

Preliminary Official Statement Dated July 28, 2023

NEW 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, as amended (the "Code"), under existing law, interest on the Bonds is excluded from gross income for federal income tax purposes and is not treated as an item of tax preference for purposes of the federal alternative minimum tax under the Code; however, such interest is taken into account in determining the annual adjusted financial statement income of certain corporations for the purpose of computing the alternative minimum tax imposed on corporations for tax years beginning after December 31, 2022. In the opinion of Bond Counsel, under existing statutes, interest on the Bonds is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates and is excluded from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay the federal alternative minimum tax. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the Bonds. (See "Tax Matters" herein.)

TOWN OF LITCHFIELD, CONNECTICUT

\$1,504,000* GENERAL OBLIGATION BONDS, ISSUE OF 2023 (BANK QUALIFIED) BOOK-ENTRY-ONLY

Dated: Date of Delivery

Due: Serially, August 1, as shown herein

The Bonds will be general obligations of the Town of Litchfield, 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.)

Interest on the Bonds will be payable semiannually on February 1 and August 1 in each year until maturity, commencing February 1, 2024.

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"), New York, New York. The Beneficial Owners of the Bonds will not receive certificates representing their ownership interest in 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 owner of the Bonds. Ownership of the Bonds may be in principal amounts of \$1,000 or integral multiples thereof. DTC will act as security depository for the Bonds. So long as Cede & Co. is the Bondowner, as nominee for DTC, reference herein to the Bondowner or owners shall mean Cede & Co., as aforesaid, and shall not mean the Beneficial Owners (as described herein) of the Bonds. (See "Book-Entry Transfer System" herein.)

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

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

The Bonds are being offered for sale in accordance with an official Notice of Sale dated July 28, 2023. **Electronic bids only via PARITY® for the Bonds will be received until 11:00 A.M. (E.T.) on Tuesday, August 8, 2023,** as described in the Notice of Sale. (See Appendix D herein.)

MATURITY SCHEDULE AND AMOUNTS*

Maturity	Amount*	Coupon	Yield	CUSIP (1)	Maturity	Amount*	Coupon	Yield	CUSIP (1)
2024	\$104,000	%	%	536597***	2032	\$100,000	%	%	536597***
2025	100,000			536597***	2033	100,000			536597***
2026	100,000			536597***	2034	100,000			536597***
2027	100,000			536597***	2035	100,000			536597***
2028	100,000			536597***	2036	100,000			536597***
2029	100,000			536597***	2037	100,000			536597***
2030	100,000			536597***	2038	100,000			536597***
2031	100,000			536597***					

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 August 22, 2023.

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

* Preliminary, subject to change.

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

This Official Statement 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. The presentation of information in this Official Statement is intended to show recent historic trends and is not intended to indicate future or continuing trends in financial or other positions of the Town. 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 of the Bonds shall, under any circumstances, create any implication that there has been no material change in the affairs of the Town since the date of the Official Statement.

The information, estimates and expressions of opinion in this Official Statement are subject to change without notice.

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, are subject to repeal or amendment, and are qualified in their entirety by reference to such laws and the original official documents. 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 independent auditors for the Town are not passing upon and do not assume responsibility for the sufficiency, accuracy or completeness of the financial information presented in this Official Statement (other than matters expressly set forth in Appendix A, "Audited Financial Statements" herein), and make no representation that it has independently verified the same. The auditors have not been engaged nor performed audit procedures regarding the post audit period. The auditors have not provided their written consent to use their Independent Auditors' Report.

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

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

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

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THE BOND ISSUE SUMMARY

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

Date of Sale:	Tuesday, August 8, 2023, 11:00 AM (E.T.).
Location of Sale:	At the office of the First Selectman, Town of Litchfield, Town Hall, 74 West Street, Litchfield, Connecticut 06759. Electronic bids only via <i>PARITY</i>[®] for the Bonds will be received until 11:00 A.M. (E.T.) on Tuesday, August 8, 2023 , as described in the Notice of Sale. (See Appendix D herein.)
Issuer:	Town of Litchfield, Connecticut (the "Town").
Issue:	\$1,504,000* General Obligation Bonds, Issue of 2023 (the "Bonds").
Dated Date:	Date of Delivery.
Interest Due:	February 1 and August 1 in each year until maturity, commencing February 1, 2024.
Principal Due:	Serially, August 1, 2024 through 2038, as detailed in this Official Statement.
Purpose and Authority:	The Bonds are being issued to finance certain capital projects undertaken by the Town. (See "Authorization and Purpose of the Bonds" herein.)
Redemption:	The Bonds are subject to optional redemption prior to maturity. (See "Optional Redemption" herein.)
Security:	The Bonds will be general obligations of the Town and the Town will pledge its full faith and credit to the payment of principal of and interest on the Bonds when due. (See "Security and Remedies" herein.)
Credit Rating:	The Bonds have been rated "AA+" by S&P Global Ratings ("S&P"). The bond rating on the Town's outstanding bonds is currently "AA+" by S&P. (See "Ratings" herein.)
Tax Exemption:	See "Tax Matters" herein.
Continuing Disclosure:	In accordance with the requirements of Rule 15c2-12(b)(5) promulgated by the Securities and Exchange Commission, the Town will agree to provide, or cause to be provided, (i) annual financial information and operating data, (ii) notices of certain events within ten (10) business days of 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 in substantially 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, Corporate Trust Services, 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 "Form of Opinion of Bond Counsel" attached as 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 August 22, 2023 against payment in Federal Funds .
Issuer Official:	Questions concerning the Town and this Official Statement should be directed to Amaechi E. Obi, Director of Finance, Town of Litchfield, Connecticut - Telephone (860) 567-7554.
Municipal Advisor:	Munistat Services, Inc., 129 Samson Rock Drive, Suite A, Madison, Connecticut 06443, attention: Mr. Mark N. Chapman, Managing Director, Telephone: (203) 421-2087.

The Preliminary Official Statement is available in electronic form only at www.i-dealpropectus.com and www.munistat.com. For additional information please contact the Municipal Advisor at mark.chapman@munistat.com.

* Preliminary, subject to change.

I. SECURITIES OFFERED

INTRODUCTION

This Official Statement, including the cover page and appendices, is provided only in connection with the initial offering and sale of \$1,504,000* General Obligation Bonds, Issue of 2023 (the "Bonds") to present certain financial and supplementary economic and demographic data relevant to the Town of Litchfield, Connecticut (the "Town"), and may not be reproduced or used in whole or in part for any other purpose.

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. Except for information expressly attributed to other sources, all financial and other information presented herein has been provided by the Town.

Bond Counsel is not passing upon and does not assume responsibility for the accuracy or adequacy of the statements made in this Official Statement (other than matters expressly set forth in their opinion in Appendix B) and they make no representation that they have independently verified the same.

DESCRIPTION OF THE BONDS

The Bonds will be dated the date of delivery and will mature on the dates and in the principal amounts set forth on the cover page hereof. Interest on the Bonds will be payable February 1 and August 1 in each year until maturity, commencing February 1, 2024. Interest will be calculated on the basis of a 360-day year consisting of twelve 30-day months and will be payable to the registered owners of the Bonds at the rates per annum specified by the successful bidder as set forth on the cover page, as of the close of business on the fifteenth day of January and July in each year, or the preceding business day if such fifteenth day is not a business day. A book-entry system will be employed evidencing ownership of the Bonds in principal amounts of \$1,000 or integral multiples thereof, with transfers of ownership effected on the records of The Depository Trust Company, New York, New York ("DTC"), and its participants pursuant to rules and procedures established by DTC and its participants. (See "Book-Entry Transfer System" herein). The Certifying Bank, Registrar, Transfer and Paying Agent will be U.S. Bank Trust Company, National Association of Hartford, Connecticut. The legal opinion on the Bonds will be rendered by Pullman & Comley, LLC of Hartford, Connecticut, as set forth in Appendix B. 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, as amended and described herein. **The Bonds are subject to redemption prior to maturity as described herein. (See "Optional Redemption" herein.)**

OPTIONAL REDEMPTION

The Bonds maturing on or before August 1, 2029 are not subject to redemption prior to maturity. The Bonds maturing on August 1, 2030 and thereafter are subject to redemption prior to maturity, at the election of the Town, on and after August 1, 2029, at any time, in whole or in part, and by lot within a maturity, in such amounts and in such order of maturity as the Town may determine, at the redemption price or prices (expressed as a percentage of the principal amount of Bonds to be redeemed) set forth in the following table, plus interest accrued and unpaid to the redemption date:

<u>Redemption Dates</u>	<u>Redemption Price</u>
August 1, 2029 and thereafter	100%

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 at least thirty days prior to the date fixed for redemption to the registered owner of the 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. 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 such 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.

* Preliminary, subject to change.

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 Bond to be redeemed shall be in the principal amount of \$5,000 or some 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 being called for redemption, will send any notice of redemption only to DTC (or a successor securities depository) or its nominee. Any failure of DTC to advise any Direct Participant, or of any Direct Participant or Indirect Participant to notify any Indirect Participant or Beneficial Owner, of any such notice and its content or effect will not affect the validity of the redemption of such Bonds called for redemption. Redemption of portions of the Bonds of any maturity by the Town will reduce the outstanding principal amount of Bonds held by DTC. In such event it is the current practice of DTC to allocate by lot, through its book-entry system, among the interest held by Direct 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 Direct Participants. The Direct Participants and Indirect Participants may allocate reductions of the interests in the Bonds to be redeemed held by the Beneficial Owners. Any such allocation of interests in the Bonds to be redeemed will not be governed by the determination of the Town authorizing the issuance of the Bonds and will not be conducted by the Town, the Registrar or Paying Agent.

AUTHORIZATION AND USE OF PROCEEDS OF THE BONDS

Authorization: The Bonds are being issued pursuant to Title 7 of the Connecticut General Statutes, as amended, and certain bond resolutions adopted by the voters at a Town Meeting held on May 11, 2023.

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

Projects	Total Bond Authorization	Amount of Notes Outstanding	Additions (Reductions)	The Bonds (This Issue) (1)
2023-24 Capital Improvement Program.....	\$ 5,433,298	\$ -	\$ 1,504,000	\$ 1,504,000 *

(1) Expected use, however, the Town may spend proceeds on other capital projects to meet its capital cash flow needs.

RATINGS

The Bonds have been rated "AA+" by S&P Global Ratings ("S&P"). Certain outstanding bonds of the Town are also rated "Aa2" by Moody's Investors Service, Inc. ("Moody's") and "AA+" by S&P. However, the Town did not seek a rating from Moody's on this issue. Such ratings reflect only the views of such rating agency and any explanation of the significance of such ratings should be obtained from the rating agency furnishing the same, at the following address: Moody's Investors Service, Inc., 7 World Trade Center, 250 Greenwich Street, New York, New York 10007 and Standard & Poor's Rating Services, 55 Water Street, New York, New York 10041-003. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. The Town may furnish certain information and materials to the rating agencies, some of which may not have been included in this official statement. There is no assurance such rating will continue for any given period of time or that such rating will not be revised downward or withdrawn entirely by the rating agency, if in the judgment of such rating agency, circumstances so warrant. Any such downward revision or withdrawal of such rating may have an adverse effect on the market price of the Town's bonds and notes, including the Bonds.

SECURITY AND REMEDIES

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

Unless paid from other sources, the Bonds are payable from the general property tax revenues of the Town. The Town has the power under Connecticut General Statutes to levy ad valorem taxes on all property subject to taxation by the Town without limit as to rate or amount, except as to certain classified property such as certified forest land taxable at a limited rate and dwelling houses of qualified elderly persons of low income or qualified disabled persons taxable at limited amounts. There were 927.8 acres of such certified forest land on the last completed grand list of the Town. 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 upon its power to tax such dwelling houses.

* Preliminary, subject to change.

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 or property 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 or notes from funds lawfully available therefor or, in the absence thereof, to order the Town to take all lawful action to obtain the same, including the raising of the required amount in the next annual tax levy. In exercising their discretion as to whether to enter such an order, the courts may take into account all relevant factors, including the current operating needs of the Town and the availability and adequacy of other remedies.

Enforcement of a claim for payment of principal of or interest on such bonds or notes of the Town 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 by the Congress or the Connecticut General Assembly extending the time for payment or imposing other constraints upon enforcement insofar as the same may be constitutionally applied and to the exercise of judicial discretion. Under the Federal bankruptcy code, the Town may seek relief only, among other requirements, if it is specifically authorized, in its capacity as a municipality or by name, to be a debtor under Chapter 9 thereof, or by State law or a governmental officer or organization empowered by State law to authorize such entity to become a debtor under such chapter. Section 7-566 of the Connecticut General Statutes, as amended, provides that no Connecticut municipality shall file a petition in bankruptcy under Chapter 9 of Title 11 of the United States Code 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 of Connecticut having the power to levy taxes and issue bonds or other obligations.

BOOK-ENTRY TRANSFER SYSTEM

The Depository Trust Company ("DTC"), New York, New York, 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 interest rate of the Bonds, in the aggregate principal amount of such 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, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its registered subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC is rated AA+ by Standard & Poor's. 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 does not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

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

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

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC's 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).

Redemption proceeds, principal payments and interest payments on 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, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Paying Agent, or the Town, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, principal payments and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Town or Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

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

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

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

REPLACEMENT BONDS

The determination of the Town authorizing 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 Bonds to replace DTC; or (b) the Town determines to discontinue the book-entry 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.

TAX MATTERS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

THE COVID-19 OUTBREAK AND FUTURE PANDEMICS

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

In response to the COVID-19 pandemic, on March 11, 2021, President Biden signed into law the \$1.9 trillion American Rescue Plan Act of 2021 (the "Rescue Plan") that provided various forms of financial assistance and other relief to state and local governments. The Town received \$1.824 million from the Rescue Plan. The Town developed a plan for the use of such funds that will focus on infrastructure improvements and other initiatives that comply with the program eligibility criteria.

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

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

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

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

CYBERSECURITY

The Town, like many other public and private entities, relies on technology to conduct its operations. The Town and its departments face cyber threats from time to time, including but not limited to hacking, viruses, malware, phishing, and other attacks on computers and other sensitive digital networks and systems. To mitigate the risk of business operations impact and/or damage from cyber incidents or cyber-attacks, the Town invests in various forms of cybersecurity and operational controls. 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. The Town has purchased endpoint protection package from Cowbell to mitigate the risks associated with cyber security threats. The Town stores its digital data in the cloud as well as introducing an enhanced daily SPAM filter. In addition, the Town is implementing multi-factor authentication for users, conducted an Election Infrastructure Cyber Resiliency Report from Connecticut Military Department in March 2023 and continues to offer Cyber Security training to all employees.

CLIMATE CHANGE

Scientific studies have forecasted changing global weather patterns that may increase extreme weather events across the world. Like many towns in CT, Litchfield is vulnerable to inland wetland, small river and stream flooding. In addition, the Town faces other threats due to climate change, including damaging wind that could become more severe and frequent. The Town cannot predict the timing, extent or severity of climate change and its impact on its operations and finances although we have dedicated significant resources over the last two years for a tree management program to mitigate the negative effects of dead trees falling into our roadways and power lines. Most recently, Litchfield has been recognized as a Climate Leader from Sustainable CT. We are one of the few towns that have been acknowledged for our continued work and attention towards transitioning our town to be less reliant on fossil fuels and for exploring new ways to be environmentally cognizant of challenges we face ahead.

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, as amended, for purposes of calculating the deduction by financial institutions for interest expense allocable to the Bonds.

AVAILABILITY OF CONTINUING DISCLOSURE INFORMATION

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 material events within 10 days of the occurrence of such events; and (iii) timely notice of a failure by the Town to provide the required annual financial information. The winning bidder's obligation to purchase the Bonds shall be conditioned upon its receiving, at or prior to the delivery of the Bonds, an executed copy of the Continuing Disclosure Agreement for the Bonds. (See Appendix C "Form of 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 past five years, the Town has not failed to comply in any material respect with its undertakings under such agreements.

II. THE ISSUER



DESCRIPTION OF THE TOWN

The Town of Litchfield (the “Town” or “Litchfield”) was incorporated in 1719 by an act of the Colonial Assembly of Connecticut on the lands bought in 1716 from Tunxis Indians. Litchfield is located in Litchfield County, approximately thirty-three miles west of Hartford and sixteen miles north of Waterbury. Litchfield covers a 57.3 square mile area and is bordered by the Towns of Goshen, Torrington, Harwinton, Thomaston, Morris, Washington and Warren. Within the town, there are two boroughs; the Borough of Litchfield and the Borough of Bantam. Litchfield also includes the areas of Milton, East Litchfield and Northfield. To the east of Litchfield is Connecticut Route 8, which provides north-south interstate connections from Bridgeport to the Massachusetts border. Connecticut Routes 63, 118, 202 and 254 also serve the Town. Rail service is available connecting with Waterbury and the south, while coach and motor freight companies serve the Town's residents and business.

The Town is a mix of residential, commercial and industrial companies. We enjoy a reputation as a destination for our vibrant restaurant scene, local Litchfield Distillery and Award-Winning Arethusa Cheese and Ice Cream. We have recently attracted the attention of a 31-room bed and breakfast and are awaiting the transformation of our 200 year Courthouse into a 20 room boutique hotel in the center of Town. The Town offers exceptional historic, cultural and recreational opportunities.

The Town's educational system consists of one elementary school for Pre K through 3rd grade, one intermediate school for 4th through 6th grades and one middle/high school for 7th through 12th grades. The Town, as well as each of the Member Towns of Regional School District No. 6 (the Towns of Warren, Morris and Goshen) approved at referendum on June 28, 2022 to merge and to create a new Regional School District No. 20. The new Regional School District No. 20 is scheduled for a September 2024 opening. Regional School District No. 20 will also be expanding its Agricultural Programs with the acquisition and management responsibilities of the Arethusa Farm. This property will provide 120 acres for our students and staff to have hands on experience in animal and plant husbandry. The merger will also provide advanced opportunities for the Town's students, academically, in sports, the arts, music and theater and create significant cost savings for all 4 towns. Litchfield is a community predominantly composed of owner-occupied, single-family dwellings. Single-family dwellings comprise over 80% of all housing units in the Town. During the 2020 U. S. Census, the Town population is about 8,200 people.

FORM OF GOVERNMENT

The Town is governed by a five-person Board of Selectmen with the First Selectman serving as the full-time Chief Executive. The Town Meeting is the legislative body. The Board of Education, Board of Finance, Board of Assessment Appeals and Planning and Zoning are elective boards, while members of all other boards and commissions are appointed by the Board of Selectmen. The Board of Finance is the budget making authority and sets the mill rate after the budget has been adopted by the Town Meeting.

The Boroughs of Litchfield and Bantam lie entirely within the Town of Litchfield as independent units of government. Created by the Connecticut Legislature in 1915 and granted Special Charters, they exercise certain municipal powers within their respective jurisdictions including taxing and financing powers. Governed by a biennially elected Warden and Council of Burgesses, the Boroughs are responsible for sidewalk, fire hydrants, grounds maintenance and streetlights as well as other services. Bantam has largely relinquished these responsibilities and regulations of its inland wetlands to the Town, but it does continue to enact its own zoning regulations.

In 1959, a special act of the Connecticut General Assembly established the Litchfield Historic District as the first in the State of Connecticut to be registered on the U. S. National Register of Historic Places. The entire district includes more than 475 buildings constructed primarily during the 18th and 19th century.

MUNICIPAL OFFICIALS

<u>Name</u>	<u>Position</u>	<u>Term</u>	<u>Length of Service</u>
Denise Raap.....	First Selectman.....	2 Years -- Elected	3.5 years
Jodiann Tenney.....	Selectman.....	2 Years -- Elected	3.5 years
Christine Harding.....	Selectman.....	2 Years -- Elected	1.5 years
Jonathan E. Torrant.....	Selectman.....	2 Years -- Elected	11.0 years
Jeffrey J. Zullo.....	Selectman.....	2 Years -- Elected	12.0 years
Francis C. Carpentier.....	Town Treasurer.....	2 Years -- Elected	6.0 years
Lisa A. Losee.....	Town Clerk.....	4 Years -- Elected	14.0 years
Helen Bunnell.....	Tax Collector.....	Appointed	4.0 years
Amaechi E. Obi.....	Director of Finance.....	Appointed	8.5 years

SUMMARY OF MUNICIPAL SERVICES

Police. The Town is serviced by the Connecticut State Police, Troop L, located in Litchfield, and Litchfield privately employs two full-time Resident State Troopers assigned to Litchfield. Safety Officers are hired on an as-needed basis for various circumstances and events.

Fire/Ambulance. Fire protection is provided by four volunteer fire companies and two volunteer ambulance companies. Litchfield also provides ambulance service to Morris. In this mutual agreement, Morris pays a portion of the costs associated with this operation. One of the fire companies also provides ambulance services while another fire company also provides first responders services. A six-member Board of Fire and Emergency Medical Services Commission, appointed by the Board of Selectmen, serves as a supervisory and coordinating body. The combined membership of the four fire companies and two ambulance services equals approximately 180 members. The Town has two utility vehicles, four tankers, seven pumps, one ladder truck, two pickup trucks, three rescue vehicles and five ambulances.

Affordable Housing. To foster development of housing for families with incomes below 80% of median, the Town, the Litchfield Housing Trust and the Litchfield Housing Authority work very closely. The Housing Trust began operations 25 years ago and has sponsored 47 single family homes and apartments scattered throughout Litchfield. In the process of developing housing, the Housing Trust carries out housing related goals of the Town's Plan of Conservation and Development. [LitchfieldPOCD-Presentation \(municipal-documents.s3.amazonaws.com\)](https://www.amazonaws.com/municipal-documents.s3.amazonaws.com/LitchfieldPOCD-Presentation)

Typically owned by younger families, the housing developed by the Housing Trust provides residences for locally employed workers, families wishing to live in Litchfield, and giving priority points to volunteers in the Town's emergency services. All property developed by the Housing Trust is assessed property tax. The Town has donated unused Town owned property to the Housing Trust, generating opportunities for additional housing and placing the property on the tax rolls.

The Housing Trust's most recent development is Gargarin Place which is providing 8 energy efficient, geothermal heating and cooling single family homes. [Litchfield Housing Trust, Inc.](#)

Although the Town cooperates closely with the Housing Trust, no Town budget funds are spent on the Housing Trust's activity. The Housing Trust generates its funds through private contributions, fees paid by homeowners plus State and Federal Grants. The local banking community has been especially active in providing mortgage financing for the individual homeowners. The Town received a \$1,000,000 Small Cities Grant in 2023 for the upgrades needed at the Bantam Falls property. In September 2022, the Town completed its Affordable Housing Plan that was submitted to the State.

[Microsoft Word - Litchfield Housing Affordability Plan adopted.docx \(municipal-documents.s3.amazonaws.com\)](#)

By affording housing opportunities for families who could not afford to locate to Litchfield or who otherwise would have to relocate, the Housing Trust offers additional stability to the community.

Public Health Nursing. Public Health Nursing programs in Litchfield are provided by VNA Northwest, Inc., Litchfield Health and Wellness, Homecare Northwest, Inc. and the Visiting Nurse Services of Connecticut, Inc. Skilled nursing, physical therapy, occupational therapy, speech therapy, home health aides and homemaking services are available. Additionally, the VNA of Litchfield provides funding for home healthcare for Litchfield residents in times of need. Additionally, the VNA of Litchfield provides funding for home healthcare for Litchfield residents in times of need. The VNA Hospice Program for the terminally ill and their families is easily accessible. Several private nursing organizations within the Town also offer services. The community is served by an assisted living facility named Brandywine Assisted Living at Litchfield (Sarah Pierce Community), and an independent/assisted living facility called Fernwood.

Senior Citizens. The Litchfield Housing Authority presently oversees both the Wells Run Housing Project comprised of 30 housing units, and Bantam Falls which has 36 units. Wells Run was built in 1975 with a grant provided by the Connecticut Department of Housing. Rent is based on income and is adjusted to allow for the resident-paid cost of electricity. Bantam Falls was funded in conjunction with the State of Connecticut Department of Housing and a Small Cities Grant. Rent is based on income and electricity is included in the payment. Privately owned senior housing facilities are located in Litchfield and Bantam Boroughs income and electricity is included in the payment. Privately owned senior housing facilities are located in Litchfield and Bantam Boroughs and in the Northfield Village area.

The Town, through its Social Services Department, schedules rural transit bus services to the elderly and disabled. The bus service is supported by some municipal funding, local grants, Western Connecticut Area Agency on Aging, the Federal Transit Administration and a ConnDOT Elderly and Disabled Transportation Grant. The Town has been providing bus service since 1998 to serve seniors and disabled with its fourteen passenger mini-bus. The bus serves as a supplemental link for special events and healthcare. The Town provides transportation from Litchfield to Torrington, where residents may connect with other Torrington routes at the Municipal Parking Lot behind the Torrington Public Library on Daycoeten Place.

An elderly nutrition program offers seniors sixty years of age or older nutritionally sound meals at a specified town location. A "Meals on Wheels" program for those unable to prepare their meals is also available. Weekly elderly blood pressure screenings are provided at the VNA Northwest, Inc. office in Bantam. The Litchfield Hills Chore Service helps elderly residents with household chores and errands. The Town employs a full-time Social Services Coordinator to respond to both senior and other public needs, manage and coordinate the Town's local Food Pantry and schedule the routes and drivers of the Municipal Bus for seniors and disabled residents.

Libraries. The Oliver Wolcott Library (the “Library”) is the principal public library for the Town. In the fiscal year ending June 30, 2022, the Library ranked as the #1 public library in the State of Connecticut for adult circulation per capita. Print books continue to represent the largest segment of circulation with more than 80,000 books circulating last fiscal year. Currently, the physical collection, including books, audio books, DVDs and music CDs, consists of more than 94,500 items. We also have a growing collection of downloadable audio books, e-books, and other digital such as digital magazines and language learning.

Attendance at library events has increased significantly, even surpassing pre-pandemic attendance. Regular events include our Writers & Readers initiative that connects readers with celebrated authors, theatrical events, lectures and discussion series on historical and current celebrated authors, theatrical events, lectures and discussion series on historical and current topics. Children’s programming includes storytimes, after-school programs, and our summer reading programs. The Library has led the way in helping to address the reading crisis by partnering with the public schools and area preschools to provide a science and play-based approach to learning to read. The Library also offers many self-directed learning opportunities for adults, teens, and children through “take and make”, reading challenges, and writing contests.

Recently, the Library initiated a number of programs specifically designed for seniors in our community. These programs help to promote healthy aging and provide visibility to older members in our community including our popular YouTube video series featuring seniors in our community over 75. To help bridge the digital divide and promote basic technology literacy, the Library offers “Book-a-Librarian”: one-on-one instruction with a librarian on technology issues. The Library also provides public access computers and Wi-Fi access throughout the building and property. The Library is committed to being a leader in energy efficiency. In addition to the Town’s aggressive recycle program, over the last ten years, the Library has continued to look for ways to reduce its electrical and oil usage including insulating the Colonial House portion of the library, upgrading to energy efficient lighting, and the exploration of solar power. To stay up to date on Library materials, services and events, the Library provides various e-newsletter options as well as being active on Instagram, Facebook, and YouTube. The Library’s website also provides a wealth of information and can be accessed at www.owlibrary.org.

Recreation. The Parks and Recreation Department offers a variety of programs for the entire community, ranging from pre-school activities, exercise programs, arts and crafts, to programs for seniors. A multitude of day camps offer individual and team sports skill building and participation throughout the summer, including youth Baseball, Swim Lessons, Soccer, Basketball, Field hockey, Tennis, and most recently Pickleball! These camps provide training from beginner to advanced levels in each sport. There are year-round activities that cater to diverse age groups and abilities of the community. We sponsor and organize four running races each year, some that attract thousands of people from outside of Litchfield. Other activities include: eccentrics, bag pipe lessons, easter egg hunts, a St. Patrick’s day scavenger hunt, gymnastics; mixed-martial arts; introduction to dance; hip-hop classes; country line dancing class; karate; American Red Cross babysitting classes; acting; and, filmmaking classes. A weekly series of cross-country races are held on Thursday evenings throughout the summer at White Memorial, along with two "Nights of Miles" and a "Race for Relays" held at the Plumb Hill track. The Department also oversees the ski club and is closely involved with Little League Baseball commonly known as Tri-Town; the Litchfield Soccer Club; The Litchfield Hills Rowing Club, the Litchfield Track Club, and the Litchfield Lacrosse Club. Boys and girls have competitive basketball leagues in the winter months and the 3rd and 4th graders have basketball workshops at the Forman School. We host weekly “Lunch and Learns” for our senior citizens and provide bus service for everyday errands and doctor’s appointments. There is also a free Summer Concert Series on Wednesday nights on the Green and a block party for the Litchfield Hills Road Race. The Recreation Department oversees a large community field that has a track, two Little League baseball fields, one outdoor basketball court, a pavilion and small playground. On Bantam Lake, the Recreation Department oversees the Town Beach with a boat launch, picnic tables and docks. (The Town recently allocated \$100,000 of ARPA funds to improve conditions at the Town Beach.) Ice skaters enjoy unsupervised use of the outdoor rink behind Town Hall, weather permitting, which is also under the umbrella of the Recreation Department.

Sanitary Sewers. Litchfield's first sanitary sewers date back to the 1880s. The existing sanitary sewer system is comprised of more than 26 miles of collection systems. The majority of the Litchfield sewerage is treated at its wastewater treatment plant located in the southwestern portion of town adjacent to the Bantam River. Utilizing inter municipal agreements, portions of Litchfield’s flows discharge to treatment plants in Torrington and Thomaston and Litchfield accepts flows from the West Shore of Bantam Lake in Morris. Litchfield’s treatment plant was constructed in 1971 and was upgraded between 2002 and 2004. Litchfield’s treatment plant current design flow is 0.940 MGD (“million gallons per day”) with a peak hourly flow of 2.13 MGD. Total flow for 2021-2022 was 216,000,000 gallons or 0.592 MGD which represents 74% of capacity. The sanitary sewer operating expenses for 2021-2022 were \$1,139,029, including \$199,016 in debt service payments and \$63,149 in transfers to WPCA Capital Reserve Fund for future plant improvements. The treatment facility has 4 full-time employees. This fiscal year the Town and the WPCA signed a contract for an engineering study with Woodard & Curran to assist with the design and implementation of upgrades at our sewer plant.

Public Works. The Department of Public Works has the responsibility of providing maintenance, repair and construction services for the efficient management of public properties and physical resources. The Department presently has seventeen personnel in operations and three in administrative and engineering areas. The municipal infrastructure managed by the Department includes 127 miles of roadway, 21 bridges, 24 major culverts, 21 miles of storm drainage, half mile of sidewalks, 6 buildings, a municipal parking lot, 30 acres of parks (including Litchfield Community Field and Northfield Community Field), property and recreational facilities, and construction equipment and Town vehicles.

Solid Waste. The Town signed a five-year agreement with USA Hauling and Recycling commencing July 1, 2022 until June 30, 2027 at \$111/ton with the opportunity to offset tipping fees with recycling revenue. The Litchfield SMART Task Force is committed to educating the residents about food waste diversion and increasing recycling efforts, especially with the Town's commercial businesses and schools. Last January 2023, the Town passed an ordinance moving the commercial, nonprofits, schools and institutions will be responsible for paying their own tipping fee. The anticipated saving for the Litchfield taxpayers is almost \$350,000. In 2021, the Town received a permit from DEEP to have on-site composting at the Town's Recycling Center. Realizing that almost 30% of the waste stream is food scraps, if this food waste could be removed, it will create significant savings to the taxpayers. We are one of the few municipalities that has an on-site composting program, and we serve as a model for our peer communities.

All solid waste and recyclables are picked up and processed by USA Hauling and/or their affiliates. All municipalities, including the Town, pledge their full faith and credit for the payments of all Service Payments and any delayed-payment charges and costs and expenses of the Authority and its representatives in collecting overdue Service Payments. Each municipality agrees that its obligation to make any such Service Payments and other such payments, in the amounts and at the time specified in the Service Contract, whether to the Authority or the trustee, shall be absolute and unconditional, shall not be subject to any setoff, counterclaim, recoupment, defense (other than payment itself) or other right which the municipality may have against the Authority, the trustee of the Authority's Bonds or any other person for any reason whatsoever, shall not be affected by any defect in title, compliance with the plans and specifications, condition, design, fitness for use of or damage to or loss or destruction of, the System or any part thereof and so long as the Authority shall accept solid waste delivered by the municipality pursuant to the Service Contract, shall not be affected by any interruption or cessation in the possession, uses or operation of the System or any part thereof by the Authority or the operator of the System or any reason whatever.

To the extent that a municipality does not make provisions or appropriations necessary to provide for and authorize the payment by such municipality to the Authority of the payments required to be made by it under the Service Contract, the remaining municipalities, including the Town, must levy and collect such general or special taxes or cost sharing or other assessments as may be necessary to make such payments in full when due thereunder. In the event of any disputes as to any portion of any bill, the disputing municipality will nevertheless pay the full amount of the disputed charges when due and will within 30 days from the date of the disputed bill, give written notice of the dispute to the Authority. The dispute will then be resolved under the dispute resolution provisions of the Service Contract.

Water. Aquarion Water Company of Connecticut ("Aquarion") provides water for public water supply and fire protection to approximately 2,300 people primarily in Litchfield, and also some in Torrington and Goshen. In Litchfield, Aquarion serves a limited area predominately located within the Town's historic/business district and along Route 202 westerly to the Borough of Bantam. Aquarion is the largest investor-owned water utility in New England and the seventh largest in the country. The Company is regulated by the State of Connecticut Departments of Public Health, Environmental Protection, and Public Utilities Control. Aquarion has a formal program for identifying and prioritizing investments to improve product and service quality in its water systems, including Litchfield. Aquarion has the Litchfield's Water Supply Plan on file. Most of the Town's homes are supplied by private wells. Fire ponds are strategically located to enhance fire protection services and are maintained by the Fire Marshall.

Utilities. The Town is serviced by Frontier Communications as a telephone service. The delivery of electricity for the Town and Board of Education is through Eversource. Beginning in fiscal year 2011, the Town participated in a Connecticut Conference of Municipalities bidding process to lower its electrical supply cost. We renewed our agreement this past March 2023. As a result, the Town purchases its electrical supply from Direct Energy. The Litchfield school system purchases its electrical supply from Eversource. The Town and Board of Education have installed three solar locations: on the roof of Center School, as a Solar Carport at the Litchfield Intermediate School and ground mounted Solar Panels at the Litchfield High School. The yearly lease revenue is \$62,000 per year for 30 years. The Town recently approved a solar project at the WPCA site with anticipated savings of \$50,000 per year.

EDUCATIONAL SYSTEM

The Town's elementary school system consists of one school for pupils in grades Pre-K through 3; one school for pupils in grades 4 through 6; and one middle/high school for pupils in grades 7 through 12. The Town, as well as each of the Member Towns of Regional School District No. 6 (the Towns of Warren, Morris and Goshen) approved at referendum on June 28, 2022 to merge and to create a new Regional School District No. 20. The new Regional School District No. 20 is scheduled for September 2024 opening. The merger will provide advanced opportunities for the Town’s students, academically, in sports, the arts, music and theater and create significant cost savings for all 4 towns.

EDUCATIONAL FACILITIES

<u>School</u>	<u>Grades</u>	<u>Occupie</u>	<u>Renovation</u>	<u>Classrooms</u>	<u>Enrollment</u> <u>10/01/22</u>	<u>Capacity</u>
Center School.....	Pre K-3	1925	1945, 1965, 1988	22	260	300
Intermediate School.....	4 - 6	1967	2007	18	189	200
Middle/High School.....	7 - 12	1956	1963, 1976 & 2007	31	359	500
Total				<u>71</u>	<u>808</u>	<u>1,000</u>

Source: Director of Business Operations for the Schools.

EDUCATIONAL ENROLLMENT HISTORY AND PROJECTIONS

<u>Actual (1)</u>				
<u>School Year</u>	<u>Pre K -</u>	<u>4 - 6</u>	<u>7 - 12</u>	<u>Total</u>
2013-14	267	245	471	983
2014-15	272	229	477	978
2015-16	271	220	471	962
2016-17	296	188	452	936
2017-18	295	189	433	917
2018-19	285	190	416	891
2019-20	286	199	371	856
2020-21	256	194	368	818
2021-22	254	194	373	821
2022-23	260	189	359	808
<u>Projected (2)</u>				
2023-24	349	219	341	909
2024-25	304	230	338	872
2025-26	259	208	370	837

(1) As of October 1.

(2) Projections based on Cohort Survival Method.

Source: Director of Business Operations for the Schools.

MUNICIPAL EMPLOYMENT

<u>Fiscal Year</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
General Government....	122	119	105	103	101
Board of Education.....	168	176	157	157	168
Total.....	<u>290</u>	<u>295</u>	<u>262</u>	<u>260</u>	<u>269</u>

Source: Town Officials and Director of Business Operations for the Schools.

MUNICIPAL EMPLOYEES BARGAINING ORGANIZATIONS

<u>Employees</u>	<u>Organization</u>	<u>Employee Covered</u>	<u>Current Expiration Date</u>
<u>General Government</u>			
Public Works.....	Council; 4, AFSCME.....	19	6/30/2024
Department Heads.....	Town of Litchfield Supervisors Association.....	6	6/30/2024
Clerical.....	Town of Litchfield Municipal Employees Assoc.....	9	6/30/2026
Police.....	Council: 4 Local 1303-485.....	2	6/30/2024
	Non-Bargaining Employees.....	86	
Sub-total - General Government.....		<u>122</u>	
<u>Board of Education</u>			
Teachers.....	Litchfield Education Association.....	98	6/30/2024
Administrators.....	Litchfield Administrators' Association.....	5	6/30/2024
Classified Employees	Council; 4, AFSCME.....	36	6/30/2024
Custodians.....	AFSCME.....	14	6/30/2024
	Non-Bargaining Employees.....	15	
Sub-total - Board of Education.....		<u>168</u>	
Total - Town of Litchfield.....		<u><u>290</u></u>	

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

ECONOMIC DEVELOPMENT

The Economic Development Commission, appointed in December of 1993, is charged with conducting research into the economic conditions, promoting businesses and reporting on trends in the Town. The Commission currently makes recommendations to the appropriate officials and agencies regarding action to improve the Town's economic environment. It also seeks to coordinate the activities of and cooperate with unofficial bodies organized to promote economic activity. The EDC secured a \$38,500 grant from the Seheer Thoss Foundation to launch a "Visit Litchfield CT" Marketing Campaign to promote the Town's local businesses, schools and natural resources. This is a multi-faceted campaign engaging social media, print media and a website presence. The Town is seeing an expansion of business growth as evidenced by the repurposing of a closed Nursing Facility into a 31 room Bed & Breakfast on North Street to be named "Belden House & the Mews", and a conversion of the closed County Courthouse into a 19-20 room Boutique Hotel by the Developer Lex Litchfield in partnership with the Hospitality Group "Salt". A new bakery, coffee, grab and go restaurant "Espresso 59" has opened, Toast breakfast and lunch has expanded, an elevated Taco/Tequila Bar has opened and an upscale deli, "Petraroia's Deli", has opened in a renovated space. The Town has also attracted new specialty and local novelty stores CP Farmhouse, Byrde and Bath, JP McGlaughin and Discernable Palates. The Town has strengthened its position as a destination for Connecticut tourists, as well as people from outside of Connecticut. Most recently Arethusas' "Gouda" made #1 in the country and their 5-star restaurant and bakery are frequently acknowledged in restaurant sites.

The Litchfield Planning and Zoning Commission adopted its 10-year Plan of Conservation and Development (“POCAD”) on May 20, 2017. As supplements to POCAD, the Commission adopted a set of maps including the zoning map on May 20, 2017.

The Board of Selectmen appointed a Long-Range Capital Improvements Committee in November of 1993 to review all proposed capital expenditures submitted for Town Meeting approval as part of the Annual Budget or as part of a special appropriation. The Committee makes recommendations based upon the following considerations: (a) the extent to which the proposed expenditure is needed; (b) what alternatives to proceeding with the proposed expenditure exist; (c) the soundness of the proposal in terms of the need to be fulfilled; and (d) the likely consequences of the cost of the proposed expenditures on the Town's financial position and mill rate. The acclamation to the process over the years has benefited the town with better control of the capital needs on a prioritized basis. This continues to be an annual and ongoing review committee.

The Economic Development Commission’s mission statement is as follows:

The Economic Development Commission will stay informed on economic conditions and monitor trends within the Town of Litchfield and make recommendations to appropriate officials and agencies. The commission shall also take action to improve said economic conditions and seek to coordinate with the activities of various related commissions and unofficial organizations to further Litchfield’s economic development well-being.

The Town has expanded the Community Emergency Response Team to 50 plus volunteers. The Bantam Annex Food Co-op is fully stocked and operational. The Municipal Bus has been taken back by the Town and provides an essential service to its seniors and disabled. The Town joined Sustainable CT in January 2020 and has achieved Bronze Certification and soon submit its application for Silver. The Solar project was completed, providing a savings of over \$3 million to the Town taxpayers over the next 30 years. The Town implemented a Food Waste Diversion program and Textile Collection program. The Town has increased transparency and communication to its residents through the Town of Litchfield Facebook page, Instagram presence, virtual meetings with access to ZOOM recordings and a new comprehensive Town Website. The Town has introduced the acceptance of credit cards at many town offices. The Town has launched the Visit Litchfield CT Marketing Campaign to highlight all the wonderful things about the Town. The Town supports and encourages the renewed energy and expanded efforts of the Litchfield Park & Recreation Department, the Litchfield Social Service Department and the Economic Development Commission. The Town has applied for and received thousands of dollars’ worth of new grants to offset costs to the taxpayers. The Town has created a Community Traffic Action Group, that applied for and received a Road Safety Audit Report, who continues to work closely with the CTDOT to implement structural and visual improvements to make the Town’s roads safer and slower. The Town has assembled a Broadband Committee to explore the options available in the Town and region to improve opportunities for residents to work from home, attend virtual classrooms and provide telehealth access.

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III. ECONOMIC AND DEMOGRAPHIC INFORMATION

POPULATION TRENDS

Year	Town of Litchfield	Litchfield County	State of Connecticut
1990	8,391	174,092	3,287,116
2000	8,316	182,193	3,405,565
2010	8,466	189,927	3,574,097
2020	8,192	185,186	3,605,944
2021	8,161	185,175	3,605,330

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

AGE CHARACTERISTICS OF THE POPULATION

Age	Town of Litchfield		Litchfield County		State of Connecticut	
	Number	Percent	Number	Percent	Number	Percent
Under 5.....	277	3.4	7,619	4.1	182,122	5.1
5 - 9.....	363	4.4	9,226	5.0	196,540	5.5
10 - 14.....	416	5.1	9,795	5.3	224,371	6.2
15 - 19.....	309	3.8	10,870	5.9	245,790	6.8
20 - 24.....	494	6.1	9,746	5.3	241,370	6.7
25 - 34.....	801	9.8	19,429	10.5	445,861	12.4
35 - 44.....	702	8.6	20,148	10.9	439,098	12.2
45 - 54.....	966	11.8	26,372	14.2	488,283	13.5
55 - 59.....	709	8.7	15,197	8.2	269,688	7.5
60 - 64.....	914	11.2	17,114	9.2	252,028	7.0
65 - 74.....	1,190	14.6	23,567	12.7	357,409	9.9
75 - 84.....	587	7.2	10,193	5.5	173,149	4.8
85 and over....	433	5.3	5,899	3.2	89,621	2.5
Total	<u>8,161</u>	<u>100.0</u>	<u>185,175</u>	<u>100.0</u>	<u>3,605,330</u>	<u>100.0</u>

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

INCOME DISTRIBUTION

	Town of Litchfield		Litchfield County		State of Connecticut	
	Families	Percent	Families	Percent	Families	Percent
Less than \$10,000	12	0.6	849	1.7	23,811	2.6
\$ 10,000 to 14,999 ...	11	0.5	438	0.9	14,243	1.6
\$ 15,000 to 24,999 ...	41	1.9	1,529	3.1	36,091	4.0
\$ 25,000 to 34,999 ...	116	5.3	2,160	4.4	44,586	4.9
\$ 35,000 to 49,999 ...	116	5.3	3,676	7.5	71,397	7.8
\$ 50,000 to 74,999 ...	265	12.2	7,560	15.4	123,873	13.6
\$ 75,000 to 99,999 ...	276	12.7	7,093	14.5	113,529	12.5
\$100,000 to 149,999 .	517	23.7	11,677	23.8	188,052	20.7
\$150,000 to 199,999 .	368	16.9	6,714	13.7	117,255	12.9
\$200,000 or more	459	21.0	7,272	14.9	177,169	19.5
Total	<u>2,181</u>	<u>100.0</u>	<u>48,968</u>	<u>100.0</u>	<u>910,006</u>	<u>100.0</u>

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

SELECTED WEALTH AND INCOME INDICATORS

	<u>Median Family Income</u>		<u>Per Capita Income</u>	
	<u>(2000)</u>	<u>(2021)</u>	<u>(2000)</u>	<u>(2021)</u>
Town of Litchfield...	\$ 70,594	\$ 124,056	\$ 30,096	\$ 53,971
Litchfield County.....	66,445	104,799	24,408	47,811
Connecticut.....	65,521	106,441	28,766	47,869
United States.....	49,600	85,028	21,690	37,638

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

EDUCATIONAL ATTAINMENT (Years of School Completed, Age 25 & Over)

<u>Educational Attainment Group</u>	<u>Town of Litchfield</u>		<u>Litchfield County</u>		<u>State of Connecticut</u>	
	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>
Less than 9th grade.....	50	0.8	2,739	2.0	101,461	4.0
9th to 12th grade.....	241	3.8	5,687	4.1	123,560	4.9
High School graduate.....	1,625	25.8	40,662	29.5	656,949	26.1
Some college - no degree.....	992	15.7	26,256	19.0	418,214	16.6
Associates degree.....	696	11.0	12,669	9.2	194,987	7.8
Bachelor's degree.....	1,444	22.9	29,273	21.2	561,567	22.3
Graduate or professional degree.....	1,254	19.9	20,633	15.0	458,399	18.2
Total.....	<u>6,302</u>	<u>100.0</u>	<u>137,919</u>	<u>100.0</u>	<u>2,515,137</u>	<u>100.0</u>
Percent High School Graduate or Higher		95.4%		93.9%		91.1%
Percent Bachelor's Degree or Higher.....		42.8%		36.2%		40.6%

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

MAJOR EMPLOYERS

<u>Name of Employer</u>	<u>Nature of Entity</u>	<u>Estimated of Employees</u>
Education Connection.....	State Government, Education Services.....	590
Town of Litchfield.....	Local Government and Board of Education.....	290
Regional School District 6.....	Education.....	178
Connecticut Junior Republic.....	Special Needs Education, including Residential...	132
Forman School.....	Education.....	128
Bantam Market.....	Grocery Store.....	110
Stop & Shop.....	Grocery Chain.....	106
Brandywine Assisted Living (Sarah Pierce Community)...	Assisted Living.....	92
State Police & State Department of Transportation.....	State Employees.....	62

Source: Director of Finance's Office, Town of Litchfield

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EMPLOYMENT BY INDUSTRY

Employment Sector	Town of Litchfield		Litchfield County		State of Connecticut	
	Number	Percent	Number	Percent	Number	Percent
Agriculture, forestry, fisheries.....	17	0.4	915	0.9	7,314	0.4
Construction.....	470	11.5	8,008	8.3	113,665	6.2
Manufacturing.....	418	10.3	11,386	11.8	192,688	10.6
Wholesale trade.....	49	1.2	1,964	2.0	41,165	2.3
Retail trade.....	504	12.4	11,349	11.8	194,081	10.6
Transportation & warehousing, utilities....	100	2.5	3,530	3.7	80,481	4.4
Information.....	86	2.1	2,162	2.2	36,259	2.0
Finance, insurance, real estate	299	7.3	6,238	6.5	164,657	9.0
Professional, scientific, management.....	429	10.5	10,867	11.3	212,866	11.7
Educational, health and social services.....	1,177	28.9	24,747	25.7	482,274	26.5
Arts, entertainment, recreation, food.....	214	5.3	6,984	7.2	148,835	8.2
Other professional services.....	185	4.5	4,877	5.1	82,217	4.5
Public Administration.....	122	3.0	3,415	3.5	66,493	3.6
Total.....	4,070	100.0	96,442	100.0	1,822,995	100.0

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

UNEMPLOYMENT RATE STATISTICS

Yearly Average	Town of Litchfield %	Torrington Labor Market %	State of Connecticut %	United States %
2013	5.7	7.2	7.8	7.4
2014	5.0	6.1	6.6	6.2
2015	4.2	5.2	5.6	5.3
2016	3.8	4.6	4.8	4.9
2017	3.8	4.3	4.4	4.4
2018	3.0	3.8	3.9	3.9
2019	2.9	3.4	3.5	3.7
2020	5.5	6.8	7.8	8.1
2021	4.8	5.7	6.3	5.4
2022	3.4	3.9	4.2	3.7
<u>2023 Monthly</u>				
January	3.8	4.3	4.2	3.9
February	4.1	4.7	4.6	3.9
March	3.8	4.6	4.3	3.6
April	2.5	2.8	3.0	3.1
May	2.8	3.2	3.7	3.4

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

NUMBER OF DWELLING UNITS

2021	2020	2010	2000	1990	% Increase 1990-2021	% Increase 2000-2021	% Increase 2010-2021	% Increase 2020-2021
4,094	3,966	3,975	3,629	3,430	19.4%	12.8%	3.0%	3.2%

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

CHARACTERISTICS OF HOUSING UNITS
(Owner Occupied)

Sales Price Category	Town of Litchfield		Litchfield County		State of Connecticut	
	Number	Percent	Number	Percent	Number	Percent
Less than \$50,000	62	2.3	1,275	2.2	19,747	2.1
\$ 50,000 to \$ 99,999 ..	2	0.1	1,637	2.9	25,603	2.8
\$ 100,000 to \$149,999 .	59	2.2	5,867	10.3	68,932	7.4
\$ 150,000 to \$199,999 .	250	9.3	8,523	14.9	130,158	14.1
\$ 200,000 to \$299,999 .	899	33.5	16,019	28.1	250,981	27.1
\$ 300,000 to \$499,999 .	897	33.4	16,022	28.1	268,183	29.0
\$ 500,000 to \$999,999 .	390	14.5	5,842	10.2	117,839	12.7
\$1,000,000 and over	126	4.7	1,911	3.3	44,060	4.8
Total	2,685	100.0	57,096	100.0	925,503	100.0
Median Value.....	\$311,800		\$270,000		\$286,700	

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

AGE DISTRIBUTION OF HOUSING

Year Built	Town of Litchfield		Litchfield County		State of Connecticut	
	Units	Percent	Units	Percent	Units	Percent
1939 or earlier.....	1,065	26.0	21,612	24.7	323,631	13.1
1940 - 1949.....	201	4.9	5,086	5.8	100,445	4.1
1950 - 1959.....	505	12.3	10,306	11.8	224,412	9.1
1960 - 1969.....	511	12.5	9,498	10.8	203,726	8.3
1970 - 1979.....	565	13.8	12,214	13.9	206,448	8.4
1980 - 1989.....	643	15.7	11,834	13.5	191,539	7.8
1990 - 1999.....	349	8.5	7,860	9.0	118,124	4.8
2000 - 2009.....	177	4.3	7,516	8.6	1,045,519	42.4
2010 - 2019.....	78	1.9	1,605	1.8	53,427	2.2
2020 or later.....	0	0.0	129	0.1	768	0.0
Total.....	4,094	100.0	87,660	100.0	2,468,039	100.0

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

NUMBER AND VALUE OF BUILDING PERMITS

Fiscal Year Ending	Residential		Industrial/Commercial	Total	
	New Homes Number	Renovations/Addition Number	Number	Number	Value
2023	3	369	31	403	\$19,451,581
2022	22	332	35	389	19,709,182
2021	40	378	51	469	28,603,670
2020	9	270	52	331	12,857,389
2019	8	248	50	306	9,237,626
2018	10	253	55	318	11,808,305
2017	5	261	67	333	19,704,191
2016	16	299	59	374	15,345,369
2015	15	229	56	300	12,758,497
2014	18	298	51	367	15,279,767

Source: Town of Litchfield, Building Official.

BREAKDOWN OF LAND USE

<u>Land Use Type</u>	<u>Total Acreage By Use</u>	<u>Percent</u>
Predominantly undeveloped land	26,250	71.58
Low to Medium Density Residential (1/2 – 2 acres per dwelling unit)	2,240	6.11
High Density (less than 1/2 acre per dwelling unit)	50	0.14
Commercial Centers	167	0.45
Industrial Centers	0	0.00
Mixed use and other developed areas	232	0.63
Institutional	139	0.38
Water Bodies	505	1.38
Protected Open Space	6,851	18.68
Other	238	0.65
Total Area	<u>36,672</u>	<u>100.00</u>

Source: Town of Litchfield, Connecticut Wastewater Facilities Plan dated February 13, 1998.

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IV. TAX BASE DATA

ASSESSMENT PRACTICES

The Town last revalued its real property effective October 1, 2018. Section 12-62 of the Connecticut General Statutes establishes the revaluation cycle for Connecticut municipalities. The law requires a revaluation every five years, and the Assessor shall perform a full inspection of all parcels once every ten years. 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 by locating and appraising all real and personal property within the Town for inclusion onto the grand list is the responsibility of the Assessor's Office. The grand list represents the total assessed values for all taxable and tax-exempt real estate and taxable personal property and motor vehicles located within the Town on October 1. Assessments for real estate are computed at 70% of the estimated market value at the time of the last revaluation, while assessments for motor vehicles and personal property are computed at 70% of the current fair market value. Every year the Board of Assessment Appeals ("BAA") determines whether each taxpayer petition for assessment reduction on the current grand list is warranted. BAA also has the authority to increase assessments.

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

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

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

PROPERTY TAX COLLECTION PROCEDURE

Taxes for the fiscal year are paid on the grand list of the prior October 1, and are due July 1, payable in two installments, one half on July 1 and one half on January 1. Payments not received by August 1 and February 1, respectively, become delinquent.

According to the provisions of Sections 12-146 of the Connecticut General Statutes, delinquent property taxes are subject to an interest rate of 1.5% per month (18% per annum).

MOTOR VEHICLE PROPERTY TAX RATE

Connecticut General Statutes Section 12-71e creates a cap on the local property tax mill rate for motor vehicles. For the assessment year commencing October 1, 2021 and each assessment year thereafter, the mill rate for motor vehicles shall not exceed 32.46 mills. No district or borough may set a motor vehicle mill rate that if combined with the motor vehicle mill rate of the town or city in which such district or borough is located would result in a combined motor vehicle mill rate in excess of these mill rate caps. The Town's mill rate for motor vehicles for fiscal year ending June 30, 2023 is 26.80 mills.

PROPERTY TAX LEVIES AND COLLECTIONS

FY Ending 6/30	Net Taxable Grand List (1)	Tax Rate (In Mills)	Total Adjusted Tax Levy	Collected End of Each FY	Uncollected Taxes End of Each FY	Uncollected Taxes As of 6/30/23
2024 (1)	\$1,120,371,194	26.70	\$29,353,529	In Process	In Process	In Process
2023 (2)	1,104,098,508	26.80	29,093,527	99.5%	\$ 151,041	\$ 151,041 (2)
2022	1,063,593,130	27.60	29,766,844	97.9	629,130	629,130
2021	1,056,909,813	27.70	29,461,628	98.9	323,914	101,058
2020 (3)	1,049,204,603	28.20	29,721,294	98.7	400,134	59,567
2019	1,046,959,259	27.70	29,135,586	98.7	378,830	196
2018	1,040,712,083	27.60	28,936,650	99.0	278,044	327
2017	1,029,457,478	26.70	27,729,272	98.9	313,775	(287)
2016	1,024,379,738	26.20	27,038,635	99.0	351,327	-
2015 (3)	1,030,897,219	25.20	25,906,000	98.9	295,000	44

- (1) Adopted Budget.
- (2) Unaudited estimates.
- (3) The Town last revalued property effective with the grand list of October 1, 2018.

Source: Town Officials.

TAXABLE GRAND LIST (1)

Grand List Dated	Real Property	Personal Property	Motor Vehicle Property	Gross Taxable Grand List	Less Exemptions	Net Taxable Grand List
10/01/22	\$953,103,688	\$58,830,386	\$114,700,240	\$1,126,634,314	\$6,263,120	\$1,120,371,194
10/01/21	942,881,068	54,536,932	110,409,628	1,107,827,628	3,729,120	1,104,098,508
10/01/20	932,754,718	53,249,325	82,406,300	1,068,410,343	4,817,213	1,063,593,130
10/01/19	929,475,160	53,239,035	77,158,050	1,059,872,245	2,962,432	1,056,909,813
10/01/18	930,528,925	45,287,860	76,820,239	1,052,637,024	3,432,421	1,049,204,603
10/01/17	936,009,587	38,716,523	76,038,539	1,050,764,649	3,805,390	1,046,959,259
10/01/16	931,177,091	37,609,801	73,957,401	1,042,744,293	2,032,210	1,040,712,083
10/01/15	928,350,490	31,299,638	72,243,800	1,031,893,928	2,436,450	1,029,457,478
10/01/14	925,274,240	29,380,893	72,257,740	1,026,912,873	2,533,135	1,024,379,738
10/01/13	929,016,160	32,380,659	73,083,990	1,034,480,809	3,583,590	1,030,897,219

- (1) The Grand List represents the total of assessed value for all taxable real and personal property located within the Town as of October 1. The Board of Assessment Appeals determines whether adjustments to the Assessor's list on assessments under appeal are warranted. Assessments are computed at seventy percent (70%) of market value at the time of the last revaluation (Grand List of 10/1/18).

Source: Town Officials

LARGEST TAXPAYERS

Name of Taxpayer	Nature of Operations	Total As of 10/1/22	Rank	Percent of Total
Eversource.....	Power Company.....	\$30,904,100	1	2.76
City of Waterbury.....	Watershed.....	7,326,780	2	0.65
CRP/BWN LLC (Sarah Pierce).....	Health Care Facility.....	6,957,100	3	0.62
6645 Federal Square Realty LLC.....	Real Estate.....	4,700,040	4	0.42
White Memorial Foundation.....	Leased Land for Cottages.....	3,576,770	5	0.32
Aquarion Water Co.....	Water Supply.....	3,529,870	6	0.32
Union Savings Bank.....	Bank.....	2,630,090	8	0.23
130 Chestnut Hill LLC.....	Real Estate.....	2,605,440	7	0.23
Litchfield Development Properties LLC..	Real Estate.....	2,328,760	9	0.21
Litchfield Developers LLC.....	Real Estate.....	2,265,470	10	0.20
Total.....		\$66,824,420		5.96

Source: Tax Assessor.

EQUALIZED NET GRAND LIST

<u>Grand List of 10/1</u>	<u>Equalized Net Grand List</u>	<u>% Growth</u>
2021	\$ 2,112,090,442	12.90%
2020	1,870,699,251	19.71%
2019	1,562,726,123	4.13%
2018 (1)	1,500,782,011	4.17%
2017	1,440,658,955	-5.67%
2016	1,527,189,335	7.39%
2015	1,422,154,129	-3.06%
2014	1,467,022,228	-0.13%
2013 (1)	1,468,964,101	3.34%
2012	1,421,529,441	-0.31%

(1) Years of revaluation.

Source: Town of Litchfield, Assessor's Office.

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V. FINANCIAL INFORMATION

FISCAL YEAR

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

ACCOUNTING POLICIES

The Town's accounting policies are summarized in Note 1 "Summary of Significant Accounting Policies" in the Notes to Financial Statements (Appendix A).

BASIS OF ACCOUNTING

See Note 1-C "Measurement Focus, Basis of Accounting and Financial Statement Presentation" in the Notes to Financial Statements (Appendix A).

ANNUAL AUDIT

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

The most recent annual audit covers the fiscal year ended June 30, 2022, a portion of which is included in this document and made a part hereof as Appendix A. Included in Appendix A are the Independent Auditor's Report, Management's Discussion and Analysis, the Town's Basic Financial Statements, the Notes to Financial Statements and the Required Supplementary Information, together with the report of the independent auditor as prepared by Clermont & Associates LLC, Independent Certified Public Accountants. The information contained in "Appendix A" is not the whole audit report. A full report is available from the Director of Finance, Town of Litchfield, upon request.

BUDGETARY PROCEDURES

The Town adheres to the following procedures in establishing the annual budget. In May, the Board of Finance submits to the annual Town Meeting, at which taxpayer comments are obtained, a proposed operating budget for the year commencing July 1. The operating budget includes proposed expenditures and the means of financing them. Per the Connecticut General Statutes, the Annual Town Meeting may be adjourned to a referendum vote within 14 days of the Town Meeting Date.

<u>On or About</u>	<u>Action</u>
First week in February	The Board of Selectmen holds a series of public workshops on each departmental budget.
March	The Board of Finance receives the Selectmen's recommended operating and capital budget and Board of Education budget.
Early April	Board of Finance conducts public hearing on budget.
Early May	Town Meeting votes on budget or it is adjourned to referendum.

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

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

MUNICIPAL BUDGET EXPENDITURE CAP

Connecticut General Statutes Section 4-66I, as amended, creates a cap on adopted general budget expenditures for municipalities in Connecticut in order for municipalities to be eligible to receive the full amount of the State's municipal revenue sharing grant. Beginning in fiscal year ending June 30, 2018, and in each fiscal year thereafter, the Office of Policy and Management ("OPM") must reduce the municipal revenue sharing grant amount for those municipalities whose adopted general budget expenditures (with certain exceptions including, but not limited to, debt service, special education, implementation of court orders or arbitration awards, expenditures associated with a major disaster or emergency declaration by the President of the United States, a disaster emergency declaration issued by the Governor pursuant to C.G.S. Chapter 517, budgeting for an audited deficit, nonrecurring grants, and capital expenditures or payments on unfunded pension liabilities) exceeds the spending limits specified in the statute. For each applicable fiscal year, OPM must determine the municipality's percentage growth in general budget expenditures over the prior fiscal year and reduce the grant if the growth rate is equal to or greater than 2.5% or the inflation rate, whichever is greater, each of those amounts adjusted by an amount proportionate to any increase in the municipality's population from the previous fiscal year. The reduction is generally equal to 50 cents for every dollar the municipality spends over this cap.

Each municipality must annually certify to the Secretary of the OPM whether such municipality has exceeded the cap set forth in the statute and if so the amount by which the cap was exceeded.

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

SUPPLEMENTAL APPROPRIATIONS

The Town annually budgets a contingency fund against unexpected supplementary appropriations. The Board of Selectmen may recommend contingency fund transfers of up to \$20,000 to the Board of Finance without a Town Meeting. The Board of Finance is authorized to transfer budgeted amounts between appropriations and can approve additional appropriations up to an aggregate of \$20,000 per department per year. Transfers and additional appropriations aggregating more than \$20,000 for any one department per year must be approved by the Town Meeting.

EMPLOYEE PENSION SYSTEMS

The Town has a defined benefit retirement plan (the "Town Plan") that covers substantially all employees of the Town and Board of Education hired before July 1, 2012, except certified staff of the Board of Education covered by the State Teachers' Retirement Board Plan. The Town is the administrator of this single-employer public employee retirement system ("PERS") established and administered to provide pension benefits for its employees. The Town Plan provides retirement, disability and death benefits to plan members and beneficiaries.

Employees are eligible to participate in the Town Plan when they complete one year of eligible service, have completed 1,000 hours during the first 12 months of employment and have attained the age of 18. For employees who do not complete 1,000 hours of service during the first 12 months of employment, eligibility begins on the first day of the plan year during which 1,000 hours were completed. Employees are 100% vested after five (5) years of credited service. Effective July 1, 2015, all employees eligible for the defined benefit pension plan will begin to contribute 1% of their salary.

Employees hired on or after July 1, 2012 will no longer be eligible to participate in the defined benefit pension plan and will be eligible to participate in the defined contribution plan for which the Town will contribute a sum equal to 3% of the employee's bi-weekly wages to a 401A account commencing the first payroll after the employee's one year anniversary.

The Town has a non-contributory defined benefit retirement plan (the "Merit Service Plan") that covers all volunteer fireman who belong to the volunteer fire departments and, as of July 1, 1992, the members of the volunteer ambulance corps. Volunteer fireman and ambulance corps members are eligible to participate in the plan on July 1 following the date on which one year of eligible service has been completed.

The eligible faculty and professional personnel of the Board of Education ("BOE") participate in a multiple employer cost sharing contributory defined benefit plan, established under Chapter 167a of the Connecticut General Statutes. The BOE plan is administered by the Connecticut State Teachers' Retirement Board. The Town does not and is not legally responsible to contribute to the plan. The State of Connecticut contributes based on actuarially determined amounts.

The Town's audit report dated June 30, 2022 summarizes actuarial information based upon the July 1, 2020 actuarial valuation, funding, pension cost and net pension asset amounts for the Town Plan and the Merit Service Plan. The Audit Report also provides information on eligibility and additional information on the BOE plan. (See Appendix A, Note 10 "Pension Plans and Benefits Provided", of the "Notes to Financial Statements").

As of Fiscal Year 2011, the firm of Hooker and Holcombe, Inc. has provided actuarial services for the Town.

In accordance with Government Accounting Standards Board's (GASB) Statement No. 67, the components of the net pension liability of the Town plans as of June 30 were as follows:

	Town Plan				
	2022	2021	2020	2019	2018
Total pension liability.....	\$ 19,892,222	\$ 19,360,202	\$ 18,757,398	\$ 18,802,845	\$ 16,890,531
Plan fiduciary net position.....	16,414,539	19,119,297	15,696,537	15,285,894	14,223,198
Net pension liability.....	<u>\$ 3,477,683</u>	<u>\$ 240,905</u>	<u>\$ 3,060,861</u>	<u>\$ 3,516,951</u>	<u>\$ 2,667,333</u>
Plan fiduciary net position as a % of total pension liability.....	82.5%	98.8%	83.7%	81.3%	84.2%

	Merit Service Plan				
	2022	2021	2020	2019	2018
Total pension liability.....	\$ 5,050,740	\$ 4,912,035	\$ 4,738,779	\$ 4,590,114	\$ 4,252,936
Plan fiduciary net position.....	4,322,011	5,038,525	4,138,486	4,033,747	3,851,737
Net pension liability.....	<u>\$ 728,729</u>	<u>\$ (126,490)</u>	<u>\$ 600,293</u>	<u>\$ 556,367</u>	<u>\$ 401,199</u>
Plan fiduciary net position as a % of total pension liability.....	85.6%	102.6%	87.3%	87.9%	90.6%

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

	Town Plan		
	Current		
	1% Decrease	Discount Rate	1% Increase
	5.75%	6.75%	7.75%
Net Pension Liability....	\$ 5,370,829	\$ 3,477,683	\$ 1,844,512

	Merit Service Plan		
	Current		
	1% Decrease	Discount Rate	1% Increase
	5.75%	6.75%	7.75%
Net Pension Liability....	\$ 1,343,703	\$ 728,729	\$ 218,859

Based upon a July 1, 2022 actuarial valuation, the actuarial value of assets and actuarial liabilities for the Town Plan and Merit Service Plan were as follows:

(Town Plan)

Actuarial Valuation July 1	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded (Overfunded) AAL (UAAL) (b) - (a)	Funded Ratio (a) / (b)
2014	\$11,177,311	\$14,910,311	\$ 3,733,000	75.0%
2016	12,002,600	15,614,934	3,612,334	76.9
2018	14,223,198	17,651,590	3,428,392	80.6
2020	15,696,537	18,874,498	3,177,961	83.2
2022	16,414,539	19,824,655	3,410,116	82.8

(Merit Service Plan)

Actuarial Valuation July 1	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded (Overfunded) AAL (UAAL) (b) - (a)	Funded Ratio (a) / (b)
2014	\$ 3,282,069	\$ 3,749,977	\$ 467,908	87.5%
2016	3,368,953	3,972,584	603,631	84.8
2018	3,851,737	4,455,182	603,445	86.5
2020	4,138,486	4,763,908	625,422	86.9
2022	4,322,011	5,322,048	1,000,037	81.2

The following table represents a prospective forecast of the Town Plan's Actuarial Determined Employer Contribution ("ADEC") based on the July 1, 2022 valuation and assumes (i) that the Town will pay the ADEC each year; and (ii) the method for amortizing the unfunded liability has been changed from an open amortization period of 20 years to closed amortization period, with a minimum period of 15 years. As of July 1, 2022 there are 16 years remaining. Also, the expected rate of return was reduced from 6.75% to 6.25%.

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

Fiscal Year	Actuarial Determined Employer Contribution	Actual Contribution	Percentage Contributed
2020	\$ 550,742	\$ 559,267	101.5
2021	559,267	559,267	100.0
2022	520,645	520,645	100.0
2023	528,358	528,358	100.0
2024 (1)	508,217	508,217	100.0

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

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The following table represents a prospective forecast of the Town Plan's Actuarial Determined Employer Contribution ("ADEC") based on the July 1, 2022 valuation and assumes that the Town will pay the ADEC each year. The expected rate of return was reduced from 6.75% to 6.25%.

**Schedule of Employer Contributions
(Merit Service Plan)**

<u>Fiscal Year</u>	<u>Actuarial Determined Employer Contribution</u>	<u>Actual Contribution</u>	<u>Percentage Contributed</u>
2020	\$ 119,508	\$ 119,508	100.0
2021	119,508	119,508	100.0
2022	127,954	127,954	100.0
2023	127,954	127,954	100.0
2024 (1)	168,828	168,828	100.0

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

For further details on the plans, see Appendix A, Note 10 "Pension Plans and Benefits Provided" of the "Notes to Financial Statements".

OTHER POST-EMPLOYMENT BENEFITS

As disclosed in the audited financial statements for the year ended June 30, 2022, the Board of Education ("BOE") provides certain retirees with health care, life insurance and lump sum benefits, in accordance with certain union contracts.

For further details on the plans, see Appendix A, Note 11 "Other Post-Employment Benefits" of the "Notes to Financial Statements".

The Retiree Health Plan ("RHP") is a single-employer defined benefit healthcare plan administered by the BOE. The RHP provides medical and dental insurance benefits to eligible retirees and their spouses. All employees of the BOE are eligible to participate in the plan.

A trust was officially established on March 29, 2011 between the Town and the Litchfield Board of Education and the Town's Pension Commission. The monies in the OPEB special revenue fund were transferred to the OPEB trust fund on that date. As in prior years, all expenses for postemployment benefits were paid out of the General Fund during fiscal year ended June 30, 2016. The plan does not issue a stand-alone financial report.

For fiscal year 2016-17, the Town and Board of Education implemented Government Accounting Standards Board's ("GASB") Statement No. 74. In accordance with GASB Statement No. 74, the net position is based on the fair market value as of the end of the fiscal year and the total OPEB liability is based on the actuarial assumptions as of the prior valuation date updated to the end of the fiscal year. The components of the net OPEB liability of the Town and Board of Education as of June 30 were as follows:

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB liability.....	\$ 1,468,848	\$ 1,405,426	\$ 2,075,598	\$ 2,013,952	\$ 2,437,252
Plan fiduciary net position.....	1,724,574	1,963,110	1,572,024	1,495,122	1,372,819
Net OPEB liability.....	<u>\$ (255,726)</u>	<u>\$ (557,684)</u>	<u>\$ 503,574</u>	<u>\$ 518,830</u>	<u>\$ 1,064,433</u>
Plan fiduciary net position as a % of total OPEB liability.....	117.4%	139.7%	75.7%	74.2%	56.3%

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

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
	<u>5.75%</u>	<u>6.75%</u>	<u>7.75%</u>
Net OPEB Liability.....	\$ (389,587)	\$ (255,726)	\$ (104,669)

Based upon a July 1, 2022 actuarial valuation, the actuarial value of assets and actuarial liabilities were as follows:

Actuarial Valuation July 1	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded (Overfunded) AAL (UAAL) (b) - (a)	Funded Ratio (a) / (b)
2012	\$ 620,872	\$ 3,124,371	\$ 2,503,499	19.9%
2014	886,171	2,570,923	1,684,752	34.5%
2016	1,023,827	2,299,857	1,276,030	44.5%
2020	1,572,024	1,356,601	(215,423)	115.9%
2022	1,724,574	1,066,825	(657,749)	161.7%

The following table represents a prospective forecast of the OPEB Actuarial Determined Employer Contribution ("ADEC") based on the July 1, 2022 valuation and assumes that the Town will pay the ADEC each year. The expected rate of return was reduced from 6.75% to 6.25%.

Schedule of Employer Contributions

Fiscal Year	Actuarial Determined Employer Contribution	Actual Contribution	Percentage Contributed
2020	\$ 177,535	\$ 27,000	15.2
2021	120,000	120,000	100.0
2022	21,050	95,000	451.3
2023	22,463	-	0.0
2024	-	-	N/A

INVESTMENT POLICIES AND PROCEDURES

The Town's investment practices have been to invest only in the following investments: (1) certificates of deposit; (2) overnight repurchase agreements collateralized by U.S. government agency obligations which are priced daily; and (3) the State of Connecticut Short-Term Investment Fund ("STIF"). Additional information on the Town's investment policies and investments related to the Pension Trust Funds are available upon request to the Director of Finance. (See Appendix A, Note 3, "Cash, Cash Equivalents and Investments" of the "Notes to Financial Statements").

PROPERTY TAX REVENUES

Fiscal Year	General Fund Revenues	Property Tax Revenues	Property Tax As a % of General Fund
2024 (Adopted Budget)	\$ 32,493,882 (1)	\$ 29,958,529	92.2
2023 (Estimated Actuals)	32,746,018 (1)	29,681,442	90.6
2022	34,441,747	29,893,336	86.8
2021	37,872,262	29,657,637	78.3
2020	34,914,564	29,828,194	85.4
2019	34,665,181	29,189,846	84.2
2018	35,297,817	29,353,144	83.2
2017	33,708,872	27,879,012	82.7
2016	31,456,339	27,182,059	86.4
2015	30,108,000	26,908,000	89.4

(1) Adopted budget for fiscal year 2023-24 and unaudited estimates for fiscal year 2022-23, do not include on-behalf payments for state teachers' retirement.

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INTERGOVERNMENTAL REVENUES

Fiscal Year	General Fund Revenues	Intergovernmental Revenues	Intergovernmental Revenues as a % of General Fund Revenues
2024 (Adopted Budget)	\$ 32,493,882 (1)	\$ 1,403,667 (1)	4.3
2023 (Estimated Actuals)	32,746,018 (1)	1,582,795 (1)	4.8
2022	34,441,747	3,425,369	9.9
2021	37,872,262	7,259,540	19.2
2020	34,914,564	4,219,168	12.1
2019	34,665,181	4,570,667	13.2
2018	35,297,817	5,034,065	14.3
2017	33,708,872	5,135,647	15.2
2016	31,456,339	3,694,739	11.7
2015	30,108,000	3,426,000	11.4

(1) Adopted budget for fiscal year 2023-24 and unaudited estimates for fiscal year 2022-23, do not include on-behalf payments for state teachers' retirement.

EXPENDITURES (1)

Fiscal Year	Board of Education %	Debt Service %	Public Works %	General Government %	Benefits and Other %	Public Safety %
2024 (Adopted Budget)	61.6	11.3	11.1	5.8	5.0	3.4
2023 (Estimated Actuals)	60.6	13.4	10.5	5.4	5.0	3.4
2022	63.9	12.9	9.5	5.1	3.5	2.9
2021	67.7	10.6	9.0	5.0	2.5	3.2
2020	64.2	12.3	8.9	4.5	5.0	3.0
2019	65.4	10.7	8.6	4.2	6.0	2.9
2018	66.2	10.5	9.4	3.8	5.4	2.7
2017	65.9	10.8	9.0	4.3	5.4	2.6
2016	65.3	10.0	9.5	4.2	6.0	2.9
2015	64.0	10.6	9.5	4.4	6.3	2.7

(1) Adopted budget for fiscal year 2023-24 and unaudited estimates for fiscal year 2022-23, do not include on-behalf payments for state teachers' retirement.

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

	Fiscal Year 2021-22			Fiscal Year	Fiscal Year
	Final Budget	Actual Operations	Favorable (Unfavorable)	2022-23 Unaudited Estimated	2023-24 Adopted Budget
Revenues					
Property taxes.....	\$29,494,615	\$29,893,337	\$ 398,722	\$ 29,681,442	\$ 29,958,529
Intergovernmental.....	1,367,982	1,583,518	215,536	1,582,795	1,403,667
Licenses, permits and fees.....	660,100	967,876	307,776	640,849	681,800
Income from investments.....	39,924	63,965	24,041	607,474	255,000
Other revenues.....	112,000	91,199	(20,801)	233,458	194,886
Total Revenues.....	31,674,621	32,599,895	925,274	32,746,018	32,493,882
Expenditures					
Current:					
General government.....	1,776,379	1,773,343	3,036	1,711,457	1,887,993
Public safety.....	950,519	948,797	1,722	1,087,724	1,110,422
Public works.....	3,351,054	3,359,406	(8,352)	3,344,105	3,611,264
Health and welfare.....	60,459	47,542	12,917	50,086	54,907
Cultural and recreation.....	261,506	260,316	1,190	70,046	108,923
Libraries.....	386,969	386,969	-	393,450	411,998
Board of education.....	19,277,500	19,165,276	112,224	19,277,500	20,024,237
Other.....	1,655,689	1,142,766	512,923	1,595,044	1,640,776
Debt service.....	4,233,304	4,230,870	2,434	4,260,988	3,673,786
Total Expenditures.....	31,953,379	31,315,285	638,094	31,790,400	32,524,306
Excess (deficiency) of revenues over (under) expenditures.....	(278,758)	1,284,610	1,563,368	955,618	(30,424)
Other Financing Sources (Uses)					
Operating transfers in.....	343,758	348,714	4,956	340,664	46,424
Operating transfers out.....	(65,000)	(65,000)	-	(1,611,000)	(16,000)
Total Other Financing Sources (Uses).....	278,758	283,714	4,956	(1,270,336)	30,424
Net change in fund balances.....	\$ -	\$ 1,568,324	\$ 1,568,324	\$ (314,718)	\$ -

Source: Audited financial statements; Fiscal year 2022-23 unaudited estimates and 2023-24 adopted budget.

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

Fiscal Year Ended:	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Assets					
Cash and cash equivalents.....	\$15,867,524	\$13,173,561	\$15,179,165	\$18,279,743	\$19,306,226
Receivables, net.....	456,960	696,187	654,885	685,655	560,219
Other assets.....	114,486	28,188	171,571	14,550	23,833
Due from other funds.....	-	-	45,925	-	45,345
Total Assets.....	<u>\$16,438,970</u>	<u>\$13,897,936</u>	<u>\$16,051,546</u>	<u>\$18,979,948</u>	<u>\$19,935,623</u>
Liabilities					
Accounts payable and accrued liabilities.....	\$ 918,006	\$ 1,657,003	\$ 1,116,370	\$ 1,397,517	\$ 1,103,766
Due to other funds.....	9,077,360	5,056,195	6,748,867	9,081,045	9,766,509
Unearned revenue.....	-	-	-	283,832	288,542
Total Liabilities.....	<u>9,995,366</u>	<u>6,713,198</u>	<u>7,865,237</u>	<u>10,762,394</u>	<u>11,158,817</u>
Deferred Inflows of Resources					
Unavailable revenue					
Property taxes.....	380,890	572,108	565,778	499,715	423,893
Advanced property tax collections..	17,830	24,064	30,424	58,345	70,686
Total Deferred Inflows of Resources.	<u>398,720</u>	<u>596,172</u>	<u>596,202</u>	<u>558,060</u>	<u>494,579</u>
Fund Balances (Deficits)					
Nonspendable.....	114,486	28,189	171,571	14,550	23,833
Committed.....	474,111	458,109	389,838	254,161	780,004
Assigned.....	72,364	59,634	65,472	66,712	-
Unassigned.....	5,383,923	6,042,634	6,963,226	7,324,071	7,478,390
Total Fund Balances.....	<u>6,044,884</u>	<u>6,588,566</u>	<u>7,590,107</u>	<u>7,659,494</u>	<u>8,282,227</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances.....	<u>\$16,438,970</u>	<u>\$13,897,936</u>	<u>\$16,051,546</u>	<u>\$18,979,948</u>	<u>\$19,935,623</u>

Source: Annual audited financial statements.

ANALYSIS OF GENERAL FUND EQUITY
(GAAP BASIS)

	<u>Actual</u> <u>2017-18</u>	<u>Actual</u> <u>2018-19</u>	<u>Actual</u> <u>2019-20</u>	<u>Actual</u> <u>2020-21</u>	<u>Actual</u> <u>2021-22</u>
Nonspendable.....	\$ 114,486	\$ 28,189	\$ 171,571	\$ 14,550	\$ 23,833
Committed.....	474,111	458,109	389,838	254,161	780,004
Assigned.....	72,364	59,634	65,472	66,712	-
Unassigned.....	5,383,923	6,042,634	6,963,226	7,324,071	7,478,390
Total Fund Balance.....	<u>\$ 6,044,884</u>	<u>\$ 6,588,566</u>	<u>\$ 7,590,107</u>	<u>\$ 7,659,494</u>	<u>\$ 8,282,227</u>
Unassigned Fund Balance as % of Total Expenditures & Transfers.....	15.46%	17.70%	20.29%	19.32%	21.89%

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

Fiscal Year Ended:	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Revenues					
Property taxes and assessments..	\$29,353,144	\$29,189,846	\$29,828,194	\$29,657,637	\$29,893,336
Intergovernmental.....	5,034,065	4,570,667	4,219,168	7,259,540	3,425,369
Charges for services.....	494,194	524,538	557,266	902,446	967,876
Income from investments.....	216,721	320,328	259,663	37,487	63,965
Other revenues.....	199,693	59,802	50,273	15,152	91,201
Total Revenues.....	<u>35,297,817</u>	<u>34,665,181</u>	<u>34,914,564</u>	<u>37,872,262</u>	<u>34,441,747</u>
Expenditures					
Current:					
General government.....	1,301,754	1,429,942	1,559,980	1,827,761	1,679,008
Public safety.....	914,288	991,770	1,015,614	1,170,423	967,628
Public works.....	3,220,073	2,904,543	3,040,481	3,277,261	3,132,780
Health and welfare.....	40,933	48,338	49,501	41,707	46,513
Culture and recreation.....	649,841	661,378	684,040	672,319	644,988
Education.....	22,629,233	22,048,582	22,026,308	24,674,832	21,007,127
Employee Benefits.....	1,859,543	2,020,691	1,730,866	915,744	1,142,766
Debt service.....	3,575,110	3,625,671	4,211,057	3,859,112	4,230,870
Total Expenditures.....	<u>34,190,775</u>	<u>33,730,915</u>	<u>34,317,847</u>	<u>36,439,159</u>	<u>32,851,680</u>
Revenues over (under) expenditures.....	<u>1,107,042</u>	<u>934,266</u>	<u>596,717</u>	<u>1,433,103</u>	<u>1,590,067</u>
Other Financing Sources (Uses)					
Premium on bonds.....	44,343	9,622	-	1,540	4,956
Operating transfers in.....	-	-	404,824	100,463	343,758
Operating transfers out.....	(628,578)	(400,206)	-	(1,465,719)	(1,316,048)
Total Other Financing Sources (Uses).....	<u>(584,235)</u>	<u>(390,584)</u>	<u>404,824</u>	<u>(1,363,716)</u>	<u>(967,334)</u>
Net change in fund balances.....	522,807	543,682	1,001,541	69,387	622,733
Fund Balances - beginning of year.	<u>5,522,077</u>	<u>6,044,884</u>	<u>6,588,566</u>	<u>7,590,107</u>	<u>7,659,494</u>
Fund Balances - end of year.....	<u>\$ 6,044,884</u>	<u>\$ 6,588,566</u>	<u>\$ 7,590,107</u>	<u>\$ 7,659,494</u>	<u>\$ 8,282,227</u>

Source: Annual audited financial statements.

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VI. DEBT SUMMARY

PRINCIPAL AMOUNT OF INDEBTEDNESS

As of August 22, 2023
(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 8/22/23</u>	<u>Date of Fiscal Year Maturity</u>
<u>General Purpose</u>					
2/8/2012	General Purpose	2.00 - 3.00	\$ 2,718,400	\$ 705,000	2027
3/15/2012	Refunding - General Purpose	2.00 - 4.00	2,302,000	61,000	2026
8/11/2016	General Purpose	2.00 - 3.00	6,411,000	3,425,840	2032
8/16/2017	General Purpose	2.00 - 3.00	2,535,000	1,515,000	2033
9/4/2018	General Purpose	2.125 - 4.00	1,691,000	1,120,000	2034
8/29/2019	Refunding - General Purpose	3.00 - 5.00	374,000	75,000	2025
8/29/2019	General Purpose	4.00 - 5.00	3,650,000	2,670,000	2035
11/5/2020	General Purpose	2.00 - 4.00	2,000,000	1,660,000	2036
9/14/2021	General Purpose	2.00 - 4.00	2,020,000	1,750,000	2037
8/23/2022	General Purpose	3.00 - 5.00	2,085,000	1,945,000	2038
8/22/2023	General Purpose (This Issue)	TBD	1,271,000 *	1,271,000 *	2039
			\$ 27,057,400	\$ 16,197,840	
<u>Schools</u>					
2/8/2012	Schools	2.00 - 3.00	\$ 181,600	\$ 45,000	2027
3/15/2012	Refunding - Schools	2.00 - 4.00	2,253,000	694,000	2026
8/11/2016	Schools	2.00 - 3.00	26,600	14,160	2032
8/29/2019	Refunding - Schools	3.00 - 5.00	5,188,000	1,030,000	2025
8/22/2023	Schools (This Issue)	TBD	233,000 *	233,000 *	2039
			\$ 7,882,200	\$ 2,016,160	
<u>Sewers</u>					
7/31/2004	Clean Water Fund Loan # 499-C	2.00	\$ 4,595,198	\$ -	2024
			\$ 12,477,398	\$ -	
	Total		\$ 47,416,998	\$ 18,214,000 *	

* Preliminary, subject to change.

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COMBINED SCHEDULE OF LONG-TERM DEBT THROUGH MATURITY

As of August 22, 2023

(Pro Forma)

Fiscal Year	Principal Payments (1)	Interest Payments	Total Debt Service (1)	The Bonds Principal	Total Principal All Issues (1)
2024	\$ 3,077,992	\$ 565,794	\$ 3,643,786	\$ -	\$ 3,077,992
2025	2,795,000	455,836	3,250,836	104,000	2,899,000
2026	2,190,000	371,224	2,561,224	100,000	2,290,000
2027	1,550,000	315,664	1,865,664	100,000	1,650,000
2028	1,375,000	266,461	1,641,461	100,000	1,475,000
2029	1,370,000	223,224	1,593,224	100,000	1,470,000
2030	1,370,000	182,649	1,552,649	100,000	1,470,000
2031	1,360,000	144,461	1,504,461	100,000	1,460,000
2032	1,360,000	108,096	1,468,096	100,000	1,460,000
2033	925,000	76,081	1,001,081	100,000	1,025,000
2034	760,000	51,106	811,106	100,000	860,000
2035	650,000	30,256	680,256	100,000	750,000
2036	405,000	15,931	420,931	100,000	505,000
2037	265,000	7,797	272,797	100,000	365,000
2038	135,000	2,194	137,194	100,000	235,000
2039	-	-	-	100,000	100,000
	<u>\$19,587,992</u>	<u>\$2,816,774</u>	<u>\$ 22,404,766</u>	<u>\$1,504,000</u>	<u>\$ 21,091,992</u>

(1) Does not reflect fiscal year 2023-24 principal payments of \$2,877,992 made as of August 22, 2023.

Source: Director of Finance's Office, Town of Litchfield.

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

OUTSTANDING SHORT-TERM INDEBTEDNESS

As of August 22, 2023, the Town will have no outstanding short-term indebtedness.

OVERLAPPING AND UNDERLYING INDEBTEDNESS

The Town has no overlapping or underlying indebtedness.

* Preliminary, subject to change.

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DEBT STATEMENT

As of August 22, 2023

(Pro Forma)

Long-Term Indebtedness (1)	
The Bonds (This Issue).....	\$ 1,504,000 *
General Purpose.....	14,926,840
Schools.....	1,783,160
Sewers.....	-
State of Connecticut PLO (Clean Water Fund).....	-
Total Long-Term Indebtedness	<u>18,214,000 *</u>
Short-Term Indebtedness: Notes Payable.....	<u>-</u>
Total Direct Indebtedness.....	18,214,000 *
Exclusions: Sewer assessments and Sewer use charges receivable (2)...	<u>(415,045)</u>
Total Net Direct Indebtedness.....	<u>\$ 17,798,955 *</u>

(1) Does not include authorized but unissued debt of \$900. See “Authorized but Unissued Debt” herein.

(2) Grants and receivables applicable to authorized and unissued debt are not included. As of June 30, 2023, the Town's sewer assessments receivable was \$220,145 and sewer use charges receivable was \$194,900 for the payment of sewer debt.

CURRENT DEBT RATIOS

As of August 22, 2023

(Pro Forma)

Total Direct Indebtedness.....	\$ 18,214,000 *
Total Net Direct Indebtedness.....	\$ 17,798,955 *
Population (1).....	8,161
Net Taxable Grand List (10/1/22).....	\$1,120,371,194
Estimated Full Value.....	\$1,600,530,277
Equalized Net Taxable Grand List (2021) (2)..	\$2,112,090,442
Per Capita Income (2021) (1).....	\$ 53,971
Total Direct Indebtedness:	
Per Capita.....	\$ 2,231.83
To Net Taxable Grand List	1.63%
To Estimated Full Value	1.14%
To Equalized Net Taxable Grand List.....	0.86%
Per Capita to Per Capita Income.....	4.14%
Total Net Direct Indebtedness:	
Per Capita.....	\$ 2,180.98
To Net Taxable Grand List.....	1.59%
To Estimated Full Value.....	1.11%
To Equalized Net Taxable Grand List.....	0.84%
Per Capita to Per Capita Income.....	4.04%

(1) U.S. Census Bureau, 2017-2021 American Community Survey.

(2) Office of Policy and Management, State of Connecticut.

* Preliminary, subject to change.

LEGAL REQUIREMENTS FOR APPROVAL OF BORROWING

The Town has the power to incur indebtedness by issuing its bonds or notes as authorized by the Connecticut General Statutes subject to statutory debt limitations. All capital projects which are financed by the issuance of bonds or notes must be approved by voters of the Town at a Town Meeting or Referendum.

TEMPORARY FINANCING

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

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

SCHOOL BUILDING GRANT REIMBURSEMENTS

Pursuant to Section 10-287i of the Connecticut General Statutes, the State of Connecticut will provide proportional progress payments for eligible school construction expenses on projects approved after July 1, 1996 (the "Current Program").

Under the Current Program, the State of Connecticut is making proportional progress payments for eligible construction costs during project construction. The State grants are being paid directly to the municipality after it submits its request for progress payments, and accordingly, the municipality will issue its bonds only for its share of project costs.

CLEAN WATER FUND PROGRAM

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

Loans to the Town are made pursuant to Project Grant and Project Loan Agreements. The Town is obligated to repay only that amount which it draws down for the payment of project costs ("Loan Agreements"). The Town must permanently finance its draws under the Interim Funding Obligation ("IFO") through the issuance of a Project Loan Agreement ("PLO") at the conclusion of the project secured by the full faith and credit of the Town, and/or a dedicated source of revenue of the Town.

Amortization of each loan is required to begin one year from the earlier of the scheduled completion date specified in the Loan Agreement or the actual project completion date. The final maturity of each loan is twenty years from the scheduled completion date. Principal and interest payments are made (1) in equal monthly installments commencing one month after the scheduled completion date, or (2) in single annual installments representing 1/20 of total principal not later than one year from the scheduled completion date specified in the Loan Agreement repayable thereafter in monthly installments. Loans made under loan agreements entered into prior to July 1, 1989 are repayable in annual installments. Borrowers may elect to make level debt service payments or level principal payments. Borrowers may prepay their loans at any time prior to maturity without penalty.

The Town has the following Clean Water Fund loan outstanding:

<u>Project</u>	<u>Date of Issue</u>	<u>Original 2% Loan Amount</u>	<u>Amount Outstanding for the Sewer Construction Projects As of August 22, 2023</u>
CWF PLO 499-C.....	07/31/2004	\$ 4,595,198	\$ -

LIMITATION OF INDEBTEDNESS

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

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

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

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

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STATEMENT OF STATUTORY DEBT LIMITATION

As of August 22, 2023

(Pro Forma)

Total Fiscal Year 2022 tax collections (including interest and lien fees)	\$ 29,670,638
State Reimbursement for Revenue Loss on:	
Local Property tax relief for elderly	-
Base for Establishing Debt Limit	<u>\$ 29,670,638</u>

<u>Debt Limitation</u>	<u>General Purpose</u>	<u>School</u>	<u>Sewer</u>	<u>Urban Renewal</u>	<u>Pension Deficit</u>	<u>Total Debt</u>
(2.25 times base).....	\$ 66,758,936					
(4.50 times base).....		\$ 133,517,871				
(3.75 times base).....			\$ 111,264,893			
(3.25 times base).....				\$ 96,429,574		
(3.00 times base).....					\$ 89,011,914	
(7.00 times base).....						\$ 207,694,466

Indebtedness (Including the Bonds)

Bonds Payable.....	\$ 14,926,840	\$ 1,783,160	\$ -	\$ -	\$ -	\$ 16,710,000
The Bonds (This Issue).....	1,271,000 *	233,000 *	-	-	-	1,504,000 *
State of Connecticut						
Permanent Loan						
Obligation ("PLO").....	-	-	-	-	-	-
Authorized but						
Unissued Debt (1).....	775	125	-	-	-	900
Total Indebtedness.....	16,198,615	2,016,285	-	-	-	18,214,900
Grants/Assessments						
Receivable (2).....	-	-	(220,145)	-	-	(220,145)
Total Net Indebtedness.....	16,198,615	2,016,285	(220,145)	-	-	17,994,755
Excess of Limit Over						
Outstanding and						
Authorized Debt.....	<u>\$ 50,560,321</u>	<u>\$ 131,501,586</u>	<u>\$ 111,485,038</u>	<u>\$ 96,429,574</u>	<u>\$ 89,011,914</u>	<u>\$ 189,699,711</u>

(1) See footnote to "Authorized but Unissued Debt" herein.

(2) As of June 30, 2023, the Town's sewer assessments receivable for the payment of sewer debt was \$220,145.

AUTHORIZED BUT UNISSUED DEBT

<u>Projects</u>	<u>Total Bond Authorization</u>	<u>Prior Bonds Issued</u>	<u>Paydowns/ Grants (1)</u>	<u>The Bonds (This Issue)</u>	<u>Authorized But Unissued</u>
2022-23 Capital Improvement Program.....	\$ 5,486,143	\$ 2,166,000	\$ 3,319,582	\$ -	\$ 561
2023-24 Capital Improvement Program.....	5,433,298	-	3,928,959	1,504,000 *	339
Total.....	<u>\$ 10,919,441</u>	<u>\$ 2,166,000</u>	<u>\$ 7,248,541</u>	<u>\$ 1,504,000 *</u>	<u>\$ 900</u>

(1) Estimated expected grants.

Source: Town Officials.

* Preliminary, subject to change.

HISTORICAL DEBT STATEMENT

	<u>2022-23 (1)</u>	<u>2021-22</u>	<u>2020-21</u>	<u>2019-20</u>	<u>2018-19</u>
Population (2).....	8,161	8,161	8,161	8,161	8,161
Net taxable grand list.....	\$ 1,104,098,508	\$ 1,063,593,130	\$ 1,056,909,813	\$ 1,049,204,603	\$ 1,046,959,259
Estimated full value.....	\$ 1,577,283,583	\$ 1,519,418,757	\$ 1,509,871,161	\$ 1,498,863,719	\$ 1,495,656,084
Equalized net taxable grand list (3).....	\$ 2,112,090,442	\$ 1,870,699,251	\$ 1,562,726,123	\$ 1,500,782,011	\$ 1,440,658,955
Per capita income (2021) (2).....	\$ 53,971	\$ 53,971	\$ 53,971	\$ 53,971	\$ 53,971
Short-term debt.....	\$ -	\$ -	\$ -	\$ -	\$ -
Long-term debt.....	19,587,992	21,165,928	22,673,464	24,125,707	24,471,760
Total Direct Indebtedness.....	\$ 19,587,992	\$ 21,165,928	\$ 22,673,464	\$ 24,125,707	\$ 24,471,760
Net Direct Indebtedness.....	\$ 19,172,947	\$ 20,667,106	\$ 22,078,836	\$ 23,389,108	\$ 23,656,971

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

HISTORICAL DEBT RATIOS

	<u>2022-23 (1)</u>	<u>2021-22</u>	<u>2020-21</u>	<u>2019-20</u>	<u>2018-19</u>
Total Direct Indebtedness:					
Per capita.....	\$2,400.20	\$2,593.55	\$2,778.27	\$2,956.22	\$2,998.62
To net taxable grand list.....	1.77%	1.99%	2.15%	2.30%	2.34%
To estimated full value.....	1.24%	1.39%	1.50%	1.61%	1.64%
To equalized net taxable grand list...	0.93%	1.13%	1.45%	1.61%	1.70%
Debt per capita to per capita income.....	5.35%	5.78%	6.19%	6.58%	6.68%
Net Direct Indebtedness:					
Per capita.....	\$2,349.34	\$2,532.42	\$2,705.41	\$2,865.96	\$2,898.78
To net taxable grand list.....	1.74%	1.94%	2.09%	2.23%	2.26%
To estimated full value.....	1.22%	1.36%	1.46%	1.56%	1.58%
To equalized net taxable grand list...	0.91%	1.10%	1.41%	1.56%	1.64%
Debt per capita to per capita income.....	5.23%	5.64%	6.03%	6.38%	6.46%

- (1) Unaudited estimates.

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

<u>Fiscal Year Ended 6/30</u>	<u>Annual Debt Service</u>	<u>Total General Fund Expenditures and Transfers out</u>	<u>Ratio of General Fund Debt Service to Total General Fund Expenditures and Transfers Out %</u>
2024 (1)	\$ 3,673,786	\$ 32,540,306	11.29%
2023 (1)	4,260,988	33,401,400	12.76%
2022	4,230,870	34,167,728	12.38%
2021	3,859,112	37,904,878	10.18%
2020	4,211,057	34,317,847	12.27%
2019	3,625,671	34,131,121	10.62%
2018	3,575,110	34,819,353	10.27%
2017	3,631,294	33,514,731	10.83%
2016	3,069,998	31,564,291	9.73%
2015	3,177,000	30,933,000	10.27%

- (1) Fiscal years 2022-23 and 2023-24 are presented on a budgetary basis, all other fiscal years are presented on a GAAP basis.
Source: Annual audited financial statements, fiscal year 2022-23 unaudited estimates and 2023-24 adopted budget.

VII. LEGAL AND OTHER LITIGATION

LITIGATION

The Town of Litchfield, its officers, employees, boards and commissions are named defendants in a number of lawsuits, tax appeals, administrative proceedings and other miscellaneous claims. It is the Town Attorney's opinion that such pending litigation will not be finally determined, individually or in the aggregate, so as to result in final judgments against the Town which would have a material adverse effect on the Town's financial position.

MUNICIPAL ADVISOR

The Town has retained Munistat Services, Inc. (the "Municipal Advisor") to serve as its municipal advisor in connection with the issuance of the Bonds. The Municipal Advisor has not independently verified any of the information contained in this Official Statement and makes no guarantee as to its completeness or accuracy. The Town may engage the Municipal Advisor to perform other services, including without limitation, providing certain investment services with regard to the investment of Bond proceeds.

DOCUMENTS ACCOMPANYING DELIVERY OF THE BONDS

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

1. A Signature and No Litigation Certificate stating that at the time of delivery no litigation is pending or threatened affecting the validity of the Bonds or the levy or collection of taxes to pay them;
2. A certificate on behalf of the Town signed by the First Selectman, Town Treasurer, and the Director of Finance, which will be dated the date of delivery of the Bonds, and which will certify to the best of said officials' knowledge and belief, that the descriptions and statements in the Official Statement relating to the Town of Litchfield and its finances were true and correct in all material respects and did not contain any untrue statements of a material fact or omit to state a material fact necessary to make the statement therein, in light of the circumstances under which they were made, not misleading, and that there has been no material adverse change in the financial condition of the Town from that set forth in or contemplated by the Official Statement;
3. A Receipt for the purchase price of the Bonds;
4. The approving opinion of Pullman & Comley, LLC, Bond Counsel, of Hartford, Connecticut in substantially the form attached to the Official Statement as Appendix B;
5. An executed Continuing Disclosure Agreement for the Bonds in substantially the form attached to the Official Statement as Appendix C; and
6. Within seven business days of the bid opening, the Town will furnish the purchaser of the Bonds a reasonable number of copies of the Official Statement, as prepared by the Town.

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

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CONCLUDING STATEMENT

Additional information may be obtained upon request from the office of the Director of Finance at (860) 567-7554 or from the Municipal Advisor at (203) 421-2087.

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

TOWN OF LITCHFIELD, CONNECTICUT

BY: _____
DENISE RAAP
First Selectman

BY: _____
FRANCIS C. CARPENTIER
Town Treasurer

BY: _____
AMAECHI E. OBI
Director of Finance

Dated: August __, 2023

APPENDIX A - AUDITED FINANCIAL STATEMENTS

TOWN OF LITCHFIELD, CONNECTICUT

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Appendix A - Financial Statements - is taken from the Annual Financial Report of the Town of Litchfield for the Fiscal Year ended June 30, 2022 as presented by the Auditors. This appendix does not include all of the schedules made in such report. A copy of the complete report is available upon request to the Director of Finance, Town of Litchfield, Connecticut.

The independent auditors for the Issuer are not passing upon and do not assume responsibility for the sufficiency, accuracy or completeness of the financial information presented in this Official Statement, and make no representation that they have independently verified the same. The auditors have not been engaged nor performed audit procedures regarding the post audit period. The auditors have not provided their consent for the use of the audit report in this Official Statement.

CLERMONT

ACCOUNTANTS • ADVISORS

Clermont & Associates, LLC
301 Highland Avenue
Waterbury CT 06708

Main: 203-758-6658
Fax: 203-758-6758

INDEPENDENT AUDITOR'S REPORT

Board of Finance
Town of Litchfield, Connecticut
Litchfield, CT 06759

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 Litchfield Connecticut, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Town of Litchfield, 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 governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town of Litchfield, Connecticut as of June 30, 2022, and the respective changes in the financial position, and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Auditor's 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 auditor's report that includes our opinion. 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 generally accepted auditing standards 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 generally accepted auditing standards and *Government Auditing Standards*, we;

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Town of Litchfield, 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 judgement, there are conditions or events, considered in aggregate, that raise substantial doubt about the Town of Litchfield, 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* on pages 4a through 4g and the required supplemental information relating to pension on pages 56-66, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplemental Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Litchfield, Connecticut's basic financial statements. The accompanying combining and individual nonmajor fund financial statements and schedules, the statement of changes in fund balance – by project, the schedule of property taxes levied, collected and outstanding, and the schedule of debt limitation are presented for the purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and schedules described in the above paragraph are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 5, 2022, on our consideration of the Town of Litchfield, 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 Litchfield, 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 Litchfield, Connecticut's internal control over financial reporting and compliance.

CLERMONT & ASSOCIATES, LLC

Waterbury, Connecticut



December 5, 2022

TOWN OF LITCHFIELD, CONNECTICUT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2022

This discussion and analysis of the Town of Litchfield, Connecticut's, (the "Town"), financial performance is provided by management to provide an overview of the Town's financial activities for the fiscal year ended June 30, 2022. Please read this MD&A in conjunction with the Town's financial statements.

Financial Highlights

- Net position of our governmental activities increased by \$3.4 million.
- Net position of our business-type activities increased by \$258 thousand.
- The General Fund reported a fund balance this year of \$8.3 million; \$916 thousand more than the General Fund balance reported in the prior year.
- The resources available for appropriation in the General Fund were \$7.5 million.

Overview of the Financial Statements

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities (Exhibits A and B, respectively) provide information about the activities of the Town as a whole and present a longer-term view of the Town's finances. Fund financial statements are presented in Exhibits C and D. For governmental activities, these statements tell how these services were financed in the short-term as well as what remains for future spending. Fund financial statements also report the Town's operations in more detail than the government-wide statements by providing information about the Town's most significant funds. In addition, beginning this fiscal year, the Town maintains the Water Pollution Control Authority as a proprietary fund (Exhibits G, H, and I). The remaining statements provide financial information about activities for which the Town acts solely as a trustee or agent for the benefit of those outside of the government.

Government-Wide Financial Statements

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

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

In the Statement of Net Position and the Statement of Activities, the Town reports its activities as follows:

- *Governmental activities* - The Town's basic services are reported here, including general government, public safety, community services, public works, education, public library, and municipal facilities. Property taxes, charges for services, and state and federal grants finance most of these activities.
- *Business-type activities* - The Water Pollution Control Authority's activity is reported here.

TOWN OF LITCHFIELD, CONNECTICUT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2022

Fund Financial Statements

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

- *Governmental funds (Exhibits C and D)* - Most of the Town's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the Town's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Town's programs. The relationship (or differences) between governmental activities (reported in the statement of net position and the statement of activities) and governmental funds is described in a reconciliation at the bottom of the fund financial statements.
- *Proprietary funds (Exhibits G, H, and I)* - When the Town charges customers for the services it provides, whether to outside customers or to other units of the Town, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities. Internal service funds (the component of proprietary funds) are used to report activities that provide supplies and services for the Town's other programs and activities, such as the Town's self-medical insurance Internal Service Fund.
- *Fiduciary funds (Exhibits J and K)* - The Town is the trustee, or fiduciary, for its employees' pension plans. All of the Town's fiduciary activities are reported in separate statements of fiduciary net assets and changes in fiduciary net position. These activities are excluded from the Town's other financial statements because the Town cannot use these assets to finance its operations. The Town is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

Government-Wide Financial Analysis

The analysis below focuses on the net position (Table 1) and changes in net position (Table 2) of the Town's governmental activities and business-type activities. The Town's net position for governmental activities increased \$1.8 million from \$65.8 million in 2020 to \$67.6 million in 2021.

The net operating income and net investment income decreased the business-type activities by \$113 thousand for the fiscal year ending June 30, 2022. The net position ended at \$5.0 million.

TOWN OF LITCHFIELD, CONNECTICUT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2022

TABLE 1 NET POSITION (In Thousands)

		Governmental Activities	
		2022	2021
Current and other assets	\$	20,117	19,765
Capital assets		81,842	79,879
Deferred inflows		1,902	368
Total assets & deferred inflows	\$	<u>103,861</u>	<u>100,012</u>
Current and other liabilities	\$	3,586	3,330
Deferred outflows		1,495	4,596
Long-term liabilities		27,718	24,452
Total liabilities & deferred outflows	\$	<u>32,799</u>	<u>32,378</u>
Net position:			
Investment in capital assets	\$	60,971	56,433
Restricted		839	107
Unrestricted		9,252	11,094
Total net position	\$	<u><u>71,062</u></u>	<u><u>67,634</u></u>

TABLE 2 CHANGE IN NET ASSETS (In Thousands)

		Governmental Activities	
		2022	2021
Revenues:			
Program revenues:			
Charges for services	\$	1,338	1,083
Operating grants and contributions		4,672	8,374
Capital grants and contributions		1,757	707
General revenues:			
Property taxes		29,820	29,592
Grants and contributions not restricted to specific purposes		296	208
Unrestricted investment earnings and other revenues		64	86
Other general revenues (and transfers)		45	(52)
Total revenues	\$	<u>37,992</u>	<u>39,998</u>
Program expenses:			
General government	\$	2,750	2,207
Public safety		1,475	1,514
Public works		6,225	7,506
Health and welfare		88	42
Culture and recreation		795	731
Education		22,602	25,652
Interest and fiscal charges		626	520
Total program expenses	\$	<u>34,564</u>	<u>38,172</u>
Increase (decrease) in net position	\$	<u><u>3,428</u></u>	<u><u>1,826</u></u>

TOWN OF LITCHFIELD, CONNECTICUT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2022

Town Funds Financial Analysis

Governmental Funds

As the Town completed the year, the governmental funds (as presented in the balance sheet - Exhibit C) reported a combined fund balance of \$14.5 million which is a \$1.2 million increase from the previous year. The Town continues to grow funds to commit to future capital projects. The general fund transferred \$1.3 million to other funds for this purpose.

Proprietary Funds

The Town reports the Water Pollution Control Authority as a proprietary fund (Exhibit G, H, and I). Under this presentation, the operating income was \$200 thousand, which included depreciation expense of \$128 thousand. Net fund position at year end included \$3.9 million of net capital investment and \$1.3 million unrestricted.

The Internal Service Fund recorded a negative change in net fund position. Beginning in 2020/2021 fiscal year, the Town ended the self-employed medical program. The Town continues to use the excess funds to subsidize employee health insurance until the fund is depleted. At June 30, 2022, the Town reduced the assets to \$1.2 million, which was reduced by \$410 thousand to subsidize the Town's employee medical benefit program.

General Fund Budgetary Highlights

Exhibit F shows the summary information of budget to actual revenues, expenditures, and changes in undesignated, unreserved fund balance (funds available to be appropriated).

- Property tax increased due to the growth in the grand list.
- Charges for service increased due to the increase in construction activity.
- Investments decreased because of the reduced interest rates.
- All departments expended less than the budgeted amounts with the largest savings in the other (health insurance) and the education department. The reduction in health insurance was due to the portion paid by the self-insurance fund.

For budgetary purposes, the operations of the Town increased the assigned fund balance by \$1.6 million. Of this savings, \$1.4 million was committed for future capital projects, including \$7,957 for capital projects related to education (nonlapsing account).

Capital Assets

At June 30, 2022, the Town had \$84 million invested in a broad range of capital assets, including land, buildings, park facilities, vehicles and equipment, roads, bridges, and water and sewer lines. The Town's total amount represents a net decrease (including additions, deductions, and depreciation) of \$1.6 million. The largest portion of new addition is the federal bridges program.

TOWN OF LITCHFIELD, CONNECTICUT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2022

TABLE 3 CAPITAL ASSETS (Net of Depreciation)

		Governmental	
		Activities	
		2022	2021
Land	\$	1,679	1,679
Buildings and improvements		43,724	44,165
Furniture, fixtures, and equipment		3,862	3,171
Infrastructure		32,575	28,888
Construction in progress		-	1,975
Total	\$	<u>81,840</u>	<u>79,878</u>

		Business-type	
		Activities	
		2022	2021
Buildings and improvements	\$	2,367	2,427
Equipment		32	32
Infrastructure		1,835	1,894
Total	\$	<u>4,234</u>	<u>4,353</u>

TABLE 4 OUTSTANDING DEBT (In Thousands)

Long-Term Liabilities

At June 30, 2022, the Town had \$25.0 million in long-term liabilities versus \$30.6 million last year, as shown in Table 4.

		2022	2021
Long-term debt	\$	22,862,422	24,153,896
Other long-term liabilities		<u>4,716,259</u>	<u>298,223</u>
Total Long-term liabilities	\$	<u>27,578,681</u>	<u>24,452,119</u>

General obligation bonds (backed by the Town) were reduced by \$1,240,000 as payments on debt were larger than new issuances.

Other obligations include accrued vacation pay and sick leave, and net pension and other postretirement benefit obligations. More detailed information about the Town's long-term liabilities is presented in Note 8 to the financial statements. The largest reduction in the long-term liabilities included the net pension obligation, which was a result of more than expected increase in the market value of the pension trust assets.

TOWN OF LITCHFIELD, CONNECTICUT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2022

Included in the business-type activities is \$296 thousand in notes payable, which included the Clean Water Notes due to the State of Connecticut for the construction of the new water pollution control facilities. This note is expected to be paid in full in 2024.

Economic Factors and Next Year's Budgets and Rates

The Town's elected and appointed officials considered many factors when setting the fiscal-year 2023 budget tax rates. One of those factors is the economy and the benefits of continual development within the Town as well as the continual reduction in State financial assistance, the imposition of unfunded mandates, and potential risks associated with the COVID-19 pandemic.

These indicators along with a projected modest inflationary increase were taken into account when adopting the General Fund budget for 2022-23.

Contacting the Town's Financial Management

This financial report is designed to provide citizens, taxpayers, customers, investors, and creditors with a general overview of the Town's finances and to show the Town's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Town's Finance Department at 74 West Main Street, P.O. Box 488, Litchfield, Connecticut, 06759.

STATEMENT OF NET POSITION
June 30, 2022

	Governmental Activities	Business-type Activities	Total*
Assets:			
Cash and cash equivalents	\$ 19,608,164	50	19,608,214
Receivables, net	1,392,884	230,163	1,623,047
Prepaid expenses	223,051		223,051
Inventory	23,833		23,833
Internal balances	(1,130,750)	1,130,750	
Capital assets:			
Capital assets, not being depreciated	1,679,473		1,679,473
Capital assets, being depreciated, net	80,161,219	4,242,523	84,403,742
Total assets	\$ 101,957,874	5,603,486	107,561,360
Deferred outflows on resources:			
Pension and other post retirement	\$ 1,901,680		1,901,680
Total deferred outflows on resources	\$ 1,901,680	-	1,901,680
Liabilities:			
Accounts payable and other current liabilities	\$ 1,940,020	13,186	1,953,206
Due to custodial funds	201,120		201,120
Accrued interest	228,168		228,168
Payments in advance	1,216,391	17,267	1,233,658
Noncurrent liabilities:			
Due within one year	3,392,750	267,536	3,660,286
Due in more than one year	24,324,887	28,392	24,353,279
Total liabilities	\$ 31,303,336	326,381	31,629,717
Deferred inflows on resources:			
Pension and other post retirement	\$ 1,423,958		1,423,958
Advance tax collections	70,686		70,686
Total deferred inflows on resources	\$ 1,494,644	-	1,494,644
Net position:			
Invested in capital assets, net of related debt	\$ 60,970,692	3,946,595	64,917,287
Restricted for:			
Donor's intentions	838,896		838,896
Unrestricted	9,251,986	1,330,510	10,582,496
Total net position	\$ 71,061,574	5,277,105	76,338,679

* After internal balances have been eliminated

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

STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2022

Functions/programs	Expenses	Program Revenues			Net (Expenses) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total
					Governmental Activities	Business-type Activities	
Primary government:							
Governmental activities:							
General government	\$ 2,749,838	748,177	5,500		(1,996,161)		(1,996,161)
Public safety	1,476,366	14,641			(1,461,725)		(1,461,725)
Public works	6,224,557	166,965	440,940	1,756,789	(3,859,863)		(3,859,863)
Community service	87,756	72,657	28,937		13,838		13,838
Culture and recreation	794,759	175,433			(619,326)		(619,326)
Education	22,605,335	160,368	4,196,239		(18,248,728)		(18,248,728)
Interest on long-term debt	625,556				(625,556)		(625,556)
Total governmental activities	\$ 34,564,167	1,338,241	4,671,616	1,756,789	(26,797,521)	-	(26,797,521)
Business-type activities:							
Water Pollution Control Authority	\$ 1,037,758	1,246,163				208,405	208,405
Interest on long-term debt	8,826					(8,826)	(8,826)
Total business-type activities	\$ 1,046,584	1,246,163	-	-	-	199,579	199,579
Total primary government	\$ 35,610,751	2,584,404	4,671,616	1,756,789	(26,797,521)	199,579	(26,597,942)
General revenues and transfers:							
Property taxes					\$ 29,820,389	-	29,820,389
Grants and contributions not restricted for specific programs					295,869	-	295,869
Unrestricted investment earnings					63,695	2,952	66,647
Other unrestricted income					100,754		100,754
Transfers					(55,272)	55,272	-
Total general revenues and transfers					\$ 30,225,435	58,224	30,283,659
Change in net position					\$ 3,427,914	257,803	3,685,717
Net position - beginning					67,633,660	5,019,302	72,652,962
Net position - ending					\$ 71,061,574	5,277,105	76,338,679

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

TOWN OF LITCHFIELD, CONNECTICUT

EXHIBIT C

BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2022

	General	Capital Projects	Other Governmental Funds	Total Governmental Funds
Assets:				
Cash and cash equivalents	\$ 19,306,226		301,938	19,608,164
Receivables, net	560,219	376,567	456,098	1,392,884
Due from other funds	45,345	4,006,092	3,159,279	7,210,716
Inventories	23,833			23,833
Total assets	\$ 19,935,623	4,382,659	3,917,315	28,235,597
Liabilities:				
Accounts and other payables	\$ 1,103,766	643,195	193,059	1,940,020
Unearned revenues	288,542		927,849	1,216,391
Due to other funds	9,766,509		45,346	9,811,855
Total liabilities	\$ 11,158,817	643,195	1,166,254	12,968,266
Deferred inflows of resources:				
Unavailable receipts	\$ 423,893		292,352	716,245
Payments in advance	70,686			70,686
Total deferred inflows of resources	\$ 494,579	-	292,352	786,931
Fund balances:				
Nonspendable	\$ 23,833			23,833
Restricted for:				
Donor's intentions			842,082	842,082
Committed for:				
Board of Education nonlapsing	352,118			352,118
Encumbrances	328,004			328,004
Specified use	99,882	3,739,464	1,247,433	5,086,779
Assigned			369,194	369,194
Unassigned	7,478,390			7,478,390
Total fund balances	\$ 8,282,227	3,739,464	2,458,709	14,480,400
Total liabilities, deferred inflows of resources and fund balances	\$ 19,935,623	4,382,659	3,917,315	

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

Capital assets used in the governmental activities are not financial resources, and therefore, are not reported in the funds.	81,840,692
Other long-term assets and deferred inflows and outflows are not available to pay for current period expenditures, and therefore, are deferred in the funds.	1,193,967
Internal service funds are used by management to charge the costs of risk management to individual funds. The assets and liabilities of the internal service funds are included in the governmental activities column in the statement of net position.	1,269,269
Long-term liabilities , including bonds payable, are not due and payable in the current period, and therefore, are not reported in the funds.	<u>(27,722,754)</u>
Net position of governmental activities (Exhibit A)	<u>\$ 71,061,574</u>

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

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (DEFICITS)
 GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2022

	General	Capital Projects	Other Governmental Funds	Total Governmental Funds
Revenues:				
Property taxes and assessments	\$ 29,893,336			29,893,336
Intergovernmental	3,425,369	1,120,845	2,125,946	6,672,160
Charges for services	967,876		370,365	1,338,241
Investment income	63,965			63,965
Miscellaneous	91,201		153,340	244,541
Total revenues	\$ 34,441,747	1,120,845	2,649,651	38,212,243
Expenditures:				
Current:				
General government	\$ 1,679,008		639,202	2,318,210
Public safety	967,628			967,628
Public works	3,132,780		636,891	3,769,671
Public health	46,513		28,937	75,450
Culture and recreation	644,988			644,988
Education	21,007,127		1,127,542	22,134,669
Other	1,142,766			1,142,766
Capital outlay		4,105,896		4,105,896
Debt service	4,230,870			4,230,870
Total expenditures	\$ 32,851,680	4,105,896	2,432,572	39,390,148
Excess (deficiency) of revenues over (under) expenditures	\$ 1,590,067	(2,985,051)	217,079	(1,177,905)
Other financing sources (uses):				
Transfer from other funds	\$ 343,758	1,121,048	195,000	1,659,806
Transfer to other funds	(1,316,048)		(94,669)	(1,410,717)
Proceeds from sale of bonds	4,956	2,154,000		2,158,956
Total other financing sources (uses)	\$ (967,334)	3,275,048	100,331	2,408,045
Net changes in fund balances	\$ 622,733	289,997	317,410	1,230,140
Fund balances (deficits) - beginning	7,659,494	3,449,467	2,141,299	13,250,260
Fund balances (deficits) - ending	\$ 8,282,227	3,739,464	2,458,709	14,480,400

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

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES (DEFICITS) OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2022

Differences in amounts reported for government-wide activities in the Statement of Activities are due to:

Net change in fund balances - total governmental funds (Exhibit D)	\$ 1,230,140
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 a depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	1,961,594
Revenues previously recognized in the statement of activities that provided current financial resources in the current year.	3,922,355
The issuance of long-term debt (e.g., bonds, leases) provide 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 assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	(3,276,039)
The net expense of certain activities of internal service funds is reported with governmental activities.	<u>(410,136)</u>
Change in net position of governmental activities (Exhibit B)	<u>\$ 3,427,914</u>

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

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
 BUDGETARY BASIS - BUDGET AND ACTUAL - GENERAL FUND
 For the Year Ended June 30, 2022

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget Positive/ (Negative)
	Original	Final		
Revenues:				
Property taxes	\$ 29,494,615	29,494,615	29,893,337	398,722
Intergovernmental	1,367,982	1,367,982	1,583,518	215,536
Charges for services	660,100	660,100	967,876	307,776
Investment income	39,924	39,924	63,965	24,041
Other revenues	112,000	112,000	91,199	(20,801)
Total revenues	\$ 31,674,621	31,674,621	32,599,895	925,274
Expenditures:				
Current:				
General government	\$ 1,711,876	1,776,379	1,773,343	3,036
Public safety	991,182	950,519	948,797	1,722
Public works	3,298,964	3,351,054	3,359,406	(8,352)
Health and welfare	60,459	60,459	47,542	12,917
Culture and recreation	651,500	648,475	647,285	1,190
Education	19,277,500	19,277,500	19,165,276	112,224
Other	1,728,594	1,655,689	1,142,766	512,923
Debt service:				
Principal retirements	3,527,536	3,527,536	3,531,536	(4,000)
Interest and other charges	705,768	705,768	699,334	6,434
Total expenditures	\$ 31,953,379	31,953,379	31,315,285	638,094
Revenues over (under) expenditures	\$ (278,758)	(278,758)	1,284,610	1,563,368
Other financing sources (uses):				
Transfer to other funds	\$ (65,000)	(65,000)	(65,000)	-
Premium on debt issuance			4,956	(4,956)
Debt and other reimbursement	343,758	343,758	343,758	-
Total other financing sources (uses)	\$ 278,758	278,758	283,714	(4,956)
Revenues over expenditures and other financing sources (uses)	\$ -	-	1,568,324	1,558,412
Surplus appropriations and commitments:				
Transfer to Capital and Nonrecurring			(1,121,048)	
Transfer to Special Projects - Tree Trimming			(195,000)	
Transfer to Nonlapsing Board of Education			(97,957)	
Unassigned fund balance, July 1, 2021			7,324,071	
Unassigned fund balance, June 30, 2022			\$ 7,478,390	

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

STATEMENT OF NET FUND POSITION
 PROPRIETARY FUNDS
 June 30, 2022

	Business-type Activities	Governmental Activities
	Water Pollution Control	Internal Service Funds
	<u> </u>	<u> </u>
Assets:		
Current assets:		
Cash and cash equivalents	\$ 50	
Investments		
Receivables, net of allowance	230,163	
Notes receivable, current portion		
Due from other funds	1,130,750	1,269,269
Total current assets	<u>\$ 1,360,963</u>	<u>1,269,269</u>
Noncurrent assets:		
Capital assets, net of accumulated depreciation	\$ 4,234,383	
Total noncurrent assets	<u>\$ 4,234,383</u>	<u>-</u>
Total assets	<u>\$ 5,595,346</u>	<u>1,269,269</u>
Liabilities:		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 13,186	
Payments in advance	17,267	
Notes payable - current	267,536	
Total current liabilities	<u>\$ 297,989</u>	<u>-</u>
Noncurrent liabilities:		
Notes payable, less current portion	\$ 28,392	
Total noncurrent liabilities	<u>\$ 28,392</u>	<u>-</u>
Total liabilities	<u>\$ 326,381</u>	<u>-</u>
Net fund position:		
Invested in capital assets, net of related debt	\$ 3,938,455	
Unrestricted	1,330,510	1,269,269
Total net fund position	<u>\$ 5,268,965</u>	<u>1,269,269</u>

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

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET FUND POSITION (DEFICIT)
 PROPRIETARY FUNDS
 For the Year Ended June 30, 2022

	Business-type Activities <u>Water Pollution Control</u>	Governmental Activities <u>Internal Service Funds</u>
Operating revenues:		
Charges for services and other revenues	\$ 1,246,163	401,896
Other revenues		
Total operating revenues	<u>\$ 1,246,163</u>	<u>401,896</u>
Operating expenses:		
Salaries and benefits	\$ 449,579	
Health insurance		816,465
Material and supplies	67,081	
Utilities	68,235	
Depreciation	127,962	
Administration and operation	333,041	
Total operating expenses	<u>\$ 1,045,898</u>	<u>816,465</u>
Operating income (loss)	<u>\$ 200,265</u>	<u>(414,569)</u>
Nonoperating revenues (expenses):		
Interest income	\$ 2,952	4,433
Interest expense	(8,826)	
Total nonoperating revenues (expenses)	<u>\$ (5,874)</u>	<u>4,433</u>
Transfer from other funds	<u>\$ 55,272</u>	<u>-</u>
Change in net fund position	<u>\$ 249,663</u>	<u>(410,136)</u>
Net fund position - beginning	<u>5,019,302</u>	<u>1,679,405</u>
Net fund position - ending	<u>\$ 5,268,965</u>	<u>1,269,269</u>

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

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 For the Year Ended June 30, 2022

	Business-type Activities <u>Water Pollution Control</u>	Governmental Activities <u>Internal Service Funds</u>
Cash flows from operating activities:		
Receipts from customers and users	\$ 1,293,685	493,407
Payments to employees	(449,579)	(816,465)
Payments to suppliers	(482,316)	
Net cash flows from operating activities	<u>\$ 361,790</u>	<u>(323,058)</u>
Cash flows from noncapital and related financing activities:		
Transfer in and payments made through governmental activities	\$ (143,652)	
Transfer (to) from other funds	55,272	
Net cash provided by (used in) noncapital and related financing activities	<u>\$ (88,380)</u>	<u>-</u>
Cash flows from capital and related financing activities:		
Purchase of assets	\$ (8,140)	
Principal payments on capital debt	(267,536)	
Interest paid on capital debt	(8,826)	
Net cash provided by (used in) capital and related financing activities	<u>\$ (284,502)</u>	<u>-</u>
Cash flows from investing activities:		
Interest received on investments	\$ 2,952	4,433
Net cash provided by investing activities	<u>\$ 2,952</u>	<u>4,433</u>
Net increase (decrease) in cash and cash equivalents	\$ (8,140)	(318,625)
Cash and cash equivalents - beginning	<u>50</u>	<u>318,625</u>
Cash and cash equivalents - ending	<u>\$ (8,090)</u>	<u>-</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:		
Operating income (loss)	\$ 200,265	(414,569)
Adjustments to reconcile operating loss to net cash provided by (used in) operating activities:		
Depreciation	127,962	
Changes in assets and liabilities:		
Decrease (increase) in receivable accounts	33,402	91,511
Increase (decrease) in accounts payable	(13,959)	
Increase (decrease) in payments in advance	14,120	
Net cash flows from operating activities	<u>\$ 361,790</u>	<u>(323,058)</u>

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

STATEMENT OF FIDUCIARY NET POSITION
 FIDUCIARY FUNDS
 June 30, 2022

	Pensions and Post Employment Trust Funds	Custodial
Assets:		
Cash and cash equivalents	\$ 545,099	207,194
External balances		201,119
Investments, at fair value:		
Mutual funds	<u>21,916,024</u>	<u> </u>
Total assets	\$ <u>22,461,123</u>	<u>408,313</u>
 Net position:		
Held for deposit for students		205,894
Held for deposit for contractors		202,419
Held in trust for post employment benefits	<u>22,461,123</u>	<u> </u>
Total net position	\$ <u><u>22,461,123</u></u>	<u><u>408,313</u></u>

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

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
 FIDUCIARY FUNDS
 For the Year Ended June 30, 2022

	<u>Private Purpose Trust Funds</u>
Additions:	
Employer contributions	\$ 743,162
Employee contributions	28,216
Other	<u>10,230</u>
Total contributions	<u>\$ 781,608</u>
Investment earnings:	
Net increase in fair value of investments	\$ (3,489,141)
Interest and dividends	454,209
Less: administrative expenses	<u>(58,970)</u>
Total investment earnings	<u>\$ (3,093,902)</u>
Total additions	<u>\$ (2,312,294)</u>
Deductions:	
Benefits	<u>\$ 1,347,515</u>
Total deductions	<u>\$ 1,347,515</u>
Change in net position	\$ (3,659,809)
Net position - beginning	<u>26,120,932</u>
Net position - ending	<u>\$ 22,461,123</u>

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

TOWN OF LITCHFIELD, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS June 30, 2022

Note 1 – Summary of Significant Accounting Policies

Reporting Entity

The Town of Litchfield, Connecticut, (the Town), was incorporated in 1719. It operates under a Selectmen/Town Meeting form of government with a Board of Finance and provides general government, public safety, public works, recreation, health and welfare, education services, and sanitation services.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The financial statements of the Town have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting board for governmental accounting financial reporting principles. These principles require that the Town report government-wide and fund financial statements, which are described below.

Government-Wide Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Changes in Net Position) report information on all of the non-fiduciary activities of the primary government. *Government activities*, which are normally supported by taxes and intergovernmental revenues, are reported separately than *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 of, are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

The Government-Wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are Proprietary Fund and Fiduciary Fund financial statements. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

As a general rule, the effect of inter-fund activity, or internal balances, has been eliminated from the government-Wide financial statements. Exceptions to this rule are charges between the business-type funds and the various other functions of the Town. Elimination of these charges would distort the direct costs and program revenues reported for the various functions.

TOWN OF LITCHFIELD, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS, Continued June 30, 2022

Fund Financial Statements

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

The 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. Expenditures are generally recorded when a liability has occurred, as under accrual accounting. However, expenditures related to long-term liabilities, such as debt service payments and compensated absences, are recorded only when payment is due.

Property taxes are levied on all taxable assessed property on the grand list of October 1 prior to the beginning of the fiscal year. Real estate taxes are payable in two installments (July 1 and January 1). Personal property taxes are payable annually (July 1) and motor vehicle taxes are due in one single payment on July 1. Liens are filed on delinquent real estate taxes within one year. Revenues from property taxes are recognized when they become available. Available means due, or past due, and receivable within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the Town considers property tax revenue to be available if they are collected within 60 days of the end of the fiscal year.

Those revenues susceptible to accrual are property taxes, special assessments, and interest revenue. Fines, permits, and charges for services are not susceptible to accrual because generally they are not measurable until received in cash.

Intergovernmental revenue, grants and similar items are recognized as soon as all eligible requirements imposed by the provider have been met and are collected soon enough to pay liabilities of the current period. For this purpose, grants may be recognized and received after 60 days of the fiscal year end.

The Town reports the following major governmental funds:

The **general fund** is the general operating fund of the Town's government. All unrestricted resources, except those required to be accounted for in another fund, are accounted for in this fund. From this fund are paid general operating expenditures, fixed charges, principal and interest on long-term debt and capital improvement costs of the Town, which were not paid through a special fund.

The **capital projects fund** is used to account for resources used for capital expenditures or for the acquisition or construction of capital facilities, improvements, and equipment. Most of the capital outlays are financed by the issuance of general obligation bonds and capital grants. Other sources include current tax revenues and low interest state loans.

TOWN OF LITCHFIELD, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS, Continued June 30, 2022

The Town reports the following major proprietary funds:

The **Water Pollution Control Authority (W.P.C.A.)** accounts for the operations of the Town's wastewater treatment system. The Town operates its own sewage treatment plant, sewage pumping stations and collection system. Its operations are financed from direct charges to the users of the service.

Additionally, the Town reports the following fund types:

The **internal service fund** account for employee heart and hypertension and workers' compensation insurance provided to departments of the Town.

The **private-purpose trust fund** is used to account for assets held by the Town in a trustee capacity or as an agent on behalf of others.

The **custodial funds** account for monies held as a custodian for outside groups and agencies such as student activity funds, senior trip funds and performance bonds.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and the enterprise funds reported in the proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their government-wide and propriety fund financial statements subject to this same limitation. The Town has elected not to follow subsequent private-sector guidance.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations.

The principal operating revenues of the proprietary funds are charges to customers for services. Operating expenses for enterprise and internal service funds include the cost of operations and maintenance, provisions for doubtful accounts, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Assets, Liabilities and Net Assets or Equity

Cash and Cash Equivalents

The Town considers cash on hand, deposits, and short-term investments, with an original maturity of three months or less from the date of acquisition.

Investments

Investments are stated at the fair value using quoted market prices.

Inventories

Inventories are stated at the lower of cost or market using the consumption method on the first-in, first-out basis for governmental fund types.

TOWN OF LITCHFIELD, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS, Continued June 30, 2022

Receivables and Payables

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

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

All trade and property tax receivables, including those for W.P.C.A. funds, are shown net of an allowance for uncollectible accounts. Trade account receivables allowance for uncollectible accounts is estimated based on the inherent risk associated with the accounts.

Capital Assets

Capital assets, which include property, plant and equipment and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type activities columns in government-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than \$20,000 and an estimated useful life in excess of two years.

Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the net assets or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of the business-type activities is included as part of the capitalized value of the assets constructed.

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

<u>Asset</u>	<u>Years</u>
Buildings and improvements	25-50
Infrastructure	10-65
Machinery and equipment	5-20

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

TOWN OF LITCHFIELD, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS, Continued June 30, 2022

Deferred Outflows/Inflows of Resources

The Statement of Net Position (Exhibit A) reports a separate section for deferred outflows of resources. This separate financial element represents a consumption of net position that applies to a future period or periods and so will not be recognized as an outflow of resources until a future period. The Town reports borrowing costs as well as a deferred charge on refunding as a result from the differences in the carrying value of refunded debt and its reacquisition price. These amounts are deferred and amortized over the shorter of the life of the related debt. A deferred outflow of resources related to pension and other post-employment benefits other than pensions ("OPEB") results from net difference between projected and actual experience and earnings on plan investments. These amounts are deferred and will be included as pension and OPEB expense in a systematic and rational manner.

The Statement of Net Position (Exhibit A) and the Balance Sheet for the government funds (Exhibit C) report a separate section for deferred inflows of resources. This separate financial element represents the addition of net position or fund balance that applies to future periods and will not be recognized as revenue until that time. The Town reports advance tax collections in the Statement of Net Position and the Balance Sheet for the government funds. The Town reports a deferred inflow of resources related to pensions and OPEB in the statement of net position.

A deferred inflow of resources related to pension and OPEB results from differences between expected and actual experience and earnings. These amounts are deferred and included in pension and benefits expense in a systematic and rational manner. The government funds report unavailable revenue, which arises only under the modified accrual basis of accounting because it does not meet the measurable and available criteria for the recognition in the current period.

Compensated Absences

Under the terms of its various union contracts, Town and Board of Education employees are granted vacation and sick time in varying amounts based on length of service. Certain employees may also carry over a limited number of unused vacation days to subsequent years based on the terms of an employment or union contract. In the event of termination, these employees are reimbursed for accumulated vacation. The Town recognizes a liability in the government-wide financial statements for the vested portion, as well as the unvested portion to the extent expected to be paid, as compensated absences.

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.

TOWN OF LITCHFIELD, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS, Continued June 30, 2022

Net OPEB Liability

The net 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 (total OPEB liability), less the amount of the OPEB plan's fiduciary net position. The OPEB plan's fiduciary net position is determined using the same valuation methods that are used by the OPEB plan for purposes of preparing its Statement of Fiduciary Net Position. The net OPEB liability is measured as of a date (measurement date) no earlier than the end of the employer's prior fiscal year, consistently applied from period to period.

Long-Term Obligations

In the Government-Wide financial statements and proprietary fund types in 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 assets. Bond premiums and discounts, as well as issuance costs, 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 are reported as deferred charges and amortized over the terms of the related debt.

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 the debt issued is reported as other financial 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.

Fund Equity and Net Position

In the Government-Wide financial statements, net position is classified in the following categories:

Investment in capital assets, net of related debt - This category groups all capital assets, including infrastructure, into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce this category.

The ***restricted net position*** represents amounts of external restrictions imposed by creditors, grantors, contributors, and laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

The ***unrestricted net position*** represents the net position of the Town which are not restricted for any project or other purpose.

TOWN OF LITCHFIELD, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS, Continued June 30, 2022

In the fund financial statements, fund balances of governmental funds are classified into five separate categories. The five categories and their general meanings are as follows:

The ***nonspendable*** are those net assets that are not in expendable form or are legally or contractually required to be maintained.

The ***restricted fund balances*** are defined in the same manner as for the restricted government-wide net assets.

Committed fund balances are those balances that can only be used for a specific purpose as a result of constraints imposed by formal action of the government's highest level of decision-making authority. For the *Town of Litchfield*, that was considered to be the Board of Selectmen.

Assigned fund balances are amounts that are contained by the government's intent to be used as a specific purpose.

Unassigned fund balance is defined as the residual classification for the general fund and includes those remaining balances that cannot be categorized in the four categories.

The Town has not established formal policy for its use of restricted and unrestricted (committed, assigned, unassigned) fund balance; however, the Town generally uses restricted fund balance first if the expenditure meets the restricted purpose, followed by committed, assigned and unassigned amounts.

Fair Value of Financial Instruments

In accordance with GASB 72, the Town is required to measure the fair value of its assets and liabilities under a three-level hierarchy, as follows:

Level 1: Quoted market prices for identical assets or liabilities to which an entity has access to at the measurement date.

Level 2: Inputs and information other than quoted market indices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include:

- a. Quoted prices for similar assets or liabilities in active markets;
- b. Quoted prices for identical or similar assets in markets that are not active;
- c. Observable inputs other than quoted prices for the asset or liability;
- d. Inputs derived principally from, or corroborated by, observable market data by correlation or by other means.

Level 3: Unobservable inputs for the asset or liability. Unobservable inputs should be used to measure the fair value to the extent that observable inputs are not available.

Observable inputs reflect the assumptions market participants would use in pricing the asset or liability developed from sources independent of the reporting entity; and *unobservable inputs* reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available in the circumstances.

Investments are carried at fair value based on quoted market prices.

TOWN OF LITCHFIELD, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS, Continued
June 30, 2022

Note 2 – Budgets and Budgetary Accounting

General Fund

The Statement of Revenues and Expenditures, and Changes in Fund Balance – Budgetary Basis - Budget to Actual presented in the financial statements for the General Fund is on the budgetary basis of accounting which is a basis of accounting other than the accrual basis and the modified basis of accounting. The budgetary basis of accounting and the Town's general budget policies are as follows:

- A. Prior to July 1 of each year, the budget is legally enacted through passage of a resolution.
- B. The Board of Finance is authorized to transfer budgeted amounts between appropriations and can approve additional estimates and may revise them as they deem advisable, except that in the case of the Department of Education, they have the authority to revise only the total estimated expenditures.
- C. The formal budgetary integration is employed as a management control device during the year.
- D. Legal level of control (the level at which expenditures may not legally exceed appropriations) is at the department level.
- E. Other than the Department of Education, all transfers \$20,000 or greater require approval from the Board of Finance and the approval of the Town Meeting.

Encumbrance accounting is utilized in the governmental funds. Encumbrances (e.g., purchase orders, contracts) outstanding at year end are reported in either restricted, committed or assigned fund balance depending on the level of restriction and are not recognized as expenditures or liabilities because the commitments will be re-appropriated and recognized in the subsequent year.

A reconciliation of General Fund operations and fund balance presented on a budgetary basis to the amounts presented in accordance with accounting principles generally accepted in the United States of America (GAAP) is as follows:

	<u>Revenues</u>	<u>Expenditures</u>	<u>Other Financing Resources (Uses)</u>
Balance, budgetary basis (Exhibit F)	\$ 32,599,895	31,315,285	283,714
Consolidate canine fund		31,830	65,000
2022 Encumbrances		(328,005)	
Use (purchase) of nonspendable assets		(9,283)	
Special appropriations to other funds			(816,048)
Budgetary transfer to Capital Projects			(500,000)
State Teachers' Retirement "on-behalf" payment, not recognized for budgetary purposes	<u>1,841,852</u>	<u>1,841,852</u>	
Balance, GAAP basis (Exhibit D)	<u>\$ 34,441,747</u>	<u>32,851,679</u>	<u>(967,334)</u>

TOWN OF LITCHFIELD, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS, Continued June 30, 2022

Special Revenue Funds

The Town does not have legally adopted annual budgets for the Special Revenue Funds. Budgets for the various special revenue funds, which are utilized to account for specific grant programs, are established in accordance with the requirements of the grantor agencies. Such budgets carry over until completion of the grants and, therefore, may comprise more than one fiscal year.

Capital Projects Funds

Legal authorization for expenditures of the Capital Projects Funds is provided by the related bond ordinances and/or intergovernmental grant agreements or Connecticut State Statutes. Capital appropriations do not lapse until the purpose for which the appropriation was made has been accomplished or abandoned.

Note 3 – Reconciliation of Government-Wide and Fund Financial Statements

Explanation of Certain Differences Between the Government Fund Balance Sheet and the Government-Wide Statement of Net Position

The details of the components included in Exhibit C are as follows:

Capitalized assets are expensed in the fund financial statements in the period the expense is incurred while the expense is incurred over the useful life of the related asset in the government-wide financial statements:

Land	\$	1,679,473
Net capital assets being depreciated		<u>80,161,219</u>
Net adjustment to increase fund balance to arrive at net position of government activities	\$	<u>81,840,692</u>

Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds. The detail of this difference is as follows:

Net long-term debt	\$	(20,870,000)
Premium on bond issuances		(2,131,378)
Deferred portion on refunding		223,051
Compensated absences		(243,993)
Net pension liability and deferred inflows and outflows		(4,206,412)
Net OPEB liability and deferred inflows and outflows		(263,104)
Claims and judgments		(2,750)
Accrued interest on debt		<u>(228,168)</u>
Net adjustment to reduce fund balance to arrive at net position of government activities	\$	<u>(27,722,754)</u>

TOWN OF LITCHFIELD, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS, Continued
June 30, 2022

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

Delinquent property tax and interest	\$ 423,893
Deferred outflows/inflows of resources-pension	1,681,691
Deferred outflows/inflows of resources-OPEB	(1,203,969)
Notes receivable – assessments	<u>292,352</u>
Net adjustment to increase fund balance to arrive at net position of government activities	<u>\$ 1,193,967</u>

Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balance and the Government-Wide Statement of Activities

The governmental fund Statement of Revenues, Expenditures and Changes in Fund Balances includes reconciliation between net changes in fund balances - total governmental funds and changes in net position of governmental activities as reported in the Government-Wide Statement of Activities. One element of that reconciliation explains that "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." The details of this difference are as follows:

Acquisitions	\$ 4,046,392
Depreciation	<u>(2,084,798)</u>
Net adjustment to increase net changes in fund balances to arrive at changes in net position of governmental activities	<u>\$ 1,961,594</u>

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

Payments of debt	\$ 3,260,000
New issuances	(2,020,000)
Deferred portion on refunding	(37,641)
Premium new issuances	(138,956)
Amortization of issuance premiums	51,474
Net change in compensated absences	24,189
Net change in claims and judgment estimates	2,875
Net change in OPEB liability and net deferred inflows/outflows	(238,688)
Net change in pension liability and net deferred inflows/outflows	(4,206,412)
Accrued interest	<u>27,120</u>
Net adjustment to reduce net changes in fund balances to arrive at changes in net position of governmental activities	<u>\$ (3,276,039)</u>

TOWN OF LITCHFIELD, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS, Continued June 30, 2022

Note 4 – Deposits and Investments

The Town's deposits and investments are presented in the accompanying balance sheets as follows:

	<u>Deposits</u>	<u>Investments</u>	<u>Total</u>
Cash and cash equivalents:			
Governmental activities	\$ 16,109,869	3,498,295	19,608,164
Business-type activities	50		50
Fiduciary funds	752,293		752,293
Investments:			
Fiduciary funds		<u>21,916,024</u>	<u>21,916,024</u>
Total deposits and investments	\$ <u>16,862,212</u>	<u>25,414,319</u>	<u>42,276,531</u>

Deposits

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 carrying amounts of the Town's deposits consist of the following:

Bank deposit accounts	\$ 16,851,343
Certificate of deposits	10,393
Cash on hand	<u>476</u>
Total deposits	\$ <u>16,862,212</u>

Custodial Credit Risk

As of June 30, 2022, the carrying amount of the Town's deposits had bank deposit balances of approximately \$16,851,343. The amount of the bank balance covered under federal depository insurance was approximately \$7,250,000. The remaining deposits were uninsured; however, provisions of the Connecticut General Statutes provide for protection against loss in excess of deposit insurance by requiring all qualified public depositories to maintain segregated collateral for public deposits. As of June 30, 2022, approximately \$1.7 million of uninsured deposits were collateralized under the provision.

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."

TOWN OF LITCHFIELD, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS, Continued June 30, 2022

As of June 30, 2022, the Town held the following investments:

Investment Type	Fund	Fair Value (Level 1 hierarchy)	Weighted Average to Maturity (years)	Risk
	Government			
State Investment Fund	Funds	\$ 3,498,295	.2	N/A
Mutual Funds	Trust Funds	21,916,024	.2	N/A
Total Investments		<u>\$ 25,414,319</u>		

Interest Rate Risk

Interest rate risk is the risk that changes in the market interest rates which will adversely affect the fair value of an investment. The Town has, for the Pension Trust Funds, an investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. It is the Town's policy to invest only in securities that meet the ratings requirements set by General State Statute, Chapter 112, Section 7-400.

Investment Policies

The Pension Commissions Investment Policy requires its fixed income portion to be high quality bonds managed consistent with Union Savings Bank's forecast of interest rates, inflation, and valuation levels. The benchmark is the Lehman Brothers Aggregate Index for high quality and the J.P. Morgan Developed B/B Index for high yield.

The Pension Commission's benchmark for large capitalization companies is the S&P 500 Index, and for small capitalization companies uses the Russell 2000. The benchmark for international equities is the Morgan Stanley EAFE Index. The Policy uses these asset allocation targets; Equities 50%-70%; Fixed Income 30%-50%; Cash 0%-20%.

Other than the private purpose trust funds, State Statutes limit the investment options of cities and towns. The Investment Policy (described in the preceding paragraph) further limits its investment choices. The Town's interest-bearing investments are not subject to rating.

TOWN OF LITCHFIELD, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS, Continued
June 30, 2022

Note 5 – Receivables, Deferred Revenue and Payables

Receivables

The receivables as of June 30, 2022, for the Town’s individual major funds and non-major, internal service and fiduciary funds in the aggregate, including the applicable allowance for uncollectible accounts are as follows:

	Governmental Funds			Total
	General Fund	Capital Projects	Non-major Funds	
Property taxes	\$ 450,909			450,909
Interest on taxes	56,475			56,475
Intergovernmental	864	376,567	163,766	541,197
Accounts and notes	66,970		292,352	359,322
Allowance	(15,000)		-	(15,000)
Total net receivables	\$ 560,218	376,567	456,118	1,392,903

The receivables as of June 30, 2022 for the Town’s business-type activities are as follows:

	W.P.C.A.
Accounts	\$ 230,163

Deferred Payments and Unavailable Receipts

Governmental funds report deferred revenue in connection with receivables for revenue that are not considered to be available to liquidate liabilities in the current period. Governmental funds also defer revenue recognition in connection with resources that have been received but not yet earned. At the end of the fiscal year the components of deferred revenue and unearned revenues reported in the governmental funds were as follows:

	Unavailable	Unearned	Total
General Fund:			
Delinquent property taxes	\$ 423,893		423,893
Advanced tax collections		70,686	70,686
Grants received in advance		146,661	146,661
Other Governmental Funds:			
Grants received in advance		893,935	893,935
Assessments and notes	292,352		292,352
Total deferred portion	\$ 716,245	1,111,282	1,827,527

TOWN OF LITCHFIELD, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS, Continued
June 30, 2022

Payables

Payables as of June 30, 2022, for the Town's individual major funds and non-major funds were as follows:

	<u>Vendors</u>	<u>Payroll</u>	<u>Total</u>
General Fund	\$ 660,425	150,257	810,682
Capital projects	643,195		643,195
Non-major funds	<u>193,059</u>		<u>193,059</u>
Total governmental funds	\$ 1,496,679	150,257	1,646,936
W.P.C.A.	<u>13,186</u>		<u>13,186</u>
Total payables	\$ <u>1,509,865</u>	<u>150,257</u>	<u>1,660,122</u>

Note 6 – Inter-fund Receivables, Payables and Transfers

Inter-funds Receivables and Payables

Inter-fund receivables and payables at June 30, 2022, consisted of the following:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Capital Projects	General Fund	\$ 4,006,092
Internal Service	General Fund	1,269,269
Nonmajor Governmental	General Fund	3,159,279
W.P.C.A.	General Fund	1,130,750
Agency Fund	General Fund	<u>201,119</u>
	Total	\$ <u>9,766,509</u>

Inter-fund Transfers

Inter-fund receivables and payables at June 30, 2022, consisted of the following:

<u>Transfer In</u>	<u>Purpose</u>	<u>Transfer Out</u>	<u>Amount</u>
Nonmajor	Tree Pruning	General Fund	\$ 195,000
Capital Projects	Reserve	General Fund	1,121,048
General Fund	Debt Payment	W.P.C.A.	249,089
General Fund	Debt Payment	Nonmajor	<u>94,669</u>
		Total	\$ <u>1,659,806</u>

TOWN OF LITCHFIELD, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS, Continued
June 30, 2022

Note 7 – Capital Assets

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 1,679,473			1,679,473
Construction in progress	1,975,277		1,975,277	
Total capital assets, not being deprec.	<u>\$ 3,654,750</u>	<u>-</u>	<u>1,975,277</u>	<u>1,679,473</u>
Capital assets being depreciated:				
Buildings and improvements	\$ 55,984,191	182,223		56,166,414
Machinery and equipment	11,806,277	1,048,969		12,855,246
Infrastructure	44,689,651	4,790,477		49,480,128
Total capital assets being depreciated	<u>\$ 112,480,119</u>	<u>6,021,669</u>	<u>-</u>	<u>118,501,788</u>
Less: accumulated depreciation:				
Buildings and improvements	\$ 11,818,748	623,842		12,442,590
Machinery and equipment	8,634,976	358,201		8,993,177
Infrastructure	15,802,047	1,102,755		16,904,802
Total accumulated depreciation	<u>\$ 36,255,771</u>	<u>2,084,798</u>	<u>-</u>	<u>38,340,569</u>
Net capital assets, being depreciated	<u>\$ 76,224,348</u>	<u>3,936,871</u>	<u>-</u>	<u>80,161,219</u>
Total capital assets, governmental	<u>\$ 79,879,098</u>	<u>3,936,871</u>	<u>1,975,277</u>	<u>81,840,692</u>

Depreciation expense was charged to functions of the primary government as follows:

Governmental activities:	
General government	\$ 46,019
Public safety	301,708
Public works	1,530,858
Recreation	38,322
Education	167,891
Total depreciation expense	<u>\$ 2,084,798</u>

TOWN OF LITCHFIELD, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS, Continued
June 30, 2022

	Beginning Balance	Additions	Disposals	Ending Balance
Business-type activities:				
Capital assets being depreciated:				
Buildings and improvements	\$ 3,853,887			3,853,887
Machinery and equipment	84,603	8,140		92,743
Sewers	4,754,323			4,754,323
Total capital assets being depreciated	\$ 8,692,813	8,140	-	8,700,953
Less: accumulated depreciation:				
Buildings and improvements	\$ 1,426,795	59,933		1,486,728
Machinery and equipment	52,302	8,711		61,012
Sewers	2,859,511	59,318		2,918,830
Total accumulated depreciation	\$ 4,338,608	127,962	-	4,466,570
Net capital assets being depreciated	\$ 4,354,205	(119,822)	-	4,234,383
Total capital assets, business-type	\$ 4,354,205	(119,822)	-	4,234,383

Note 8 – Long-Term Liabilities

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

	Beginning Balance	Additions	Reductions	Ended Balance	Due In One Year
Governmental activities:					
Long-term debt:					
General obligation bonds	\$ 15,625,000	2,020,000	1,685,000	15,960,000	1,820,000
G.O. refunding bonds	6,485,000		1,575,000	4,910,000	1,570,000
Total long-term debt	\$ 22,110,000	2,020,000	3,260,000	20,870,000	3,390,000
Deferred amount on:					
Issuance premium	2,043,896	138,957	190,431	1,992,422	-
Net long-term debt	\$ 24,153,896	2,158,956	3,450,431	22,862,422	3,390,000
Other long-term liabilities:					
Compensated absence	268,182		24,189	243,993	
Net pension liability	24,416	4,181,996		4,206,412	
Net OPEB obligation		263,104		263,104	
Claims and judgments	5,625		2,875	2,750	2,750
Total governmental activities long-term liabilities	\$ 24,452,119	6,604,057	3,477,495	27,578,681	3,392,750
Business-type activities:					
Clean water fund notes	\$ 563,464	-	267,536	295,928	267,536
Total business-type activities long-term liabilities	\$ 563,464	-	267,536	295,928	272,936

TOWN OF LITCHFIELD, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS, Continued
June 30, 2022

General Obligation Bonds

The Town issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for both governmental and business-type activities and are direct obligations and pledge the good faith and credit of the government. Certain general obligation bonds are to be repaid by revenues of the enterprise funds. As of June 30, 2022, the outstanding general obligation bonded indebtedness of the Town was as follows:

	General	Refunding
\$2,130,000 GOB 2013 , issue of 2013, due 2023, interest at 1.5% to 2.0%, annual principal payments of \$225,000	\$ 225,000	
\$4,555,000 GOB 2012, refunding issue of 8/1/2012, due 8/1/2024, interest at 3.0% to 4.0%, annual principal payments of \$5,000 to \$640,000		1,525,000
\$2,900,000 GOB 2012 , issue of 2012, due 8/1/2027, interest at 2.0% to 3.0%, annual principal payments of approximately \$200,000	950,000	
\$1,270,000 GOB 2015 , issue of 2015, due 8/24/2023, interest at 2.0% to 4.0%, annual principal payments of \$145,000 to \$200,000	200,000	
\$6,438,000 GOB 2016 , issue of 2016, due 8/24/2032, interest at 2.0% to 4.0%, annual principal payments of \$425,000 to \$430,000	4,300,000	
\$2,535,000 GOB 2017 , issue of 2017, due 8/16/2033, interest at 2.0% to 3.0%, annual principal payments of \$165,000 to \$170,000	1,855,000	
\$1,691,000 GOB 2018 , issue of 2018, due 8/1/2033, interest at 2.1% to 4.0%, annual principal payments of \$110,000 to \$115,000	1,350,000	
\$9,400,000 GOB 2019 , issue of 2018, due 8/1/2034, interest at 3.0% to 5.0%, annual principal payments of \$240,000 to \$1,430,000	3,160,000	3,385,000
\$2,000,000 GOB 2020 , issue of 2020, due 8/1/2035, interest at 2.0% to 4.0%, annual principal payments of \$100,000 to \$140,000	1,900,000	
\$2,020,000 GOB 2021 , issue of 2022, due 8/1/2036, interest at 2.0% to 4.0%, annual principal payments of \$130,000 to \$135,000	2,020,000	
Total general obligation bonds	\$ 15,960,000	4,910,000

TOWN OF LITCHFIELD, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS, Continued
June 30, 2022

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

Year Ended, June 30	Governmental Activity	
	Principal	Interest
2023	\$ 3,390,000	608,449
2024	2,915,000	488,037
2025	2,655,000	385,080
2026	2,050,000	307,468
2027	1,410,000	258,908
2028-2032	6,135,000	737,010
2033-2037	2,315,000	107,176
Total	\$ 20,870,000	2,892,128

Bonds Authorized but Unissued

Under regulations issued by the Internal Revenue Service, effective March 2, 1992, in order for capital projects to be funded through tax-exempt debt, all projects must be appropriated and designated as being funded through debt prior to any expenditure on these projects.

The Town has authorized but unissued bonds relating to capital projects at June 30, 2022, as follows:

	Authorized	Authorized and Unissued
2022-23 Capital Improvements	5,486,143	5,486,143
Total		\$ 5,486,143

*As described in Note 13, \$2,085,000 of this balance was issued with a premium received of \$81,000 subsequent to June 30, 2022. Capital grants of \$3,319,582 were also received, leaving a total issued and unissued balance of \$561 subsequent to the August 9, 2022, bond issuance.

A portion of bonds authorized and unissued will be reduced by grants and loans received.

Clean Water Fund Loans Payable

The Town has an outstanding balance on loans payable to the State of Connecticut's Department of Environmental Protection, under its Clean Water Fund Program, for sanitary sewer projects. The loan details are as follows:

Note	Date of Issue	Original Amount	Balance
CWF-PLO 499-C	July 31, 2004	\$ 4,595,198	\$ <u>295,928</u>

TOWN OF LITCHFIELD, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS, Continued June 30, 2022

These loan bear interest at 2% per annum and the annual debt service requirements to maturity are as follows:

Year Ended June 30,	Business-Type Activity	
	Principal	Interest
2023	\$ 272,936	5,626
2024	22,992	38
Total	\$ 295,928	5,664

Claims and Judgments

In connection with the settlement of claims brought against the Town by a neighborhood alleging that the Town's landfill contaminated their drinking water, the Town agreed to pay to connect the residents to the Town water supply and pay their water bills for 20 years. The properties were connected during 2002, and at June 30, 2022, \$2,750 has been accrued as an estimate of the cost to provide water for the remaining 1 year of the agreement.

Note 9 – Commitments and Contingencies

Lawsuits

There were several personal injuries, negligence and personnel related lawsuits pending against the Town. The outcome and eventual liability of the Town, if any in these cases, is not known at this time. Based upon consultation with counsel, the Town's management estimates that potential claims against the Town not covered by insurance resulting from such litigation would not materially affect the financial position of the Town.

The Town received federal and state grants for specific purposes and is subject to review and audit by the grantor agency for compliance and disallowed expenses under the grant. Management believes that such disallowances, if any, will not be material to the financial position of the Town.

The spread of the COVID-19 virus has caused business disruption throughout the United States and in the State of Connecticut specifically through the State of Connecticut Executive Orders. While disruption is expected to be temporary, there is a considerable uncertainty concerning the duration and financial impact of this disruption. Although the Town does not expect this matter to negatively impact its financial condition, results of operation, or cash flow, the extent of the financial impact and duration cannot be reasonably estimated.

Risk Management and Self-Insurance

The Town is exposed to various risks of loss including torts, theft of, damage to, and destruction of assets; error and omissions; injuries to employees; employee health; and natural disasters. The Town generally obtains commercial insurance for these risks but has chosen to retain the risks for employee health and medical claims. For all types of commercial coverage, settled claims have not exceeded coverage in any of the past three years.

TOWN OF LITCHFIELD, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS, Continued June 30, 2022

Under Public Act 9-342, health insurance for retired teachers, subsidy equal to the equivalent's flat dollar premium amount of Blue Cross 65/Blue Shield 65 is paid by the State directly to the local school districts. Where it is applied to reduce premium payments of the retired members' 1% supplemental contributions, since July 1, 1989, have been directed to a dedicated health insurance fund. There is no cost to the Town.

Note 10 – Employee Retirement Plans

Plan Description and Benefits Provided

Town Retirement Plan

The Town has a defined benefit retirement plan (the Town Plan) covering substantially all employees of the Town and Board of Education except certified staff of the Board of Education covered by the State Teachers' Retirement Board Plan. The Town is the administrator of this single-employer public employee retirement system (PERS) established and administered to provide pension benefits for its employees. The Town Plan provides retirement, disability, and death benefits to plan members and beneficiaries.

Employees are eligible to participate in the Town Plan when they complete 1 year of eligible service, have completed 1,000 hours during the first 12 months of employment and have attained the age of 18. For employees who do not complete 1,000 hours of service during the first 12 months of employment, eligibility begins on the first day of the year during which 1,000 hours were completed. Employees are 100% vested after 5 years of credited service.

Management of the plan's rests with the PERS Board, which consists of five voting members and two alternate members. Members of the Board are appointed by the Board of Selectmen. The First Selectman serves as an ex-officio member.

All employees hired after July 1, 2012, will only be eligible to participate in the defined contribution plan for which the Town will contribute a sum equal to 3% of the employee's bi-weekly wages to a 401(a)-account commencing the first payroll after the employee's one year anniversary.

Merit Service Plan

This single employer defined benefit retirement plan (the Merit Service Plan) covers all volunteer firefighters who belong to the volunteer fire departments and, as of July 1, 1992, the members of the volunteer ambulance corps. Volunteer firefighters and ambulance corps members are eligible to participate in the Merit Service Plan on July 1 following the date on which one year of eligible service has been completed and age 18 has been attained. Employees are 100% vested after 5 years of credited service.

The Town's pension plans do not use issue stand-alone financial statements.

TOWN OF LITCHFIELD, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS, Continued June 30, 2022

Membership in the plans consisted of the following at July 1, 2020, the date of the last actuarial valuation:

	Town Plan	Merit Service Plan
Retirees and beneficiaries currently receiving benefits	79	74
Terminated plan members entitled to, but not yet receiving benefits	38	55
Active plan members	47	155
Total	164	284

Summary of Significant Accounting Policies

Basis of Accounting

Financial statements are prepared using the accrual basis of accounting for the two defined benefit pension plans. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions are recognized when due and a formal commitment to provide the contributions has been made. Benefits and refunds are recognized when due and payable in accordance with the terms of the plans.

Method Used to Value Investments

Investments are reported at fair value. Securities traded on a national exchange are valued at the last reported sales price. Investment income is recognized as earned.

Funding Policy

For the Town Plan, effective July 1, 2015, all active employees will be required to contribute 1% of their salary to the defined benefit plan. Effective July 1, 2016, active employees in the Highway and Sewer Departments contribute 2% of pay. The Town is required to contribute amounts necessary to fund the Plan. State of Connecticut Statutes assign the authority to establish and amend the contribution provisions of the Plan to the Town of Litchfield.

Investment Policy

The pension plan's policy regarding allocation of invested assets is established and may be amended by the PERS Board by a majority vote of its members. It is the policy of the PERS Board to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The pension plan's investment policy discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocation over short time spans.

Rate of Return on investments

For the year ended June 30, 2022, the annual money-weighted rate of return on the pension plan investments, net of pension plan investment expense, was (12.05)% for the Town Plan and (12.01)% for the Merit Service Plan. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts invested.

Net Pension Liability of the Town

The Town's net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2020.

TOWN OF LITCHFIELD, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS, Continued
June 30, 2022

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

	Town Plan	Merit Service Plan	Total
Total pension liability	\$ 19,892,222	5,050,740	24,942,962
Plan fiduciary net position	16,414,539	4,322,011	20,736,550
Net pension liability	<u>\$ 3,477,683</u>	<u>728,729</u>	<u>4,206,412</u>
Plan fiduciary net position as a percentage of the total pension liability	154.46%	85.57%	83.14%

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of July 1, 2020, using the following actuarial assumption, applied to all periods included in the measurement:

Inflation	2.50%
Salary increase	3.50%, average, including inflation (n/a for Merit Plan)
Investment rate of return	6.75%, net of investment and administrative expense

Mortality rates were based on the RP-2014 adjusted to 2006 Total Dataset Mortality Table projected to valuation date with Scale MP-2018.

The actuarial assumptions used in the July 1, 2020, valuation were based on standard tables modified for certain plan features such as eligibility for full and early retirement where applicable and input from the plan sponsor. A full experience study has not been completed.

Long-Term Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and most recent best estimates of geometric real rates of return for each major asset class included in both pension plan's actuarial valuation as of July 1, 2020, are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. equities	49.00%	5.10%
International developed economies	6.00%	6.10%
International emerging economies	5.00%	6.40%
High quality bond	33.00%	1.40%
High yield bond	5.00%	4.80%
Cash equivalents	2.00%	1.00%
	<u>100.00%</u>	

TOWN OF LITCHFIELD, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS, Continued
June 30, 2022

Discount Rate

The discount rate used to measure the total pension liability was 6.75% for both plans. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that Town contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rates. 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.

Changes in the Net Pension Liability

Town Plan:

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balances as of June 30, 2021	\$ 19,360,202	19,119,297	240,905
Changes for the year:			
Service cost	\$ 235,797		235,797
Interest on total pension liability	1,289,746		1,289,746
Employer contributions		520,645	(520,645)
Employee contributions		28,216	(28,216)
Net investment income		(2,260,095)	2,260,095
Benefit payments, including refund of employee Contributions	(993,523)	(993,523)	
Net changes	\$ 532,020	(2,704,757)	3,236,777
Balances as of June 30, 2022	\$ 19,892,222	16,414,539	3,477,683

Merit Service Plan:

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balances as of June 30, 2021	\$ 4,912,035	5,038,525	(126,490)
Changes for the year:			
Service cost	\$ 60,529		60,529
Interest on total pension liability	327,375		327,375
Employer contributions		127,954	(127,954)
Net investment income		(595,269)	595,269
Benefit payments, including refund of employee contributions	(249,199)	(249,199)	
Net changes	\$ 138,705	(716,514)	855,219
Balances as of June 30, 2022	\$ 5,050,740	4,322,011	728,729

TOWN OF LITCHFIELD, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS, Continued
June 30, 2022

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

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

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
Town Plan net pension liability	\$ 3,477,683	5,370,829	1,844,512
Merit Service Plan net pension liability	728,729	1,343,703	218,859

Pension Trust Funds

The Town maintains two pension trust funds (Town Employees Retirement Plan and Merit Service Plan) to account for its fiduciary responsibility. The following schedules present the net position held in trust for pension benefits at June 30, 2022, and the changes in net position for the year then ended.

Schedule of Net Position

	Town Retirement Plan	Merit Service Retirement Plan
Assets:		
Cash and cash equivalents	\$ 397,330	105,315
Investments	16,017,209	4,216,696
Net assets held in trust for pension benefits	\$ 16,414,539	4,322,011

Schedule of Changes in Net Position

	Town Retirement Plan	Merit Service Retirement Plan
Additions:		
Contributions:		
Employer	\$ 520,645	127,954
Employee	28,216	
Total	\$ 548,861	127,954
Investment income:		
Net appreciation (depreciation) in fair value of investments	\$ (2,545,308)	(670,453)
Interest and dividends	331,880	87,486
Investment management fees	(46,688)	(12,302)
Net investment income	\$ (2,260,096)	(595,269)
Deductions:		
Benefits	993,523	249,199
Net increase	\$ (2,704,758)	(716,514)
Net position at beginning of year	19,119,297	5,038,525
Net position at end of year	\$ 16,414,539	4,322,011

TOWN OF LITCHFIELD, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS, Continued
 June 30, 2022

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

For the year ended June 30, 2022, the Town recognized pension expense of \$700,804 on behalf of the Town Plan and Merit Service Plan. As of June 30, 2022, deferred outflows and inflows of resources related to pension are reported as follows:

	Town Plan Deferred Outflows of Resources	Merit Service Plan Deferred Outflows of Resources	Total Deferred Outflows
Differences between expected and actual experience	\$ 1,255,384		1,255,384
Change in assumptions		149,849	149,849
Net difference between actual and expected earnings on investments		329,253	329,253
Total	\$ 1,255,384	479,102	1,734,486

	Town Plan Deferred Inflows of Resources	Merit Service Plan Deferred Inflows of Resources	Total Deferred Inflows
Differences between expected and actual experience	\$ -	(52,795)	(52,795)
Total	\$ -	(52,795)	(52,795)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized as an increase/decrease in pension expenses as follows:

Year Ended June 30,	Town Retirement Plan	Merit Service Retirement Plan	Total
2023	\$ 192,999	71,016	264,015
2024	204,866	75,052	279,918
2025	150,342	71,688	222,030
2026	707,177	201,913	909,090
2027		4,423	4,423
Thereafter		2,215	2,215
Total	\$ 1,255,384	426,307	1,681,691

TOWN OF LITCHFIELD, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS, Continued June 30, 2022

Teachers' Retirement

All Town of Litchfield Board of Education certified employees participate in the State of Connecticut Teachers' Retirement System ("TRS" or the "Plan") under Section 10.183 of the General Statutes of the State of Connecticut.

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. Title 10, Chapter 167a of the State Statutes grants authority to establish and amend the benefit terms to the State Teachers' Retirement Board ("TRB"). The State Treasurer is responsible for investing Teachers' Retirement System funds for the exclusive benefit of the TRS members.

The Teachers' Retirement System is considered to be a part of the State of Connecticut financial reporting entity and is included in the State's financial reports as a pension trust fund. Those reports may be obtained by writing to the State of Connecticut, Office of the State Comptroller, 165 Capitol Avenue, Hartford, Connecticut 06106, by calling 860-702-3480, or by visiting the State's website 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 the employees are calculated as 2% of the average annual salary times years of credited service (maximum benefit is 75% of average annual salary during the 3 years of highest salary).

In addition, amounts derived from the accumulation of the 6% contributions made prior to July 1, 1989, and voluntary contributions are payable.

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. Benefits are reduced for those retiring before normal retirement age.

Minimum Benefit: Effective January 1, 1999, Public Act 98-251 provides a minimum monthly benefit of \$1,200 to teachers who retire under the normal retirement provisions and who have completed at least 25 years of full time Connecticut service at retirement.

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% per year of service times the average of the highest three years of pensionable salary, as defined per the Plan, but not less than 15%, nor more than 50%. In addition, disability benefits under this plan (without regard to cost-of-living adjustments) plus any initial award of Social Security benefits and workers' compensation cannot exceed 75% of average annual salary.

TOWN OF LITCHFIELD, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS, Continued June 30, 2022

A plan member who leaves service and has attained 10 years of service will be entitled to 100% of the accrued benefit as of the date of termination of covered employment. Benefits are payable at age 60, and early retirement deductions are based on the number of years of service the member would have had if they had continued work until age 60.

Pre-Retirement Death Benefit: The plan also offers a lump-sum return of contributions with interest or surviving spouse benefit depending on length of service.

Contributions

State of Connecticut: Per Connecticut General Statutes Section 10-183z, (which reflects Public Act 79-436 as amended), contribution requirements of active employees and the State of Connecticut is amended and certified by the State Teachers' Retirement Board and appropriated by the General Assembly. The contributions are actuarially determined as an amount that, when combined with employee contributions and investment earnings, is expected to finance the costs of the benefits earned by employees during the year, with any additional amounts to finance any unfunded accrued liability.

Employer (School Districts): School district employers are not required to make contributions to the Plan.

Employees: Effective July 1, 1992, participants are required to contribute 6.00% of their pensionable salary to the pension System as required by CGS Section 10-183b (7). Effective January 1, 2018, the required contribution increased to 7.00% of pensionable salary. For the year ended June 30, 2021, \$625,641 mandatory contributions were deducted from the salaries of teachers who were participants in the System. The estimated covered payroll for the Town was \$8,937,730.

Administrative Expenses

Administrative expenses of the Plan are to be paid by the General Assembly per Section 10-183r of the Connecticut General Statutes.

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

The State has a statutory requirement to pay 100% of the required plan contribution, therefore, as of June 30, 2020, the Town reports no amounts for its proportionate share of the net pension liability, and related deferred outflows and inflows. 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 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		30,429,128
Total net pension liability	\$	<u>30,429,128</u>

The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2021. The assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period July 1, 2014 - June 30, 2019.

TOWN OF LITCHFIELD, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS, Continued June 30, 2022

For the year ended June 30, 2021, the Town has recognized, in the General Fund, intergovernmental revenue and education expenditures in the amount of \$5,503,512 as payments made by the State of Connecticut on behalf of the Town for teachers' pension.

Actuarial Assumptions

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

Inflation	2.50%
Salary increase	3.00-6.50%, including inflation
Investment rate of return	6.90%, net of pension plan investment expense, including inflation
Administrative expenses	\$0 assumption as expenses are paid for by the State of CT General Assembly

Mortality rates were based on the PubT-2010 Healthy Retiree Table (adjusted 105% for males and 103% for females as ages 82 and above), projected generationally with MP-2019 for the period after service retirement. The PubT-2010 Disabled Retiree Table projected generationally with MP-2019 was used for the period after disability retirement. The PubT-2010 Contingent Survivor Table projected generationally with and set forward 1 year for both males and females was used for survivors and beneficiaries. The PubT-2010 Employee Table projected generationally with MP-2019 was used for active members.

Future Cost-of-Living increases for teachers who retired prior to September 1, 1992, 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 LITCHFIELD, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS, Continued June 30, 2022

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Large cap U.S. equities	20.0%	5.6%
Developed non-U.S. equities	11.0%	6.0%
Emerging markets – non-U.S.	9.0%	7.9%
Core fixed income	16.0%	2.1%
Inflation linked bonds	5.0%	1.1%
Emerging market bond	5.0%	2.7%
High yield bonds	6.0%	4.0%
Real estate	10.0%	4.5%
Private equity	10.0%	7.3%
Alternative investment	7.0%	2.9%
Cash	1.0%	0.4%
Total	<u>100.0%</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 rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

The Town's proportionate share of the net pension liability is \$0. Any change in the discount rate would only have an effect on the amount recorded by the State of Connecticut.

Defined Contribution Retirement Plan

On July 1, 2012, the Town established a defined contribution retirement plan that covers employees of the Town and Board of Education hired on or after July 1, 2012. This plan was adopted and can be amended by the Board of Selectmen. Under this plan, the Town contributes an amount equal to 3% each year of an eligible employee's wages into a 401(a) Plan on the employee's behalf. In addition, eligible employees may make an additional contribution up to the amount allowed by law. There are currently 29 participants in the plan as of June 30, 2022, and contributions of \$38,219 have been made in the fiscal year ended June 30, 2022.

TOWN OF LITCHFIELD, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS, Continued
June 30, 2022

Note 11 – Other Post-Employment Benefits Plans

Board of Education OPEB Plan

Plan Description

The Retiree Health Plan (RHP) is a single employer defined benefit healthcare plan administered by the Board of Education (BOE). The RHP provides medical and dental insurance benefits to eligible retirees and their spouses. All employees of the BOE are eligible to participate in the plan.

A trust was officially established on March 29, 2011, between the Town of Litchfield and the Litchfield Board of Education and the Town’s Pension Commission. The monies in the OPEB special revenue fund were transferred to the OPEB trust fund at that date. As in prior years, all expenses for post-employment benefits were paid out of the General Fund during the fiscal year ended June 30, 2022. The plan does not issue a stand-alone financial report.

At July 1, 2020, plan participation consisted of the following (not rounded):

Retirees and beneficiaries currently receiving benefits	7
Terminated plan members entitled to, but not yet receiving benefits	-
Active plan members	102
Total participants	<u>109</u>

Funding Policy

The BOE’s contributions are actuarially determined on an annual basis using the entry age normal actuarial cost method, level dollar. The BOE’s policy is to contribute the actuarially determined contribution with the end of year remaining budget balance, if available.

Benefits

The BOE provides certain retirees with health care and lump-sum benefits, in accordance with Teacher and Administrators union contracts.

TOWN OF LITCHFIELD, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS, Continued June 30, 2022

Litchfield Education Association OPEB Contract Provisions

Upon retirement under the Connecticut State Teachers' Retirement System, teachers will be provided at BOE expense for the following benefits:

1. *For those who retire in either fiscal year 2008 or 2009:*
 - a. *\$5,000 on date of retirement and the BOE shall pay the cost of single health and dental insurance coverage under one of the plans (excluding the high deductible/health savings account option) offered by the BOE to actively employed teachers, less the contribution from the State of Connecticut Teachers' Retirement Board, for a period of 5 years immediately following retirement; or,*
 - b. *Teachers who do not elect the option set forth in (a) above shall receive ten thousand dollars at the time of retirement and no other compensation or benefits.*
2. *For those who retire in fiscal year 2010 or before 2014:*
 - a. *\$5,000 at the time of retirement; or,*
 - b. *The BOE shall pay the cost of single health and dental insurance coverage under one of the plans (excluding the high, deductible/health savings account option) offered by the BOE to actively employed teachers, less the contribution from the State of Connecticut Teachers' Retirement Board, for a period of 4 years immediately following retirement.*
3. *For those who retire after June 2013 or after the 4- or 5-year periods in (1) and (2) above, the retiree and spouse of retiree must pay 100% of the cost for medical coverage.*

Litchfield Administrators Association OPEB Contract Provisions

Upon retirement under the Connecticut State Teachers' Retirement System, qualified administrators employed on or prior to June 30, 2005, and whose employment with the Litchfield Public Schools is at least 10 years:

1. For those who retire after June 2013 the retiree and spouse of retiree must pay 100% of the cost for medical coverage.

Superintendent

BOE provides a \$5,000 annual payment until eligible for Medicare, age 65, or for 5 years immediately following retirement, whichever is less. The superintendent is also eligible for a \$250,000 life insurance policy until age 67, after five years of service.

Investments Policy

The OPEB plan's policy regarding allocation of invested assets is established and may be amended by the Board of Education. It is the policy of the Board to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The pension plan's investment policy discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocation over short time spans.

Rate of Return on investments

For the year ended June 30, 2022, the annual money-weighted rate of return on the OPEB plan investments, net of pension plan investment expense, was 7.46%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

TOWN OF LITCHFIELD, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS, Continued June 30, 2022

Net OPEB Liability

During the prior year, the Town implemented GASB Statement No. 75, *Accounting and Financial Reporting for Post-Employment Benefit Plans Other than Pensions* (OPEB). This statement requires the net OPEB liability to be measured as the total OPEB liability, less the amount of the OPEB plan's fiduciary net position.

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

Total OPEB liability	\$	1,468,848
Plan fiduciary net position		<u>1,724,574</u>
Net OPEB liability (asset)	\$	<u>(255,726)</u>
Plan fiduciary net position as a percentage of the total OPEB liability		117%

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of July 1, 2020, using the following actuarial assumption, applied to all periods included in the measurement:

Inflation	2.50%
Salary increase	3.50%, average, including inflation
Investment rate of return	6.75%, net of investment and administrative expense
Healthcare cost trend rates	6.00% in 2021, reducing by .5% each year to a final 4.50% per year rate for 2024 and later

The actuarial assumptions used in the July 1, 2020 valuation were based on standard tables modified for certain plan features such as eligibility for full and early retirement where applicable and input from the plan sponsor. A full experience study has not been completed.

Long-Term Rate of Return

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

TOWN OF LITCHFIELD, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS, Continued
June 30, 2022

The target asset allocation and most recent best estimates of geometric real rates of return for each major asset class as of the July 1, 2020 actuarial valuation are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. equities	49.00%	5.60%
International developed economies	6.00%	5.90%
International emerging economies	5.00%	7.20%
High quality bond	33.00%	2.10%
High yield bond	5.00%	4.00%
Cash equivalents	2.00%	.80%
	100.00%	

Discount Rate

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

Changes in the Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a)-(b)
Balances as of June 30, 2021	\$ 1,405,426	1,963,110	(557,684)
Changes for the year:			
Service cost	\$ 39,054		39,054
Interest on total pension liability	94,023		94,023
Difference between expected and actual experience	35,138		35,138
Employer contributions		94,563	(94,563)
TRB subsidy		10,230	(10,230)
Employee contributions			
Net investment income		(238,536)	238,536
Benefit payments, including refund of employee contributions	(104,793)	(104,793)	
Net changes	\$ 63,422	(238,536)	301,958
Balances as of June 30, 2022	\$ 1,468,848	1,724,574	(255,726)

TOWN OF LITCHFIELD, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS, Continued
June 30, 2022

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

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

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
Net OPEB liability	\$ (255,726)	(104,669)	(389,587)

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

The following presents the net OPEB liability of the Town, calculated using the healthcare trend rate of 6.5%, reducing by .5% each year to an ultimate rate of 4.50% for 2024 and later, as well as what the Town's net OPEB liability would be if it were calculated using a healthcare trend rate that is 1 percent point lower or 1 percent higher than the current healthcare trend rates:

	1% Decrease (5.50% decreasing to 3.50%)	Current Healthcare Trend Rate (6.50% decreasing to 4.50%)	1% Increase (7.50% decreasing to 5.50%)
Net OPEB liability	\$ (255,726)	(438,612)	(37,656)

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

For the year ended June 30, 2022, the Town recognized OPEB expense of \$238,189. As of June 30, 2022, deferred outflows and inflows of resources related to OPEB are reported as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 33,083	(1,197,147)
Changes of assumptions		(174,016)
Net difference between projected and actual earnings on OPEB plan investments	134,111	
Total	\$ 167,194	(1,371,163)

TOWN OF LITCHFIELD, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS, Continued June 30, 2022

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

Year Ended June 30,	
2023	\$ (87,701)
2024	(86,354)
2025	(91,157)
2026	(34,161)
2027	(95,981)
Thereafter	<u>(808,615)</u>
Total	\$ <u>(1,203,969)</u>

Teachers' Retirement OPEB Plan

All Town of Litchfield Board of Education certified employees participate in the State of Connecticut Teachers' Retirement System ("TRS" or the "Plan") under Section 10.183 of the General Statutes of the State of Connecticut.

Plan Description

Teachers, principals, superintendents, or supervisors engaged in service of public schools are provided with benefits, including retiree health insurance, through the Connecticut State Teachers' Retirement System – a cost sharing, multiemployer, defined benefit pension plan administered by the Teachers' Retirement Board. Title 10, Chapter 167a of the State Statutes grants authority to establish and amend the benefit terms to the State Teachers' Retirement Board ("TRB"). The State Treasurer is responsible for investing Teachers' Retirement System funds for the exclusive benefit of the TRS members.

The Teachers' Retirement System is considered to be a part of the State of Connecticut financial reporting entity and is included in the State's financial reports as a pension trust fund. Those reports may be obtained by writing to the State of Connecticut, Office of the State Comptroller, 55 Elm Street, Hartford, Connecticut 06106, by calling 860-702-3480, or by visiting the State's website www.ct.gov.

Benefit Provisions

The plan provides healthcare insurance benefits to eligible retirees and their spouses. Any member currently receiving a retirement or disability benefit through the Plan is eligible to participate in the healthcare portion of the Plan. Subsidized Local School District Coverage provides a subsidy paid to members still receiving coverage through their former employer and the TRB Sponsored Medicare Supplemental Plans provide coverage for those participating in Medicare, but not receiving Subsidized Local School District Coverage.

TOWN OF LITCHFIELD, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS, Continued June 30, 2022

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

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

If a member participating in Medicare Parts A & B so elects, they may enroll in one of the CTRB Sponsored Medicare Supplemental Plans. Active members, retirees, and the State pay equally toward the cost of the basic coverage (medical and prescription drug benefits).

The choices and calendar year premiums charged as of July 1, 2022, are as follows:

- Medicare Supplement with Prescriptions \$ 269
- Medicare Supplement with Prescriptions and Dental 319

Survivor Health Care Coverage: Survivors of former employees or retirees remain eligible to participate in the plan and continue to be eligible to receive either the \$110 monthly subsidy or participate in the TRB-Sponsored Medicare Supplemental Plans, as long as they do not remarry.

Normal Retirement: Eligible after 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: 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.

Proratable Retirement: Eligible after age 60 with 10 years of credited service.

Disability Retirement: Eligible after 5 years of credited service in Connecticut if not incurred in the performance of duty and no service requirement if incurred in the performance of duty.

Termination of Employment: Eligible after 10 or more years of credited service.

TOWN OF LITCHFIELD, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS, Continued June 30, 2022

Contributions

State of Connecticut: Per Connecticut General Statutes Section 10-183z (which reflects Public Act 79-436 as amended), contribution requirements of active employees and the State of Connecticut is amended and certified by the State Teachers' Retirement Board and appropriated by the General Assembly. The State pays for one third of plan costs through an annual appropriation in the General Fund.

Employer (School Districts): School district employers are not required to make contributions to the Plan.

Employees: The cost of providing plan benefits is financed on a pay-as-you-go basis as follows:

- Active teachers' pay one third of the Plan costs through a contribution of 1.25% of pensionable salary.
- Retired teachers pay one third of the Plan costs through monthly premiums.

For the year ended June 30, 2022, \$111,172 mandatory contributions were deducted from the salaries of active teachers who were participants in the System. The estimated covered payroll for the Town was \$8,937,730.

Administrative Expenses

Administrative expenses of the Plan are to be paid by the General Assembly per Section 10-183r of the Connecticut General Statutes.

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

The State has a statutory requirement to pay 100% of the required plan contribution; therefore, as of June 30, 2022, the Town reports no amounts for its proportionate share of the net OPEB liability, and related deferred outflows and inflows. 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 associated with the Town were as follows:

Town's proportionate share of the net OPEB liability	\$	-
State's proportionate share of the net OPEB liability associated with the Town		3,315,198
Total net OPEB liability	\$	<u>3,315,198</u>

The net OPEB liability was measured as of June 30, 2022, and the total OPEB liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2022. The assumptions used in the June 30, 2022; valuation was based on the results of an actuarial experience study for the period five-year period ended June 30, 2019.

For the year ended June 30, 2022, the Town has recognized, in the General Fund, intergovernmental revenue and education expenditures related to OPEB in the amount of \$ payments made by the State of Connecticut on behalf of the Town teachers' OPEB.

TOWN OF LITCHFIELD, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS, Continued June 30, 2022

Actuarial Assumptions

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

Inflation	2.50% (previously 2.75)
Salary increase	3.00-6.50% (previously 3.25 %) including inflation
Long-term investment rate of return	3.00%, net of pension plan investment expense, including inflation
Real wage growth	.05% (Previously .75%)
Wage inflation	3.00% (Previously 3.25%)
Municipal bond index rate	2.16% (3.87% at prior measurement date)
Single equivalent interest rate	3.17%
Healthcare cost trend rates	5.125% for 2020 decreasing to an ultimate rate of 4.50% by 2023
Year fund net position will be depleted	2021

Mortality rates were based on the RPH-2014 White Collar Table with employee and annuitant rates blended from ages 50 to 80, projected to the year 2020 using the BB improvement scale, and further adjusted to grade in increases (5% for females and 8% for males) to rates over age 80. For disabled retirees, the RPH-2014 Disabled Mortality Table projected to 2020 using the BB improvement scale.

Long-Term Rate of Return

The long-term expected rate of return on 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 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 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 target asset allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Treasuries (cash equivalents)	100.0%	1.78%
Total	100.0%	

Discount Rate

The discount rate used to measure the total OPEB was 2.17%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current member contribution rate and that contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members. No future State contributions were assumed to have been made. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be depleted in 2019 and, as a result, the Municipal Bond Index Rate was used in the determination.

TOWN OF LITCHFIELD, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS, Continued
June 30, 2022

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

The Town's proportionate share of the net OPEB liability is \$0. Any change in the health care cost trend rate or the discount rate would only have an effect on the amount recorded by the State of Connecticut.

Note 12 – Fund Deficits and Restrictions to Fund Position

Restricted Fund Position

<u>Fund</u>	<u>Restricted Net Position</u>	<u>Restriction</u>
Cemetery Trust	\$ 10,348	For donor intentions
Scholarship Fund	49,202	Scholarships
Grant requirements	<u>782,532</u>	Small Cities Program
	<u>\$ 842,082</u>	

General Fund Committed and Assigned Fund Balance

In accordance with Connecticut General Statute 10-248, the Town's Board of Finance established a non-lapsing account to be used for Board of Education capital expenses defined as being at least \$10,000 or a useful life of 10 years. The account will have deposits equal to one half of the operating surplus plus one half of the education tuition paid to the Town during the previous fiscal year. The deposit may not exceed 2% of the Board of Education's total appropriation for one year.

The activity of the non-lapsing account was as follows:

Balance at July 1, 2021	\$ 254,161
Deposits:	
½ education surplus (\$112,244)	56,122
½ tuition received (\$83,690)	41,845
Expenditures	-
Balance at June 30, 2022	<u>\$ 352,128</u>

In addition, the Town's management assigned a portion of the general fund balance to the canine fund through the annual operating budget. This is presented in the General Fund's balance sheet as assigned fund balance.

General Fund Unassigned Balance Policy

The Board of Finance formally adopted a general fund policy on May 13, 2019. In accordance with the policy, the Town limits the use of undesignated ("unassigned") general fund balance in excess of 15% of the next year's appropriation to the following: limited funds for capital projects, equipment sinking fund, capital improvement projects, debt service, or any one-time nonrecurring expenditure. As of June 30, 2022, \$4.8 million of general fund unassigned balance was limited for these purposes.

TOWN OF LITCHFIELD, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS, Continued June 30, 2022

Note 13 – Subsequent Events

Management has evaluated events subsequent to the date of the financial statements through November 30, 2022, the date the financial statements were available to be issued. No events have occurred subsequent to the Statement of Net Position date through November 30, 2022, that would require readjustment to the financial statements.

On June 28, 2022, the Towns citizens of Goshen Litchfield, Morris and Warren approved to enter into Regional School District No. 20 to provide educational services to children for grades kindergarten through twelfth grade. The region will carry out a two-year development period and is expected to begin educational services for the 2024-2025 school year at which time the Litchfield public school system will operations. During the two-year development period, the Town will determine the material effects on the Town's net position due to this action.

The Town issued a general obligation bond on August 9, 2022, for \$2,085,000. The bond was sold with a premium of \$81,000. The debt will be paid annually over a 15-year period beginning August 1, 2022, and interest will be paid semiannually with an interest rate of 3%-5%.

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS - TOWN PLAN

Last Nine Fiscal Years

	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total pension liability:									
Service cost	\$ 235,797	271,006	261,842	325,668	316,176	372,872	358,531	344,741	396,238
Interest	1,289,746	1,251,272	1,215,723	1,174,819	1,132,494	1,144,711	1,092,779	1,023,014	976,938
Difference between expected and actual experience		(351,970)		(130,438)		(853,171)		318,394	
Change in assumptions		430,877		823,306					
Benefit payments, net	(993,523)	(998,381)	(923,012)	(881,041)	(826,927)	(739,058)	(708,980)	(697,793)	(630,245)
Net change in total pension liability	\$ 532,020	602,804	554,553	1,312,314	621,743	(74,646)	742,330	988,356	742,931
Total pension liability - beginning	19,360,202	18,757,398	18,202,845	16,890,531	16,268,788	16,343,434	15,601,104	14,612,748	13,869,817
Total pension liability - ending	\$ 19,892,222	19,360,202	18,757,398	18,202,845	16,890,531	16,268,788	16,343,434	15,601,104	14,612,748
Plan fiduciary net position:									
Contributions - employer	\$ 520,645	559,267	550,742	851,760	850,572	719,626	672,363	1,093,734	1,067,885
Contributions - employee	28,216	31,700	34,944	36,769	37,280	60,322	20,527		
Net investment income	(2,260,095)	3,830,174	747,969	1,055,208	865,796	1,252,987	118,227	327,163	1,295,948
Benefit payments, net	(993,523)	(998,381)	(923,012)	(881,041)	(826,927)	(739,058)	(708,980)	(697,793)	(630,245)
Net change in plan fiduciary net position	\$ (2,704,757)	3,422,760	410,643	1,062,696	926,721	1,293,877	102,137	723,104	1,733,588
Plan fiduciary net position - beginning	19,119,249	15,696,489	15,285,846	14,223,150	13,296,429	12,002,552	11,900,415	11,177,311	9,443,723
Plan fiduciary net position - ending	\$ 16,414,492	19,119,249	15,696,489	15,285,846	14,223,150	13,296,429	12,002,552	11,900,415	11,177,311
Net pension liability - ending	\$ 3,477,730	240,953	3,060,909	2,916,999	2,667,381	2,972,359	4,340,882	3,700,689	3,435,437
Plan fiduciary net position as a percentage of total pension liability	82.52%	98.76%	83.68%	83.98%	84.21%	81.73%	73.44%	76.28%	76.49%
Covered payroll	\$ 2,251,490	2,175,353	3,484,630	3,366,792	3,831,932	3,684,550	4,272,039	4,107,730	4,397,899
Net pension liability as a percentage of its covered payroll	154.46%	11.08%	87.84%	86.64%	69.61%	80.67%	101.61%	90.09%	78.12%

Notes to Schedule

Changes in benefit terms	None
Changes in assumptions	The July 1, 2018 valuation reflects changes in investment rate of return from 7.00% to 6.75%, inflation from 3.00% to 2.50%, salary increase from 4.00% to 3.50%, mortality was updated based on the most recently published pension mortality study released by the Society of Actuaries.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age
Amortization method	Level dollar
Remaining amortization period	14 years
Asset valuation method	Market value of assets
Inflation	2.50%
Salary increase	3.50%, including inflation
Investment rate of return	6.75%, net of pension plan investment expense

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

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS - MERIT SERVICE PLAN

Last Nine Fiscal Years

	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total pension liability:									
Service cost	\$ 60,529	54,579	54,579	52,540	52,540	59,412	59,412	59,412	65,858
Interest	327,375	315,903	306,466	293,922	284,891	281,563	271,181	258,709	247,891
Diff. between expected and actual experience		(7,459)		(53,714)		(94,174)		33,529	
Change in assumptions		40,635		261,286					
Benefit payments, net	(249,199)	(230,402)	(212,380)	(216,856)	(200,269)	(184,752)	(179,891)	(167,268)	(138,757)
Net change in total pension liability	\$ 138,705	173,256	148,665	337,178	137,162	62,049	150,702	184,382	174,992
Total pension liability - beginning	4,912,035	4,738,779	4,590,114	4,252,936	4,115,774	4,053,725	3,903,023	3,718,641	3,543,649
Total pension liability - ending	\$ 5,050,740	4,912,035	4,738,779	4,590,114	4,252,936	4,115,774	4,053,725	3,903,023	3,718,641
Plan fiduciary net position:									
Contributions - employer	\$ 127,954	119,508	118,419	118,419	118,419	158,102	154,100	150,102	150,102
Contributions - employee									
Net investment income	(595,269)	1,010,933	198,700	280,447	240,218	351,066	32,649	97,690	395,941
Benefit payments, net	(249,199)	(230,402)	(212,380)	(216,856)	(200,269)	(184,752)	(180,389)	(167,268)	(138,757)
Net change in plan fiduciary net position	\$ (716,514)	900,039	104,739	182,010	158,368	324,416	6,360	80,524	407,286
Plan fiduciary net position - beginning	5,038,525	4,138,486	4,033,747	3,851,737	3,693,369	3,368,953	3,362,593	3,282,069	2,874,783
Plan fiduciary net position - ending	\$ 4,322,011	5,038,525	4,138,486	4,033,747	3,851,737	3,693,369	3,368,953	3,362,593	3,282,069
Net pension liability - ending	\$ 728,729	(126,490)	600,293	556,367	401,199	422,405	684,772	540,430	436,572
Plan fiduciary net position as a percentage of total pension liability	85.57%	102.58%	87.33%	87.88%	90.57%	89.74%	83.11%	86.15%	88.26%
Covered payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Net pension liability as a percentage of its covered payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Notes to Schedule

Changes in benefit terms None

Changes in assumptions The July 1, 2018 valuation reflects changes in investment rate of return from 7.00% to 6.75%, inflation from 3.00% to 2.50%, and mortality was updated using the most recently published pension mortality study released by the Society of Actuaries.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age
Amortization method	Level dollar
Remaining amortization period	14 years
Asset valuation method	Market value of assets
Inflation	2.50%
Salary increases	N/A
Investment rate of return	6.75%, net of pension plan investment expense

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

SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS - OPEB FOR THE BOARD OF EDUCATION

Last Six Fiscal Years

	2022	2021	2020	2019	2018	2017
Total OPEB liability:						
Service cost	\$ 39,054	49,776	48,092	55,169	53,304	51,501
Interest	94,023	143,618	138,490	173,411	167,805	158,952
Differences between expected and actual experience	35,138	(828,563)	(103,897)	(435,011)	(125,270)	(68,299)
Change in assumptions		(39,674)	(21,039)	(186,094)		
Benefit payments, including refunds of member contributions	(104,793)	4,671		(30,775)	(4,897)	(95,701)
Net change in total OPEB liability	\$ 63,422	(670,172)	61,646	(423,300)	90,942	46,453
Total OPEB liability - beginning	1,405,426	2,075,598	2,013,952	2,437,252	2,346,310	2,299,857
Total OPEB liability - ending	\$ 1,468,848	1,405,426	2,075,598	2,013,952	2,437,252	2,346,310
Plan fiduciary net position:						
Contributions - employer	\$ 94,563	(16,221)	9,049	26,828	(25,903)	215,521
Contributions - employee						
Contributions - TRB subsidy	10,230	11,550	11,990	22,770	30,800	27,170
Net investment income	(238,536)	391,086	76,902	103,480	88,644	124,083
Benefit payments, including refunds of member contributions	(104,793)	4,671	(21,039)	(30,775)	(4,897)	(95,701)
Administrative and other costs		-			(5,100)	(5,625)
Net change in plan fiduciary net position	\$ (238,536)	391,086	76,902	122,303	83,544	265,448
Plan fiduciary net position - beginning	1,963,110	1,572,024	1,495,122	1,372,819	1,289,275	1,023,827
Plan fiduciary net position - ending	\$ 1,724,574	1,963,110	1,572,024	1,495,122	1,372,819	1,289,275
Net OPEB liability - ending	\$ (255,726)	(557,684)	503,574	518,830	1,064,433	1,057,035
Plan fiduciary net position as a percentage of total OPEB liability	117.41%	139.68%	75.74%	74.24%	56.33%	54.95%
Covered payroll	\$ 8,937,730	8,635,466	9,176,000	8,865,708	8,451,000	8,451,000
Net OPEB liability as a percentage of its covered payroll	-2.86%	-6.46%	5.49%	5.85%	12.60%	12.51%

Notes to Schedule

Changes in benefit terms	None
Changes in assumptions	The July 1, 2018 valuation reflects changes in investment rate of return from 7.00% to 6.75%, inflation from 3.00% to 2.50%, mortality was updated based on the most recently published pension mortality study released by the Society of Actuaries. In 2018 the healthcare trend rates were decreased to 7.00%, reducing 0.5% per year to a final rate of 4.50% for 2024 and later, from 7.75% in 2016 reducing 0.5% per year to a final rate of 4.75% per year for 2022 and later.

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

SCHEDULE OF EMPLOYER CONTRIBUTIONS - TOWN PLAN
LAST TEN FISCAL YEARS
(In Thousands)

	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	(Thousands) Covered Payroll	Contribution as a Percentage of Covered Payroll
2022 \$	521	521		2,251	23.15%
2021	559	559		2,175	25.70%
2020	551	551		3,485	15.81%
2019	666	852	(186)	3,367	25.30%
2018	654	850	(196)	3,832	22.18%
2017	682	720	(38)	3,685	19.54%
2016	669	672	(3)	4,272	15.73%
2015	844	1,094	(250)	4,108	26.63%
2014	828	1,068	(240)	4,398	24.28%
2013	838	838		N/A	N/A

Notes to Schedule

Valuation date: July 1, 2018
Measurement date: June 30, 2019

Changes in benefit terms: None
Changes in assumptions: The July 1, 2018 valuation reflects changes in investment rate of return from 7.00% to 6.75%, inflation from 3.00% to 2.50%, salary increase from 4.00% to 3.50%, mortality was updated based on the most recently published pension mortality study released by the Society of Actuaries.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age
Amortization method	Level dollar
Remaining amortization period	14 years
Asset valuation method	Market value of assets
Inflation	2.50%
Salary increases	3.50%, including inflation
Investment rate of return	6.75%, net of pension plan investment expense

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

**SCHEDULE OF EMPLOYER CONTRIBUTIONS - MERIT SERVICE PLAN
LAST TEN FISCAL YEARS
(In Thousands)**

	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contribution as a Percentage of Covered Payroll
2022	\$ 128	128		N/A	N/A
2021	120	120		N/A	N/A
2020	120	118	2	N/A	N/A
2019	118	118		N/A	N/A
2018	118	118		N/A	N/A
2017	107	158	(51)	N/A	N/A
2016	107	154	(47)	N/A	N/A
2015	150	150		N/A	N/A
2014	150	150		N/A	N/A
2013	188	188		N/A	N/A

Notes to Schedule

Valuation date: July 1, 2018
 Measurement date: June 30, 2019

Changes in benefit terms: None
 Changes in assumptions: The July 1, 2018 valuation reflects changes in investment rate of return from 7.00% to 6.75%, inflation from 3.00% to 2.50%, mortality was updated based on the most recently published pension mortality study released by the Society of Actuaries.

Methods and assumptions used to determine contribution rates:

Actuarial cost method: Entry age
 Amortization method: Level dollar
 Remaining amortization period: 14 years
 Asset valuation method: Market value of assets
 Inflation: 2.50%
 Salary increases: N/A
 Investment rate of return: 6.75%, net of pension plan investment expense

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

**SCHEDULE OF EMPLOYER CONTRIBUTIONS - OPEB FOR THE BOARD OF EDUCATION
LAST TEN FISCAL YEARS
(In Thousands)**

	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contribution as a Percentage of Covered Payroll
2022	\$ 21	94.60	(73.6)	8,937	1.06%
2021	120	120	-	8,635	1.39%
2020	178	27	151	9,176	0.29%
2019	178	27	151	8,865	0.30%
2018	173	(26)	199	8,451	-0.31%
2017	210	215	(5)	N/A	N/A
2016	N/A	N/A	N/A	N/A	N/A
2015	N/A	N/A	N/A	N/A	N/A
2014	N/A	N/A	N/A	N/A	N/A
2013	N/A	N/A	N/A	N/A	N/A

Notes to Schedule

Valuation date:	July 1, 2018
Measurement date:	June 30, 2019
Changes in benefits	None
Changes in assumptions	The July 1, 2018 valuation reflects changes in investment rate of return from 7.00% to 6.75%, inflation from 3.00% to 2.50%, mortality was updated based on the most recently published pension mortality study released by the Society of Actuaries. In 2018 the healthcare trend rates were decreased to 7.00%, reducing 0.5% per year to a final rate of 4.50% for 2024 and later from 7.75% in 2016 reducing 0.5% per year to a final rate of 4.75% per year for 2022 and later.
Methods and assumptions used to determine contribution rates:	
Actuarial cost method	Entry age
Asset valuation method	Market value of assets
Healthcare cost trend	7.00% in 2018, reduced by 0.5% per year to final 4.50% per year rate for 2024 and later
Inflation	2.50%
Investment rate of return	6.75%, net of investment related and administrative expenses

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

SCHEDULE OF INVESTMENT RETURNS - TOWN PLAN
Last Nine Fiscal Years

<u>Year ended June 30</u>	<u>Annual money- weighted rate of return, net of investment expense</u>
2022	(12.05) %
2021	24.80 %
2020	4.96 %
2019	7.41 %
2018	6.47 %
2017	10.50 %
2016	1.01 %
2015	2.91 %
2014	13.76 %

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

SCHEDULE OF INVESTMENT RETURNS - MERIT SERVICE PLAN
Last Nine Fiscal Years

<u>Year ended June 30</u>	<u>Annual money- weighted rate of return, net of investment expense</u>
2022	(12.01) %
2021	24.81 %
2020	5.00 %
2019	7.40 %
2018	6.51 %
2017	10.52 %
2016	1.02 %
2015	2.97 %

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

SCHEDULE OF INVESTMENT RETURNS - OPEB FOR THE BOARD OF EDUCATION
Last Six Fiscal Years

<u>Year ended June 30</u>	<u>Annual money-weighted rate of return, net of investment expense</u>
2022	(12.15) %
2021	24.88 %
2020	5.14 %
2019	7.46 %
2018	6.89 %
2017	10.85 %

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

**SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY -
TEACHERS' RETIREMENT PLAN**

Last Seven Fiscal Years

	2022	2021	2020	2019	2018	2017	2016
Town's proportion of the net pension liability	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	30,429,128	38,420,204	35,948,513	27,718,392	29,074,044	30,673,339	22,686,851
Total	\$ 30,429,128	38,420,204	35,948,513	27,718,392	29,074,044	30,673,339	22,686,851
Town's covered payroll	\$ 8,937,730	8,635,466	8,698,205	8,710,714	8,762,327	8,558,683	8,440,514
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%
Plan fiduciary net position as a percentage of total pension liability	60.77%	49.24%	52.00%	57.69%	55.93%	52.26%	59.50%

Notes to Schedule

Changes in benefit terms
 In 2019, beginning July 1, 2019 HB 7424 set the annual interest rate on mandatory contributions at 4.0%. Also, for members retiring on or after July 1, 2019 with a partial refund option election (Plan N), if 50% of the benefits paid prior to death do not exceed the Member's mandatory contributions plus interest frozen at the date of the benefit commencement, the difference is paid to the Member's beneficiary.

Changes in assumptions
 In 2020, the Board adopted new assumptions as a result of an experience study for the five-year period ending June 30, 2019. The changes in assumptions include a decrease in the annual rate of real wage increase from 0.75% to 0.50%, a decrease in payroll growth from 3.25% to 3.00%, and rates of withdrawal, disability, retirement, mortality, and assumed rates of salary increase were adjusted to more closely reflect actual and anticipated experience.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age
Amortization method	Level percent of salary closed, grading to a level dollar amortization method for June 30, 2024 valuation
Single equivalent amortization period	30 years
Asset valuation method	4-year smoothed market
Inflation	2.50%
Salary increase	3.25-6.50%, including inflation
Investment rate of return	6.90%, net of investment related expense, including inflation

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

**SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY -
TEACHERS' RETIREMENT PLAN**

Last Four Fiscal Years

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Town's proportion of the net OPEB liability	0.00%	0.00%	0.00%	0.00%
Town's proportionate share of the net OPEB liability	\$ -	-	-	-
State's proportionate share of the net OPEB liability associated with the Town	<u>3,315,198</u>	<u>5,730,375</u>	<u>5,606,372</u>	<u>5,541,084</u>
Total	<u>\$ 3,315,198</u>	<u>5,730,375</u>	<u>5,606,372</u>	<u>5,541,084</u>
Town's covered payroll	\$ 8,937,730	8,698,205	8,698,205	8,710,714
Town's proportionate share of the net OPEB liability as a percentage of its covered payroll	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of total OPEB liability	6.11%	2.50%	2.08%	1.49%

Notes to Schedule

Changes in benefit terms	None
Changes in assumptions	The single equivalent interest rate was updated to 2.17% as of June 30,2021 The expected annual per capita claims cost were updated to reflect anticipated medical and prescription drug claim experience based on scheduled premium increases through calendar year 2024.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age
Amortization method	Level percent of payroll
Amortization period	30 years, open
Asset valuation method	Market value of assets
Inflation	2.50%
Salary increase	3.25-6.50%, including inflation
Investment rate of return	6.90%, net of investment related expense, including inflation

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

APPENDIX B – FORM OF OPINION OF BOND COUNSEL

August __, 2023

Town of Litchfield
Town Hall
74 West Street
Litchfield, Connecticut 06759

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

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

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

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

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

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

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.

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

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

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

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

Respectfully,

PULLMAN & COMLEY, LLC

APPENDIX C – FORM OF CONTINUING DISCLOSURE AGREEMENT

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 for the Bonds 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 for the Bonds.

CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement (this “Agreement”) is executed and delivered as of August __, 2023, by the Town of Litchfield, Connecticut (the “Issuer”), acting by its undersigned officers, duly authorized, in connection with the issuance of \$_____ General Obligation Bonds, Issue of 2023, dated August __, 2023 (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 August __, 2023, prepared in connection with the Bonds.

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

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

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

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

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

Section 2. Annual Financial Information.

(a) The Issuer agrees to provide, or cause to be provided, to the Repository in an electronic format, accompanied by identifying information, as prescribed by the MSRB, and otherwise in accordance with the provisions of the Rule and of this Agreement, annual financial information and operating data (commencing with information and data for the fiscal year ending June 30, 2023) as follows:

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

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

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

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

- (C) the percentage or amount of the annual property tax levy collected and uncollected;
- (D) a schedule of annual debt service on outstanding long-term bonded indebtedness;
- (E) a calculation of the direct debt, net direct debt and overall net debt (reflecting overlapping and underlying debt);
- (F) the direct debt and overall net debt of the Issuer per capita;
- (G) the ratios of direct debt and overall net debt of the Issuer to the Issuer's equalized net (taxable) grand list;
- (H) a statement of statutory debt limitations and debt margins;
- (I) the funding status of the Issuer's pension benefit obligation.

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

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

(d) The 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 mandated statutory accounting principles as in effect from time to time, provided that the Issuer agrees that the exercise of any such right will be done in a manner consistent with the Rule.

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

Section 3. Reporting of Listed Events.

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

- (a) principal and interest payment delinquencies;
- (b) non-payment related defaults, if material;
- (c) unscheduled draws on debt service reserves reflecting financial difficulties;
- (d) unscheduled draws on credit enhancements reflecting financial difficulties;
- (e) substitution of credit or liquidity providers, or their failure to perform;

- (f) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
- (g) modifications to rights of holders of the Bonds, if material;
- (h) Bond calls, if material, and tender offers;
- (i) defeasances;
- (j) release, substitution, or sale of property securing repayment of the Bonds, if material;
- (k) rating changes;
- (l) bankruptcy, insolvency, receivership or similar event of the Issuer;

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

- (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 trustee, if material;
- (o) incurrence of a financial obligation, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation, any of which affect security holders, if material; and
- (p) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of the financial obligation of the Issuer, any of which reflect financial difficulties.

Note to clauses (o) and (p): For the purposes of the events identified in clauses (o) and (p), the term “financial obligation” means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term “financial obligation” shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

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

The Issuer agrees to provide, or cause to be provided, in a timely manner, to the Repository in an electronic format, accompanied by identifying information, as prescribed by the MSRB, notice of any failure by the 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 Sections 2, 3 and 4 of this Agreement are intended to be for the benefit of, and enforceable by, the beneficial owners from time to time of the Bonds. In the event the 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 thirty (30) days with respect to undertakings set forth in Section 2 of this Agreement or five (5) business days with respect to undertakings set forth in Sections 3 and 4 of this Agreement) from the time the First Selectman, or a successor, receives written notice from any beneficial owner of the Bonds of such failure. For purposes of this section, notice to the Issuer should be made to the First Selectman, Town of Litchfield, 74 West Street, Litchfield, Connecticut 06759.

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

Section 8. Miscellaneous.

(a) The 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.

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

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

IN WITNESS WHEREOF, the Issuer has caused this Continuing Disclosure Agreement to be executed in its name by its undersigned officers, duly authorized, all as of the date first above written.

TOWN OF LITCHFIELD, CONNECTICUT

By: _____
DENISE RAAP
First Selectman

By: _____
FRANCIS C. CARPENTIER
Town Treasurer

By: _____
AMAECHE E. OBI
Director of Finance

APPENDIX D – NOTICE OF SALE

**TOWN OF LITCHFIELD, CONNECTICUT
\$1,504,000* GENERAL OBLIGATION BONDS, ISSUE OF 2023
(BANK QUALIFIED)
BOOK-ENTRY-ONLY**

NOTICE IS GIVEN that ELECTRONIC BIDS solely via **PARITY**® will be received by the TOWN OF LITCHFIELD, CONNECTICUT (the “Issuer”), until 11:00 A.M. (E.T.) on TUESDAY,

AUGUST 8, 2023

(the “Sale Date”) for the purchase, when issued, of all (but not less than all) of the Issuer’s \$1,504,000* General Obligation Bonds, Issue of 2023, dated August 22, 2023 (the “Bonds”), at no less than par and accrued interest from the date of the Bonds to the date of delivery, if any, maturing on August 1 in the principal amounts and in each of the years as follows:

<u>Maturity</u>	<u>Amount (\$)*</u>	<u>Maturity</u>	<u>Amount (\$)*</u>
2024	104,000	2032	100,000
2025	100,000	2033	100,000
2026	100,000	2034	100,000
2027	100,000	2035	100,000
2028	100,000	2036	100,000
2029	100,000	2037	100,000
2030	100,000	2038	100,000
2031	100,000		

The Bonds will bear semiannually on February 1 and August 1 in each year until maturity, commencing February 1, 2024, as further described in the Preliminary Official Statement (as hereinafter defined), at the rate or rates per annum specified by the winning bidder.

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

Optional Redemption

The Bonds maturing on or before August 1, 2029 are not subject to redemption prior to maturity. The Bonds maturing August 1, 2030 and thereafter are subject to redemption prior to maturity, at the option of the Issuer, on and after August 1, 2029, either in whole or in part at any time, in such order of maturity and amount as the Issuer may determine, and by lot within a maturity, at the respective prices (expressed as a percentage of the principal amount of the Bonds to be redeemed) set forth in the following table, plus interest accrued and unpaid to the redemption date:

<u>Period During Which Redeemed</u>	<u>Redemption Price</u>
August 1, 2029 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, as amended, for purposes of the deduction by financial institutions for interest expense allocable to the Bonds.

Registration

The Bonds will be issued by means of a book-entry system with no physical distribution of bond certificates made to the public. The Bonds will be issued in registered form and one bond certificate for each maturity will be issued to The Depository Trust Company (“DTC”), New York, New York, registered in the name of its nominee, Cede & Co., and immobilized in its custody. A book-entry system will be employed, evidencing ownership of the Bonds in principal amounts of \$1,000 or any integral multiple thereof, with transfers of ownership effected on the records of DTC and its participants pursuant to rules and procedures adopted by DTC and its participants. The purchaser, as a condition to delivery of the Bonds, will be required to deposit the bond certificates with DTC, registered in the name of Cede & Co. Principal of, redemption premium, if any, and interest on the Bonds will be payable by the Issuer or its agent to DTC or its nominee as registered owner of the Bonds. Principal and interest payments by DTC to participants of DTC will be the responsibility of DTC; principal and interest payments to beneficial owners by participants of DTC will be the responsibility of such participants and other nominees of beneficial owners. The Issuer will not be responsible or liable for payments by DTC to its participants or by DTC participants or indirect participants to beneficial owners or for maintaining, supervising or reviewing the records maintained by DTC, its participants or persons acting through such participants. Upon receipt from the Issuer, the Paying Agent will pay principal of and interest on the Bonds directly to DTC so long as DTC or its nominee, Cede & Co, is the bondholder.

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

Proposals

Each bid must be for the entire \$1,504,000* of the Bonds. Each proposal must specify the amount bid for the Bonds (which shall be the aggregate par value of the Bonds, and, at the option of the bidder, a premium), and must specify in a multiple of one-twentieth of one percent (1/20 of 1%) or one-eighth of one percent (1/8 of 1%) the rate or rates of interest per annum which the Bonds are to bear, provided that such proposal shall not state (a) more than one interest rate for any Bonds having a like maturity or (b) any interest rate for any Bonds of one maturity which exceeds the interest rate stated in such proposal for Bonds of a different maturity by more than two (2) percentage points. In addition to the amount bid for the Bonds, the purchaser must pay an amount equal to the interest on the Bonds accrued to the date of delivery. For the purpose of the bidding process, the time as maintained on **PARITY**® shall constitute the official time. For information purposes only, bidders are requested to state in their bids the true interest cost (“TIC”) to the Issuer, as described under “Basis of Award” below, represented by the rate or rates of interest and the bid price specified in their respective bids. Interest shall be calculated on the basis of a 360-day year consisting of twelve 30-day months. No proposal for less than par and accrued interest to the date of delivery will be considered.

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

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

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

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

* Preliminary, subject to change.

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

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

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

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

Certifying Agent, Registrar, Paying Agent and Transfer Agent

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

Delivery, Payment and Closing Requirements

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

The Bonds will be delivered against payment in immediately available federal funds through the facilities of DTC, New York, New York or its agent via Fast Automated Securities Transfer (“FAST”) on or about August 22, 2023 (the “Closing Date”).

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

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

Bond Counsel Opinion

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

Establishment of Issue Price

In order to provide the Issuer with information that enables it to comply with certain requirements of the Internal Revenue Code of 1986, as amended (the “Code”), relating to the exclusion of interest on the Bonds from the gross income of their owners, the winning bidder will be required to complete, execute, and deliver to the Issuer at or prior to the delivery of the Bonds an “issue price” or similar certificate setting forth the reasonably expected initial offering price to the Public (the “Initial Offering Price”) or the actual sales price or prices of the Bonds, as circumstances may determine, together with the supporting pricing wires or equivalent communications, with such modifications as may be appropriate or necessary, in the reasonable judgment of Bond Counsel. Communications relating to this “Establishment of Issue Price” section, the completed certificate(s) and any supporting information shall be delivered to (1) Bond Counsel at Sandra Dawson, Esq., Pullman & Comley, LLC, 90 State House Square, Hartford, CT 06103, Telephone: (860) 424-4348, E-mail: sdawson@pullcom.com and (2) the Municipal Advisor at Mark Chapman, Munistat Services, Inc., 129 Samson Rock Drive, Suite A, Madison, CT 06443, Telephone: (203) 421-2087, E-mail: Mark.Chapman@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 July 28, 2023 (the “Official Statement”) describing the Bonds and the financial condition of the Issuer. The Preliminary Official Statement is available in electronic format at 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 Mark Chapman, Munistat Services, Inc., 129 Samson Rock Drive, Suite A, Madison, CT 06443, Telephone: (203) 421-2087, E-mail: Mark.Chapman@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 LITCHFIELD, CONNECTICUT

DENISE RAAP
First Selectman

FRANCIS C. CARPENTIER
Town Treasurer

July 28, 2023

ATTACHMENT A

ISSUE PRICE CERTIFICATE

(If Competitive Sale Rule Met)

TOWN OF LITCHFIELD, CONNECTICUT
\$ _____ GENERAL OBLIGATION BONDS, ISSUE OF 2023
DATED AUGUST 22, 2023

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

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

2. **Purchase Price.** The TOWN OF LITCHFIELD, CONNECTICUT (the “Issuer”) sold to [SHORT NAME OF UNDERWRITER], for delivery on or about August 22, 2023, the Bonds at a price of par (\$ _____), plus an aggregate net premium of \$ _____ and less an underwriter’s discount of \$ _____, resulting in an aggregate net purchase price of \$ _____.

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

(a) As of August 8, 2023 (the “Sale Date”), the reasonably expected initial offering prices of the Bonds to the Public by [SHORT NAME OF UNDERWRITER] are the prices listed in **Schedule A** (the “Expected Offering Prices”). The Expected Offering Prices are the prices for the Maturities of the Bonds used by [SHORT NAME OF UNDERWRITER] in formulating its bid to purchase the Bonds. Attached as **Schedule B** is a true and correct copy of the bid provided by [SHORT NAME OF UNDERWRITER] to purchase the Bonds.

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

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

4. **Defined Terms.**

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

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

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

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

IN WITNESS WHEREOF, the undersigned has executed this Certificate as of August 8, 2023.

[UNDERWRITER]

By: _____
Name:
Title:

Schedule A to Issue Price Certificate

<u>Maturity, August 1</u>	<u>Principal Amount (\$)</u>	<u>Interest Rate (%)</u>	<u>Price (\$, not Yield)</u>
2024			
2025			
2026			
2027			
2028			
2029			
2030			
2031			
2032			
2033			
2034			
2035			
2036			
2037			
2038			

Schedule B to Issue Price Certificate