

**TOWN OF LITCHFIELD, CONNECTICUT**

**ANNUAL FINANCIAL REPORT**

June 30, 2022

# TOWN OF LITCHFIELD, CONNECTICUT

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# CLERMONT

ACCOUNTANTS • ADVISORS

Clermont & Associates, LLC  
301 Highland Avenue  
Waterbury CT 06708

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

## INDEPENDENT AUDITOR'S REPORT

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

### **Report on the Audit of the Financial Statements**

#### ***Opinions***

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

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

#### ***Basis for Opinion***

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

#### ***Responsibilities of Management for the Financial Statements***

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

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

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we;

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

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

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

Accounting principles generally accepted in the United States of America require that the *management's discussion and analysis* on pages 4a through 4g and the required supplemental information relating to pension on pages 56-66, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### **Supplemental Information**

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

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated December 5, 2022, on our consideration of the Town of Litchfield, Connecticut's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town of Litchfield, Connecticut's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Litchfield, Connecticut's internal control over financial reporting and compliance.

**CLERMONT & ASSOCIATES, LLC**  
Waterbury, Connecticut

A handwritten signature in cursive script that reads "Clermont & Associates, LLC".

December 5, 2022

# TOWN OF LITCHFIELD, CONNECTICUT

## MANAGEMENT'S DISCUSSION AND ANALYSIS

**JUNE 30, 2022**

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

### **Financial Highlights**

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

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

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

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

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

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

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

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



# TOWN OF LITCHFIELD, CONNECTICUT

## MANAGEMENT'S DISCUSSION AND ANALYSIS

**JUNE 30, 2022**

### **Fund Financial Statements**

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

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

### **Government-Wide Financial Analysis**

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

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

# TOWN OF LITCHFIELD, CONNECTICUT

## MANAGEMENT'S DISCUSSION AND ANALYSIS

**JUNE 30, 2022**

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

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

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

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

# TOWN OF LITCHFIELD, CONNECTICUT

## MANAGEMENT'S DISCUSSION AND ANALYSIS

**JUNE 30, 2022**

### **Town Funds Financial Analysis**

#### **Governmental Funds**

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

#### **Proprietary Funds**

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

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

#### **General Fund Budgetary Highlights**

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

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

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

#### **Capital Assets**

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

# TOWN OF LITCHFIELD, CONNECTICUT

## MANAGEMENT'S DISCUSSION AND ANALYSIS

**JUNE 30, 2022**

**TABLE 3 CAPITAL ASSETS (Net of Depreciation)**

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

  

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

**TABLE 4 OUTSTANDING DEBT (In Thousands)**

### **Long-Term Liabilities**

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

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

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

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

# TOWN OF LITCHFIELD, CONNECTICUT

## MANAGEMENT'S DISCUSSION AND ANALYSIS

**JUNE 30, 2022**

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

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

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

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

### **Contacting the Town's Financial Management**

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

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STATEMENT OF NET POSITION  
June 30, 2022

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

\* After internal balances have been eliminated

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

## TOWN OF LITCHFIELD, CONNECTICUT

## EXHIBIT B

STATEMENT OF ACTIVITIES  
For the Year Ended June 30, 2022

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

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



## TOWN OF LITCHFIELD, CONNECTICUT

## EXHIBIT C

BALANCE SHEET  
GOVERNMENTAL FUNDS  
June 30, 2022

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

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

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

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

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

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

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

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

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

Net change in fund balances - total governmental funds ( <b>Exhibit D</b> )	\$ 1,230,140
Governmental funds report <b>capital outlays</b> as expenditures; however, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as a depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	1,961,594
<b>Revenues</b> previously recognized in the statement of activities that provided current financial resources in the current year.	3,922,355
The issuance of <b>long-term debt</b> (e.g., bonds, leases) provide current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	(3,276,039)
The net expense of certain activities of <b>internal service funds</b> is reported with governmental activities.	<u>(410,136)</u>
Change in net position of governmental activities ( <b>Exhibit B</b> )	\$ <u><u>3,427,914</u></u>

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

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

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

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

STATEMENT OF NET FUND POSITION  
 PROPRIETARY FUNDS  
 June 30, 2022

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

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

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

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

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

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

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

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

STATEMENT OF FIDUCIARY NET POSITION  
 FIDUCIARY FUNDS  
 June 30, 2022

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

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



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

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

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

## TOWN OF LITCHFIELD, CONNECTICUT

### NOTES TO THE FINANCIAL STATEMENTS

June 30, 2022

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#### Note 1 – Summary of Significant Accounting Policies

##### Reporting Entity

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

##### Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

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

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Changes in Net Position) report information on all of the non-fiduciary activities of the primary government. *Government activities*, which are normally supported by taxes and intergovernmental revenues, are reported separately than *business-type activities*, which rely to a significant extent on fees and charges for support.

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

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

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

## TOWN OF LITCHFIELD, CONNECTICUT

### NOTES TO THE FINANCIAL STATEMENTS, Continued June 30, 2022

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#### Fund Financial Statements

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

The Governmental Fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures are generally recorded when a liability has occurred, as under accrual accounting. However, expenditures related to long-term liabilities, such as debt service payments and compensated absences, are recorded only when payment is due.

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

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

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

The Town reports the following major governmental funds:

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

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

## TOWN OF LITCHFIELD, CONNECTICUT

### NOTES TO THE FINANCIAL STATEMENTS, Continued June 30, 2022

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The Town reports the following major proprietary funds:

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

Additionally, the Town reports the following fund types:

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

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

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

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

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

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

#### Assets, Liabilities and Net Assets or Equity

##### **Cash and Cash Equivalents**

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

##### **Investments**

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

##### **Inventories**

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

## TOWN OF LITCHFIELD, CONNECTICUT

### NOTES TO THE FINANCIAL STATEMENTS, Continued June 30, 2022

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#### Receivables and Payables

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

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

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

#### Capital Assets

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

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

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

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

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

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

## **TOWN OF LITCHFIELD, CONNECTICUT**

### **NOTES TO THE FINANCIAL STATEMENTS, Continued** **June 30, 2022**

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#### **Deferred Outflows/Inflows of Resources**

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

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

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

#### **Compensated Absences**

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

#### **Net Pension Liability**

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

## TOWN OF LITCHFIELD, CONNECTICUT

### NOTES TO THE FINANCIAL STATEMENTS, Continued June 30, 2022

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#### **Net OPEB Liability**

The net OPEB liability is measured as the portion of the present value of projected benefit payments to be provided to current active and inactive employees that is attributed to those employees' past periods of service (total OPEB liability), less the amount of the OPEB plan's fiduciary net position. The OPEB plan's fiduciary net position is determined using the same valuation methods that are used by the OPEB plan for purposes of preparing its Statement of Fiduciary Net Position. The net OPEB liability is measured as of a date (measurement date) no earlier than the end of the employer's prior fiscal year, consistently applied from period to period.

#### **Long-Term Obligations**

In the Government-Wide financial statements and proprietary fund types in Fund Financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the terms of the related debt.

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

#### **Fund Equity and Net Position**

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

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

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

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

## TOWN OF LITCHFIELD, CONNECTICUT

### NOTES TO THE FINANCIAL STATEMENTS, Continued June 30, 2022

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

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

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

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

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

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

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

#### **Fair Value of Financial Instruments**

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

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

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

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

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

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

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



## TOWN OF LITCHFIELD, CONNECTICUT

### NOTES TO THE FINANCIAL STATEMENTS, Continued June 30, 2022

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#### Note 2 – Budgets and Budgetary Accounting

##### General Fund

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

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

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

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

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

## TOWN OF LITCHFIELD, CONNECTICUT

### NOTES TO THE FINANCIAL STATEMENTS, Continued June 30, 2022

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#### Special Revenue Funds

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

#### Capital Projects Funds

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

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

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

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

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

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

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

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

## TOWN OF LITCHFIELD, CONNECTICUT

### NOTES TO THE FINANCIAL STATEMENTS, Continued June 30, 2022

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

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

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

The governmental fund Statement of Revenues, Expenditures and Changes in Fund Balances includes reconciliation between net changes in fund balances - total governmental funds and changes in net position of governmental activities as reported in the Government-Wide Statement of Activities. One element of that reconciliation explains that "governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense." The details of this difference are as follows:

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

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

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

## TOWN OF LITCHFIELD, CONNECTICUT

### NOTES TO THE FINANCIAL STATEMENTS, Continued June 30, 2022

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#### Note 4 – Deposits and Investments

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

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

#### Deposits

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

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

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

#### **Custodial Credit Risk**

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

#### Investments

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

## TOWN OF LITCHFIELD, CONNECTICUT

### NOTES TO THE FINANCIAL STATEMENTS, Continued June 30, 2022

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

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

#### Interest Rate Risk

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

#### Credit Risk

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

#### Investment Policies

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

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

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

# TOWN OF LITCHFIELD, CONNECTICUT

## NOTES TO THE FINANCIAL STATEMENTS, Continued June 30, 2022

### Note 5 – Receivables, Deferred Revenue and Payables

#### Receivables

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

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

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

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

#### Deferred Payments and Unavailable Receipts

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

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

# TOWN OF LITCHFIELD, CONNECTICUT

## NOTES TO THE FINANCIAL STATEMENTS, Continued June 30, 2022

### Payables

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

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

### **Note 6 – Inter-fund Receivables, Payables and Transfers**

#### Inter-funds Receivables and Payables

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

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

#### Inter-fund Transfers

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

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

# TOWN OF LITCHFIELD, CONNECTICUT

## NOTES TO THE FINANCIAL STATEMENTS, Continued June 30, 2022

### Note 7 – Capital Assets

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

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

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

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



# TOWN OF LITCHFIELD, CONNECTICUT

## NOTES TO THE FINANCIAL STATEMENTS, Continued June 30, 2022

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

### Note 8 – Long-Term Liabilities

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

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

# TOWN OF LITCHFIELD, CONNECTICUT

## NOTES TO THE FINANCIAL STATEMENTS, Continued June 30, 2022

### General Obligation Bonds

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

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

## TOWN OF LITCHFIELD, CONNECTICUT

### NOTES TO THE FINANCIAL STATEMENTS, Continued June 30, 2022

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

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

#### Bonds Authorized but Unissued

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

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

	Authorized	Authorized and Unissued
2022-23 Capital Improvements	5,486,143	5,486,143
<b>Total</b>	<b>\$</b>	<b>5,486,143</b>

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

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

#### Clean Water Fund Loans Payable

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

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

## TOWN OF LITCHFIELD, CONNECTICUT

### NOTES TO THE FINANCIAL STATEMENTS, Continued June 30, 2022

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

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

#### Claims and Judgments

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

#### **Note 9 – Commitments and Contingencies**

##### Lawsuits

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

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

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

##### Risk Management and Self-Insurance

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

## TOWN OF LITCHFIELD, CONNECTICUT

### NOTES TO THE FINANCIAL STATEMENTS, Continued June 30, 2022

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

#### **Note 10 – Employee Retirement Plans**

##### Plan Description and Benefits Provided

###### ***Town Retirement Plan***

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

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

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

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

###### ***Merit Service Plan***

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

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

## TOWN OF LITCHFIELD, CONNECTICUT

### NOTES TO THE FINANCIAL STATEMENTS, Continued June 30, 2022

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

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

#### Summary of Significant Accounting Policies

##### ***Basis of Accounting***

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

##### ***Method Used to Value Investments***

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

##### ***Funding Policy***

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

##### ***Investment Policy***

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

##### ***Rate of Return on investments***

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

##### ***Net Pension Liability of the Town***

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

## TOWN OF LITCHFIELD, CONNECTICUT

### NOTES TO THE FINANCIAL STATEMENTS, Continued June 30, 2022

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

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

#### **Actuarial Assumptions**

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

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

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

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

#### **Long-Term Rate of Return**

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

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

# TOWN OF LITCHFIELD, CONNECTICUT

## NOTES TO THE FINANCIAL STATEMENTS, Continued June 30, 2022

### **Discount Rate**

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

### **Changes in the Net Pension Liability**

#### Town Plan:

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

#### Merit Service Plan:

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



# TOWN OF LITCHFIELD, CONNECTICUT

## NOTES TO THE FINANCIAL STATEMENTS, Continued June 30, 2022

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

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

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

### ***Pension Trust Funds***

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

### ***Schedule of Net Position***

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

### ***Schedule of Changes in Net Position***

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

# TOWN OF LITCHFIELD, CONNECTICUT

## NOTES TO THE FINANCIAL STATEMENTS, Continued June 30, 2022

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

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

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

  

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

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

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

## TOWN OF LITCHFIELD, CONNECTICUT

### NOTES TO THE FINANCIAL STATEMENTS, Continued June 30, 2022

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#### Teachers' Retirement

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

#### ***Plan Description***

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

The Teachers' Retirement System is considered to be a part of the State of Connecticut financial reporting entity and is included in the State's financial reports as a pension trust fund. Those reports may be obtained by writing to the State of Connecticut, Office of the State Comptroller, 165 Capitol Avenue, Hartford, Connecticut 06106, by calling 860-702-3480, or by visiting the State's website [www.ct.gov](http://www.ct.gov).

#### ***Benefit Provisions***

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

*Normal Retirement:* Retirement benefits for the employees are calculated as 2% of the average annual salary times years of credited service (maximum benefit is 75% of average annual salary during the 3 years of highest salary).

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

*Early Retirement:* Employees are eligible after 25 years of credited service with a minimum of 20 years of Connecticut service, or age 55 with 20 years of credited service with a minimum of 15 years of Connecticut service. Benefits are reduced for those retiring before normal retirement age.

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

*Disability Retirement:* Employees are eligible for service-related disability benefits regardless of length of service. Five years of credited service is required for nonservice-related disability eligibility. Disability benefits are calculated as 2% per year of service times the average of the highest three years of pensionable salary, as defined per the Plan, but not less than 15%, nor more than 50%. In addition, disability benefits under this plan (without regard to cost-of-living adjustments) plus any initial award of Social Security benefits and workers' compensation cannot exceed 75% of average annual salary.

## TOWN OF LITCHFIELD, CONNECTICUT

### NOTES TO THE FINANCIAL STATEMENTS, Continued June 30, 2022

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

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

#### Contributions

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

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

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

#### Administrative Expenses

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

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

The State has a statutory requirement to pay 100% of the required plan contribution, therefore, as of June 30, 2020, the Town reports no amounts for its proportionate share of the net pension liability, and related deferred outflows and inflows. The amount recognized by the Town as its proportionate share of the net pension liability, the related state support, and the total portion of the net pension liability associated with the Town were as follows:

Town's proportionate share of the net pension liability	\$	-
State's proportionate share of the net pension liability associated with the Town		30,429,128
Total net pension liability	\$	<u>30,429,128</u>

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

## TOWN OF LITCHFIELD, CONNECTICUT

### NOTES TO THE FINANCIAL STATEMENTS, Continued June 30, 2022

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

#### **Actuarial Assumptions**

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

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

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

Future Cost-of-Living increases for teachers who retired prior to September 1, 1992, are made in accordance with increases in the Consumer Price Index, with a minimum of 3% and a maximum of 5% per annum. For teachers who were members of the Teachers' Retirement System before July 1, 2007, and retire on or after September 1, 1992, pension benefit adjustments are made that are consistent with those provided for Social Security benefits on January 1 of the year granted, with a maximum of 6% per annum. If the return on assets in the previous year was less than 8.5%, the maximum increase is 1.5%. For teachers who were members of the Teachers' Retirement System after July 1, 2007, pension benefit adjustments are made that are consistent with those provided for Social Security benefits on January 1 of the year granted, with a maximum of 5% per annum. If the return on assets in the previous year was less than 11.5%, the maximum increase is 3%, and if the return on the assets in the previous year was less than 8.5%, the maximum increase is 1.0%.

## TOWN OF LITCHFIELD, CONNECTICUT

### NOTES TO THE FINANCIAL STATEMENTS, Continued June 30, 2022

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#### Long-Term Rate of Return

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Large cap U.S. equities	20.0%	5.6%
Developed non-U.S. equities	11.0%	6.0%
Emerging markets – non-U.S.	9.0%	7.9%
Core fixed income	16.0%	2.1%
Inflation linked bonds	5.0%	1.1%
Emerging market bond	5.0%	2.7%
High yield bonds	6.0%	4.0%
Real estate	10.0%	4.5%
Private equity	10.0%	7.3%
Alternative investment	7.0%	2.9%
Cash	1.0%	0.4%
Total	<u>100.0%</u>	

#### Discount Rate

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

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

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

#### Defined Contribution Retirement Plan

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

## TOWN OF LITCHFIELD, CONNECTICUT

### NOTES TO THE FINANCIAL STATEMENTS, Continued June 30, 2022

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#### Note 11 – Other Post-Employment Benefits Plans

##### Board of Education OPEB Plan

###### **Plan Description**

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

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

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

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

###### **Funding Policy**

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

###### **Benefits**

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

## TOWN OF LITCHFIELD, CONNECTICUT

### NOTES TO THE FINANCIAL STATEMENTS, Continued June 30, 2022

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#### **Litchfield Education Association OPEB Contract Provisions**

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

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

#### **Litchfield Administrators Association OPEB Contract Provisions**

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

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

#### **Superintendent**

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

#### **Investments Policy**

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

#### **Rate of Return on investments**

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



## TOWN OF LITCHFIELD, CONNECTICUT

### NOTES TO THE FINANCIAL STATEMENTS, Continued June 30, 2022

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#### Net OPEB Liability

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

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

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

#### Actuarial Assumptions

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

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

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

#### Long-Term Rate of Return

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

# TOWN OF LITCHFIELD, CONNECTICUT

## NOTES TO THE FINANCIAL STATEMENTS, Continued June 30, 2022

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

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

### Discount Rate

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

### Changes in the Net OPEB Liability

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

# TOWN OF LITCHFIELD, CONNECTICUT

## NOTES TO THE FINANCIAL STATEMENTS, Continued June 30, 2022

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

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

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

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

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

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

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

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

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

## TOWN OF LITCHFIELD, CONNECTICUT

### NOTES TO THE FINANCIAL STATEMENTS, Continued June 30, 2022

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

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

#### Teachers' Retirement OPEB Plan

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

#### **Plan Description**

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

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

#### **Benefit Provisions**

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

## TOWN OF LITCHFIELD, CONNECTICUT

### NOTES TO THE FINANCIAL STATEMENTS, Continued June 30, 2022

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

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

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

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

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

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

*Normal Retirement:* Eligible after age 60 with 20 years of credited service in Connecticut, or 35 years of credited service including at least 25 years of service in Connecticut.

*Early Retirement:* Eligible after 25 years of credited service with a minimum of 20 years of Connecticut service, or age 55 with 20 years of credited service with a minimum of 15 years of Connecticut service.

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

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

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

## TOWN OF LITCHFIELD, CONNECTICUT

### NOTES TO THE FINANCIAL STATEMENTS, Continued June 30, 2022

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#### Contributions

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

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

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

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

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

#### Administrative Expenses

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

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

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

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

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

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

## TOWN OF LITCHFIELD, CONNECTICUT

### NOTES TO THE FINANCIAL STATEMENTS, Continued June 30, 2022

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#### Actuarial Assumptions

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

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

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

#### Long-Term Rate of Return

The long-term expected rate of return on plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The assumption is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years. The target asset allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

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

#### Discount Rate

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

## TOWN OF LITCHFIELD, CONNECTICUT

### NOTES TO THE FINANCIAL STATEMENTS, Continued June 30, 2022

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

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

#### Note 12 – Fund Deficits and Restrictions to Fund Position

##### Restricted Fund Position

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

##### General Fund Committed and Assigned Fund Balance

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

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

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

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

##### General Fund Unassigned Balance Policy

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



## **TOWN OF LITCHFIELD, CONNECTICUT**

### **NOTES TO THE FINANCIAL STATEMENTS, Continued** **June 30, 2022**

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#### **Note 13 – Subsequent Events**

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

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

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

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

## Last Nine Fiscal Years

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

## Notes to Schedule

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

## Methods and assumptions used to determine contribution rates:

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

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

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

## Last Nine Fiscal Years

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

## Notes to Schedule

Changes in benefit terms None

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

## Methods and assumptions used to determine contribution rates:

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

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

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

## Last Six Fiscal Years

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

## Notes to Schedule

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

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

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

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

Notes to Schedule

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

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

**Methods and assumptions used to determine contribution rates:**

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

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

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

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

Notes to Schedule

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

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

**Methods and assumptions used to determine contribution rates:**

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

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

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

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

Notes to Schedule

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

Changes in benefits: None

Changes in assumptions: The July 1, 2018 valuation reflects changes in investment rate of return from 7.00% to 6.75%, inflation from 3.00% to 2.50%, mortality was updated based on the most recently published pension mortality study released by the Society of Actuaries. In 2018 the healthcare trend rates were decreased to 7.00%, reducing 0.5% per year to a final rate of 4.50% for 2024 and later from 7.75% in 2016 reducing 0.5% per year to a final rate of 4.75% per year for 2022 and later.

**Methods and assumptions used to determine contribution rates:**

Actuarial cost method	Entry age
Asset valuation method	Market value of assets
Healthcare cost trend	7.00% in 2018, reduced by 0.5% per year to final 4.50% per year rate for 2024 and later
Inflation	2.50%
Investment rate of return	6.75%, net of investment related and administrative expenses

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

**SCHEDULE OF INVESTMENT RETURNS - TOWN PLAN**  
**Last Nine Fiscal Years**

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

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



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

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

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

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

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

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

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

**Last Seven Fiscal Years**

	2022	2021	2020	2019	2018	2017	2016
Town's proportion of the net pension liability	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Town's proportionate share of the net pension liability	\$ -	-	-	-	-	-	-
State's proportionate share of the net pension liability associated with the Town	30,429,128	38,420,204	35,948,513	27,718,392	29,074,044	30,673,339	22,686,851
Total	\$ 30,429,128	38,420,204	35,948,513	27,718,392	29,074,044	30,673,339	22,686,851
Town's covered payroll	\$ 8,937,730	8,635,466	8,698,205	8,710,714	8,762,327	8,558,683	8,440,514
Town's proportionate share of the net pension liability as a percentage of its covered payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of total pension liability	60.77%	49.24%	52.00%	57.69%	55.93%	52.26%	59.50%

**Notes to Schedule**

Changes in benefit terms

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

Changes in assumptions

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

**Methods and assumptions used to determine contribution rates:**

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

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

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

**Last Four Fiscal Years**

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

**Notes to Schedule**

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

**Methods and assumptions used to determine contribution rates:**

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

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

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## TOWN OF LITCHFIELD, CONNECTICUT

## SCHEDULE 1

GENERAL FUND REVENUES AND OTHER FINANCING SOURCES  
 BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
 For the Year Ended June 30, 2022

	Budgeted Amounts		Actual Amounts - Budgetary Basis	Variance With Final Budget Positive/ (Negative)
	Original	Final		
<b>Property taxes:</b>				
Current years' levy	\$ 28,889,615	28,889,615	28,971,869	82,254
Property taxes on motor vehicles	245,000	245,000	350,721	105,721
Prior years' levy	205,000	205,000	364,863	159,863
Interest and penalties	155,000	155,000	205,884	50,884
<b>Total property taxes</b>	<b>\$ 29,494,615</b>	<b>29,494,615</b>	<b>29,893,337</b>	<b>398,722</b>
<b>Intergovernmental:</b>				
State grants for education	\$ 1,250,000	1,250,000	1,287,649	37,649
Other state grants	117,982	117,982	295,869	177,887
<b>Total intergovernmental</b>	<b>\$ 1,367,982</b>	<b>1,367,982</b>	<b>1,583,518</b>	<b>215,536</b>
<b>Charges for services:</b>				
Licenses and permits	\$ 3,300	3,300	5,238	1,938
Charges for services	651,800	651,800	958,360	306,560
Fines and forfeits	5,000	5,000	4,278	(722)
<b>Total charges for services</b>	<b>\$ 660,100</b>	<b>660,100</b>	<b>967,876</b>	<b>307,776</b>
<b>Investment income</b>	<b>\$ 39,924</b>	<b>39,924</b>	<b>63,965</b>	<b>24,041</b>
<b>Miscellaneous revenues</b>	<b>\$ 112,000</b>	<b>112,000</b>	<b>91,199</b>	<b>(20,801)</b>
<b>Other financing sources:</b>				
Debt reimbursement	\$ 315,758	315,758	315,758	-
Premium on bond	-	-	4,956	4,956
W.P.C.A. reimbursement	28,000	28,000	28,000	-
<b>Total other financing sources</b>	<b>\$ 343,758</b>	<b>343,758</b>	<b>348,714</b>	<b>4,956</b>
<b>Total revenue and other financing sources</b>	<b>\$ 32,018,379</b>	<b>32,018,379</b>	<b>32,948,609</b>	<b>930,230</b>

## TOWN OF LITCHFIELD, CONNECTICUT

## SCHEDULE 2

Page 1 of 2

GENERAL FUND EXPENDITURES AND OTHER FINANCING USES -  
BUDGETARY BASIS - BUDGET AND ACTUAL  
For the Year Ended June 30, 2022

	Budgeted Amounts		Actual Amounts - Budgetary Basis	Variance With Final Budget Positive/ (Negative)
	Original	Final		
<b>General government:</b>				
Board of Finance	\$ 31,718	26,644	25,751	893
Treasurer	8,475	8,475	8,452	23
Vital statistics	400	467	466	1
Registrars	32,879	33,323	33,322	1
Elections	21,415	21,415	19,623	1,792
Inland wetlands	4,500	3,200	3,200	
Economic development commission	1,000	1,000	1,000	
Board of Tax Review	650	208	207	1
Building and grounds	241,000	305,704	305,704	
Planning and zoning	11,015	10,015	9,878	137
Probate Court	7,803	7,853	7,853	
Finance Department	240,629	241,608	241,607	1
Land use administration	124,610	123,200	123,137	63
Town Clerk	132,575	145,068	145,107	(39)
Computer equipment	97,174	85,730	85,730	
Zoning Appeals Board	4,000	3,000	3,000	
Legal Services Corporate Counsel	77,000	79,515	79,515	
Central services	25,900	24,573	24,573	
Assessor	134,531	140,091	140,089	2
Tax Collector	125,894	117,569	117,477	92
Municipal management	208,835	210,009	210,009	
Building Inspector	150,330	159,169	159,168	1
Board of Selectmen	29,543	28,543	28,475	68
<b>Total general government</b>	<b>\$ 1,711,876</b>	<b>1,776,379</b>	<b>1,773,343</b>	<b>3,036</b>
<b>Public safety:</b>				
Litchfield emergency management	\$ 17,154	13,139	13,037	102
Ambulance	63,754	63,754	63,754	
Fire Marshal	68,240	58,205	57,912	293
E911 emergency	92,679	92,679	92,676	3
Fire protection	414,343	413,448	413,346	102
Patrol services	154,176	130,458	129,271	1,187
Police Department	180,836	178,836	178,801	35
<b>Total public safety</b>	<b>\$ 991,182</b>	<b>950,519</b>	<b>948,797</b>	<b>1,722</b>
<b>Public works:</b>				
Building and ground maintenance	\$ 107,000	111,900	111,881	19
Highways and bridges	697,795	776,522	776,521	1
Supervision	24,280	19,217	18,307	910
Operations	1,426,425	1,418,576	1,427,859	(9,283)
Engineering	127,324	127,810	127,809	1
Equipment maintenance	223,040	231,840	231,840	
Solid waste and recycling	693,100	665,189	665,189	
<b>Total public works</b>	<b>\$ 3,298,964</b>	<b>3,351,054</b>	<b>3,359,406</b>	<b>(8,352)</b>

## TOWN OF LITCHFIELD, CONNECTICUT

## SCHEDULE 2

Page 2 of 2

GENERAL FUND EXPENDITURES, AND OTHER FINANCING USES -  
BUDGETARY BASIS - BUDGET AND ACTUAL  
For the Year Ended June 30, 2022

	Budgeted Amounts		Actual Amounts - Budgetary Basis	Variance With Final Budget Positive/ (Negative)
	Original	Final		
<b>Health and welfare:</b>				
OSHA mandated health	\$ 2,000	2,000	1,500	500
Social services	58,459	58,459	46,042	12,417
<b>Total health and welfare</b>	<b>\$ 60,459</b>	<b>60,459</b>	<b>47,542</b>	<b>12,917</b>
<b>Culture and recreation:</b>				
Recreation	\$ 99,607	94,082	94,077	5
Co-op programs	164,924	167,424	166,239	1,185
Library	386,969	386,969	386,969	
<b>Total culture and recreation</b>	<b>\$ 651,500</b>	<b>648,475</b>	<b>647,285</b>	<b>1,190</b>
<b>Education:</b>				
Board of Education	\$ 19,277,500	19,277,500	19,165,276	112,224
<b>Total education</b>	<b>\$ 19,277,500</b>	<b>19,277,500</b>	<b>19,165,276</b>	<b>112,224</b>
<b>Other:</b>				
Contingency	\$ 75,000			
Fringe benefits	1,509,915	1,511,993	1,013,208	498,785
Beautification commission	1,500	1,517	1,517	
Cemetery services	22,800	22,800	22,800	
Insurance	119,379	119,379	105,241	14,138
<b>Total other</b>	<b>\$ 1,728,594</b>	<b>1,655,689</b>	<b>1,142,766</b>	<b>512,923</b>
<b>Debt service:</b>				
Principal	\$ 3,527,536	3,527,536	3,531,536	(4,000)
Interest	705,768	705,768	699,334	6,434
<b>Total debt service</b>	<b>\$ 4,233,304</b>	<b>4,233,304</b>	<b>4,230,870</b>	<b>2,434</b>
<b>Other financing uses:</b>				
Transfer to dog fund	\$ 65,000	65,000	65,000	
<b>Total other financing uses</b>	<b>\$ 65,000</b>	<b>65,000</b>	<b>65,000</b>	<b>-</b>
<b>Total expenditures and other financial uses</b>	<b>\$ 32,018,379</b>	<b>32,018,379</b>	<b>31,380,285</b>	<b>638,094</b>



**TOWN OF LITCHFIELD, CONNECTICUT**

COMBINING BALANCE SHEET  
NON-MAJOR GOVERNMENTAL FUNDS  
June 30, 2022

		Special Revenue		
	Town Hall Annex	Special Education Grants	Cafeteria	Parks and Recreation
<b>ASSETS</b>				
Cash and cash equivalents	\$		131,756	
Receivables, net			81,224	
Due from other funds	383,187	76,891		90,895
<b>Total assets</b>	<u>\$ 383,187</u>	<u>76,891</u>	<u>212,980</u>	<u>90,895</u>
<b>LIABILITIES AND FUND BALANCES (DEFICITS)</b>				
<b>Liabilities:</b>				
Accounts payable and accrued liabilities	\$ 60,007		133,052	
Unearned revenues			33,914	12,111
Due to other funds				
<b>Total liabilities</b>	<u>\$ 60,007</u>	<u>-</u>	<u>166,966</u>	<u>12,111</u>
<b>Deferred inflows of resources:</b>				
Unavailable receipts	\$ -	-	-	-
<b>Fund balance (deficits):</b>				
Nonspendable	\$			
Restricted for:				
Donor's intentions				
Committed:				
Specific uses		76,891		78,784
Assigned	323,180		46,014	
Unassigned				
<b>Total fund balance (deficits)</b>	<u>\$ 323,180</u>	<u>76,891</u>	<u>46,014</u>	<u>78,784</u>
<b>Total liabilities, deferred inflows of resources, and fund balances (deficits)</b>	<u>\$ 383,187</u>	<u>76,891</u>	<u>212,980</u>	<u>90,895</u>

Special Revenue					
Road Ordinance	Sewer Assessment	LOCIP	Small Cities Grant	Miscellaneous Special Revenue	Town Road Aid
			87,533	32,335	
	257,477	82,522	34,875		
3,133	401,926			1,051,483	260,704
3,133	659,403	82,522	122,408	1,083,818	260,704
		44,327	1,019		
-	-	44,327	1,019	-	-
-	257,477	-	34,875	-	-
			86,514	696,018	
3,133	401,926	38,195		387,800	260,704
3,133	401,926	38,195	86,514	1,083,818	260,704
3,133	659,403	82,522	122,408	1,083,818	260,704

COMBINING BALANCE SHEET  
 NON-MAJOR GOVERNMENTAL FUNDS  
 June 30, 2022

	Special Revenue		Permanent Fund	Total Non-major Funds
	American Rescue Plan Act	Scholarships	Cemetery Trust	
<b>ASSETS</b>				
Cash and cash equivalents	\$	39,966	10,348	301,938
Receivables, net				456,098
Due from other funds	881,824	9,236		3,159,279
<b>Total assets</b>	<u>\$ 881,824</u>	<u>49,202</u>	<u>10,348</u>	<u>3,917,315</u>
<b>LIABILITIES AND FUND BALANCE (DEFICITS)</b>				
<b>Liabilities:</b>				
Accounts payable and accrued liabilities	\$			193,059
Unearned revenues	881,824			927,849
Due to other funds				45,346
<b>Total liabilities</b>	<u>\$ 881,824</u>	<u>-</u>	<u>-</u>	<u>1,166,254</u>
<b>Deferred inflows of resources:</b>				
Unavailable receipts	\$ -	-	-	292,352
<b>Fund balance (deficits):</b>				
Nonspendable	\$			-
Restricted for:				
Donor's intentions		49,202	10,348	842,082
Committed:				-
Specific uses				1,247,433
Assigned				369,194
Unassigned				-
<b>Total fund balance (deficits)</b>	<u>\$ -</u>	<u>49,202</u>	<u>10,348</u>	<u>2,458,709</u>
<b>Total liabilities, deferred inflows of resources, and fund balances (deficits)</b>	<u>\$ 881,824</u>	<u>49,202</u>	<u>10,348</u>	<u>3,917,315</u>

*[Intentionally left blank]*

**TOWN OF LITCHFIELD, CONNECTICUT**

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

	Special Revenue			
	Town Hall Annex	Special Education Grants	Cafeteria	Parks and Recreation
<b>Revenues:</b>				
Intergovernmental	\$	710,186	356,553	
Charges for services	64,000		76,678	107,513
Investment income				
Other				
<b>Total revenues</b>	<u>\$ 64,000</u>	<u>710,186</u>	<u>433,231</u>	<u>107,513</u>
<b>Expenditures:</b>				
General	\$ 201,120			116,001
Public works				
Culture and recreation				
Public health				
Education		710,146	383,386	
<b>Total expenditures</b>	<u>\$ 201,120</u>	<u>710,146</u>	<u>383,386</u>	<u>116,001</u>
<b>Revenue over (under) expenditures</b>	<u>\$ (137,120)</u>	<u>40</u>	<u>49,845</u>	<u>(8,488)</u>
<b>Other financing sources:</b>				
Transfers in	\$			
Transfers (out)				
<b>Total other financing sources</b>	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Changes in fund balances (deficits)</b>	<u>\$ (137,120)</u>	<u>40</u>	<u>49,845</u>	<u>(8,488)</u>
<b>Fund balances (deficits) - beginning</b>	<u>460,300</u>	<u>76,851</u>	<u>(3,831)</u>	<u>87,272</u>
<b>Fund balances (deficits) - ending</b>	<u><u>\$ 323,180</u></u>	<u><u>76,891</u></u>	<u><u>46,014</u></u>	<u><u>78,784</u></u>

Special Revenue					
Road Ordinance	Sewer Assessment	LOCIP	Small Cities Grant	Miscellaneous Special Revenue	Town Road Aid
	82,893	86,614	39,282	583,767	388,826
				153,339	
-	82,893	86,614	39,282	737,106	388,826
		315,547	989	5,500	
				378,754	258,137
				28,937	
				34,010	
-	-	315,547	989	447,201	258,137
-	82,893	(228,933)	38,293	289,905	130,689
				195,000	
	(94,669)				
-	(94,669)	-	-	195,000	-
-	(11,776)	(228,933)	38,293	484,905	130,689
3,133	413,702	267,128	48,221	598,913	130,015
3,133	401,926	38,195	86,514	1,083,818	260,704

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

	Special Revenue		Permanent Fund	Total Non-major Governmental Funds
	American Rescue Plan Act	Scholarships	Cemetery Trust	
<b>Revenues:</b>				
Intergovernmental	\$			2,125,946
Charges for services				370,366
Investment income				
Other				153,339
<b>Total revenues</b>	\$ -	-	-	2,649,651
<b>Expenditures:</b>				
General	\$		45	639,202
Public works				636,891
Culture and recreation				
Public health				28,937
Education				1,127,542
<b>Total expenditures</b>	\$ -	-	45	2,432,572
<b>Revenue over (under) expenditures</b>	\$	-	(45)	217,079
<b>Other financing sources:</b>				
Transfers in	\$			195,000
Transfers (out)				(94,669)
<b>Total other financing sources</b>	\$ -	-	-	100,331
<b>Changes in fund balances (deficits)</b>	\$ -	-	(45)	317,410
<b>Fund balances (deficits) - beginning</b>	-	49,202	10,393	2,141,299
<b>Fund balances (deficits) - ending</b>	\$ -	49,202	10,348	2,458,709

W.P.C.A.  
 COMBINING STATEMENT OF NET FUND POSITION  
 June 30, 2022

	Operating	Capital Reserve	Total
<b>Assets:</b>			
Current assets:			
Cash and cash equivalents	\$ 50		50
Receivables, net of allowance	230,163		230,163
Due from other funds	171,904	958,846	1,130,750
<b>Total current assets</b>	<u>\$ 402,117</u>	<u>958,846</u>	<u>1,360,963</u>
Noncurrent assets:			
Capital assets, net of accumulated depreciation	\$ 4,234,383		4,234,383
<b>Total noncurrent assets</b>	<u>\$ 4,234,383</u>	<u>-</u>	<u>4,234,383</u>
<b>Total assets</b>	<u>\$ 4,636,500</u>	<u>958,846</u>	<u>5,595,346</u>
<b>Liabilities:</b>			
Current liabilities:			
Accounts payable and accrued liabilities	\$ 13,186		13,186
Payments in advance	17,267		17,267
Notes payable - current	267,536		267,536
<b>Total current liabilities</b>	<u>\$ 297,989</u>	<u>-</u>	<u>297,989</u>
Noncurrent liabilities:			
Notes payable, less current portion	\$ 28,392		28,392
<b>Total noncurrent liabilities</b>	<u>\$ 28,392</u>	<u>-</u>	<u>28,392</u>
<b>Total liabilities</b>	<u>\$ 326,381</u>	<u>-</u>	<u>326,381</u>
<b>Net position:</b>			
Invested in capital assets, net of related debt	\$ 3,938,455		3,938,455
Unrestricted	371,664	958,846	1,330,510
<b>Total net position</b>	<u>\$ 4,310,119</u>	<u>958,846</u>	<u>5,268,965</u>



## TOWN OF LITCHFIELD, CONNECTICUT

## SCHEDULE 6

W.P.C.A.

## COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET FUND POSITION

For the Year Ended June 30, 2022

	Operating	Capital Reserve	Total
<b>Operating revenues:</b>			
Charges for services	\$ 1,246,163		1,246,163
Other revenues			-
<b>Total operating revenues</b>	<u>\$ 1,246,163</u>	<u>-</u>	<u>1,246,163</u>
<b>Operating expenses:</b>			
Salaries and benefits	\$ 449,579		449,579
Materials and supplies	67,081		67,081
Utilities	68,235		68,235
Depreciation	127,962		127,962
Administration and operation	333,041		333,041
<b>Total operating expenses</b>	<u>\$ 1,045,898</u>	<u>-</u>	<u>1,045,898</u>
<b>Operating income</b>	<u>\$ 200,265</u>	<u>-</u>	<u>200,265</u>
<b>Nonoperating revenues (expense):</b>			
Interest income	\$	2,952	2,952
Interest expense	(8,826)		(8,826)
<b>Total nonoperating revenues (expense)</b>	<u>\$ (8,826)</u>	<u>2,952</u>	<u>(5,874)</u>
<b>Transfers to (from) other funds:</b>			
Transfers from general fund - debt	\$ 55,272		55,272
Transfers to (from) capital reserve	(63,149)	63,149	
Transfers from capital reserve	8,140	(8,140)	
<b>Total transfers to (from) other funds</b>	<u>\$ 263</u>	<u>55,009</u>	<u>55,272</u>
<b>Changes in fund net position</b>	<u>\$ 191,702</u>	<u>57,961</u>	<u>249,663</u>
<b>Fund net position - beginning</b>	<u>4,118,417</u>	<u>900,885</u>	<u>5,019,302</u>
<b>Fund net position - ending</b>	<u><u>\$ 4,310,119</u></u>	<u><u>958,846</u></u>	<u><u>5,268,965</u></u>

W.P.C.A.

## COMBINING STATEMENT OF CASH FLOWS

For the Year Ended June 30, 2022

	Operating	Capital Reserve	Total
<b>Cash flow from operating activities:</b>			
Receipts from customers and users	\$ 1,293,685		1,293,685
Payments to employees	(449,579)		(449,579)
Payments to suppliers	(482,316)		(482,316)
<b>Net cash provided by (used in) operating activities</b>	<b>\$ 361,790</b>	<b>-</b>	<b>361,790</b>
<b>Cash flow from noncapital and related financing activities:</b>			
Interfund account activity	\$ (85,691)	(57,961)	(143,652)
Transfer from other funds	55,272		55,272
Transfer to other funds	(63,149)	63,149	
<b>Net cash provided by (used in) noncapital and related financing activities</b>	<b>\$ (93,568)</b>	<b>5,188</b>	<b>(88,380)</b>
<b>Cash flow from capital and related financing activities:</b>			
Purchase of assets	\$ 8,140	(8,140)	
Principal made on capital debt	(267,536)		(267,536)
Interest paid on capital debt	(8,826)		(8,826)
<b>Net cash provided by (used in) capital and related financing activities</b>	<b>\$ (268,222)</b>	<b>(8,140)</b>	<b>(276,362)</b>
<b>Cash flow from investing activities:</b>			
Interest received on investments	\$	2,952	2,952
<b>Net cash provided by (used in) investing activities</b>	<b>\$ -</b>	<b>2,952</b>	<b>2,952</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>\$</b>		
<b>Cash and cash equivalents - beginning</b>	<b>50</b>		<b>50</b>
<b>Cash and cash equivalents - ending</b>	<b>\$ 50</b>	<b>-</b>	<b>50</b>
<b>Reconciliation of operating income to net cash provided by (used in) operating activities:</b>			
Operating income	\$ 200,265		200,265
Adjustment to reconcile operating income to net cash provided by (used in) operating activities:			
Depreciation	127,962		127,962
Change in assets and liabilities:			
Decrease (increase) in accounts receivable	33,402		33,402
(Decrease) increase in accounts payable	(13,959)		(13,959)
(Decrease) increase in payments in advance	14,120		14,120
<b>Net cash provided by (used in) operating activities</b>	<b>\$ 361,790</b>	<b>-</b>	<b>361,790</b>

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGETARY BASIS - BUDGET AND ACTUAL - W.P.C.A.  
For the Year Ended June 30, 2022

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget Positive/ (Negative)
	Original	Final		
<b>Revenues:</b>				
Sewer usage fees	\$ 1,016,774	1,016,774	966,453	50,321
Sewer usage interest	25,000	25,000	52,261	(27,261)
Sewer dumping charges	60,000	60,000	113,741	(53,741)
Town of Morris upgrade and service	60,871	60,871	62,517	(1,646)
Other charges	48,913	48,913	50,234	(1,321)
Investment income	6,200	6,200	956	5,244
<b>Total revenues</b>	<u>\$ 1,217,758</u>	<u>1,217,758</u>	<u>1,246,162</u>	<u>(28,404)</u>
<b>Expenditures:</b>				
Current:				
Sewer administration (313201)	\$ 370,393	370,393	412,904	(42,511)
Sewer operations (313202)	441,186	441,186	376,705	64,481
Employee benefits (318101)	168,366	168,366	150,400	17,966
Debt payments (317101)	199,016	199,016	199,016	-
<b>Total expenditures</b>	<u>\$ 1,178,961</u>	<u>1,178,961</u>	<u>1,139,025</u>	<u>39,936</u>
<b>Revenues over (under) expenditures</b>	<u>\$ 38,797</u>	<u>38,797</u>	<u>107,137</u>	<u>(68,340)</u>
<b>Other financing sources (uses):</b>				
Transfer to capital reserve fund	\$ 65,000	-	(63,149)	-
<b>Revenues over expenditures and other financing sources (uses)</b>	<u>\$ 103,797</u>	<u>38,797</u>	<u>43,988</u>	<u>(68,340)</u>

Net change in unassigned fund balance	\$ 43,988
Unassigned fund balance, July 1, 2021	<u>327,676</u>
Unassigned fund balance, June 30, 2022	<u>\$ 371,664</u>

PRIVATE PURPOSE TRUST FUNDS  
 COMBINING STATEMENT OF NET POSITION  
 June 30, 2022

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	Town Pension Trust Fund	Merit Service Pension Trust Fund	OPEB Trust Fund	Total Trust Funds
<b>Assets:</b>				
Cash and cash equivalents	\$ 397,330	105,315	42,454	545,099
Investments	<u>16,017,209</u>	<u>4,216,696</u>	<u>1,682,119</u>	<u>21,916,024</u>
<b>Total assets</b>	<u>\$ 16,414,539</u>	<u>4,322,011</u>	<u>1,724,573</u>	<u>22,461,123</u>
<b>Net position:</b>				
Held in trust for pension benefits	\$ 16,414,539	4,322,011		20,736,550
Held in trust for post employee benefits	<u></u>	<u></u>	<u>1,724,573</u>	<u>1,724,573</u>
<b>Total net position</b>	<u>\$ 16,414,539</u>	<u>4,322,011</u>	<u>1,724,573</u>	<u>22,461,123</u>

PRIVATE PURPOSE TRUST FUNDS  
 COMBINING STATEMENT OF CHANGES IN NET POSITION  
 For the Year Ended June 30, 2022

	Town Pension Trust Fund	Merit Service Pension Trust Fund	OPEB Trust Fund	Total Trust Funds
<b>Additions:</b>				
Employer contributions	\$ 520,645	127,954	94,563	743,162
Employee contributions	28,216			28,216
Other			10,230	10,230
<b>Total contributions</b>	<u>\$ 548,861</u>	<u>127,954</u>	<u>104,793</u>	<u>781,608</u>
<b>Investment earnings:</b>				
Net increase (decrease) in fair value	\$ (2,545,308)	(670,453)	(273,380)	(3,489,141)
Interest and dividends	331,880	87,486	34,843	454,209
Less: administrative expense	(46,668)	(12,302)		(58,970)
<b>Total investment earnings</b>	<u>\$ (2,260,096)</u>	<u>(595,269)</u>	<u>(238,537)</u>	<u>(3,093,902)</u>
<b>Deductions:</b>				
Benefits	\$ 993,523	249,199	104,793	1,347,515
<b>Total deductions</b>	<u>\$ 993,523</u>	<u>249,199</u>	<u>104,793</u>	<u>1,347,515</u>
<b>Change in net position</b>	<u>\$ (2,704,758)</u>	<u>(716,514)</u>	<u>(238,537)</u>	<u>(3,659,809)</u>
<b>Net position - beginning</b>	<u>19,119,297</u>	<u>5,038,525</u>	<u>1,963,110</u>	<u>26,120,932</u>
<b>Net position - ending</b>	<u><u>\$ 16,414,539</u></u>	<u><u>4,322,011</u></u>	<u><u>1,724,573</u></u>	<u><u>22,461,123</u></u>

**CUSTODIAL FUNDS**  
**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**  
**For the Year Ended June 30, 2022**

	Balance June 30, 2021	Additions	Deductions	Balance June 30, 2022
<b>Student Activity Funds</b>				
<b>Assets:</b>				
Cash and cash equivalents	\$ 205,894			205,894
Total assets	\$ 205,894	-	-	205,894
<b>Liabilities:</b>				
Accounts payable	\$			-
Deposits held for others	205,894			205,894
Total liabilities	\$ 205,894	-	-	205,894
<b>Performance Bonds</b>				
<b>Assets:</b>				
Cash and cash equivalents	\$ 1,300			1,300
Accounts receivable	202,789		1,670	201,119
Total assets	\$ 204,089	-	1,670	202,419
<b>Liabilities:</b>				
Deposits held for others	\$ 204,089	-	1,670	202,419
Total liabilities	\$ 204,089	-	1,670	202,419
<b>Total Agency Funds</b>				
<b>Assets:</b>				
Cash and cash equivalents	\$ 207,194	-	-	207,194
External balances	202,789	-	1,670	201,119
Total assets	\$ 409,983	-	1,670	408,313
<b>Liabilities:</b>				
Deposits held for others	\$ 409,983	-	1,670	408,313
Total liabilities	\$ 409,983	-	1,670	408,313

**TOWN OF LITCHFIELD, CONNECTICUT**

**SCHEDULE OF PROPERTY TAXES LEVIED, COLLECTED AND OUTSTANDING**  
For the Year Ended June 30, 2022

Grand List Year	Uncollected Balance and New Levy July 1, 2021	Lawful Corrections		(Transfers to) Recoveries From Suspense	Balance to be Collected
		Increases	Decreases		
2005	\$ -	-	-	-	-
2006	-	-	-	-	-
2007	-	-	-	-	-
2008	-	-	-	-	-
2009	-	-	-	-	-
2010	-	-	-	-	-
2011	-	-	-	-	-
2012	50	-	-	-	50
2013	44	-	-	-	44
2014	-	-	-	-	-
2015	308	-	-	(595)	(287)
2016	3,454	-	-	(1,295)	2,159
2017	40,504	-	(349)	(21,518)	18,637
2018	149,939	-	(247)	-	149,692
2019	323,914	265	(2,244)	-	321,935
	\$ 518,213	265	(2,840)	(23,408)	492,230
2020	29,675,653	25,792	65,399	-	29,766,844
Total	\$ 30,193,866	26,057	62,559	(23,408)	30,259,074

**SCHEDULE 12**

Collections				Uncollected Balance June 30, 2022
Taxes	Interest	Lien Fees	Total	
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	50
-	-	-	-	44
-	-	-	-	-
			-	(287)
1,832	1,388	24	3,244	327
18,441	7,658	96	26,195	196
90,125	40,996	443	131,564	59,567
220,877	46,982	1,248	269,107	101,058
331,275	97,024	1,811	430,110	160,955
29,137,714	102,574	240	29,240,528	629,130
29,468,989	199,598	2,051	29,670,638	790,085



TOWN OF LITCHFIELD, CONNECTICUT

**SCHEDULE OF DEBT LIMITATION**  
**For the Year Ended June 30, 2022**

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	General Purpose
<b>Debt limitation:</b>	
2 1/4 times base	\$ 66,758,936
4 1/2 times base	
3 3/4 times base	
3 1/4 times base	
3 times base	
7 times base	
	<hr/>
<b>Total debt limitation</b>	<b>\$ 66,758,936</b>
<b>Indebtedness:</b>	
Bonds payable	\$ 16,629,300
Bonds authorized and unissued	<u>5,486,143</u>
<b>Total indebtedness</b>	<b>\$ 22,115,443</b>
<b>Less: School construction grants receivable</b>	<u>-</u>
<b>Total indebtedness of the Town</b>	<b>\$ 22,115,443</b>
<b>Debt limitation in excess of outstanding and authorized debt</b>	<b>\$ <u>44,643,493</u></b>

Total tax collections (including interest and lien fees)  
for the year ended June 30, 2022 \$ 29,670,638

Reimbursement for revenue loss on:  
Elderly Tax Relief - Freeze -

**Base** \$ 29,670,638

<u>Schools</u>	<u>Sewers</u>	<u>Urban Renewal</u>	<u>Pension Bonding</u>	<u>Total Debt</u>
133,517,872	111,264,893	96,429,574	89,011,914	207,694,467
<u>133,517,872</u>	<u>111,264,893</u>	<u>96,429,574</u>	<u>89,011,914</u>	<u>207,694,467</u>
4,152,700	88,000			20,870,000
<u>4,152,700</u>	<u>88,000</u>	<u>-</u>	<u>-</u>	<u>5,486,143</u>
4,152,700	88,000	-	-	26,356,143
<u>4,152,700</u>	<u>88,000</u>	<u>-</u>	<u>-</u>	<u>26,356,143</u>
-	-	-	-	-
<u>4,152,700</u>	<u>88,000</u>	<u>-</u>	<u>-</u>	<u>26,356,143</u>
<u>129,365,172</u>	<u>111,176,893</u>	<u>96,429,574</u>	<u>89,011,914</u>	<u>181,338,324</u>

## PRINCIPAL PROPERTY TAXPAYERS

June 30, 2022

<u>Taxpayer</u>	<u>Nature of Operations</u>	<u>Taxable Assessed Value as of 10/1/20</u>
Eversource	Power company	\$ 27,156,750
City of Waterbury	Watershed	6,761,900
CRP/BWN, LLC	Health care facility	6,757,100
6645 Federal Square Realty, LLC	Real estate	4,700,040
White Memorial Foundation	Real estate	3,557,500
Aquarion Water Company of CT	Leased land for cottages	3,551,960
130 Chestnut Hill, LLC	Real estate	2,605,440
Union Savings	Banking	2,605,390
C.A. Litchfield Land, LLC	Water supply	2,525,160
Arethusa Farm, LLC	Real estate	<u>2,321,770</u>
Total	Commercial real estate	<u>\$ 62,543,010</u>

Source: Town of Litchfield, Office of Tax Assessor

**TAXABLE GRAND LIST**  
**June 30, 2022**


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<u>Grand List</u>		<u>Real Estate</u>	<u>Personal</u>	<u>Motor Vehicle</u>	<u>Gross Taxable Grand List</u>	<u>Less Exemptions</u>	<u>Net Taxable Grand List</u>
10/1/2020	\$	932,754,718	53,249,325	82,406,300	1,068,410,343	1,068,410,343	4,817,213

Source: Town of Litchfield, Office of Tax Assessor

**CALCULATION OF DIRECT DEBT AND NEW DIRECT DEBT**  
**June 30, 2022**


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Long-term indebtedness (1):		
Bonds:		
General purpose	\$	16,629,300
Schools		4,152,700
Sewers		88,000
State of Connecticut PLO (Clean Water Fund)		<u>295,928</u>
Total long-term indebtedness	\$	21,165,928
Short-term indebtedness:		
Bond anticipation notes		<u>-</u>
Total direct debt	\$	21,165,928
Exclusions (2):		
Sewer assessments receivable		82,893
Sewer use charges receivable		<u>230,163</u>
Total net direct debt	\$	<u><u>21,478,984</u></u>

(1) Does not include authorized but unissued debt

(2) Grants and receivables applicable to authorized and unissued debt are not included

Note: The Town has no overlapping or underlying indebtedness

## CURRENT DEBT RATIOS

June 30, 2022

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Total direct indebtedness	\$	21,165,928
Total net direct indebtedness	\$	21,478,984
Population (1)	\$	8,147
Net taxable grand list (10/1/20)	\$	1,063,593,130
Estimated full value (10/1/20)	\$	1,519,418,757
Equalized net taxable grand list (2018) (2)	\$	1,500,782,011
Per capita income (2019) (3)	\$	49,602
Total direct indebtedness:		
Per capita	\$	2,598
To net taxable grand list		1.99%
To estimated full value		1.39%
To equalized net taxable grand list		1.41%
Per capita to per capita income		5.24%
Total net indirect indebtedness:		
Per capita	\$	2,636
To net taxable grand list		2.02%
To estimated full value		1.41%
To equalized net taxable grand list		1.43%
Per capita to per capita income		5.32%

(1) U.S. Department of Commerce, Bureau of Census 2016

(2) Town of Litchfield, assessor's office

(3) U.S. Census Bureau, 2015-2019 American Community Survey

Source: Town of Litchfield, Office of the Director of Finance