused vacation and sick leave based upon length of employment. The amount recorded as a liability is based upon current salary levels. All vacation and sick pay is accrued when incurred in the government-wide, proprietary and fiduciary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

The liability for compensated absences reported in the government-wide and proprietary fund statements consists of leave that has not been used that is attributable to services already rendered, accumulates and is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. The liability also includes amounts for leave that has been used for time off but has not yet been paid in cash or settled through noncash means and certain other types of leave.

TOWN OF LEBANON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. Net Pension Liability

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

L. Total OPEB Liability

The total OPEB liability is measured as the portion of the present value of projected benefit payments to be provided to current active and inactive employees that is attributed to those employees' past periods of service. The total OPEB liability is measured as of a date (measurement date) no earlier than the end of the employer's prior fiscal year, consistently applied from period to period.

M. 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. Bond issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

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.

N. 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.

TOWN OF LEBANON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

N. Equity (Continued)

Restricted Net Position – Net position restrictions 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 represents amounts that cannot be spent due to form (e.g., inventories and prepaid amounts).

Restricted Fund Balance – This 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 represents the portion of a governmental fund’s resources whose use is subject to a legally binding constraint that is imposed by the Board of Finance that remains legally binding unless removed in the same manner. These constraints are set by the Board of Finance through an ordinance.

Assigned Fund Balance – This represents amounts constrained for the intent to be used for a specific purpose by the Board of Finance or finance director that has been delegated authority to assign amounts by the Town Charter.

Unassigned Fund Balance – This 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.

O. Property Taxes

Property taxes are assessed as of October 1 and billed the following July 1 and January 1. Interest at the rate of 1.5% per month accrues on all overdue taxes. Assessments for real and personal property, excluding motor vehicles, are computed at 70% of appraised market value. A lien is placed on the property if real estate taxes are unpaid as of June 30 following the payable date.

**TOWN OF LEBANON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

O. Property Taxes (Continued)

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 deferred 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.

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

NOTE 2 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

The Town's policy is to adopt an annual budget for operations. The budget is presented on the modified accrual basis of accounting (except in relation to teacher on-behalf payments made by the State which are not budgeted for and encumbrances) which is consistent with generally accepted accounting principles. In addition, the budget calls for certain amounts to be transferred or allocated to specific funds which have been set up by the Town for specific purposes. A portion of the budgeted revenues to be raised by the annual tax commitment are considered by the Town to be a specific revenue source which are committed to expenditure for these specified purposes. The budget calls for the revenue to be shown within the general fund and a transfer out to be shown to each of these specific funds. These specific portions of the annual tax commitment are shown within each specific special revenue and capital project fund as a transfer in rather than as property tax revenue.

**TOWN OF LEBANON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 2 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (CONTINUED)

A. Budgetary Information (Continued)

Early in the second half of the prior fiscal year, the Town's selectmen, departments, boards, and commissions submitted budget requests for the year beginning July 1. The operating budgets include proposed expenditures and the means of financing them. A meeting of the inhabitants of the Town is then called for the purpose of adopting the proposed budget after public notice of the meetings had been given.

- All additional appropriations must be subject to a special town meeting. During the year ended June 30, 2025, the Town approved additional appropriations of \$1,357,000 from fund balance.
- The Board of Selectmen may only transfer and re-appropriate funds between the Town operating Budget line items within a given agency or department.
- The Board of Finance may authorize over-expenditures or transfers between agency or department budgets up to the limit allowed by Connecticut General Statutes and may at their discretion require Town Meeting approval for such authorizations. Transfers between agency or department budgets which exceed Connecticut General Statute limits shall require approval at a Town Meeting.
- The Board of Finance may transfer and appropriate funds from the contingency account up to the limit allowed by Connecticut General Statute and may at their discretion require Town Meeting approval for such transfers or appropriations. Transfers and appropriations from the contingency account which exceed Connecticut General Statute limits shall require approval at Town Meeting.
- The Board of Education, which is not a separate legal entity but a function of the Town, is authorized under state law to make any transfers required within their budget at their discretion. Any additional appropriations must have Board of Education approval and be subject to a special town meeting.
- Encumbrances are recognized as valid and proper charge against a budget appropriation in the year in which the purchase order, contract or other commitment is issued, and, accordingly, encumbrances outstanding at year-end are reported in budgetary reports as expenditures in the current year. Generally, all unencumbered appropriations lapse at year-end, except those for the Capital Project Funds. Appropriations for capital projects are continued until completion of applicable projects, even when projects extend more than one fiscal year.
- The Town does not legally adopt a budget for the ARPA Fund or for the Small Cities Program Fund, which is administered by a third party.

**TOWN OF LEBANON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 3 DETAILED NOTES ON ALL FUNDS

A. 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.

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 deposit will not be returned. The Town’s deposit policy for custodial credit risk requires prequalification of institutions with which the Town does business. The prequalification requirements include, but are not limited to, proof of creditworthiness, five years or more of operations, evidence of adequate insurance coverage, proof of state registration, and proof of compliance with state and federal capital adequacy guidelines. 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 or up to the FDIC limit in out-of-state banks.

TOWN OF LEBANON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Cash, Cash Equivalents, and Investments (Continued)

Deposits (Continued)

Deposit Custodial Credit Risk (Continued)

Based on the criteria described in GASB Statement No. 40, *Deposits and Investment Risk Disclosures*, \$10,461,724 of the Town's bank balance of \$11,760,559 was exposed to custodial credit risk as follows:

Uninsured and Uncollateralized	\$ 9,285,669
Uninsured and Collateral Held by the Pledging Bank's Trust Department, not in the Town's Name	<u>1,176,055</u>
Total Amount Subject to Custodial Credit Risk	<u><u>\$ 10,461,724</u></u>

Cash Equivalents

At June 30, 2025, the Town's cash equivalents amounted to \$3,546,302. 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 following table provides a summary of the Town's cash equivalents (excluding U.S. government guaranteed obligations) as rated by nationally recognized statistical rating organizations. The pools all have maturities of less than one year. The State of Connecticut Short-Term Investment Fund (STIF) is rating AAAm by *Standard and Poor's*.

Investments

As of June 30, 2025, the Town had the following investments:

Investment Type	Fair Value	Investment Maturities (Years)		
		Less Than 1	1 - 10	More than 10
Certificates of Deposit*	\$ 4,426,276	\$ 4,426,276	\$ -	\$ -
U.S. Government Securities	128,649	34,937	84,226	9,486
Corporate Bonds	122,214	-	62,190	60,024
Total	<u>4,677,139</u>	<u>\$ 4,461,213</u>	<u>\$ 146,416</u>	<u>\$ 69,510</u>
Other Investments:				
Mutual Funds	1,245,853			
Common Stock	<u>2,138,983</u>			
Total Investments	<u><u>\$ 8,061,975</u></u>			

* Subject to coverage by Federal Depository Insurance and collateralization.

**TOWN OF LEBANON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Cash, Cash Equivalents, and Investments (Continued)

Investments (Continued)

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, 2025:

	Fair Value	Level 1	Level 2	Level 3
Investments by Fair Value Level:				
U.S. Government Securities	\$ 128,649	\$ 128,649	\$ -	\$ -
Corporate Bonds	122,214	122,214	-	-
Common Stock	2,138,983	2,138,983	-	-
Mutual Funds	1,245,853	1,245,853	-	-
Total Investments by Fair Value Level	3,635,699	<u>\$ 3,635,699</u>	<u>\$ -</u>	<u>\$ -</u>
Investments Measured at Amortized Cost:				
Certificates of Deposit	<u>4,426,276</u>			
Total Investments	<u>\$ 8,061,975</u>			

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

Investment Custodial Credit Risk

Custodial credit risk is the risk that, in the event of the failure of the counterparty, the Town will not be able to recover the value if its investment or collateral securities that are in the possession of an outside party. The Town does not have an investment policy for custodial credit risk. The Town does not hold any uninsured or unregistered securities at June 30, 2025.

Credit Risk

The Town has no investment policy that would limit its investment choices due to credit risk other than state statutes governing investments in obligations of any state or political subdivision or in obligations of the state of Connecticut or political subdivision.

Concentration of Credit Risk

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

**TOWN OF LEBANON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Cash, Cash Equivalents, and Investments (Continued)

Investments (Continued)

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.

The Town's investment policy, in conformity with applicable Connecticut General Statutes, authorizes investment in the State Treasurer's Short-Term Investment Fund (STIF). The value of the position in the pool is the same as the value of the pool shares. Regulatory oversight for the State Treasurer's Short-Term Investment Fund is provided quarterly by the Investment Advisory Council and the Treasurer's Cash Management Board. Other authorized investments include pooled and joint investments meeting the requirements of the policy, excluding those pools investing in "derivative" securities; certificates of deposit; repurchase agreements; and obligations of the United States and agencies of the federal government.

B. Receivables

Receivables as of year-end for the Town's individual major funds and nonmajor and fiduciary funds in the aggregate are as follows:

	General	Small Cities Program Fund	Nonmajor and Other Funds	WPCA Assessment Fund	Total
Receivables:					
Taxes	\$ 417,823	\$ -	\$ -	\$ -	\$ 417,823
Tax Interest	125,162	-	-	-	125,162
Leases	-	-	429,907	-	429,907
Loans	-	968,534	-	-	968,534
Assessments	-	-	-	1,207,816	1,207,816
Accounts and Other	322,559	-	17,485	6,882	346,926
Intergovernmental	-	-	144,788	-	144,788
Gross Receivables	865,544	968,534	592,180	1,214,698	3,640,956
Less: Allowance for					
Collection Losses	59,450	-	-	-	59,450
Net Total Receivables	<u>\$ 806,094</u>	<u>\$ 968,534</u>	<u>\$ 592,180</u>	<u>\$ 1,214,698</u>	<u>\$ 3,581,506</u>

The Town, acting as lessor, leases land and buildings under a long-term, noncancelable lease agreement. The lease expires in through 2053 and provide for renewal options ranging from three months to five years. During the year ended June 30, 2025, the Town recognized \$3,202 and \$17,198 in lease revenue and interest revenue, respectively, pursuant to this contract.

TOWN OF LEBANON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

B. Receivables (Continued)

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

Year Ending June 30,	Governmental Activities	
	Principal	Interest
2026	\$ 3,332	\$ 17,068
2027	3,468	16,932
2028	3,609	16,791
2029	4,962	16,628
2030	6,043	16,397
2031-2035	37,791	77,962
2036-2040	58,949	68,379
2041-2045	86,064	53,997
2046-2050	120,580	33,487
2051-2054	105,109	7,146
Total Minimum Lease Payments	<u>\$ 429,907</u>	<u>\$ 324,787</u>

C. Capital Assets

Capital assets activity for the year ended June 30, 2025 was as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Governmental Activities:					
Capital Assets not Being Depreciated or Amortized:					
Land	\$ 2,228,189	\$ 123,060	\$ -	\$ -	\$ 2,351,249
Construction in Progress	344,755	901,879	-	(245,756)	1,000,878
Total Capital Assets not Being Depreciated or Amortized	2,572,944	1,024,939	-	(245,756)	3,352,127
Capital Assets Being Depreciated and Amortized:					
Buildings and Improvements	43,655,586	918,691	181,044	8,245	44,401,478
Equipment	3,274,560	1,100,295	62,945	237,511	4,549,421
Vehicles	5,427,278	639,597	201,207	-	5,865,668
Infrastructure	35,571,309	191,650	-	-	35,762,959
Total Capital Assets Being Depreciated and Amortized	87,928,733	2,850,233	445,196	245,756	90,579,526
Less Accumulated Depreciation and Amortization for:					
Buildings and Improvements	23,144,119	1,178,300	92,238	-	24,230,181
Equipment	1,400,829	416,631	62,945	-	1,754,515
Vehicles	3,575,047	301,732	169,730	-	3,707,049
Infrastructure	23,247,075	704,204	-	-	23,951,279
Total Accumulated Depreciation and Amortization	51,367,070	2,600,867	324,913	-	53,643,024
Total Capital Assets Being Depreciated and Amortized, Net	36,561,663	249,366	120,283	245,756	36,936,502
Governmental Activities Capital Assets, Net	<u>\$ 39,134,607</u>	<u>\$ 1,274,305</u>	<u>\$ 120,283</u>	<u>\$ -</u>	<u>\$ 40,288,629</u>
Business-Type Activities:					
Capital Assets Being Depreciated:					
Amston Lake Sewage System	\$ 6,503,574	\$ -	\$ -	\$ -	\$ 6,503,574
Total Capital Assets Being Depreciated	6,503,574	-	-	-	6,503,574
Less Accumulated Depreciation for:					
Amston Lake Sewage System	953,858	86,714	-	-	1,040,572
Total Accumulated Depreciation	953,858	86,714	-	-	1,040,572
Total Capital Assets Being Depreciated, Net	5,549,716	(86,714)	-	-	5,463,002
Business-Type Activities Capital Assets, Net	<u>\$ 5,549,716</u>	<u>\$ (86,714)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,463,002</u>

TOWN OF LEBANON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

C. Capital Assets (Continued)

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

Governmental Activities:

General Government	\$ 159,944
Public Safety	276,260
Public Works	899,556
Health & Social	132,348
Education	1,132,759
Total Depreciation and Amortization Expense - Governmental Activities	<u>\$ 2,600,867</u>

Business-Type Activities:

WPCA Assessment	\$ 86,714
Total Depreciation Expense - Business-Type Activities	<u>\$ 86,714</u>

Construction Commitments

The Town has active construction projects as of June 30, 2025. The projects include new construction. At year-end, the government's commitments with contractors are as follows:

Project	Remaining Commitment
Revaluation	\$ 26,319
PS - Ambulance	388,651
PS - ET106 FIRE TRUCK (DOWN PAYMENT)	220,000
PS - Power Loader & Deer Guard	10,074
PS - FSC Roof	97,175
Highway Paving	649,359
Plow Truck 2023 (Int'l)	720
Plow Truck 2025 (Mack)	113,476
Excavator	1,310
Tree Maintenance	267,200
Public Works Garage Building Improvements	1,811
Bucket Truck	187
P&Z - Open Space	190,932
P&Z - Open Space - Soft Costs	64,384
BOE - Alarm Upgrades District Wide	104
BOE - School Study	20,389
BOE - Upgrade Access Controls	15,416
* BOE - Technology	16,339
BOE - Athletic Facilities	28,727

TOWN OF LEBANON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

C. Capital Assets (Continued)

Construction Commitments (Continued)

The commitments for Capital assets generally are through the approved budget process and/or transfers from surplus funds. Other major construction projects are financed through general obligation bonds.

D. Interfund Receivables, Payables, and Transfers

Interfund loans were generally used to transfer monies as a result of issuing bonds. The composition of interfund balances as of June 30, 2025 is as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Nonmajor Governmental Funds	\$ 580,397
General Fund	Bonded Capital Projects	2,162
General Fund	Small Cities Program Fund	2,228
ARPA Fund	General Fund	68,960
Nonmajor Governmental Funds	General Fund	4,612,573
WPCA Assessment Fund	General Fund	112,227
Total		<u><u>\$ 5,378,547</u></u>

All balances are expected to be repaid within a year.

Interfund transfers are used to supplement revenues of other funds. The transfers that occurred during the year are as follows, with the most significant transfers being budgeted from the General Fund to the Nonmajor Governmental Funds and approved transfers between projects from the Bonded Capital Projects Fund to the Nonmajor Governmental Funds:

	Transfers In		Total
	ARPA Fund	Nonmajor Governmental Funds	Transfers Out
Transfers Out:			
General Fund	\$ 13,500	\$ 2,766,221	\$ 2,779,721
Bonded Capital Projects Fund	-	351,436	351,436
Total Transfers In	<u><u>\$ 13,500</u></u>	<u><u>\$ 3,117,657</u></u>	<u><u>\$ 3,131,157</u></u>

**TOWN OF LEBANON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Long-Term Debt

Changes in Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2025 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Governmental Activities:					
Bonds and Notes Payable:					
General Obligation Bonds	\$ 4,615,000	\$ -	\$ 355,000	\$ 4,260,000	\$ 355,000
Promissory Notes	132,758	-	-	132,758	-
Total Bonds and Notes Payable	4,747,758	-	355,000	4,392,758	355,000
Net Pension Liability	2,422,440	-	114,150	2,308,290	-
Total OPEB Liability	1,894,776	-	52,947	1,841,829	39,547
Compensated Absences	353,858	31,846	-	385,704	96,427
Total Governmental Activities Long-Term Liabilities	<u>\$ 9,418,832</u>	<u>\$ 31,846</u>	<u>\$ 522,097</u>	<u>\$ 8,928,581</u>	<u>\$ 490,974</u>
Business-Type Activities:					
Direct Placement Bond	\$ 3,497,865	\$ -	\$ 115,698	\$ 3,382,167	\$ 118,829
Total Business-Type Activities Long-Term Liabilities	<u>\$ 3,497,865</u>	<u>\$ -</u>	<u>\$ 115,698</u>	<u>\$ 3,382,167</u>	<u>\$ 118,829</u>

The change in compensated absences liability is presented as a net change.

For the governmental activities the Total OPEB liability is generally liquidated by the General Fund.

General Obligation Bonds

The Town issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities and infrastructure. General obligation bonds have been issued for governmental activities.

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.

TOWN OF LEBANON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Long-Term Debt (Continued)

General Obligation Bonds (Continued)

General obligation bonds and long-term notes currently outstanding are as follows:

Description	Date of Issue	Maturity	Interest Rate (%)	Amount of Original Issue	Annual Principal	Balance Outstanding June 30, 2025
Governmental Activities:						
General Purpose:						
General Obligation	7/8/21	7/8/36	2.25	\$ 2,100,000	\$ 140,000	\$ 1,680,000
General Obligation	4/6/22	4/1/35	2.56	3,225,000	215,000	2,580,000
Total General Purpose				<u>5,325,000</u>		<u>4,260,000</u>
Business-Type Activities:						
Direct Placement Bond	1/17/13	1/17/47	2.5	<u>5,105,000</u>	Varies	<u>3,382,167</u>
Total Outstanding				<u>\$ 10,430,000</u>		<u>\$ 7,642,167</u>

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

Year Ending June 30,	Governmental Activities		Business-Type Activities	
	General Obligation		Direct Placement Bond	
	Principal	Interest	Principal	Interest
2026	\$ 355,000	\$ 102,273	\$ 118,829	\$ 84,555
2027	355,000	93,619	121,800	81,584
2028	355,000	84,965	124,846	78,538
2029	355,000	76,311	127,760	75,624
2030	355,000	67,657	131,161	72,223
2031-2035	1,775,000	224,208	706,482	310,439
2036-2040	710,000	22,812	799,357	214,563
2041-2045	-	-	904,406	112,513
2046-2047	-	-	347,526	12,509
Total	<u>\$ 4,260,000</u>	<u>\$ 671,845</u>	<u>\$ 3,382,167</u>	<u>\$ 1,042,548</u>

Promissory Note Payable

The Town signed a \$500,000 promissory note in November 2019 to finance a portion of the Library expansion project. The principal amount along with all interest accrued on the unpaid balance was due in November 2024. The Town did not pay, and the lender did not request payment at this time. The Town is currently in talks with the lender to issue a new promissory note. Interest on the outstanding principal balance is accrued at a rate of 1.59% and compounded annually. The principal and interest is forgivable by the note holder, and during the year ended June 30, 2025 no principal or interest was forgiven by the note holder, and the balance at year-end was \$132,758.

**TOWN OF LEBANON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Long-Term Debt (Continued)

Statutory 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 Limitation	Net Indebtedness	Balance
General Purpose	\$ 47,166,379	\$ 4,260,000	\$ 42,906,379
Schools	94,332,758	-	94,332,758
Sewers	78,610,631	-	78,610,631
Urban Renewal	68,129,214	-	68,129,214
Pension Deficit	62,888,505	-	62,888,505

The total overall statutory debt limit for the Town is equal to seven times annual receipts from taxation, or \$146,739,845. All long-term debt obligations are retired through General Fund appropriations. The indebtedness reflected above includes bonds and notes outstanding in addition to the amounts of bonds authorized and unissued against which bond anticipation notes are issued and outstanding.

NOTE 4 FUND BALANCE

The components of fund balance for the government funds at June 30, 2025 are as follows:

	General Fund	ARPA Fund	Bonded Capital Projects	Small Cities Program Fund	Nonmajor Governmental Funds	Total
Fund Balances:						
Nonspendable:						
Prepaid Items and Inventory	\$ 73,126	\$ 6,300	\$ -	\$ -	\$ -	\$ 79,426
Permanent Fund Principal	-	-	-	-	443,294	443,294
Restricted for:						
Capital Projects	-	-	642,761	-	-	642,761
Unspent Donations	-	-	-	-	517,613	517,613
Unspent Grant Proceeds	-	7,200	-	69,188	747,843	824,231
Scholarships	-	-	-	-	135,557	135,557
Committed to:						
Dog Fund	706	-	-	-	-	706
Recreation Commission	6,854	-	-	-	-	6,854
Emergency Management	18,224	-	-	-	-	18,224
Historic Buildings	-	-	-	-	10,922	10,922
Cemeteries	-	-	-	-	24,705	24,705
Library	-	-	-	-	2,386,115	2,386,115
Community Center	-	-	-	-	1,226,061	1,226,061
Summer Dance Festival	-	-	-	-	27,450	27,450
Senior Vans	-	-	-	-	46,688	46,688
Student Activities	-	-	-	-	296,191	296,191
School Lunch	-	-	-	-	163,779	163,779
Sewer Operations	-	-	-	-	450,378	450,378
Capital Projects	-	-	-	-	2,726,768	2,726,768
Unassigned	6,136,506	-	-	-	(1,670)	6,134,836
Total Fund Balances	<u>\$ 6,235,416</u>	<u>\$ 13,500</u>	<u>\$ 642,761</u>	<u>\$ 69,188</u>	<u>\$ 9,201,694</u>	<u>\$ 16,162,559</u>

**TOWN OF LEBANON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 5 EMPLOYEE RETIREMENT PLANS

A. Municipal Employees' Retirement System

Plan Description

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

Benefit Provisions

The plan provides retirement, disability and death benefits and annual cost-of-living adjustments to plan members and their beneficiaries. Employees are eligible to retire at age 55 with 5 years of continuous service, or 15 years of active aggregate service or 25 years of aggregate service. In addition, compulsory retirement is at age 65 for police and fire members. Employees under the age of 55 are eligible to retire with 25 years of service.

Normal Retirement

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

Early Retirement

Members must have 5 years of continuous or 15 years of active aggregate service. Benefits are calculated as a service retirement allowance on the basis of the average of the three highest paid years of service to the date of termination. Benefits are deferred to normal retirement age, or an actuarially reduced allowance may begin at the time of separation.

TOWN OF LEBANON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 5 EMPLOYEE RETIREMENT PLANS (CONTINUED)

A. Municipal Employees' Retirement System (Continued)

Disability Retirement – Service Connected

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

Disability Retirement – Nonservice Connected

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

Pre-Retirement Death Benefit

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

Contributions

Member

Contributions for members not covered by social security are 6% of compensation; for members covered by social security, 5.25% of compensation up to the social security taxable wage base plus 6% of compensation, if any, in excess of such base.

Employer

Participating employers make annual contributions consisting of a normal cost contribution, a contribution for the amortization of the net unfunded accrued liability and a prior service amortization payment, which covers the liabilities of CMERS not met by member contributions. In addition, there is also an annual administrative fee per active and retired member. The Town's required contribution rate for the year ended June 30, 2025, was 16.68% of annual payroll. Contributions to the pension plan from the Town were \$299,266 for the year ended June 30, 2025.

TOWN OF LEBANON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 5 EMPLOYEE RETIREMENT PLANS (CONTINUED)

A. Municipal Employees' Retirement System (Continued)

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

At June 30, 2025, the Town reports a liability of \$2,308,290 for its proportionate share of the net pension liability. The net pension liability was measured at June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation at June 30, 2024. The actuarial assumptions used in the June 30, 2024, valuation were based on results of an actuarial experience study for the period July 1, 2017, through June 30, 2022. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participants, actuarially determined. At June 30, 2025, the Town's proportion was 0.176%. The decrease in proportion from the prior year was 0.005%.

For the year ended June 30, 2025, the Town recognized pension expense of \$376,161. At June 30, 2025, the Town reported deferred outflows of resources related to pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Town Contributions After the Measurement Date	\$ 299,266	\$ -
Differences Between Expected and Actual Experience	150,368	-
Differences Between Expected and Actual Investment Return	-	41,691
Change in Proportion	107,386	97,309
Changes of Assumptions	174,970	-
Total	<u>\$ 731,990</u>	<u>\$ 139,000</u>

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

<u>Year Ending June 30,</u>	
2026	\$ 75,378
2027	241,161
2028	(8,688)
2029	(18,797)
2030	4,670

**TOWN OF LEBANON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 5 EMPLOYEE RETIREMENT PLANS (CONTINUED)

A. Municipal Employees' Retirement System (Continued)

Actuarial Assumptions

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

Inflation	2.50%
Salary Increase	3.50% - 9.50%, Including Inflation
Investment Rate of Return	7.00% Net of Pension Plan Investment Expense, Including Inflation

Mortality rates were based on:

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

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Equity	37 %	6.8 %
Public Credit	2	2.9
Core Fixed Income	13	0.4
Liquidity Fund	1	(0.4)
Risk Mitigation	5	0.1
Private Equity	15	11.2
Private Credit	10	6.1
Real Estate	10	6.3
Infrastructure and Natural Resources	7	7.7
Total	100 %	

**TOWN OF LEBANON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 5 EMPLOYEE RETIREMENT PLANS (CONTINUED)

A. Municipal Employees' Retirement System (Continued)

Discount Rate

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

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

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

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Town's Proportionate Share of the Net Pension Liability	\$ 3,340,304	\$ 2,308,290	\$ 1,449,323

B. Connecticut Teachers Retirement System – Pension

Plan Description

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

Benefit Provisions

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

Normal Retirement

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

**TOWN OF LEBANON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 5 EMPLOYEE RETIREMENT PLANS (CONTINUED)

B. Connecticut Teachers Retirement System – Pension (Continued)

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.

Contributions

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

Employer (School Districts)

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

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

For the year ended June 30, 2025, the amount of "on-behalf" contributions made by the state was \$3,149,211 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 salary for the pension benefit.

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

**TOWN OF LEBANON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 5 EMPLOYEE RETIREMENT PLANS (CONTINUED)

B. Connecticut Teachers Retirement System – Pension (Continued)

Employees (Continued)

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

At June 30, 2025, 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	31,949,481
Total	<u>\$ 31,949,481</u>

The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as June 30, 2024. At June 30, 2025, the Town has no proportionate share of the net pension liability.

For the year ended June 30, 2025, the Town recognized pension expense and revenue of \$3,664,674 in Exhibit II.

Actuarial Assumptions

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

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

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

**TOWN OF LEBANON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 5 EMPLOYEE RETIREMENT PLANS (CONTINUED)

B. Connecticut Teachers Retirement System – Pension (Continued)

Actuarial Assumptions (Continued)

The actuarial assumptions used in the June 30, 2024, valuation were based on the results of an actuarial experience study for the five-year period ended 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%.

**TOWN OF LEBANON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 5 EMPLOYEE RETIREMENT PLANS (CONTINUED)

B. Connecticut Teachers Retirement System – Pension (Continued)

Long-Term Rate of Return

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

Discount Rate

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

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

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

**TOWN OF LEBANON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 5 EMPLOYEE RETIREMENT PLANS (CONTINUED)

B. Connecticut Teachers Retirement System – Pension (Continued)

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.

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.

NOTE 6 OTHER POSTEMPLOYMENT BENEFIT PLANS

Other Postemployment Benefits

A. Plan Description

The Board of Education of the Town provides a single employer defined benefit healthcare plan (the Plan) to its employees upon retirement in the form of the ability to be part of the health insurance and dental plan while paying the full amount of the premium charged for active employees and receiving no physical subsidy from the Town. As a result, the Town does not have an explicit liability for these post-employment benefits because retirees pay the full health insurance and dental premium. However, the Town does have an implicit rate subsidy that recognizes the expected higher health and dental costs attributed to retirees. The provisions of the Plan were established by the Board of Education along with the respective bargaining units of each group in conjunction with all applicable state statutes. The Plan therefore would be amended through the action of these same groups. These benefits will continue for the life of the retiree and the retiree's spouse once they are a part of the Plan. The Plan does not issue a publicly available financial report and is not included in the financial statements of another entity.

The OPEB Plan provides a benefit for retired teachers and administrators. Non-certified Board employees are eligible to participate in the Plan upon reaching age 55 with at least 5 years of service or upon 25 years of service. Cafeteria workers are not included. Both the retiree and the retiree's spouse are eligible to participate in the Plan and they must pay 100% of the cost for medical and dental coverage. A number of different plan coverages are available. Certified Board employees are eligible to participate in the Plan upon reaching age 50 with at least 25 years of service, age 55 with at least 20 years of service or age 60 with at least 10 years of service. Both the retiree and the retiree's spouse are eligible to participate in the Plan and they must pay 100% of the cost for medical and dental coverage. A number of different plan coverages are available. Surviving spouses are permitted to continue coverage after the death of the retiree but are responsible for continuing to pay the same monthly premium amount or percentage that was being paid while the retiree was alive.

**TOWN OF LEBANON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 6 OTHER POSTEMPLOYMENT BENEFIT PLANS (CONTINUED)

Other Postemployment Benefits (Continued)

A. Plan Description (Continued)

Membership in the plan consisted of the following at July 1, 2024:

Retired Members and Spouses of	
Retired Members	12
Active Plan Members	102
Total	<u>114</u>

B. Funding Policy

The funding and payment for these postemployment benefits are accounted for within the Board of Education budget within the general fund of the Town on a pay-as-you-go basis.

C. Total OPEB Liability

The Town's total OPEB liability of \$1,841,829 was measured as of June 30, 2025, which was rolled forward from an actuarial valuation as of July 1, 2024.

D. Actuarial Assumptions and Other Inputs

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

Inflation	2.40%
Salary Increases	2.40%, Average, Including Inflation
Investment Rate of Return	5.20%
Healthcare Cost Trend Rates	7.00% in 2024, Reducing 0.2% Each Year to a Final 4.4% in 2037 and Later

The discount rate was based on the 20-year tax-exempt municipal bond yield.

**TOWN OF LEBANON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 6 OTHER POSTEMPLOYMENT BENEFIT PLANS (CONTINUED)

Other Postemployment Benefits (Continued)

D. Actuarial Assumptions and Other Inputs (Continued)

Mortality rates for Teachers and Administrators were based on Pub-2010 Mortality Table for Employees with separate tables for nonannuitants and annuitants, projected to valuation date with Scale MP-2021.

The actuarial assumptions used in the July 1, 2024, valuation were based on the standard tables modified for certain plan features such as eligibility, where applicable and input from the plan sponsor.

E. Changes in the Total OPEB Liability

	Increase (Decrease)
	<u>Total OPEB Liability As of June 30, 2025</u>
Balances as of July 1, 2024	\$ 1,894,776
Changes for the Year:	
Service Cost	27,279
Interest on Total OPEB Liability	72,578
Differences Between Expected and Actual Experience	188,459
Changes in Assumptions	(189,220)
Benefit Payments	<u>(152,043)</u>
Net Changes	<u>(52,947)</u>
Balances as of June 30, 2025	<u>\$ 1,841,829</u>

As of June 30, 2025, the Town increased the discount rate from 3.93% to 5.20%.

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

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

	1% Decrease	Current Discount Rate	1% Increase
Total OPEB Liability	\$ 2,004,189	\$ 1,841,829	\$ 1,699,341

**TOWN OF LEBANON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 6 OTHER POSTEMPLOYMENT BENEFIT PLANS (CONTINUED)

Other Postemployment Benefits (Continued)

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

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

	1% Decrease Healthcare Cost Trend Rates	Current Rate Healthcare Cost Trend Rates	1% Increase Healthcare Cost Trend Rates
Total OPEB Liability	\$ 1,720,105	\$ 1,841,829	\$ 1,981,607

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

For the year ended June 30, 2025, the Town recognized OPEB expense of \$(2,902). At June 30, 2025, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 571,366	\$ 848,095
Changes of Assumptions	296,561	789,357
Total	<u>\$ 867,927</u>	<u>\$ 1,637,452</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>
2026	\$ (58,461)
2027	(58,461)
2028	(58,461)
2029	(58,461)
2030	(58,461)
Thereafter	(477,220)
Total	<u>\$ (769,525)</u>

**TOWN OF LEBANON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 6 OTHER POSTEMPLOYMENT BENEFIT PLANS (CONTINUED)

Other Postemployment 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 multiemployer defined benefit other postemployment benefit plan administered by the Teachers' Retirement Board (TRB), if they choose to be covered.

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

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 Supplemental 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 and 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 and 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 and B so elects, they may enroll in one of the CTRB Sponsored Medicare Supplemental Plans. Effective July 1, 2018, the System added a Medicare Advantage Plan option. Active members, retirees and the state pay equally toward the cost of the basic coverage (medical and prescription drug benefits) under the Medicare Advantage Plan. Retired members who choose to enroll in the Medicare Supplemental 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.

**TOWN OF LEBANON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 6 OTHER POSTEMPLOYMENT BENEFIT PLANS (CONTINUED)

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

B. Benefit Provisions (Continued)

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 Supplemental Plans, as long as they do not remarry.

Eligibility

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

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 five years of credited service in Connecticut if not incurred in the performance of duty.

Termination of Employment

Ten or more years of credited service.

**TOWN OF LEBANON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 6 OTHER POSTEMPLOYMENT BENEFIT PLANS (CONTINUED)

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

C. 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 contributions are not currently actuarially funded. The state appropriates from the General Fund one third of the annual costs of the plan. Administrative costs of the plan are financed by the state. Based upon Chapter 167a, Subsection D of Section 10-183t of the Connecticut Statutes, it is assumed the state will pay for any long-term shortfall arising from insufficient active member contributions.

Employer (School Districts)

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

For the year ended June 30, 2025, the amount of "on-behalf" contributions made by the state was \$44,092 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.

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

At June 30, 2025, the Town reports no amounts for its proportionate share of the net OPEB liability, and related deferred outflows and inflows, due to the statutory requirement that the state pay 100% of the required contribution. The amount recognized by the Town as its proportionate share of the net OPEB liability, the related state support, and the total portion of the net OPEB liability that was associated with the Town was as follows:

Town's Proportionate Share of the Net OPEB Liability	\$ -
State's Proportionate Share of the Net OPEB Liability Associated with the Town	6,553,937
Total	<u><u>\$ 6,553,937</u></u>

**TOWN OF LEBANON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 6 OTHER POSTEMPLOYMENT BENEFIT PLANS (CONTINUED)

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

**D. OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and
Deferred Inflows of Resources Related to OPEB (Continued)**

The net OPEB liability was measured as of June 30, 2024, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as June 30, 2024. At June 30, 2025, the Town has no proportionate share of the net OPEB liability.

For the year ended June 30, 2025, the Town recognized OPEB expense of \$90,809 in Exhibit II.

E. Actuarial Assumptions

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

Inflation	2.50%
Health Care Costs Trend Rate	Local Coverage - 6.25% for 2024, decreasing to an Ultimate rate of 4.50% by 2031. Retiree Healthcare - Medicare rates known for 2025, 4.50% increase for all subsequent years.
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	2027

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, 2024; 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 3.64% to 3.93%;
- Expected annual per capita claims costs were updated to better reflect anticipated medical and prescription drug claim experience;
- Assumed election rates for post-65 retirees between the Local School District Coverage Subsidy and CTRB Sponsored Medical Plans were updated to reflect the recent plan expense. Spouse coverage election assumptions were also updated with this change;

**TOWN OF LEBANON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 6 OTHER POSTEMPLOYMENT BENEFIT PLANS (CONTINUED)

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

E. Actuarial Assumptions (Continued)

- Long-term health care cost trend rates were updated to reflect expected future trend for participants in the health plans.

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 1.26%.

F. Discount Rate

The discount rate used to measure the total OPEB liability was 3.93%. The projection of cash flows used to determine the discount rate was performed in accordance with GASB 75. The projection was based on an actuarial valuation performed as of June 30, 2024.

In addition to the actuarial methods and assumptions of the June 30, 2024, actuarial valuation, the following actuarial methods and assumptions were used in the projection of cash flows:

- Total payroll for the initial projection year consists of the payroll of the active membership present on the valuation date. In subsequent projection years, total payroll was assumed to increase 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 2027 and, as a result, the Municipal Bond Index Rate was used in the determination of the single equivalent rate.

**TOWN OF LEBANON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 6 OTHER POSTEMPLOYMENT BENEFIT PLANS (CONTINUED)

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

G. 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.

H. 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.

I. 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.

NOTE 7 OTHER INFORMATION

A. Risk Management

The Town is exposed to various risks of loss related to public officials and police liability; Board of Education liability; torts; theft of, damage to, and destruction of assets; error and omissions; injuries to employees; and natural disasters. The Town purchases commercial insurance for all risks of loss. Settled claims from these risks did not exceed commercial insurance coverage during the three years ended June 30, 2025. There have been no significant reductions in insurance coverage during the year.

B. Contingent Liabilities

The Town is periodically the subject of litigation by a variety of plaintiffs. The Town's management, based on the advice of counsel, believes that such amounts claimed by these plaintiffs, net of the applicable insurance coverage, are immaterial.

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. The amount, if any, of expenditures which may be disallowed cannot be determined at this time, although, based on prior experience, Town management believes such disallowances, if any, will not be material.

**TOWN OF LEBANON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 7 OTHER INFORMATION (CONTINUED)

B. Contingent Liabilities (Continued)

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

NOTE 8 ACCOUNTING CHANGES

A. Changes within Financial Reporting Entity

Change in Fund Presentation from Nonmajor to Major

The Small Cities Program Fund previously met the criteria to be reported as a nonmajor governmental fund. However, effective July 1, 2024, the fund no longer met the criteria to be reported as a nonmajor fund and is reported as a major fund for the fiscal year ended June 30, 2025. The effect of that change within the financial reporting entity is shown in column A of the table below.

B. Adjustments to Beginning Balances

During fiscal year 2025, changes within the financial reporting entity resulted in adjustments to beginning fund balance, as follows:

	Balance as Previously Reported at June 30, 2024	Change Within the Financial Reporting Entity (A)	Balance As Adjusted July 1, 2024
Governmental Funds:			
Small Cities Program Fund	\$ -	\$ 71,416	\$ 71,416
Nonmajor Governmental Funds	8,779,309	(71,416)	8,707,893
Total Governmental Funds	<u>\$ 8,779,309</u>	<u>\$ -</u>	<u>\$ 8,779,309</u>

NOTE 9 SUBSEQUENT EVENTS

On February 18, 2025, at a town referendum, the Town approved the construction of a new Public Works building. To finance the project, the Town issued a Bond Anticipation Note in the amount of \$3,245,000 on July 30, 2025. The note matures on July 22, 2026.

REQUIRED SUPPLEMENTARY INFORMATION

**TOWN OF LEBANON, CONNECTICUT
GENERAL FUND
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES –
BUDGET AND ACTUAL (BUDGETARY BASIS)
YEAR ENDED JUNE 30, 2025**

	Original Budget	Final Budget	Actual	Variance with Final Budget
Property Taxes:				
Current	\$ 21,872,483	\$ 21,872,483	\$ 21,731,037	\$ (141,446)
Back Taxes	-	-	148,358	148,358
Interest	155,000	155,000	135,116	(19,884)
Liens and Fees	4,000	4,000	11,929	7,929
Suspense	8,000	8,000	13,921	5,921
Total Property Taxes	22,039,483	22,039,483	22,040,361	878
Intergovernmental:				
Town Aid Roads	218,092	218,092	217,885	(207)
Municipal Revenue Sharing	193,167	193,167	193,167	-
In Lieu of Taxes	28,227	28,227	28,227	-
Veteran Exemption	1,800	1,800	1,764	(36)
Disabled Exemption	400	400	344	(56)
Mashentucket - Pequot	13,139	13,139	13,139	-
Total Intergovernmental	454,825	454,825	454,526	(299)
Intergovernmental - Education:				
Education Cost Sharing	4,349,784	4,349,784	4,579,318	229,534
Vocational Agricultural	364,911	364,911	452,400	87,489
Total Intergovernmental - Education	4,714,695	4,714,695	5,031,718	317,023
Investment Income:				
Investment Income	600,000	600,000	607,887	7,887
Care Cemetery	500	500	556	56
Total Investment Income	600,500	600,500	608,443	7,943
Tuition:				
School Tuition	1,200,000	1,200,000	1,169,981	(30,019)
Total Tuition	1,200,000	1,200,000	1,169,981	(30,019)

**TOWN OF LEBANON, CONNECTICUT
GENERAL FUND
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES –
BUDGET AND ACTUAL (BUDGETARY BASIS) (CONTINUED)
YEAR ENDED JUNE 30, 2025**

	Original Budget	Final Budget	Actual	Variance with Final Budget
Local - Charges for Services:				
Sport Licenses	\$ 50	\$ 50	\$ 94	\$ 44
Marriage Licenses	450	450	352	(98)
Other Revenue	10,000	10,000	14,439	4,439
Conveyance Tax	80,000	80,000	88,868	8,868
Dog License Town Clerk Fees	650	650	1,005	355
Burial Permits - Town Clerk	100	100	145	45
Certified Copy of Vital Records	4,500	4,500	5,000	500
Certifications - Town Clerk	50	50	69	19
Utilities District	34,110	34,110	42,814	8,704
Misc Selectman	8,000	8,000	14,989	6,989
Town Clerk Fees	-	-	80	80
Land Record Fees	18,000	18,000	22,711	4,711
Copies	7,000	7,000	5,666	(1,334)
Books and Ordinances	50	50	15	(35)
Filing Maps	300	300	600	300
Assessors	50	50	23	(27)
Police	40,000	40,000	60,770	20,770
Fire Marshal	2,500	2,500	1,095	(1,405)
Building Official Fees	110,000	110,000	200,032	90,032
Fire Safety	2,000	2,000	1,500	(500)
Solid Waste Facility	180,000	180,000	176,225	(3,775)
Sexton Fees	7,500	7,500	5,600	(1,900)
PZC Fees	8,000	8,000	8,400	400
ZBA Fees	1,000	1,000	400	(600)
IWC Fees	2,500	2,500	2,926	426
Misc Revenue Board of Education	1,000	1,000	8,634	7,634
Misc Revenue Town	6,000	6,000	23,527	17,527
Total Local - Charges for Services	<u>523,810</u>	<u>523,810</u>	<u>685,979</u>	<u>162,169</u>
Total Revenues and Other Financing Sources	<u>\$ 29,533,313</u>	<u>\$ 29,533,313</u>	<u>\$ 29,991,008</u>	<u>\$ 457,695</u>

Budgetary revenues are different than GAAP revenues because:

State of Connecticut on-behalf contributions to the Connecticut State Teachers' Retirement System for Town teachers are not budgeted.	\$ 3,149,211
State of Connecticut on-behalf contributions the Connecticut State Teachers OPEB System for Town teachers are not budgeted.	44,092
The Town does not budget for Dog Fund revenues	2,083
The Town does not budget for Recreation Commission Fund revenues	47,005
The Town does not budget for Emergency Management Fund revenues	5,639
The Board of Education does not budget for certain intergovernmental grants that are credited against education expenditures for budgetary reporting; these amounts are recorded as revenues and expenditures for financial reporting purposes.	191,244

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

\$ 33,430,282

**TOWN OF LEBANON, CONNECTICUT
GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES – BUDGET AND ACTUAL
(BUDGETARY BASIS)
YEAR ENDED JUNE 30, 2025**

	Original Budget	Final Budget	Actual	Variance with Final Budget
General Government:				
Legal Counsel	\$ 50,000	\$ 50,000	\$ 44,539	\$ 5,461
Selectmen	153,445	153,445	152,026	1,419
Elections	73,115	73,115	62,819	10,296
Probate Court	2,849	2,849	2,849	-
Board of Finance	1,300	1,300	949	351
Finance Office	158,325	158,325	150,854	7,471
Tax Collector	72,839	80,447	80,446	1
Board of Assessment Appeals	1,275	1,275	169	1,106
Town Clerk	114,069	114,069	113,547	522
Assessor	89,666	89,666	86,561	3,105
Auditor	57,750	61,250	61,250	-
Town Report	1,000	1,000	882	118
Computer Services	192,555	192,555	180,884	11,671
Town Hall	114,188	114,188	99,561	14,627
Insurance	142,182	142,182	122,602	19,580
Total General Government	1,224,558	1,235,666	1,159,938	75,728
Public Safety:				
Police Services	379,262	379,262	351,977	27,285
Lebanon Volunteer Fire Department	275,865	275,865	275,865	-
Fire Marshall	27,465	28,038	28,037	1
Burning Official	3,610	3,610	3,085	525
Building Department	45,878	45,878	42,908	2,970
Fire Safety Complex	39,336	45,967	45,966	1
Total Public Safety	771,416	778,620	747,838	30,782
Public Works:				
Department of Public Works	983,827	983,827	917,909	65,918
Buildings and Grounds	264,920	264,920	232,056	32,864
Snow Removal	275,000	297,023	297,023	-
Street Lights	3,700	3,700	2,193	1,507
Solid Waste Facility	277,474	277,474	237,379	40,095
Water Pollution Control	3,250	3,250	1,128	2,122
Cemetery Commission	28,796	28,796	26,584	2,212
Total Public Works	1,836,967	1,858,990	1,714,272	144,718
Health and Social:				
Health Department	53,097	53,097	53,097	-
Human Services	41,250	41,250	40,171	1,079
WCMH Paramedic Program	37,463	37,463	37,437	26
United Services	5,400	5,400	5,400	-
Dispatch Switch Board	19,427	19,427	18,602	825
Special Events	3,100	3,100	2,332	768
Senior Center Operations	97,372	97,372	96,575	797
Total Health and Social	257,109	257,109	253,614	3,495

**TOWN OF LEBANON, CONNECTICUT
GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES – BUDGET AND ACTUAL
(BUDGETARY BASIS) (CONTINUED)
YEAR ENDED JUNE 30, 2025**

	Original Budget	Final Budget	Actual	Variance with Final Budget
Community Preservation:				
Planning and Zoning	\$ 177,017	\$ 178,289	\$ 178,288	\$ 1
Zoning Board of Appeals	5,185	5,185	636	4,549
Economic Development Commission	2,000	2,000	1,241	759
Inland Wetlands	6,000	6,000	4,162	1,838
Conservation Commission	250	250	145	105
Total Community Preservation	190,452	191,724	184,472	7,252
Unclassified and Program:				
Social Security	146,374	146,374	137,060	9,314
Medical Life Dental Insurance	471,545	471,545	333,494	138,051
Pension Plan	275,649	275,649	273,859	1,790
Unemployment Compensation	5,500	5,500	143	5,357
Contingency	100,000	58,393	-	58,393
Total Unclassified and Program	999,068	957,461	744,556	212,905
Education	22,383,000	22,383,000	22,369,960	13,040
Total Expenditures	27,662,570	27,662,570	27,174,650	487,920
Other Financing Uses:				
Transfers Out:	1,870,743	3,227,743	3,227,743	-
Total Other Financing Uses	1,870,743	3,227,743	3,227,743	-
Total Expenditures and Other Financing Uses	<u>\$ 29,533,313</u>	<u>\$ 30,890,313</u>	<u>\$ 30,402,393</u>	<u>\$ 487,920</u>
Budgetary expenditures are different than GAAP expenditures because:				
State of Connecticut on-behalf contributions to the Connecticut State Teachers' Retirement System for Town teachers are not budgeted.			\$ 3,149,211	
State of Connecticut on-behalf contributions the Connecticut State Teachers OPEB System for Town teachers are not budgeted.			44,092	
The Town does not budget for Dog Fund expenditures			28,528	
The Town does not budget for Recreation Commission Fund expenditures and transfers			155,258	
The Town does not budget for Emergency Management Fund expenditures			4,234	
The Town does not budget for BOE 2% nonlapsing transfers			127,432	
The Town budgets for certain transfers that are netted with other funds for GAAP purposes			(123,028)	
The Board of Education does not budget for certain intergovernmental grants that are credited against education expenditures for budgetary reporting; these amounts are recorded as revenues and expenditures for financial reporting purposes.			191,244	
Total Expenditures and Other Financing Uses as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds - Exhibit IV			<u>\$ 33,979,364</u>	

TOWN OF LEBANON, CONNECTICUT
SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
MUNICIPAL EMPLOYEES RETIREMENT SYSTEM
LAST NINE FISCAL YEARS*

	2025	2024	2023	2022	2021	2020	2019	2018	2017
Town's Proportion of the Net Pension Liability	0.18%	0.17%	0.18%	0.18%	0.53%	0.46%	0.55%	0.51%	0.51%
Town's Proportionate Share of the Net Pension Liability	\$ 2,308,290	\$ 2,422,440	\$ 2,525,199	\$ 1,258,502	\$ 2,087,431	\$ 1,697,224	\$ 2,096,705	\$ 848,408	\$ 1,007,396
Town's Covered Payroll	\$ 1,602,481	\$ 1,482,294	\$ 1,482,294	\$ 1,482,294	\$ 1,308,427	\$ 1,428,633	\$ 1,395,698	\$ 1,330,633	\$ 1,250,271
Town's Proportionate Share of the Net Pension Liability as a Percentage of Its Covered Payroll	144.04%	163.43%	170.36%	84.90%	159.54%	118.80%	150.23%	63.76%	80.57%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	72.85%	69.54%	68.71%	82.59%	71.18%	72.69%	73.60%	91.68%	88.29%

*Notes:

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

**TOWN OF LEBANON, CONNECTICUT
SCHEDULE OF EMPLOYER CONTRIBUTIONS
MUNICIPAL EMPLOYEES RETIREMENT SYSTEM
LAST NINE FISCAL YEARS***

	2025	2024	2023	2022	2021	2020	2019	2018	2017
Actuarially Determined Contribution	\$ 299,266	\$ 268,626	\$ 252,144	\$ 260,083	\$ 221,603	\$ 186,058	\$ 167,721	\$ 163,855	\$ 151,426
Contributions in Relation to the Actuarially Determined Contribution	299,266	268,626	252,144	260,083	221,603	186,058	167,721	163,855	151,426
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll	\$ 1,721,930	\$ 1,602,481	\$ 1,482,294	\$ 1,482,294	\$ 1,482,294	\$ 1,308,427	\$ 1,428,633	\$ 1,395,698	\$ 1,330,633
Contributions as a Percentage of Covered Payroll	17.38%	16.76%	17.01%	17.55%	14.95%	14.22%	11.74%	11.74%	11.38%

Notes to Schedule

Valuation Date: June 30, 2024

Measurement Date: June 30, 2024

Actuarially determined contribution rates are calculated as of June 30, each biennium for the fiscal years ending two and three years after the valuation date.

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Dollar, Closed
Single Equivalent Amortization Period	Blended 23.4 to 23.5 years depending on Tier
Asset Valuation Method	Market Value on the measurement date. Plan's fiduciary net position also included the present value of receivable initial liability payments established by participating employers upon entry into MERS
Inflation	2.50%
Salary Increases	3.50% - 9.50%, Including Inflation
Investment Rate of Return	7.00%, Net of Investment-Related Expense
Change in Assumptions:	None

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

	2025	2024	2023	2022	2021	2020	2019	2018	2017
Town's Proportion of the Net Pension Liability	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Town's Proportionate Share of the Net Pension Liability	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State's Proportionate Share of the Net Pension Liability Associated with the Town	\$ 31,949,481	\$ 33,867,477	\$ 36,633,752	\$ 28,947,248	\$ 36,549,165	\$ 34,078,497	\$ 26,276,501	\$ 23,087,407	\$ 24,357,391
Total	\$ 31,949,481	\$ 33,867,477	\$ 36,633,752	\$ 28,947,248	\$ 36,549,165	\$ 34,078,497	\$ 26,276,501	\$ 23,087,407	\$ 24,357,391
Town's Covered Payroll	\$ 10,273,911	\$ 9,685,657	\$ 9,219,023	\$ 9,025,052	\$ 8,441,927	\$ 8,762,096	\$ 8,626,240	\$ 7,317,885	\$ 7,053,387
Town's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	62.68%	58.39%	54.06%	60.77%	49.24%	52.00%	57.69%	55.93%	52.26%

Notes to Schedule

Changes in Benefit Terms	None
Changes of Assumptions	None
Actuarial Cost Method	Entry Age
Amortization Method	Level percent of pay, closed, grading to a level dollar amortization method for the June 30, 2024 valuation.
Single Equivalent Amortization Period	25.9 Years
Asset Valuation Method	Four-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 LEBANON, CONNECTICUT
OPEB
SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS
LAST EIGHT FISCAL YEARS*

	2025	2024	2023	2022	2021	2020	2019	2018
Total OPEB Liability:								
Service Cost	\$ 27,279	\$ 27,574	\$ 31,814	\$ 39,936	\$ 69,719	\$ 50,453	\$ 72,682	\$ 72,176
Interest	72,578	69,022	111,433	80,081	67,206	91,815	123,385	115,194
Differences Between Expected and Actual Experience	188,459	79,651	(941,784)	(36,453)	611,229	(13,615)	(184,483)	(17,430)
Changes of Benefit Terms	-	-	-	-	-	-	(536,637)	-
Changes of Assumptions	(189,220)	(49,911)	(310,502)	(525,186)	79,711	400,482	74,460	(103,082)
Benefit Payments	(152,043)	(188,337)	(99,544)	(120,363)	(142,724)	(103,685)	(95,519)	(98,183)
Net Change in Total OPEB Liability	(52,947)	(62,001)	(1,208,583)	(561,985)	685,141	425,450	(546,112)	(31,325)
Total OPEB Liability - Beginning	1,894,776	1,956,777	3,165,360	3,727,345	3,042,204	2,616,754	3,162,866	3,194,191
Total OPEB Liability - Ending	<u>\$ 1,841,829</u>	<u>\$ 1,894,776</u>	<u>\$ 1,956,777</u>	<u>\$ 3,165,360</u>	<u>\$ 3,727,345</u>	<u>\$ 3,042,204</u>	<u>\$ 2,616,754</u>	<u>\$ 3,162,866</u>
Covered Payroll	\$ 7,969,083	\$ 9,261,002	\$ 9,043,947	\$ 9,368,884	\$ 9,149,301	\$ 10,521,286	\$ 10,254,665	\$ 8,420,700
Total OPEB Liability as a Percentage of Covered Payroll	23.11%	20.46%	21.64%	33.79%	40.74%	28.91%	25.52%	37.56%

Notes:

No assets are accumulated in a trust to pay related benefits

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

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

	2025	2024	2023	2022	2021	2020	2019	2018
Town's Proportion of the Net OPEB Liability	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Town's Proportionate share of the Net OPEB Liability	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State's Proportionate Share of the Net OPEB Liability Associated with the Town	6,553,937	3,172,918	3,208,276	3,153,750	5,451,309	5,314,734	5,252,871	5,942,421
Total	<u>\$ 6,553,937</u>	<u>\$ 3,172,918</u>	<u>\$ 3,208,276</u>	<u>\$ 3,153,750</u>	<u>\$ 5,451,309</u>	<u>\$ 5,314,734</u>	<u>\$ 5,252,871</u>	<u>\$ 5,942,421</u>
Town's Covered Payroll	\$ 10,273,911	\$ 9,685,657	\$ 9,219,023	\$ 9,025,052	\$ 8,441,927	\$ 8,762,096	\$ 8,626,240	\$ 7,317,885
Town's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	7.40%	11.92%	9.46%	6.11%	2.50%	2.08%	1.49%	1.79%

Notes to Schedule

Changes in Benefit Terms

Changes of Assumptions

There were no changes to benefit terms since the prior Measurement Date

Based on the procedure described in GASB 75, the discount rate used to measure plan obligations for financial accounting purposes as of June 30, 2024 was updated to equal the SEIR of 3.93% as of June 30, 2024;

Expected annual per capita claims costs were updated to better reflect anticipated medical and prescription drug claim experience;

Assumed election rates for post-65 retirees between the Local School District Coverage Subsidy and CTRB Sponsored Medical Plans were updated to reflect the recent plan expense. Spouse coverage election assumptions were also updated with this change; and

Long-term health care cost trend rates were updated to reflect expected future trend for participants in the health plans.

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

2.5%

Notes:

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

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

APPENDIX B – FORM OF OPINION OF BOND COUNSEL

July __, 2026

Town of Lebanon
579 Exeter Road
Lebanon, CT 06249

We have acted as Bond Counsel to the Town of Lebanon, Connecticut (the “Town”) in connection with the issuance by the Town of its \$_____ General Obligation Bonds, Issue of 2026 (the “Bonds”) dated July __, 2026. In such capacity, we have examined such law and such certified proceedings, certifications, and other documents (including, but not limited to, a Tax Regulatory Agreement of the Town dated the date hereof (the “Agreement”)) as we have deemed necessary to give the opinions below.

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

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

The Internal Revenue Code of 1986 (the “Code”) establishes certain requirements that must be satisfied at and subsequent to the issuance and delivery of the Bonds in order that interest on the Bonds be excluded from gross income under Section 103 of the Code. In the Agreement, the Town has made covenants and representations designed to assure compliance with such requirements of the Code. The Town has covenanted in the Agreement that it will at all times comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Bonds to ensure that interest on the Bonds shall not be included in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds, including covenants regarding, among other matters, the use, expenditure and investment of the proceeds of the Bonds.

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

The Town has designated the Bonds as “qualified tax exempt obligations” within the meaning of Code Section 265(b)(3) for purposes of the deduction by financial institutions for interest expense allocable to the Bonds.

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

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

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

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

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

Respectfully,

PULLMAN & COMLEY, LLC

APPENDIX C - FORM OF CONTINUING DISCLOSURE AGREEMENT

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

Continuing Disclosure Agreement

This Continuing Disclosure Agreement (“Agreement”) is made as of July __, 2026 by the Town of Lebanon, Connecticut (the “Issuer”) acting by its undersigned officers, duly authorized, in connection with the issuance of \$_____ General Obligation Bonds, Issue of 2026, dated as of July __, 2026 (the “Bonds”), for the benefit of the beneficial owners from time to time of the Bonds.

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

“Final Official Statement” means the official statement of the Issuer dated July __, 2026 prepared in connection with the Bonds.

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

“Repository” means the MSRB or any other information repository established pursuant to the Rule as amended from time to time.

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

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

Section 2. Annual Financial Information.

(a) The Issuer agrees to provide or cause to be provided to each Repository, in accordance with the provisions of the Rule and of this Agreement, annual financial information and operating data (commencing with information and data for the fiscal year ending June 30, 2026) as follows:

(i) Financial statements of the Issuer’s general fund for the prior fiscal year which statements shall be prepared in accordance with generally accepted accounting principles or mandated state statutory principles as in effect from time to time. As of the date of this Agreement, the Issuer prepares its financial statements in accordance with generally accepted accounting principles. The financial statements will be audited.

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

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

(b) The financial information and operating data described above will be provided on or before the date eight months after the close of the fiscal year for which such information is being provided (the "Filing Due Date"). The Issuer's fiscal year currently ends on June 30. The Issuer reserves the right to provide unaudited financial statements if audited financial statements are not available as of the Filing Due Date, provided that the Issuer shall promptly provide audited financial statements when available.

(c) Annual financial information and operating data may be provided in whole or in part by cross-reference to other documents available to the public on the MSRB's Internet Web site referenced in the Rule as amended from time to time or filed with the SEC. All or a portion of the financial information and operating data may be provided in the form of a comprehensive annual financial report.

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

Section 3. Notice of Certain Events.

The Issuer agrees to provide or cause to be provided, in a timely manner not in excess of ten business days after the occurrence of the event, to each Repository notice of the occurrence of any of the following events with respect to the Bonds:

- (a) principal and interest payment delinquencies;

- (b) non-payment related defaults, if material;
- (c) unscheduled draws on debt service reserves reflecting financial difficulties;
- (d) unscheduled draws on credit enhancements reflecting financial difficulties;
- (e) substitution of credit or liquidity providers, or their failure to perform;
- (f) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the bonds, or other material events affecting the tax status of the Bonds;
- (g) modifications to rights of holders of the Bonds, if material;
- (h) Bond calls, if material, and tender offers;
- (i) Bond defeasances;
- (j) release, substitution, or sale of property securing repayment of the Bonds, if material;
- (k) rating changes;
- (l) bankruptcy, insolvency, receivership or similar event of the Issuer;
- (m) the consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
- (n) appointment of a successor or additional trustee or the change of name of a trustee, if material;
- (o) incurrence of a financial obligation of the Issuer, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation, any of which affect security holders, if material; and
- (p) 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.

Events (d) and (e). The Issuer does not undertake to provide any notice with respect to credit enhancement added after the primary offering of the Bonds, unless the Issuer applies for or participates in obtaining the enhancement.

Event (f). Event (f) is relevant only to the extent interest on the Bonds is excluded from gross income for federal income tax purposes.

Event (h). The Issuer does not undertake to provide the above-described event notice of a mandatory scheduled redemption, not *otherwise* contingent upon the occurrence of an event, if (A) the terms, dates and amounts of redemption are set forth in detail in the Final Official Statement, (B) the sole matter to be determined is which of the Bonds will be redeemed in the case of a partial redemption, (C) notice of redemption is given to the holders of the Bonds to be redeemed as required under the terms of the Bonds,

and (D) public notice of redemption is given pursuant to Exchange Act Release No. 23856 of the SEC, even if the originally scheduled amounts are reduced due to prior optional redemptions or Bond purchases.

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

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

The Issuer agrees to provide or cause to be provided, in a timely manner, to each Repository notice of any failure by the Issuer to provide annual financial information as set forth in Section 2(a) hereof on or before the date set forth in Section 2(b) hereof.

Section 5. Use of Agents.

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

Section 6. Termination.

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

Section 7. Enforcement.

The Issuer acknowledges that the undertakings set forth in this Agreement are intended to be for the benefit of, and enforceable by, the beneficial owners from time to time of the Bonds. In the event the Issuer shall fail to perform its duties hereunder, the Issuer shall have the option to cure such failure within a reasonable time (but not exceeding 30 days with respect to the undertakings set forth in Section 2 of this Agreement or five business days with respect to the undertakings set forth in Sections 3 and 4 of this Agreement) from the time the Issuer’s Treasurer, or a successor, receives written notice from any beneficial owner of the Bonds of such failure. The present address of the Treasurer is 579 Exeter Road, Lebanon, Connecticut 06249.

In the event the Issuer does not cure such failure within the time specified above, the beneficial owner of any Bonds shall be entitled only to the remedy of specific performance. The parties expressly acknowledge and agree that no monetary damages shall arise or be payable hereunder nor shall any failure to comply with this Agreement constitute an event of default with respect to the Bonds.

Section 8. Miscellaneous.

(a) All documents provided by the Issuer to a Repository pursuant to the Issuer’s undertakings set forth in Sections 2, 3 and 4 of this Agreement shall be in an electronic format as prescribed by the MSRB from time to time and shall be accompanied by identifying information as prescribed by the MSRB from time to time.

(b) The Issuer shall have no obligation to provide any information, data or notices other than as set forth in this Agreement; provided, however, nothing in this Agreement shall be construed as

prohibiting the Issuer from providing such additional information, data or notices from time to time as it deems appropriate in connection with the Bonds. If the Issuer elects to provide any such additional information, data or notices, the Issuer shall have no obligation under this Agreement to update or continue to provide further additional information, data or notices of the type so provided.

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

(d) 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 of circumstances that arises from a change in legal requirements, a change in law, or a change in the identity, nature or status of the 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 Bonds, and (ii) the provisions of the Agreement as so amended or waived would have complied with the requirements of the Rule, taking into account any amendments or interpretations of the Rule as well as any changes in circumstances, in each case as of the date of such amendment to the Agreement or waiver. A copy of any such amendment or waiver will be filed in a timely manner with each Repository. 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.

(e) This Agreement may be executed in any number of counterparts, each of which shall be deemed an original, but such counterparts shall together constitute but one and the same instrument.

TOWN OF LEBANON, CONNECTICUT

By: _____
KATHLEEN SMITH
First Selectman

By: _____
HAROLD NELSON
Selectman

By: _____
KEVIN CWIKLA
Selectman

By: _____
SCOTT MCCALL
Treasurer

By: _____
ROBIN CHESMER
Selectman

By: _____
HAYLEY WAGNER
Finance Director

By: _____
BETSY PETRIE
Selectman

APPENDIX D – NOTICE OF SALE

NOTICE OF SALE

TOWN OF LEBANON, CONNECTICUT
\$3,130,000* GENERAL OBLIGATION BONDS, ISSUE OF 2026
(BANK QUALIFIED)
BOOK-ENTRY-ONLY

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

JULY 9, 2026

(the “Sale Date”) for the purchase, when issued, of all (but not less than all) of the Issuer’s \$3,130,000* General Obligation Bonds, Issue of 2026, dated July 22, 2026 (the “Bonds”), at no less than par and accrued interest from the date of the Bonds to the date of delivery, if any, maturing on July 15 in the principal amounts and in each of the years as follows:

<u>Maturity</u>	<u>Amount (\$)*</u>	<u>Maturity</u>	<u>Amount (\$)*</u>
2027	160,000	2037	155,000
2028	160,000	2038	155,000
2029	160,000	2039	155,000
2030	160,000	2040	155,000
2031	160,000	2041	155,000
2032	160,000	2042	155,000
2033	155,000	2043	155,000
2034	155,000	2044	155,000
2035	155,000	2045	155,000
2036	155,000	2046	155,000

The Bonds will bear interest commencing July 15, 2027 and semiannually thereafter on January 15 and July 15 in each year until maturity, as further described in the Preliminary Official Statement (as hereinafter defined), at the rate or rates per annum specified by the winning bidder.

Optional Redemption

The Bonds maturing on or before July 15, 2034 are not subject to redemption prior to maturity. The Bonds maturing on July 15, 2035 and thereafter are subject to redemption prior to maturity, at the option of the Issuer, on and after July 15, 2034, at any time, in whole or in part in and by lot within a maturity, in such amounts and in such order of maturity as the Issuer may

* Preliminary, subject to change. See “Adjustment of Principal Amount and Maturity Schedule of the Bonds” herein.

determine, at the redemption price (expressed as a percentage of the par amount of the Bonds to be redeemed) set forth in the following table, together with interest accrued and unpaid to the redemption date:

<u>Redemption Date</u>	<u>Redemption Price</u>
July 15, 2034 and thereafter	100.0%

Nature of Obligation

The Bonds will constitute general obligations of the Issuer, and the Issuer will pledge its full faith and credit to pay the principal of and interest on the Bonds when due. Unless paid from other sources, the Bonds are payable from ad valorem taxes which may be levied on all taxable property subject to taxation by the Issuer without limit as to rate or amount, except as to classified property such as certified forest lands taxable at a limited rate and dwelling houses of qualified elderly persons of low income or of qualified disabled persons taxable at limited amounts pursuant to provisions of the Connecticut General Statutes, as amended.

Bank Qualification

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

Registration

The Bonds will be issued by means of a book-entry system with no physical distribution of bond certificates made to the public. The Bonds will be issued in registered form and one bond certificate for each maturity will be issued to The Depository Trust Company ("DTC"), registered in the name of its nominee, Cede & Co., and immobilized in its custody. A book-entry system will be employed, evidencing ownership of the Bonds in principal amounts of \$5,000 or any integral multiple thereof, with transfers of ownership effected on the records of DTC and its participants pursuant to rules and procedures adopted by DTC and its participants. The purchaser, as a condition to delivery of the Bonds, will be required to deposit the bond certificates with DTC, registered in the name of Cede & Co. Principal of, redemption premium, if any, and interest on the Bonds will be payable by the Issuer or its agent to DTC or its nominee as registered owner of the Bonds. Principal and interest payments by DTC to participants of DTC will be the responsibility of DTC; principal and interest payments to beneficial owners by participants of DTC will be the responsibility of such participants and other nominees of beneficial owners. The Issuer will not be responsible or liable for payments by DTC to its participants or by DTC participants or indirect participants to beneficial owners or for maintaining, supervising or reviewing the records maintained by DTC, its participants or persons acting through such participants. Upon receipt from the Issuer, the Paying Agent will pay principal of and interest on the Bonds directly to DTC so long as DTC or its nominee, Cede & Co, is the bondholder.

In the event that (a) DTC determines not to continue to act as securities depository for the Bonds and the Issuer fails to identify another qualified securities depository to replace DTC, or (b) the Issuer determines to discontinue the book-entry system of evidence and transfer of ownership of the Bonds, the Issuer will authenticate and deliver replacement Bonds in the form of fully registered certificates. Any such replacement Bonds will provide that interest will be payable by check mailed by the Paying Agent to the registered owner whose name appears on the registration books of the Issuer as of the close of business on the record date preceding each interest payment date.

Record Date

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

Proposals

Each bid must be for the entire \$3,130,000* of the Bonds. Each proposal must specify the amount bid for the Bonds (which shall be the aggregate par value of the Bonds, and, at the option of the bidder, a premium), and must specify in a multiple of one-twentieth of one percent (1/20 of 1%) or one-eighth of one percent (1/8 of 1%) the rate or rates of interest per annum which the Bonds are to bear, provided that such proposal shall not state (a) more than one interest rate for any Bonds having a like maturity or (b) any interest rate for any Bonds of one maturity which exceeds the interest rate stated in such proposal for Bonds of a different maturity by more than three (3) percentage points. In addition to the amount bid for the Bonds, the purchaser must pay an amount equal to the interest on the Bonds accrued to the date of delivery. For the purpose of the bidding process, the time as maintained on **PARITY®** shall constitute the official time. For information purposes only, bidders are requested to state in their bids the true interest cost ("TIC") to the Issuer, as described under "Basis of Award; Right to Reject Proposals; Waiver; Right to Cancel; Postponement; Change of Terms" below, represented by the rate or rates of interest and the bid price specified in their respective bids. Interest shall be calculated on the basis of a 360-day year consisting of twelve 30-day months. No proposal for less than par and accrued interest to the date of delivery will be considered.

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

Unless all bids are rejected, as between proposals which comply with this Notice of Sale, the Bonds will be awarded to the bidder whose bid proposes the lowest TIC to the Issuer. The TIC will be the annual interest rate, compounded semiannually, which, when used to discount all payments of principal and interest payable on the Bonds results in an amount equal to the purchase price for the Bonds, excluding interest accrued to the date of delivery. If there is more than one bidder making said offer at the same lowest TIC, the Bonds will be sold to the bidder whose proposal is selected by the Issuer by lot from among all such proposals. It is requested that each proposal be accompanied by a statement of the percentage of TIC computed and rounded to

* Preliminary, subject to change. See "Adjustment of Principal Amount and Maturity Schedule of the Bonds" herein.

six decimal places. Such statement shall not be considered as part of the proposal. The purchase price must be paid in immediately available federal funds.

The right is reserved to reject any and all proposals and to reject any proposal not complying with this Notice of Sale and to waive any irregularity or informality with respect to any proposal.

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

Adjustment of Principal Amount and Maturity Schedule of the Bonds

The Issuer reserves the right to change the maturity schedule after the determination of the winning bidder. In such event, the final aggregate principal amount of the Bonds will be increased or decreased by a net amount of such change or changes in principal amount of one or more maturities. The winning bidder will be required to provide the coupon, yield and reoffering price information to be included in the issue price certificate, if requested, for purposes of determining the adjustment. The dollar amount bid by the bidder will be adjusted to reflect any adjustments in the final maturity schedule and the aggregate principal amount of the Bonds to be issued. The adjusted bid price will reflect changes in the dollar amount of the underwriter's discount and original issue discount/premium, if any, but every effort will be made to not change the per bond underwriter's discount as calculated from the bid and the initial reoffering prices required to be delivered to the Issuer as stated herein. **The winning bidder may not withdraw its bid or change the interest rates bid or initial reoffering prices provided as a result of any changes made to the principal amounts within these limits.**

CUSIP Numbers

The deposit of the Bonds with DTC under a book-entry system requires the assignment of CUSIP numbers prior to delivery. It shall be the responsibility of the purchaser to apply for CUSIP numbers for the Bonds prior to delivery. Neither the failure to print such CUSIP number on any bond, nor any error with respect thereto, shall constitute cause for a failure or refusal by the purchaser thereof to accept delivery of and pay for the Bonds. All expenses in relation to the printing of CUSIP numbers on the Bonds shall be paid for by the Issuer; provided, however, that the Issuer assumes no responsibility for any CUSIP Service Bureau charge or other charge that may be imposed for the assignment of such numbers, which charges shall be the responsibility of and shall be paid for by the purchaser.

Electronic Proposals Bidding Procedure

Electronic bids for the purchase of the Bonds must be submitted through the facilities of **PARITY®**. Any prospective bidder must be a subscriber of the BiDCOMP competitive bidding

system. Further information about **PARITY®**, including any fee charged, may be obtained from **PARITY®**, c/o i-Deal LLC, 1359 Broadway, 2nd Floor, New York, New York 10018, Attention: Customer Support (telephone: (212) 849-5021; email notice: munis@spglobal.com or parity@i-deal.com). The Issuer neither will confirm any subscription nor be responsible for any failure of a prospective bidder to subscribe.

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

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

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

Certifying Agent, Registrar, Paying Agent and Transfer Agent

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

Delivery, Payment and Closing Requirements

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

The Bonds will be delivered against payment in immediately available federal funds through the facilities of DTC or its agent via Fast Automated Securities Transfer (“FAST”) on or about July 22, 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 Bonds for sale under securities or “Blue Sky” laws and the preparation of any surveys or memoranda in connection with such sale. The Issuer shall have no responsibility for such clearance, exemption or preparation.

Bond Counsel Opinion

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

Establishment of Issue Price

In order to provide the Issuer with information that enables it to comply with certain requirements of the Internal Revenue Code of 1986 (the “Code”), relating to the exclusion of interest on the Bonds from the gross income of their owners, the winning bidder will be required to complete, execute, and deliver to the Issuer at or prior to the delivery of the Bonds an “issue

price” or similar certificate setting forth the reasonably expected initial offering price to the Public (the “Initial Offering Price”) or the actual sales price or prices of the Bonds, as circumstances may determine, together with the supporting pricing wires or equivalent communications, with such modifications as may be appropriate or necessary, in the reasonable judgment of Bond Counsel. Communications relating to this “Establishment of Issue Price” section, the completed certificate(s) and any supporting information shall be delivered to (1) Bond Counsel at Glenn G. Rybacki, Esq., Pullman & Comley, LLC, 90 State House Square, Hartford, CT 06103, Telephone: (860) 424-4391, E-mail: grybacki@pullcom.com and (2) the Municipal Advisor at Susan Caron, Munistat Services, Inc., 129 Samson Rock Drive, Suite A, Madison, CT 06443, Telephone: (860) 372-1887, E-mail: Susan.Caron@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 Bonds, is a good faith offer which the bidder believes reflects current market conditions, and is not a “courtesy bid” being submitted for the purpose of assisting in meeting the competitive sale requirements relating to the establishment of the “issue price” of the Bonds pursuant to Section 148 of the Code, including the requirement that bids be received from at least three (3) underwriters of municipal bonds who have established industry reputations for underwriting new issuances of municipal bonds.

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

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

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

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

Competitive Sale Rule. The Issuer intends that the provisions of Treasury Regulations Section 1.148-1(f)(3)(i) (defining “competitive sale” for purposes of establishing the issue price of the Bonds) will apply to the initial sale of the Bonds (the “Competitive Sale Rule”) because:

- (1) the Issuer shall disseminate, or have disseminated on its behalf, this Notice of Sale to potential bidders in a manner that is reasonably designed to reach potential bidders;
- (2) all bidders shall have an equal opportunity to bid;
- (3) the Issuer anticipates receiving bids from at least three underwriters of municipal bonds who have established industry reputations for underwriting new issuances of municipal bonds; and
- (4) the Issuer anticipates awarding the sale of the Bonds to the bidder who submits a firm offer to purchase the Bonds at the lowest true interest cost ("TIC"), as set forth in this Notice of Sale.

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

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

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

- (1) the close of the fifth (5th) business day after the Sale Date; or

- (2) the date on which the Underwriters have sold at least ten percent (10%) of that Maturity of the Bonds to the Public at a price that is no higher than the Initial Offering Price.

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

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

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

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

- (1) “Maturity” means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate Maturities.
- (2) “Public” means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a Related Party to an Underwriter.
- (3) “Related Party” generally means any two or more persons who have greater than 50% common ownership, directly or indirectly.

- (4) “Underwriter” means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead Underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this definition to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a third-party distribution agreement participating in the initial sale of the Bonds to the Public).

Official Statement

For more information regarding the Bonds or the Issuer, reference is made to the Preliminary Official Statement dated June 29, 2026 (the “Official Statement”) describing the Bonds 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 Susan Caron, Munistat Services, Inc., 129 Samson Rock Drive, Suite A, Madison, CT 06443, Telephone: (860) 372-1887, E-mail: Susan.Caron@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 Bonds or by the seventh (7th) business day after the day bids on the Bonds are received. If the Issuer’s Municipal Advisor, is provided with the necessary information from the purchaser by 12:00 o’clock noon on the day after the Sale Date, the copies of the final Official Statement will include an additional cover page and other pages, if necessary, indicating the interest rates, rating(s), yields or reoffering prices and the name of the managing underwriter of the Bonds, and any corrections. The purchaser shall arrange with the Municipal Advisor the method of delivery of the copies of the final Official Statement to the purchaser. Additional copies of the final Official Statement may be obtained by the purchaser at its own expense by arrangement with the printer.

Continuing Disclosure Agreement

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

TOWN OF LEBANON, CONNECTICUT

By: _____
KATHLEEN SMITH
First Selectman

By: _____
BETSY PETRIE
Selectman

By: _____
KEVIN CWIKLA
Selectman

By: _____
HAROLD NELSON
Selectman

By: _____
ROBIN CHESMER
Selectman

By: _____
SCOTT MCCALL
Treasurer

June 29, 2026

ATTACHMENT A

ISSUE PRICE CERTIFICATE

(If Competitive Sale Rule Met)

TOWN OF LEBANON, CONNECTICUT
\$ _____ GENERAL OBLIGATION BONDS, ISSUE OF 2026
Dated July 22, 2026

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

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

2. ***Purchase Price.*** The TOWN OF LEBANON, CONNECTICUT (the “Issuer”) sold to [SHORT NAME OF UNDERWRITER], for delivery on or about July 22, 2026, the Bonds at a price of par (\$ _____), plus an aggregate net premium of \$ _____ and less an underwriter’s discount of \$ _____, resulting in an aggregate net purchase price of \$ _____.

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

(a) As of July 9, 2026 (the “Sale Date”), the reasonably expected initial offering prices of the Bonds to the Public by [SHORT NAME OF UNDERWRITER] are the prices listed in **Schedule A** (the “Expected Offering Prices”). The Expected Offering Prices are the prices for the Maturities of the Bonds used by [SHORT NAME OF UNDERWRITER] in formulating its bid to purchase the Bonds. Attached as **Schedule B** is a true and correct copy of the bid provided by [SHORT NAME OF UNDERWRITER] to purchase the Bonds.

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

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

4. ***Defined Terms.***

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

(b) “Public” means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term “related party” for purposes of this certificate generally means any two or

more persons who have greater than fifty percent (50%) common ownership, directly or indirectly.

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

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

IN WITNESS WHEREOF, the undersigned has executed this Certificate as of _____, 2026.

[UNDERWRITER]

By: _____
Name:
Title:

Schedule A to Issue Price Certificate

<u>Maturity, July 15</u>	<u>Principal Amount (\$)</u>	<u>Interest Rate (%)</u>	<u>Price (\$, not Yield)</u>
2027			
2028			
2029			
2030			
2031			
2032			
2033			
2034			
2035			
2036			
2037			
2038			
2039			
2040			
2041			
2042			
2043			
2044			
2045			
2046			

Schedule B to Issue Price Certificate

Municipal Advisory Services

Provided by

