



PRELIMINARY OFFICIAL STATEMENT DATED FEBRUARY 22, 2024

NEW MONEY ISSUE – Book-Entry-Only

S&P GLOBAL RATINGS:
(See "Ratings" herein)

In the opinion of Bond Counsel, rendered in reliance upon and assuming the accuracy of and continuing compliance by the City with certain representations and covenants relating to the applicable requirements of the Internal Revenue Code of 1986 (the "Code"), under existing law, interest on the Bonds and the Notes is excluded from gross income for federal income tax purposes and is not treated as an item of tax preference for purposes of the federal alternative minimum tax under the Code; however, such interest is taken into account in determining the annual adjusted financial statement income of certain corporations for the purpose of computing the alternative minimum tax imposed on corporations. In the opinion of Bond Counsel, under existing statutes, interest on the Bonds and the Notes 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 and the Notes. (See "Tax Matters" herein.)

CITY OF TORRINGTON, CONNECTICUT

\$14,000,000 General Obligation Bonds, Issue of 2024

Dated: Date of Delivery

Due: Serially, March 15, as shown herein

The \$14,000,000 General Obligation Bonds, Issue of 2024 (the "Bonds") will be general obligations of the City of Torrington, Connecticut (the "City"), and the City 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 March 15 and September 15, in each year until maturity, commencing September 15, 2024.

The Bonds are not subject to optional redemption prior to maturity as described herein. (See "Optional Redemption" herein.)

The Bonds are being offered for sale in accordance with an official Notice of Sale for the Bonds dated February 22, 2024. Electronic bids via *PARITY*® for the Bonds will be received until 11:30 A.M. (E.T.) on Thursday, February 29, 2024, at the Office of the Treasurer, 140 Main Street, Torrington, Connecticut 06790, as described in the official Notice of Sale for the Bonds. (See "Appendix F" to this Official Statement.)

S&P GLOBAL RATINGS:
(See "Ratings" herein)

\$34,350,000 General Obligation Bond Anticipation Notes

Dated: Date of Delivery

Due: March 13, 2025

The \$34,350,000 General Obligation Bond Anticipation Notes (the "Notes") will be general obligations of the City, and the City will pledge its full faith and credit to pay the principal of and interest on the Notes when due. (See "Security and Remedies" herein.) The Notes will bear interest calculated on the basis of a 360-day year, consisting of twelve 30-day months, payable at maturity at the rate per annum as shown on the inside cover page.

The Notes are not subject to optional redemption prior to maturity.

The Notes are being offered for sale in accordance with an official Notice of Sale for the Notes dated February 22, 2024. Electronic bids via *PARITY*® for the Notes will be received until 11:00 A.M. (E.T.) on Thursday, February 29, 2024, at the Office of the Treasurer, 140 Main Street, Torrington, Connecticut 06790, as described in the official Notice of Sale for the Notes. (See Appendix G to this Official Statement.)

The Bonds and the Notes will be issued by means of a book-entry-only 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 and the Notes will not receive certificates representing their ownership interest in the Bonds and the Notes. Principal of, redemption premium, if any, and interest on the Bonds and the Notes will be payable by the City or its agent to DTC or its nominee as registered owner of the Bonds and the Notes. Ownership of the Bonds and the Notes may be in principal amounts of \$5,000 or integral multiples thereof. DTC will act as security depository for the Bonds and the Notes. So long as Cede & Co. is the Bondowner or the Noteowner, respectively, as nominee for DTC, reference herein to the owners shall mean Cede & Co., as aforesaid, and shall not mean the Beneficial Owners (as defined herein) of the Bonds or the Notes. (See "Book-Entry-Only Transfer System" herein.)

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

The Bonds and the Notes are offered for delivery when, as and if issued, subject to the final approving opinions of Pullman & Comley, LLC, Bond Counsel, of Hartford, Connecticut. It is expected that delivery of the Bonds and the Notes in book-entry form will be made to DTC in New York, New York on or about March 14, 2024.

This cover page and the inside cover page contains certain information for quick reference only. Investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision.

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

CITY OF TORRINGTON, CONNECTICUT

\$14,000,000

General Obligation Bonds, Issue of 2024

Dated: Date of Delivery

Due: Serially March 15, as shown below

MATURITY SCHEDULE AND AMOUNTS

<u>Maturity</u>	<u>Amount</u>	<u>Coupon</u>	<u>Yield</u>	<u>CUSIP¹</u>	<u>Maturity</u>	<u>Amount</u>	<u>Coupon</u>	<u>Yield</u>	<u>CUSIP¹</u>
2027	\$865,000	%	%	891415***	2036	\$860,000	%	%	891415***
2028	865,000			891415***	2037	860,000			891415***
2029	865,000			891415***	2038	860,000			891415***
2030	865,000			891415***	2039	860,000			891415***
2031	865,000			891415***	2040	555,000			891415***
2032	865,000			891415***	2041	555,000			891415***
2033	865,000			891415***	2042	555,000			891415***
2034	865,000			891415***	2043	555,000			891415***
2035	865,000			891415***	2044	555,000			891415***

\$34,350,000

General Obligation Bond Anticipation Notes

Dated: Date of Delivery

Due: March 13, 2025

<u>Amount</u>	<u>Coupon</u>	<u>Yield</u>	<u>CUSIP¹</u>
\$34,350,000	%	%	891415***

¹ CUSIP® is a registered trademark of the American Bankers Association. CUSIP data herein are provided by CUSIP Global Services, managed on behalf of the American Bankers Association by FactSet Research Systems, Inc, which are numbers have been assigned by an independent company not affiliated with the City and are included solely for the convenience of the holders of the Bonds and the Notes. The City 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 and the Notes or as indicated above. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Bonds and the Notes as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of such maturity or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Bonds and the Notes.

No dealer, broker, salesperson or other person has been authorized by the City of Torrington, Connecticut (the "City"), to give any information or to make any representations, other than those contained in this Official Statement; and if given or made, such other information or representation must not be relied upon as having been authorized by the foregoing.

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 and the Notes by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information set forth herein has been obtained by the City from sources which are believed to be reliable but it is not guaranteed as to accuracy or completeness.

This Official Statement has been prepared only in connection with the initial offering and sale of the Bonds and the Notes and may not be reproduced or used in whole or in part for any other purpose. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the City since the date of this Official Statement.

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

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

The City 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.

The City currently files its official statements for primary offerings with the Municipal Securities Rulemaking Board through its EMMA system. The City will enter into Continuing Disclosure Agreements with respect to the Bonds and the Notes, substantially in the forms attached as Appendices D and E to this Official Statement, to provide or cause to be provided, in accordance with the requirements of SEC Rule 15c2-12(b)(5), (i) certain annual financial information and operating data with respect to the Bonds; (ii) timely notice of the occurrence of certain events with respect to the Bonds and the Notes, not in excess of ten (10) business days after the occurrence of such events, and (iii) timely notice of a failure by the City to provide the required annual financial information on or before the date specified in the Continuing Disclosure Agreement with respect to the Bonds.

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

This Official Statement may include "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Without limiting the foregoing, the words "may," "believe," "could," "might," "possible," "potential," "project," "will," "should," "expect," "intend," "plan," "predict," "anticipate," "estimate," "approximate," "contemplate," "continue," "target," "goal" and similar expressions are intended to identify forward-looking statements, although not all forward-looking statements contain these words. All forward-looking statements included in this Official Statement are based on information available to the City 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 City 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 City; (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 City; (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 City; (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.

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

BOND COUNSEL
PULLMAN & COMLEY, LLC
Hartford, Connecticut
(860) 424-4300

MUNICIPAL ADVISOR
MUNISTAT SERVICES, INC.
Madison, Connecticut
(203) 421-2880

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BOND ISSUE SUMMARY

The information in this Bond Issue Summary, cover page and inside cover page is qualified in its entirety by the detailed information and financial statements appearing elsewhere in this Official Statement. Investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision. The Official Statement speaks only as of its date and the information herein is subject to change.

Date of Sale:	Thursday, February 29, 2024 until 11:30 A.M. (E.T)
Issuer:	City of Torrington, Connecticut (the "City").
Issue:	\$14,000,000 General Obligation Bonds, Issue of 2024 (the "Bonds").
Dated Date:	Date of Delivery.
Interest Due:	March 15 and September 15 in each year until maturity, commencing September 15, 2024.
Principal Due Date:	Annually on March 15, as shown on the inside cover page of the Official Statement.
Purpose:	Proceeds of the Bonds will be used to finance various City improvements as authorized pursuant to Titles 7 and 10 of the General Statutes of Connecticut, as amended, the Charter of the City of Torrington, and bond resolutions approved by the City Council and passed by the voters at referendum. (See "Authorization and Use of Proceeds" herein.)
Security:	The Bonds will be general obligations of the City, and the City 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.)
Tax Exemption:	See "Tax Matters" herein.
Bank Qualification:	The Bonds shall not be designated by the City as qualified tax-exempt obligations under the provisions of Section 265(b) of the Internal Revenue Code of 1986 for purposes of the deduction by financial institutions for interest expense allocable to the Bonds.
Ratings:	See "Ratings" herein.
Optional Redemption:	The Bonds are subject to optional redemption prior to maturity as more fully described herein. (See "Optional Redemption" herein.)
Registrar, Transfer Agent, Certifying Agent and Paying Agent:	U.S. Bank Trust Company, National Association, CityPlace I, 185 Asylum Street, 27th Floor, Hartford, Connecticut 06103.
Legal Opinion:	Pullman & Comley, LLC, Hartford, Connecticut, will act as Bond Counsel. (See "Appendix B-Form of Opinion of Bond Counsel – The Bonds" hereto.)
Continuing Disclosure:	In accordance with the requirements of Rule 15c2-12 promulgated by the Securities and Exchange Commission, the City will agree to provide, or cause to be provided, (i) annual financial information and operating data; (ii) notice of the occurrence of certain events within ten (10) business days of the occurrence of such events, and (iii) timely notice of a failure by the City to provide the required annual financial information on or before the date specified in the Continuing Disclosure Agreement for the Bonds to be executed substantially in the form attached as Appendix D to this Official Statement.
Delivery:	It is expected that delivery of the Bonds in book-entry-only form to The Depository Trust Company will be made on or about March 14, 2024. Payment must be made in Federal Funds.
Issuer Official:	Questions regarding the City and this Official Statement should be directed to Daniel T. Farley, Treasurer, City of Torrington, 140 Main Street, Torrington, Connecticut 06790, Telephone (860) 489-2334.
Municipal Advisor:	Munstat Services, Inc., 129 Samson Rock Drive, Suite A, Madison, Connecticut 06443, attention: William Lindsay, Managing Director, Telephone: (203) 421-2880.

NOTE ISSUE SUMMARY

The information in this Note Issue Summary, cover page and inside cover page is qualified in its entirety by the detailed information and financial statements appearing elsewhere in this Official Statement. Investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision. The Official Statement speaks only as of its date and the information herein is subject to change.

Date of Sale:	Thursday, February 29, 2024 until 11:00 A.M. (E.T)
Issuer:	City of Torrington, Connecticut (the "City").
Issue:	\$34,350,000 General Obligation Bond Anticipation Notes (the "Notes").
Dated Date:	Date of Delivery.
Interest Due:	At maturity on March 13, 2025.
Principal Due Date:	At maturity on March 13, 2025.
Purpose:	The Notes are being issued to finance various City improvements as authorized pursuant to Titles 7 and 10 of the General Statutes of Connecticut, as amended, the Charter of the City of Torrington, and bond resolutions approved by the City Council and passed by the voters at referendum. (See "Authorization and Use of Proceeds" herein.)
Security:	The Notes will be general obligations of the City, and the City will pledge its full faith and credit to the payment of principal of and interest on the Notes when due. (See "Security and Remedies" herein.)
Tax Exemption:	See "Tax Matters" herein.
Bank Qualification:	The Notes shall not be designated by the City as qualified tax-exempt obligations under the provisions of Section 265(b) of the Internal Revenue Code of 1986 for purposes of the deduction by financial institutions for interest expense allocable to the Notes.
Ratings:	See "Ratings" herein.
Optional Redemption:	The Notes are not subject to optional redemption prior to maturity.
Registrar, Transfer Agent, Certifying Agent and Paying Agent:	U.S. Bank Trust Company, National Association, CityPlace I, 185 Asylum Street, 27th Floor, Hartford, Connecticut 06103.
Legal Opinion:	Pullman & Comley, LLC, Hartford, Connecticut, will act as Bond Counsel. (See "Appendix C – Form of Opinion of Bond Counsel – The Notes" hereto.)
Continuing Disclosure:	In accordance with the requirements of Rule 15c2-12 promulgated by the Securities and Exchange Commission, the City will agree to provide, or cause to be provided notice of the occurrence of certain events within ten (10) business days of the occurrence of such events as specified in the Continuing Disclosure Agreement for the Notes to be executed substantially in the form attached as Appendix E to this Official Statement.
Delivery:	It is expected that delivery of the Notes in book-entry-only form to The Depository Trust Company will be made on or about March 14, 2024. Payment must be made in Federal Funds.
Issuer Official:	Questions regarding the City and this Official Statement should be directed to Daniel T. Farley, Treasurer, City of Torrington, 140 Main Street, Torrington, Connecticut 06790, Telephone (860) 489-2334.
Municipal Advisor:	Munistat Services, Inc., 129 Samson Rock Drive, Suite A, Madison, Connecticut 06443, attention: William Lindsay, Managing Director, Telephone: (203) 421-2880.

I. SECURITIES OFFERED

INTRODUCTION

This Official Statement, including the cover page, inside cover page and appendices has been prepared by the City of Torrington, Connecticut (the "City"), in connection with the issuance and sale by the City of \$14,000,000 General Obligation Bonds, Issue of 2024 (the "Bonds"), and \$34,350,000 General Obligation Bond Anticipation Notes (the "Notes") of the City.

The Bonds and the Notes are being offered for sale at public bidding. Notices of Sale for the Bonds and the Notes, each dated February 22, 2024, have been furnished to prospective bidders. Reference is made to the Notices of Sale, attached hereto as Appendices F and G, for the terms and conditions of the bidding on the Bonds and the Notes, respectively.

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

The presentation of information is intended to show recent historical trends and is not intended to indicate future or continuing trends in the financial or other positions of the City.

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

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

Bond Counsel is not passing upon and does not assume responsibility for the sufficiency, accuracy or completeness of the statements made in this Official Statement (other than matters expressly set forth in its opinions in Appendices B and C hereto, and it makes no representation that it has independently verified the same.

The City considers 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.

DESCRIPTION OF THE BONDS

The Bonds will be dated the date of delivery and will mature in annual installments on March 15 in each of the years and in the principal amounts set forth on the inside cover page of this Official Statement. Interest will be payable on September 15, 2024 and semiannually thereafter on March 15 and September 15 in each year until maturity. 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 as of the last business day in February and August in each year. A book-entry system will be employed evidencing ownership of the Bonds in principal amounts of \$5,000 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-Only Transfer System" herein.) The Registrar, Certifying Agent, Transfer Agent and Paying Agent for the Bonds will be U.S. Bank Trust Company, National Association, of Hartford, Connecticut. The legal opinion for the Bonds will be rendered by Pullman & Comley, LLC of

Hartford, Connecticut, in substantially the form set forth in Appendix B to this Official Statement. **The Bonds are subject to redemption prior to maturity. (See "Optional Redemption" herein.)**

OPTIONAL REDEMPTION

The Bonds maturing on or before March 15, 2032 are not subject to redemption prior to maturity. The Bonds maturing on March 15, 2033 and thereafter are subject to redemption prior to maturity, at the option of the City, on and after March 15, 2032, at any time, either in whole or in part, in such amounts and in such order of maturity, but by lot within a maturity, as the City may determine, at the redemption prices (expressed as a percentage of the par amount of the Bonds to be redeemed) set forth in the following table, together with interest accrued and unpaid to the redemption date:

<u>Redemption Dates</u>	<u>Redemption Price</u>
March 15, 2032 and thereafter	100%

NOTICE OF REDEMPTION

Notice of redemption shall be given by the City or its agent by mailing a copy of the redemption notice by first-class mail at least thirty (30) days prior to the date fixed for redemption to the registered owner of the Bonds 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. So long as Cede & Co., as nominee of DTC is the registered owner of the Bonds, notice of redemption will be sent only to DTC (or a successor securities depository) or its successor nominee.

If less than all the Bonds of any one maturity shall be called for redemption, the particular Bonds or portions of Bonds of such maturity to be redeemed shall be selected by lot in such manner as the City 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 City, so long as a book-entry system is used for the Bonds being called for redemption, will send any notice of redemption only to the DTC, or a successor securities depository, or its DTC 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 (see "Book-Entry-Only Transfer System" herein for discussion of DTC and definitions of "Direct Participant", "Indirect Participant", and "Beneficial Owners"). Redemption of portions of the Bonds of any maturity by the City 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 City authorizing the issuance of the Bonds and will not be conducted by the City or be the responsibility of the City, the Registrar or Paying Agent.

DESCRIPTION OF THE NOTES

The Notes will be dated the date of delivery and will be due and payable as to both principal and interest at maturity, as set forth on the inside cover of this Official Statement. Interest will be calculated on the basis of a 360-day year of twelve 30-day months.

The Notes will be issued as fully registered notes in denominations of \$5,000 or any integral multiple thereof. A book-entry-only system will be employed evidencing ownership of the Notes with transfers of ownership effected on the records of DTC, and its participants pursuant to rules and procedures established by DTC and its participants. (See "Book-Entry-Only Transfer System" herein.)

The Certifying Agent, Registrar, Transfer, and Paying Agent on the Notes will be U.S. Bank Trust Company, National Association of Hartford, Connecticut. The legal opinion on the Notes will be rendered by Pullman & Comley, LLC, of Hartford, Connecticut, in substantially the form set forth in Appendix C to this Official Statement. **The Notes are not subject to redemption prior to maturity.**

AUTHORIZATION AND USE OF PROCEEDS

Authorization: The Bonds and the Notes are being issued pursuant to Titles 7 and 10 of the Connecticut General Statutes, as amended, the Charter of the City of Torrington, and bond resolutions approved by the City Council and passed by the voters at referendum.

Use of Proceeds: The proceeds of the Bonds and the Notes will be used to finance the following projects for which bonds and notes have been authorized to be issued:

<u>Projects</u>	<u>Total Bond Authorization</u>	<u>Notes Maturing 3/14/2024</u>	<u>Additions/ (Reductions)</u>	<u>The Bonds</u>	<u>The Notes</u>
Pavement Management Program.....	\$ 38,000,000	\$ -	\$ 4,000,000	\$ 4,000,000	\$ -
Torrington High/Middle School Project.....	179,575,000	18,450,000	25,900,000	10,000,000	34,350,000
Total	<u>\$ 217,575,000</u>	<u>\$ 18,450,000</u>	<u>\$ 29,900,000</u>	<u>\$ 14,000,000</u>	<u>\$ 34,350,000</u>

RATINGS

The Bonds have been rated [] by S&P Global Ratings ("S&P"). The underlying rating on certain outstanding bond issues of the City has recently been affirmed as [] by S&P. The Notes have been rated [] by S&P. The ratings reflect only the views of such organizations and an explanation of the significance of such ratings may be obtained from each rating agency at the following addresses: S&P Global Ratings, 55 Water Street, New York, NY 10041. There is no assurance that such ratings will continue for any given period of time or that they will not be revised or withdrawn entirely by such agencies if, in the judgment of such rating agencies, circumstances so warrant. A revision or withdrawal of such ratings may have an effect on the market price of the bonds and notes of the City, including the Bonds and the Notes.

AVAILABILITY OF CONTINUING DISCLOSURE

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

The City will enter into a continuing disclosure agreement with respect to the Bonds substantially in the form attached as Appendix D to this Official Statement, and with respect to the Notes substantially in the form attached as Appendix E to this Official Statement (each a "Continuing Disclosure Agreement", and together, the "Continuing Disclosure Agreements"), to provide or cause to be provided, in accordance with the requirements of Securities and Exchange Commission Rule 15c2-12, (i) with respect to the Bonds, certain annual financial information and operating data, (ii) with respect to the Bonds and the Notes, 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 or the Notes, and (iii) with respect to the Bonds, timely notice of a failure by the City to provide the required annual financial information and operating data on or before the date specified in the Continuing Disclosure Agreement.

The City has previously undertaken in continuing disclosure agreements entered into for the benefit of holders of certain of its general obligation bonds or notes to provide annual financial information and event notices pursuant to Rule 15c2-12(b)(5). In the past five years, the City has not failed to comply in any material respect with its previous undertakings under such agreements. However, the City failed to make timely filings of audited financial statements and financial information/operating data for the fiscal years ending June 30, 2021 and June 30, 2022. For the fiscal year ending June 30, 2021 the City did file a failure to file notice on February 28, 2022 and subsequently filed audited financial statements and financial information/operating data on April 5, 2022 and April 6, 2022, respectively. For the fiscal year ending June 30, 2022 the City filed a failure to file notice on February 28, 2023 and subsequently filed audited financial statements and financial information/operating data on August 31, 2023 and September 5, 2023, respectively. Due to recent personnel changes in the City Comptroller's office, the audit for fiscal year ending June 30, 2023 is not expected to be available until end of June, 2024. The City will file a failure to file notice by February 29, 2024.

BOOK-ENTRY-ONLY TRANSFER SYSTEM

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

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

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

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

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

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

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds and the Notes unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the City 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 and the Notes are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on, and redemption premium, if any, with respect to the Bonds and the Notes will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit

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

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

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

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

REPLACEMENT BONDS AND NOTES

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

DTC PRACTICES

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

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

SECURITY AND REMEDIES

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

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

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

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

The City 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 City. Courts of competent jurisdiction also have the power in appropriate proceedings to order payment of a judgment on such bonds and notes from funds lawfully available therefore or, in the absence thereof, to order the City 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 City and the availability and adequacy of other remedies.

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

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

GLOBAL HEALTH EMERGENCY RISK

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 City received \$10 million from the Rescue Plan. The City 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 City, nor the parties involved with the issuance of the Bonds and the Notes, 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 City.

Pandemics, epidemics and other public health emergencies, may adversely impact the City and its revenues, expenses and financial condition. The City 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 City. 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 City 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 City like many other public and private entities, relies on technology to conduct its operations. The City 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 City invests in various forms of cybersecurity and operational controls, including a comprehensive policy relating to the security of the City's government networks. 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 City's digital networks and systems and the costs of remedying any such damage could be substantial.

CLIMATE CHANGE

Numerous scientific studies have detailed changing global weather patterns and the potential for increasing extreme weather events across the world. Like much of Connecticut, the City is vulnerable to inland wetland, small river and stream flooding. Furthermore, the City faces other threats due to climate change, including damaging wind that could become more severe and frequent. The City has a very active program of inspections and removal of public trees. The City also coordinates with its electrical service provider for trimming and removal of trees along transmission lines. The City cannot predict the timing, extent or severity of climate change and its impact on its operations and finances. The City holds sufficient reserves and annually budgets for contingencies to address unforeseen expenses including the increasing frequency of severe weather so that the City can quickly respond and recover from any such events that would exceed its annual operating budget.

QUALIFICATION FOR FINANCIAL INSTITUTIONS

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

TAX MATTERS

Federal Taxes. In the opinion of Bond Counsel, under existing law, (i) interest on the Bonds and the Notes 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.

Bond Counsel's opinion with respect to the Bonds and the Notes will be rendered in reliance upon and assuming the accuracy of and continuing compliance by the City with its representations and covenants relating to certain requirements of the Internal Revenue Code of 1986 (the "Code"). The Code and regulations promulgated thereunder establish certain requirements which must be satisfied at and subsequent to the issuance of the Bonds and the Notes in order that interest on the Bonds and the Notes be and remain excludable from gross income for federal income tax purposes. Failure to comply with such requirements may cause interest on the Bonds and the Notes to be included in gross income for federal income tax purposes retroactively to the date of issuance of the Bonds and the Notes 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 and the Notes, the City 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 proceeds of the Bonds and the Notes and certain other matters. The opinion of Bond Counsel delivered on the date of issuance of the Bonds and the Notes is conditioned upon compliance by the City 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 and the Notes.

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 inside 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 and the Notes may be more than their stated principal amounts payable at maturity (the "OIP Obligations"). In general, an owner who purchases an OIP Obligation must amortize the original issue premium as provided in the applicable Treasury Regulations, and amortized premium reduces the owner's basis in the OIP Obligation for federal income tax purposes. Prospective purchasers of OIP Obligations 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 and the Notes should be aware that ownership of the Bonds and the Notes may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, financial institutions, certain insurance companies, recipients of Social Security or Railroad Retirement benefits, certain S corporations, foreign corporations subject to the branch profits tax, taxpayers eligible for the earned income credit, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations. Bond Counsel does not express any opinion regarding such collateral tax consequences. Prospective purchasers of the Bonds and the Notes should consult their tax advisors regarding collateral federal income tax consequences. Prospective purchasers of the Bonds and the Notes may also wish to consult with their tax advisors with respect to the need to furnish certain taxpayer information in order to avoid backup withholding.

State Taxes. In the opinion of Bond Counsel, under existing statutes, interest on the Bonds and the Notes 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 and the Notes 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 and the Notes 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 and the Notes.

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

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

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

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

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II. THE ISSUER



DESCRIPTION OF THE CITY

First settled in 1737, Torrington was incorporated as a city in 1740 and chartered as a city in 1923. The City of Torrington (the "City" or "Torrington") covers an area of approximately 40 square miles, and the City's 2021 population as reported by the U.S. Census Bureau American Community Survey was 35,447. Torrington is the largest municipality in Litchfield County and serves as the county's industrial and commercial center.

Connecticut Route 8, a four-lane limited access highway, splits the City from north to south and provides convenient access to Interstate 84 in Waterbury and Interstate 95 in Bridgeport. Connecticut Route 4 links the City to Hartford which is 27 miles to the east. Route 202, a U.S. highway, links the City to communities to the southeast and northwest. Bradley International Airport, a commercial airport located in Windsor Locks, is 35 miles from the City. Torrington is centered 2 ½ hours between Boston and New York City. The area's largest hospital, Charlotte Hungerford Hospital, is located in Torrington and its oncology services on Kennedy Drive are associated with the Yale Smilow Cancer Center.

Presently, Torrington provides a combination of manufacturing, retail, and tourist attractions. The downtown area is being preserved as a thriving cultural center, boasting the Warner Theatre and the renowned Nutmeg Conservatory, in addition to many arts organizations. Its assortment of antique dealers, art houses, art deco architecture and small specialty shops makes Torrington an appealing choice for residents and tourists alike. Torrington is home to many manufacturers both large and small. In 2020, Torrington was identified as the 5th most popular small city for new business startups in the country and in 2022 Downtown Torrington was designated as the State of Connecticut's 2nd Cultural District.

While Torrington is a relatively small city, with a population of about 35,000, it is the Urban Center of its Micropolitan Statistical Area. This is an area which has at least one urban core area of at least 10,000 people but less than 50,000 (City of Torrington), plus adjacent territory that has a high degree of social and economic integration with the core as measured by commuting ties. In 2022, among the 543 Micropolitan areas in the USA, Torrington is the 16th wealthiest in the country.

The City received two large brownfield remediation grants, which will assist two property owners to revitalize their old industrial properties. One property is the old Torrington Company Standard Plant, which will preserve two of the six buildings and construct an additional two to three buildings to create a business park. The other property is an underutilized industrial building that is partially occupied by Vinny's Pizza Restaurant. Once remediated, the currently unused space will be converted into a banquet facility.

The City is invested in infrastructure improvements that support a high quality of life in Torrington. These infrastructure projects include new sidewalks along Main Street (completed), construction of Franklin Plaza (completed 2020) and Railroad Square Revitalization (proposed for 2024).

FORM OF GOVERNMENT

The City of Torrington is governed under the provisions of its Charter and the Connecticut General Statutes. The Mayor is the Chief Executive Officer of the City. The Mayor presides at all meetings of the Board of Councilmen, commonly referred to as the City Council, and must see that all laws and ordinances governing the City are faithfully executed. The Mayor is directly responsible for the administration of all departments and agencies and all officers and persons appointed by the Mayor.

The City Council consists of six members in addition to the Mayor who sits as its chair person. However, the Mayor has no vote except in case of a tie. The legislative power of the City is vested exclusively in the City Council except as otherwise provided by the Charter or the General Statutes. The City Council has the power to enact, amend, and repeal ordinances consistent with the Charter and the General Statutes provided that prior to such action the City Council holds a public hearing.

MUNICIPAL OFFICIALS

<u>Name</u>	<u>Position</u>	<u>Term of Office</u>	<u>Years of Service</u>
Elinor Carbone.....	Mayor.....	Elected - 4 years.....	10
Daniel T. Farley.....	Treasurer.....	Elected - 2 years.....	6
John Monks.....	Comptroller.....	Appointed - Indefinite.....	Less than 1 Year
Launa M. Goslee, CCMC.....	Tax Collector.....	Appointed through May 2027...	7
Carol Anderson.....	City Clerk.....	Elected - 4 years.....	6
Michael Magistrali, Esq.....	Corporation Counsel.....	Interim.....	Less than 1 Year
Thomas DiStasio.....	Assessor.....	Appointed - Indefinite.....	4
Michael Wilson.....	Superintendent of Schools.....	Appointed - Indefinite.....	1

Source: Comptroller’s Office, City of Torrington

SUMMARY OF MUNICIPAL SERVICES

Police: The Torrington Police Department is committed to protect the life and property of the citizens of Torrington. In service of that objective, the department focuses on providing the citizens and guests of the City with the highest degree of professional police service. The Torrington Police Department currently has 70 sworn full-time officers. Included with the sworn officers are 2 Detectives, 1 Evidence Officer, 1 Training Officer, 1 Traffic Officer and 2 School Resource Officers. The department operates and maintains a fleet of 20 police cruisers, 4 detective cars, 1 prisoner transport van, 1 crime van, 4 administrative vehicles, 6 extra duty vehicles and 1 special emergency response vehicle.

The Torrington Police Department has a Traffic Division that is responsible for the care and upkeep of municipal parking lots, parking meters, traffic signs, crosswalks and traffic lights. There is 1 sworn officer assigned to this department and is supported by 3 full-time civilians and 2 part-time civilians.

The Torrington Police department is responsible to manage the City’s Animal Control Facility. The Animal Control Facility has 8 civilian employees which include 3 full-time, 3 per diem employees, 2 kennel cleaners along with 2 vehicles.

Fire: The Torrington Fire Service is committed to serving the City of Torrington with the highest level of life and property protection. Torrington's Fire Service includes paid staff of 54 uniformed personnel and 1 non-uniformed personnel, supplemented by volunteer staff protecting five districts within the City. On-duty staff consists of between 11 and 13 personnel 24 hours a day, 365 days a year. The on-duty staff is supplemented by approximately 30 volunteers working out of 2 volunteer stations, Drakeville and Torrington. The Torrington Fire Services maintain 5 front-line pumpers, 3 ladder quints, 1 mini-pumper, 1 utility pickup, 1 brush truck, 1 rescue vehicle, 1 hazmat unit, 2 fire police vehicles, and 2 inflatable boats. The City's water supply system includes approximately 900 hydrants served by the Torrington Water Company, an Aquarion Company, and 6 drafting hydrants strategically located throughout the City. The Torrington Fire Service currently maintains a 03/3Y ISO rating.

Electric: Electric power is provided to the City by Eversource Energy. Two standby gas-turbine generators of 22,000 kilowatts each are located in the City to meet high-peak loads and emergencies.

Gas: Natural gas is provided to the City by Eversource Energy.

Water: The Torrington Water Company, a private corporation, provides water to most of the City. The Torrington Water Company was acquired by the Aquarion Water Company in October 2022, but still retains the name of the Torrington Water Company. The source of supply consists of four reservoirs having a combined yield of 5.3 million gallons per day. The average daily delivery to the community is about 3 million gallons. All water is treated and filtered at the company's treatment plant which has a capacity of 5.3 million gallons per day. The distribution system consists of 135 miles of mains from 4" to 24" in sizes which also serve approximately 900 street hydrants used for fire protection. There are seven storage tanks in the system which range in size from 200 thousand to 2 million gallons and have a total storage capacity of 7.6 million gallons.

Sewer: Torrington has an activated sludge secondary treatment plant which serves approximately 13,000 residential, commercial and industrial customers within the City along with small sections of the adjoining towns of Harwinton and Litchfield. The plant was upgraded to advanced waste treatment in 1994 and has a design capacity of 7 million gallons per day. The Water Pollution Control Authority ("WPCA") operates as a self-supporting enterprise. The Water Resource Recovery Facility underwent a 3-year comprehensive upgrade of the facility which was completed in 2022. The WPCA contracts the services of a tax collector who guarantees payment of the amount of sewer use fees billed. Sewer use fees are billed annually and are payable in semiannual installments. The sewer use fee for fiscal year 2023-24 is \$392 per year per residential dwelling unit. Commercial and Industrial rates are \$392 per 65 thousand gallons of use.

Solid Waste: Solid waste is delivered to permitted recycling and disposable facilities owned or operated by USA Hauling and Recycling. Residential wastes and recyclables are collected weekly by the City through a contract with USA Hauling and Recycling. Commercial and industrial wastes are collected by private contractors. The City-owned landfill was closed in accordance with Subtitle D of the Resource Conservation and Recovery Act in October of 1994. All waste generated within the city is delivered to permitted recycling and disposal facilities owned or operated by USA Hauling and Recycling.

The contract for residential waste and recyclables collection and disposal with USA Hauling and Recycling was executed on August 4, 2022 and expires on June 30, 2027. Properties to be collected include all residential establishments up to and including four-unit residential complexes, municipal properties and Board of Education facilities. Residential services include weekly automated solid waste collection, weekly bulky waste collection, seasonal yard waste collection and bi-weekly single-stream recycle collection from approximately 14,000 units.

The city contracts with USA Hauling and Recycling are five-year contracts with an expiration date of June 30, 2027. The contract for disposal of Municipal Solid Waste (MSW) is a fixed price for each year of the contract. The cost for disposal of MSW for fiscal year 2023-24 is \$111.00 per ton. The cost for disposal of recyclable materials is set at not to exceed a maximum of \$45.00 per ton and the cost for disposal of bulky waste is fixed for each year of the contract for FY2023-2024 at \$100.00 per ton.

All MSW and Recyclables from residential properties that are four units or less are collected under contract by USA Hauling and Recycling, the contract pricing is adjusted annually each July 1st of each year based on a March-to-March CPI with a maximum increase not to exceed 8%.

Public Health Department: Torrington is the most populous member of the Torrington Area Health District ("TAHD"). The 56-year-old TAHD serves 131,000 residents within 18 municipalities and 2 boroughs within Northwest Connecticut and covers 611 square miles. The TAHD has a professional staff of 24, which includes a Director of Health, Deputy Director of Health, Director of Community Health Services, a Public Health Nurse, Public Health Specialists, Registered Sanitarians, Emergency Preparedness Coordinator, a Business Manager and Clerical Staff. The TAHD provides the Public Health Ten Essential Services as required by the State of Connecticut for its member municipalities. Programs include mandated environmental health inspections, an emergency preparedness program, a childhood immunization program, a communicable disease program, a lead prevention program, a rabies testing and consultation program, a food protection program, three separate opioid prevention programs, a chronic disease prevention program, a Diabetes Self-Management program, a Matter of Balance program, and a suicide prevention program. The TAHD continuously monitors and assesses its member communities for emerging public health issues and modifies its programs accordingly to address the public health needs of its residents.

MUNICIPAL EMPLOYEES

<u>Fiscal Year Ending 6/30</u>	<u>2024¹</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
General Government.....	236	240	239	240	248
Board of Education.....	763	740	718	668	669
Total	<u>999</u>	<u>980</u>	<u>957</u>	<u>908</u>	<u>917</u>

¹ As of January 11, 2024.

Source: City Treasurer’s Office

MUNICIPAL EMPLOYEES BARGAINING ORGANIZATIONS

<u>Employees</u>	<u>Organization</u>	<u>Employees Covered</u>	<u>Contract Expiration</u>
<u>General Government</u>			
Supervisors.....	United Public Service Employee Union Local 424, Unit 78	14	6/30/2024
City Hall.....	Local 2212 Council, AFSCME, AFL-CIO	24	6/30/2025
Public Works.....	Local 2212 Council, AFSCME, AFL-CIO	56	6/30/2025
Fire.....	Local 1567, I.A.F.F - AFL-CIO	52	6/30/2024
Police.....	FOP Lodge 52	66	6/30/2026
Non-Bargaining Employees.....	Management Resolution (Non-union managers)	24	n/a
	Sub-total - General Government.....	<u>236</u>	
<u>Board of Education</u>			
Teachers.....	Torrington Education Association	385	6/30/2024
Paraprofessionals.....	Local 1579 Council 4, AFSCME, AFL-CIO	185	6/30/2024
Cafeteria.....	Local 1579 Council 4, AFSCME, AFL-CIO	59	6/30/2024
Secretaries.....	Local 1579 Council 4, AFSCME, AFL-CIO	24	6/30/2024
Custodians.....	Local 1579 Council 4, AFSCME, AFL-CIO	28	6/30/2024
Administrators (TPSAA).....	Torrington Public School Administrators Association, Local 94, AFSA, AFL-CIO	24	6/30/2025
Nurses.....	Local 1579 Council 4, AFSCME, AFL-CIO	11	6/30/2024
Non-Bargaining Employees.....	n/a	47	n/a
	Sub-total - Board of Education.....	<u>763</u>	
	Total General Government and Board of Education.....	<u>999</u>	

Source: City Human Resources and Board of Education.

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 of contracts, in assessing the financial capability of a municipal entity, there is an irrefutable presumption that a budget reserve of: (i) 5% or less with respect to teachers’ contracts, and (ii) 15% or less with respect to municipal employees, is not available for payment of the cost of any item subject to arbitration. In light of the employer's financial capability, the panel considers prior negotiations between the parties, the interests and welfare of the employee group, changes in the cost of living, existing employment conditions, and the wages, salaries, fringe benefits and other conditions of employment prevailing in the labor market, including developments in private sector wages and benefits.

EDUCATION SYSTEM

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

EDUCATIONAL FACILITIES

<u>School</u>	<u>Grades</u>	<u>Date Occupied</u>	<u>Date of Renovations</u>	<u>Enrollment 10/1/2023</u>	<u>Capacity</u>
Forbes Elementary.....	PreK, 4-5	1929	1986	302	640
Southwest Elementary.....	4-5	1904	1923, 1999	305	330
Torrington Elementary.....	K-3	1952	1968, 2004	623	669
Vogel-Westmore Elementary.....	K-3	1917	1995	576	630
Middle School.....	6-8	1993	--	969	1,400
Torrington High School.....	PreK, 9-12	1962	1999	1,012	1,500
Out of District placed students.....	n/a	n/a	n/a	141	n/a
Total.....				<u>3,928</u>	<u>5,169</u>

Source: Office of the Superintendent of Schools.

SCHOOL ENROLLMENT

<u>School Year</u>	<u>Pre K - 5</u>	<u>6 - 8</u>	<u>9 - 12</u>	<u>Out of District</u>	<u>Total</u>
2013-14	2,152	1,040	1,058	108	4,358
2014-15	2,154	1,012	1,016	111	4,293
2015-16	2,204	1,021	950	124	4,299
2016-17	2,097	1,029	897	189	4,212
2017-18	2,006	1,042	884	204	4,136
2018-19	2,011	987	852	228	4,078
2019-20	1,896	1,003	872	213	3,984
2020-21	1,752	988	888	152	3,780
2021-22	1,842	1,009	948	133	3,932
2022-23	1,835	975	1,010	148	3,968
2023-24	1,806	969	1,012	141	3,928
		Projected			
2024-25	1,862	990	1,011	200	4,063
2025-26	1,859	983	1,021	200	4,063
2026-27	1,883	959	988	200	4,030
2027-28	1,865	993	1,003	200	4,061
2028-29	1,870	989	1,022	200	4,081

Source: Office of the Superintendent of Schools.

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III. ECONOMIC AND DEMOGRAPHIC DATA

POPULATION TRENDS

<u>Year</u>	<u>City of Torrington</u>	<u>Litchfield County</u>	<u>State of Connecticut</u>
1980	30,987	156,769	3,107,576
1990	33,687	174,092	3,287,116
2000	35,002	182,193	3,405,565
2010	36,383	189,927	3,574,097
2021	35,447	185,175	3,605,330

Source: U.S. Census Bureau.

AGE DISTRIBUTION OF THE POPULATION

<u>Age</u>	<u>City of Torrington</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>
Under 5.....	1,457	4.1	7,619	4.1	182,122	5.1
5 - 9.....	1,865	5.3	9,226	5.0	196,540	5.5
10 - 14.....	1,722	4.9	9,795	5.3	224,371	6.2
15 - 19.....	1,842	5.2	10,870	5.9	245,790	6.8
20 - 24.....	2,333	6.6	9,746	5.3	241,370	6.7
25 - 34.....	4,379	12.4	19,429	10.5	445,861	12.4
35 - 44.....	3,821	10.8	20,148	10.9	439,098	12.2
45 - 54.....	5,313	15.0	26,372	14.2	488,283	13.5
55 - 59.....	2,838	8.0	15,197	8.2	269,688	7.5
60 - 64.....	3,109	8.8	17,114	9.2	252,028	7.0
65 - 74.....	3,773	10.6	23,567	12.7	357,409	9.9
75 - 84.....	1,702	4.8	10,193	5.5	173,149	4.8
85 and over.....	1,293	3.6	5,899	3.2	89,621	2.5
Total.....	<u>35,447</u>	<u>100.0</u>	<u>185,175</u>	<u>100.0</u>	<u>3,605,330</u>	<u>100.0</u>
Median Age (years)	45.6		47.6		41.0	

Source: Bureau of Census, American Community Survey, 2017-21.

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>
City of Torrington.....	\$ 54,375	\$ 80,391	\$ 21,406	\$ 33,803
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: Bureau of Census, American Community Survey, 2017-21.

INCOME DISTRIBUTION

	<u>City of Torrington</u>		<u>Litchfield County</u>		<u>State of Connecticut</u>	
	<u>Families</u>	<u>Percent</u>	<u>Families</u>	<u>Percent</u>	<u>Families</u>	<u>Percent</u>
Less than \$10,000.....	272	3.1	849	1.7	23,811	2.6
10,000 to 14,999.....	145	1.7	438	0.9	14,243	1.6
15,000 to 24,999.....	501	5.8	1,529	3.1	36,091	4.0
25,000 to 34,999.....	566	6.5	2,160	4.4	44,586	4.9
35,000 to 49,999.....	921	10.6	3,676	7.5	71,397	7.8
50,000 to 74,999.....	1,590	18.3	7,560	15.4	123,873	13.6
75,000 to 99,999.....	1,459	16.8	7,093	14.5	113,529	12.5
100,000 to 149,999.....	1,860	21.4	11,677	23.8	188,052	20.7
150,000 to 199,999.....	790	9.1	6,714	13.7	117,255	12.9
200,000 or more.....	578	6.7	7,272	14.9	177,169	19.5
	<u>8,682</u>	<u>100.0</u>	<u>48,968</u>	<u>100.0</u>	<u>910,006</u>	<u>100.0</u>

Source: Bureau of Census, American Community Survey, 2017-21.

EDUCATIONAL ATTAINMENT

Years of School Completed, Age 25 & Over

<u>Educational Attainment Group</u>	<u>City of Torrington</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.....	1,064	4.1	2,739	2.0	101,461	4.0
9th to 12th grade.....	1,585	6.0	5,687	4.1	123,560	4.9
High School graduate.....	10,207	38.9	40,662	29.5	656,949	26.1
Some college - no degree.....	4,937	18.8	26,256	19.0	418,214	16.6
Associates degree.....	2,543	9.7	12,669	9.2	194,987	7.8
Bachelor's degree.....	3,551	13.5	29,273	21.2	561,567	22.3
Graduate or professional degree.....	2,341	8.9	20,633	15.0	458,399	18.2
Total.....	<u>26,228</u>	<u>100.0</u>	<u>137,919</u>	<u>100.0</u>	<u>2,515,137</u>	<u>100.0</u>
Percent of High School Graduates		89.9%		93.8%		91.1%
Percent of College Graduates		22.5%		35.9%		40.6%

Source: Bureau of Census, American Community Survey, 2017-21.

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EMPLOYMENT BY INDUSTRY

Employment Sector	City of Torrington		Litchfield County		State of Connecticut	
	Number	Percent	Number	Percent	Number	Percent
Agriculture, forestry, fisheries, hunting, mining..	55	0.3	915	0.9	7,314	0.4
Construction.....	1,695	9.5	8,008	8.3	113,665	6.2
Manufacturing.....	2,599	14.5	11,386	11.8	192,688	10.6
Wholesale trade.....	426	2.4	1,964	2.0	41,165	2.3
Retail trade.....	2,354	13.2	11,349	11.8	194,081	10.6
Transportation, warehousing, utilities.....	786	4.4	3,530	3.7	80,481	4.4
Communications.....	322	1.8	2,162	2.2	36,259	2.0
Finance, insurance, real estate and rental.....	904	5.1	6,238	6.5	164,657	9.0
Professional, scientific, management.....	1,608	9.0	10,867	11.3	212,866	11.7
Educational, health, social services.....	4,459	25.0	24,747	25.7	482,274	26.5
Arts, entertainment, recreation, food.....	1,227	6.9	6,984	7.2	148,835	8.2
Other professional and related.....	874	4.9	4,877	5.1	82,217	4.5
Public Administration.....	555	3.1	3,415	3.5	66,493	3.6
Total.....	17,864	100.0	96,442	100.0	1,822,995	100.0

Source: Bureau of Census, American Community Survey, 2017-21.

MAJOR EMPLOYERS

Name of Employer	Nature of Entity	Estimated Number of Employees
Charlotte Hungerford Hospital.....	Hospital.....	1,250
City of Torrington.....	Municipality.....	999
O & G Industries.....	Construction.....	898
Dymax Corporation.....	Manufacturer light cure solutions & adhesives.....	301
Litchfield Woods.....	Rehabilitation Center.....	224
Valerie Manor.....	Rehabilitation Center.....	204
Altec Co.....	Manufacturer of Circuit Boards.....	196
Community Systems, Inc.....	Social Service Organization.....	191
RBC-Torrington.....	Aerospace Bearing Products.....	180
Walmart.....	Department Store.....	172

Source: City Officials.

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UNEMPLOYMENT RATE STATISTICS

Period	City of Torrington		Percentage Unemployed		
	Employed ¹	Unemployed ¹	City of Torrington (%) ¹	Torrington Labor Market (%) ¹	State of Connecticut (%) ¹
<u>Annual Average</u>					
2023.....	18,015	763	4.0	3.4	3.7
2022.....	18,070	861	4.6	3.8	4.1
2021.....	17,371	1,306	7.0	5.7	6.3
2020.....	17,583	1,572	8.2	6.8	7.8
2019.....	18,703	776	4.0	3.4	3.5
2018.....	18,454	869	4.5	3.8	3.9
2017.....	18,323	987	5.1	4.3	4.4
2016.....	18,260	1,073	5.6	4.6	4.8
2015.....	18,561	1,226	6.2	5.2	5.6
2014.....	18,365	1,451	7.3	6.1	6.6

¹ Not seasonally adjusted.

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

OWNER OCCUPIED HOUSING VALUES

Value of Owner Occupied Units	(Owner Occupied)					
	City of Torrington		Litchfield County		State of Connecticut	
	Number	Percent	Number	Percent	Number	Percent
Less than \$50,000	237	2.4	1,275	2.2	19,747	2.1
\$ 50,000 to \$ 99,999	935	9.6	1,637	2.9	25,603	2.8
\$ 100,000 to \$149,999	3,073	31.5	5,867	10.3	68,932	7.4
\$ 150,000 to \$199,999	2,811	28.8	8,523	14.9	130,158	14.1
\$ 200,000 to \$299,999	2,092	21.4	16,019	28.1	250,981	27.1
\$ 300,000 to \$499,999	476	4.9	16,022	28.1	268,183	29.0
\$ 500,000 to \$999,999	79	0.8	5,842	10.2	117,839	12.7
\$1,000,000 and over	67	0.7	1,911	3.3	44,060	4.8
Total	9,770	100.0	57,096	100.0	925,503	100.0
Median Value	\$158,000		\$270,000		\$286,700	

Source: Bureau of Census, American Community Survey, 2017-21.

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AGE DISTRIBUTION OF HOUSING

<u>Year Structure Built</u>	<u>City of Torrington</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>
Built 2020 or later.....	0	0.0	129	0.1	768	0.1
Built 2010 to 2019.....	110	0.7	1,605	1.8	53,427	3.5
Built 2000 to 2009.....	789	4.7	7,516	8.6	104,519	6.8
Built 1990 to 1999.....	1,044	6.3	7,860	9.0	118,124	7.7
Built 1980 to 1989.....	2,168	13.0	11,834	13.5	191,539	12.5
Built 1970 to 1979.....	2,480	14.9	12,214	13.9	206,448	13.5
Built 1960 to 1969.....	1,611	9.7	9,498	10.8	203,726	13.3
Built 1950 to 1959.....	2,123	12.7	10,306	11.8	224,412	14.7
Built 1940 to 1949.....	1,430	8.6	5,086	5.8	100,445	6.6
Built 1939 or earlier.....	4,907	29.5	21,612	24.7	323,631	21.2
Total housing units.....	<u>16,662</u>	<u>100.0</u>	<u>87,660</u>	<u>100.0</u>	<u>1,527,039</u>	<u>100.0</u>

Source: Bureau of Census, American Community Survey, 2017-21.

HOUSING INVENTORY

<u>Type</u>	<u>City of Torrington</u>		<u>Litchfield County</u>		<u>State of Connecticut</u>	
	<u>Units</u>	<u>Percent</u>	<u>Units</u>	<u>Percent</u>	<u>Units</u>	<u>Percent</u>
1-unit detached.....	9,054	54.3	64,885	74.0	899,368	58.9
1-unit attached.....	679	4.1	3,289	3.8	90,010	5.9
2 to 4 units.....	4,631	27.8	11,428	13.0	250,504	16.4
5 to 9 units	749	4.5	3,363	3.8	79,520	5.2
10 or more units	1,511	9.1	4,333	4.9	195,862	12.8
Mobile home, trailer, other....	38	0.2	353	0.4	11,775	0.8
Total Inventory.....	<u>16,662</u>	<u>100.0</u>	<u>87,651</u>	<u>100.0</u>	<u>1,527,039</u>	<u>100.0</u>

Source: Bureau of Census, American Community Survey, 2017-21.

BUILDING PERMITS

<u>Fiscal Year Ending 6/30</u>	<u>Total</u>	
	<u>Number of Permits</u>	<u>Value</u>
2024 ¹	1,181	\$ 34,131,327
2023	2,506	185,753,461 ²
2022	2,270	53,318,760
2021	2,014	33,417,983
2020	2,146	25,199,301
2019	1,886	26,476,783
2018	1,733	18,358,373
2017	1,649	43,392,574 ³
2016	1,717	23,263,984
2015	1,767	25,248,612

¹ As of December 31, 2023.

² Includes major projects including the new Torrington Middle/High School, 37 Technology Park Drive (solar), 330 Highland Avenue (apartment renovations) and the construction of a new Starbucks.

³ Includes major projects of additions and renovations to the Emergency Room at Charlotte Hungerford Hospital, the Keystone Senior Living facility and the Atria Litchfield Hills assisted living facility.

Source: City Officials; Building Inspector's Office.

IV. TAX BASE DATA

ASSESSMENT PRACTICES

The Assessor's Office is responsible for the preparation of the City's annual Grand List. The Grand List is a complete listing of all taxable real and personal property and motor vehicles in the City, their ownership, and their assessed value as of October 1st in each year. Under Section 12-62 of the Connecticut General Statutes, the City must do a revaluation every five years based on generally accepted mass appraisal methods and a revaluation by physical inspection no later than ten years from the preceding physical inspection. Grand List information is used by the Board of Finance to set the mill rate which in turn becomes the basis for the City's annual tax levy. Any property owner who wishes to appeal their assessment may do so before the Board of Assessment Appeals. Assessments for real property are computed at seventy (70%) percent of market value at the time of last revaluation (Grand List of 10/1/19). As the Grand List is prepared, tax maps are also updated. Building changes are updated through extensive field work. The Assessor's Office also administers the State of Connecticut's elderly tax relief programs and the veterans and blind exemption programs.

Motor vehicle lists are furnished to the City by the State of Connecticut and appraisals of motor vehicles are accomplished in accordance with an automobile price schedule developed by the National Automobile Dealers Association (NADA) and as recommended by the State Office of Policy and Management. Section 12-71b of the Connecticut General Statutes provides that motor vehicles which are registered with the Commissioner of Motor Vehicles after the October 1 assessment date but before the next 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 proration 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 commercial personal property (furniture, fixtures, equipment, machinery, computers, and leased equipment) is assessed annually. An assessor's check and audit is completed periodically. Assessments for both personal property and motor vehicles are computed at seventy percent (70%) of present market value.

Section 12-124a of the Connecticut General Statutes permits a municipality, upon approval by its legislative body, to abate property taxes on owner-occupied residences to the extent that the taxes exceed eight percent of the owner's total income, from any source, adjusted for self-employed persons to reflect expenses allowed in determining adjusted gross income. The owner must agree to pay the amount of taxes abated with interest at 6% per annum, or at such rate approved by the legislative body, at such time that the residence is sold or transferred or on the death of the last surviving owner. A lien for such amounts is recorded in the land records but does not take precedence over any mortgage recorded before the lien. The City has not approved the use of this abatement provision to date.

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

PROPERTY TAX COLLECTION PROCEDURES

Property taxes are levied on all assessed property on the Grand List of October 1 prior to the beginning of the fiscal year. Real estate tax bills are payable in two installments, July 1 and January 1. Motor vehicles taxes are payable in July and motor vehicle supplemental bills are payable in January. Personal property taxes of \$100.00 or less are payable in full in July.

The City contracts the services of a private Tax Collector who remits payment of the total tax levy in accordance with Title XIV of the Charter of the City of Torrington. In May 2019, the City entered into a four-year agreement with a private entity to serve as Tax Collector for the Grand Lists of 2018 to 2021. Under the terms of the agreement, a commission of .35% of the net taxes levied will be paid by the City over the term of the agreement.

MOTOR VEHICLE PROPERTY TAX RATE

Section 12-71e(a) of the Connecticut General Statutes (the "General Statutes") has been amended whereby the mill rate for motor vehicles shall not exceed 32.46 mills for the assessment year commencing October 1, 2021, and each assessment year thereafter. Section 12-71e(b) of the General Statutes has been amended to state that no district or borough may set a motor vehicle mill rate that if combined with the motor vehicle mill rate of the town, city, consolidated town and city or consolidated town and borough in which such district or borough is located would result in a combined motor vehicle mill rate above 32.46 mills for the assessment year commencing October 1, 2021, and each assessment year thereafter. The

City's mill rate for motor vehicles for the assessment year commencing October 1, 2022 (the fiscal year ending June 30, 2024) is 29.46 mills. Section 4-661 of the General Statutes diverts a portion of State collected sales tax revenue to provide funding to municipalities to mitigate the revenue loss attributed to the motor vehicle property tax cap.

COMPARATIVE ASSESSED VALUATIONS

Grand List Dated	Residential Real Property (%)	Commercial and Industrial Real Property (%)	Other Real Property (%)	Personal Property (%)	Motor Vehicle Property (%)	Gross Taxable Grand List \$(000's)	Less Exemptions \$(000's)	Net Taxable Grand List \$(000's)	% Change
2022	55.7	18.5	1.4	10.0	14.4	\$2,261,555	\$70,403	\$2,191,152	1.74%
2021	56.3	18.5	1.5	9.9	13.8	2,228,797	75,028	2,153,769	3.32%
2020	58.0	19.3	1.5	9.9	11.3	2,167,882	83,251	2,084,631	2.22%
2019 ¹	59.0	18.8	1.5	9.8	10.9	2,125,778	86,425	2,039,353	2.42%
2018	60.7	16.8	2.2	9.4	10.9	2,074,973	83,897	1,991,076	0.80%
2017	61.0	16.7	2.2	9.2	11.0	2,053,748	78,422	1,975,326	0.95%
2016	61.4	16.6	2.2	8.8	10.9	2,022,333	65,540	1,956,793	0.39%
2015	62.0	16.7	2.3	8.2	10.8	2,007,747	58,523	1,949,224	1.04%
2014 ¹	60.6	16.6	2.2	9.9	10.7	1,996,670	67,492	1,929,178	-18.83%
2013	64.6	16.2	2.9	7.5	8.8	2,441,638	64,786	2,376,852	0.68%

¹ Revaluation

Source: City Officials.

TAX LEVIES AND COLLECTIONS

Grand List of 1-Oct	FY Ending 30-Jun	Net Taxable Grand List \$(000's)	Total Tax Rate (In Mills)	Adjusted Tax Levy	Percent of Annual Levy		
					Collected End of each Fiscal Year	Uncollected at end of Fiscal Year	Uncollected as of 6/30/2023
2022 ¹	2024	\$2,191,152	47.96	\$ 100,809,194	TBD	TBD	TBD
2021	2023	2,153,769	47.14	98,552,138	100.0	0.0	0.0
2020	2022	2,084,631	46.17	96,760,414	100.0	0.0	0.0
2019 ²	2021	2,039,353	46.17	94,857,620	100.0	0.0	0.0
2018	2020	1,991,076	46.17	93,355,002	100.0	0.0	0.0
2017	2019	1,975,326	46.17	91,925,308	100.0	0.0	0.0
2016	2018	1,956,793	45.75	88,862,864	100.0	0.0	0.0
2015	2017	1,949,224	45.75	87,745,345	100.0	0.0	0.0
2014 ²	2016	1,929,178	45.75	89,292,132	100.0	0.0	0.0
2013	2015	2,376,852	36.32	86,433,955	100.0	0.0	0.0

¹ Adopted budget

² Revaluation

Source: City Officials.

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TEN LARGEST TAXPAYERS

<u>Business-Name</u>	<u>Nature Of Business</u>	<u>Total Estimated Assessment</u>	<u>Rank</u>	<u>Percent of Total ¹</u>
Connecticut Light & Power Co.....	Utility.....	\$ 55,477,664	1	2.53%
Yankee Gas.....	Utility.....	47,651,160	2	2.17%
Torrington Water Co.....	Utility.....	24,860,490	3	1.13%
Dudrow Torrington LLC.....	Supermarket, Commercial Realty.....	17,499,200	4	0.80%
Keystone Place at Newbury Brook LLC.....	Assisted Living Facility.....	16,223,397	5	0.74%
GG Torrington LLC	Shopping Center.....	15,410,673	6	0.70%
O&G Industries.....	Construction.....	13,242,780	7	0.60%
Target Corporation.....	Retail.....	9,688,040	8	0.44%
Torrington Commons Improvements LLC.....	Shopping Center.....	8,750,000	9	0.40%
MBI Inc.....	Collectibles Manufacturing.....	7,653,390	10	0.35%
	Total	<u>\$ 216,456,794</u>		<u>9.86%</u>

¹ Based on a 10/1/22 Net Taxable Grand List of \$2,191,152,000.

Source: City Officials.

EQUALIZED NET GRAND LIST

<u>Grand List of 10/1</u>	<u>Equalized Net Grand List</u>	<u>% Growth</u>
2021	\$4,165,812,950	14.68%
2020	3,632,588,236	24.50%
2019	2,917,726,089	-0.32%
2018	2,927,200,014	3.29%
2017	2,834,037,934	2.89%
2016	2,754,467,636	-1.59%
2015	2,798,903,684	1.39%
2014	2,760,539,379	-4.04%
2013	2,876,842,027	-4.08%
2012	2,999,332,916	-5.19%

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

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V. FINANCIAL INFORMATION

FISCAL YEAR

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

ACCOUNTING POLICIES

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

BASIS OF ACCOUNTING

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

ANNUAL AUDIT

Pursuant to local ordinance and provisions of Chapter 111 of the Connecticut General Statutes (Sec. 7-391 through 397), the City is required to undergo an annual audit by an independent public accountant. The auditor is required to conduct the audit under the guidelines outlined by the Office of Policy and Management, which also receives a copy of the audit report. For the fiscal year ending June 30, 2022, the financial statements of the various funds of the City were audited by Clifton Larson Allen LLP, formerly Blum Shapiro and Company, P.C., independent certified public accountants, of West Hartford, Connecticut. The City is in the process of completing its fiscal year ending June 30, 2023 audit which the City expects to be available by the end of June, 2024.

BUDGETARY PROCEDURES

A budget for the General Fund is authorized annually by the Board of Finance and the City Council. The City adheres to the following procedures in establishing the budgetary. On or before February 15 each year, every department, board or commission of the City shall furnish to the City Council an estimate of the money required for its business for the ensuing year. On or before March 20 of each year, the Board of Finance reviews the budgets submitted by the City Council. The Board of Education shall submit its proposed budget to the Board of Finance on or before the 15th day of April.

The Board of Finance/City Council hold public hearings on the budget in May to obtain taxpayer comments. In mid-May, a joint meeting of the City Council and Board of Finance is held to make final recommendations on the budget. Prior to June 1, the Board of Finance votes final approval of the proposed budget and adopts the budget ordinance.

Voters can petition for two referendums on budgets proposed by the Board of Finance. If both are rejected the City Council shall adopt a third budget. This budget shall not be subject to a referendum.

Upon request by the City Council, the Board of Finance may authorize the transfer of any unencumbered appropriation, from one department to another during the fiscal year.

EMPLOYEE PENSION SYSTEMS

The City is the administrator of two single employer contributory, defined benefit pension plans. Plan provisions are established and amended by the plan's Board of Trustees. The plans cover fulltime employees except professional personnel at the Board of Education. The pension plans are part of the City's financial reporting entity and are accounted for in the pension trust funds as the Police and Firemen's Retirement, and the Municipal Employees' Retirement. Separate financial statements are not issued.

Management of the plans rests with the Board of Trustees. The Police and Firemen's Retirement Plan Board of Trustees consists of the mayor, city treasurer, the six members of the board of public safety, two members of the regular fire department to be chosen biennially by the members of the regular fire department and two members of the police department to be chosen biennially by the members of the regular police department.

The Municipal Employees' Retirement Plan Board of Trustees is made up of ten members consisting of the mayor, city treasurer, the six members of the City Council and two union representatives from the bargaining unit that has an issue pending before the Trustees which are selected annually by the union.

Police and Firemen's Retirement - The City is the administrator of a single employer public employee retirement system (PERS) established and administered by the City to provide pension benefits for its employees. The PERS is considered to be part of the financial reporting entity and is included in the City's financial reports as a pension trust fund. The Plan provides normal retirement, death, and disability benefits through a single-employer contributory Defined Benefit plan. All regular members of the Police Department of the City hired prior to September 4, 2015 shall become members of the Plan. All regular members of the Fire Department of the City hired prior to May 1, 2009 shall become members of the Plan. Effective May 5, 2008, participants were required to contribute 8% of their gross pay. The retirement benefit for members of the Defined Benefit Plan for Police and Fire Department employees is calculated at 2.5% of the member's average annual compensation received during the last three years of service prior to retirement, multiplied by their total years of service. All members shall have years of service (including any buyback service) maximized at 27 years of credited service. Normal Retirement Age is age 55 with 10 years of continuous service or following the completion of 25 years of continuous service regardless of age. Participants are 100 percent vested in their accrued benefit after 10 years of continuous service as long as their employee contributions remain in the fund upon termination. Members' contributions are returnable on termination or death while active or retired (less any benefits paid) provided, in each case, that no death benefits are otherwise payable. Benefits and contributions are established by the City and may be amended by the City through labor negotiations.

Police and Fire Defined Contribution Plan – Participation in a defined contribution plan is required for all regular members of the Fire Department of the City hired after May 1, 2009 and members of the Police Department hired on or after September 4, 2015 (“Police and Fire Defined Contribution Plan”).

Municipal Employees' Retirement - The City is the administrator of a single employer public employee retirement system (PERS) established and administered by the City to provide pension benefits for its employees. The PERS is considered to be part of the financial reporting entity and is included in the City's financial reports as a pension trust fund. The Plan provides normal retirement, early retirement, termination, and death benefits through a single employer contributory defined benefit plan. All members of AFSCME, Local #2212 Public Works employees, City Hall employees and all members of ASCME Local 1579, School Maintenance and Custodial employees, Union Supervisory employees and non-Union Management employees shall become members of the Plan. The retirement benefit for all aforementioned employees other than supervisory employees is calculated at 2 percent of the participant's average monthly earnings during the final 3 years of employment multiplied by years of service. There is a minimum annual benefit of \$240 per year of service limited to a maximum 35 years. Benefits for supervisory employees are based on the highest of the last 3 years of annual gross earnings. Normal Retirement Age is age 65 or following age 60 with 25 years of service. Participants are 100 percent vested in their accrued benefit after 5 years of continuous service as long as their employee contributions remain in the fund upon termination. Members' contributions are returnable on termination or death while active or retired (less any benefits paid) provided in each case that no death benefits are otherwise payable. Benefits and contributions are established by the City and may be amended by the City.

City Defined Contribution Plan - Participation in a defined contribution plan (“City Defined Contribution Plan”) is required for all new hires into the employee groups of the Municipal Employees' Retirement Plan with varying start dates as follows: All members of AFSCME, Local #2212 Public Works employees, City Hall employees and all members of ASCME Local #1579, School Maintenance and Custodial employees, hired after May 2, 2011 became members of the City Defined Contribution Plan. All members of UPSEU, Local #424 Supervisory employees hired after September 30, 2009 became members of the City Defined Contribution Plan. All non-Union employees of the Management Resolution hired after September 2, 2008 became members of the City Defined Contribution Plan.

Contributions

Police and Fire Retirement - Member contributions of 8% of gross weekly earnings are required. The City is required to contribute the remaining amounts necessary to finance the benefits for its employees as determined through biennial valuations.

Municipal Employees' Retirement - Member contributions of 5% of gross weekly earnings are required. The City is required to contribute the remaining amounts necessary to finance the benefits for its employees as determined through biennial actuarial valuations.

Defined Contribution Plans – Employees contribute 6% of gross weekly earnings into the accounts and the City contributes 8% to all employees in the City Defined Contribution Plan and the Police and Fire Defined Contribution Plan.

The City has implemented Government Accounting Standards Board's (GASB) Statement No. 67. Net position is based on fair market value as of June 30, 2022 and the Total Pension Liability is based on the actuarial assumptions as of the prior valuation of July 1, 2021 updated to June 30, 2022. The GASB Statement No. 67 disclosure for June 30, 2023 are still being developed is not available at this time.

In accordance with GASB Statement No. 67, the components of the net pension liability of the City as of June 30, 2022 were as follows.

Police and Fireman Plan					
	2022	2021	2020	2019	2018
Total pension liability.....	\$111,550,462	\$108,775,754	\$103,133,386	\$100,248,318	\$98,259,752
Plan fiduciary net position.....	66,521,160	78,000,513	63,832,734	62,989,305	60,148,364
Net pension liability.....	<u>\$45,029,302</u>	<u>\$30,775,241</u>	<u>\$39,300,652</u>	<u>\$37,259,013</u>	<u>\$38,111,388</u>
Plan fiduciary net position as a % of total pension liability.....	59.6%	71.7%	61.9%	62.8%	61.2%

Municipal Employees' Plan					
	2022	2021	2020	2019	2018
Total pension liability.....	\$54,345,759	\$53,621,535	\$51,492,456	\$50,424,464	\$49,161,237
Plan fiduciary net position.....	40,828,824	48,991,606	41,199,058	41,607,860	40,372,588
Net pension liability.....	<u>\$13,516,935</u>	<u>\$4,629,929</u>	<u>\$10,293,398</u>	<u>\$8,816,604</u>	<u>\$8,788,649</u>
Plan fiduciary net position as a % of total pension liability.....	75.1%	91.4%	80.0%	82.5%	82.1%

The following represents the net pension liability of the City, calculated using the discount rate of 6.75%, as well as what the City'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:

Fiscal year ending June 30, 2022			
	1% Decrease	Current	1% Increase
	5.75%	Discount Rate	7.75%
		6.75%	
Police and Firemen Plan:			
City Net Pension Liability.....	\$ 57,724,835	\$ 45,029,302	\$ 34,407,807

Fiscal year ending June 30, 2022			
	1% Decrease	Current	1% Increase
	5.75%	Discount Rate	7.75%
		6.75%	
Municipal Employees' Plan:			
City Net Pension Liability.....	\$ 19,061,861	\$ 13,516,935	\$ 8,770,777

An actuarial valuation is prepared biennially; the most recent actuarial valuation was performed as of July 1, 2022. The following represents trend information of the City's Plans:

Schedule of Funding Progress

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL)</u>	<u>Unfunded AAL (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a Percentage of Covered Payroll</u>
<i>Police and Firemen Plan</i>						
7/1/2022	\$73,210,724	\$111,942,422	\$38,731,698	65.4%	\$8,090,549	478.7%
7/1/2020	65,854,907	105,984,390	40,129,483	62.1%	8,304,057	483.3%
7/1/2018	59,795,115	97,587,252	37,792,137	61.3%	8,407,304	449.5%
7/1/2016	55,548,596	92,490,899	36,942,303	60.1%	9,031,565	409.0%
7/1/2014	49,894,765	82,831,200	32,936,435	60.2%	8,185,613	402.4%
<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL)</u>	<u>Unfunded AAL (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a Percentage of Covered Payroll</u>
<i>Municipal Employees' Plan</i>						
7/1/2022	\$44,789,301	\$54,943,516	\$10,154,215	81.5%	\$4,070,560	249.5%
7/1/2020	42,408,468	52,761,560	10,353,092	80.4%	4,846,634	213.6%
7/1/2018	40,022,859	49,234,070	9,211,211	81.3%	5,743,293	160.4%
7/1/2016	37,696,638	46,009,746	8,313,108	81.9%	6,941,007	119.8%
7/1/2014	33,096,071	43,029,574	9,933,503	76.9%	7,360,787	135.0%

Source: Audited financial statements and actuarial valuations.

Schedule of Employer Contributions

<u>Fiscal Year Ended</u>	<u>Police and Firemen Plan</u>			<u>Municipal Employees' Plan</u>		
	<u>Annual Required Contribution</u>	<u>Contribution</u>	<u>Percentage Contributed</u>	<u>Annual Required Contribution</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>
2024 ¹	\$ 4,515,684	\$ 4,582,042	101.5%	\$ 1,261,262	\$ 1,240,596	98.4%
2023 ¹	4,534,125	4,597,723	101.4%	1,318,830	1,338,172	101.5%
2022	4,534,125	4,292,329	94.7%	1,318,830	1,227,984	93.1%
2021	4,279,729	4,291,829	100.3%	1,241,462	1,253,562	101.0%
2020	4,279,729	4,283,329	100.1%	1,241,462	1,308,154	105.4%

¹ Adopted budget.

² Unaudited estimate.

Source: Audited financial statements and actuarial valuations.

Connecticut State Teachers' Retirement System - Teachers participate in a contributory defined benefit plan established under Chapter 167a of Connecticut General Statutes and administered by the Connecticut State Teachers' Retirement Board. All certified teachers are eligible to participate in the plan and are required to contribute 7.25% of their annual earnings. Neither the Board of Education nor the City contributes to the plan. The State of Connecticut is legally responsible for making contributions to the plan. Contributions are based on recommendations of the State Teachers' Retirement Board and include an amortization of the actuarially computed unfunded liability.

Teachers are eligible to receive a normal retirement benefit if he or she has: (1) attained age 60 and has accumulated 20 years of credited service in the public schools of Connecticut, or (2) attained any age and has accumulated 35 years of credited service, at least 25 years of which were service in the public schools of Connecticut.

For further information on the City’s Pension Plans, see “Appendix A” hereto.

OTHER POST-EMPLOYEMENT BENEFITS

The City, in accordance with various collective bargaining agreement, is committed to providing health and other benefits to certain eligible retirees and their spouses. The City’s Post-Retirement Medical Program (“RMP”) covers City, Board of Education, Police and Fire employees. Retired program members and beneficiaries currently receiving benefits are required to contribute specified percentages towards the cost of receiving those benefits under the City’s self-insured medical benefits program. The percentage contribution of the employees and retirees for these benefits vary and are detailed with the City’s various bargaining agreements. The City does not issue a stand-alone financial statement for this program.

The City implemented the Governmental Accounting Standards Board’s (“GASB”) Statement 74 effective the fiscal year ending June 30, 2017. In accordance with GASB Statement 74, the net position is based on fair market value as of the end of the fiscal year and the total OEB liability is based on the actuarial assumptions as of the prior valuation date updated to the end of the fiscal year. The City’s post-employment benefits area accounted for as a pay-as-you-go basis. The City has established a trust fund to irrevocably segregate assets to fund the liability associated with post-employment benefits. The GASB Statement 74 disclosure for June 30, 2023 is still being developed but are not available at this time. For the June 30, 2022 measurement, the discount rate used was 3.65% which was based on the Bond Buyer General Obligation 20-Bond Municipal Index. Under GASB Statement 74, the components of the City’s net OPEB liability as of June 30, 2022 were as follows:

	OPEB				
	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB liability.....	\$122,274,325	\$143,160,023	\$141,311,364	\$111,413,939	\$120,820,487
Plan fiduciary net position.....	<u>967,717</u>	<u>1,130,217</u>	<u>657,687</u>	<u>375,573</u>	<u>105,902</u>
Net OPEB liability.....	<u><u>\$121,306,608</u></u>	<u><u>\$142,029,806</u></u>	<u><u>\$140,653,677</u></u>	<u><u>\$111,038,366</u></u>	<u><u>\$120,714,585</u></u>
Plan fiduciary net position as a % of total OPEB liability.....	0.79%	0.79%	0.47%	0.34%	0.09%

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

	<u>Fiscal year ending June 30, 2022</u>		
	<u>Current</u>		
	<u>1% Decrease</u> <u>2.54%</u>	<u>Discount Rate</u> <u>3.54%</u>	<u>1% Increase</u> <u>4.54%</u>
City's Net OPEB Liability.....	\$ 139,316,298	\$ 121,306,608	\$ 106,761,705

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

	Fiscal year ending June 30, 2022		
	Current		
	1% Decrease	Discount Rate	1% Increase
City's Net OPEB Liability.....	\$ 103,827,049	\$ 121,306,608	\$ 143,390,606

Source: Audited financial statements and OPEB valuations.

The following represents historical information regarding the other post-employment benefit funding progress of the City. The City's most recent actuarial valuation was effective July 1, 2020:

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
7/1/2020	\$ 657,687	\$ 77,553,696	\$ 76,896,009	0.8%	\$ 55,173,814	139.4%
7/1/2018 ¹	105,970	69,238,925	69,132,955	0.2%	52,383,441	132.0%
7/1/2016	-	116,826,800	116,826,800	0.0%	53,620,900	217.9%
7/1/2014	-	102,954,000	102,954,000	0.0%	50,846,100	202.5%

¹ Per the July 2018 OPEB valuation, the City's accrued liability was reduced by approximately 11% due to mitigation of the majority of active employees to a High Deductible Health Plan with Health Savings Accounts. Additionally, in recognition of the establishment of the OPEB Trust, the discount rate was increased from 3.5% to 7.00%, resulting in a 37% reduction in the liability.

Schedule of Employer Contributions

Fiscal Year Ended	Annual Required Contribution	City Contribution	Percentage Contributed
2022	\$ 8,370,081	\$ 4,254,811	50.83%
2021	8,011,648	5,191,595	64.80%
2020	7,896,308	5,434,152	68.82%
2019	11,703,600	5,389,188	46.05%
2018	11,455,900	3,767,666	32.89%

Source: Audited financial statements and OPEB valuations.

INVESTMENT POLICIES AND PROCEDURES

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

The City's operating and working capital funds are invested at the direction of the City Treasurer primarily in a bank sponsored pooled cash account which invests in U.S. government and agency securities and repurchase agreements. The City's investment policies and investments related to the City's retirement and deferred compensation funds are available upon request from the City Treasurer. Also see Note 3, "Deposits and Investments" of "Notes to Financial Statements" in Appendix A hereto.

PROPERTY TAX REVENUES

Fiscal Year	Total Revenues	Property Tax Revenues	Tax Revenues as % Total Revenues
2024 ¹	\$ 146,490,803	\$ 100,925,371	68.9%
2023 ²	140,678,070	98,226,306	69.8%
2022	142,693,891	97,221,928	68.1%
2021	141,362,285	94,827,795	67.1%
2020	139,735,300	93,355,002	66.8%
2019	132,186,576	91,925,308	69.5%
2018	138,482,421	88,862,864	64.2%
2017	138,523,889	87,997,590	63.5%
2016	132,658,361	89,078,644	67.1%
2015	129,558,009	86,608,504	66.8%

¹ Adopted Budget, excludes on-behalf payments made by the State of Connecticut to the Teachers' Retirement Fund.

² Unaudited estimate, excludes on-behalf payments made by the State of Connecticut to the Teachers' Retirement Fund.

Source: City annual audited financial statements; fiscal year 2022-23 unaudited estimate; fiscal year 2023-24 adopted budget.

INTERGOVERNMENTAL REVENUES

Fiscal Year	General Fund Revenues	Federal and State Aid	Aid as a Percentage Of General Fund Revenue
2024 ¹	\$ 143,490,803	\$ 32,452,712	22.6%
2023 ²	140,678,070	31,399,653	22.3%
2022	142,693,891	36,737,356	25.7%
2021	141,362,285	36,279,807	25.7%
2020	139,735,300	37,691,824	27.0%
2019	132,186,576	32,445,576	24.5%
2018	138,482,421	42,061,088	30.4%
2017	138,523,889	43,002,447	31.0%
2016	132,658,361	36,409,678	27.4%
2015	129,558,009	34,990,554	27.0%

¹ Adopted Budget, excludes on-behalf payments made by the State of Connecticut to the Teachers' Retirement Fund.

² Unaudited estimate, excludes on-behalf payments made by the State of Connecticut to the Teachers' Retirement Fund.

Source: City annual audited financial statements; fiscal year 2022-23 unaudited estimate; fiscal year 2023-24 adopted budget.

MUNICIPAL BUDGET EXPENDITURE CAP

Connecticut General Statutes Section 4-661 creates a cap on adopted general budget expenditures for municipalities in Connecticut in order for municipalities to be eligible to receive the full amount of the State's municipal revenue sharing grant. Beginning in fiscal year ending June 30, 2018, and in each fiscal year thereafter, the Office of Policy and Management ("OPM") must reduce the municipal revenue sharing grant amount for those municipalities whose adopted general budget expenditures (with certain exceptions including but not limited to debt service, special education, implementation of court orders or arbitration awards, budgeting for an audited deficit, nonrecurring grants, capital expenditures of \$100,000 or more, or payments on unfunded pension liabilities, and certain major disaster or emergency expenditures) exceeds the spending limits specified in the statute. For each applicable fiscal year, OPM must determine the municipality's percentage growth in general budget expenditures over the prior fiscal year and reduce the grant if the growth rate is equal to or greater than 2.5% or the inflation rate, whichever is greater, each of those amounts adjusted by an amount proportionate to any increase in the

municipality's population from the previous fiscal year. The reduction is generally equal to 50 cents for every dollar the municipality spends over this cap. Each municipality must annually certify to the Secretary of the OPM whether such municipality has exceeded the cap set forth in the statute and if so the amount by which the cap was exceeded.

EXPENDITURES

Fiscal Year	Education	Public Safety	Public Works	Pension & Miscellaneous	Debt Service
2024 ¹	54.3%	13.2%	7.4%	11.8%	4.7%
2023 ²	56.3%	13.3%	6.8%	11.5%	3.7%
2022	59.4%	12.1%	5.5%	11.9%	3.2%
2021	59.6%	12.7%	5.1%	11.7%	2.5%
2020	60.7%	12.8%	5.1%	11.5%	2.7%
2019	60.1%	13.2%	5.4%	11.7%	2.4%
2018	63.3%	12.3%	4.9%	11.1%	2.5%
2017	60.4%	12.5%	5.3%	10.0%	2.8%
2016	60.2%	12.7%	5.6%	10.0%	2.8%
2015	60.2%	12.4%	6.2%	10.9%	3.0%

¹ Adopted Budget, excludes on-behalf payments made by the State of Connecticut to the Teachers' Retirement Fund.

² Unaudited estimate, excludes on-behalf payments made by the State of Connecticut to the Teachers' Retirement Fund.

Source: City annual audited financial statements; fiscal year 2022-23 unaudited estimate; fiscal year 2023-24 adopted budget.

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COMPARATIVE GENERAL FUND OPERATING STATEMENT

Budget and Actual
(Budgetary Basis)

	Fiscal Year 2022-23			Fiscal Year
	Revised Budget	Actual Operations	Variance Favorable (Unfavorable)	2023-24 Adopted Budget
REVENUES				
Property taxes, interest and liens.....	\$ 97,831,004	\$ 98,226,306	\$ 395,302	\$100,925,371
Intergovernmental revenue.....	31,455,930	31,399,653	(56,277)	32,452,712
General government.....	2,871,486	3,954,124	1,082,638	2,849,986
Public safety.....	917,500	800,549	(116,951)	732,500
Public works.....	150,234	169,947	19,713	150,234
Investment Income.....	100,000	1,772,249	1,672,249	1,750,000
Recreation.....	12,000	15,556	3,556	12,000
Education.....	2,000,000	1,831,367	(168,633)	2,100,000
TOTAL REVENUES	135,338,154	138,169,751	2,831,597	140,972,803
EXPENDITURES				
Current:				
General government.....	6,865,666	6,557,064	308,602	7,443,515
Public safety.....	19,155,459	18,352,814	802,645	19,380,987
Public works.....	9,809,048	9,340,496	468,552	10,767,978
Public health and social services.....	3,162,657	3,184,483	(21,826)	3,702,238
Pension and miscellaneous.....	16,100,403	15,857,397	243,006	17,232,231
Recreation.....	559,734	494,812	64,922	651,661
Tax collector contract.....	645,600	1,282,149	(636,549)	645,600
Board of education.....	78,131,123	77,788,347	342,776	79,472,698
Contingency.....	300,000	90,894	209,106	315,503
Debt Service.....	5,216,783	5,168,549	48,234	6,878,392
TOTAL EXPENDITURES	139,946,473	138,117,005	1,829,468	146,490,803
Excess (deficiency) of revenues over expenditures.....	<u>(4,608,319)</u>	<u>52,746</u>	<u>4,661,065</u>	<u>(5,518,000)</u>
Other financing sources (uses):				
Appropriation of Fund Balance.....	2,100,000	-	(2,100,000)	1,900,000
Operating transfers in.....	2,508,319	2,508,319	-	3,618,000
Operating transfers out.....	-	-	-	-
Total Other financing sources (uses).....	<u>4,608,319</u>	<u>2,508,319</u>	<u>(2,100,000)</u>	<u>5,518,000</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses.....	<u>\$ -</u>	<u>\$ 2,561,065</u>	<u>\$ 2,561,065</u>	<u>\$ -</u>

Source: Fiscal year 2022-23 unaudited estimate; and 2023-24 adopted budget.

COMPARATIVE BALANCE SHEETS – GENERAL FUND

Fiscal Year Ended:	2018	2019	2020	2021	2022
Assets					
Cash and cash equivalents.....	\$13,955,014	\$16,739,452	\$12,976,335	\$15,408,670	\$16,512,402
Investments.....	8,458,269	6,466,158	9,151,045	7,020,105	9,265,161
Restricted investments.....	-	-	-	-	-
Receivables, net.....	495,602	540,493	761,881	3,791,926	392,338
Due from other funds.....	1,844,767	-	2,262,303	-	558,854
	-	-	-	-	74,134
Total Assets.....	\$24,753,652	\$23,746,103	\$25,151,564	\$26,220,701	\$26,802,889
Liabilities, Deferred Inflows of Resources and Fund Balances					
Liabilities:					
Accounts and claims payable.....	\$ 3,428,221	\$ 6,055,933	\$ 5,661,231	\$ 7,738,355	\$ 7,398,904
Accrued payroll and related.....	4,928,687	-	-	-	-
Due to other funds.....	1,483,397	402,000	335,000	812,000	33,000
Performance bonds.....	279,793	154,424	177,073	191,202	195,503
Bond Anticipation Notes.....	-	-	-	-	77,850
Advances from other funds.....	469,000	-	-	-	655,763
Total Liabilities.....	10,589,098	6,612,357	6,173,304	8,741,557	8,361,020
Deferred Inflows of Resources:					
Unavailable revenue - intergovernmental ..	-	722,461	-	-	-
Unavailable revenue - other.....	-	-	-	-	-
Total Deferred Inflows of Resources.....	-	722,461	-	-	-
Fund Balances:					
Nonspendable.....	-	-	-	-	74,134
Committed.....	-	182,398	87,598	-	44,178
Assigned.....	428,215	322,024	905,932	3,441,256	3,553,830
Unassigned.....	13,736,339	15,906,863	17,984,730	14,037,888	14,769,727
Total Fund Balances.....	14,164,554	16,411,285	18,978,260	17,479,144	18,441,869
Total Liabilities, Deferred Inflows of Resources and Fund Balances.....	\$24,753,652	\$23,746,103	\$25,151,564	\$26,220,701	\$26,802,889

Source: City annual audited financial statements.

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

Fiscal Year Ended:	2018	2019	2020	2021	2022
Revenues					
Property taxes.....	\$ 88,862,864	\$ 91,925,308	\$ 93,355,002	\$ 94,827,795	\$97,221,928
Intergovernmental.....	42,061,088	32,445,576	37,691,824	36,279,807	36,737,356
Charges for services.....	6,256,732	6,252,255	6,744,455	7,443,256	6,193,083
Investment income.....	101,737	363,437	415,659	95,369	99,849
Other revenues.....	-	-	-	50,572	6,959
Total Revenues.....	137,282,421	130,986,576	138,206,940	138,696,799	140,259,175
Expenditures					
Current:					
General government.....	4,482,806	5,246,640	5,171,597	6,283,074	8,192,079
Public safety.....	16,915,178	17,135,190	17,561,666	18,092,642	28,399,499
Public works.....	6,779,698	7,022,265	6,997,874	7,338,348	10,318,885
Public health and social services.....	2,851,791	2,894,605	2,917,138	2,948,686	3,024,257
Pension and miscellaneous.....	15,350,812	15,231,192	15,716,575	16,761,656	- ¹
Recreation.....	333,673	368,654	354,947	329,444	551,530
Education.....	87,175,501	78,323,176	83,244,824	85,208,339	84,138,162
Other.....	-	176,857	2,240	-	-
Capital outlay.....	1,745	-	-	-	-
Debt service.....	3,389,032	3,181,001	3,643,421	3,609,186	4,498,633
Total Expenditures.....	137,280,236	129,579,580	135,610,282	140,571,375	139,123,045
Excess (deficiency) of revenues over expenditures.....	2,185	1,406,996	2,596,658	(1,874,576)	1,136,130
Other financing sources (uses):					
Operating transfers in.....	1,200,000	1,200,000	1,528,360	2,665,486	2,434,716
Operating transfers (out).....	(461,740)	(704,462)	(1,558,043)	(2,290,026)	(2,608,121)
Total other financing sources (uses)..	738,260	495,538	(29,683)	375,460	(173,405)
Excess (deficiency) of revenues and other financing sources over expenditures and other uses.....	740,445	1,902,534	2,566,975	(1,499,116)	962,725
Fund Balance - July 1.....	13,424,109²	14,508,751²	16,411,285	18,978,260	17,479,144
Fund Balance - June 30.....	\$ 14,164,554	\$ 16,411,285	\$ 18,978,260	\$ 17,479,144	\$18,441,869

¹ For the fiscal year 2022 financial statements, on a GAAP basis, the City’s auditor reclassified pension and benefits at the department level.

² Restated.

Source: City annual audited financial statements.

VI. DEBT SUMMARY

PRINCIPAL AMOUNT OF INDEBTEDNESS

As of March 14, 2024

(Pro Forma)

Long-Term Debt

Date of Issue	Issue	Coupon Rate %	Original Issue Amount	Debt Outstanding	Final Maturity
09/01/11	Clean Water Fund Loan #611-C ¹	2.000	\$ 1,123,491	\$ 411,523	09/01/30
09/17/15	School Refunding Bonds.....	3.000 - 4.000	4,760,000	1,600,000	09/15/26
07/07/16	General Purpose Refunding Bonds.....	2.000 - 5.000	8,100,000	4,583,000	12/01/30
07/07/16	School Refunding Bonds.....	2.000 - 5.000	4,740,000	417,000	12/01/30
12/31/18	Clean Water Fund Loan #695-DC ¹	2.000	2,076,689	1,508,219	12/31/37
05/14/19	General Purpose Bonds.....	2.125 - 5.000	7,850,000	6,205,000	05/01/39
01/31/20	Clean Water Fund Loan #546-DC ¹	2.000	20,471,880	16,929,389	01/31/40
05/14/20	General Purpose Bonds.....	2.000 - 5.000	9,700,000	8,430,000	05/01/40
01/29/21	Clean Water Fund Loan #546-DC1 ¹	2.000	9,578,204	8,339,266	01/31/41
01/29/21	Clean Water Fund Loan #546-DC2 ¹	2.000	6,688,774	5,823,583	01/31/41
05/11/22	General Purpose Bonds.....	3.500 - 5.000	7,000,000	7,000,000	05/01/37
06/30/22	Clean Water Fund Loan #546-DC3 ¹	2.000	11,905,382	11,054,845	11/30/41
03/15/23	General Purpose Bonds.....	4.000 - 5.000	7,250,000	7,250,000	03/15/43
03/15/23	School Bonds.....	4.000 - 5.000	10,000,000	10,000,000	03/15/43
03/14/24	<i>General Purpose Bonds (This Issue)</i>	TBD	4,000,000	4,000,000	03/15/44
03/14/24	<i>School Bonds (This Issue).....</i>	TBD	10,000,000	10,000,000	03/15/44
	Total		\$ 125,244,420	\$ 103,551,825	

¹ See "Clean Water Fund Program" herein.

Short-Term Debt

Purpose	Amount Authorized	Prior Bonds Issued	Grants Received	The Notes (This Issue)
Torrington High/Middle School Project.....	\$ 179,575,000	\$ 10,000,000	\$ 49,560,971	\$ 34,350,000
Total.....	\$ 179,575,000	\$ 10,000,000	\$ 49,560,971	\$ 34,350,000

CAPITAL LEASES

The City currently has no outstanding capital lease agreements.

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COMBINED SCHEDULE OF LONG-TERM DEBT

As of March 14, 2024

(Pro Forma)

Fiscal Year	General Obligation Bonds			Clean Water Fund Loans			The Bonds <i>This Issue</i>	ALL ISSUES Total Principal
	Principal Payments	Interest Payments ¹	Total Debt Service	Principal Payments	Interest Payments ¹	Total Debt Service		
2023-24 ²	\$ 1,680,000	\$ 897,748	\$ 2,577,748	\$ 757,532	\$ 291,224	\$ 1,048,756	\$ -	\$ 2,437,532
2024-25	3,980,000	1,691,796	5,671,796	2,318,116	845,013	3,163,129	-	6,298,116
2025-26	4,000,000	1,512,846	5,512,846	2,364,906	798,223	3,163,129	-	6,364,906
2026-27	4,010,000	1,337,096	5,347,096	2,412,640	750,489	3,163,129	865,000	7,287,640
2027-28	3,450,000	1,176,393	4,626,393	2,461,338	701,792	3,163,129	865,000	6,776,338
2028-29	3,435,000	1,030,753	4,465,753	2,511,018	652,111	3,163,129	865,000	6,811,018
2029-30	3,415,000	912,890	4,327,890	2,561,702	601,428	3,163,129	865,000	6,841,702
2030-31	3,405,000	793,215	4,198,215	2,562,392	550,061	3,112,453	865,000	6,832,392
2031-32	2,730,000	678,178	3,408,178	2,596,937	498,624	3,095,561	865,000	6,191,937
2032-33	2,730,000	587,078	3,317,078	2,649,354	446,207	3,095,561	865,000	6,244,354
2033-34	2,730,000	495,978	3,225,978	2,702,830	392,731	3,095,561	865,000	6,297,830
2034-35	2,220,000	404,248	2,624,248	2,757,385	338,176	3,095,561	865,000	5,842,385
2035-36	1,760,000	319,188	2,079,188	2,813,041	282,520	3,095,561	860,000	5,433,041
2036-37	1,760,000	244,163	2,004,163	2,869,820	225,741	3,095,561	860,000	5,489,820
2037-38	1,255,000	168,925	1,423,925	2,865,037	168,076	3,033,114	860,000	4,980,037
2038-39	715,000	111,338	826,338	2,859,528	111,138	2,970,666	860,000	4,434,528
2039-40	680,000	85,850	765,850	2,397,698	55,149	2,452,847	555,000	3,632,698
2040-41	510,000	61,200	571,200	1,298,587	17,853	1,316,441	555,000	2,363,587
2041-42	510,000	40,800	550,800	306,962	1,537	308,499	555,000	1,371,962
2042-43	510,000	20,400	530,400	-	-	-	555,000	1,065,000
2043-44	-	-	-	-	-	-	555,000	555,000
Total	<u>\$ 45,485,000</u>	<u>\$ 12,570,080</u>	<u>\$ 58,055,080</u>	<u>\$ 44,066,825</u>	<u>\$ 7,728,094</u>	<u>\$ 51,794,919</u>	<u>\$ 14,000,000</u>	<u>\$ 103,551,825</u>

¹ Numbers may vary due to rounding.

² Excludes principal payments of \$2,744,721 and interest payments of \$1,522,001 made by the City as of March 14, 2024.

Source: City Officials.

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**SCHEDULE OF LONG-TERM DEBT THROUGH MATURITY
(GENERAL FUND)
As of March 14, 2024
(Pro Forma)**

Fiscal Year	Existing Indebtedness			The Bonds This Issue	ALL ISSUES Total Principal
	Principal Payments	Interest Payments ¹	Total Debt Service		
2023-24 ²	\$ 1,900,358	\$ 981,432	\$ 2,881,790	\$ -	\$ 1,900,358
2024-25	4,649,950	1,933,957	6,583,906	-	4,649,950
2025-26	4,683,472	1,741,484	6,424,956	-	4,683,472
2026-27	4,707,268	1,551,939	6,259,206	865,000	5,572,268
2027-28	4,161,342	1,377,162	5,538,503	865,000	5,026,342
2028-29	4,160,700	1,217,163	5,377,863	865,000	5,025,700
2029-30	4,155,347	1,084,653	5,240,000	865,000	5,020,347
2030-31	4,160,291	950,034	5,110,325	865,000	5,025,291
2031-32	3,500,536	819,752	4,320,288	865,000	4,365,536
2032-33	3,516,089	713,099	4,229,188	865,000	4,381,089
2033-34	3,531,955	606,132	4,138,088	865,000	4,396,955
2034-35	3,038,142	498,215	3,536,358	865,000	3,903,142
2035-36	2,594,656	396,642	2,991,298	860,000	3,454,656
2036-37	2,611,503	304,770	2,916,273	860,000	3,471,503
2037-38	2,123,690	212,345	2,336,035	860,000	2,983,690
2038-39	1,601,224	137,224	1,738,448	860,000	2,461,224
2039-40	1,324,338	94,713	1,419,051	555,000	1,879,338
2040-41	678,466	62,325	740,791	555,000	1,233,466
2041-42	510,000	40,800	550,800	555,000	1,065,000
2042-43	510,000	20,400	530,400	555,000	1,065,000
2043-44	-	-	-	555,000	555,000
Total	\$ 58,119,327	\$ 14,744,239	\$ 72,863,566	\$ 14,000,000	\$ 72,119,327

¹ Numbers may vary due to rounding.

² Excludes principal payments of \$1,230,000 and interest payments of \$922,348 made by the City as of March 14, 2024.

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**SCHEDULE OF LONG-TERM DEBT THROUGH MATURITY
(SEWER DEBT)**

As of March 14, 2024
(Pro Forma)

Fiscal Year	Existing Debt		Total Debt Service
	Principal Payments	Interest Payments ¹	
2023-24 ²	\$ 537,174	\$ 207,540	\$ 744,714
2024-25	1,648,166	602,853	2,251,019
2025-26	1,681,434	569,586	2,251,019
2026-27	1,715,372	535,647	2,251,019
2027-28	1,749,996	501,023	2,251,019
2028-29	1,785,319	465,701	2,251,019
2029-30	1,821,354	429,665	2,251,019
2030-31	1,807,102	393,242	2,200,343
2031-32	1,826,401	357,050	2,183,451
2032-33	1,863,266	320,185	2,183,451
2033-34	1,900,874	282,576	2,183,451
2034-35	1,939,242	244,209	2,183,451
2035-36	1,978,385	205,066	2,183,451
2036-37	2,018,317	165,134	2,183,451
2037-38	1,996,347	124,656	2,121,003
2038-39	1,973,304	85,252	2,058,556
2039-40	1,753,360	46,286	1,799,646
2040-41	1,130,121	16,728	1,146,850
2041-42	306,962	1,537	308,499
Total	\$ 31,432,497	\$ 5,553,936	\$ 36,986,433

¹ Numbers may vary due to rounding.

² Excludes principal payments of \$1,514,721 and interest payments of \$599,653 made by the City as of March 14, 2024.

SCHOOL BUILDING GRANT REIMBURSEMENTS

Pursuant to Section 10-287i of the Connecticut General Statutes, as amended, for all school building projects approved after July 1, 1996, the State provides proportional progress payments during construction for the State's share of the eligible construction costs. The State grant will be 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.

Project	Total Authorization	Eligible Costs	Reimbursement Rate	Estimated Grant ¹
Torrington High/Middle School Project.....	\$ 179,575,000	\$ 174,575,000	85.0%	\$ 148,388,750

¹ Estimated grant is based upon eligibility of reimbursable project costs. Final eligible costs to be determined at completion of post project audit. To date, the City has received \$49,560,971 in grants for this project.

CLEAN WATER FUND PROGRAM

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

Loans to the City are made pursuant to Project Grant and Project Loan Agreements (“Loan Agreements”). The City is obligated to repay only that amount which it draws down for the payment of project costs, pursuant to an Interim Funding Obligation (“IFO”). At the conclusion of the project, the City must permanently finance its draws under the IFO through the issuance of a Project Loan Obligation (“PLO”) secured by the full faith and credit of the City, and/or a dedicated source of revenue of such municipality. The City currently has five PLOs outstanding which are secured by the full faith and credit of the municipality and/or a dedicated source of revenue of such municipality.

Amortization of each loan is required to begin one year from the earlier of the scheduled completion date specified in the Loan Agreement or the actual project completion date. The final maturity of each loan is twenty years from the scheduled completion date. Principal and interest payments are made (1) in equal monthly installments commencing one month after the scheduled completion date, or (2) in 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. The City may elect to make level debt service payments or level principal payments. The City may prepay their loans at any time prior to maturity without penalty.

The City has the following Clean Water Fund loan outstanding:

<u>Loan ID</u>	<u>Date of Issue</u>	<u>Original 2% Loan Amount</u>	<u>Amount Outstanding as of March 14, 2024</u>
CWF PLO 611-C ¹	9/1/2011	\$ 1,123,491	\$ 411,523
CWF PLO 695-DC ²	12/13/2018	2,076,689	1,508,219
CWF PLO 546-DC ³	1/31/2020	20,471,880	16,929,389
CWF PLO 546-DC1 ³	1/29/2021	9,578,204	8,339,266
CWF PLO 546-DC2 ²	1/29/2021	6,688,774	5,823,583
CWF PLO 546-DC3 ²	6/30/2022	11,905,382	11,054,845
			<u>\$ 44,066,825</u>

¹ Secured by a General Obligation pledge; however, it is expected to be repaid 100% from sewer user fees.

² Secured by a revenue pledge and will be repaid 100% from user fees.

³ Secured by a General Obligation pledge; however, it is expected to be repaid 50% from general taxation and 50% from user fees.

OVERLAPPING AND UNDERLYING INDEBTEDNESS

There is one taxing district located within the City of Torrington – Lakeridge Tax District. The District has no outstanding indebtedness as of March 14, 2024.

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DEBT STATEMENT

As of March 14, 2024

(Pro Forma)

Bonded Indebtedness ¹	
<i>The Bonds (This Issue)</i>	\$ 14,000,000
General Purpose.....	33,468,000
Schools.....	12,017,000
Sewers.....	-
State of Connecticut CWF PLO ²	44,066,825
Total Long-Term Indebtedness	<u>103,551,825</u>
Short-Term Indebtedness	
<i>The Notes (This Issue)</i>	<u>34,350,000</u>
Total Direct Indebtedness	<u>137,901,825</u>
Exclusions:	
(Self supporting sewer debt) ³	<u>(31,432,498)</u>
Total Net Direct Indebtedness	<u><u>\$ 106,469,327</u></u>

¹ Does not include authorized but unissued debt of \$88,256,737. (See “Authorized but Unissued Debt” herein.)

² Includes \$18,386,647 from Clean Water Fund PLOs secured by revenue pledges supported by user fees and \$25,680,178 of Clean Water Fund PLOs secured by General Obligation pledges of which \$13,045,854 will be paid from user fees.

³ Includes \$18,386,647 from Clean Water Fund PLOs secured by revenue pledges supported by user fees and \$13,045,854 of Clean Water Fund PLOs secured by General Obligation pledges which will be paid from user fees.

Source: City Officials.

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CURRENT DEBT RATIOS

As of March 14, 2024

(Pro Forma)

Total Direct Debt.....	\$137,901,825
Net Direct Debt.....	\$106,469,327
Population ¹	35,447
Net Taxable Grand List (10/1/22).....	\$2,191,152,000
Estimated Full Value.....	\$3,130,217,143
Equalized Net Taxable Grand List (2021) ²	\$4,165,812,950
Per Capita Income ¹	\$33,803
Total Direct Debt:	
Per Capita.....	\$3,890.37
To Net Taxable Grand List.....	6.29%
To Estimated Full Value.....	4.41%
To Equalized Net Taxable Grand List.....	3.31%
Per Capita to Per Capita Income.....	11.51%
Net Direct Debt:	
Per Capita.....	\$3,003.62
To Net Taxable Grand List	4.86%
To Estimated Full Value	3.40%
To Equalized Net Taxable Grand List.....	2.56%
Per Capita to Per Capita Income.....	8.89%

¹ U.S. Census Bureau, American community Survey, 2017-2021.

² Office of Policy and Management, State of Connecticut.

LEGAL REQUIREMENTS FOR APPROVAL OF BORROWING

The City has the power to incur indebtedness by issuing its bonds or notes as authorized by the General Statutes of the State of Connecticut subject to statutory debt limitations and the requirements of the City Charter for the authorization of indebtedness.

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

Temporary notes may also be issued for up to 15 years for certain capital projects associated with the operation of a waterworks system (CGS Sec. 7-244a) or a sewage system (CGS Sec. 7-264a). In the first year following the completion of the project(s), or in the sixth year following the original date of issue (whichever is sooner), and in each year thereafter, the notes must be reduced by 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).

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

Section 7-374 of the Connecticut General Statutes also provides for exclusion from the debt limit calculation debt (i) issued in anticipation of taxes; (ii) issued for the supply of water, gas, electricity, electric demand response, conservation and load management, distributed generation and renewable energy projects; for the construction of subways for cables, wires and pipes; for the construction of underground conduits for cables, wires and pipes; for the construction and operation of a municipal community antenna television system and for two or more of such purposes; (iii) issued in anticipation of the receipt of proceeds from assessments levied upon property benefited by any public improvement; (iv) issued in anticipation of the receipt of proceeds from State or Federal grants evidenced by a written commitment or for which allocation has been approved by the State Bond Commission or from a contract with the state, state agencies or another municipality providing for the reimbursement of costs but only to the extent such indebtedness can be paid from such proceeds; (v) issued for certain water pollution control projects; and (vi) upon placement in an escrow of the proceeds of refunding bonds, notes or other obligations or other funds of the municipality in an amount sufficient to provide for the payment when due of principal of and interest on such bond, note or other evidence of indebtedness.

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STATEMENT OF STATUTORY DEBT LIMITATION

As of March 14, 2024

(Pro Forma)

Total Fiscal Year 2023 tax collections (unaudited estimate)	
State Reimbursement for Revenue Loss on:	\$ 103,286,288
Tax Relief for the Elderly	<u>-</u>
Base for Establishing Debt Limit	<u>\$ 103,286,288</u>

Debt Limit	General Purpose	Schools	Sewers	Urban Renewal	Unfunded Past Pension	Total Debt
(2.25 times base).....	\$232,394,149					
(4.50 times base).....		\$464,788,297				
(3.75 times base).....			\$387,323,581			
(3.25 times base).....				\$335,680,437		
(3.00 times base).....					\$309,858,865	
(7.00 times base).....						\$723,004,018
Indebtedness						
Bonds Payable.....	\$ 33,468,000	\$ 12,017,000	\$ -	\$ -	\$ -	\$ 45,485,000
<i>The Bonds (This Issue)</i>	4,000,000	10,000,000				14,000,000
<i>The Notes (This Issue)</i>	-	34,350,000	-	-	-	34,350,000
State of Connecticut Clean Water Fund Permanent Loan.....						
Obligation ("PLO") ¹ ...	-	-	44,066,825	-	-	44,066,825
Authorized but Unissued Debt.....	<u>3,900,000</u>	<u>76,364,029</u>	<u>7,992,708</u>	<u>-</u>	<u>-</u>	<u>88,256,737</u>
Total Bonded Indebtedness.....	41,368,000	132,731,029	52,059,533	-	-	226,158,562
Less:						
Self-Supporting debt ²			(31,432,498)			(31,432,498)
School Grants Receivable ³	<u>-</u>	<u>(98,827,779)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(98,827,779)</u>
Net Indebtedness.....	41,368,000	33,903,250	20,627,035	-	-	95,898,285
Excess of Limit Over Outstanding and Authorized Debt.....	<u>\$191,026,149</u>	<u>\$430,885,047</u>	<u>\$366,696,546</u>	<u>\$335,680,437</u>	<u>\$309,858,865</u>	<u>\$627,105,733</u>

Note: Figures may not add due to rounding.

¹ Includes \$18,836,647 from Clean Water Fund PLOs secured by revenue pledges supported by user fees and \$25,680,178 of Clean Water Fund PLOs secured by General Obligation pledges of which \$13,045,851 will be paid from user fees.

² Includes \$18,836,647 from Clean Water Fund PLOs secured by revenue pledges supported by user fees and \$13,045,851 of Clean Water Fund PLOs secured by General Obligation pledges which will be paid from user fees.

³ Estimated grant is based upon eligibility of reimbursable project costs. Final eligible costs to be determined at completion of post project audit. To date, the City has received \$49,560,971 in grants for this project.

AUTHORIZED BUT UNISSUED DEBT

Project	Amount of Total Authorization	Prior Bonds Issued	Paydowns / Grants	The Bonds (This Issue)	The Notes (This Issue)	Authorized But Unissued Debt
Sewer Improvements.....	\$ 72,260,000	\$50,310,084	\$15,486,358	\$ -	\$ -	\$ 6,463,558
East River Basin Sewers.....	4,100,000	2,038,245	532,605	-	-	1,529,150
Pavement Management Program.....	38,000,000	30,100,000	-	4,000,000	-	3,900,000
Torrington MS Roof & Window Replacement....	1,400,000	700,000	-	-	-	700,000
Torrington High/Middle School Project.....	179,575,000	10,000,000	49,560,971	10,000,000	34,350,000	75,664,029
Total All Projects.....	\$ 295,335,000	\$93,148,329	\$65,579,934	\$14,000,000	\$34,350,000	\$ 88,256,737

HISTORICAL DEBT STATEMENT

	2022-23¹	2021-22	2020-21	2019-20	2018-19
Population ²	35,447	35,447	35,447	34,259	34,489
Net taxable grand list.....	\$2,153,769,000	\$2,084,631,000	\$2,039,353,000	\$1,991,076,000	\$1,975,326,000
Estimated full value.....	\$3,076,812,857	\$2,978,044,286	\$2,913,361,429	\$2,844,394,286	\$2,821,894,286
Equalized net taxable grand list ³	\$4,165,812,950	\$3,632,588,236	\$2,917,726,089	\$2,927,200,014	\$2,834,037,934
Per capita income ²	\$33,803	\$33,803	\$33,803	\$33,025	\$32,881
Short-term debt.....	\$18,450,000	\$4,500,000	\$13,571,226	\$29,838,204	\$50,310,084
Long-term debt.....	\$92,296,545	\$79,663,841	\$64,824,798	\$51,552,095	\$24,390,148
Total Direct debt.....	\$110,746,545	\$84,163,841	\$78,396,024	\$81,390,299	\$74,700,232
Net Direct debt.....	\$78,235,664	\$50,069,366	\$55,151,559	\$68,859,954	\$71,384,146

¹ Unaudited estimate

² U. S. Census Bureau.

³ Office of Policy and Management, State of Connecticut

HISTORICAL DEBT RATIOS

	2023-24¹	2021-22	2020-21	2019-20	2018-19
Total Direct debt:					
Per capita.....	\$3,124.29	\$2,374.36	\$2,211.64	\$2,375.73	\$2,165.91
To net taxable grand list.....	5.14%	4.04%	3.84%	4.09%	3.78%
To estimated full value.....	3.60%	2.83%	2.69%	2.86%	2.65%
To equalized net taxable grand list.....	2.66%	2.32%	2.69%	2.78%	2.64%
Debt per capita to per capita income.....	9.24%	7.02%	6.54%	7.19%	6.59%
Net direct debt:					
Per capita.....	\$2,207.12	\$1,412.51	\$1,555.89	\$2,009.98	\$2,069.77
To net taxable grand list.....	3.63%	2.40%	2.70%	3.46%	3.61%
To estimated full value.....	2.54%	1.68%	1.89%	2.42%	2.53%
To equalized net taxable grand list.....	1.88%	1.38%	1.89%	2.35%	2.52%
Debt per capita to per capita income.....	6.53%	4.18%	4.60%	6.09%	6.29%

¹ Unaudited estimate

CAPITAL IMPROVEMENT PROGRAM

Project	2023-24	2024-25	2025-26	2026-27	2027-28	Total
<u>Parks and Recreation</u>						
Park Maintenance and Repairs.....	\$ 953,200	\$ 684,500	\$ 815,000	\$ 440,000	\$ 430,000	\$ 3,322,700
Sub-Total.....	\$ 953,200	\$ 684,500	\$ 815,000	\$ 440,000	\$ 430,000	\$ 3,322,700
<u>Public Works</u>						
Water Pollution Control Authority..	3,755,000	15,668,000	1,814,000	1,384,000	6,604,000	29,225,000
Street and Bridges.....	8,688,000	7,573,000	7,242,000	6,340,000	4,430,000	34,273,000
Miscellaneous DPW Projects.....	2,232,000	1,782,000	1,287,000	642,000	642,000	6,585,000
Facilities Projects.....	2,632,000	3,005,000	1,428,000	16,658,000	15,595,000	39,318,000
Downtown Redevelopment.....	2,734,000	1,283,000	-	-	500,000	4,517,000
Bond Authorization Projects.....	5,330,000	4,385,000	2,080,000	625,000	-	12,420,000
Sub-Total.....	25,371,000	33,696,000	13,851,000	25,649,000	27,771,000	126,338,000
Total	\$ 26,324,200	\$ 34,380,500	\$ 14,666,000	\$ 26,089,000	\$ 28,201,000	\$129,660,700
<u>Funding Sources</u>						
General Fund.....	\$ 5,720,200	\$ 6,416,500	\$ 4,845,000	\$ 5,080,000	\$ 3,507,000	\$ 25,568,700
Federal Grants (Transportation).....	1,401,000	855,500	-	-	-	2,256,500
Town Aid Roads.....	500,000	525,000	550,000	550,000	550,000	2,675,000
LOCIP.....	1,750,000	425,000	250,000	250,000	250,000	2,925,000
LOTICIP.....	2,600,000	1,050,000	1,200,000	750,000	-	5,600,000
Capital Reserves.....	290,000	102,500	30,000	30,000	30,000	482,500
Local Bridge Program Grant.....	1,000,000	633,000	700,000	730,000	1,200,000	4,263,000
Local Bridge Fund.....	1,143,000	1,900,000	1,032,000	1,200,000	70,000	5,345,000
ARPA.....	705,000	-	-	-	-	705,000
Proposed grants/fund raising/other..	1,900,000	2,250,000	1,390,000	365,000	865,000	6,770,000
Coe Memorial Trust.....	125,000	125,000	125,000	125,000	125,000	625,000
WPCA O&M Budget.....	90,000	90,000	90,000	90,000	90,000	450,000
WPCA Capital Budget.....	740,000	2,070,000	410,000	-	-	3,220,000
SSCF Funded.....	2,605,000	4,914,000	1,314,000	944,000	364,000	10,141,000
CWF Loan (80% of project).....	-	6,994,000	-	-	4,100,000	11,094,000
CWF Grant (20% of project).....	320,000	1,600,000	-	350,000	420,000	2,690,000
Bonds.....	5,435,000	4,430,000	2,730,000	15,625,000	16,630,000	44,850,000
Total	\$ 26,324,200	\$ 34,380,500	\$ 14,666,000	\$ 26,089,000	\$ 28,201,000	\$129,660,700

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VII. LEGAL AND OTHER LITIGATION

LITIGATION

In the opinion of the City Attorney, there are no claims or litigation pending or to his knowledge threatened, which would individually or in the aggregate result in final judgments against the City which would have a material adverse effect on the finances of the City or which would impact the validity of the Bonds and the Notes or the power of the City to levy and collect taxes to pay the principal of and interest on the Bonds and the Notes.

LEGAL MATTERS

Pullman & Comley, LLC is serving as Bond Counsel with respect to the authorization and issuance of the Bonds and the Notes and will render its opinions in substantially the forms attached to this Official Statement as Appendices B and C.

MUNICIPAL ADVISOR

The City has retained Munistat Services, Inc. (the "Municipal Advisor") to serve as its municipal advisor in connection with the issuance of the Bonds and the Notes. 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 City may engage the Municipal Advisor to perform other services, including without limitation, providing certain investment services with regard to the investment of Bond and Note proceeds.

CLOSING DOCUMENTS

Upon the delivery of the Bonds and the Notes, the purchaser(s) 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 and the Notes or the levy or collection of taxes to pay them;
2. A certificate on behalf of the City, signed by the Mayor and the Treasurer which will be dated the date of delivery and which will certify, to the best of said officials' knowledge and belief that at the time bids were accepted on the Bonds and the Notes, the descriptions and statements in the Official Statement relating to the City and its finances were true and correct in all material respects and did not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, and that there has been no material adverse change in the financial condition of the City from that set forth in or contemplated by the Official Statement;
3. Receipts for the purchase price of the Bonds and the Notes;
4. The approving opinions of Pullman & Comley, LLC, Bond Counsel, substantially in the forms attached hereto as Appendices B and C;
5. Executed Continuing Disclosure Agreements for the Bonds and the Notes in substantially the forms attached hereto as Appendices D and E; and
6. Within seven business days of the bid opening, the City will furnish the purchaser of the Bonds and each purchaser of the Notes with a reasonable number of copies of the Official Statement, as prepared by the City.

The City has prepared this Preliminary Official Statement for the Bonds and the Notes which is dated February 22, 2024. The City deems such Official Statement final as of its date for the purposes of SEC Rule 15c2-12(b)(1), but is subject to revision or amendment.

CONCLUDING STATEMENT

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

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

This Official Statement is submitted only in connection with the sale of the Bonds and the Notes by the City and may not be reproduced or used in whole or part for any other purpose.

Additional information may be obtained upon request from the Office of the Treasurer, Attention: Daniel T. Farley, at (860) 489-2334 or from Munistat at (203) 421-2880.

CITY OF TORRINGTON, CONNECTICUT

By: _____
ELINOR CARBONE, MAYOR

By: _____
DANIEL T. FARLEY, TREASURER

Dated as of February __, 2024

APPENDIX A – AUDITED FINANCIAL STATEMENTS

CITY OF TORRINGTON, CONNECTICUT

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Appendix A – Basic Financial Statements - is taken from the Annual Financial Report of the City of Torrington for the Fiscal Year ended June 30, 2022, and does not include all the schedules or management letter in such report. A copy of the complete report is available upon request to the City's Treasurer, City of Torrington, Connecticut.



INDEPENDENT AUDITORS' REPORT

Members of the City Council
City of Torrington, Connecticut
Torrington, Connecticut

Report on the Audit of the Financial Statements

Opinions

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Torrington, Connecticut, as of June 30, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information


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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Torrington, Connecticut's basic financial statements. The combining and individual nonmajor fund financial statements and schedule of debt limitation are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the combining and individual nonmajor fund financial statements and schedule of debt limitation are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 21, 2023, on our consideration of the City of Torrington, 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 City of Torrington, 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 City of Torrington, Connecticut's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

West Hartford, Connecticut
August 21, 2023

**CITY OF TORRINGTON, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2022**

This discussion and analysis of the City of Torrington, Connecticut's (the City) financial performance is provided by management to provide an overview of the City's financial activities for the fiscal year ended June 30, 2022. Please read this MD&A in conjunction with the transmittal letter and the City's financial statements, Exhibits I to IX. All amounts are expressed in thousands unless otherwise noted.

Financial Highlights

- On a government-wide basis, the City's total net position increased by \$15,624 during fiscal year 2021/2022.
 - The net position of governmental activities increased by \$14,976 and the net position of business type activities (WPCA) increased by \$648.
- Capital assets (net of depreciation) increased \$10,113 for governmental activities and increased \$5,950 for business type activities.
 - Increases are primarily due to various infrastructure projects.
- The City's combined net position totaled (\$18,199).
 - Governmental activities unrestricted net position of (\$142,419) resulted primarily from a \$105,368 net investment in capital assets along with \$265,325 long term liabilities and debt outstanding (including OPEB and Pension obligations).
 - Business type activities had unrestricted net position of \$5,169 and net capital asset investments of \$6,569.
- The City's governmental funds had a combined fund balance of \$47,189 at year-end, an increase of \$14,441. The increase was due to funds received through bonding for projects and infrastructure upgrades in progress.
- The unassigned balance of the General Fund for fiscal year-end increased \$732 to \$14,770 or 11.2% of general fund expenditures.
- The City of Torrington's total bonded debt increased by \$4,620 to \$31,855.
 - New bonds issued in 2022: \$7,000 for pavement and infrastructure improvements.

Overview of the Financial Statements

This annual report consists of a series of financial statements. The statement of net position and the statement of activities (Exhibits I and II, respectively) provide information about the activities of the City as a whole and present a longer-term view of the City's finances. Fund financial statements are presented in Exhibits III to IX. 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 City's operations in more detail than the government-wide statements by providing information about the City's most significant funds. The remaining statements provide financial information about activities for which the City acts solely as a trustee or agent for the benefit of those outside of the government.

**CITY OF TORRINGTON, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2022**

Government-Wide Financial Statements

The analysis of the City as a whole begins on Exhibits I and II. The statement of net position and the statement of activities report information about the City 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 City's net position and changes in them. The City's net position the difference between assets and liabilities is one way to measure the City's financial health, or financial position. Over time, increases or decreases in the City's net position are one indicator of whether its financial health is improving or deteriorating. The reader needs to consider other nonfinancial factors, however, such as changes in the City's property tax base and the condition of the City's capital assets, to assess the overall health of the City.

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

- *Governmental activities* - Most of the City's basic services are reported here, including education, public safety, public works, health and welfare, parks, recreation, and general administration. Property taxes, charges for services, and state and federal grants finance most of these activities.
- *Business-type activities* - The City charges a fee to customers to help it cover all or most of the cost of certain services it provides.

Fund Financial Statements

The fund financial statements begin with Exhibit III and provide detailed information about the most significant funds - not the City as a whole. Some funds are required to be established by Charter. However, the City Council 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 from the State and Federal Governments for education). The City's funds are divided into three categories: governmental, proprietary, and fiduciary.

- *Governmental funds (Exhibits III and IV)* - Most of the City'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 City'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 City'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 included with the fund financial statements.

**CITY OF TORRINGTON, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2022**

- *Proprietary funds (Exhibits V, VI and VII)* - When the City charges customers for the services it provides, whether to outside customers or to other units of the City, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the statement of net position and the statement of activities. In fact, the City's enterprise funds (a component of proprietary funds) are the same as the business-type activities reported in the government-wide statements, but provide more detail and additional information, such as cash flows, for proprietary funds. Internal service funds (the other component of proprietary funds) are used to report activities that provide supplies and services for the City's other programs and activities - such as the City's Self-Insurance Internal Service Fund.
- *Fiduciary funds (Exhibits VIII and IX)* - The City is the trustee, or fiduciary, for its employees' pension plans. It is also responsible for other assets that, because of a trust arrangement, can be used only for the trust beneficiaries. All of the City's fiduciary activities are reported in separate statements of fiduciary net position and changes in fiduciary net position. These activities are excluded from the City's other financial statements because the City cannot use these assets to finance its operations. The City is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

Notes to the Financial Statements - The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found starting on page 26 of this report.

Supplementary Information - The combining statements referred to earlier in connection with nonmajor governmental funds is presented immediately following the notes to the financial statements. Combining and individual fund statements and schedules can be found on pages 82 through 94 of this report.

Government-Wide Financial Analysis - As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, liabilities exceeded assets by \$18,199 at the close of the most recent fiscal year. Of this, the largest portion of the City's net position reflects its investment in capital assets \$111,937 (e.g., land, buildings, machinery, and equipment), less any related debt still outstanding used to acquire those assets. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net position represents resources that are restricted. The remaining unrestricted balance is (\$137,250).

City's Net Position - The City's combined net position increased in fiscal year 2021/2022 \$15,624 to (\$18,199). (See Table 1) Tables 1 and 2 focus on the net position of both the City's governmental and business-type activities.

**CITY OF TORRINGTON, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2022**

**TABLE 1
NET POSITION
(In Thousands)**

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
Assets:						
Current and Other Assets	\$ 84,745	\$ 68,726	\$ 7,933	\$ 7,898	\$ 92,678	\$ 76,624
Capital Assets, Net of Accumulated Depreciation	152,412	142,299	31,561	25,611	183,973	167,910
Total Assets	<u>237,157</u>	<u>211,025</u>	<u>39,494</u>	<u>33,509</u>	<u>276,651</u>	<u>244,534</u>
Deferred Outflows of Resources	26,976	25,317	658	285	27,634	25,602
Liabilities:						
Long-Term Debt Outstanding	241,019	229,697	27,984	21,909	269,003	251,606
Other Liabilities	24,306	24,402	193	97	24,499	24,499
Total Liabilities	<u>265,325</u>	<u>254,099</u>	<u>28,177</u>	<u>22,006</u>	<u>293,502</u>	<u>276,105</u>
Deferred Inflows of Resources	28,745	27,157	237	697	28,982	27,854
Net Position:						
Net Investment in Capital Assets	105,368	95,801	6,569	5,654	111,937	101,455
Restricted	7,114	5,482	-	-	7,114	5,482
Unrestricted	<u>(142,419)</u>	<u>(146,197)</u>	<u>5,169</u>	<u>5,437</u>	<u>(137,250)</u>	<u>(140,760)</u>
Total Net Position	<u>\$ (29,937)</u>	<u>\$ (44,914)</u>	<u>\$ 11,738</u>	<u>\$ 11,091</u>	<u>\$ (18,199)</u>	<u>\$ (33,823)</u>

Total net position of the City's governmental activities increased \$15,264 to (\$18,199). There was an increase of \$16,054 in current assets and an increase of \$16,063 in capital assets in 2021/2022. Increased asset activity offset by an increase of \$17,397 in long term debt and other liabilities and an increase in net deferred inflow/outflows of resources of \$904 resulted in a \$15,264 net increase in total net position.

An increase in assets of \$5,985 offset by an increase in liabilities \$6,171 and increase in net deferred inflow/outflow of resources of \$833 resulted in a \$647 increase to the net position of the Water Pollution Control Authority.

Unrestricted Net Position - the portion of net position that can be used to finance day to day operations for government activities is (\$142,419). This amount is a deficit because certain long-term liabilities are funded when they come due rather than when they are incurred (sick, vacation, OPEB). The unrestricted portion of net position for business type activities is \$5,169.

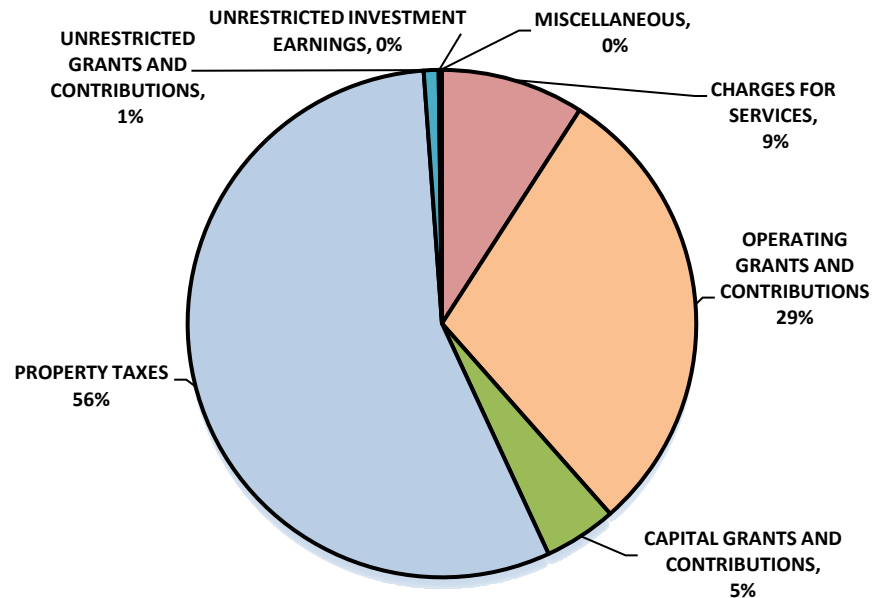
**CITY OF TORRINGTON, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2022**

**TABLE 2
CHANGE IN NET POSITION
(In Thousands)**

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
Revenues:						
Program Revenues:						
Charges for Services:						
General Government	5,691	\$ 5,695	\$ -	\$ -	\$ 5,691	\$ 5,695
Public Safety	2,589	2,266	-	-	2,589	2,266
Public Works	106	105	-	-	106	105
Public Health and Social Services	496	481	-	-	496	481
Recreation	132	60	-	-	132	60
Education	519	568	-	-	519	568
Sewer		-	6,350	5,585	6,350	5,585
Operating Grants and Contributions	51,267	58,502	1	29	51,268	58,531
Capital Grants and Contributions	8,068	5,502	-	-	8,068	5,502
General Revenues:						
Property Taxes	97,222	94,828	-	-	97,222	94,828
Grants and Contributions Not Restricted to Specific Purposes	1,652	936			1,652	936
Unrestricted Investment Earnings	99	99		1	99	100
Miscellaneous	265	81	-	-	265	81
Transfers	(316)	832	-	-	(316)	832
Total Revenues	<u>167,790</u>	<u>169,955</u>	<u>6,351</u>	<u>5,615</u>	<u>174,141</u>	<u>175,570</u>
Program Expenses:						
General Government	10,383	11,362	-	-	10,383	11,362
Public Safety	30,516	28,118	-	-	30,516	28,118
Public Works	10,884	9,566	-	-	10,884	9,566
Public Health and Social Services	4,679	4,534	-	-	4,679	4,534
Recreation	720	829	-	-	720	829
Education	94,469	110,634	-	-	94,469	110,634
Debt Interest and Costs	1,163	978	-	-	1,163	978
Sewer		-	6,019	4,342	6,019	4,342
Total Program Expenses	<u>152,814</u>	<u>166,021</u>	<u>6,019</u>	<u>4,342</u>	<u>158,833</u>	<u>170,363</u>
Transfers		-	(316)	832	(316)	832
Total Program Expenses and Transfers	<u>152,814</u>	<u>166,021</u>	<u>5,703</u>	<u>5,174</u>	<u>158,517</u>	<u>171,195</u>
Increase (Decrease) in Net Position	<u>14,976</u>	<u>\$ 3,934</u>	<u>\$ 648</u>	<u>\$ 441</u>	<u>\$ 15,624</u>	<u>\$ 4,375</u>

The City's total revenue decreased \$1,429 (including transfers) to \$174,141. (See Table 2) Approximately 56% of the City's revenues came from property taxes totaling \$97,222. Additionally, \$15,883 (9%) of the revenue was generated by other fees charged for services. The balance is the result of State and Federal grants and other miscellaneous revenue sources. The cost of all services decreased \$11,530 (6.8%) from fiscal year 2021 to fiscal year 2022.

**CITY OF TORRINGTON, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2022**



Governmental Activities:

The City of Torrington's governmental activities net position increased \$14,976 in fiscal year 2021/2022. The increase was the net result of the following items:

- A 2.2% increase in the 2020 Grand List that resulted in a \$2,394 increase in property tax revenues to \$97,222.
- A decrease of \$7,263 in operating grants and contributions relating to education.
- There was an increase of \$2,566 in capital grants and contributions relating primarily to public works projects.
- Total program expenses decreased \$13,207. A decrease of \$17,253 in general government, education and Recreation and were offset by an increase of \$5,435. in public safety, public works, public health, debt service and sewer costs.

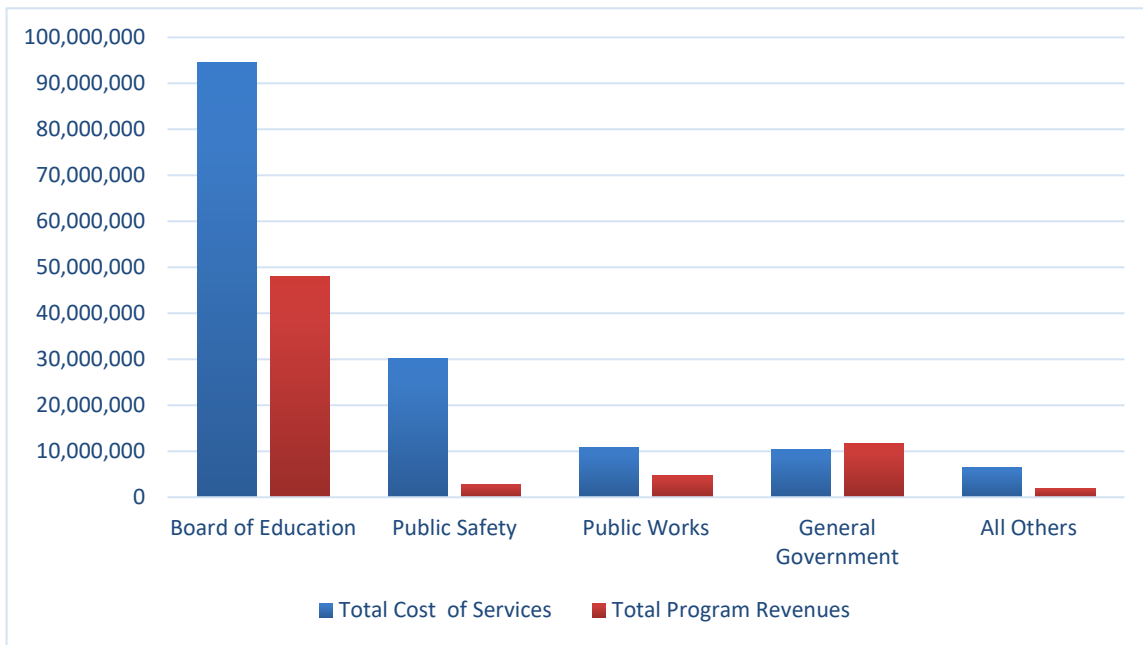
**CITY OF TORRINGTON, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2022**

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

	Total Cost of Services		Net Cost of Services	
	2022	2021	2022	2021
General Government	\$ 10,383	\$ 11,362	\$ (1,187)	\$ 3,974
Public Safety	30,516	28,118	27,687	25,741
Public Works	10,884	9,566	6,233	2,794
Education	94,469	110,634	46,566	55,806
All others	6,562	6,341	4,646	4,527
Totals	\$ 152,814	\$ 166,021	\$ 83,945	\$ 92,842

The total cost of governmental services decreased \$13,207 to \$152,814 in 2021/2022. The cost of services net of \$59,335 in grants and contributions and \$9,533 in charges for services resulted in a decrease of \$8,897 in net cost of services to \$83,945.

Expenses and Program Revenues - Governmental Activities



**CITY OF TORRINGTON, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2022**

Business-Type Activities: WPCA business-type activities revenue increased \$736 to \$6,351. The increase was the result of a \$765 increase in sewer user fees offset by a decrease of \$1 in investment earnings and a decrease of \$28 in Grant/Contributions. Expenses and transfers increased by \$529 to \$5,703.

Sewer user fees were increased for fiscal year 2021/2022. The residential rate was \$302.00/unit and the rate for all other users was \$302.00 per 65,000 gallons of volume of flow.

Financial Analysis of the Government's Funds

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

Governmental Funds - The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, uncommitted fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. Fiscal year 2022 ended with the City's governmental funds reporting a combined ending fund balance of \$47,189. The unassigned portion of the combined ending fund balance was \$13,178. The unassigned balance is available for spending at the government's discretion. The remaining \$34,011 fund balance is classified as either non-spendable, restricted, committed or assigned (see page 39 of financial statements for clarification) to indicate that it is not available for new spending because it has already been committed to liquidate contracts, purchase orders or other obligations.

The General Fund is the chief operating fund of the City of Torrington. At the end of fiscal year 2022, the General Fund total fund balance increased by \$963 to \$18,442. The unassigned portion increased by \$732 from \$14,037 to \$14,769. The unassigned fund balance represents 11% (prior year 10%) of total General Fund expenditures and total fund balance represents 13.5% (prior year 12.5%) of that same amount.

Proprietary Funds - The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. WPCA activity which is recorded in the proprietary fund portion of the financial statements has already been addressed in the business-type activities.

The activity of the Internal Service Funds (self-insured health insurance and equipment maintenance chargeback fund) is also contained in the proprietary fund financial statements. The net position of the internal service funds increased in the amount \$2,548 to \$12,456.

General Fund Budgetary Highlights

On a budgetary basis, expenditures and other financing uses exceeded revenues and other financing sources by \$307. Revenues and transfers were short of budgetary estimates by \$1,800 however total expenditures and other financing uses were \$1,493 less than budgeted.

Revenues:

Property tax collections (excluding MVS) were \$26 less than budgeted due to assessor adjustments for late submissions of income and expense reports.

**CITY OF TORRINGTON, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2022**

Total intergovernmental revenue was \$54 more than budgeted primarily due to an increase of \$8 in PILOT funding, \$18 increase in Enterprise Zone funding and \$30 in FEMA reimbursement which was offset by a decrease of (\$2) in Veterans Grants.

Public Safety revenue exceeded budgeted amount by \$338, primarily due to Police Outside Duty and Worker's Compensation and Insurance.

Education grant revenues were (\$712) less than budgeted and Education Workers Comp and Miscellaneous revenues exceeded estimates by \$148.

Investment income of \$99 was \$1 less than estimated.

Although budgeted, there was no use of fund balance.

Expenditures:

Police department wages had a residual balance of \$570 primarily due to vacancies resulting in \$191 of overtime expenses in excess of budget.

Education surplus of \$556 – savings primarily related to special education and changes in operations.

Bond redemption expenses were less than budgeted due to Clean Water Fund Loan estimates.

Capital Assets and Debt Administration

Capital Assets - The City's capital assets for its governmental and business type-activities as of June 30, 2022, total \$183,974 (net of accumulated depreciation). This investment in capital assets includes land, buildings and system, improvements, machinery and equipment, park facilities, roads, highways, and bridges. The total net increase of \$16,064 in the City's capital assets includes asset depreciation, asset acquisition and asset disposal activity for the current year. (See Table 4)

The most significant capital asset activity included:

- Depreciation
- General Government
 - Various IT / Software upgrades
 - Construction of Animal Control Facility
 - Completion of Franklin Plaza Improvements
- Public Safety Additions:
 - Police Interceptor / Detective Unit vehicle replacements
 - FD Vehicle replacement / PPE
- Public Works Additions:
 - Paving of various Roads and Parking Lots
 - Vehicle Replacements – Street Dept. – Plows / Pickup / Spreader

**CITY OF TORRINGTON, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2022**

- Education Additions:
 - Technology Upgrades
 - TMS Window Project
 - Building Improvements
 - THS Renovations

- Construction in Progress:
 - WPCA Upgrade
 - Park improvements
 - Road & Sidewalk Reconstruction
 - Sewer extension projects

**TABLE 4
CAPITAL ASSETS AT YEAR-END (Net of Depreciation)
(In Thousands)**

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
Land	\$ 4,095	\$ 4,063	\$ -	\$ -	\$ 4,095	\$ 4,063
Land Improvements	7,664	4,737	14	16	7,677	4,753
Buildings	58,461	60,861	541	531	59,001	61,392
Furniture and Equipment	5,329	3,921	385	438	5,714	4,359
Infrastructure	16,606	11,297	6,299	6,257	22,905	17,554
Construction In Progress	60,259	57,420	24,322	18,369	84,581	75,789
Total	\$ 152,412	\$ 142,299	\$ 31,561	\$ 25,611	\$ 183,974	\$ 167,910

Debt - - At the end of the current fiscal year, the City had bonded debt outstanding of \$31,855 and Clean Water Notes outstanding of \$47,809. (See Table 5) This amount reflects an increase of \$14,839 over fiscal year 2021. The increase included new debt of \$12,953 offset by current year bond payments of \$3,429. New debt includes Clean Water Fund permanent loan obligation of \$5,953. These liabilities are backed by the full faith and credit of the City.

**CITY OF TORRINGTON, CONNECTICUT
MANAGEMENT’S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2022**

City’s Outstanding Bond and Clean Water Fund Debt

Long-Term Debt

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

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
General Obligation Bonds	\$ 31,855	\$ 27,235	\$ -	\$ -	\$ 31,855	\$ 27,235
Clean Water Fund Loans	22,816	17,633	24,993	19,957	47,809	37,590
Total	\$ 54,671	\$ 44,868	\$ 24,993	\$ 19,957	\$ 79,664	\$ 64,825

On November 6, 2018, voters approved a referendum authorizing \$39,000 of bonded debt.

The City was assigned a “AA-” stable outlook rating from S&P Global Ratings in April 2022.

The City’s overall statutory debt limit of \$663,789 which is equal to seven times the prior year annual receipts from taxation is significantly in excess of the City’s outstanding general obligation debt.

Additional information on the City’s long-term debt can be found in Note 7 of this report.

Economic Factors and Next Year’s Budgets and Rates

- The unemployment rate (not seasonally adjusted) for the City of Torrington in June of 2020 was 4.6% which was higher than the state rate of 4.0% and national rate of 3.8%. (Source: CT DOL 2022)
- Population growth: Torrington .2%, state of CT .8%. (Source: US Census Quick Facts)

These factors were considered in preparing the City’s budget for the 2022/2023 fiscal year.

The total budget for fiscal year 2022/2023 is \$139,946, an increase of \$4,297 or 3.17% over the prior year.

Mill rate excluding motor vehicles was increased to 47.14. Motor vehicle mill rate was capped by the State of Connecticut at 32.46.

Requests for Information

This financial report is designed to provide a general overview of the City’s finances for all those with an interest in the government’s finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City Comptroller, 140 Main Street, Torrington, CT 06790.

BASIC FINANCIAL STATEMENTS

CITY OF TORRINGTON, CONNECTICUT
STATEMENT OF NET POSITION
JUNE 30, 2022

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and Cash Equivalents	\$ 68,650,386	\$ 7,901,546	\$ 76,551,932
Investments	9,265,161	-	9,265,161
Receivables, Net	6,262,051	31,219	6,293,270
Inventory	13,997	-	13,997
Prepaid Expenses	553,134	-	553,134
Capital Assets Not Being Depreciated	64,353,852	24,322,120	88,675,972
Capital Assets Being Depreciated, Net	88,058,618	7,239,334	95,297,952
Total Assets	<u>237,157,199</u>	<u>39,494,219</u>	<u>276,651,418</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Charge on Refunding	201,157	-	201,157
Deferred Outflows Related to Pensions	11,709,099	534,708	12,243,807
Deferred Outflows Related to OPEB	15,065,325	123,342	15,188,667
Total Deferred Outflows of Resources	<u>26,975,581</u>	<u>658,050</u>	<u>27,633,631</u>
LIABILITIES			
Accounts and Other Payables	11,973,073	192,664	12,165,737
Due to Fiduciary Funds	233,000	-	233,000
Bond Anticipation Notes Payable	4,577,850	-	4,577,850
Unearned Revenue	7,521,848	-	7,521,848
Noncurrent Liabilities:			
Due Within One Year	4,700,138	1,212,509	5,912,647
Due in More Than One Year	236,319,031	26,771,907	263,090,938
Total Liabilities	<u>265,324,940</u>	<u>28,177,080</u>	<u>293,502,020</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflow of Resources Related to Pension	249,251	3,726	252,977
Deferred Inflow of Resources Related to OPEB	28,495,450	233,296	28,728,746
Total Deferred Inflows of Resources	<u>28,744,701</u>	<u>237,022</u>	<u>28,981,723</u>
NET POSITION			
Net Investment in Capital Assets	105,367,658	6,568,603	111,936,261
Restricted for:			
Grants	7,109,329	-	7,109,329
Trust Purposes:			
Nonexpendable	3,500	-	3,500
Expendable	1,383	-	1,383
Unrestricted	<u>(142,418,731)</u>	<u>5,169,564</u>	<u>(137,249,167)</u>
Total Net Position	<u>\$ (29,936,861)</u>	<u>\$ 11,738,167</u>	<u>\$ (18,198,694)</u>

See accompanying Notes to Financial Statements.

**CITY OF TORRINGTON, CONNECTICUT
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2022**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities:							
General Government	\$ 10,383,499	\$ 5,691,058	\$ 1,394,823	\$ 4,484,431	\$ 1,186,813	\$ -	\$ 1,186,813
Public Safety	30,515,801	2,588,895	155,384	84,618	(27,686,904)	-	(27,686,904)
Public Works	10,883,566	105,685	1,401,139	3,143,623	(6,233,119)	-	(6,233,119)
Public Health and Social Services	4,679,226	496,411	1,284,509	-	(2,898,306)	-	(2,898,306)
Recreation	719,619	131,825	2,883	-	(584,911)	-	(584,911)
Board of Education	94,468,858	519,480	47,028,197	354,799	(46,566,382)	-	(46,566,382)
Debt Interest and Costs	1,162,926	-	-	-	(1,162,926)	-	(1,162,926)
Total Governmental Activities	152,813,495	9,533,354	51,266,935	8,067,471	(83,945,735)	-	(83,945,735)
Business-Type Activities:							
Water Pollution Control Authority	6,018,588	6,349,365	1,093	-	-	331,870	331,870
Total	\$ 158,832,083	\$ 15,882,719	\$ 51,268,028	\$ 8,067,471	(83,945,735)	331,870	(83,613,865)
GENERAL REVENUES							
Property Taxes					97,221,928	-	97,221,928
Grants and Contributions Not Restricted to Specific Programs					1,651,847	-	1,651,847
Unrestricted Investment Earnings					99,266	-	99,266
Miscellaneous					264,805	-	264,805
Transfers					(315,685)	315,685	-
Total General Revenues and Transfers					98,922,161	315,685	99,237,846
CHANGE IN NET POSITION							
					14,976,426	647,555	15,623,981
Net Position - Beginning of Year					(44,913,287)	11,090,612	(33,822,675)
NET POSITION - END OF YEAR							
					\$ (29,936,861)	\$ 11,738,167	\$ (18,198,694)

See accompanying Notes to Financial Statements.

**CITY OF TORRINGTON, CONNECTICUT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2022**

ASSETS	General	Bonded Projects	WPCA Infrastructure Projects	American Rescue Plan Act	Torrington High School Renovation	Nonmajor Governmental Funds	Total Governmental Funds
Cash and Cash Equivalents	\$ 16,512,402	\$ 9,135,503	\$ 610,692	\$ 4,367,147	\$ 3,093,273	\$ 21,220,922	\$ 54,939,939
Investments	9,265,161	-	-	-	-	-	9,265,161
Receivables, Net	392,338	-	-	-	-	5,404,964	5,797,302
Due from Other Funds	558,854	-	-	-	-	-	558,854
Advance From Other Funds	-	-	-	-	-	655,763	655,763
Inventory	-	-	-	-	-	13,997	13,997
Prepaid Expense	74,134	-	-	-	-	-	74,134
Total Assets	\$ 26,802,889	\$ 9,135,503	\$ 610,692	\$ 4,367,147	\$ 3,093,273	\$ 27,295,646	\$ 71,305,150
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES							
LIABILITIES							
Accounts and Claims Payable	\$ 7,398,904	\$ 995,571	\$ 163,209	\$ 43,495	\$ 168,629	\$ 1,120,281	\$ 9,890,089
Performance Bonds	195,503	-	-	-	-	-	195,503
Unearned Revenue	-	-	-	4,323,652	-	3,198,196	7,521,848
Bond Anticipation Notes	77,850	-	-	-	4,500,000	-	4,577,850
Due to Other Funds	33,000	-	-	-	-	237,381	270,381
Advances To Other Funds	655,763	-	-	-	-	-	655,763
Total Liabilities	8,361,020	995,571	163,209	4,367,147	4,668,629	4,555,858	23,111,434
DEFERRED INFLOWS OF RESOURCES							
Unavailable Revenue - Grants	-	-	-	-	-	1,004,528	1,004,528
FUND BALANCES							
Nonspendable	74,134	-	-	-	-	13,997	88,131
Restricted	-	8,048,054	-	-	-	7,114,212	15,162,266
Committed	44,178	91,878	447,483	-	-	14,623,386	15,206,925
Assigned	3,553,830	-	-	-	-	-	3,553,830
Unassigned	14,769,727	-	-	-	(1,575,356)	(16,335)	13,178,036
Total Fund Balances	18,441,869	8,139,932	447,483	-	(1,575,356)	21,735,260	47,189,188
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 26,802,889	\$ 9,135,503	\$ 610,692	\$ 4,367,147	\$ 3,093,273	\$ 27,295,646	\$ 71,305,150

See accompanying Notes to Financial Statements.

CITY OF TORRINGTON, CONNECTICUT
BALANCE SHEET
GOVERNMENTAL FUNDS (CONTINUED)
JUNE 30, 2022

RECONCILIATION TO THE STATEMENT OF NET POSITION

Total Fund Balances - Governmental Funds (Exhibit III) \$ 47,189,188

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

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

Governmental Capital Assets	298,383,536
Less: Accumulated Depreciation	(145,971,066)
Net Capital Assets	<u>152,412,470</u>

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

Grant Receivables - Accrual Basis Change	1,004,528
Deferred Outflows Related to Pensions	11,709,099
Deferred Outflows Related to OPEB	15,065,325

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

12,456,070

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

Bonds Payable	(31,855,000)
Clean Water Fund Loans Payable	(22,815,989)
Interest Payable on Bonds	(210,828)
Bond Premiums	(2,030,738)
Deferred Inflows Related to Pensions	(249,251)
Deferred Inflows Related to OPEB	(28,495,450)
Deferred Charge on Refunding	201,157
Early Retirement Settlements	(1,974,377)
Net Pension Liability	(57,539,035)
Net OPEB Obligation	(120,090,412)
Heart and Hypertension	(836,199)
Landfill Closure and Postclosure	(76,000)
Compensated Absences	<u>(3,801,419)</u>

Net Position of Governmental Activities as Reported on the Statement of Net Position (Exhibit I)

\$ (29,936,861)

CITY OF TORRINGTON, CONNECTICUT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2022

	General	Bonded Projects	WPCA Infrastructure Projects	American Rescue Plan Act	Torrington High School Renovation	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES							
Property Taxes	\$ 97,221,928	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 97,221,928
Intergovernmental	36,737,356	291,923	2,362,572	714,019	4,034,897	20,134,909	64,275,676
Charges for Services	6,193,083	-	-	-	-	3,340,271	9,533,354
Investment Income	99,849	-	-	-	-	1	99,850
Other Revenues	6,959	-	67,314	-	-	300,677	374,950
Total Revenues	<u>140,259,175</u>	<u>291,923</u>	<u>2,429,886</u>	<u>714,019</u>	<u>4,034,897</u>	<u>23,775,858</u>	<u>171,505,758</u>
EXPENDITURES							
Current:							
General Government	8,192,079	-	-	714,019	-	1,074,902	9,981,000
Public Safety	28,399,499	-	-	-	-	1,416,421	29,815,920
Public Works	10,318,885	-	-	-	-	189,166	10,508,051
Public Health and Social Services	3,024,257	-	-	-	-	1,591,180	4,615,437
Recreation	551,530	-	-	-	-	164,085	715,615
Education	84,138,162	-	-	-	-	15,386,887	99,525,049
Other	-	-	-	-	-	-	-
Capital Outlay	-	4,658,843	2,071,761	-	4,298,938	2,159,960	13,189,502
Debt Service	4,498,633	-	-	-	-	-	4,498,633
Total Expenditures	<u>139,123,045</u>	<u>4,658,843</u>	<u>2,071,761</u>	<u>714,019</u>	<u>4,298,938</u>	<u>21,982,601</u>	<u>172,849,207</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	1,136,130	(4,366,920)	358,125	-	(264,041)	1,793,257	(1,343,449)
OTHER FINANCING SOURCES (USES)							
Issuance of Bonds	-	7,000,000	-	-	-	-	7,000,000
Issuance of Premiums	-	-	-	-	-	467,817	467,817
Issuance of Clean Water Fund Notes	-	-	5,952,690	-	-	-	5,952,690
Transfers In	2,434,716	-	-	-	-	2,917,132	5,351,848
Transfers Out	(2,608,121)	-	-	-	-	(409,716)	(3,017,837)
Total Other Financing Sources	<u>(173,405)</u>	<u>7,000,000</u>	<u>5,952,690</u>	<u>-</u>	<u>-</u>	<u>2,975,233</u>	<u>15,754,518</u>
NET CHANGE IN FUND BALANCES	962,725	2,633,080	6,310,815	-	(264,041)	4,768,490	14,411,069
Fund Balances - Beginning of Year	<u>17,479,144</u>	<u>5,506,852</u>	<u>(5,863,332)</u>	<u>-</u>	<u>(1,311,315)</u>	<u>16,966,770</u>	<u>32,778,119</u>
FUND BALANCES - END OF YEAR	<u>\$ 18,441,869</u>	<u>\$ 8,139,932</u>	<u>\$ 447,483</u>	<u>\$ -</u>	<u>\$ (1,575,356)</u>	<u>\$ 21,735,260</u>	<u>\$ 47,189,188</u>

See accompanying Notes to Financial Statements.

**CITY OF TORRINGTON, CONNECTICUT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS (CONTINUED)
YEAR ENDED JUNE 30, 2022**

RECONCILIATION TO THE STATEMENT OF ACTIVITIES

Net Change in Fund Balances - Governmental Funds (Exhibit IV) \$ 14,411,069

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

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

Capital Outlay	15,444,384
Depreciation Expense	(5,330,953)

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

Grants Receivable - Accrual Basis Change	(781,804)
Change in Deferred Outflows Related to OPEB	8,349,721
Change in Deferred Outflows Related to Pensions	(6,658,829)

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

Proceeds from Bonds	(7,000,000)
Proceeds from Notes	(5,952,690)
Proceeds from Premiums	(467,817)
Bond Principal Payments	2,380,000
Notes Payments	769,508

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

Deferred Amounts in Refunding	(32,111)
Compensated Absences	(98,571)
Bond Premium Amortizations	281,041
Net OPEB Obligation	20,786,020
Net Pension Liability	(22,689,456)
Deferred Inflows Related to Pensions	12,195,225
Deferred Inflows Related to OPEB	(13,782,843)
Landfill Closure and Postclosure	40,000
Early Retirement Settlements	326,953
Heart and Hypertension	302,761
Accrued Interest	(62,731)

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

2,547,549

Change in Net Position of Governmental Activities as Reported on the Statement of Activities (Exhibit II) \$ 14,976,426

CITY OF TORRINGTON, CONNECTICUT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2022

	Business-Type Activities <u>WPCA</u> Enterprise Fund	Governmental Activities <u>Internal</u> Service Funds
ASSETS		
Cash and Cash Equivalents	\$ 7,901,546	\$ 13,710,447
Receivables, Net	31,219	464,749
Prepaid Expenses	-	479,000
Capital Assets, Nondepreciable	24,322,120	-
Capital Assets, Net of Accumulated Depreciation	7,239,334	-
Total Assets	<u>39,494,219</u>	<u>14,654,196</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Outflows of Resources Related to Pensions	534,708	-
Deferred Outflows of Resources Related to OPEB	123,342	-
Total Deferred Outflows of Resources	<u>658,050</u>	<u>-</u>
LIABILITIES		
Current Liabilities:		
Accounts and Other Payables	192,664	1,676,653
Due to Other Funds	-	521,473
Notes Payable	1,188,799	-
Compensated Absences	23,710	-
Total Current Liabilities	<u>1,405,173</u>	<u>2,198,126</u>
Noncurrent Liabilities:		
Bonds and Notes Payable	23,804,052	-
Compensated Absences	227,457	-
Net Pension Liability	1,757,202	-
Net OPEB Liability	983,196	-
Total Noncurrent Liabilities	<u>26,771,907</u>	<u>-</u>
Total Liabilities	28,177,080	2,198,126
DEFERRED INFLOWS OF RESOURCES		
Deferred Inflows of Resources Related to Pensions	3,726	-
Deferred Inflows of Resources Related to OPEB	233,296	-
Total Deferred Inflows of Resources	<u>237,022</u>	<u>-</u>
NET POSITION		
Net Investment in Capital Assets	6,568,603	-
Unrestricted	5,169,564	12,456,070
Total Net Position	<u>\$ 11,738,167</u>	<u>\$ 12,456,070</u>

See accompanying Notes to Financial Statements.

CITY OF TORRINGTON, CONNECTICUT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2022

	Business-Type Activities <u>WPCA</u> <u>Enterprise Fund</u>	Governmental Activities <u>Internal</u> <u>Service Funds</u>
OPERATING REVENUES		
Charges for Services	\$ 5,190,810	\$ 25,206,504
Other	1,158,555	1,507,464
Total Operating Revenues	<u>6,349,365</u>	<u>26,713,968</u>
OPERATING EXPENSES		
Payroll and Employee Benefits	2,183,116	948,622
Repairs and Maintenance	119,705	170,276
Materials and Supplies	459,784	35,166
Utilities	747,979	315,139
Other Operating Expense	1,171,867	156,767
Insurance and Program Services	116,774	20,539,865
Depreciation	740,022	-
Total Operating Expenses	<u>5,539,247</u>	<u>22,165,835</u>
OPERATING INCOME (LOSS)	810,118	4,548,133
NONOPERATING REVENUE (EXPENSE)		
Intergovernmental Revenue	1,093	-
Income on Investments	-	(584)
Interest Expense	(479,341)	-
Total Nonoperating Revenue (Expense)	<u>(478,248)</u>	<u>(584)</u>
INCOME BEFORE TRANSFERS	331,870	4,547,549
TRANSFERS		
Capital Contributions	649,696	-
Transfers Out	(334,011)	(2,000,000)
Total Transfers	<u>315,685</u>	<u>(2,000,000)</u>
CHANGE IN NET POSITION	647,555	2,547,549
Net Position - Beginning of Year	<u>11,090,612</u>	<u>9,908,521</u>
NET POSITION - END OF YEAR	<u>\$ 11,738,167</u>	<u>\$ 12,456,070</u>

See accompanying Notes to Financial Statements.

**CITY OF TORRINGTON, CONNECTICUT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2022**

	Business-Type Activities <u>WPCA</u> <u>Enterprise Fund</u>	Governmental Activities <u>Internal</u> <u>Service Funds</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received from Customers	\$ 5,579,200	\$ 26,668,465
Cash Payments to Employees for Services	(2,093,382)	-
Cash Payments to Supplies for Goods and Services	(2,404,192)	-
Cash Received from Other Sources	1,158,555	-
Cash Payments for Insurance Claims and Premiums	-	(21,963,625)
Cash Received from Grants	1,093	-
Net Cash Provided by Operating Activities	<u>2,241,274</u>	<u>4,704,840</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Transfers Out	(334,011)	(2,000,000)
Net Cash Used by Noncapital Financing Activities	<u>(334,011)</u>	<u>(2,000,000)</u>
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES		
Acquisitions of Capital Assets	(88,094)	-
Principal Payments	(916,832)	-
Interest Paid	(479,341)	-
Net Cash Provided (Used) by Capital Financing Activities	<u>(1,484,267)</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest Received on Investments	-	(584)
NET INCREASE IN CASH AND CASH EQUIVALENTS	422,996	2,704,256
Cash and Cash Equivalents - Beginning of Year	<u>7,478,550</u>	<u>11,006,191</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 7,901,546</u>	<u>\$ 13,710,447</u>

See accompanying Notes to Financial Statements.

CITY OF TORRINGTON, CONNECTICUT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS (CONTINUED)
YEAR ENDED JUNE 30, 2022

	Business-Type Activities <u>WPCA</u> Enterprise Fund	Governmental Activities <u>Internal</u> Service Funds
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:		
Operating Income (Loss)	\$ 810,118	\$ 4,548,133
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:		
Depreciation	740,022	-
Grant Proceeds	1,093	-
(Increase) Decrease in Accounts Receivable	388,390	(453,348)
(Increase) Decrease in Prepaid Expenses	-	6,000
(Increase) Decrease in Deferred Outflows Related to Pensions	(427,679)	-
(Increase) Decrease in Deferred Outflows Related to OPEB	54,517	-
Increase (Decrease) in Accounts Payable	95,143	82,582
Increase (Decrease) in from Other Funds	-	281,094
Increase (Decrease) in Due to Other Funds	-	240,379
Increase (Decrease) in Compensated Absences	8,006	-
Increase (Decrease) in Net Pension Liabilities	1,201,611	-
Increase (Decrease) in Net OPEB Liabilities	(170,178)	-
Increase (Decrease) in Deferred Inflows Related to Pensions	(572,611)	-
Increase (Decrease) in Deferred Inflows Related to OPEB	112,842	-
Net Cash Provided by Operating Activities	<u>\$ 2,241,274</u>	<u>\$ 4,704,840</u>
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES		
Asset Transfer from Government Activities	<u>\$ 6,602,387</u>	
Debt Transfer from Government Activities	<u>\$ 5,952,691</u>	

See accompanying Notes to Financial Statements.

**CITY OF TORRINGTON, CONNECTICUT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2022**

	<u>Pension and OPEB Trust Funds</u>
ASSETS	
Cash and Cash Equivalents	\$ 258,513
Investments:	
U.S. Government Securities	116
Mutual Funds - Fixed Income	108,078,643
Receivables:	
Due from Other Funds	233,000
Other	<u>6</u>
Total Assets	<u>108,570,278</u>
LIABILITIES	
Accounts and Other Payables	<u>769,577</u>
NET POSITION	
Held in Trust for Pension Benefits	106,599,985
Held in Trust for OPEB Benefits	<u>1,200,716</u>
Total Net Position	<u><u>\$ 107,800,701</u></u>

See accompanying Notes to Financial Statements.

**CITY OF TORRINGTON, CONNECTICUT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
YEAR ENDED JUNE 30, 2022**

	<u>Pension and OPEB Trust Funds</u>
ADDITIONS	
Contributions:	
Employer	\$ 9,775,124
Employee	1,003,706
Total Contributions	<u>10,778,830</u>
Investment Income:	
Net Appreciation in Fair Value of Investments	<u>(16,261,662)</u>
Total Additions	(5,482,832)
DEDUCTIONS	
Benefits Payments and Withdrawals	14,739,227
Administration	99,576
Total Deductions	<u>14,838,803</u>
CHANGE IN NET POSITION	(20,321,635)
Net Position - Beginning of Year	<u>128,122,336</u>
NET POSITION - END OF YEAR	<u><u>\$ 107,800,701</u></u>

See accompanying Notes to Financial Statements.

**CITY OF TORRINGTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

The City was incorporated as a City in 1740 and chartered as a City in 1923. The City covers an area of 40 square miles and is located in Litchfield County. The City is governed under the provision of its charter and the Connecticut General Statutes. The City operates under a Mayor and a City Council that consists of six members.

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

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

Fiduciary Component Units

The City has established two single-employer, defined benefit pension plans and a postretirement health care benefits (OPEB) plan to provide retirement benefits and postretirement health care benefits primary to employees and their beneficiaries. The City performs the duties of a governing board for the Pension and OPEB plans and is required to make contributions to the pension and OPEB plans and can impose its will.

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

**CITY OF TORRINGTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the City. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

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

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

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

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 120 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

**CITY OF TORRINGTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Property taxes, charges for services, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received.

The City reports the following major governmental funds:

General Fund

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

Bonded Projects Fund

The Bonded Projects Fund is used to account for capital projects that are funded by government obligation bonds.

WPCA Infrastructure Projects

The WPCA Infrastructure Projects is used to account for major projects for the City's sewer infrastructure.

American Rescue Plan Act Fund

The American Rescue Plan Act Fund is used to account for revenues and expenditures of the American Rescue Plan Act (ARPA) grant.

Torrington High School Renovation Fund

The Torrington High School Renovation Fund is used to account for the various improvements to the high school that are funded by government obligation bonds and state grants.

The City reports the following major proprietary fund:

Water Pollution Control Authority (WPCA)

The Water Pollution Control Authority (WPCA) fund is used to account for activities that are funded by charging rates designed to cover the operations of the WPCA, including related capital assets.

Additionally, the City reports the following fund types:

Internal Service Funds

The Internal Service Funds account for employee health insurance as well as maintenance provided to departments of the City and Board of Education.

**CITY OF TORRINGTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Pension and OPEB Trust Funds

The Pension and OPEB Trust Funds account for the fiduciary activities of the City's defined benefit pension and OPEB plans, which accumulates resources for pension benefit payments to qualified employees upon retirement.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments in lieu of taxes and other charges between certain City functions because the elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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

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

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

D. Deposits and Investments

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

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

**CITY OF TORRINGTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Deposits and Investments (Continued)

Investments for the City are reported at fair value.

E. Receivables and Payables

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

Property taxes become an enforceable lien and are assessed on property as of October 1; however, the legal right to attach property does not exist until July 1. Property assessments are made at 70% of the market value. Real estate and personal property taxes are due in two installments on July 1 and the following January 1. Motor vehicle taxes are billed and due July 1, and motor vehicle supplement taxes are billed and due January 1. Certificates of continuing lien are filed against the real estate represented by delinquent real estate taxes within the year in which the tax is due. Taxes not paid within 30 days of the due date are subject to an interest charge of 1-1/2% per month.

F. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

G. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$1,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

**CITY OF TORRINGTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Capital Assets (Continued)

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

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

Land Improvements	20 Years
Building and Building Improvements	25 to 50 Years
Infrastructure	10 to 65 Years
Machinery and Equipment	5 to 20 Years
Licensed Vehicles	8 Years

Property, plant, and equipment owned by the City's proprietary funds (WPCA) are recorded at acquisition cost, or if contributed property, at fair market value at the time of contribution.

Depreciation has been calculated on each class of depreciable property using the straight-line method, over the estimated useful lives ranging from 5 to 50 years.

H. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position or fund balance that applies to a future period or periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City reports a deferred charge on refunding and deferred outflows related to pension and OPEB in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. A deferred outflow of resources related to pension and OPEB results from differences between expected and actual experience, changes in assumptions and other inputs. These amounts are deferred and included in pension and OPEB expense in a systematic and rational manner over a period equal to the average of the expected remaining service lives of all employees that are provided with benefits through the pension and OPEB plan (active employees and inactive employees) or in the case of the difference in projected and actual earnings on pension and OPEB plan investments, in a systematic and rational method over a closed five-year period.

**CITY OF TORRINGTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Deferred Outflows/Inflows of Resources (Continued)

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period or periods and so will not be recognized as an inflow of resources (revenue) until that time. The City reports deferred inflows of resources related to pensions and OPEB in the government-wide statement of net position. A deferred inflow of resources related to pension and OPEB results from changes in the City's proportionate share in liability. These amounts are deferred and included in pension and OPEB expense in a systematic and rational manner over a period equal to the average of the expected remaining service lives of all employees that are provided with benefits through the pension plan (active employees and inactive employees). For governmental funds, the City reports unavailable revenue, which arises only under the modified accrual basis of accounting. The governmental funds report unavailable revenues from grants receivable. These amounts are deferred and recognized as an inflow of resources (revenue) in the period in which the amounts become available.

I. Compensated Absences

Employees are paid by a prescribed formula for absences due to vacation or sickness. The obligation for vacation pay vests when earned. Unused sick leave may be accumulated for future absences in accordance with employee contracts and employment policies but does not vest until the employee reaches retirement age. Sick leave and vacation leave expenditures are recognized in the governmental funds in the current year to the extent they are paid during the year or expected to be paid with available resources. The liability for the remainder of the vacation and sick leave including an estimate of the nonvested portion, expected to be paid in the future from governmental funds, is accounted for within the liabilities section of the government-wide financial statements. The vesting method using historical data used to calculate the liability.

Vested sick leave and accumulated vacation leave of the City's proprietary fund is recorded as an expense and liability within the fund, as the benefits accrue to employees.

J. 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.

**CITY OF TORRINGTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. Net Other Post-Employment Benefit (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.

L. Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of any significant applicable bond premium or discount.

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

M. Fund Equity

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

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

Restricted – Net position is restricted because it is externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

Unrestricted – This component consists of net position that does not meet the definition of "restricted" or "net investment in capital assets."

**CITY OF TORRINGTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

M. Fund Equity (Continued)

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

Nonspendable Fund Balance – This represents amounts that cannot be spent due to form (e.g., inventories and prepaid amounts).

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

Committed Fund Balance – This represents amounts constrained for a specific purpose by a government using its highest level of decision-making authority (City Council).

Assigned Fund Balance – This balance represents amounts constrained for the intent to be used for a specific purpose by a governing board or a body or official that has been delegated authority to assign amounts by the City Charter.

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

N. Accounting Estimates

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

**CITY OF TORRINGTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 2 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

General budget policies are as follows:

The City is required to adopt a budget for its General Fund. The City is not required to prepare a budget for the ARPA special revenue fund as it is governed by grant documents. The City adheres to the following procedures in establishing the budgetary data included in the General Fund. On or before February 15 of each year, every department, board, or commission of the City shall furnish to the City Council an estimate of the amount of money required for its business for the ensuing year. On or before March 20 of each year, the Board of Finance reviews the budgets submitted by the City Council. The Board of Education shall submit its proposed budget to the Board of Finance on or before the 15th day of April.

The Board of Finance/City Council held public hearings on the budget in May to obtain taxpayer comments. In mid-May, a joint meeting of the City Council and Board of Finance is held to make final recommendations on the budget. Prior to June 1, the Board of Finance votes final approval of the proposed budget and adopts the budget ordinance.

Upon request by the City Council, the Board of Finance may authorize the transfer of any unencumbered appropriation from one department to another during the year. The Board of Finance may approve additional appropriations up to \$100,000. Additional appropriations of over \$100,000 must be approved by voter referendum whenever there is no offsetting revenue source to the appropriation so that it falls below this threshold.

- Budget overruns were shown in the following departments:

Department	Amount
City Clerk	\$ 165,038
Corporate Council	42,883
Personnel	22,088
Public Safety Miscellaneous	4,009
Fire	18,846
San Sewer / St Lights	14,145
Health	32,774
Pension and Benefits	9,333
Tax Collector Contract	479,878

- Formal budgetary integration is employed as a management control device during the year.
- The Board of Education, which is not a separate legal entity but a function of the City, is authorized under state law to make any transfers required within its budget at its discretion. Any additional appropriations must have Board of Education and Board of Finance approval.

**CITY OF TORRINGTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 2 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (CONTINUED)

B. Deficit Fund Equity and Accumulated Deficits

The Torrington High School Renovation Fund had an accumulated deficit of \$1,575,356 at June 30, 2022. The fund balance deficit will be funded with permanent financing of ongoing projects and grant receipts from the state.

The Maintenance Fund had a net position deficit of \$288,265 as of June 30, 2022, which will be funded by future General Fund contributions.

NOTE 3 CASH, CASH EQUIVALENTS, AND INVESTMENTS

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

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

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

**CITY OF TORRINGTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

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

A. Deposits

Deposit Custodial Credit Risk

Custodial credit risk is the risk that, in the event of a bank failure, the City's deposit will not be returned. The City does not have a deposit policy for custodial credit risk. The deposit of public funds is controlled by the Connecticut General Statutes. Deposits may be placed with any qualified public depository that has its main place of business in the state of Connecticut.

Based on the criteria described in GASB Statement No. 40, *Deposits and Investment Risk Disclosures*, \$71,498,538 of the City's bank balance of \$72,614,266 was exposed to custodial credit risk as follows:

Uninsured and Uncollateralized	\$ 64,237,110
Uninsured and Collateral Held by the Pledging Bank's Trust Department, Not in the Town's Name	<u>7,261,428</u>
Total Amount Subject to Custodial Risk	<u><u>\$ 71,498,538</u></u>

Connecticut General Statutes require that each depository maintain segregated collateral (not required to be based on a security agreement between the depository and the municipality and, therefore, not perfected in accordance with federal law) in an amount equal to a defined percentage of its public deposits based upon the depository's risk-based capital ratio.

Cash Equivalents

Cash equivalents are short-term, highly liquid investments that are both readily convertible to known amounts of cash and purchased within 90 days of maturity. At June 30, 2022, the City's cash equivalents amounted to \$15,044,203. The following table provides a summary of the Town's cash equivalents, excluding U.S. Government guaranteed obligations, which are currently not rated:

Wells Fargo	\$ 114,113
Bank of America	14,664,780
JP Morgan	263,441
Charles Schwab	1,869
Total	<u><u>\$ 15,044,203</u></u>

**CITY OF TORRINGTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

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

B. Investments

As of June 30, 2022, the City had the following investments:

Investment Type	Credit Rating	Fair Value	Maturity in Years		
			Less Than 1	1-10	More Than 10
Interest-Bearing Investments:					
Certificate of Deposits		\$ 9,265,161	\$ 7,048,510	\$ 2,216,651	\$ -
U.S. Government Agencies	Aaa	116	-	116	-
Total		<u>9,265,277</u>	<u>\$ 7,048,510</u>	<u>\$ 2,216,767</u>	<u>\$ -</u>
Other Investments:					
Mutual Funds	N/A	<u>108,078,643</u>			
Total Investments		<u>\$ 117,343,920</u>			

Interest Rate Risk

The City's investment policy does not limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk - Investments

As indicated above, State Statutes limit the investment options of cities and towns. The City investment policy states that assets shall be invested in a manner consistent with generally accepted fiduciary standards. Assets are to be diversified in order to minimize the impact of large losses in individual investments. Investments held by the City are mutual fund type investments, which are not rated.

Concentration of Credit Risk

The City's investment policy does not limit an investment in any one issuer in excess of 5% of the City's total investments.

Custodial Credit Risk

Custodial credit risk for an investment is the risk that, in the event of the failure of the counterparty (the institution that pledges collateral or repurchase agreement securities to the City or that sells investments to or buys them for the City), the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

**CITY OF TORRINGTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

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

B. Investments (Continued)

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements); followed by quoted prices in inactive markets or for similar assets or with observable inputs (Level 2 measurements); and the lowest priority to unobservable inputs (Level 3 measurements). The City has the following recurring fair value measurements as of June 30, 2022:

	June 30, 2022	Fair Value Measurements Using		
		Level 1	Level 2	Level 3
Investments by Fair Value Level:				
U.S. Government securities	\$ 116	\$ -	\$ 116	\$ -
Mutual Funds	108,078,643	108,078,643	-	-
Total Investments by Fair Value Level	108,078,759	<u>\$ 108,078,643</u>	<u>\$ 116</u>	<u>\$ -</u>
Other Investments Measured at Amortized Cost:				
Certificate of Deposits	9,265,161			
Total Investments	<u>\$ 117,343,920</u>			

NOTE 4 RECEIVABLES

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

	General	WPCA	Nonmajor and Other	Total
Receivables:				
Accounts	\$ 106,056	\$ 31,219	\$ 853,219	\$ 990,494
Intergovernmental	286,282		2,300,765	2,587,047
Loans	-	-	2,824,735	2,824,735
Gross Receivables	392,338	31,219	5,978,719	6,402,276
Less: Allowance for Uncollectibles:				
Uncollectibles:	-	-	(109,000)	(109,000)
Net Total Receivables	<u>\$ 392,338</u>	<u>\$ 31,219</u>	<u>\$ 5,869,719</u>	<u>\$ 6,293,276</u>

**CITY OF TORRINGTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 5 CAPITAL ASSETS

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

	Beginning Balance	Transfers and Increases	Transfers and Decreases	Ending Balance
Governmental Activities:				
Capital Assets Not Being Depreciated:				
Land	\$ 4,062,534	\$ 32,003	\$ -	\$ 4,094,537
Construction In Progress	57,420,168	13,025,892	10,186,745	60,259,315
Total Capital Assets Not Being Depreciated	61,482,702	13,057,895	10,186,745	64,353,852
Capital Assets Being Depreciated:				
Land Improvements	10,789,617	3,318,198	-	14,107,815
Building and System	103,227,529	95,804	-	103,323,333
Machinery and Equipment	34,063,344	2,940,303	309,004	36,694,643
Infrastructure	73,684,964	6,218,929	-	79,903,893
Total Capital Assets Being Depreciated	221,765,454	12,573,234	309,004	234,029,684
Less: Accumulated Depreciation for:				
Land Improvements	6,052,566	391,705	-	6,444,271
Building and System	42,366,267	2,496,490	-	44,862,757
Machinery and Equipment	30,141,905	1,533,064	309,004	31,365,965
Infrastructure	62,388,379	909,694	-	63,298,073
Total Accumulated Depreciation	140,949,117	5,330,953	309,004	145,971,066
Total Capital Assets Being Depreciated, Net	80,816,337	7,242,281	-	88,058,618
Governmental Activities Capital Assets, Net	<u>\$ 142,299,039</u>	<u>\$ 20,300,176</u>	<u>\$ 10,186,745</u>	<u>\$ 152,412,470</u>
Business-Type Activities:				
Capital Assets Not Being Depreciated:				
Construction In Progress	\$ 18,369,429	\$ 5,952,691	\$ -	\$ 24,322,120
Capital Assets Being Depreciated:				
Land Improvements	704,086	-	-	704,086
Building and System	1,110,740	32,028	-	1,142,768
Machinery and Equipment	12,153,237	110,188	-	12,263,425
Infrastructure	11,189,051	595,574	-	11,784,625
Total Capital Assets Being Depreciated	25,157,114	737,790	-	25,894,904
Less: Accumulated Depreciation for:				
Land Improvements	688,545	1,705	-	690,250
Building and System	579,682	22,179	-	601,861
Machinery and Equipment	11,715,423	162,752	-	11,878,175
Infrastructure	4,931,898	553,386	-	5,485,284
Total Accumulated Depreciation	17,915,548	740,022	-	18,655,570
Total Capital Assets Being Depreciated, Net	7,241,566	(2,232)	-	7,239,334
Business-Type Activities Capital Assets, Net	<u>\$ 25,610,995</u>	<u>\$ 5,950,459</u>	<u>\$ -</u>	<u>\$ 31,561,454</u>

**CITY OF TORRINGTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 5 CAPITAL ASSETS (CONTINUED)

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

Governmental Activities:		
General Government	\$	485,161
Public Safety		695,446
Public Works		1,643,173
Health		136,139
Recreation		4,004
Education		2,367,030
Total	<u>\$</u>	<u>5,330,953</u>
Business-Type Activities:		
Water	<u>\$</u>	<u>740,022</u>

Construction Commitments

The status of appropriation for current capital projects as of June 30, 2022, is presented below:

	Project Authorization	Expenditures	Balance
Roads, Sidewalks, and Drainage	\$ 13,600,720	\$ 12,079,667	\$ 1,521,053
WPCA Upgrade	56,553,024	56,403,024	150,000
Animal Control Facility	2,694,003	791,213	1,902,790
Total	<u>\$ 72,847,747</u>	<u>\$ 69,273,904</u>	<u>\$ 3,573,843</u>

NOTE 6 INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

Interfund receivables and payables generally represent temporary balances arising from reimbursement type transactions.

Receivable Fund	Payable Fund	Amount
General Fund	Nonmajor Governmental Funds	\$ 237,381
General Fund	Internal Service Funds	321,473
Pension and OPEB Trust Fund	Internal Service Funds	200,000
Pension and OPEB Trust Fund	General Fund	33,000
Total		<u>\$ 791,854</u>

The Economic Development Fund has advanced the general fund loans in the amount of \$722,763. The City will repay \$67,000 per year to the Economic Development Fund. The balance at June 30, 2022, was \$655,763.

**CITY OF TORRINGTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 6 INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS (CONTINUED)

Interfund transfers:

	<u>Transfers In</u>		<u>Total Transfers Out</u>
	<u>General</u>	<u>Nonmajor Governmental</u>	
Transfers Out:			
General Fund	\$ -	\$ 2,608,121	\$ 2,608,121
Nonmajor Governmental	409,716	-	409,716
WPCA	25,000	309,011	334,011
Internal Service Fund	2,000,000	-	2,000,000
Total Transfers In	<u>\$ 2,434,716</u>	<u>\$ 2,917,132</u>	<u>\$ 5,351,848</u>

The above transfers represent normal budgetary and other recurring transfers.

NOTE 7 LONG-TERM DEBT

Changes in Long-Term Liabilities

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities:					
Bonds Payable:					
General Obligation Bonds	\$ 27,235,000	\$ 7,000,000	\$ 2,380,000	\$ 31,855,000	\$ 2,390,000
Unamortized Premium	1,843,962	467,817	281,041	2,030,738	-
Total Bonds Payable	<u>29,078,962</u>	<u>7,467,817</u>	<u>2,661,041</u>	<u>33,885,738</u>	<u>2,390,000</u>
Clean Water Fund Loans	17,632,807	5,952,690	769,508	22,815,989	1,038,500
Net Pension Liability	34,849,579	22,689,456	-	57,539,035	-
Landfill Postclosure Costs	116,000	-	40,000	76,000	40,000
Net OPEB Liability	140,876,432	-	20,786,020	120,090,412	-
Retirement Settlements	2,301,330	-	326,953	1,974,377	753,803
Heart And Hypertension	1,138,960	-	302,761	836,199	118,981
Compensated Absences	3,702,848	448,120	349,549	3,801,419	358,854
Governmental Activities Long-Term Liabilities	<u>\$ 229,696,918</u>	<u>\$ 36,558,083</u>	<u>\$ 25,235,832</u>	<u>\$ 241,019,169</u>	<u>\$ 4,700,138</u>
Business-Type Activities:					
Clean Water Fund Loans	\$ 19,956,991	\$ 5,952,692	\$ 916,832	\$ 24,992,851	\$ 1,188,799
Compensated Absences	243,161	8,006	-	251,167	23,710
Net Pension Liability	555,591	1,201,611	-	1,757,202	-
Net OPEB Liability	1,153,374	-	170,178	983,196	-
Business-Type Activities Long-Term Liabilities	<u>\$ 21,909,117</u>	<u>\$ 7,162,309</u>	<u>\$ 1,087,010</u>	<u>\$ 27,984,416</u>	<u>\$ 1,212,509</u>

**CITY OF TORRINGTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 7 LONG-TERM DEBT (CONTINUED)

Bonds Payable

A summary of general obligation bonds and notes outstanding for governmental and proprietary funds at June 30, 2022, is as follows:

Description	Date of Issue	Date of Maturity	Interest Rate	Amount of Original Issue	Balance Outstanding June 30, 2022
Bonds payable:					
2022 General Obligation Bonds	05/11/22	2037	3.50-5.0%	\$ 7,000,000	\$ 7,000,000
2019 General Obligation Bonds	05/07/20	2040	1.15-2.55%	9,700,000	9,065,000
2019 General Obligation Bonds	05/14/19	2038	2.375-5.0%	7,850,000	6,750,000
2015 General Obligation Refunding Bonds	09/17/15	2027	3.00-4.0%	4,760,000	2,580,000
2016 General Obligation Refunding Bonds	07/07/16	2031	2.00-5.0%	12,840,000	6,460,000
Total Bonds Payable					<u>\$ 31,855,000</u>
Notes Payable:					
Clean Water Fund Notes 546-DC-3	06/30/22	2041	2.00%	11,905,382	\$ 11,905,382
Clean Water Fund Notes 546-DC	01/01/20	2040	2.00%	20,471,880	18,410,300
Clean Water Fund Notes 546-DC2	01/29/21	2041	2.00%	6,688,774	6,297,864
Clean Water Fund Notes 546-DC1	01/29/21	2041	2.00%	9,578,204	9,018,434
Clean Water Fund Note 695-DC	02/17/17	2037	2.00%	2,076,689	1,663,375
Clean Water Fund Notes 611-C	03/01/11	2030	2.00%	1,123,491	513,485
Total Notes Payable					<u>\$ 47,808,840</u>

On May 11, 2022, the City issued \$7,000,000 in general obligation bonds to finance various City improvements. The bond matures on May 1, 2037 (interest rate of 3.5-5.0%).

All long-term liabilities are generally liquidated by the General Fund and Enterprise Fund.

The annual requirements to amortize bonds payable and clean water fund notes for governmental and proprietary funds as of June 30, 2022, are as follows:

Year Ending June 30,	General Obligation Bonds		
	Principal	Interest	Total
2023	\$ 2,390,000	\$ 1,113,716	\$ 3,503,716
2024	2,910,000	1,014,597	3,924,597
2025	2,930,000	886,297	3,816,297
2026	2,950,000	759,847	3,709,847
2027	2,960,000	636,596	3,596,596
2028-2032	11,185,000	1,876,425	13,061,425
2033-2037	5,950,000	522,153	6,472,153
2038-2040	580,000	28,013	608,013
Total	<u>\$ 31,855,000</u>	<u>\$ 6,837,644</u>	<u>\$ 38,692,644</u>

**CITY OF TORRINGTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 7 LONG-TERM DEBT (CONTINUED)

Bonds Payable (Continued)

Year Ending June 30.	Clean Water Fund Loans					
	Government Activities		Business Type Activities		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2023	\$ 1,038,500	\$ 446,836	\$ 1,188,799	\$ 489,000	\$ 2,227,299	\$ 935,836
2024	1,059,462	425,874	1,212,794	465,005	2,272,256	890,879
2025	1,080,845	404,490	1,237,273	440,525	2,318,118	845,015
2026	1,102,662	382,674	1,262,247	415,552	2,364,909	798,226
2027	1,124,919	360,417	1,287,725	390,074	2,412,644	750,491
2028-2032	5,974,481	1,452,195	6,718,914	1,551,832	12,693,395	3,004,027
2033-2037	6,602,274	824,402	7,190,167	860,984	13,792,441	1,685,386
2037-2042	4,832,848	176,693	4,894,932	177,057	9,727,790	353,750
Total	<u>\$ 22,815,991</u>	<u>\$ 4,473,581</u>	<u>\$ 24,992,851</u>	<u>\$ 4,790,029</u>	<u>\$ 47,808,852</u>	<u>\$ 9,263,610</u>

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

Category	Debt Limit	Net Indebtedness	Balance
General Purpose	\$ 213,363,000	\$ 42,888,000	\$ 170,475,000
Schools	426,726,000	62,683,000	364,043,000
Sewer	355,605,000	55,801,852	299,803,148
Urban Renewal	308,191,000	-	308,191,000
Pension Deficit	284,484,000	-	284,484,000

The total overall statutory debt limit for the City is equal to seven times annual receipts from taxation, \$663,796,000.

The City has debt authorized and unissued bonds as of June 30, 2022, as follows (in thousands):

Project	Amount of Total Debt Authorized	Bonds and Notes Issued	Paydowns/ Grants	Authorized But Unissued Debt
Torrington Middle School Roof and Window Replacement	\$ 1,400,000	\$ 700,000	\$ -	\$ 700,000
Sewer Improvements	72,260,000	50,310,084	15,486,358	6,463,558
East River Basin Sewers	4,100,000	2,038,245	532,605	1,529,150
Animal Shelter Facility	1,000,000	-	-	1,000,000
Pavement Management Program	38,000,000	23,850,000	-	14,150,000
Torrington High/Middle School Project	179,575,000	4,500,000	116,209,233	58,865,767
Total	<u>\$ 296,335,000</u>	<u>\$ 81,398,329</u>	<u>\$ 132,228,196</u>	<u>\$ 82,708,475</u>

**CITY OF TORRINGTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 7 LONG-TERM DEBT (CONTINUED)

Clean Water Fund Loans

On October 28, 2018, the City signed a project loan and project grant agreement with the state of Connecticut to finance the construction of a Pollution Abatement Facility. Total project costs are estimated at \$66,066,270 of which \$50,310,084 will be funded through advanced loans from the state to be permanently financed at completion of the project with an interest rate of 2%. All interim loan financing will be based on project costs incurred to date and will be recorded as loans payable within the WPCA Infrastructure Fund. The loans will be repaid 50% from the General Fund and 50% from the WPCA Enterprise Fund.

Bond Anticipation Notes

On May 11, 2022, the City issued Bond Anticipation Notes for \$4,500,000 with an interest rate of 4.00% due May 10, 2023.

Landfill Post-Closure Costs

State and federal laws and regulations require landfill closures to meet certain standards. The City landfill has been closed. Estimated remaining monitoring costs for the next two years at approximately \$40,000 per year are \$76,000. This amount is based on estimates, which are subject to change due to inflation, technology, or applicable laws and regulations. The estimated amount is recorded as a long-term liability in governmental activities.

Retirement Settlements

This amount represents scheduled payouts as well as eligible payouts to Board of Education retirees who have and are expected to take advantage of the City's retirement program. The amount is based on percentages applied to salaries after an employee meets certain age and years of service requirements.

NOTE 8 RISK MANAGEMENT

The City is exposed to various risks of loss including torts; public official liabilities; police liability; heart and hypertension claims; theft of, damage of, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City purchases commercial insurance for all risks of loss except medical benefits. The City established an internal service fund, health insurance fund, to account for and finance the retained risk of loss for the City's medical benefits claims.

A third-party administers the medical insurance plan for which the City pays a fee. The medical insurance fund provides coverage for most City employees. The City purchases individual stop loss coverage for claims over \$250,000. Settled claims have not exceeded commercial insurance coverage in any of the past three fiscal years. There has been no reduction in insurance coverage from that in the prior year.

**CITY OF TORRINGTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 8 RISK MANAGEMENT (CONTINUED)

Changes in the balances of claims liabilities during the fiscal years ended June 30, 2022 and 2021, are as follows:

	Medical Insurance		Heart and Hypertension	
	2022	2021	2022	2021
Unpaid Claims - July 1	\$ 1,184,957	\$ 1,319,431	\$ 1,138,960	\$ 1,297,160
Incurred Claims (Including IBNR)	20,527,875	21,161,534	-	28,000
Claim Payments	(20,409,444)	(21,296,008)	(302,761)	(186,200)
Unpaid Claims - June 30	<u>\$ 1,303,388</u>	<u>\$ 1,184,957</u>	<u>\$ 836,199</u>	<u>\$ 1,138,960</u>

The claim reserves reported are based on the requirements of GASB Statement No. 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Claim liabilities are calculated considering the effects of inflation, recent claim settlement trends, including frequency and amount of payouts, and other economic and social factors.

NOTE 9 TAX ABATEMENTS

The City currently has five individual agreements with local businesses that qualify under the implementation of GASB Statement No. 77, *Tax Abatement Disclosure*, for the purposes of providing services to its taxpayers. Details of the agreements are as follows:

**CITY OF TORRINGTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 9 TAX ABATEMENTS (CONTINUED)

	Local Business			
	BKLS II LLC	Keystone Place at Newbury Brook LLC	Technology Park Associates LLC	Technology Park Associates LLC
Purpose	Tax Incentive Policy & Connecticut General Statutes Section 12-65b & 12-65h	Tax Incentive Policy & Connecticut General Statutes Section 12-65b & 12-65h	Tax Incentive Policy & Connecticut General Statutes Section 12-65b & 12-65h	Tax Incentive Policy & Connecticut General Statutes Section 12-65b & 12-65h
2022 FY - Tax Being Abated	\$1,140,450 x .04167 = \$52,654.58	\$8,785,990 x .04617 = \$405,649.16	\$256,090 x .04617 = \$11,823.68	\$109,300 x .04617 = \$5,046.38
Authority Under Which Agreements are Entered Into	By the Economic Development Department, then Approved by the City Council	By the Economic Development Department, then Approved by the City Council	By Agreement	By Agreement
Eligibility Criteria for Tax Abatement	Tax Incentive Policy & Connecticut General Statutes Section 12-65b & 12-65h	Tax Incentive Policy & Connecticut General Statutes Section 12-65b & 12-65h	By Agreement	By Agreement
How Recipient's Tax are Reduced	By Abatement	By Abatement	By Abatement	By Abatement
How the Tax Abatement is Determined	By the Tax Incentive Policy	By the Tax Incentive Policy	By Agreement	By Agreement
Gross Dollar Amount, on an Accrual Basis, Which the Government's Tax Revenues were Reduced as a Result of the Abatement Agreement	\$52,655	\$405,649	\$11,824	\$5,046

NOTE 10 EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS

City Pension Plans

A. Plan Description and Benefits Provided

The City is the administrator of two single-employer, contributory, defined benefit pension plans. Plan provisions are established and amended by the plans' Boards of Trustees. The plans cover substantially all full-time employees except professional personnel at the Board of Education. The pension plans are part of the City's financial reporting entity and are accounted for in the pension trust funds as the Police and Firemen's Retirement, and the Municipal Employees' Retirement. Separate financial statements are not issued.

**CITY OF TORRINGTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 10 EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (CONTINUED)

City Pension Plans (Continued)

A. Plan Description and Benefits Provided (Continued)

Management of the plan's rests with the Board of Trustees. The Police and Firemen's Retirement Plan Board of Trustees consists of the mayor, city treasurer, the four members of the Board of Public Safety, one member of the regular fire department to be chosen biennially by the members of the regular fire department, and one member of the police department to be chosen biennially by the members of the regular police department. The Municipal Employees' Retirement Plan Board of Trustees is made up of 10 members consisting of the mayor, city treasurer, the six members of the Board of Councilmen, one street department employee, and one city hall employee, which are chosen biennially by the employees participating in the benefits.

Police and Firemen's Retirement

The City is the administrator of a single-employer public employee retirement system (PERS) established and administered by the City to provide pension benefits for its employees. The PERS is considered to be part of the City's financial reporting entity and is included in the City's financial reports as a pension trust fund. The Plan provides normal retirement, death, and disability benefits through a single-employer contributory defined benefit plan. All regular employees of the Police Department and regular employees of the Fire Department hired before June 8, 2009, are participants of the Plan. The retirement benefit is calculated at 2% of the member's highest one year compensation during the final five years of employment multiplied by years of service. Effective September 8, 2000, all police members who have not yet reached the 25th anniversary of date of hire shall have years of service (including any buyback service) maximized at 27 years. In addition, effective September 8, 2005, the benefit for police members shall be based on a salary that is the average annual compensation during the three-year period immediately preceding separation from service. Also, effective September 8, 2000, police members may buy back City service, for benefit accrual purposes only, during the year following September 8, 2000, or during the first year of employment for police hired after that date subject to the restrictions in the Plan. Normal Retirement Age is 55 with 10 years of service or following the completion of 25 years of continuous service. Participants are 100% vested in their accrued benefit after 10 years of service. Benefits and contributions are established by the City and may be amended by the City. The City has not given any postretirement benefit increase. Effective May 5, 2008, participants are required to contribute 8% of their gross pay and the yearly credit was raised to 2.5% up to a maximum of 27 years of credited service.

The retirement age assumption for public safety employees is the earlier of (a) 25 years of service but not before age 53 (fire) and age 57 to the earlier of 25 years of service but not before 51 (police) and age 57.

**CITY OF TORRINGTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 10 EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (CONTINUED)

City Pension Plans (Continued)

A. Plan Description and Benefits Provided (Continued)

Police and Firemen's Retirement (Continued)

Effective May 5, 2008, for police members, the percentage for the yearly credit is 2.5% as shown above; however, the service is maximized at 27 years, a 10-years of service requirement was added to the disability benefit, and they must contribute 8% of compensation for a maximum of 27 years. For the period May 5, 2008, through May 4, 2011, no more than five police members may retire annually under this provision.

Effective September 4, 2015, employees shall pay an employee contribution of four (4%) of pay after attaining 25 and before 27 years of service.

Commencing July 1, 2017, overtime earning of the retiree in excess of a cap calculated by multiplying a Police Lieutenant's annual base pay existing in the year of retirement by 52%.

Municipal Employees' Retirement

The City is the administrator of a single-employer public employee retirement system (PERS) established and administered by the City to provide pension benefits for its employees. The PERS is included in the City's financial reports as a pension trust fund. The Plan provides normal retirement, early retirement, termination, and death benefits through a single-employer contributory defined benefit plan. All members of Public Works Employees' and City Hall and School Maintenance and Custodial Employees' Local #1579 and their supervisory employees hired prior to September 2, 2008, are members of the Plan. New employees are no longer eligible for this plan. The retirement benefit for all aforementioned employees other than supervisory employees is calculated at 2% of the participant's average monthly earnings during the final three years of employment multiplied by years of service with a minimum annual benefit of \$240 per year of service, maximum 35 years. Benefits for supervisory employees are based the highest of the last three years of annual gross earnings. Normal Retirement Age is age 65 or following age 60 with 25 years of service. Participants are 100% vested in their accrued benefit after five years of continuous service as long as their employee contributions remain in the fund upon termination. Member's contributions are returnable on termination or death while active or retired (less any benefits paid) provided in each case that no death benefits are otherwise payable. Benefits and contributions are established by the City and may be amended by the City. The City has not given any postretirement benefit increases.

The July 1, 2020, actuarial valuation reflects changes in mortality tables and investment rate of return from 7.00% to 6.75%.

**CITY OF TORRINGTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 10 EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (CONTINUED)

City Pension Plans (Continued)

A. Plan Description and Benefits Provided (Continued)

Municipal Employees' Retirement (Continued)

The membership of the plan consisted of the following at July 1, 2020:

	Municipal Employees	Police and Firemen
Retirees, Disabled Employees and Beneficiaries		
Receiving Benefits	141	168
Terminated Plan Members Entitled to Benefits But		
Receiving Them	11	6
Current Active Members	73	86
Total Members	225	260

B. Summary of Significant Accounting Policies and Plan Asset Matters

Basis of Accounting

Financial statements are prepared using the accrual basis of accounting for the three 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.

C. Funding Policy

Municipal Employees' Retirement

Member contributions of 5% of gross weekly earnings are required. The City is required to contribute the remaining amounts necessary to finance the benefits for its employees as determined through biennial valuations.

Police and Firemen's Retirement

Member contributions of 8% of gross weekly earnings are required. The City is required to contribute the remaining amounts necessary to finance the benefits for its employees as determined through biennial valuations.

**CITY OF TORRINGTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 10 EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (CONTINUED)

City Pension Plans (Continued)

D. Investments

Investment Policy

The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the Board of Trustees by a majority vote of its members. It is the policy of the Trustees 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 allocations over short time spans. The following was the Trustees' adopted asset allocation policy as of June 30, 2022:

Asset Class	Target Allocation	
	Municipal Employees	Police and Firemen
U.S. Large Cap Equities	36.66 %	36.66 %
U.S. Mid/Small Cap Equities	5.84	5.84
Developed International Equities	17.50	17.50
Intermediate Corporate Fixed Income	30.15	30.15
International Bonds	4.85	4.85
Real Estate	5.00	5.00
Total	100.00 %	100.00 %

Rate of Return

For the year ended June 30, 2022, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was (12.55)% for the Municipal Employees' Plan and (12.69)% for the Police and Firemen's Plan. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

E. Net Pension Liability of the City

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

	Municipal Employees	Police and Firemen
Total Pension Liability	\$ 54,345,760	\$ 111,550,462
Plan Fiduciary Net Position	40,828,825	65,771,160
Net Pension Liability	\$ 13,516,935	\$ 45,779,302
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	75.13%	58.96%

**CITY OF TORRINGTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 10 EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (CONTINUED)

City Pension Plans (Continued)

E. Net Pension Liability of the City (Continued)

The net pension liability of the Municipal Employees Plan is split between governmental activities and business-type activities as \$11,759,733 and \$1,757,202, respectively.

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of July 1, 2020, rolled forward to June 30, 2022, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.40% (prio 2.60%)
Salary Increases	2.40% - 6.40%, Depending on Age and Includes Inflation
Investment Rate of Return	6.75%, Net of Pension Plan Investment Expense, Including Inflation

Mortality Rates were based on Pub-2010 Public Retirement Plans Amount-Weighted Mortality Tables for General Employees, with separate tables for public safety, projected to the valuation date with Scale MP-2020.

The actuarial assumptions used in the July 1, 2020, valuation were based on a review of available experience. No experience study could be performed due to insufficient credible data.

Long-Term Expected 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. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2022, (see the discussion of the pension plan's investment policy) are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Large Cap Equities	5.25 %
U.S. Mid/Small Cap Equities	5.75
Developed International Equities	5.75
Intermediate Corporate Fixed Income	1.75
International Bonds	2.00
Real Estate	5.75

**CITY OF TORRINGTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 10 EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (CONTINUED)

City Pension Plans (Continued)

E. Net Pension Liability of the City (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that City 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.

	Municipal Employees' Retirement Plan		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balances - July 1, 2021	\$ 53,621,536	\$ 48,991,607	\$ 4,629,929
Changes for the Year:			
Service Cost	678,900	-	678,900
Interest on Total Pension Liability	3,547,095	-	3,547,095
Employer Contributions	-	1,227,984	(1,227,984)
Member Contributions	-	225,897	(225,897)
Net Investment Income	-	(6,077,354)	6,077,354
Benefit Payments, Including Refund to Employee			
Contributions	(3,501,771)	(3,501,771)	-
Administrative Expenses	-	(37,538)	37,538
Net Changes	724,224	(8,162,782)	8,887,006
Balances - June 30, 2022	<u>\$ 54,345,760</u>	<u>\$ 40,828,825</u>	<u>\$ 13,516,935</u>

**CITY OF TORRINGTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 10 EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (CONTINUED)

City Pension Plans (Continued)

E. Net Pension Liability of the City (Continued)

Discount Rate (Continued)

	Police and Firemen's Retirement Plan		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balances - July 1, 2021	\$ 108,775,754	\$ 78,000,513	\$ 30,775,241
Changes for the Year:			
Service Cost	1,837,260	-	1,837,260
Interest on Total Pension Liability	7,253,221	-	7,253,221
Differences Between Expected and Actual Experience	750,000	-	750,000
Employer Contributions	-	4,292,329	(4,292,329)
Member Contributions	-	627,937	(627,937)
Net Investment Income	-	(10,022,443)	10,022,443
Benefit Payments, Including Refund to Employee Contributions	(7,065,773)	(7,065,773)	-
Administrative Expenses	-	(61,403)	61,403
Net Changes	<u>2,774,708</u>	<u>(12,229,353)</u>	<u>15,004,061</u>
Balances - June 30, 2022	<u>\$ 111,550,462</u>	<u>\$ 65,771,160</u>	<u>\$ 45,779,302</u>

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

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

	One Percent Decrease 5.75%	Current Discount Rate 6.75%	One Percent Increase 7.75%
Municipal Employees:			
City's Net Pension Liability (Asset)	\$ 19,061,861	\$ 13,516,935	\$ 8,770,777
Police and Firemen:			
City's Net Pension Liability	58,453,272	45,779,302	35,128,745

**CITY OF TORRINGTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 10 EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (CONTINUED)

City Pension Plans (Continued)

F. Financial Information for the Separate Plans

	Police and Firemen	Municipal Employees	OPEB Trust Fund	Total
Assets:				
Cash and Cash Equivalents	\$ 129,647	\$ 123,691	\$ 5,175	\$ 258,513
Investments	66,402,238	40,710,673	965,848	108,078,759
Receivables	3	3	-	6
Due From Other Funds	-	-	233,000	233,000
Total Assets	<u>66,531,888</u>	<u>40,834,367</u>	<u>1,204,023</u>	<u>108,570,278</u>
Liabilities:				
Accounts and Other Payables	<u>760,728</u>	<u>5,542</u>	<u>3,307</u>	<u>769,577</u>
Net Assets Held in Trust for Pension and OPEB Benefits				
	<u>\$ 65,771,160</u>	<u>\$ 40,828,825</u>	<u>\$ 1,200,716</u>	<u>\$ 107,800,701</u>
Contributions:				
Employer	\$ 4,292,329	\$ 1,227,984	\$ 4,254,811	\$ 9,775,124
Employee	627,937	225,897	149,872	1,003,706
Total Contributions	<u>4,920,266</u>	<u>1,453,881</u>	<u>4,404,683</u>	<u>10,778,830</u>
Investment Income:				
Net Appreciation in Fair Value of Investments	<u>(10,022,443)</u>	<u>(6,077,354)</u>	<u>(161,865)</u>	<u>(16,261,662)</u>
Total Additions	(5,102,177)	(4,623,473)	4,242,818	(5,482,832)
Deductions:				
Benefit Payments and Withdrawals	7,065,773	3,501,771	4,171,683	14,739,227
Administration	61,403	37,538	635	99,576
Total Deductions	<u>7,127,176</u>	<u>3,539,309</u>	<u>4,172,318</u>	<u>14,838,803</u>
Net Increase	(12,229,353)	(8,162,782)	70,500	(20,321,635)
Net Assets Held in Trust for Pension and OPEB Benefits - Beginning of Year				
	<u>78,000,513</u>	<u>48,991,607</u>	<u>1,130,216</u>	<u>128,122,336</u>
Net Assets Held in Trust for Pension and OPEB Benefits - End of Year				
	<u>\$ 65,771,160</u>	<u>\$ 40,828,825</u>	<u>\$ 1,200,716</u>	<u>\$ 107,800,701</u>

**CITY OF TORRINGTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 10 EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (CONTINUED)

City Pension Plans (Continued)

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

For the year ended June 30, 2022, the City recognized pension expense for the municipal employee plan and police and firemen plan of \$2,119,609 and \$5,746,539, respectively. At June 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	Municipal Employees			
	Government Activities		Business-Type Activities	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ -	\$ 24,938	\$ -	\$ 3,726
Changes of Assumptions	70,542	-	10,541	-
Net Difference Between Projected and Actual earning on Pension Plan Investments	3,507,893	-	524,167	-
Total	<u>\$ 3,578,435</u>	<u>\$ 24,938</u>	<u>\$ 534,708</u>	<u>\$ 3,726</u>

	Police and Firemen	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 482,143	\$ 224,313
Changes of Assumptions	980,302	-
Net Difference Between Projected and Actual Earning on Pension Plan Investments	6,668,219	-
Total	<u>\$ 8,130,664</u>	<u>\$ 224,313</u>

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

<u>Year Ending June 30,</u>	Municipal Employees	Police and Firemen	Total
2023	\$ 905,638	\$ 2,437,115	\$ 3,342,753
2024	819,195	1,567,782	2,386,977
2025	496,866	858,855	1,355,721
2026	1,862,780	3,042,599	4,905,379
Total	<u>\$ 4,084,479</u>	<u>\$ 7,906,351</u>	<u>\$ 11,990,830</u>

**CITY OF TORRINGTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 10 EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (CONTINUED)

Connecticut's Teachers Retirement System – Pension

A. Plan Description

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

B. Benefit Provisions

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

Normal Retirement

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

Early Retirement

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

Disability Retirement

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

C. Contributions

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

**CITY OF TORRINGTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 10 EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (CONTINUED)

Connecticut's Teachers Retirement System – Pension (Continued)

C. Contributions (Continued)

Employer (School Districts)

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

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

For the year ended June 30, 2022, the amount of "on-behalf" contributions made by the state was \$8,706,824 and is recognized in the General Fund as intergovernmental revenues and education expenditures.

Employees

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

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

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

At June 30, 2022, the City reports no amounts for its proportionate share of the net pension liability, and related deferred outflows and inflows, due to the statutory requirement that the state pay 100% of the required contribution. The amount recognized by the City as its proportionate share of the net pension liability, the related state support, and the total portion of the net pension liability that was associated with the City were as follows:

City's Proportionate Share of the Net Pension Liability	\$ -
State's Proportionate Share of the Net Pension Liability Associated with the City	103,982,020
Total	<u>\$ 103,982,020</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 June 30, 2020. At June 30, 2022, the City has no proportionate share of the net pension liability.

**CITY OF TORRINGTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 10 EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (CONTINUED)

Connecticut's Teachers Retirement System – Pension (Continued)

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

For the year ended June 30, 2022, the City recognized pension expense and revenue of \$1,994,543 in Exhibit II.

E. 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

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

The actuarial assumptions used in the June 30, 2020, valuation were based on the results of an actuarial experience study for the five-year period ending June 30, 2019.

Assumption changes since the prior year are as follows:

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

Benefit changes since the prior year are as follows:

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

Cost-of-Living Allowance

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

**CITY OF TORRINGTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 10 EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (CONTINUED)

Connecticut's Teachers Retirement System – Pension (Continued)

E. Actuarial Assumptions (Continued)

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

Long-Term Rate of Return

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

<u>Asset Class</u>	<u>Expected Return</u>	<u>Target Allocation</u>
Domestic Equity Fund	5.60 %	20.00 %
Developed Market Intl. Stock Fund	6.00	11.00
Emerging Market Intl. Stock Fund	7.90	9.00
Core Fixed Income Fund	2.10	16.00
Inflation Linked Bond Fund	1.10	5.00
Emerging Market Debt Fund	2.70	5.00
High Yield Bond Fund	4.00	6.00
Real Estate Fund	4.50	10.00
Private Equity	7.30	10.00
Alternative Investments	2.90	7.00
Liquidity Fund	0.40	1.00
Total		<u>100.00 %</u>

F. Discount Rate

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

**CITY OF TORRINGTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 10 EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (CONTINUED)

Connecticut’s Teachers Retirement System – Pension (Continued)

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

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

H. Pension Plan Fiduciary Net Position

Detailed information about the pension plan’s fiduciary net position is available in the separately issued financial statements available at www.ct.gov.

I. Other Information

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

NOTE 11 OTHER POST-EMPLOYMENT BENEFITS

City OPEB Plan

A. Plan Description

The City, in accordance with various collective bargaining agreements, is committed to providing health and other benefits to certain eligible retirees and their spouses. The City’s Postretirement Medical Program (RMP) covers City, Board of Education, Police, and Fire employees. Retired program members and beneficiaries currently receiving benefits are required to contribute specified percentages towards the cost of receiving those benefits under the City’s self-insured medical benefits program. The percentage contribution of the employees and retirees for these benefits vary and are detailed with the City’s various bargaining agreements. The City does not issue a separate stand-alone financial statement for this program.

At July 1, 2020, plan membership consisted of the following:

	Postretirement Medical Program
Inactive Plan Members or Beneficiaries	
Currently Receiving Benefits	426
Active Plan Members	855
Total Members	1,281

**CITY OF TORRINGTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 11 OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

City OPEB Plan (Continued)

B. Funding Policy

The City's post-employment benefits are accounted for as a pay-as-you-go basis. The City has established a trust fund to irrevocably segregate assets to fund the liability associated with post-employment benefits in accordance with GASB guidelines. The contribution requirement of the plan members and the City have also negotiated with the various unions representing the employees. Retired plan members and beneficiaries currently receiving benefits are required to contribute specified amounts monthly towards the cost of health insurance premiums.

The City's funding strategy for post-employment obligations are based upon characteristics of benefits on nine distinct groups of employees established within their respective collective bargaining units and/or contracts and include the following:

- City Hall employees and Public Works Employees contribute an average 13% of the contribution for medical and dental coverage to age 65 with none at ages 65 and older. They are eligible to receive medical coverage under various CIGNA medical plans and an Anthem dental plan to age 65. At age 65, if eligible, they are enrolled in an Anthem Medicare supplemental plan. They also receive life insurance benefits of \$10,000 - \$15,000 at no cost to the retiree.
- Police and Fire employees who meet certain criteria for retirement are eligible to receive medical coverage under various CIGNA medical plans and an Anthem dental plan to age 65. At age 65, if eligible, they are enrolled in an Anthem Medicare supplemental plan. They also receive life insurance benefits of \$3,000 at no cost to the retiree. Eligibility for normal retirement or early retirement is age 55 with 10 years of service or they qualify under disability retirement.
- City supervisory employees who meet certain criteria for retirement are eligible to receive medical coverage under various medical plans, dependent on whether they are under or over age 65, dental coverage only until they reach age 65. They also receive life insurance benefits after retirement of up to \$30,000 at no cost to the employee. Eligibility for normal retirement or early retirement is age 55 with 10 years of service or they qualify under disability retirement.
- Teachers are eligible for medical and dental coverage if they retire under the State Teacher's Plan and must contribute 100% of the cost for this coverage.
- BOE Cafeteria employees are eligible for medical and dental coverage if they retire at age 60 with 10 years of service or qualify under disability retirement and must contribute 100% of the cost for this coverage.
- BOE Custodians who retire age 55 with 20 years or qualify under disability retirement can receive dental coverage to age 65 and medical coverage for ages 65 and over and must contribute 7% of the contribution. They may also receive life insurance benefits of \$5,000.

**CITY OF TORRINGTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 11 OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

City OPEB Plan (Continued)

B. Funding Policy (Continued)

- BOE Nurses and paraprofessionals who retire age 60 with 10 years of service or qualify under disability retirement can receive medical benefits with a 25% contribution rate up to age 65 with their spouse at 100%, dental coverage at 25% of the contribution only until they reach the age of 65, and life insurance benefits of \$5,000.

C. Investments

Investment Policy

OPEB Benefits Plan's policy in regard to the allocation of invested assets is established and may be amended by the OPEB Committee. It is the policy of the OPEB Committee to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes.

Rate of Return

For the year ended June 30, 2022, the annual money-weighted rate of return on investments, net of investment expense, was (14.32)%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

D. Net OPEB Liability of the City

The City's net OPEB liability was measured as of June 30, 2022. The components of the net OPEB liability of the City at June 30, 2022, were as follows:

Total OPEB Liability	\$ 122,274,324
Plan Fiduciary Net Position	1,200,716
Net OPEB Liability	<u><u>\$ 121,073,608</u></u>

Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	0.98%
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The City recorded the net OPEB liability within the governmental activities and business-type activities as \$120,090,412 and \$983,196, respectively.

**CITY OF TORRINGTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 11 OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

City OPEB Plan (Continued)

D. Net OPEB Liability of the City (Continued)

Actuarial Assumptions

The total OPEB liability at June 30, 2022, was determined by an actuarial valuation as of July 1, 2020, rolled forward to June 30, 2022, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.40% (prior 2.60%)
Salary Increases	Graded by Age
Investment Rate of Return	3.54% (prior 2.16%)
Health Care Cost Trend Rates	6.50% for 2020, Decreasing .20% Per Year to an Ultimate Rate of 4.40% for 2031 and later.

Mortality rates were as follows:

City and Board of Education Noncertified: Pub-2010 Public Retirement Plans Amount-Weighted Mortality Tables for General Employees, projected to the valuation date with Scale MP-2020.

Police and Fire: Pub-2010 Public Retirement Plans Amount-Weighted Mortality Tables for Safety Employees, projected to the valuation date with Scale MP-2020.

Board of Education Certified and Administrators: Pub-2010 Public Retirement Plans Amount-Weighted Mortality Tables for Teachers, projected to the valuation date with Scale MP-2020.

The plan has not had a formal actuarial experience study performed.

Long-Term Expected 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 investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset as of June 30, 2022, are summarized in the following table:

**CITY OF TORRINGTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 11 OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

City OPEB Plan (Continued)

D. Net OPEB Liability of the City (Continued)

Long-Term Expected Rate of Return (Continued)

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. Large Cap	31.50 %	5.25 %
U.S. Mid/Small Cap	13.50	5.75
Developed International Equities	20.00	5.75
Intermediate Corporate Fixed Income	21.35	1.75
Intermediate Government Fixed Income	13.65	0.75
Total	<u>100.00 %</u>	

E. Discount Rate

The discount rate used to measure the total OPEB liability was 3.54%. The projection of cash flows used to determine the discount rate assumed that City contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

F. Changes in the Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a)-(b)
Balances - July 1, 2021	\$ 143,160,022	\$ 1,130,216	\$ 142,029,806
Changes for the Year:			
Service Cost	6,338,407	-	6,338,407
Interest on Total Pension Liability	3,184,353	-	3,184,353
Changes in Benefit Terms	-	-	-
Differences Between Expected and Actual Experience	(246,761)	-	(246,761)
Changes in Assumptions	(25,990,014)	-	(25,990,014)
Employer Contributions	-	4,254,811	(4,254,811)
Member Contributions	-	149,872	(149,872)
Net Investment Income	-	(161,865)	161,865
Benefit Payments, Including Refund to Employee			
Contributions	(4,171,683)	(4,171,683)	-
Administrative Expenses	-	(635)	635
Net Changes	<u>(20,885,698)</u>	<u>70,500</u>	<u>(20,956,198)</u>
Balances - June 30, 2022	<u>\$ 122,274,324</u>	<u>\$ 1,200,716</u>	<u>\$ 121,073,608</u>

**CITY OF TORRINGTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 11 OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

City OPEB Plan (Continued)

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

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

	One Percent Decrease 2.54%	Current Discount Rate 3.54%	One Percent Increase 4.54%
City's Net OPEB Liability	<u>\$ 139,083,298</u>	<u>\$ 121,073,608</u>	<u>\$ 106,528,705</u>

H. Sensitivity of the Net OPEB Liability to Changes in the Health Care Cost Trend Rates

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

	<u>Health Care Cost Trend Rates</u>		
	5.50% Decreasing to 3.40%	6.50% Decreasing to 4.40%	7.50% Decreasing to 5.40%
City's Net OPEB Liability	<u>\$ 103,594,049</u>	<u>\$ 121,073,608</u>	<u>\$ 143,157,606</u>

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

For the year ended June 30, 2022, the City recognized OPEB expense of \$3,907,644. At June 30, 2022, the City reported deferred inflows of resources related to OPEB from the following sources:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
	Deferred Inflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 8,192,087	\$ 67,070
Changes of Assumptions	20,303,363	166,226
Net Difference Between Projected and Actual Earning on Pension Plan Investments	-	-
Total	<u>\$ 28,495,450</u>	<u>\$ 233,296</u>

**CITY OF TORRINGTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 11 OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

City OPEB Plan (Continued)

I. OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

	Deferred Outflows of Resources	Deferred Outflows of Resources
Differences Between Expected and Actual Experience	\$ 546,923	\$ 4,478
Changes of Assumptions	14,496,210	118,682
Net Difference Between Projected and Actual Earning on Pension Plan Investments	22,192	182
Total	\$ 15,065,325	\$ 123,342

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

Year Ending June 30	Amount
2023	\$ 4,081,959
2024	1,960,846
2025	5,149,865
2026	2,347,409
Total	\$ 13,540,079

State Teachers Retirement Plan

A. Plan Description

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

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

B. Benefit Provisions

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

**CITY OF TORRINGTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 11 OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

State Teachers Retirement Plan (Continued)

B. Benefit Provisions (Continued)

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

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

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

Survivor Health Care Coverage

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

C. Eligibility

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

Credited Service

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

**CITY OF TORRINGTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 11 OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

State Teachers Retirement Plan (Continued)

C. Eligibility (Continued)

Normal Retirement

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

Early Retirement

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

Proratable Retirement

Age 60 with 10 years of Credited Service.

Disability Retirement

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

Termination of Employment

Ten or more years of Credited Service.

D. Contributions

State of Connecticut

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

Employer (School Districts)

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

For the year ended June 30, 2022, the amount of "on-behalf" contributions made by the state was \$204,888 and is recognized in the General Fund as intergovernmental revenues and education expenditures.

**CITY OF TORRINGTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 11 OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

State Teachers Retirement Plan (Continued)

D. Contributions (Continued)

Employees/Retirees

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

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

At June 30, 2022, the City reports no amounts for its proportionate share of the net OPEB liability, and related deferred outflows and inflows, due to the statutory requirement that the state pay 100% of the required contribution. The amount recognized by the City as its proportionate share of the net OPEB liability, the related state support, and the total portion of the net OPEB liability that was associated with the City was as follows:

City's Proportionate Share of the Net OPEB Liability	\$	-
State's Proportionate Share of the Net OPEB Liability Associated with the City		11,328,651
Total		<u>\$ 11,328,651</u>

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

For the year ended June 30, 2022, the City recognized OPEB expense and revenue of (\$418,331) in Exhibit II.

F. Actuarial Assumptions

The total OPEB 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:

**CITY OF TORRINGTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 11 OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

State Teachers Retirement Plan (Continued)

F. Actuarial Assumptions (Continued)

Inflation	2.50%
Health Care Costs Trend Rate	5.125% for 2020, Decreasing to an Ultimate Rate of 4.50% by 2023
Salary Increases	3.00% - 6.50%, Including Inflation
Investment Rate of Return	2.17%, Net of OPEB Plan Investment Expense, Including Inflation
Year Fund Net Position Will be Depleted	2023

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

The actuarial assumptions used in the June 30, 2020, valuation were based on the results of an actuarial experience study for the period July 1, 2014, through June 30, 2019.

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

- Discount rate changed from 2.21% to 2.17%
- Expected annual per capita claims costs were updated to better reflect anticipated Medicare and prescription drug claim experience based on scheduled premium increases through calendar year 2024.

The changes in the benefit terms since the prior year are as follows:

- There were no changes to benefit terms in the two years preceding the measurement date.

Long-Term Expected Rate of Return

The long-term expected rate of return on plan assets is reviewed as part of the GASB 75 valuation process. Several factors are considered in evaluating the long-term rate of return assumption, including the plan's current asset allocations and a log-normal distribution analysis using the best-estimate ranges of expected future real rates of return (expected return, net investment expense and inflation) for each major asset class. The long-term expected rate of return was determined by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The assumption is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years. The plan is 100% invested in U.S. Treasuries (Cash Equivalents) for which the expected 10-Year Geometric Real Rate of Return is (0.42%).

**CITY OF TORRINGTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 11 OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

State Teachers Retirement Plan (Continued)

G. Discount Rate

The discount rate used to measure the total OPEB liability was 2.17%. The projection of cash flows used to determine the discount rate was performed in accordance with GASB 75. The projection was based on an actuarial valuation performed as of June 30, 2020.

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

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

Based on those assumptions, the Plan's fiduciary net position was projected to be depleted in 2023 and, as a result, the Municipal Bond Index Rate was used in the determination of the single equivalent rate.

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

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

I. OPEB Plan Fiduciary Net Position

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

J. Other Information

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

**CITY OF TORRINGTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 12 FUND BALANCE CLASSIFICATIONS

The components of fund balance for the governmental funds at June 30, 2022, are as follows:

	General Fund	Bonded Projects	WPCA Infrastructure Projects	Torrington High School Renovation	Nonmajor Governmental Funds	Total
Fund Balances:						
Nonspendable:						
Inventory	\$ -	\$ -	\$ -	\$ -	\$ 13,997	\$ 13,997
Prepaid Expense	74,134	-	-	-	-	74,134
Restricted for:						
Trust Purposes	-	-	-	-	4,883	4,883
Grants	-	-	-	-	7,109,329	7,109,329
Capital Projects	-	8,048,054	-	-	-	8,048,054
Committed to:						
General Government	44,178	-	-	-	1,186,886	1,231,064
Public Safety	-	-	-	-	155,376	155,376
Public Works	-	-	-	-	483,917	483,917
Capital Projects	-	91,878	447,483	-	11,225,016	11,764,377
Health and Social Services	-	-	-	-	223,642	223,642
Recreation	-	-	-	-	1,348,549	1,348,549
Assigned to:						
Education	1,136,338	-	-	-	-	1,136,338
General Government	104,477	-	-	-	-	104,477
Public Safety	191,155	-	-	-	-	191,155
Public Works	21,860	-	-	-	-	21,860
Subsequent Years Budget	2,100,000	-	-	-	-	2,100,000
Unassigned	14,769,727	-	-	(1,575,356)	(16,335)	13,178,036
Total Fund Balances	<u>\$ 18,441,869</u>	<u>\$ 8,139,932</u>	<u>\$ 447,483</u>	<u>\$ (1,575,356)</u>	<u>\$ 21,735,260</u>	<u>\$ 47,189,188</u>

Encumbrances outstanding at year-end of \$1,453,829 are reported as assigned fund balance.

NOTE 13 CONTINGENT LIABILITIES

The City is a party to various legal proceedings which involve claims against the City. In those cases where a loss is probable and measurable, a liability has been recorded. It is the opinion of City management and the City attorney that the ultimate resolution of remaining litigation will not have a material effect on the financial position of the City.

REQUIRED SUPPLEMENTARY INFORMATION

**CITY OF TORRINGTON, CONNECTICUT
GENERAL FUND
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2022
(NONGAAP BUDGETARY BASIS)**

	Budgeted Amounts		Actual	Variance - Positive (Negative)
	Original	Final		
REVENUES				
Property Taxes:				
Property Taxes	\$ 95,378,382	\$ 95,378,382	\$ 95,352,297	\$ (26,085)
Motor Vehicle Supplemental Tax	1,420,000	1,420,000	1,869,631	449,631
Total Property Taxes	<u>96,798,382</u>	<u>96,798,382</u>	<u>97,221,928</u>	<u>423,546</u>
Intergovernmental:				
Federal and State Grants:				
Pequot Fund Grant	196,642	196,642	196,642	-
Stabilization Grant	72,539	72,539	72,539	-
In Lieu of Taxes	1,241,693	1,241,693	1,249,808	8,115
Disabled Persons	8,500	8,500	8,395	(105)
MRSA Motor Vehicle	272,517	272,517	272,517	-
Municipal Grants in Aid	605,345	605,345	605,345	-
Additional Veterans' Grants	33,000	33,000	31,204	(1,796)
Enterprise Zones	75,000	75,000	93,259	18,259
FEMA Reimbursements	-	-	29,944	29,944
Total Federal and State Grants	<u>2,505,236</u>	<u>2,505,236</u>	<u>2,559,653</u>	<u>54,417</u>
Board of Education Grants:				
Special Education	2,014,731	2,014,731	1,791,525	(223,206)
Education Cost Sharing	23,933,343	23,933,343	23,449,732	(483,611)
Nonpublic Health and Welfare	29,446	29,446	24,734	(4,712)
Total Board of Education Grants	<u>25,977,520</u>	<u>25,977,520</u>	<u>25,265,991</u>	<u>(711,529)</u>
Total Intergovernmental	28,482,756	28,482,756	27,825,644	(657,112)
General Government:				
Telephone Access Lines	78,000	78,000	68,563	(9,437)
Street Lights	1,045	1,045	-	(1,045)
Group Insurance Workers Compensation	450,000	450,000	511,716	61,716
Insurance Refund	52,000	52,000	136,857	84,857
Probate	25,570	25,570	17,820	(7,750)
New Buildings and Alterations	443,500	443,500	249,056	(194,444)
Plumbing Fees	-	-	29,709	29,709
Electrical Permit Fees	-	-	114,805	114,805

**CITY OF TORRINGTON, CONNECTICUT
GENERAL FUND
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES
BUDGET AND ACTUAL (CONTINUED)
YEAR ENDED JUNE 30, 2022
(NONGAAP BUDGETARY BASIS)**

	Budgeted Amounts		Actual	Positive (Negative)
	Original	Final		
REVENUES (CONTINUED)				
General Government Continued:				
Roofing Permit Fees	\$ -	\$ -	\$ 70,388	\$ 70,388
Sign and Billboard Permits	-	-	813	813
Demolition and Removal	-	-	16,444	16,444
Heating Permit Fees	-	-	59,485	59,485
Certificate of Occupancy	-	-	18,426	18,426
Planning and Zoning Fees	35,000	35,000	23,464	(11,536)
Credit Card Fees	-	-	67	67
Conveyance Tax	632,300	632,300	653,096	20,796
Marriage Licenses and Permits	-	-	6,900	6,900
Copying and Certification Fees	-	-	44,754	44,754
Hunting and Fishing	-	-	4,452	4,452
Notary	-	-	1,840	1,840
Dog Fees	-	-	19,570	19,570
Recording Fees	-	-	258,843	258,843
Vital Statistics	-	-	96,491	96,491
MIRA Fees (Formerly CRRA)	35,000	35,000	39,292	4,292
City Real Estate Revenue	30,000	30,000	93,957	63,957
Miscellaneous	128,500	128,500	211,226	82,726
State Mandated Fees	333,000	333,000	465,461	132,461
Auction Proceeds	-	-	-	-
Total General Government	<u>2,243,915</u>	<u>2,243,915</u>	<u>3,213,495</u>	<u>969,580</u>
Public Safety:				
Parking Authority	85,000	85,000	72,300	(12,700)
Canine - Hotchkiss Trust	2,500	2,500	2,500	-
Fire - Outside Duty	-	-	3,006	3,006
Fire Workers Compensation, Insurance, and Payroll	160,000	160,000	191,281	31,281
Police Tickets and Permits	210,000	210,000	193,007	(16,993)
Police Workers Compensation and Insurance	210,000	210,000	319,455	109,455
Police - Outside Duty	-	-	233,111	233,111
Miscellaneous	25,000	25,000	16,184	(8,816)
Total Public Safety	<u>692,500</u>	<u>692,500</u>	<u>1,030,844</u>	<u>338,344</u>
Public Works:				
Workers Compensation and Insurance	15,000	15,000	74,638	59,638
Engineering	100	100	97	(3)
Street Department Miscellaneous Fees	10,000	10,000	11,232	1,232
Landfill - Tire Income	-	-	1,050	1,050
Miscellaneous Charges	2,000	2,000	3,865	1,865
Recycling Income	200	200	-	(200)
Free-Waste Receptacles	15,000	15,000	14,803	(197)
Total Public Works	<u>42,300</u>	<u>42,300</u>	<u>105,685</u>	<u>63,385</u>
Investment Income	100,000	100,000	99,849	(151)
Recreation:				
Swimming Fees	12,000	12,000	2,121	(9,879)

**CITY OF TORRINGTON, CONNECTICUT
GENERAL FUND
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES
BUDGET AND ACTUAL (CONTINUED)
YEAR ENDED JUNE 30, 2022
(NONGAAP BUDGETARY BASIS)**

	Budgeted Amounts		Actual	Variance - Positive (Negative)
	Original	Final		
REVENUES (CONTINUED)				
Education:				
Workers Compensation and Insurance	\$ 2,000,000	\$ 2,000,000	\$ 2,140,599	\$ 140,599
Miscellaneous	-	-	6,959	6,959
Total Education	2,000,000	2,000,000	2,147,558	147,558
Use of Prior Year Fund Balance	3,100,000	3,100,000	-	(3,100,000)
Total Revenues	133,471,853	133,471,853	131,647,124	(1,824,729)
OTHER FINANCING SOURCES				
Operating Transfer In	2,177,055	2,177,055	2,202,055	25,000
Total Other Financing Sources	2,177,055	2,177,055	2,202,055	25,000
Total Revenues and Other Financing Sources	\$ 135,648,908	\$ 135,648,908	133,849,179	\$ (1,799,729)

Budgetary revenues are different than GAAP revenues because:

State of Connecticut Teachers' Retirement System to Town Teachers pension on-behalf payments are not budgeted.	8,706,824
State of Connecticut Teachers' Retirement System to Town Teachers OPEB on-behalf payments are not budgeted.	204,888
Repayments to the Economic Development fund are eliminated for GAAP purposes	<u>(67,000)</u>

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

\$ 142,693,891

**CITY OF TORRINGTON, CONNECTICUT
GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2022
(NONGAAP BUDGETARY BASIS)**

EXPENDITURES	Budgeted Amounts		Actual	Variance - Positive (Negative)
	Original	Final		
General Government:				
Assessor	\$ 382,405	\$ 372,018	\$ 357,585	\$ 14,433
Board of Assessment	4,400	4,400	1,210	3,190
Boards and Agencies	311,067	316,067	304,731	11,336
Building	365,022	347,701	333,430	14,271
City Real Estate	1,169,689	73,015	61,296	11,719
City Clerk	663,842	668,099	833,137	(165,038)
Comptroller	408,655	414,922	397,025	17,897
Corporate Counsel	163,807	165,920	208,803	(42,883)
Mayor	226,809	229,082	225,940	3,142
Personnel	237,581	241,429	263,517	(22,088)
Planning and Zoning	280,941	281,971	266,691	15,280
Purchasing	122,008	122,185	114,278	7,907
Registrars	176,320	177,911	166,492	11,419
Services for the Elderly	341,443	343,821	323,007	20,814
Treasurer	69,359	69,359	69,078	281
Information Services	977,170	975,783	819,703	156,080
Economic Development	104,272	105,934	103,906	2,028
Probate	44,950	44,950	39,132	5,818
Citywide Services	(1,863,119)	42,302	8,682	33,620
Total General Government	4,186,621	4,996,869	4,897,643	99,226
Public Safety:				
Public Safety Miscellaneous	1,789,339	1,744,339	1,748,348	(4,009)
Emergency Management	35,800	35,800	30,328	5,472
Fire	5,649,967	5,655,309	5,674,155	(18,846)
Fire - Volunteers	65,000	65,000	56,572	8,428
Police	9,540,357	9,481,882	8,999,873	482,009
Animal Control	342,944	345,260	274,678	70,582
Traffic Management	401,185	405,717	397,211	8,506
Total Public Safety	17,824,592	17,733,307	17,181,165	552,142
Public Works:				
Administration	175,642	178,061	160,512	17,549
City Hall	210,424	286,019	273,322	12,697
Engineering	712,959	721,858	633,698	88,160
Landfill	1,569,800	1,569,800	1,503,595	66,205
San Sewer / St Lights	179,000	174,000	188,145	(14,145)
Streets	5,537,290	5,407,221	5,034,955	372,266
Total Public Works	8,385,115	8,336,959	7,794,227	542,732
Public Health and Social Services:				
Health	2,991,484	2,991,484	3,024,258	(32,774)
Employee Benefits and Insurance:				
Insurance	1,572,945	1,542,945	1,526,061	16,884
Pension and Benefits	10,676,320	10,206,404	10,215,737	(9,333)
Total Employee Benefits and Insurance	12,249,265	11,749,349	11,741,798	7,551

**CITY OF TORRINGTON, CONNECTICUT
GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL (CONTINUED)
YEAR ENDED JUNE 30, 2022
(NONGAAP BUDGETARY BASIS)**

	Budgeted Amounts		Actual	Variance - Positive (Negative)
	Original	Final		
EXPENDITURES (CONTINUED)				
Recreation	\$ 484,531	\$ 413,641	\$ 399,458	\$ 14,183
Tax Collector Contract	645,100	645,100	1,124,978	(479,878)
Board of Education	76,932,898	76,932,898	76,377,069	555,829
Second Part Budget: Contingency	214,791	114,791	-	114,791
Debt Service:				
Bond Redemption	3,241,825	3,241,825	3,149,507	92,318
Interest	1,375,727	1,375,727	1,349,125	26,602
Total Debt Service	4,617,552	4,617,552	4,498,632	118,920
Total Expenditures	128,531,949	128,531,950	127,039,228	1,492,722
OTHER FINANCING USES				
Operating Transfers Out:				
Pension	5,022,401	5,022,401	5,022,401	-
OPEB	33,000	33,000	33,000	-
Capital Reserve	293,051	293,050	293,050	-
Capital Projects	947,278	947,278	947,278	-
Bond Issuance Costs	35,209	35,209	35,209	-
Revaluation	41,200	41,200	41,200	-
Vehicle Replacement	602,820	602,820	602,820	-
Brownsfield	67,000	67,000	67,000	-
Bridge Fund	75,000	75,000	75,000	-
Total Other Financing Uses	7,116,959	7,116,958	7,116,958	-
Total Expenditures and Other Financing Sources	\$ 135,648,908	\$ 135,648,908	134,156,186	\$ 1,492,722
Budgetary expenditures are different than GAAP expenditures because:				
State of Connecticut Teachers' Retirement System to Town Teachers pension on-behalf payments are not budgeted.			8,706,824	
State of Connecticut Teachers' Retirement System to Town Teachers OPEB on-behalf payments are not budgeted.			204,888	
Encumbrances for purchases and commitments ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year received for financial reporting purposes.			(1,107,878)	
The City does not budget for accrued payroll services or early retirement settlements at year-end. The accrued liabilities are charged to the subsequent year's budget. These amounts are recorded as a current year expenditure for financial statement purposes.			(575,417)	
The town does not budget for certain interfund transfers			454,763	
Repayments to the Economic Development fund are eliminated for GAAP purposes			(67,000)	
The Town does not budget for the Revaluation Fund expenditures that are consolidated in the general fund for reporting purposes.			(41,200)	
Total Expenditures and Other Financing Sources as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds (Exhibit IV)			\$ 141,731,166	

CITY OF TORRINGTON, CONNECTICUT
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
MUNICIPAL EMPLOYEES
LAST NINE FISCAL YEARS*

	2014	2015	2016	2017	2018	2019	2020	2021	2022
Total Pension Liability:									
Service Cost	\$ 1,202,952	\$ 847,373	\$ 832,714	\$ 903,306	\$ 874,813	\$ 901,057	\$ 780,679	\$ 794,759	\$ 678,900
Interest	3,262,727	3,388,757	3,319,339	3,447,081	3,415,694	3,522,098	3,472,866	3,544,230	3,547,095
Changes of Benefit Terms	-	-	-	-	-	-	-	-	-
Differences Between Expected and Actual Experience	-	(2,700,565)	-	(587,142)	-	(1,408,862)	-	(601,938)	-
Changes of Assumptions	-	(2)	-	63,642	-	1,212,207	-	1,702,734	-
Benefit Payments, Including Refunds of Member Contributions	(2,404,584)	(2,455,752)	(2,436,843)	(2,557,951)	(2,734,956)	(2,963,273)	(3,185,553)	(3,310,705)	(3,501,771)
Net Change in Total Pension Liability	2,061,095	(920,189)	1,715,210	1,268,936	1,555,551	1,263,227	1,067,992	2,129,080	724,224
Total Pension Liability - Beginning	43,480,634	45,541,729	44,621,540	46,336,750	47,605,686	49,161,237	50,424,464	51,492,456	53,621,536
Total Pension Liability - Ending	45,541,729	44,621,540	46,336,750	47,605,686	49,161,237	50,424,464	51,492,456	53,621,536	54,345,760
Plan Fiduciary Net Position:									
Contributions - Employer	1,562,782	2,130,792	1,521,271	1,360,145	1,216,031	1,249,364	1,308,154	1,253,562	1,227,984
Contributions - Member	382,126	362,688	353,195	334,994	311,644	288,210	261,235	246,467	225,897
Net Investment Income	5,031,302	728,798	(256,752)	4,225,538	3,072,208	2,703,655	1,243,092	9,648,548	(6,077,354)
Benefit Payments, Including Refunds of Member Contributions	(2,404,584)	(2,455,752)	(2,436,843)	(2,557,951)	(2,734,956)	(2,963,273)	(3,185,553)	(3,310,705)	(3,501,771)
Administrative Expense	(28,368)	(36,205)	(25,797)	(25,163)	(34,764)	(42,869)	(35,763)	(45,323)	(37,538)
Other	-	-	9,258	(61,594)	-	185	33	-	-
Net Change in Plan Fiduciary Net Position	4,543,258	730,321	(835,668)	3,275,969	1,830,163	1,235,272	(408,802)	7,792,549	(8,162,782)
Plan Fiduciary Net Position - Beginning	30,828,545	35,371,803	36,102,124	35,266,456	38,542,425	40,372,588	41,607,860	41,199,058	48,991,607
Plan Fiduciary Net Position - Ending	35,371,803	36,102,124	35,266,456	38,542,425	40,372,588	41,607,860	41,199,058	48,991,607	40,828,825
Net Pension Liability - Ending	\$ 10,169,926	\$ 8,519,416	\$ 11,070,294	\$ 9,063,261	\$ 8,788,649	\$ 8,816,604	\$ 10,293,398	\$ 4,629,929	\$ 13,516,935
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	77.67%	80.91%	76.11%	80.96%	82.12%	82.52%	80.01%	91.37%	75.13%
Covered Payroll	\$ 7,675,621	\$ 7,508,384	\$ 7,180,419	\$ 6,941,007	\$ 7,149,237	\$ 5,743,293	\$ 5,915,592	\$ 4,846,634	\$ 4,962,953
Net Pension Liability as a Percentage of Covered Payroll	132.50%	113.47%	154.17%	130.58%	122.93%	153.51%	174.00%	95.53%	272.36%

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

CITY OF TORRINGTON, CONNECTICUT
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
POLICE AND FIRE EMPLOYEES
LAST NINE FISCAL YEARS*

	2014	2015	2016	2017	2018	2019	2020	2021	2022
Total Pension Liability:									
Service Cost	\$ 1,723,995	\$ 1,562,617	\$ 1,629,262	\$ 1,777,628	\$ 1,884,618	\$ 1,941,156	\$ 1,906,156	\$ 1,940,534	\$ 1,837,260
Interest	5,749,660	5,915,425	6,279,584	6,453,191	6,835,726	7,049,160	6,942,101	7,142,154	7,253,221
Changes of Benefit Terms	-	-	-	(127,841)	-	-	-	-	-
Differences Between Expected and Actual Experience	-	2,967,870	-	2,581,055	-	(3,641,245)	-	(785,093)	750,000
Changes of Assumptions	-	-	-	3,158,910	-	2,581,740	-	3,431,059	-
Benefit Payments, Including Refunds of Member Contributions	(4,599,662)	(5,622,992)	(5,692,476)	(5,689,529)	(5,723,688)	(5,942,245)	(5,963,189)	(6,086,286)	(7,065,773)
Net Change in Total Pension Liability	2,873,993	4,822,920	2,216,370	8,153,414	2,996,656	1,988,566	2,885,068	5,642,368	2,774,708
Total Pension Liability - Beginning	77,196,399	80,070,392	84,893,312	87,109,682	95,263,096	98,259,752	100,248,318	103,133,386	108,775,754
Total Pension Liability - Ending	80,070,392	84,893,312	87,109,682	95,263,096	98,259,752	100,248,318	103,133,386	108,775,754	111,550,462
Plan Fiduciary Net Position:									
Contributions - Employer	3,397,552	3,926,071	3,795,161	3,599,764	4,128,371	4,139,371	4,283,329	4,291,829	4,292,329
Contributions - Member	701,624	712,134	715,430	709,907	689,105	683,800	677,458	680,921	627,937
Net Investment Income (Loss)	7,807,382	1,178,199	(485,726)	6,165,567	4,395,741	4,019,188	1,899,098	15,345,780	(10,022,443)
Benefit Payments, Including Refunds of Member Contributions	(4,599,662)	(5,622,992)	(5,692,476)	(5,689,529)	(5,723,688)	(5,942,245)	(5,963,189)	(6,086,286)	(7,065,773)
Administrative Expense	(33,907)	(45,702)	(36,760)	(43,794)	(49,604)	(59,216)	(53,425)	(64,465)	(61,403)
Other	-	(1)	13,871	44,709	-	43	158	-	-
Net Change in Plan Fiduciary Net Position	7,272,989	147,709	(1,690,500)	4,786,624	3,439,925	2,840,941	843,429	14,167,779	(12,229,353)
Plan Fiduciary Net Position - Beginning	46,191,617	53,464,606	53,612,315	51,921,815	56,708,439	60,148,364	62,989,305	63,832,734	78,000,513
Plan Fiduciary Net Position - Ending	53,464,606	53,612,315	51,921,815	56,708,439	60,148,364	62,989,305	63,832,734	78,000,513	65,771,160
Net Pension Liability - Ending	\$ 26,605,786	\$ 31,280,997	\$ 35,187,867	\$ 38,554,657	\$ 38,111,388	\$ 37,259,013	\$ 39,300,652	\$ 30,775,241	\$ 45,779,302
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	66.77%	63.15%	59.61%	59.53%	61.21%	62.83%	61.89%	71.71%	58.96%
Covered Payroll	\$ 9,349,008	\$ 10,060,356	\$ 8,797,081	\$ 9,031,565	\$ 9,302,512	\$ 8,407,304	\$ 8,659,523	\$ 8,304,057	\$ 8,503,354
Net Pension Liability as a Percentage of Covered Payroll	284.58%	310.93%	399.99%	426.89%	409.69%	443.17%	453.84%	370.60%	538.37%

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

**CITY OF TORRINGTON, CONNECTICUT
SCHEDULE OF EMPLOYER CONTRIBUTIONS
PENSION PLANS
LAST TEN FISCAL YEARS**

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Municipal Employees:										
Actuarially Determined Contribution	\$ 1,374,634	\$ 1,775,712	\$ 1,756,607	\$ 1,349,133	\$ 1,185,738	\$ 1,195,733	\$ 1,195,733	\$ 1,241,462	\$ 1,241,462	\$ 1,318,830
Contributions in Relation to the Actuarially Determined Contribution	1,447,879	1,562,782	2,130,792	1,521,271	1,360,145	1,216,031	1,249,364	1,308,154	1,253,562	1,227,984
Contribution Deficiency (Excess)	<u>\$ (73,245)</u>	<u>\$ 212,930</u>	<u>\$ (374,185)</u>	<u>\$ (172,138)</u>	<u>\$ (174,407)</u>	<u>\$ (20,298)</u>	<u>\$ (53,631)</u>	<u>\$ (66,692)</u>	<u>\$ (12,100)</u>	<u>\$ 90,846</u>
Covered Payroll	\$ 8,481,377	\$ 7,675,621	\$ 7,675,621	\$ 7,180,419	\$ 6,941,007	\$ 7,149,237	\$ 5,743,293	\$ 5,915,592	\$ 4,846,634	\$ 4,962,953
Contributions as a Percentage of Covered Payroll	17.07%	20.36%	27.76%	21.19%	19.60%	17.01%	21.75%	22.11%	25.86%	24.74%
Police and Firemen:										
Actuarially Determined Contribution	\$ 3,357,655	\$ 3,827,288	\$ 3,861,898	\$ 3,690,619	\$ 3,452,634	\$ 4,124,871	\$ 4,124,871	\$ 4,279,729	\$ 4,279,729	\$ 4,534,125
Contributions in Relation to the Actuarially Determined Contribution	3,322,432	3,397,552	3,926,071	3,795,161	3,599,764	4,128,371	4,139,371	4,283,329	4,291,829	4,292,329
Contribution Deficiency (Excess)	<u>\$ 35,223</u>	<u>\$ 429,736</u>	<u>\$ (64,173)</u>	<u>\$ (104,542)</u>	<u>\$ (147,130)</u>	<u>\$ (3,500)</u>	<u>\$ (14,500)</u>	<u>\$ (3,600)</u>	<u>\$ (12,100)</u>	<u>\$ 241,796</u>
Covered Payroll	\$ 10,061,083	\$ 9,349,008	\$ 9,349,008	\$ 8,797,081	\$ 9,031,565	\$ 9,302,512	\$ 8,407,304	\$ 8,659,523	\$ 8,304,057	\$ 8,503,354
Contributions as a Percentage of Covered Payroll	33.02%	36.34%	41.99%	43.14%	39.86%	44.38%	49.24%	49.46%	51.68%	50.48%

Notes to Schedule:

Valuation Date: July 1, 2020
 Measurement Date: June 30, 2022
 Actuarially determined contribution rates are calculated as of June 30, two years prior to the beginning of the plan year.

Methods and Assumptions Used to Determine

Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Closed Level Dollar Period of 22 Years as of July 1,2020
Asset Valuation Method	4-Year Smoothed Market
Inflation	2.40% (Prior 2.60%)
Investment Rate of Return	6.75% (Prior 7.00%)
Mortality	Pub-2010 Public Retirement Plans Amount-Weighted Mortality Tables with separate tables for Public Safety, projected to the valuation date with Scale MP-2020. Prior (RP-2014 Adjusted to 2006 Total dataset Mortality Table projected to valuation date with Scale MP-2018)

**CITY OF TORRINGTON, CONNECTICUT
SCHEDULE OF INVESTMENT RETURNS
PENSION PLANS
LAST NINE FISCAL YEARS***

	2014	2015	2016	2017	2018	2019	2020	2021	2022
Municipal Employees:									
Annual Money-Weighted Rate of Return, Net of Investment Expense	16.43%	2.06%	-0.72%	11.84%	7.95%	6.73%	3.01%	23.65%	-12.55%
Police and Firemen:									
Annual Money-Weighted Rate of Return, Net of Investment Expense	16.42%	2.22%	-0.92%	11.80%	7.53%	6.53%	2.94%	23.50%	-12.69%

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

**CITY OF TORRINGTON, CONNECTICUT
SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
TEACHERS RETIREMENT PLAN
LAST EIGHT FISCAL YEARS***

	2015	2016	2017	2018	2019	2020	2021	2022
City's Proportion of the Net Pension Liability	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
City's Proportionate Share of the Net Pension Liability	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State's Proportionate Share of the Net Pension Liability Associated with the Town	<u>74,613,949</u>	<u>80,724,853</u>	<u>107,322,905</u>	<u>101,727,133</u>	<u>93,038,640</u>	<u>120,663,593</u>	<u>131,289,024</u>	<u>103,982,020</u>
Total	<u>\$ 74,613,949</u>	<u>\$ 80,724,853</u>	<u>\$ 107,322,905</u>	<u>\$ 101,727,133</u>	<u>\$ 93,038,640</u>	<u>\$ 120,663,593</u>	<u>\$ 131,289,024</u>	<u>\$ 103,982,020</u>
City's Covered Payroll	N/A	N/A	N/A	N/A	\$ 27,348,514	\$ 27,797,537	\$ 27,227,621	\$ 15,419,105
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	61.51%	59.50%	52.26%	55.69%	57.69%	52.00%	49.24%	60.77%

Notes to Schedule:

Changes in Benefit Terms	None
Changes of Assumptions	None
Actuarial Cost Method	Entry Age
Amortization Method	Level Percent of Pay, Closed, Grading to a level dollar amortization method for the June 30, 2024 valuation.
Single Equivalent Amortization Period	30 Years
Asset Valuation Method	4-Year Smoothed Market
Inflation	2.50%
Salary Increase	3.25%-6.50%, Including Inflation
Investment Rate of Return	6.90%, Net of Investment Related Expense

Notes:

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

**CITY OF TORRINGTON, CONNECTICUT
 SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
 TEACHERS RETIREMENT PLAN
 LAST FIVE FISCAL YEARS***

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
City's Proportion of the Net OPEB Liability	0.00%	0.00%	0.00%	0.00%	0.00%
City's Proportionate Share of the Net OPEB Liability	\$ -	\$ -	\$ -	\$ -	\$ -
State's Proportionate Share of the Net OPEB Liability Associated with the Town	<u>26,183,415</u>	<u>18,599,006</u>	<u>18,818,169</u>	<u>19,581,763</u>	<u>11,328,651</u>
Total	<u>\$ 26,183,415</u>	<u>\$ 18,599,006</u>	<u>\$ 18,818,169</u>	<u>\$ 19,581,763</u>	<u>\$ 11,328,651</u>
City's Covered Payroll	N/A	\$ 27,348,514	\$ 27,797,537	\$ 27,227,621	\$ 15,419,105
City's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	0.00%	0.00%	0.00%	0.00%	0.00%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	1.79%	1.49%	2.08%	2.50%	6.11%

Notes to Schedule:

Changes in Benefit Terms	None
Changes of Assumptions	Based on the procedure described in GASB 75, the discount rate used to measure plan obligations for financial accounting purposes as of June 30, 2021, was updated to equal the Municipal Bond Index Rate as of June 30, 2021; Expected annual per capita claims costs were updated to reflect anticipated medical and prescription drug claim experience based on scheduled premium increases through calendar year 2024.
Actuarial Cost Method	Entry Age
Amortization Method	Level Percent of Payroll Over an Open Period
Remaining Amortization Period	30 Years
Asset Valuation Method	Market Value of Assets
Investment Rate of Return	3.00%, Net of Investment Related Expense Including Price Inflation
Price Inflation	2.75%

Notes:

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

CITY OF TORRINGTON, CONNECTICUT
SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS
OPEB PLAN
LAST SIX FISCAL YEARS*

	2017	2018	2019	2020	2021	2022
Total OPEB Liability:						
Service Cost	\$ 4,889,457	\$ 5,121,706	\$ 4,880,939	\$ 5,207,268	\$ 7,448,109	\$ 6,338,407
Interest	4,190,877	4,379,890	4,763,139	4,001,254	3,232,240	3,184,353
Changes of Benefit Terms	-	-	-	-	(1,771,701)	-
Differences Between Expected and Actual Experience	391,596	(347,698)	(12,098,577)	1,303,315	(9,673,577)	(246,761)
Changes of Assumptions	-	(6,435,473)	(1,674,380)	24,681,957	7,649,628	(25,990,014)
Benefit Payments, Including Refunds of Member Contributions	(4,379,819)	(3,834,905)	(5,259,669)	(5,296,369)	(5,036,041)	(4,171,683)
Net Change In Total OPEB Liability	5,092,111	(1,116,480)	(9,388,548)	29,897,425	1,848,658	(20,885,698)
Total OPEB Liability - Beginning	116,826,856	121,918,967	120,802,487	111,413,939	141,311,364	143,160,022
Total OPEB Liability - Ending	121,918,967	120,802,487	111,413,939	141,311,364	143,160,022	122,274,324
Plan Fiduciary Net Position:						
Contributions - Employer	4,306,115	3,767,666	5,389,188	5,434,152	5,191,595	4,254,811
Contributions - TRB Subsidy	123,704	117,239	120,481	112,217	99,446	149,872
Net Investment Income	1,417	4,533	19,888	32,499	218,093	(161,865)
Benefit Payments, Including Refunds of Member Contributions	(4,379,819)	(3,834,905)	(5,259,669)	(5,296,369)	(5,036,041)	(4,171,683)
Administrative Expense	-	(48)	(217)	(385)	(564)	(635)
Net Change In Plan Fiduciary Net Position	51,417	54,485	269,671	282,114	472,529	70,500
Plan Fiduciary Net Position - Beginning	-	51,417	105,902	375,573	657,687	1,130,216
Plan Fiduciary Net Position - Ending	51,417	105,902	375,573	657,687	1,130,216	1,200,716
Net OPEB Liability - Ending	<u>\$ 121,867,550</u>	<u>\$ 120,696,585</u>	<u>\$ 111,038,366</u>	<u>\$ 140,653,677</u>	<u>\$ 142,029,806</u>	<u>\$ 121,073,608</u>
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	0.04%	0.09%	0.34%	0.47%	0.79%	0.98%
Covered-Employee Payroll	\$ 53,620,900	\$ 56,167,900	\$ 51,432,973	\$ 53,798,890	\$ 55,173,814	\$ 57,601,462
Net OPEB Liability as a Percentage of Covered-Employee Payroll	227.28%	214.89%	215.89%	261.44%	257.42%	210.19%

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

**CITY OF TORRINGTON, CONNECTICUT
SCHEDULE OF EMPLOYER CONTRIBUTIONS
OPEB PLAN
LAST TEN FISCAL YEARS**

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Actuarially Determined Contribution	\$ 7,603,000	\$ 7,999,900	\$ 8,175,400	\$ 10,828,600	\$ 11,094,900	\$ 11,455,900	\$ 11,703,600	\$ 7,896,308	\$ 8,011,648	\$ 8,370,081
Contributions in Relation to the Actuarially Determined Contribution	3,278,900	2,962,800	3,460,800	3,283,900	4,306,115	3,767,666	5,389,188	5,434,152	5,191,595	4,254,811
Contribution Deficiency (Excess)	<u>\$ 4,324,100</u>	<u>\$ 5,037,100</u>	<u>\$ 4,714,600</u>	<u>\$ 7,544,700</u>	<u>\$ 6,788,785</u>	<u>\$ 7,688,234</u>	<u>\$ 6,314,412</u>	<u>\$ 2,462,156</u>	<u>\$ 2,820,053</u>	<u>\$ 4,115,270</u>
Covered-Employee Payroll	N/A	N/A	N/A	N/A	\$ 53,620,900	\$ 56,167,900	\$ 51,432,973	\$ 53,798,890	\$ 55,173,814	\$ 57,601,462
Contributions as a Percentage of Covered-Employee Payroll	0.00%	0.00%	0.00%	0.00%	8.03%	6.71%	10.48%	10.10%	9.41%	7.39%

Notes to Schedule:

Valuation Date	July 1, 2020
Measurement Date	June 30, 2022
Changes in Benefit Terms	None
Changes of Assumptions	Since the last actuarial valuation inflation, payroll growth, investment rate of return, and health care rates were adjusted as disclosed below. Mortality tables were also updated.
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percent of Salary, Open
Amortization Period	30 Years
Inflation	2.40% (Prior 2.60%)
Payroll Growth	4.40% (Prior 4.60%)
Investment Rate of Return	3.54% (Prior 2.16%)
Health Care Costs Trends	Medical: 6.50% for 2020, decreasing 0.20% per year, to an ultimate rate of 4.40% for 2031 and later. Dental: 4.0% (prior 7.00% in 2016 reducing by .5% each year to a find 4.60% per year for 2023 and later)
Retirement Age	25 Years of Service with Varying Retirement Rates
Postretirement Mortality	City and Board of Education Noncertified: Pub-2010 Public Retirement Plans Amount-Weighted Mortality Tables for General Employees, projected to the valuation date with Scale MP-2020. Police and Fire: Pub-2010 Public Retirement Plans Amount-Weighted Mortality Tables for Safety Employees projected to the valuation date with Scale MP-2020. Board of Education Certified and Administrators: Pub-2010 Public Retirement Plans Amount-Weighted Mortality Tables for Teachers, projected to the valuation date with Scale MP-2020. (prior RP-2014 Adjusted to 2006 Total Dataset projected to valuation date with the Scale MP-2018)

**CITY OF TORRINGTON, CONNECTICUT
SCHEDULE OF INVESTMENT RETURNS
OPEB PLAN
LAST SIX FISCAL YEARS***

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Annual Money-Weighted Rate of Return, Net of Investment Expense	2.83%	7.16%	5.95%	5.38%	25.18%	-14.32%

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

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

**CITY OF TORRINGTON, CONNECTICUT
GENERAL FUND
REPORT OF TAX COLLECTOR
YEAR ENDED JUNE 30, 2022**

Total Rate Bill on Grant List on October 1, 2020	\$ 95,352,297
ADD	
Supplemental Motor Vehicle Tax	<u>1,869,631</u>
Total Received from Tax Collector During the Year Ended June 30, 2022	97,221,928
DEDUCT	
Lawful Corrections and Abatements	<u>-</u>
Net Revenues from Taxation	<u><u>\$ 97,221,928</u></u>

**CITY OF TORRINGTON, CONNECTICUT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2022**

	Special Revenue Funds				
	National School Lunch Program	Nutrition Program	Town Aid Road	Small Cities Block Grants	Federal and State Educational Grants
ASSETS					
Cash	\$ 559,601	\$ 40,007	\$ 1,618,505	\$ 353,986	\$ 2,597,323
Receivables:					-
Loans	-	-	-	2,677,235	-
Intergovernmental	851,478	350,667	-	-	25,661
Other	-	-	-	13,217	-
Due from Other Funds	-	-	-	-	-
Supplies	13,997	-	-	-	-
Total Assets	\$ 1,425,076	\$ 390,674	\$ 1,618,505	\$ 3,044,438	\$ 2,622,984
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
LIABILITIES					
Accounts Payable and Accrued Liabilities	\$ -	\$ 37,558	\$ -	\$ 15,453	\$ 649,137
Due to Other Funds	-	-	-	-	-
Unearned Revenue	-	-	-	-	1,931,966
Total Liabilities	-	37,558	-	15,453	2,581,103
DEFERRED INFLOWS OF RESOURCES					
Unavailable Revenue - Grants Receivable	-	-	-	-	-
FUND BALANCES					
Nonspendable	13,997	-	-	-	-
Restricted	1,411,079	353,116	1,618,505	3,028,985	41,881
Committed	-	-	-	-	-
Unassigned	-	-	-	-	-
Total Fund Balances	1,425,076	353,116	1,618,505	3,028,985	41,881
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 1,425,076	\$ 390,674	\$ 1,618,505	\$ 3,044,438	\$ 2,622,984

**CITY OF TORRINGTON, CONNECTICUT
COMBINING BALANCE SHEET (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2022**

	Special Revenue Funds				
	COE Memorial Park	Elderly and Social Services	Culture and Recreation	Public Works	Public Safety
ASSETS					
Cash	\$ 1,176,981	\$ 216,125	\$ 162,851	\$ 1,801,408	\$ -
Receivables:					
Loans	-	-	38,500	-	-
Intergovernmental	-	-	-	-	12,712
Other	-	33,496	-	-	288,847
Advance from other funds	-	-	-	-	-
Supplies	-	-	-	-	-
	<u>\$ 1,176,981</u>	<u>\$ 249,621</u>	<u>\$ 201,351</u>	<u>\$ 1,801,408</u>	<u>\$ 301,559</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
LIABILITIES					
Accounts Payable and Accrued Liabilities	\$ 9,172	\$ 25,014	\$ 20,606	\$ 149,068	\$ -
Due to Other Funds	-	-	-	-	145,945
Unearned Revenue	-	965	5	1,168,423	238
Total Liabilities	<u>9,172</u>	<u>25,979</u>	<u>20,611</u>	<u>1,317,491</u>	<u>146,183</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable Revenue - Grants Receivable	-	-	-	-	-
FUND BALANCES					
Nonspendable	-	-	-	-	-
Restricted	-	-	-	-	-
Committed	1,167,809	223,642	180,740	483,917	155,376
Unassigned	-	-	-	-	-
Total Fund Balances	<u>1,167,809</u>	<u>223,642</u>	<u>180,740</u>	<u>483,917</u>	<u>155,376</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 1,176,981</u>	<u>\$ 249,621</u>	<u>\$ 201,351</u>	<u>\$ 1,801,408</u>	<u>\$ 301,559</u>

**CITY OF TORRINGTON, CONNECTICUT
COMBINING BALANCE SHEET (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2022**

	Special Revenue Funds			Capital Projects		
	Economic Development	Other Special Revenue Funds	COVID-19 Grants	Sanitary Sewer Capital Improvement Program	Vehicle Replacement Fund	Capital Reserve Fund
ASSETS						
Cash	\$ -	\$ 1,197,604	\$ -	\$ 4,289,447	\$ 792,053	\$ 3,347,947
Receivables:						
Loans	-	-	-	-	-	-
Intergovernmental	46,052	-	-	-	-	-
Other	-	-	-	52,904	-	-
Advance from other funds	655,763	-	-	-	-	-
Supplies	-	-	-	-	-	-
Total Assets	\$ 701,815	\$ 1,197,604	\$ -	\$ 4,342,351	\$ 792,053	\$ 3,347,947
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES						
LIABILITIES						
Accounts Payable and Accrued Liabilities	\$ 20,474	\$ 4,270	\$ -	\$ 75,996	\$ -	\$ 42,950
Due to Other Funds	13,586	-	-	-	-	-
Unearned Revenue	28,327	6,448	-	52,904	-	-
Total Liabilities	62,387	10,718	-	128,900	-	42,950
DEFERRED INFLOWS OF RESOURCES						
Unavailable Revenue - Grants Receivable	-	-	-	-	-	-
FUND BALANCES						
Nonspendable	-	-	-	-	-	-
Restricted	655,763	-	-	-	-	-
Committed	-	1,186,886	-	4,213,451	792,053	3,304,997
Unassigned	(16,335)	-	-	-	-	-
Total Fund Balances	639,428	1,186,886	-	4,213,451	792,053	3,304,997
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 701,815	\$ 1,197,604	\$ -	\$ 4,342,351	\$ 792,053	\$ 3,347,947

**CITY OF TORRINGTON, CONNECTICUT
COMBINING BALANCE SHEET (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2022**

ASSETS	BOE Capital Reserve	Other Capital Projects	Permanent Fund Captain Bessie	Interfund Eliminations	Total Nonmajor Governmental Funds
Cash	\$ 1,191,305	\$ 1,870,896	\$ 4,883		\$ 21,220,922
Receivables:					
Loans	-	-	-	-	2,715,735
Intergovernmental	9,650	1,004,545	-	-	2,300,765
Other	-	-	-	-	388,464
Advance from other funds	-	-	-	-	655,763
Supplies	-	-	-	-	13,997
Total Assets	\$ 1,200,955	\$ 2,875,441	\$ 4,883	\$ -	\$ 27,295,646
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
LIABILITIES					
Accounts Payable and Accrued Liabilities	\$ -	\$ 70,583	\$ -	\$ -	\$ 1,120,281
Due to Other Funds	-	77,850	-	-	237,381
Unearned Revenue	-	8,920	-	-	3,198,196
Total Liabilities	-	157,353	-	-	4,555,858
DEFERRED INFLOWS OF RESOURCES					
Unavailable Revenue - Grants Receivable	-	1,004,528	-	-	1,004,528
FUND BALANCES					
Nonspendable	-	-	-	-	13,997
Restricted	-	-	4,883	-	7,114,212
Committed	1,200,955	1,713,560	-	-	14,623,386
Unassigned	-	-	-	-	(16,335)
Total Fund Balances	1,200,955	1,713,560	4,883	-	21,735,260
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 1,200,955	\$ 2,875,441	\$ 4,883	\$ -	\$ 27,295,646

**CITY OF TORRINGTON, CONNECTICUT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2022**

	Special Revenue Funds				
	National School Lunch Program	Nutrition Program	Town Aid Road	Small Cities Block Grants	Federal and State Educational Grants
REVENUES					
Charges for Services	\$ 76,164	\$ 262,978	\$ -	\$ 222,187	9,863
Intergovernmental	3,342,127	1,000,121	453,580	9,925	12,392,894
Investment Income	-	-	-	-	-
Other Revenues	-	18,700	-	-	-
Total Revenues	<u>3,418,291</u>	<u>1,281,799</u>	<u>453,580</u>	<u>232,112</u>	<u>12,402,757</u>
EXPENDITURES					
General Government	-	-	-	288,637	-
Public Safety	-	-	-	-	-
Public Works	-	-	-	-	-
Public Health and Social Services	-	1,255,143	-	-	-
Recreation	-	-	-	-	-
Education	2,641,036	-	-	-	12,360,031
Capital Outlay	-	-	-	-	-
Total Expenditures	<u>2,641,036</u>	<u>1,255,143</u>	<u>-</u>	<u>288,637</u>	<u>12,360,031</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	777,255	26,656	453,580	(56,525)	42,726
OTHER FINANCING SOURCES (USES)					
Premium on Bonds Issued	-	-	-	-	-
Transfers In	-	3,316	-	-	-
Transfers Out	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>3,316</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	777,255	29,972	453,580	(56,525)	42,726
Fund Balances - Beginning of Year	<u>647,821</u>	<u>323,144</u>	<u>1,164,925</u>	<u>3,085,510</u>	<u>(845)</u>
FUND BALANCES - END OF YEAR	<u>\$ 1,425,076</u>	<u>\$ 353,116</u>	<u>\$ 1,618,505</u>	<u>\$ 3,028,985</u>	<u>\$ 41,881</u>

**CITY OF TORRINGTON, CONNECTICUT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2022**

	Special Revenue Funds				
	COE Memorial Park	Elderly and Social Services	Culture and Recreation	Public Works	Public Safety
REVENUES					
Charges for Services	\$ 175,608	\$ 225,299	\$ 129,704	\$ -	1,791,068
Intergovernmental	207,643	407,978	33,368	218,376	209,350
Investment Income	-	-	-	-	1
Other Revenues	-	-	-	-	4,639
Total Revenues	<u>383,251</u>	<u>633,277</u>	<u>163,072</u>	<u>218,376</u>	<u>2,005,058</u>
EXPENDITURES					
General Government	-	259,785	28,842	-	4,639
Public Safety	172,535	-	-	-	1,240,854
Public Works	-	-	-	188,980	-
Public Health and Social Services	-	336,037	-	-	-
Recreation	-	-	150,451	-	-
Education	-	-	-	-	-
Capital Outlay	-	-	-	-	-
Total Expenditures	<u>172,535</u>	<u>595,822</u>	<u>179,293</u>	<u>188,980</u>	<u>1,245,493</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	210,716	37,455	(16,221)	29,396	759,565
OTHER FINANCING SOURCES (USES)					
Premium on Bonds Issued	-	-	-	-	-
Transfers In	-	-	-	-	-
Transfers Out	-	(2,824)	-	-	(639,089)
Total Other Financing Sources (Uses)	<u>-</u>	<u>(2,824)</u>	<u>-</u>	<u>-</u>	<u>(639,089)</u>
NET CHANGE IN FUND BALANCES	210,716	34,631	(16,221)	29,396	120,476
Fund Balances - Beginning of Year	<u>957,093</u>	<u>189,011</u>	<u>196,961</u>	<u>454,521</u>	<u>34,900</u>
FUND BALANCES - END OF YEAR	<u>\$ 1,167,809</u>	<u>\$ 223,642</u>	<u>\$ 180,740</u>	<u>\$ 483,917</u>	<u>\$ 155,376</u>

**CITY OF TORRINGTON, CONNECTICUT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2022**

	Special Revenue Funds			Capital Projects		
	Economic Development	Other Special Revenue Funds	COVID-19 Grants	Sanitary Sewer Capital Improvement Program	Vehicle Replacement Fund	Capital Reserves Fund
REVENUES						
Charges for Services	\$ -	\$ 447,400	\$ -	\$ -	\$ -	\$ -
Intergovernmental	147,144	300,003	107,263	204,253	5,653	88,537
Investment Income	-	-	-	-	-	-
Other Revenues	-	34,507	-	-	42,831	-
Total Revenues	<u>147,144</u>	<u>781,910</u>	<u>107,263</u>	<u>204,253</u>	<u>48,484</u>	<u>88,537</u>
EXPENDITURES						
General Government	165,504	220,232	107,263	-	-	-
Public Safety	-	3,032	-	-	-	-
Public Works	-	186	-	-	-	-
Public Health and Social Services	-	-	-	-	-	-
Recreation	-	13,634	-	-	-	-
Education	-	385,820	-	-	-	-
Capital Outlay	-	-	-	339,626	1,104,033	310,552
Total Expenditures	<u>165,504</u>	<u>622,904</u>	<u>107,263</u>	<u>339,626</u>	<u>1,104,033</u>	<u>310,552</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(18,360)	159,006	-	(135,373)	(1,055,549)	(222,015)
OTHER FINANCING SOURCES (USES)						
Premium on Bonds Issued	-	-	-	-	-	-
Transfers In	454,763	328	-	309,011	806,034	606,492
Transfers Out	-	(820)	-	-	-	-
Total Other Financing Sources (Uses)	<u>454,763</u>	<u>(492)</u>	<u>-</u>	<u>309,011</u>	<u>806,034</u>	<u>606,492</u>
NET CHANGE IN FUND BALANCES	436,403	158,514	-	173,638	(249,515)	384,477
Fund Balances - Beginning of Year	<u>203,025</u>	<u>1,028,372</u>	<u>-</u>	<u>4,039,813</u>	<u>1,041,568</u>	<u>2,920,520</u>
FUND BALANCES - END OF YEAR	<u>\$ 639,428</u>	<u>\$ 1,186,886</u>	<u>\$ -</u>	<u>\$ 4,213,451</u>	<u>\$ 792,053</u>	<u>\$ 3,304,997</u>

**CITY OF TORRINGTON, CONNECTICUT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2022**

	BOE Capital Reserve	Other Capital Projects	Permanent Fund Captain Bessie	Interfund Eliminations	Total Nonmajor Governmental Funds
REVENUES					
Charges for Services	\$ -	\$ -	\$ -	\$ -	\$ 3,340,271
Intergovernmental	354,799	651,895	-	-	20,134,909
Investment Income	-	-	-	-	1
Other Revenues	200,000	-	-	-	300,677
Total Revenues	<u>554,799</u>	<u>651,895</u>	<u>-</u>	<u>-</u>	<u>23,775,858</u>
EXPENDITURES					
General Government	-	-	-	-	1,074,902
Public Safety	-	-	-	-	1,416,421
Public Works	-	-	-	-	189,166
Public Health and Social Services	-	-	-	-	1,591,180
Recreation	-	-	-	-	164,085
Education	-	-	-	-	15,386,887
Capital Outlay	48,699	357,050	-	-	2,159,960
Total Expenditures	<u>48,699</u>	<u>357,050</u>	<u>-</u>	<u>-</u>	<u>21,982,601</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	506,100	294,845	-	-	1,793,257
OTHER FINANCING SOURCES (USES)					
Premium on Bonds Issued	-	467,817	-	-	467,817
Transfers In	744,000	403,260	-	(410,072)	2,917,132
Transfers Out	-	(177,055)	-	410,072	(409,716)
Total Other Financing Sources (Uses)	<u>744,000</u>	<u>694,022</u>	<u>-</u>	<u>-</u>	<u>2,975,233</u>
NET CHANGE IN FUND BALANCES	1,250,100	988,867	-	-	4,768,490
Fund Balances - Beginning of Year	<u>(49,145)</u>	<u>724,693</u>	<u>4,883</u>	<u>-</u>	<u>16,966,770</u>
FUND BALANCES - END OF YEAR	<u>\$ 1,200,955</u>	<u>\$ 1,713,560</u>	<u>\$ 4,883</u>	<u>\$ -</u>	<u>\$ 21,735,260</u>

**CITY OF TORRINGTON, CONNECTICUT
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
JUNE 30, 2022**

	Self- Insurance Fund	Maintenance Fund	Total
ASSETS			
Cash and Cash Equivalents	\$ 13,710,447	\$ -	\$ 13,710,447
Prepays	479,000	-	479,000
Receivables, Net	410,232	54,517	464,749
Total Assets	<u>14,599,679</u>	<u>54,517</u>	<u>14,654,196</u>
LIABILITIES			
Current Liabilities:			
Accounts and Other Payables	1,655,344	21,309	1,676,653
Due to Other Funds	200,000	321,473	521,473
Total Liabilities	<u>1,855,344</u>	<u>342,782</u>	<u>2,198,126</u>
NET POSITION			
Unrestricted	<u>12,744,335</u>	<u>(288,265)</u>	<u>12,456,070</u>
Total Net Position	<u>\$ 12,744,335</u>	<u>\$ (288,265)</u>	<u>\$ 12,456,070</u>

CITY OF TORRINGTON, CONNECTICUT
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
INTERNAL SERVICE FUNDS
YEAR ENDED JUNE 30, 2022

	Self- Insurance Fund	Maintenance Fund	Total
OPERATING REVENUES			
Charges for Services	\$ 23,543,946	\$ 1,662,558	\$ 25,206,504
Other	1,507,464	-	1,507,464
Total Operating Revenues	<u>25,051,410</u>	<u>1,662,558</u>	<u>26,713,968</u>
OPERATING EXPENSES			
Payroll and Employee Benefits	-	948,622	948,622
Repairs and Maintenance	-	170,276	170,276
Materials and Supplies	-	35,166	35,166
Utilities	-	315,139	315,139
Other Operating Expense	-	156,767	156,767
Insurance and Program Services	20,527,875	11,990	20,539,865
Total Operating Expenses	<u>20,527,875</u>	<u>1,637,960</u>	<u>22,165,835</u>
OPERATING INCOME	4,523,535	24,598	4,548,133
NONOPERATING REVENUE			
Interest Expense:			
Income on Investments	<u>(584)</u>	<u>-</u>	<u>(584)</u>
INCOME BEFORE TRANSFERS	4,522,951	24,598	4,547,549
TRANSFERS			
Transfers Out	<u>(2,000,000)</u>	<u>-</u>	<u>(2,000,000)</u>
CHANGE IN NET POSITION	2,522,951	24,598	2,547,549
Net Position - Beginning of Year	<u>10,221,384</u>	<u>(312,863)</u>	<u>9,908,521</u>
NET POSITION - END OF YEAR	<u>\$ 12,744,335</u>	<u>\$ (288,265)</u>	<u>\$ 12,456,070</u>

**CITY OF TORRINGTON, CONNECTICUT
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
YEAR ENDED JUNE 30, 2022**

	Self- Insurance Fund	Maintenance Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash Received from Customers	\$ 25,051,410	\$ 1,617,055	\$ 26,668,465
Cash Payments for Insurance Claims and Premiums	<u>(20,346,570)</u>	<u>(1,617,055)</u>	<u>(21,963,625)</u>
Net Cash Provided by Operating Activities	4,704,840	-	4,704,840
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers from (to) Other Funds, Net	<u>(2,000,000)</u>	-	<u>(2,000,000)</u>
Net Cash Used by Noncapital Financing Activities	(2,000,000)	-	(2,000,000)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest Received on Investments	<u>(584)</u>	-	<u>(584)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	2,704,256	-	2,704,256
Cash and Cash Equivalents - Beginning of Year	<u>11,006,191</u>	-	<u>11,006,191</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 13,710,447</u>	<u>\$ -</u>	<u>\$ 13,710,447</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES			
Operating Income (Loss)	\$ 4,523,535	\$ 24,598	\$ 4,548,133
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
(Increase) Decrease in Accounts Receivables	(407,845)	(45,503)	(453,348)
(Increase) Decrease in Prepaid Expenses	6,000	-	6,000
Increase (Decrease) in Accounts Payable	102,056	(19,474)	82,582
(Increase) Decrease in Due From Other Funds	281,094	-	281,094
Increase (Decrease) in Due to Other Funds	200,000	40,379	240,379
Net Cash Provided by Operating Activities	<u>\$ 4,704,840</u>	<u>\$ -</u>	<u>\$ 4,704,840</u>

CITY OF TORRINGTON, CONNECTICUT
SCHEDULE OF DEBT LIMITATION
JUNE 30, 2022
(IN THOUSANDS)

Total Cash Collections for the Year Ended June 30, 2021:	
Taxes, Interest, and Lien Fees	\$ 94,828
Reimbursement for Revenue Loss on:	
Tax Relief for Elderly - Elderly Freeze	<u>-</u>
Base	<u><u>\$ 94,828</u></u>

	General Purpose	Schools	Sewers	Urban Renewal	Pension Deficit
Debt Limitations:					
2-1/4 Times Base	\$ 213,363	\$ -	\$ -	\$ -	\$ -
4-1/2 Times Base	-	426,726	-	-	-
3-3/4 Times Base	-	-	355,605	-	-
3-1/4 Times Base	-	-	-	308,191	-
3 Times Base	-	-	-	-	284,484
Total Debt Limitation	<u>213,363</u>	<u>426,726</u>	<u>355,605</u>	<u>308,191</u>	<u>284,484</u>
Indebtedness:					
Bonds Payable	28,738	3,117	-	-	-
Clean Water Fund Loans	-	-	47,809	-	-
Bonds Authorized and Unissued	14,150	59,566	7,993	-	-
Total Indebtedness	<u>42,888</u>	<u>62,683</u>	<u>55,802</u>	<u>-</u>	<u>-</u>
Debt Limitation in Excess of Outstanding and Authorized Debt	<u><u>\$ 170,475</u></u>	<u><u>\$ 364,043</u></u>	<u><u>\$ 299,803</u></u>	<u><u>\$ 308,191</u></u>	<u><u>\$ 284,484</u></u>

Note: In no case shall total debt service exceed seven times annual receipts from taxation. \$ (663,796)

APPENDIX B – FORM OF OPINION OF BOND COUNSEL – THE BONDS

March __, 2024

City of Torrington
140 Main Street
Torrington, CT 06790

We have acted as Bond Counsel in connection with the issuance by the City of Torrington, Connecticut (the “City”), of its \$14,000,000 General Obligation Bonds, Issue of 2024 (the “Bonds”) dated March __, 2024. In such capacity, we have examined a record of proceedings of the City authorizing the Bonds, a Tax Regulatory Agreement of the City 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 City payable as to both principal and interest from ad valorem taxes which may be levied on all taxable property subject to taxation by the City 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 City and was duly authorized by the City.

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 (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 City has made covenants and representations designed to assure compliance with such requirements of the Code. The City 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 City with the covenants set forth in the Agreement as to such tax matters.

In our opinion, under existing statutes and court decisions, (i) interest on the Bonds is excluded from gross income for federal income tax purposes; and (ii) such interest is not an item of tax preference for purposes of the federal alternative minimum tax; however, such interest is taken into account in determining the annual adjusted financial statement income of certain corporations for the purpose of computing the alternative minimum tax imposed on corporations. 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 OPINION OF BOND COUNSEL – THE NOTES

March __, 2024

City of Torrington
140 Main Street
Torrington, CT 06790

We have acted as Bond Counsel in connection with the issuance by the City of Torrington, Connecticut (the “City”), of its \$34,350,000 General Obligation Bond Anticipation Notes (the “Notes”) dated March __, 2024. In such capacity, we have examined a record of proceedings of the City authorizing the Notes, a Tax Regulatory Agreement of the City 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 Notes are duly certified by U.S. Bank Trust Company, National Association, the Notes will be valid and legally binding general obligations of the City payable as to both principal and interest from ad valorem taxes which may be levied on all taxable property subject to taxation by the City 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 City and was duly authorized by the City.

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

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

In our opinion, under existing statutes and court decisions, (i) interest on the Notes 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. We express no opinion regarding other federal income tax consequences caused by ownership or disposition of, or receipt of interest on the Notes.

We are further of the opinion that, under existing statutes, interest on the Notes is 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 Notes.

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

The 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 Notes, including the adoption of federal tax legislation, may affect the tax status of interest on the Notes.

Respectfully,

PULLMAN & COMLEY, LLC

APPENDIX D - FORM OF CONTINUING DISCLOSURE AGREEMENT – THE BONDS

In accordance with the requirements of Rule 15c2-12 promulgated by the Securities and Exchange Commission, the City will agree, pursuant to a Continuing Disclosure Agreement for the Bonds to be executed by the City 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 City 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 the __ day of March, 2024, by the City of Torrington, Connecticut (the “City”), acting by its undersigned officers, duly authorized, in connection with the issuance of 14,000,000 General Obligation Bonds, Issue of 2024, dated March __, 2024 (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 City, dated February __, 2024, 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 City 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, 2024) as follows:

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

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

(A) amounts of the net taxable grand list applicable to the fiscal year,

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

(C) percentage or amount of the annual property tax levy uncollected as of the close of the fiscal year,

- (D) schedule of annual debt service on outstanding long-term bonded indebtedness as of the close of the fiscal year,
- (E) calculation of total net debt as of the close of the fiscal year,
- (F) total bonded debt of the City per capita,
- (G) ratios of the total bonded debt of the City to the City's net taxable grand list,
- (H) statement of statutory debt limitation as of the close of the fiscal year, and
- (I) funding status of the City's pension benefit obligations.

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

(c) Annual financial information or operating data may be provided in whole or in part by specific reference to other documents available to the public on the MSRB's Electronic Municipal Market Access (EMMA) system, the current internet web address of which is www.emma.msrb.org, or filed with the SEC. If the document to be cross-referenced is a final official statement, it must be available from the MSRB. The City 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 City 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 City agrees that the exercise of any such right will be done in a manner consistent with the Rule.

(e) The City may file information with the Repository, from time to time, in addition to that specifically required by this Agreement (a "Voluntary Filing"). If the City chooses to make a Voluntary Filing, the City 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 City is under no obligation to provide any Voluntary Filing.

Section 3. Reporting of Listed Events.

The City 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 City;

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 City 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 City, 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 City;

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

Section 6. Termination.

The obligations of the City 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 City ceases to be an obligated person with respect to the Bonds within the meaning of the Rule.

Section 7. Enforcement.

The City 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 City shall fail to perform its duties hereunder, the City shall have the option to cure such failure within a reasonable time (but not exceeding thirty (30) days with respect to undertakings set forth in Section 2 of this Agreement or five (5) business days with respect to undertakings set forth in Sections 3 and 4 of this Agreement) from the time the Mayor, or a successor, receives written notice from any beneficial owner of the Bonds of such failure. For purposes of this section, notice to the City should be made to the Mayor, City of Torrington, 140 Main Street, Torrington, CT 06790.

In the event the City 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 City 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 City from providing such additional information, data or notices from time to time as it deems appropriate in connection with the Bonds. If the City elects to provide any such additional information, data or notices, the City 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 City 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 City, (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.

CITY OF TORRINGTON, CONNECTICUT

By: _____
ELINOR CARBONE
Mayor

By: _____
DANIEL T. FARLEY
Treasurer

APPENDIX E - FORM OF CONTINUING DISCLOSURE AGREEMENT - THE NOTES

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 Notes to be executed by the Issuer substantially in the following form, to provide, or cause to be provided, 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 Notes.

CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement (this “Agreement”) is made as of March __, 2024, by the City of Torrington, Connecticut (the “Issuer”) acting by its undersigned officers, duly authorized, in connection with the issuance of its \$34,350,000 General Obligation Bond Anticipation Notes dated March __, 2024 (the “Notes”).

Section 1. Definitions. Capitalized terms not otherwise defined in this Agreement shall have the meaning assigned in the Rule (as hereinafter defined). In addition to the terms defined above, the following capitalized terms shall have the meanings ascribed thereto:

“Final Official Statement” means the official statement of the Issuer dated February __, 2024 prepared in connection with the issuance of the Notes.

“Listed Events” shall mean any of the events listed in Section 2 of this Agreement.

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

“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 under the Securities Exchange Act of 1934, as of the date of this Agreement.

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

Section 2. Event Notices.

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 Notes, 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 Notes, or other material events affecting the tax status of the Notes;
- (g) modifications to rights of holders of the Notes, if material;
- (h) Note calls, if material, and tender offers;

- (i) defeasances;
- (j) release, substitution, or sale of property securing repayment of the Notes, if material;
- (m) rating changes;
- (n) 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 3. 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 4. Use of Agents. The Issuer may, from time to time, appoint or engage an agent to assist it in carrying out its obligations under this Agreement, and may discharge any such agent, with or without appointing a successor agent.

Section 5. Amendment; Waiver. Notwithstanding any other provision of this Agreement, the Issuer may amend this Agreement, and any provision of this Agreement may be waived, if such amendment or waiver is made in connection with a change in circumstances that arises from a change in legal requirements, a change in law, or a change in the identity, nature or status of the Issuer, and is supported by an opinion of counsel expert in federal securities laws, to the effect that (i) such amendment or waiver would not materially adversely affect the beneficial owners of the Notes and (ii) the Agreement as so amended would have complied with the requirements of the Rule as of the date of the Agreement, taking in account any amendments or interpretations of the Rule as well as any changes in circumstances. A copy of any such amendment will be filed in a timely manner with the MSRB. The annual financial information provided on the first date following adoption of any such amendment will explain, in narrative form, the reasons for the amendment and the impact of the change in the type of operating or financial information provided.

Section 6. Additional Information. 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 deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Agreement or any other means of communications, or including any other information in any annual report or notice of occurrence of a Listed Event, in addition to that which is required by this Agreement. If the Issuer chooses to include any information in any annual report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Agreement, the Issuer shall have no obligation under this Agreement to update such information or include it in any future annual report or notice of occurrence of a Listed Event.

Section 7. Indemnification. The Issuer agrees to indemnify and save its officials, officers and employees harmless against any loss, expense and liabilities which they may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorney's fees) of defending against any claim of liability hereunder, but excluding any such liabilities due to any such person's malicious, wanton, or willful act. The obligations of the Issuer under this Section shall survive, notwithstanding that such person may no longer be serving in such capacity.

Section 8. Enforceability. The Issuer agrees that its undertaking pursuant to the Rule set forth in this Agreement is intended to be for the benefit of and enforceable by the beneficial owners of the Notes. In the event the Issuer shall fail to perform its duties hereunder, the Issuer shall have the option to cure such failure after its receipt of written notice from any beneficial owner of the Notes of such failure. The present address of the Issuer is City of Torrington, 140 Main Street, Torrington, CT 06790, ATTN: Mayor. In the event the Issuer does not cure such failure, the right of any beneficial owner of the Notes to enforce the provisions of this undertaking shall be limited to a right to obtain specific enforcement of the Issuer's obligations hereunder. No monetary damages shall arise or be payable hereunder nor shall any failure to comply with this Agreement constitute default of the Issuer with respect to the Notes.

Section 9. Governing Law. This Agreement shall be governed by the laws of the State of Connecticut.

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.

CITY OF TORRINGTON, CONNECTICUT

By: _____
ELINOR CARBONE
Mayor

By: _____
DANIEL T. FARLEY
Treasurer

APPENDIX F – NOTICE OF SALE – THE BONDS

NOTICE OF SALE

**CITY OF TORRINGTON, CONNECTICUT
\$14,000,000 GENERAL OBLIGATION BONDS, ISSUE OF 2024
BOOK-ENTRY-ONLY**

NOTICE IS GIVEN that ELECTRONIC BIDS solely via **PARITY**® will be received by the CITY OF TORRINGTON, CONNECTICUT (the “Issuer”), until 11:30 A.M. (E.T.) on THURSDAY, FEBRUARY 29, 2024

(the “Sale Date”) for the purchase, when issued, of all (but not less than all) of the Issuer’s \$14,000,000 General Obligation Bonds, Issue of 2024, dated March 14, 2024 (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 March 15 in the principal amounts and in each of the years as follows:

<u>Maturity</u>	<u>Amount (\$)</u>	<u>Maturity</u>	<u>Amount (\$)</u>
2027	865,000	2036	860,000
2028	865,000	2037	860,000
2029	865,000	2038	860,000
2030	865,000	2039	860,000
2031	865,000	2040	555,000
2032	865,000	2041	555,000
2033	865,000	2042	555,000
2034	865,000	2043	555,000
2035	865,000	2044	555,000

The Bonds will bear interest commencing September 15, 2024 and semiannually thereafter on March 15 and September 15 in each year until maturity, as further described in the Preliminary Official Statement (as hereinafter defined), at the rate or rates per annum specified by the winning bidder.

Optional Redemption

The Bonds maturing on or before March 15, 2032 are not subject to redemption prior to maturity. The Bonds maturing on March 15, 2033 and thereafter are subject to redemption prior to maturity, at the option of the Issuer, on and after March 15, 2032, at any time, either in whole or in part, in such amounts and in such order of maturity, but by lot within a maturity, as the Issuer may determine, at the redemption prices (expressed as a percentage of the par amount of the Bonds to be redeemed) set forth in the following table, together with interest accrued and unpaid to the redemption date:

<u>Redemption Dates</u>	<u>Redemption Price</u>
March 15, 2032 and thereafter	100.0%

Nature of Obligation

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

Bank Qualification

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

Registration

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

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

Proposals

Each bid must be for the entire \$14,000,000 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.

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 March 14, 2024 (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 (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 William Lindsay, Munistat Services, Inc., 129 Samson Rock Drive, Suite A, Madison, CT 06443, Telephone: (203) 421-2880, E-mail: Bill.Lindsay@munistat.com (the “Municipal Advisor”). Questions related to this “Establishment of Issue Price” section should be directed to Bond Counsel or the Municipal Advisor. For purposes of this “Establishment of Issue Price” section, Bond Counsel may act on behalf of the Issuer and the Municipal Advisor may act on behalf of the Issuer.

By submitting a bid, each bidder is certifying that its bid is a firm offer to purchase the 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:

- (5) the close of the fifth (5th) business day after the Sale Date; or
- (6) 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 February 22, 2024 (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 William Lindsay, Munistat Services, Inc., 129 Samson Rock Drive, Suite A, Madison, CT 06443, Telephone: (203) 421-2880, E-mail: Bill.Lindsay@munistat.com. The Issuer deems such Official Statement to be a final official statement for purposes of complying with Securities and Exchange Commission Rule 15c2-12 (the “Rule”), but such Official Statement is subject to revision or amendment as appropriate. The Issuer will make available to the purchaser a reasonable number of copies of the final Official Statement at the Issuer’s expense, and the final Official Statement will be made available to the purchaser by no later than the earlier of the delivery of the 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 D. 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.

CITY OF TORRINGTON, CONNECTICUT

ELINOR CARBONE
Mayor

DANIEL T. FARLEY
Treasurer

February 22, 2024

ISSUE PRICE CERTIFICATE

(If Competitive Sale Rule Met)

CITY OF TORRINGTON, CONNECTICUT
\$ _____ GENERAL OBLIGATION BONDS, ISSUE OF 2024
Dated March 14, 2024

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 CITY OF TORRINGTON, CONNECTICUT (the “Issuer”) sold to [SHORT NAME OF UNDERWRITER], for delivery on or about March 14, 2024, 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 February 29, 2024 (the “Sale Date”), the reasonably expected initial offering prices of the Bonds to the Public by [SHORT NAME OF UNDERWRITER] are the prices listed in **Schedule A** (the “Expected Offering Prices”). The Expected Offering Prices are the prices for the Maturities of the Bonds used by [SHORT NAME OF UNDERWRITER] in formulating its bid to purchase the Bonds. Attached as **Schedule B** is a true and correct copy of the bid provided by [SHORT NAME OF UNDERWRITER] to purchase the Bonds.

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

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

4. **Defined Terms.**

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

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

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

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

IN WITNESS WHEREOF, the undersigned has executed this Certificate as of _____, 2024.

[UNDERWRITER]

By: _____
Name:
Title:

Schedule A to Issue Price Certificate

<u>Maturity, March 15</u>	<u>Principal Amount (\$)</u>	<u>Interest Rate (%)</u>	<u>Price (\$, not Yield)</u>
2027	865,000		
2028	865,000		
2029	865,000		
2030	865,000		
2031	865,000		
2032	865,000		
2033	865,000		
2034	865,000		
2035	865,000		
2036	860,000		
2037	860,000		
2038	860,000		
2039	860,000		
2040	555,000		
2041	555,000		
2042	555,000		
2043	555,000		
2044	555,000		

Schedule B to Issue Price Certificate

APPENDIX G – NOTICE OF SALE – THE NOTES

NOTICE OF SALE

CITY OF TORRINGTON, CONNECTICUT \$34,350,000 GENERAL OBLIGATION BOND ANTICIPATION NOTES BOOK-ENTRY-ONLY

NOTICE IS GIVEN that ELECTRONIC BIDS via **PARITY**® (as described herein) will be received by the CITY OF TORRINGTON, CONNECTICUT (the “Issuer”), until 11:00 A.M. (E.T.) on THURSDAY,

FEBRUARY 29, 2024

(the “Sale Date”) for the purchase of the Issuer’s \$34,350,000 General Obligation Bond Anticipation Notes (the “Notes”). Electronic bids must be submitted via **PARITY**® (see “Electronic Bidding Procedures”).

The Notes

The Notes are expected to be dated March 14, 2024 and will mature and be payable to the registered owner on March 13, 2025 as further described in the Preliminary Official Statement (as hereinafter defined). The Notes will bear interest (which interest shall be calculated on the basis of a 360-day year consisting of twelve 30-day months) payable at maturity at the rate or rates per annum fixed in the proposal or proposals accepted for their purchase, which rates shall be in multiples of 1/100 of 1% per annum.

Nature of Obligation

The Notes will constitute general obligations of the Issuer, and the Issuer will pledge its full faith and credit to pay the principal of and interest on the Notes when due. Unless paid from other sources, the Notes are payable from ad valorem taxes which may be levied on all taxable property subject to taxation by the Issuer without limit as to rate or amount except as to classified property such as certified forest lands taxable at a limited rate and dwelling houses of qualified elderly persons of low income or of qualified disabled persons taxable at limited amounts pursuant to provisions of the Connecticut General Statutes, as amended. The information in this Notice of Sale is only a brief summary of certain provisions of the Notes. For further information about the Notes, reference is hereby made to the Preliminary Official Statement.

Bank Qualification

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

Registration

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

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

Each bid for the purchase of the Notes must be submitted in accordance with the requirements prescribed herein. A proposal may be for all or any part of the Notes but any proposal for a part must be for at least \$100,000, or a whole multiple thereof, except one such proposal for a part may include the odd \$50,000, and a separate proposal will be required for each part of the Notes for which a separate interest rate is bid. Unless all bids are rejected, the Notes will be awarded to the bidder or bidders offering to purchase the Notes at the lowest net interest cost (“NIC”), computed as to each interest rate stated by adding the total interest which will be paid at such rate and deducting therefrom the premium offered, if any. As between proposals resulting in the same lowest net interest cost to the Issuer, the award will be made on the basis of the highest principal amount of the Notes specified. No bid for less than par and accrued interest, if any, will be considered and the Issuer reserves the right to award to any bidder all or any part of the Notes bid for in its proposal. If a bidder is awarded only a part of the Notes bid for in its proposal, any premium offered in such proposal will be proportionately reduced so that the resulting net interest cost to the Issuer with respect to the Notes awarded is the same as that contained in the bidder’s proposal with respect to the entire amount bid, carried to six decimal places. The purchase price must be paid in immediately available federal funds.

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

The Issuer further reserves the right to 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 Notes in accordance with the provisions of this Notice of Sale.

Electronic Bidding Procedures

Any prospective bidder intending to submit an electronic bid must submit its electronic bid through the facilities of **PARITY**[®]. Subscription to i-Deal LLC’s BiDCOMP Competitive Bidding System is required in order to submit an electronic bid and the Issuer will neither confirm any subscription nor be responsible for the failure of any prospective bidder to subscribe.

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

If any provisions of this Notice of Sale shall conflict with information provided by **PARITY**[®] as the approved provider of electronic bidding services, this Notice of Sale shall control. Further information about **PARITY**[®], including any fee charged, may be obtained from **PARITY**[®], 1359 Broadway, 36th Street, 2nd Floor, New York, NY 10018, Attention: Customer Service Department (telephone: (212) 849-5021 - email notice: www.parity@i-deal.com).

For purposes of the electronic bidding process, the time as maintained by **PARITY**[®] shall constitute the official time. For information purposes only, bidders are requested to state in their bids the net interest cost to the Issuer, as described under “Bid Specifications; Basis of Award; Right to Reject Proposals; Waiver; Postponement; Change of Terms” above. All electronic bids shall be deemed to incorporate the provisions of this Notice of Sale.

Disclaimer. Each **PARITY**[®] prospective electronic bidder shall be solely responsible to make necessary arrangements to access **PARITY**[®] for the purposes of submitting its bid in a timely manner and in compliance with the requirements of this Notice of Sale. Neither the Issuer nor **PARITY**[®] shall have any duty or obligation to undertake such arrangements to bid for any prospective bidder or to provide or assure such access to any prospective bidder, and neither the Issuer nor **PARITY**[®] shall be responsible for a bidder’s failure to make a bid or for proper operation of, or have any liability for any delays or interruptions of, or any damages caused by, **PARITY**[®]. The Issuer is using **PARITY**[®] as a communication mechanism, and not as the Issuer’s agent, to conduct the electronic bidding for the Notes. The Issuer is not bound by any

advice and determination of **PARITY**[®] to the effect that any particular bid complies with the terms of this Notice of Sale and in particular the bid requirements herein set forth. All costs and expenses incurred by prospective bidders in connection with their subscription to, arrangements with and submission of bids via **PARITY**[®] are the sole responsibility of the bidders; and the Issuer is not responsible, directly or indirectly, for any such costs or expenses. If a prospective bidder encounters any difficulty in arranging to bid or submitting, modifying or withdrawing a bid for the Notes, the prospective bidder should telephone **PARITY**[®] at (212) 849-5021.

CUSIP Numbers

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

Certifying Agent, Registrar, Paying Agent and Transfer Agent

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

Delivery, Payment and Closing Requirements

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

The Notes will be delivered against payment in immediately available federal funds through the facilities of DTC, New York, New York or its agent via Fast Automated Securities Transfer (“FAST”) on or about March 14, 2024 (the “Closing Date”).

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

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

Bond Counsel Opinion

The legality of the issue will be passed upon by 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 C to the Official Statement. The opinion will state that the Notes are valid and binding obligations of the Issuer. Bond Counsel will require as a precondition to release of its opinion that the purchaser of such Notes deliver to it a completed “issue price” certificate, or similar certificate, regarding expectations or public offering prices, as applicable, with respect to the Notes awarded to such bidder, as described below under “Establishment of Issue Price”. In rendering such legal opinion, Pullman & Comley, LLC will rely upon and assume the material accuracy of the representations and statements of expectation contained in the Tax Regulatory Agreement entered into by the Issuer for the benefit of the owners of the Notes, and further, will assume compliance by the Issuer with the covenants and procedures set forth in such Tax Regulatory Agreement.

Establishment of Issue Price

In order to provide the Issuer with information that enables it to comply with certain requirements of the Internal Revenue Code of 1986 (the “Code”) relating to the exclusion of interest on the Notes from the gross income of their owners, the winning bidder will be required to complete, execute, and deliver to the Issuer at or prior to the delivery of the Notes an “issue price” or similar certificate setting forth the reasonably expected initial offering price to the Public (the “Initial Offering Price”) or the actual sales price or prices of the Notes, as circumstances may determine, together with the supporting pricing wires or equivalent communications, with such modifications as may be appropriate or necessary, in the reasonable judgment of Bond Counsel. Communications relating to this “Establishment of Issue Price” section, the completed certificate(s) and any supporting information shall be delivered to (1) Bond Counsel at 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 William Lindsay, Munistat Services, Inc., 129 Samson Rock Drive, Suite A, Madison, CT 06443, Telephone: (203) 421-2880, E-mail: Bill.Lindsay@munistat.com (the “Municipal Advisor”). Questions related to this “Establishment of Issue Price” section should be directed to Bond Counsel or the Municipal Advisor. For purposes of this “Establishment of Issue Price” section, Bond Counsel may act on behalf of the Issuer and the Municipal Advisor may act on behalf of the Issuer.

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

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

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

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

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

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

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

Competitive Sale Rule Met. The Issuer, or the Municipal Advisor on behalf of the Issuer, shall at the time of award advise the winning bidder if the Competitive Sale Rule has been met. The winning bidder will be required to deliver to Bond Counsel on behalf of the Issuer prior to the delivery of the Notes a completed “Certificate as to Issue Price” (in form satisfactory to Bond Counsel) for such Notes, setting forth the Initial Offering Price.

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

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

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

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

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

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

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

- (1) “Maturity” means Notes with the same credit and payment terms. Notes with the same maturity date but different stated interest rates, are treated as separate Maturities.
- (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 Notes to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this definition to participate in the initial sale of the Notes to the Public (including a member of a selling group or a party to a third-party distribution agreement participating in the initial sale of the Notes to the Public).

Official Statement

For more information regarding the Notes or the Issuer, reference is made to the Preliminary Official Statement dated February 22, 2024 (the “Official Statement”) describing the Notes and the financial condition of the Issuer. The Preliminary Official Statement is available in electronic format at www.i-dealprospectus.com and www.munistat.com, and such electronic access is being provided as a matter of convenience only. Copies of the Preliminary Official Statement may be obtained from William Lindsay, Munistat Services, Inc., 129 Samson Rock Drive, Suite A, Madison, CT 06443, Telephone: (203) 421-2880, E-mail: Bill.Lindsay@munistat.com. The Issuer deems such Official Statement to be a final official statement for purposes of complying with Securities and Exchange Commission Rule 15c2-12 (the “Rule”), but such Official Statement is subject to revision or amendment as appropriate. The Issuer will make available to the purchaser a reasonable number of copies of the final Official Statement at the Issuer’s expense, and the final Official Statement will be made available to the purchaser by no later than the earlier of the delivery of the Notes or by the seventh (7th) business day after the day bids on the Notes are received. If the Issuer’s Municipal Advisor, is provided with the necessary information from the purchaser by 12:00 o’clock noon on the day after the Sale Date, the copies of the final Official Statement will include an additional cover page and other pages, if necessary, indicating the interest rates, rating(s), yields or reoffering prices and the name of the managing underwriter of the Notes, and any corrections. The purchaser shall arrange with the Municipal Advisor the method of delivery of the copies of the final Official Statement to the purchaser. Additional copies of the final Official Statement may be obtained by the purchaser at its own expense by arrangement with the printer.

Continuing Disclosure Agreement

As required by the Rule, the Issuer will undertake, pursuant to a Continuing Disclosure Agreement (the “Agreement”), to provide notice of the occurrence of certain events with respect to the Notes within ten (10) business days of such event. A form of the Agreement is attached to the Official Statement as Appendix E. The purchaser’s obligation to purchase the Notes shall be conditioned upon its receiving, at or prior to delivery of the Notes, an executed Agreement.

CITY OF TORRINGTON, CONNECTICUT

ELINOR CARBONE
MAYOR

DANIEL T. FARLEY
TREASURER

February 22, 2024