

Financial Information and Operating Data
As of and for the Fiscal Year Ended June 30, 2011



TOWN OF NEW MILFORD, CONNECTICUT

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**SECTION I - ANNUAL FINANCIAL INFORMATION AND OPERATING
DATA AS OF AND FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

Annual Financial Information and Operating Data – Tax Information

Taxable Grand List (\$ in thousands)

<u>Grand List 10/1</u>	<u>Real Property Percent</u>	<u>Personal Property Percent</u>	<u>Motor Vehicle Percent</u>	<u>Gross Taxable Grand List</u>	<u>Less Exemptions</u>	<u>Net Taxable Grand List</u>	<u>Percent Change</u>
2009	88.2	5.7	6.1	\$3,121,650	\$75,384	\$3,046,266	0.4
2008	88.5	5.4	6.1	3,098,409	64,010	3,034,399	0.2
2007	88.9	4.4	6.7	3,059,306	34,834	3,027,472	0.2
2006	88.7	4.7	6.6	3,054,525	32,759	3,021,766	0.7
2005	88.5	4.8	6.7	3,025,702	24,441	3,001,261	36.3
2004	84.8	6.7	8.5	2,231,241	21,997	2,201,244	3.8
2003	84.5	7.6	7.9	2,160,002	38,919	2,121,083	-

Major Taxpayers

<u>Name</u>	<u>Nature of Business</u>	<u>Taxable Valuation as of 10/1/09</u>	<u>Percent of Net Taxable Grand List</u>
Kimberly-Clark	Manufacturing	\$ 83,138,105	2.73
Connecticut Light & Power	Utility	38,763,265	1.27
G R E New Milford LLC	Shopping center	13,730,220	0.45
Home Depot USA Inc.	Shopping center	11,537,945	0.38
Yankee Gas	Utility	7,194,590	0.23
Housatonic Re II LLC	Factory	7,057,890	0.23
O&G Industries	Construction	7,049,200	0.23
United Water	Utility	6,373,200	0.21
Cedar Fairfield Plaza LLC	Shopping center	6,059,620	0.20
U B New Milford LLC	Shopping center	5,482,610	0.18
Danbury Road Developers	Shopping center	5,092,430	0.17
Candlewood New Milford LLC	Nursing home	<u>3,903,060</u>	<u>0.13</u>
Total		\$195,382,135	6.41

Net taxable grand list as of 10/1/09: \$3,046,266,025.

Tax Collections

<u>Fiscal Year Ended 6/30</u>	<u>Grand List 10/1</u>	<u>Net Taxable Grand List (000s omitted)</u>	<u>Mill Rate</u>	<u>Adjusted Annual Levy</u>	<u>Percent of Annual Levy Collected at End of Fiscal Year</u>	<u>Percent of Annual Levy Uncollected at 6/30/11</u>
2011	2009	\$3,046,266	22.70	\$68,492,044	97.96	2.04
2010	2008	3,034,399	22.52	67,090,770	98.02	0.06
2009	2007	3,027,472	22.22	66,946,399	98.01	0.03
2008	2006	3,021,766	21.34	64,337,077	98.11	0.01
2007	2005	3,001,261	20.87	62,565,016	97.94	0.01
2006	2004	2,201,244	27.11	59,863,007	98.06	0.01

Annual Financial Information and Operating Data – Debt Information

Annual Debt Service Requirements on Long-Term Indebtedness As of June 30, 2011

<u>Fiscal Year Ending</u>	<u>Principal Payments</u>	<u>Interest Payments</u>	<u>Total Payments</u>	<u>Cumulative Percent Retired</u>
2012	\$ 4,822,210	\$ 1,567,953	\$ 6,390,163	13.24
2013	4,822,210	1,296,959	6,119,169	26.48
2014	4,262,211	1,099,139	5,361,350	38.18
2015	4,227,211	918,245	5,145,456	49.78
2016	4,086,105	739,347	4,825,452	61.00
2017	3,950,000	564,095	4,514,095	71.85
2018	2,700,000	380,626	3,080,626	79.26
2019	2,630,000	261,176	2,891,176	86.48
2020	1,130,000	181,720	1,311,720	89.58
2021	625,000	138,956	763,956	91.30
2022	540,000	117,295	657,295	92.78
2023	540,000	96,470	636,470	94.26
2024	540,000	75,344	615,344	95.74
2025	250,000	53,713	303,713	96.43
2026	250,000	44,519	294,519	97.12
2027	250,000	35,088	285,088	97.80
2028	250,000	25,500	275,500	98.49
2029	250,000	15,875	265,875	99.18
2030	150,000	8,344	158,344	99.59
2031	<u>150,000</u>	<u>2,812</u>	<u>152,812</u>	100.00
Total	\$36,424,947	\$7,623,176	\$44,048,123	

Current Debt Statement As of June 30, 2011

Bonded debt	
General purpose	\$ 6,920,202
Schools	24,994,332
Sewers	<u>4,510,413</u>
Total bonded debt	36,424,947
Short-term debt	<u>23,550,000</u>
Direct debt	59,974,947
Less:	
School construction grants receivable	7,192,499
Self-supporting debt ¹	<u>4,200,352</u>
Net direct debt	48,582,096
Overlapping/underlying debt	-
Overall net debt	<u>\$48,582,096</u>

¹ Represents the principal amount of sewer bonds upon which the WPCA has agreed to pay debt service.

Annual Financial Information and Operating Data – Debt Information (continued)

Current Debt Ratios As of June 30, 2011

Population, 2010 ¹	28,142
Per capita income, 1999 ²	\$29,630
Net taxable grand list, 10/1/09	\$3,046,266,025
Estimated full value @ 70%	\$4,351,808,607
Equalized net grand list (2009) ³	\$4,366,729,431

	Direct Debt		Overall Net Debt
	<u>\$59,974,947</u>		<u>\$48,582,096</u>
Per capita	\$2,131.15		\$1,726.32
To net taxable grand list	1.97%		1.59%
To estimated full value	1.38%		1.12%
To equalized net grand list	1.37%		1.11%
Ratio of debt per capita to per capita income	7.19%		5.83%

Sources: ¹U.S. Department of Commerce, Bureau of Census, 2010 Census.

²U.S. Department of Commerce, Bureau of Census, 2000 Census.

³State of Connecticut, Office of Policy and Management.

Statement of Statutory Debt Limitation As of June 30, 2011

See "Audited Financial Statements, page 81, under Section II herein.

Annual Financial Information and Operating Data – Pension Information

See “Audited Financial Statements, Notes to Financial Statements, Note 15, under Section II herein.

**SECTION II - AUDITED FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

TOWN OF NEW MILFORD, CONNECTICUT

FINANCIAL STATEMENTS

JUNE 30, 2011

TOWN OF NEW MILFORD, CONNECTICUT

ANNUAL FINANCIAL REPORT

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Independent Auditors' Report

To the Board of Finance
Town of New Milford, Connecticut

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 New Milford, Connecticut, as of and for the year ended June 30, 2011, which collectively comprise the Town of New Milford, Connecticut's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town's management. Our responsibility is to express opinions on these financial statements based on our audit.

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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town of New Milford, Connecticut, as of June 30, 2011 and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 23, 2011 on our consideration of the Town of New Milford, Connecticut's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Management's discussion and analysis on pages 3 through 14, the respective budgetary comparison for the General Fund on pages 51 through 57, and the required supplementary information for the other post-employment benefits program on page 58 are not required parts of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of New Milford, Connecticut's basic financial statements. The combining and individual nonmajor fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Blum, Shapiro & Company, P.C.

December 23, 2011

TOWN OF NEW MILFORD, CONNECTICUT MANAGEMENT'S DISCUSSION AND ANALYSIS

The management of the Town of New Milford, Connecticut (the Town), offers the readers of its financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2011.

FINANCIAL HIGHLIGHTS

- The assets of the Town exceeded its liabilities at the close of the most recent fiscal year by \$182,766,786 (net assets). Of this amount, \$72,244,877 (unrestricted net assets) may be used to meet the Town's ongoing obligations to its citizens and creditors.
- The Town's changes in net assets for the year ended June 30, 2011 amounted to \$2,624,616.
- As of the close of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$4,800,445, a decrease of \$9,042,756 in comparison with the prior year ending fund balances, as restated.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$11,861,567 or 12.6% of total General Fund expenditures. Committed fund balance for the Bridge Project and other capital projects totaled \$995,250 as of June 30, 2011.
- The Town's total long-term bonded debt had a decrease of \$787,216 or 2.1% during the current fiscal year due to regularly scheduled principal repayments and additional financing.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the Town's finances, in a manner similar to a private-sector business.

The statement of net assets presents information on all of the Town's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

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

**TOWN OF NEW MILFORD, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (*Continued*)**

OVERVIEW OF THE FINANCIAL STATEMENTS (*Continued*)

Government-Wide Financial Statements (*Continued*)

The government-wide financial statements are intended to distinguish functions of the Town that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the Town include general government, public safety, public works, health and welfare services, library, cultural and recreational services, education, and other miscellaneous services. The business-type activities of the Town include the activities of its Water Pollution Control Authority.

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

Fund Financial Statements

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

Governmental Funds

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

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

The Town maintains 50 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General Fund, the Waste Management Ordinance Fund, the Sewer Expansion Fund and the Capital Reserve Fund, all of which are considered to be major funds. Data from 29 Special Revenue Funds and 18 Capital Project Funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

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

**TOWN OF NEW MILFORD, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (*Continued*)**

OVERVIEW OF THE FINANCIAL STATEMENTS (*Continued*)

Fund Financial Statements (*Continued*)

Proprietary Funds

The Town maintains two types of proprietary funds.

Enterprise funds provide the same type of information as the government-wide financial statements, only in more detail. The Town uses an enterprise fund to account for the operations of the Town's Water Pollution Control Authority.

Internal service funds are an accounting device used to accumulate and allocate costs internally among the Town's various functions. The Town uses an internal service fund to account for its insurance activities. Because this service predominately benefits governmental rather than business-type functions, it has been included within governmental activities in the government-wide financial statements.

The basic proprietary fund financial statements can be found on Exhibits V, VI and VII of this report.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the Town government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to the Town's own programs. The Town has five Private Purpose Trust Funds, one Pension Trust Fund and six Agency Funds. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found on Exhibits VIII and IX of this report.

Notes to the Financial Statements

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 26-50 of this report.

Other Information

Combining and individual fund statements and schedules can be found on pages 51-79 of this report, and other supplemental information can be found on pages 80-81 of this report.

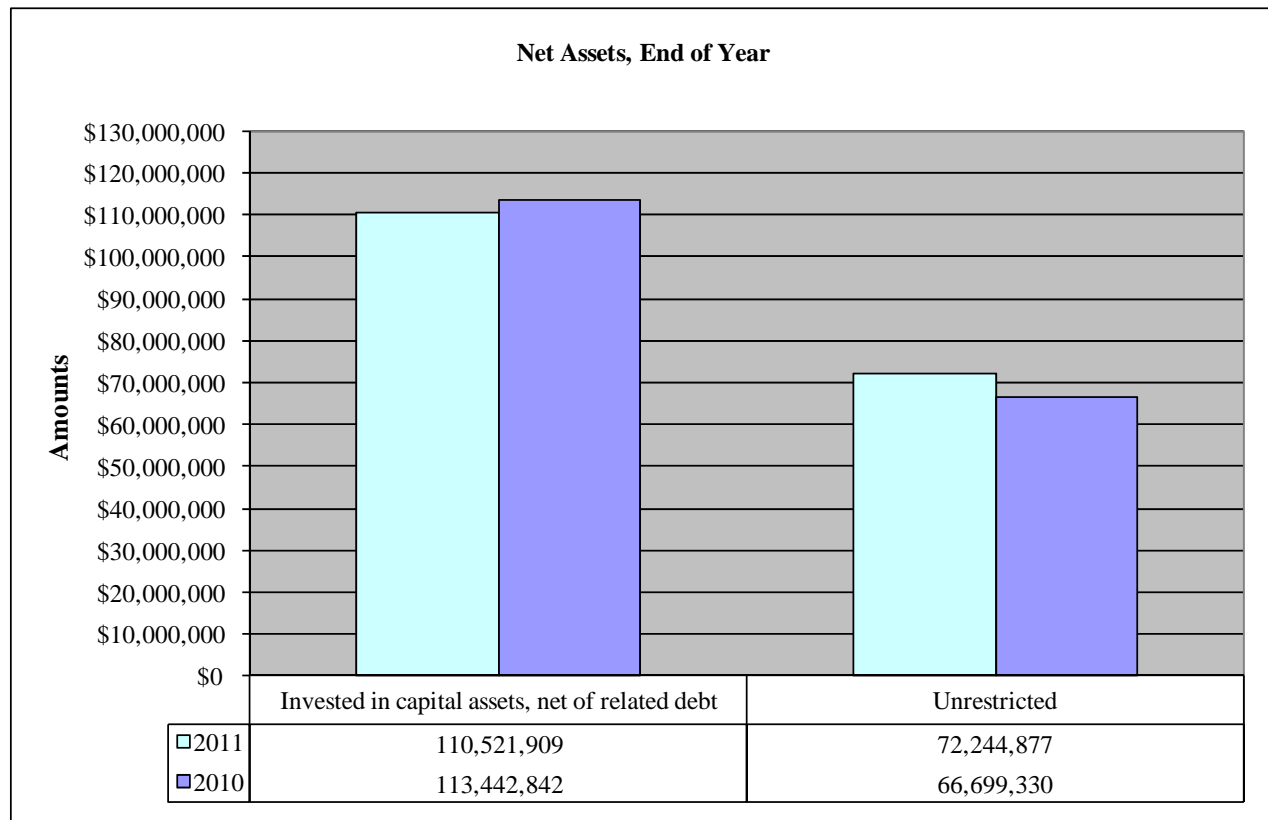
**TOWN OF NEW MILFORD, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net Assets

Over time, net assets may serve as one measure of a government's financial position. Total net assets (governmental and business-type activities combined) of the Town totaled \$182,766,786 as of June 30, 2011 and \$180,142,172 as of June 30, 2010 and are summarized as follows:

	Governmental Activities		Business-Type Activities		Total	
	2011	2010	2011	2010	2011	2010
Current assets	\$ 81,548,277	\$ 77,981,189	\$ 4,485,937	\$ 4,681,975	\$ 86,034,214	\$ 82,663,164
Capital assets, net of accumulated depreciation	<u>158,208,117</u>	<u>144,552,724</u>	<u>17,087,392</u>	<u>17,706,610</u>	<u>175,295,509</u>	<u>162,259,334</u>
Total assets	<u>239,756,394</u>	<u>222,533,913</u>	<u>21,573,329</u>	<u>22,388,585</u>	<u>261,329,723</u>	<u>244,922,498</u>
Long-term liabilities outstanding	38,563,547	38,771,809	4,200,352	4,670,234	42,763,899	43,442,043
Current liabilities	<u>35,627,982</u>	<u>21,038,715</u>	<u>171,056</u>	<u>299,568</u>	<u>35,799,038</u>	<u>21,338,283</u>
Total liabilities	<u>74,191,529</u>	<u>59,810,524</u>	<u>4,371,408</u>	<u>4,969,802</u>	<u>78,562,937</u>	<u>64,780,326</u>
Net Assets:						
Invested in capital assets, net of related debt	97,634,869	100,406,466	12,887,040	13,036,376	110,521,909	113,442,842
Restricted						
Unrestricted	<u>67,929,996</u>	<u>62,316,923</u>	<u>4,314,881</u>	<u>4,382,407</u>	<u>72,244,877</u>	<u>66,699,330</u>
Total Net Assets	<u>\$ 165,564,865</u>	<u>\$ 162,723,389</u>	<u>\$ 17,201,921</u>	<u>\$ 17,418,783</u>	<u>\$ 182,766,786</u>	<u>\$ 180,142,172</u>



**TOWN OF NEW MILFORD, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

Changes in Net Assets (Continued)

As of June 30, 2011, 60% of the Town's net assets reflect its investment in capital assets, less any related debt used to acquire those assets that is still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

The remainder of the Town's net assets is considered unrestricted and may be used to meet the Town's ongoing obligations to citizens and creditors.

Overall, net assets increased by \$2,624,616 in comparison to the prior year net assets.

Changes in Net Assets

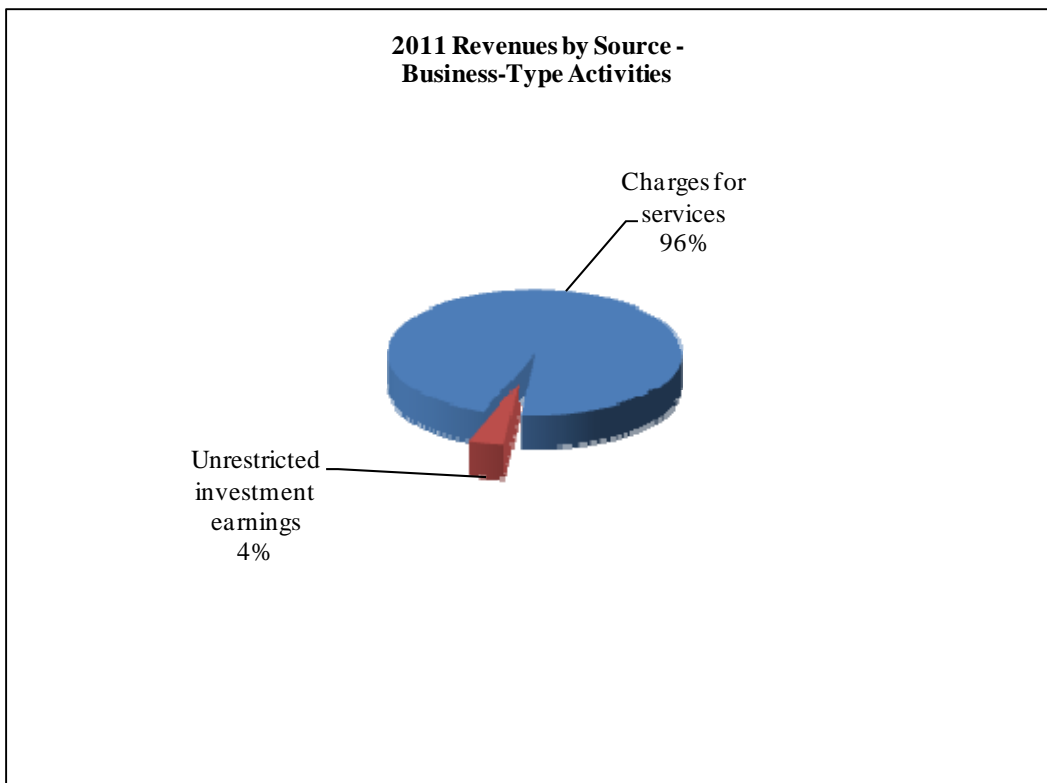
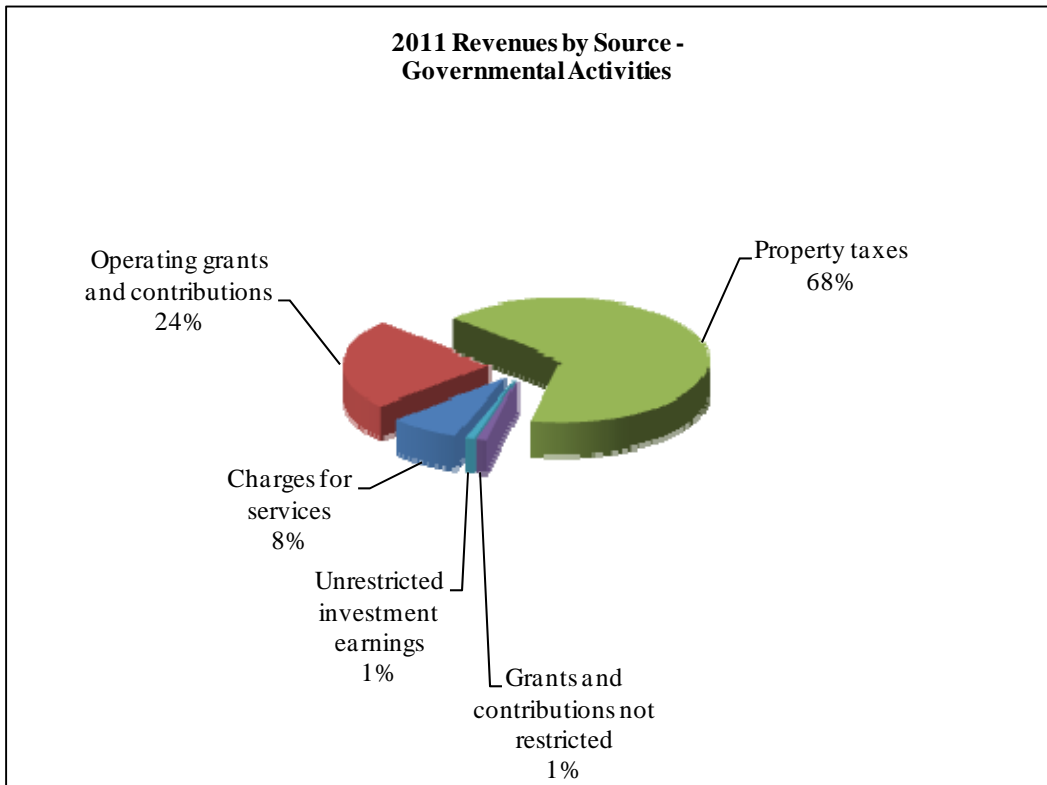
Changes in net assets for the years ended June 30, 2011 and 2010 are as follows:

	Governmental Activities		Business-Type Activities		Total	
	2011	2010	2011	2010	2011	2010
Revenues:						
Program revenues:						
Charges for services	\$ 8,128,793	\$ 7,814,765	\$ 1,988,963	\$ 1,651,818	\$ 10,117,756	\$ 9,466,583
Operating grants and contributions	24,644,922	21,906,940			24,644,922	21,906,940
Capital grants and contributions	4,332,095	1,984,016			4,332,095	1,984,016
General revenues:						
Property taxes	69,440,320	67,923,019			69,440,320	67,923,019
Grants not restricted to specific programs	1,204,588	1,495,654			1,204,588	1,495,654
Unrestricted investment earnings	359,203	244,666	84,525	58,905	443,728	303,571
Miscellaneous revenue	423,105	154,251			423,105	154,251
Total revenues	108,533,026	101,523,311	2,073,488	1,710,723	110,606,514	103,234,034
Expenses:						
General government	10,209,398	10,009,216			10,209,398	10,009,216
Public safety	6,162,853	6,933,380			6,162,853	6,933,380
Public works	9,575,081	8,440,085			9,575,081	8,440,085
Health and welfare	2,524,076	2,679,518			2,524,076	2,679,518
Library	959,713	993,820			959,713	993,820
Culture and recreation	1,684,871	1,665,130			1,684,871	1,665,130
Education	73,465,256	68,654,271			73,465,256	68,654,271
Interest on long-term debt	1,110,300	1,909,330			1,110,300	1,909,330
Water Pollution Control Authority			2,290,350	2,249,450	2,290,350	2,249,450
Total expenses	105,691,548	101,284,750	2,290,350	2,249,450	107,981,898	103,534,200
Change in net assets	2,841,478	238,561	(216,862)	(538,727)	2,624,616	(300,166)
Net Assets at Beginning of Year	162,723,387	162,484,826	17,418,783	17,957,510	180,142,170	180,442,336
Net Assets at End of Year	\$ 165,564,865	\$ 162,723,387	\$ 17,201,921	\$ 17,418,783	\$ 182,766,786	\$ 180,142,170

**TOWN OF NEW MILFORD, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

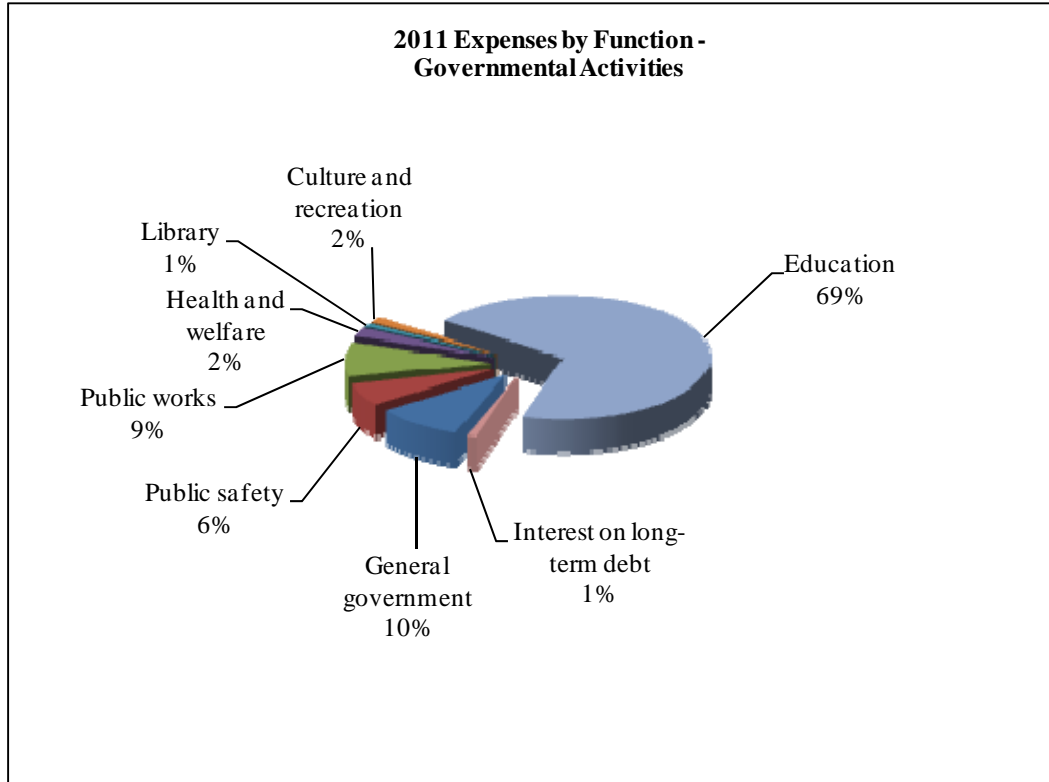
Changes in Net Assets (Continued)



**TOWN OF NEW MILFORD, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

Changes in Net Assets (Continued)



Governmental Activities

Governmental activities increased the Town's net assets by \$2,841,478.

Business-Type Activities

Business-type activities decreased the Town's net assets by \$216,862.

**TOWN OF NEW MILFORD, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (*Continued*)**

FINANCIAL ANALYSIS OF THE TOWN'S FUNDS

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

Governmental Funds

The focus of the Town's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the Town's financing requirements. In particular, unreserved fund balance may serve as a useful measure of the Town's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$4,800,445, a decrease of \$9,042,756 in comparison with the prior year ending fund balances, as restated. This is mainly the result of funding a \$30 million sewer plant expansion project with temporary borrowing at a lesser cost than the 2% loan through the Clean Water Fund and will be converted to the 2% loan when advantageous to do so. Because the Town is financing its sewer plant expansion project with bond anticipation notes at .05% to 1.0% rather than 2% through the approved clean water fund loan program, the negative unassigned fund balance of \$19,507,657 for the Sewer Expansion fund may be misleading to the reader by showing a total governmental negative unassigned fund balance of \$8,711,338. The outstanding bond anticipation note will be converted to the clean water fund loan program at the appropriate time.

General Fund

The General Fund is the chief operating fund of the Town. At the end of the current fiscal year, unassigned fund balance of the Town's General Fund was \$11,861,567. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total General Fund expenditures. The Town's unassigned fund balance represents 12.6% of the total Town General Fund GAAP expenditures of \$94,352,765, while total fund balance represents 14.8% of the same amount.

The fund balance of the General Fund decreased by \$55,929 during the current fiscal year.

Waste Management Fund

The fund balance of the Waste Management Fund increased by \$893,334 during the current fiscal year. This increase was due primarily to the continuing settlement payments exceeding the approved appropriation during the fiscal year.

Sewer Expansion Fund

The fund balance of the Sewer Expansion Fund decreased by \$12,523,236 during the current fiscal year. This decrease was due primarily to expenditures incurred for renovation and expansion of the sewer treatment plant. The Sewer Expansion Fund ending fund balance (deficit) as of June 30, 2011 was (\$19,507,657). The Town intends to fund the deficit through participation in the State of Connecticut Clean Water Fund, at 2% interest when appropriate to do so.

Proprietary Funds

Unrestricted net assets of the Water Pollution Control Authority at the end of the year totaled \$4,314,881. The total decrease in net assets for the Water Pollution Control Authority was (\$216,862). Other factors concerning the finances of the Water Pollution Control Authority have already been addressed in the discussion of the Town's business-type activities.

**TOWN OF NEW MILFORD, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (*Continued*)**

GENERAL FUND BUDGETARY HIGHLIGHTS

Revenues were \$372,386 more than budgeted, expenditures were (\$2,608,454) less than budgeted and other financing sources (uses) were \$(949,542) more than budgeted.

Differences between the original budget and the final amended budget resulted from an increase in appropriations of \$1,747,640. Significant components of this decrease are as follows:

- An increase in appropriations of \$300,000 for police side duty accounts.
- An increase in appropriations of \$334,566 for police union settlements.
- An increase in appropriations of \$194,000 for major storm damage.
- An increase in appropriations of \$266,000 for the Community Ambulance Building Project.
- An increase in appropriations of \$464,234 for operating transfers out to the Board of Education Capital Reserve Fund for future use.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The Town's investment in capital assets for its governmental and business-type activities as of June 30, 2011 totaled \$175,295,509 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, buildings and improvements, improvements other than buildings, machinery and equipment, and infrastructure. The net increase in the Town's investment in capital assets for the current fiscal year was \$13,036,175, a 9.4% increase for governmental activities and a 3.5% decrease for business-type activities.

Major capital asset events for governmental activities during the current fiscal year included the following:

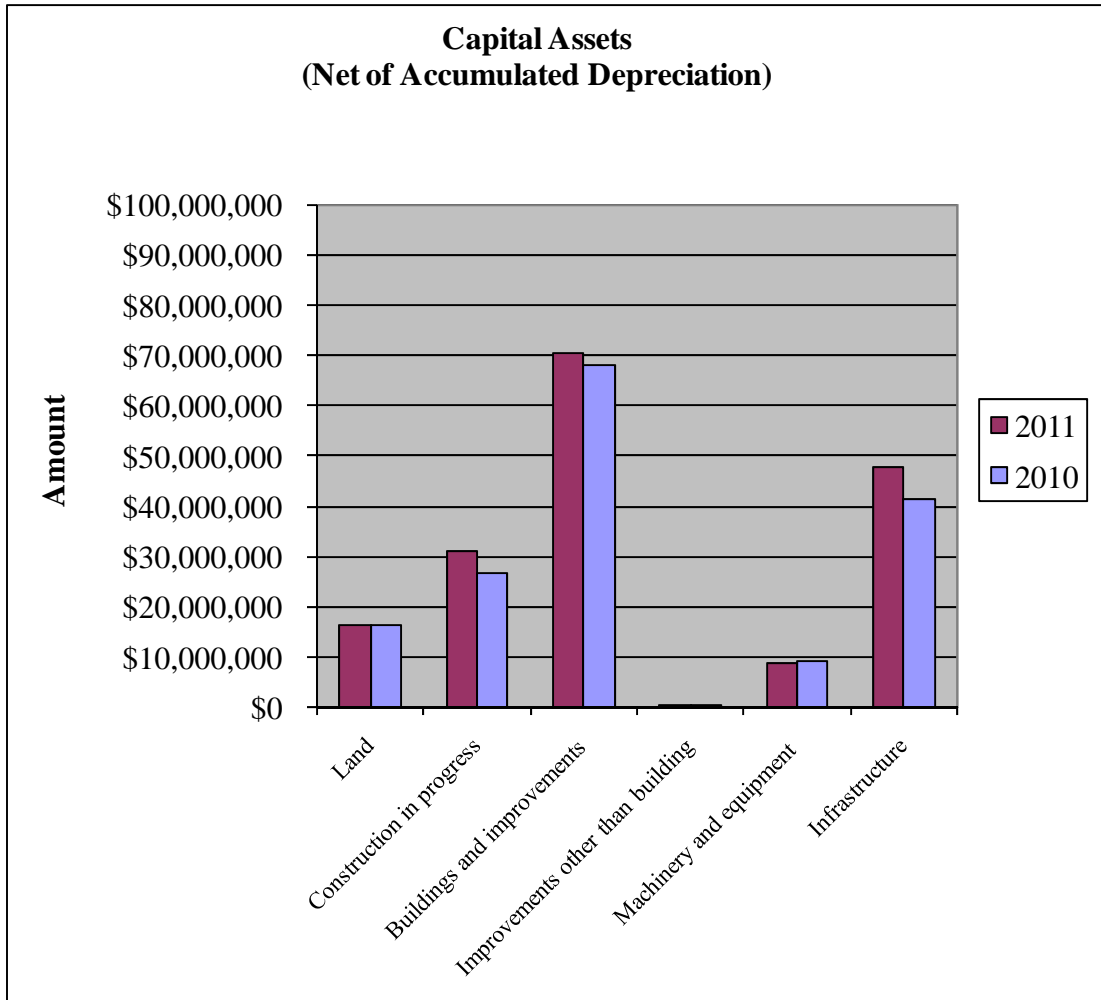
- Outlays for construction in progress totaling \$18,326,212, which consists of expenditures incurred in connection with the following ongoing construction projects: the Grove Street reconstruction project, the Housatonic Avenue project, the sewer treatment expansion project, and the Century Brass clean up project.
- Outlays for machinery and equipment totaling \$1,157,790, which consists of the purchase of vehicles, communication, computer, sewer and office equipment.
- Outlays for buildings and improvements totaling \$4,335,174, which consists of the new ambulance facility.
- Outlays for infrastructure totaling \$8,813,510, which consists of the completion of a number of major road reconstruction and improvement projects.
- Depreciation expense on capital assets being depreciated of \$5,275,346.

**TOWN OF NEW MILFORD, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**

CAPITAL ASSET AND DEBT ADMINISTRATION (Continued)

The following table is a two year comparison of the investment in capital assets presented for both governmental and business-type activities:

	Governmental Activities		Business-Type Activities		Total	
	2011	2010	2011	2010	2011	2010
Land	\$ 16,478,453	\$ 16,178,430	\$ 5,000	\$ 5,000	\$ 16,483,453	\$ 16,183,430
Land improvements	532,604	421,821			532,604	421,821
Infrastructure	42,074,053	35,381,353	5,866,714	6,040,840	47,940,767	41,422,193
Buildings and improvements	65,496,129	63,046,196	4,893,700	5,086,089	70,389,829	68,132,285
Machinery and equipment	5,437,173	5,536,178	3,491,158	3,743,861	8,928,331	9,280,039
Construction in progress	28,189,705	23,988,746	2,830,820	2,830,820	31,020,525	26,819,566
Total	\$ 158,208,117	\$ 144,552,724	\$ 17,087,392	\$ 17,706,610	\$ 175,295,509	\$ 162,259,334



Additional information on the Town's capital assets can be found in Note 6 on pages 36-37 of this report.

**TOWN OF NEW MILFORD, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**

CAPITAL ASSET AND DEBT ADMINISTRATION (Continued)

Long-Term Debt

At the end of the current fiscal year, the Town had total bonded debt outstanding of \$36,424,947. This entire amount is comprised of debt backed by the full faith and credit of the Town.

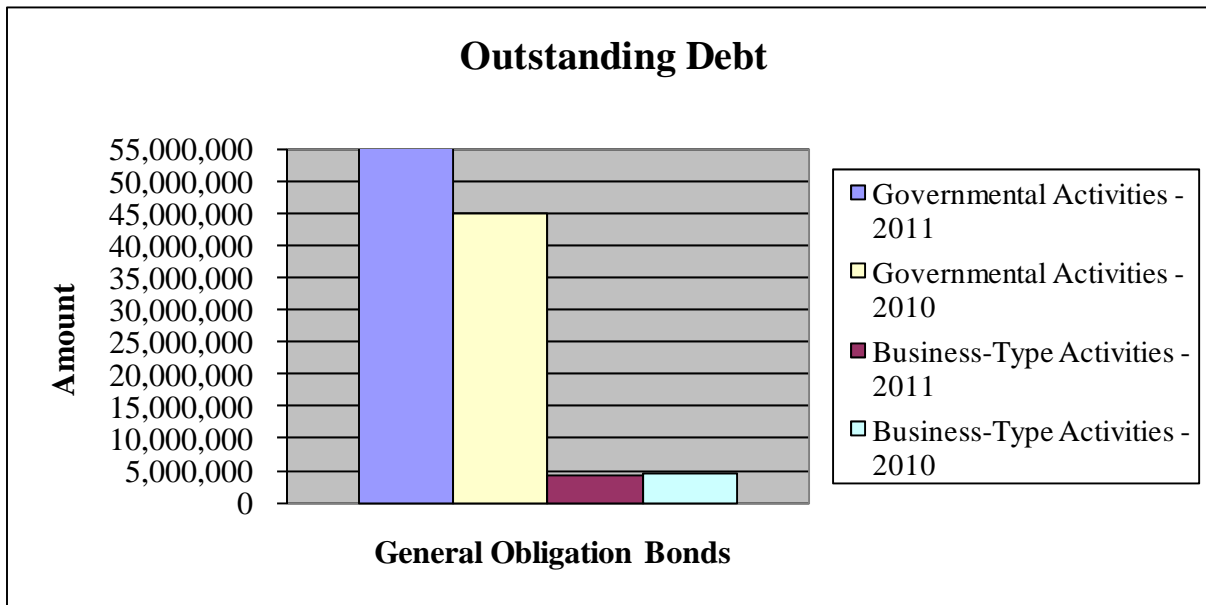
The Town's total bonded debt decreased by \$4,068,105 or 11.2% during the current fiscal year due to scheduled repayments and increased by the issuance of \$3,865,000 in new bonded debt.

The Town maintains an AA1 rating from Moody's Investor Service for general obligation debt.

State statutes limit the amount of general obligation debt the Town may issue to approximately seven times its annual receipts from taxation, as defined by the statutes. The current debt limitation for the Town is \$486,360,812, which is significantly in excess of the Town's outstanding general obligation debt.

The following table is a two year comparison of long-term debt presented for both governmental and business-type activities:

	Governmental Activities		Business-Type Activities		Total	
	2011	2010	2011	2010	2011	2010
General obligation bonds	\$ 32,379,154	\$ 32,575,582	\$ 3,330,466	\$ 3,607,361	\$ 35,709,620	\$ 36,182,943
Bond anticipation notes	23,550,000	8,015,000			23,550,000	8,015,000
Notes payable	4,226,125	4,295,348	869,886	1,062,873	5,096,011	5,358,221
Total	\$ 60,155,279	\$ 44,885,930	\$ 4,200,352	\$ 4,670,234	\$ 64,355,631	\$ 49,556,164



Additional information on the Town's long-term debt can be found in Note 10 on pages 39-42 of this report.

**TOWN OF NEW MILFORD, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (*Continued*)**

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

A summary of key economic factors affecting the Town are as follows:

- The Town receives intergovernmental revenues from the State of Connecticut. Connecticut's economy moves in the same general cycle as the national economy, which may affect the amount of intergovernmental revenues the Town will receive in fiscal year 2012 and thereafter.
- The unemployment rate for the Town is 6.1% compared to the state's average unemployment rate of 7.9% and the national unemployment rate of 9.0% as of June 2011.
- Inflationary trends in the region approximate the national indices.
- During the current fiscal year, total fund balance of the Town's General Fund decreased to \$13,924,336. The Town did not appropriate any use of the surplus for tax relief in the 2011 fiscal year budget.
- The Town is in the process of establishing a 501(C)(3) Economic Development Corporation to provide a unique development tool for the community and encourage business expansion.

All of these factors were considered in preparing the Town's budget for fiscal year 2011.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Town's finances for all those with an interest in the Town's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Office of the Finance Director, New Milford Town Hall, 10 Main Street, New Milford, CT 06776.

TOWN OF NEW MILFORD, CONNECTICUT
STATEMENT OF NET ASSETS
JUNE 30, 2011

	<u>Primary Government</u>		<u>Total</u>
	<u>Governmental</u> <u>Activities</u>	<u>Business-Type</u> <u>Activities</u>	
Assets:			
Cash and cash equivalents	\$ 39,224,734	\$ 3,692,415	\$ 42,917,149
Investments	1,132,556		1,132,556
Receivables:			
Property taxes, net of allowance for doubtful accounts of \$319,675	2,770,047		2,770,047
Special assessments and connection fees		520,216	520,216
Sewer usage		223,628	223,628
Grants and contracts	1,836,885		1,836,885
Settlement	1,600,000		1,600,000
Other	646,627	13,000	659,627
Inventories	48,740	103,856	152,596
Internal balances	2,617,920	(2,617,920)	-
Special assessments and connection fees receivable, long-term portion		2,550,742	2,550,742
Grants and contracts receivable, long-term portion	5,939,191		5,939,191
Settlement receivable, long-term portion	25,300,000		25,300,000
Other	431,577		431,577
Capital assets:			
Nondepreciable	44,668,158	2,835,820	47,503,978
Depreciable, net	113,539,959	14,251,572	127,791,531
Total assets	<u>239,756,394</u>	<u>21,573,329</u>	<u>261,329,723</u>
Liabilities:			
Accounts payable	3,812,959	30,845	3,843,804
Accrued liabilities:			
Salaries and benefits payable	867,830		867,830
Accrued interest	592,884	31,324	624,208
Other accrued liabilities	2,054,072	108,887	2,162,959
Unearned revenue	813,056		813,056
Due to State	21,117		21,117
Notes payable	3,916,064		3,916,064
Bond anticipation note payable	23,550,000		23,550,000
Noncurrent liabilities:			
Due within one year	4,920,633	469,599	5,390,232
Due in more than one year	33,642,914	3,730,753	37,373,667
Total liabilities	<u>74,191,529</u>	<u>4,371,408</u>	<u>78,562,937</u>
Net Assets:			
Invested in capital assets, net of related debt	97,634,869	12,887,040	110,521,909
Unrestricted	67,929,996	4,314,881	72,244,877
Total Net Assets	<u>\$ 165,564,865</u>	<u>\$ 17,201,921</u>	<u>\$ 182,766,786</u>

The accompanying notes are an integral part of the financial statements

**TOWN OF NEW MILFORD, CONNECTICUT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2011**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-Type Activities	Total
Governmental activities:							
General government	\$ 10,209,398	\$ 736,227	\$ 420,952	\$	\$ (9,052,219)	\$	\$ (9,052,219)
Public safety	6,162,853	626,480	7,500		(5,528,873)		(5,528,873)
Public works	9,575,081	579,388	1,131,904	4,332,095	(3,531,694)		(3,531,694)
Health and welfare	2,524,076	48,391	225,325		(2,250,360)		(2,250,360)
Library	959,713	37,430	29,746		(892,537)		(892,537)
Culture and recreation	1,684,871	1,116,011	52,170		(516,690)		(516,690)
Education	73,465,256	4,984,866	22,777,325		(45,703,065)		(45,703,065)
Interest on long-term debt	1,110,300				(1,110,300)		(1,110,300)
Total governmental activities	<u>105,691,548</u>	<u>8,128,793</u>	<u>24,644,922</u>	<u>4,332,095</u>	<u>(68,585,738)</u>	<u>-</u>	<u>(68,585,738)</u>
Business-type activities:							
Water Pollution Control Authority	<u>2,290,350</u>	<u>1,988,963</u>				<u>(301,387)</u>	<u>(301,387)</u>
Total Primary Government	<u>\$ 107,981,898</u>	<u>\$ 10,117,756</u>	<u>\$ 24,644,922</u>	<u>\$ 4,332,095</u>	<u>(68,585,738)</u>	<u>(301,387)</u>	<u>(68,887,125)</u>
General revenues:							
Property taxes, levied for general purposes					69,440,320		69,440,320
Grants and contributions not restricted to specific programs					1,204,588		1,204,588
Unrestricted investment earnings					359,203	84,525	443,728
Other					423,105		423,105
Total general revenues					<u>71,427,216</u>	<u>84,525</u>	<u>71,511,741</u>
Change in net assets					2,841,478	(216,862)	2,624,616
Net assets at beginning of year					<u>162,723,387</u>	<u>17,418,783</u>	<u>180,142,170</u>
Net Assets at End of Year					<u>\$ 165,564,865</u>	<u>\$ 17,201,921</u>	<u>\$ 182,766,786</u>

The accompanying notes are an integral part of the financial statements

TOWN OF NEW MILFORD, CONNECTICUT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2011

	<u>General Fund</u>	<u>Waste Management Ordinance</u>	<u>Sewer Expansion Fund</u>	<u>Capital Reserve</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS						
Cash and cash equivalents	\$ 17,804,373	\$ 5,429,785	\$ 7,805,878	\$ 1,091,250	\$ 4,938,828	\$ 37,070,114
Investments					1,132,556	1,132,556
Receivables	3,318,891		356,037		318,756	3,993,684
Due from other funds	3,766,214				156,924	3,923,138
Inventories	36,034				12,706	48,740
Other	75,798				6,100	81,898
Total Assets	<u>\$ 25,001,310</u>	<u>\$ 5,429,785</u>	<u>\$ 8,161,915</u>	<u>\$ 1,091,250</u>	<u>\$ 6,565,870</u>	<u>\$ 46,250,130</u>
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ 799,041		\$ 1,403,508	\$ 64,261	\$ 153,242	\$ 2,420,052
Accrued liabilities:						
Salaries and benefits payable	867,830					867,830
Other accrued liabilities	77,105					77,105
Due to other funds	6,142,387				1,148,294	7,290,681
Due to State of Connecticut					21,117	21,117
Deferred revenue	3,190,611				116,225	3,306,836
Notes payable			3,916,064			3,916,064
Bond anticipation note payable			22,350,000		1,200,000	23,550,000
Total liabilities	<u>11,076,974</u>	<u>-</u>	<u>27,669,572</u>	<u>64,261</u>	<u>2,638,878</u>	<u>41,449,685</u>
Fund Balances:						
Nonspendable	36,034				12,706	48,740
Restricted					2,063,007	2,063,007
Committed	995,250	5,429,785		1,026,989	2,916,527	10,368,551
Assigned	1,031,485					1,031,485
Unassigned	11,861,567		(19,507,657)		(1,065,248)	(8,711,338)
Total fund balances	<u>13,924,336</u>	<u>5,429,785</u>	<u>(19,507,657)</u>	<u>1,026,989</u>	<u>3,926,992</u>	<u>4,800,445</u>
Total Liabilities and Fund Balances	<u>\$ 25,001,310</u>	<u>\$ 5,429,785</u>	<u>\$ 8,161,915</u>	<u>\$ 1,091,250</u>	<u>\$ 6,565,870</u>	<u>\$ 46,250,130</u>

(Continued on next page)

**TOWN OF NEW MILFORD, CONNECTICUT
BALANCE SHEET
GOVERNMENTAL FUNDS (CONTINUED)
JUNE 30, 2011**

Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Assets:

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

Total fund balances for governmental funds (Exhibit III)	\$	4,800,445
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Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds. Those assets consist of:

Capital assets		254,629,442
Accumulated depreciation		(96,421,325)

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

Property tax interest and lien accrual		570,111
Property tax receivable - accrual basis change		1,923,669
School building grant receivable		7,192,500
Settlement receivable		26,900,000
Net pension asset		349,679

Annual required pension contributions not contributed or expected to be liquidated with expendable available resources are not reported as fund liabilities. Such liabilities are applicable to the Town's governmental activities and are reported in the statement of net assets.		(1,976,967)
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Internal service funds are used by management to charge the cost of medical insurance to individual departments. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.		6,753,742
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Some liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds:

Accrued interest payable		(592,884)
Long-term debt:		
Bonds and notes payable		(32,224,595)
Unamortized premium		(1,038,900)
Deferred amount on refunding		574,280
Obligations under capital lease		(417,969)
Compensated absences not recorded in governmental funds		(420,025)
Early retirement obligations		(192,000)
Pollution remediation obligation		(3,850,000)
Net OPEB obligation		(994,338)

Net Assets of Governmental Activities (Exhibit I)	\$	<u>165,564,865</u>
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The accompanying notes are an integral part of the financial statements

TOWN OF NEW MILFORD, CONNECTICUT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2011

	<u>General Fund</u>	<u>Waste Management Ordinance</u>	<u>Sewer Expansion Fund</u>	<u>Capital Reserve</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:						
Property taxes	\$ 69,341,204	\$	\$	\$	\$	\$ 69,341,204
Licenses and permits	382,408					382,408
Intergovernmental	21,043,666		3,462,741		6,867,280	31,373,687
Charges for goods and services	3,699,464				4,041,015	7,740,479
Donations					42,440	42,440
Investment earnings	55,158	17,057	30,896	2,618	245,872	351,601
Miscellaneous	141,044	1,630,000	190,000		101,777	2,062,821
Total revenues	<u>94,662,944</u>	<u>1,647,057</u>	<u>3,683,637</u>	<u>2,618</u>	<u>11,298,384</u>	<u>111,294,640</u>
Expenditures:						
Current:						
General government	10,123,446					10,123,446
Public safety	5,940,787				19,563	5,960,350
Public works	4,649,025				160	4,649,185
Health and welfare	2,174,503				380,838	2,555,341
Library					1,005,150	1,005,150
Culture and recreation	1,258,171	300,023			38,055	1,596,249
Education	63,361,649				8,248,302	71,609,951
Debt service	5,590,447					5,590,447
Capital outlays	1,254,737		16,206,873	698,182	3,234,026	21,393,818
Total expenditures	<u>94,352,765</u>	<u>300,023</u>	<u>16,206,873</u>	<u>698,182</u>	<u>12,926,094</u>	<u>124,483,937</u>
Excess (deficiency) of revenues over expenditures	<u>310,179</u>	<u>1,347,034</u>	<u>(12,523,236)</u>	<u>(695,564)</u>	<u>(1,627,710)</u>	<u>(13,189,297)</u>
Other Financing Sources (Uses):						
Issuance of capital lease	281,543					281,543
Bond proceeds				3,000,000	865,000	3,865,000
Transfers in	1,176,892			456,774	1,367,769	3,001,435
Transfers out	(1,824,543)	(453,700)		(64,082)	(659,110)	(3,001,435)
Total other financing sources (uses)	<u>(366,108)</u>	<u>(453,700)</u>	<u>-</u>	<u>3,392,692</u>	<u>1,573,659</u>	<u>4,146,543</u>
Net change in fund balances	(55,929)	893,334	(12,523,236)	2,697,128	(54,051)	(9,042,754)
Fund balances at beginning of year, as restated	<u>13,980,265</u>	<u>4,536,451</u>	<u>(6,984,421)</u>	<u>(1,670,139)</u>	<u>3,981,043</u>	<u>13,843,199</u>
Fund Balances at End of Year	<u>\$ 13,924,336</u>	<u>\$ 5,429,785</u>	<u>\$ (19,507,657)</u>	<u>\$ 1,026,989</u>	<u>\$ 3,926,992</u>	<u>\$ 4,800,445</u>

(Continued on next page)

TOWN OF NEW MILFORD, CONNECTICUT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2011

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

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

Net change in fund balances - total governmental funds (Exhibit IV)	\$ (9,042,754)
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Governmental funds report capital outlays as expenditures. However, in the statement of activities
 the cost of those assets is allocated over their estimated useful lives and reported as depreciation
 expense. This is the amount by which capital outlays exceeded depreciation in the current period:

Capital outlay	18,950,403
Depreciation expense	(5,275,346)
Loss on disposal of capital assets	(19,664)

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

School building grant receipts	(1,264,522)
Decrease in property tax and assessments receivable - accrual basis change	123,603
Increase in property tax interest and lien revenue	(24,487)
Settlement receivable	(1,600,000)
Decrease in net pension asset	(34,076)

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 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. The details of these
 differences in the treatment of long-term debt and related items are as follows:

Accrued interest	14,427
Principal payments	4,137,328
Bond proceeds	(3,865,000)
Capital lease payments	335,070
Capital lease proceeds	(281,543)
Amortization of bond issue costs	(89,239)
Amortization of bond premiums	82,562

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

Change in long-term compensated absences	(23,247)
Increase in OPEB obligation	(324,669)
Early retirement obligations	237,000
Annual required pension contributions	44,546

The net income of the internal service funds is reported with the governmental activities.	761,086
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Change in Net Assets of Governmental Activities (Exhibit II)	\$ 2,841,478
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The accompanying notes are an integral part of the financial statements

TOWN OF NEW MILFORD, CONNECTICUT
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2011

	Business-Type Activities	Governmental Activities
	Water Pollution Control Authority	Internal Service Fund
Assets:		
Current assets:		
Cash and cash equivalents	\$ 3,692,415	\$ 2,154,620
Receivables	756,844	6,568
Inventories	103,856	
Due from other funds		5,985,463
Total current assets	4,553,115	8,146,651
Noncurrent assets:		
Special assessments and connection fees receivable	2,550,742	
Capital assets:		
Nondepreciable	2,835,820	
Depreciable, net	14,251,572	
Total noncurrent assets	19,638,134	-
Total assets	24,191,249	8,146,651
Liabilities:		
Current liabilities:		
Accounts payable	30,845	1,392,909
Accrued liabilities	108,887	
Accrued interest	31,324	
Due to other funds	2,617,920	
Bonds and notes payable - current	469,599	
Total current liabilities	3,258,575	1,392,909
Noncurrent liabilities:		
Bonds and notes payable	3,730,753	
Total liabilities	6,989,328	1,392,909
Net Assets:		
Invested in capital assets, net of related debt	12,887,040	
Unrestricted	4,314,881	6,753,742
Total Net Assets	\$ 17,201,921	\$ 6,753,742

The accompanying notes are an integral part of the financial statements

**TOWN OF NEW MILFORD, CONNECTICUT
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2011**

	Business-Type Activities	Governmental Activities
	Water Pollution Control Authority	Internal Service Fund
Operating Revenues:		
Charges for services:		
Sewer charges	\$ 1,266,308	\$
Septic permits and other income	190,862	
Connection fees	295,462	
Assessments	232,150	
Other	4,181	12,430,212
Total operating revenues	1,988,963	12,430,212
Operating Expenses:		
Claims incurred		11,672,928
Salaries	547,927	
Employee benefits	290,622	
Utilities	214,287	
Laboratory	12,958	
Maintenance and repairs	22,620	
Process expense	205,185	
Office and administration	141,316	
Depreciation	641,862	
Total operating expenses	2,076,777	11,672,928
Operating income (loss)	(87,814)	757,284
Nonoperating Revenues (Expenses):		
Interest and investment income	84,525	3,802
Interest expense	(213,573)	
Total nonoperating revenues (expenses)	(129,048)	3,802
Change in net assets	(216,862)	761,086
Net assets at beginning of year	17,418,783	5,992,656
Net Assets at End of Year	\$ 17,201,921	\$ 6,753,742

The accompanying notes are an integral part of the financial statements

TOWN OF NEW MILFORD, CONNECTICUT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2011

	Business-Type Activities	Governmental Activities
	Water Pollution Control Authority	Internal Service Fund
Cash Flows from Operating Activities:		
Cash received from the following:		
Interfund services provided	\$	\$ 11,842,205
Users	2,274,192	
Payments for or to the following:		
Claims incurred		(11,638,340)
Salaries and employee benefits	(838,549)	
Utilities	(214,287)	
Process expense	(348,655)	
Office and administration	(141,316)	
Other	(22,620)	
Net cash provided by operating activities	<u>708,765</u>	<u>203,865</u>
Cash Flows from Capital and Related Financing Activities:		
Due to other funds	213,169	
Purchases of capital assets	(24,893)	
Interest paid on capital debt	(213,573)	
Principal paid on capital debt	(469,882)	
Net cash used in capital and related financing activities	<u>(495,179)</u>	<u>-</u>
Cash Flows from Investing Activities:		
Investment income	84,525	3,802
Net cash provided by investing activities	<u>84,525</u>	<u>3,802</u>
Net increase in cash and cash equivalents	298,111	207,667
Cash and cash equivalents at beginning of year	<u>3,394,304</u>	<u>1,946,953</u>
Cash and Cash Equivalents at End of Year	<u>\$ 3,692,415</u>	<u>\$ 2,154,620</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities:		
Operating income (loss)	\$ (87,814)	\$ 757,284
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:		
Depreciation expense	641,862	
Changes in assets and liabilities:		
Decrease in receivables	285,229	16,764
Increase in due from other funds		(604,771)
Increase in inventories	(2,208)	
Increase (decrease) in accounts payable	(17,129)	787,108
Decrease in accrued liabilities	(111,175)	(752,520)
Net Cash Provided by Operating Activities	<u>\$ 708,765</u>	<u>\$ 203,865</u>

The accompanying notes are an integral part of the financial statements

TOWN OF NEW MILFORD, CONNECTICUT
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2011

	<u>Pension Trust Fund</u>	<u>Private Purpose Trust Funds</u>	<u>Agency Funds</u>
Assets:			
Cash and cash equivalents	\$	\$ 69,797	\$ 2,971,553
Investments, at fair value:			
Immediate participation guarantee contract	3,920,000		
Mutual funds	34,205,412	40,298	
Corporate bonds			678,464
Common stock		14,774	
Contribution receivable	<u>1,976,967</u>		
Total assets	<u>40,102,379</u>	<u>124,869</u>	<u>\$ 3,650,017</u>
Liabilities:			
Due to others			<u>\$ 3,650,017</u>
Total liabilities	<u>-</u>	<u>-</u>	<u>\$ 3,650,017</u>
Net Assets:			
Held in trust for pension benefits and other purposes	<u>\$ 40,102,379</u>	<u>\$ 124,869</u>	

The accompanying notes are an integral part of the financial statements

TOWN OF NEW MILFORD, CONNECTICUT
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2011

	Pension Trust Fund	Private Purpose Trust Funds
	<u> </u>	<u> </u>
Additions		
Contributions:		
Employer	\$ 1,976,967	\$
Plan members	286,347	
Total contributions	<u>2,263,314</u>	<u>-</u>
Investment earnings:		
Interest	281,447	254
Net appreciation in the fair value of investments	5,288,403	2,813
Total investment earnings	<u>5,569,850</u>	<u>3,067</u>
Total additions	<u>7,833,164</u>	<u>3,067</u>
 Deductions		
Benefit payments	2,024,019	650
Administrative expenses	143,353	35
Other expenses		194
Total deductions	<u>2,167,372</u>	<u>879</u>
 Change in net assets	5,665,792	2,188
 Net assets at beginning of year	<u>34,436,587</u>	<u>122,681</u>
 Net Assets at End of Year	<u>\$ 40,102,379</u>	<u>\$ 124,869</u>

The accompanying notes are an integral part of the financial statements

TOWN OF NEW MILFORD, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

The Town was originally settled in 1706 and was granted the powers and privileges of a township by the General Assembly of Connecticut in 1712. The current charter in use was approved and has been amended as recently as 2007. The Town operates under a Town Council and Board of Finance form of government and provides the following services as authorized by its charter: public safety, public works, health and welfare, library, culture and recreation, education and sewers.

Blended Component Unit

New Milford Public Library

The New Milford Public Library (NMPL) was established in 1898 for the purposes of circulation of library materials to the public. The Town of New Milford currently subsidizes a portion of the entity's operations within its General Fund budget on an annual basis. NMPL activity is reported as part of the Town's Annual Report under the Library Memorial Trust and Library Expansion nonmajor special revenue funds as well as the Woolsey-Pepper and Egbert Marsh private purpose trust funds.

B. Government-Wide and Fund Financial Statements

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

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

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

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Agency funds use the accrual basis of accounting, but have no measurement focus since they report only assets and liabilities.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Town considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Town's enterprise fund consist of charges to customers for services relating to sewer usage. Operating expenses of the Town's enterprise fund consist of salaries and employee benefits, utilities, maintenance and repairs, supplies and administrative expense, processing and laboratory expense and depreciation of capital assets. The principal operating revenues of the Town's internal service fund consist of charges for services. Operating expenses of the Town's internal service fund consist of claims incurred and administrative expenses. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989 generally are followed in both the government-wide and 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 business-type activities and enterprise funds, subject to this same limitation. The Town has elected not to follow subsequent private-sector guidance.

The Town reports the following major governmental funds:

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

The *Waste Management Ordinance Fund* is used to account for monies set aside for the acquisition of land and building for public recreation, public education or public library facilities. The major sources of revenue for this fund are settlement proceeds from certain zoning violations relating to a municipal solid waste facility.

The *Sewer Expansion Fund* is used to account for expenditures incurred for the renovation and improvement of the sewer treatment plant.

The *Capital Reserve Fund* is used to account for expenditures incurred for any purposes for which the Town issues bonds.

The Town reports the following major proprietary fund:

The *Water Pollution Control Authority* is used to account for revenues and expenses associated with the sewer collection and processing services for the Town's residences and businesses.

Additionally, the Town reports the following fund types:

The *Internal Service Fund* accounts for risk management activities of the Town.

The *Pension Trust Fund* accounts for the activities of the Town of New Milford Pension Plan, a defined benefit pension plan. This Fund accounts for resources held in trust for the plan's members and beneficiaries.

The *Private Purpose Trust Funds* account for monies given the Town for a specified purpose.

Agency Funds account for monies held as custodian for various groups such as student groups, fuel bank, community food bank, good samaritan, firefighters and contractors.

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

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

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

D. Deposits and Investments

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

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

Investments are reported at fair value.

E. Receivables and Payables

All trade and property tax receivables are shown net of an allowance for uncollectibles. Allowances for uncollectibles are computed based on historical data.

Property taxes (receivable - taxes) are assessed as of October 1. Real estate taxes are billed in the following July and are due in two installments, July 1 and January 1. Personal property and motor vehicle taxes are billed in July and are due in one installment, July 1. Taxes are overdue on August 1, and interest is levied at a rate of 1-1/2% per month. Liens are placed on delinquent real estate taxes owed on June 30th. Liens will be placed sooner in cases where the Tax Collector deems the taxes to be in jeopardy.

Upon completion of projects, sewer assessments are levied to users. Once levied, assessments are made to users periodically throughout the year, based on the start date of the levy. Usage charges are billed semi-annually. Assessments and usage charges are due and payable within 30 days and delinquent amounts are subject to interest at prevailing rates. Liens are filed on all properties until the assessment is paid in full.

F. Inventories and Prepaid Items

All inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

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

G. Capital Assets

Capital assets, which include land, buildings and improvements, improvements other than buildings, machinery 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 the government-wide financial statements. Capital assets are defined by the Town as assets with an initial, individual cost of more than \$300 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend 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 business-type activities is included as part of the capitalized value of the assets constructed. Depreciation is not recognized until the asset is placed in service.

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

<u>Assets</u>	<u>Years</u>
Buildings and improvements	50
Improvements other than buildings	15-20
Machinery and equipment	5-15
Infrastructure	15-50

H. Compensated Absences

Accumulated unpaid vacation time is accrued by the Town. Town employees accumulate vacation and sick leave hours for subsequent use or payment upon termination based upon length of employment. Expenditures for compensated absences are recognized in the governmental fund financial statements in the current year to the extent they are paid during the year, or the vested amount is expected to be paid with available resources. All compensated absences are accrued when incurred in the government-wide and proprietary fund financial statements, as appropriate.

I. Long-Term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or proprietary fund type statement of net 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 any significant applicable bond premium or discount. Significant bond issuance costs are reported as deferred charges and amortized over the term 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 debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

J. Fund Equity

In the government-wide financial statements, net assets are classified in the following categories:

Invested in Capital Assets, Net of Related Debt - This category includes all capital assets, including infrastructure, less accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets.

Unrestricted Net Assets - This category represents the net assets of the Town that are not restricted for any project or other purpose by third parties.

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

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

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

Committed Fund Balance - This represents amounts constrained for a specific purpose by a government using its highest level of decision-making authority (Town New Milford Board of Finance).

Assigned Fund Balance - For all governmental funds other than the General Fund, this represents any remaining positive amounts not classified as nonspendable, restricted or committed. For the General Fund, this includes amounts constrained for the intent to be used for a specific purpose by the Board of Finance which has been delegated authority to assign amounts by the Town Charter.

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

K. Interfund Activity

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

Interfund Services - Sales and purchases of goods and services between funds for a price approximating their external exchange value are reported as revenues and expenditures/expenses, in the applicable funds.

Interfund Transfers - In governmental funds, transfers are reported as other financing uses in the funds making transfers and other financing sources in the funds receiving transfers. In proprietary funds, transfers are reported after nonoperating revenues and expenses.

L. Accounting Estimates

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

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

An annual budget is legally adopted for the General Fund. The Town adheres to the following procedures in establishing the budgetary data included in the General Fund financial statements:

- The Mayor, with the approval of the Town Council, presents to the Board of Finance an annual budget by the third Tuesday in March. The Board of Finance holds one or more public hearings on the budget by the third Tuesday in April. Within 15 days of the last public hearing, the Board of Finance approves the budget for submission to the annual Budget Meeting.
- The annual Budget Meeting adopts the budget by the second Tuesday in May, which provides for appropriations by major object of the following categories: personal services, contractual services, materials and supplies, fixed charges, capital outlays and revenues other than property taxes to be collected in the ensuing fiscal year.
- Expenditures are budgeted by function, department and object. The legal level of budgetary control, the level at which expenditures may not exceed appropriations, is established at the department level.
- Transfers of budgeted amounts between departments must be approved by the Board of Finance. Management may transfer amounts between line items within a department. The Board of Finance may approve additional appropriations for a department, provided such additional appropriations do not exceed, in the aggregate in any one year, an amount in excess of 1/5th of one mill per each one thousand dollars of the last completed Grand List. Appropriations in excess of the amount that the Board of Finance may approve must be approved by a vote of a Town Meeting.
- Any portion of an annual appropriation remaining unexpended and unencumbered at the close of the fiscal year lapses unless continued upon recommendation of the Director of Finance and approved by the Board of Finance, except those for Capital Project Funds. Appropriations for Capital Projects

Funds are continued until completion of applicable projects, which often last more than one fiscal year but cannot exceed five years.

- Formal budgetary integration is employed as a management control device during the year.
- The budget is prepared on the modified accrual basis of accounting. Intergovernmental revenues and other reimbursement for certain special education costs are recorded as reductions to expenditures for budgetary purposes, and “on behalf” payments made by the State of Connecticut into the State Teacher’s Retirement System (see Note 15) are not recorded for budgetary purposes. Encumbrances are recognized as a valid and proper charge against a budget appropriation in the year in which the purchase order, contract or other commitment is issued, and, accordingly, encumbrances outstanding at year-end are reported in budgetary reports as expenditures of the current year.

Fund Deficits

The following funds had deficit fund balances as of June 30, 2011:

<u>Fund</u>	<u>Amount</u>
Sewer Expansion Fund	\$ 19,507,657
Drug Education Prevention Fund	869
1995 Small Cities Fund	4,800
Capital Road Project Fund	963,327
Great Brook Interceptor Fund	62,526
Lanesville Road Connector Fund	25,966
Elementary School Fund	7,760

The deficit in the Sewer Expansion Fund arose due to expenditures that were incurred for the renovation and expansion of the sewer treatment plant. The fund has bond anticipation notes of \$22,350,000 outstanding at June 30, 2011. The deficit in the Capital Road Fund exists because the fund has a \$1,200,000 bond anticipation note liability as of June 30, 2011. The Town plans to fund these deficits through financing and future appropriations.

The Town plans to fund all other deficit fund balances through future revenues or future transfers from the General Fund.

3. CASH, CASH EQUIVALENTS AND INVESTMENTS

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

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

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

Deposits

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

Based on the criteria described in GASB Statement No. 40, *Deposits and Investment Risk Disclosures*, \$26,703,313 of the Town’s bank balance of \$27,840,176 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 24,232,827
Uninsured and collateral held by the pledging bank’s trust department, not in the Town’s name	<u>2,470,486</u>
Total Amount Subject to Custodial Credit Risk	<u><u>\$ 26,703,313</u></u>

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

Cash Equivalents

At June 30, 2011, the Town’s cash equivalents amounted to \$19,541,931. The following table provides a summary of the Town’s cash equivalents (excluding U.S. government guaranteed obligations) as rated by nationally recognized statistical rating organizations. The pools all have maturities of less than one year.

	<u>Standard and Poor’s</u>	<u>Fitch Ratings</u>
State Short-Term Investment Fund (STIF)	AAAm	*
Cutwater Asset Management - Cooperative		
Liquid Assets Securities System (CLASS) Plus	AAAm	*
State Tax Exempt Proceeds Fund*		

*Not rated

Investments

As of June 30, 2011, the Town had the following investments:

Investment Type	Credit Rating	Fair Value	Investment Maturities (Years)		
			Less Than 1	1 - 10	More Than 10
Interest-bearing investments:					
Corporate bonds	Aaa/AAA	\$ 11,306	\$	\$ 11,306	\$
Corporate bonds	Aa3/AA	28,688		28,688	
Corporate bonds	Aa3/AA-	20,202		20,202	
Corporate bonds	A1/A+	54,754		54,754	
Corporate bonds	A1/A	33,793		33,793	
Corporate bonds	ba1/bbb-	49,197		49,197	
Corporate bonds	Aa2/AA	30,219	30,219		
Corporate bonds	A2/A+	54,693		54,693	
Corporate bonds	A2/A	88,817		88,817	
Corporate bonds	A1/AA	27,177		27,177	
Corporate bonds	Baa1/A	10,515		10,515	
Total		409,361	\$ 30,219	\$ 379,142	\$ -
Other investments:					
Common stock		14,774			
Mutual funds		39,567,369			
Total Investments		\$ 39,991,504			

Interest Rate Risk - The Town limits their maximum final stated maturities to five years, unless specific authority is given to exceed. To the extent possible, the Town will attempt to match its investments with anticipated cash flow requirements.

Credit Risk - Investments - As indicated above, State Statutes limit the investment options of cities and towns. The Town has an investment policy that allows the same type of investments as State Statutes.

Concentration of Credit Risk - The Town has no policy limiting an investment in any one issuer that is in excess of 5% of the Town's total investments.

Custodial Credit Risk - Custodial credit risk for an investment is the risk that, in the event of the failure of the counterparty (the institution that pledges collateral or repurchase agreement securities to the Town or that sells investments to or buys them for the Town), the Town will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Town does not have a policy for custodial credit risk. At June 30, 2011, the Town did not have any uninsured and unregistered securities held by the counterparty, or by its trust department or agent that were not in the Town's name.

4. RECEIVABLES

Receivables as of year end for the Town's individual major funds, internal service funds and nonmajor funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	<u>General</u>	<u>Sewer Expansion</u>	<u>Nonmajor Funds</u>	<u>Water Pollution Control Facility</u>	<u>Internal Service</u>	<u>Total</u>
Receivables:						
Taxes	\$ 2,432,939	\$	\$	\$	\$	\$ 2,432,939
Interest on property taxes	656,783					656,783
Intergovernmental	291,214	356,037	222,592			869,843
Accounts				223,628		223,628
Assessments				520,216		520,216
Other	257,630		96,164	13,000	6,568	373,362
Gross receivables	<u>3,638,566</u>	<u>356,037</u>	<u>318,756</u>	<u>756,844</u>	<u>6,568</u>	<u>5,076,771</u>
Less allowance for uncollectibles:						
Taxes	233,003					233,003
Accrued interest on taxes	86,672					86,672
Total allowance	<u>319,675</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>319,675</u>
Net Total Receivables	<u>\$ 3,318,891</u>	<u>\$ 356,037</u>	<u>\$ 318,756</u>	<u>\$ 756,844</u>	<u>\$ 6,568</u>	<u>\$ 4,757,096</u>

5. DEFERRED REVENUE

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of 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 current fiscal year, the various components of deferred revenue and unearned revenue reported in the governmental funds were as follows:

	<u>Unavailable</u>	<u>Unearned</u>
Taxes collected in advance	\$	\$ 236,506
Delinquent property taxes receivable	1,923,669	
Accrued interest on delinquent property taxes	570,111	
Grants		335,809
Other unearned amounts		240,741
Total Deferred/Unearned Revenue for Governmental Funds	<u>\$ 2,493,780</u>	<u>\$ 813,056</u>

6. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2011 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 16,178,430	\$ 300,023	\$	\$ 16,478,453
Construction in progress	<u>23,988,746</u>	<u>18,326,212</u>	<u>14,125,253</u>	<u>28,189,705</u>
Total capital assets not being depreciated	<u>40,167,176</u>	<u>18,626,235</u>	<u>14,125,253</u>	<u>44,668,158</u>
Capital assets being depreciated:				
Buildings and improvements	88,529,091	4,335,174		92,864,265
Infrastructure	89,033,049	8,813,510		97,846,559
Land improvements	796,547	142,947		939,494
Machinery and equipment	<u>17,279,995</u>	<u>1,157,790</u>	<u>126,819</u>	<u>18,310,966</u>
Total capital assets being depreciated	<u>195,638,682</u>	<u>14,449,421</u>	<u>126,819</u>	<u>209,961,284</u>
Less accumulated depreciation for:				
Buildings and improvements	25,482,895	1,885,241		27,368,136
Infrastructure	53,651,696	2,120,810		55,772,506
Land improvements	374,726	32,164		406,890
Machinery and equipment	<u>11,743,817</u>	<u>1,237,131</u>	<u>107,155</u>	<u>12,873,793</u>
Total accumulated depreciation	<u>91,253,134</u>	<u>5,275,346</u>	<u>107,155</u>	<u>96,421,325</u>
Total capital assets being depreciated, net	<u>104,385,548</u>	<u>9,174,075</u>	<u>19,664</u>	<u>113,539,959</u>
Governmental Activities Capital Assets, Net	<u>\$ 144,552,724</u>	<u>\$ 27,800,310</u>	<u>\$ 14,144,917</u>	<u>\$ 158,208,117</u>
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 5,000	\$	\$	\$ 5,000
Construction in progress	<u>2,830,820</u>			<u>2,830,820</u>
Total capital assets not being depreciated	<u>2,835,820</u>	<u>-</u>	<u>-</u>	<u>2,835,820</u>
Capital assets being depreciated:				
Buildings and improvements	9,360,413	1,563		9,361,976
Infrastructure	7,733,979			7,733,979
Machinery and equipment	<u>8,338,725</u>	<u>21,082</u>		<u>8,359,807</u>
Total capital assets being depreciated	<u>25,433,117</u>	<u>22,645</u>	<u>-</u>	<u>25,455,762</u>
Less accumulated depreciation for:				
Buildings and improvements	4,274,324	193,952		4,468,276
Infrastructure	1,693,139	174,126		1,867,265
Machinery and equipment	<u>4,594,864</u>	<u>273,785</u>		<u>4,868,649</u>
Total accumulated depreciation	<u>10,562,327</u>	<u>641,863</u>	<u>-</u>	<u>11,204,190</u>
Total capital assets being depreciated, net	<u>14,870,790</u>	<u>(619,218)</u>	<u>-</u>	<u>14,251,572</u>
Business-Type Activities Capital Assets, Net	<u>\$ 17,706,610</u>	<u>\$ (619,218)</u>	<u>\$ -</u>	<u>\$ 17,087,392</u>

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

Governmental activities:		
General government	\$	183,292
Public safety		327,806
Public works		2,552,540
Health and welfare		34,961
Culture and recreation		128,749
Education		<u>2,047,998</u>
Total Depreciation Expense - Governmental Activities	\$	<u><u>5,275,346</u></u>

Depreciation expense of \$641,863 was charged to the Water Pollution Control Authority during fiscal year ended June 30, 2011.

Construction Commitments

The Town has active construction projects as of June 30, 2011. The projects include the following:

<u>Project</u>	<u>Appropriations</u>	<u>Expenditures</u>	<u>Balance</u>
Sewer Expansion	\$ 30,000,000	\$ 24,060,682	\$ 5,939,318

7. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The interfund receivables and payables are as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Water Pollution Control Authority	\$ 2,617,920
	Nonmajor Governmental Funds	<u>1,148,294</u>
		<u>3,766,214</u>
Nonmajor Governmental Funds	General Fund	<u>156,924</u>
Internal Service	General Fund	<u>5,985,463</u>
Total		<u><u>\$ 9,908,601</u></u>

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

Transfers occurring during the year ended June 30, 2011 are as follows:

	Transfers In			
	<u>General Fund</u>	<u>Capital Reserve</u>	<u>Nonmajor Governmental</u>	<u>Total Transfers Out</u>
Transfers out:				
General Fund	\$	\$ 456,774	\$ 1,367,769	\$ 1,824,543
Waste Management Ordinance	453,700			453,700
Capital Reserve	64,082			64,082
Nonmajor Governmental Funds	<u>659,110</u>			<u>659,110</u>
Total Transfers In	<u>\$ 1,176,892</u>	<u>\$ 456,774</u>	<u>\$ 1,367,769</u>	<u>\$ 3,001,435</u>

Transfers are for regularly recurring operational transfers.

8. SETTLEMENT RECEIVABLE

The Town executed a 24-year settlement agreement dated September 21, 1998 in the amount of \$43,100,000 in connection with certain zoning violations relating to a municipal solid waste facility. Annual installments are due to the Town in various amounts, as stipulated in the settlement agreement. The balance of the settlement receivable as of June 30, 2011 totaled \$26,900,000. Future annual installments collectible under the settlement agreement are as follows:

<u>Year Ending June 30</u>	<u>Amount</u>
2012	\$ 1,600,000
2013	1,600,000
2014	1,600,000
2015	1,600,000
2016	1,600,000
2017-2021	13,500,000
2022-2023	<u>5,400,000</u>
Total	<u>\$ 26,900,000</u>

9. BOND ANTICIPATION NOTES

The Town retired \$8,015,000 in bond anticipation notes in July 2010 through the issuance of bond anticipation notes in the amount of \$12,750,000. These notes bear a net interest cost of 1.50% and mature in July 2011. In January 2011, the Town issued \$10,800,000 of bond anticipation notes. These notes bear interest of 1.0% and mature in July of 2011.

The following is a schedule of changes in bond anticipation notes for the year ended June 30, 2011:

<u>Project</u>	<u>Date Issued</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Balance July 1, 2010</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance June 30, 2011</u>
Road Projects	7/2009	7/2010	1.25%	\$ 1,600,000	\$	\$ 1,600,000	\$ -
Grove street connector	7/2009	7/2010	1.25	865,000		865,000	-
Wastewater treatment plant	7/2009	7/2010	1.25	2,550,000		2,550,000	-
Facility Design for Ambulance	7/2009	7/2010	1.25	200,000		3,000,000	-
Sewer/Roads	7/2010	7/2011	1.50	-	12,750,000		12,750,000
Sewer	1/2011	7/2011	1.00	-	10,800,000		10,800,000
Total				\$ 8,015,000	\$ 23,550,000	\$ 8,015,000	\$ 23,550,000

The purpose of the notes is to provide short-term financing to fund ongoing construction projects. The notes are reported in the Sewer Expansion Fund and will be retired or permanently financed in the future.

10. LONG-TERM DEBT

Changes in Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2011 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities:					
General obligation bonds	\$ 32,117,639	\$ 3,865,000	\$ (4,068,105)	\$ 31,914,534	\$ 4,283,388
Premium	1,121,462		(82,562)	1,038,900	
Deferred amount on refunding	(663,519)		89,239	(574,280)	
Total general obligation bonds	32,575,582	3,865,000	(4,061,428)	32,379,154	4,283,388
Notes payable	379,284		(69,223)	310,061	69,223
Capital leases	471,496	281,543	(335,070)	417,969	175,432
Compensated absences	396,778	212,735	(189,488)	420,025	200,590
Early retirement obligations	429,000		(237,000)	192,000	192,000
Pollution remediation obligation	3,850,000			3,850,000	
Net OPEB obligation	669,669	324,669		994,338	
Total Governmental Activities Long-Term Liabilities	\$ 38,771,809	\$ 4,683,947	\$ (4,892,209)	\$ 38,563,547	\$ 4,920,633

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Business-Type Activities:					
General obligation bonds	\$ 3,607,361	\$	\$ (276,895)	\$ 3,330,466	\$ 276,612
Note payable	1,062,873		(192,987)	869,886	192,987
Total Business-Type Activities					
Long-Term Liabilities	<u>\$ 4,670,234</u>	<u>\$ -</u>	<u>\$ (469,882)</u>	<u>\$ 4,200,352</u>	<u>\$ 469,599</u>

The annual requirements to amortize all bonds and notes outstanding as of June 30, 2011, including interest payments, are as follows:

Government Activities:

	<u>General Obligation Bonds</u>		<u>Notes Payable</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2012	\$ 4,283,388	\$ 1,354,072	\$ 69,223	\$ 5,595
2013	4,283,330	1,145,684	69,223	4,211
2014	3,723,330	965,942	69,223	2,827
2015	3,688,329	803,777	69,223	1,441
2016	3,678,329	643,259	33,169	195
2017-2021	9,782,328	1,235,565		
2022-2026	1,425,500	339,020		
2027-2029	1,050,000	101,025		
Total	<u>\$ 31,914,534</u>	<u>\$ 6,588,344</u>	<u>\$ 310,061</u>	<u>\$ 14,269</u>

Business-Type Activities:

	<u>General Obligation Bonds</u>		<u>Notes Payable</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2012	\$ 276,612	\$ 151,154	\$ 192,987	\$ 15,600
2013	276,670	137,574	192,987	11,740
2014	276,670	123,990	192,987	7,880
2015	276,671	110,407	192,987	4,021
2016	276,671	96,823	97,938	570
2017-2021	1,252,672	300,572		
2022-2026	694,500	60,132		
Total	<u>\$ 3,330,466</u>	<u>\$ 980,652</u>	<u>\$ 869,886</u>	<u>\$ 39,811</u>

Outstanding debt by issue is as follows:

<u>Description</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Interest Rate (%)</u>	<u>Amount of Original Issue</u>	<u>Balance Outstanding June 30, 2011</u>
Governmental activities:					
General purpose:					
General obligation	8/1/92	8/1/12	4.5-6.5%	\$ 11,000,000	\$ 1,100,000
General obligation	2/1/04	1/15/17	2.0-5.0%	11,162,645	7,409,302
General obligation	2/1/04	1/15/20	2.0-5.0%	6,472,120	5,385,232
General obligation	7/15/08	7/15/28	4.0-5.0%	16,963,000	14,155,000
General obligation	7/15/10	7/15/30	2.0-4.0%	3,865,000	3,865,000
Total bonds					<u>31,914,534</u>
Notes:					
State of Connecticut, CWF	12/31/96	12/31/15	2%	1,682,814	<u>310,061</u>
Total governmental activities					<u>32,224,595</u>
Business-Type:					
General purpose:					
General obligation	2/1/04	1/15/17	2.0-5.0%	\$ 170,235	120,966
General obligation	2/1/04	1/15/24	2.0-5.0%	4,630,000	3,009,500
General obligation	7/15/08	7/15/28	4.0-5.0%	242,000	200,000
Total bonds					<u>3,330,466</u>
Notes:					
State of Connecticut, CWF	12/31/96	12/31/15	2%	4,561,394	<u>869,886</u>
Total business-type activities					<u>4,200,352</u>
Total Bonds and Notes Outstanding					<u>\$ 36,424,947</u>

The following is a bond authorized and unissued at June 30, 2011:

<u>Description and Purpose</u>	<u>Unissued Amount</u>
Wastewater Treatment Plan	\$ 1,058,535

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

<u>Category</u>	<u>(In Thousands)</u>		
	<u>Debt Limit</u>	<u>Net Indebtedness*</u>	<u>Balance</u>
General purpose	\$ 156,330,261	\$ 6,920,203	\$ 149,410,058
Schools **	312,660,522	17,801,831	294,858,691
Sewers	260,550,435	27,939,001	232,611,434
Urban renewal	225,810,377	-	225,810,377
Pension deficit	208,440,348	-	208,440,348

* Includes bonds authorized unissued.

** Total school indebtedness has been reduced by State of Connecticut Building Grants in the amount of \$7,192,500.

The total overall statutory debt limit for the Town is equal to seven times annual receipts from taxation, \$486,360,812.

Clean Water Funds

The State of Connecticut Department of Environmental Protection has provided Clean Water financing in the form of serial notes to the Town of New Milford for sewer system upgrades under project CWF 143-C. The Town continues to repay this debt with a 2% interest rate directly to the State of Connecticut. The outstanding principal balance is \$1,179,947 as of June 30, 2011. The current and noncurrent portion of the liability is \$262,210 and \$917,737 respectively.

During the year, the Town started participation in capital projects under the State of Connecticut Clean Water Fund established in accordance with Section 22a-477 of the General Statutes of Connecticut. The Clean Water Fund is administered by the State Department of Environmental Protection and provides grant and loan funds to municipalities for "eligible water quality project costs." At the end of the year, the Town had \$3,916,064 of Clean Water Fund loans outstanding at an interest rate of 2%. The balance is recorded as a short-term liability in the Sewer Expansion Fund until it is converted to a permanent loan.

11. CAPITAL LEASES

The Town has entered into capital lease agreements as lessee for financing the acquisition of machinery and equipment. The leases qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of their future minimum lease payments as of the inception date.

The assets acquired through the capital lease are as follows:

	Governmental Activities
Machinery and equipment	\$ 1,492,576
Less accumulated depreciation	<u>552,242</u>
Total	<u><u>\$ 940,334</u></u>

The future minimum lease obligation and the net present value of the minimum lease payments as of June 30, 2011 were as follows:

<u>Year Ending June 30</u>	Governmental Activities
2012	\$ 197,453
2013	157,684
2014	87,378
2015	<u>12,505</u>
Total minimum lease payments	455,020
Less amount representing interest	<u>37,051</u>
Present Value of Minimum Lease Payments	<u><u>\$ 417,969</u></u>

12. EARLY RETIREMENT OBLIGATIONS

The Town provides early retirement incentives to certain contracted certified employees who have attained the age of 50 and who have completed at least 15 years of service with the Town. Early retirement incentive payments total \$7,500 for the first three years of retirement. The maximum number of retirees participating in the early retirement incentive program in any given year is six. The provisions of the plan are based upon union contract and the discretion of the Board of Education, when the contract expires.

Payments for the early retirement incentive program totaled \$237,000 for the year ended June 30, 2011. These payments are funded on an annual basis by General Fund appropriations. The remaining payments to be made to participants in the program at June 30, 2011 total \$192,000.

13. POLLUTION REMEDIATION

Pursuant to local laws, the Town has recorded a liability of \$3,850,000 for remediation at the Century Enterprise Center. Management has estimated this liability based on the current understanding of the site and existing environmental regulations. Costs have been developed based on costing resources, previous experience and discussions with contractors. This amount has been recorded as a liability in the government-wide financial statements.

14. RISK MANAGEMENT

The Town is exposed to various risks of loss related to torts; theft of, damage to or destruction of assets; errors or omissions; injuries to employees or acts of God for which the Town carried commercial insurance. Neither the Town nor its insurers have settled any claims that exceeded the Town's insurance coverage during the past three years. There have been no significant reductions in any insurance coverage from any amounts in the prior year.

The Town is a member of the Connecticut Interlocal Risk Management Agency (CIRMA), an unincorporated association of Connecticut local public agencies, which was formed in 1980 by the Connecticut Conference of Municipalities for the purpose of establishing and administering an interlocal risk management program pursuant to the provisions of Section 7-479a et. seq. of the Connecticut General Statutes.

The Town is a member of CIRMA's worker's compensation pool, a risk sharing pool, which commenced operations on July 1, 1980. The worker's compensation pool provided statutory benefits pursuant to the provisions of the Connecticut Worker's Compensation Act. The coverage is subject to an incurred loss retrospective rating plan, and losses incurred in the coverage period will be evaluated at 18, 30, and 42 months after the effective date of coverage. CIRMA's worker's compensation pool retains \$1,000,000 per occurrence and purchases reinsurance above that amount to limit the liability of \$10 million per occurrence.

The Town maintains a self-insurance fund, the Medical Reserve Account. This fund was established to provide health coverage for all Town and Board of Education employees. The program's general objectives are to formulate for the members a health insurance program at lower costs of coverage and to develop a systematic method to control health care costs.

The following table reflects the activity of the past two years:

		Claims Payable July 1	Claims and Changes in Estimates	Claims Paid	Claims Payable June 30
2009-2010	\$	1,333,180	11,431,964	11,406,823	1,358,321
2010-2011		1,358,321	11,707,516	11,672,928	1,392,909

15. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS

Pension Trust Fund

A. Plan Description

The Town sponsors and administers the Town of New Milford Pension Plan (the Plan) which is a single employer contributory defined benefit plan. The Plan covers all full-time employees of the Town and Board of Education other than certified teachers, who are covered under the State Teacher's Retirement System. Plan benefits and contribution requirements are established by the plan document. All full-time employees eligible to participate in the Plan become a plan participant with their date of hire. The Plan is considered to be part of the Town's financial reporting entity and is included in the Town's financial report as a pension trust fund. A separate stand-alone report is not issued.

B. Summary of Significant Accounting Policies and Plan Asset Matters

Basis of Accounting: The Plan's financial statements are prepared using the accrual basis of accounting. Employee and employer contributions are recognized as revenues when due pursuant to contractual requirements. Benefit payments and refunds are payable when due and payable in accordance with the terms of the Plan. Administrative costs are funded by the income of the fund.

Method Used to Value Investments: Investments are recorded at fair value. Short-term investments are reported at cost, which approximates fair value. Fair value of other securities is determined by the mean of the most recent bid and asked process as obtained from dealers that make markets in such securities. Investments for which market quotations are not readily available are valued at their fair values as determined by the custodian under the direction of the Town, with the assistance of a valuation service. Securities traded on a national exchange are valued at the last reported sales price. Investment income is recognized when earned and gains and losses on sales or exchanges are recognized on the transaction date.

At July 1, 2010, Plan membership consisted of:

Retirees and beneficiaries receiving benefits	186
Terminated plan members entitled to benefits but not yet receiving them	70
Active plan members	<u>430</u>
Total	<u><u>686</u></u>

C. Funding Policy

The contribution requirements of plan members and the Town are established and may be amended by the Town Council. The employer's contributions are based on normal cost and an amortization of the unfunded actuarial accrued liability. The Town's actuary determined annual contributions to the Plan.

D. Benefit Provisions

Benefit provisions are established and may be amended by the Town Council and vary by class of employees covered, per terms of the plan agreement. The following is a summary of the provisions for each type of class covered:

Non-union employees: All full-time regular employees are eligible for participation in the Plan and become fully vested in the Plan upon completion of 10 years of service. The normal retirement benefit is calculated as 1.6% (for general government employees and library employees), 2.0% (for sewer employees) and 1.33% (for Board of Education employees) of the participant's highest average annual compensation in the 5 years during the last 10 years of service, multiplied by the number of years of service. The normal retirement age is the earlier of age 65 with 5 years of service or the attainment of age 60 and age plus service equals or exceeds 85. Employees are eligible for early retirement (within 10 years of the normal retirement date but not earlier than age 55). Benefits are reduced by ½% per month for each month that the early retirement date precedes the normal retirement date. Employees are not required to contribute to the Plan.

Teamsters: All full-time regular employees are eligible for participation in the Plan and become fully vested in the Plan upon completion of 10 years of service. The normal retirement benefit is calculated as 1.8% of the participant's highest average annual compensation in the 3 years during the last 10 years of service, multiplied by the number of years of service. The normal retirement age is the earlier of age 65 with 5 years of service or age plus service equals or exceeds 84, regardless of age. Employees are eligible for early retirement (within 10 years of the normal retirement date but not earlier than age 55). Benefits are reduced by ½% per month for each month that the early retirement date precedes the normal retirement date. Employees are required to contribute 2% of compensation under a salary reduction agreement to the Plan.

AFSCME: All full-time regular employees are eligible for participation in the Plan and become fully vested in the Plan upon completion of 10 years of service. The normal retirement benefit is calculated as 1.6% of the participant's highest average annual compensation in the 3 years during the last 10 years of service, multiplied by the number of years of service. The normal retirement age is the earlier of age 65 with 5 years of service or the attainment of age 60 and age plus service equals or exceeds 84. Employees are eligible for early retirement (within 10 years of the normal retirement date but not earlier than age 55). Benefits are reduced by ½% per month for each month that the early retirement date precedes the normal retirement date. Employees are required to contribute 2% of compensation under a salary reduction agreement to the Plan.

Police: All full-time regular employees are eligible for participation in the Plan and become fully vested in the Plan upon completion of 10 years of service. The normal retirement benefit is calculated as 2.5% (amended in 2007 from 2.25%) of the participant's highest average annual compensation in the 3 years during the last 5 years of service, multiplied by the number of years of service, up to a 30-year maximum, plus 1.0% of the participant's highest average annual compensation in the 3 years during the last 5 years of service multiplied by the number of years of service, up to a 35-year maximum. The normal retirement age is the earlier of age 55 with 5 years of service or the completion of 25 years of service. Employees are required to contribute 6% of compensation to the Plan, until 35 years of service is attained, at which point contributions are not required. There are no early retirement provisions.

E. Annual Pension Cost and Net Pension Obligations

The Town's annual pension cost and net pension obligation to the PERS for the current year were as follows:

Annual required contribution	\$ 1,993,893
Interest on net pension obligation	(30,700)
Adjustment to annual required contribution	<u>47,850</u>
Annual pension cost	2,011,043
Contributions made	<u>1,976,967</u>
Decrease in net pension asset	34,076
Net pension asset at beginning of year	<u>(383,755)</u>
Net Pension Asset at End of Year	<u><u>\$ (349,679)</u></u>

The following is a summary of certain significant actuarial assumptions and other PERS information:

Actuarial valuation date	July 1, 2010
Actuarial cost method	Entry Age Normal
Amortization method	Level Percent
Remaining amortization period	10 years, open
Asset valuation method	Market value of assets with future market gains and losses recognized over five years
Actuarial assumptions:	
Investment rate of return	8% per annum
Projected salary increases	4.5% per annum

F. Trend Information

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation (Asset)
6/30/09	\$ 1,641,276	109.7	\$ (151,242)
6/30/10	1,789,000	113.0	(383,755)
6/30/11	2,011,043	98.3	(349,679)

G. Pension Plan Required Supplementary Information

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Under Funded AAL as a % of Covered Payroll (a-b)/c)
7/01/05	26,554,577	26,512,575	(42,002)	100.2	14,123,575	(0.3)
7/01/06	29,483,115	34,384,882	4,901,767	85.7	15,684,746	31.3
7/01/07	33,152,909	36,650,799	3,497,890	90.5	16,167,482	21.6
7/01/08	35,890,689	40,296,699	4,406,010	89.1	16,488,966	26.7
7/01/09	37,509,988	43,204,296	5,694,308	86.8	17,084,195	33.3
7/01/10	39,514,943	47,147,722	7,632,780	83.8	17,046,486	44.8

Schedule of Employer Contributions

Fiscal Year Ended	Annual Required Contribution	Percentage Contributed
6/30/06	\$ 1,505,366	102.2
6/30/07	1,778,562	101.7
6/30/08	1,641,640	101.9
6/30/09	1,641,640	109.7
6/30/10	1,782,241	113.5
6/30/11	1,993,893	99.2

H. Teacher Retirement

All Town of New Milford teachers participate in the State of Connecticut Teacher’s Retirement System, a cost-sharing plan with a special funding situation, under Section 10.183 of the General Statutes of the State of Connecticut. This is a multiple employer PERS. A teacher is eligible to receive a normal retirement benefit if he or she has:

- Attained age 60 and has accumulated 20 years of credited service in the public schools of Connecticut, or;
- Attained any age and has accumulated 35 years of credited service, at least 25 years of which are service in the public schools of Connecticut.

The Board of Education withholds 7.25% of all teachers’ annual salaries and transmits the funds to the State Teachers’ Retirement Board. Teacher payroll subject to retirement amounted to \$26,910,157.

The retirement system for teachers is funded by the State based upon the recommendation of the Teachers’ Retirement Board. Such contribution includes amortization of actuarially computed unfunded liability. For the year ended June 30, 2011, the Town has recorded in the General Fund (Exhibit IV) intergovernmental revenue and education expenditures in the amount of \$4,292,045 as payments made by the State of Connecticut on behalf of the Town. The Town does not have any liability for teacher pensions.

The State of Connecticut Teacher 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.

16. OTHER POSTEMPLOYMENT BENEFITS

Summary of Significant Accounting Policies

Basis of Accounting

The Town has not established a trust for these benefits. The benefits are paid directly out of the Internal Service Fund on a pay-as-you-go basis.

Program Description

The Town of New Milford Other Postemployment Benefits Program is a single-employer defined benefit healthcare plan administered by the Town of New Milford. The program provides medical, dental and life insurance benefits to eligible retirees and their spouses as established through negotiations between the Town and the various unions representing the employees. Eligible full-time and part-time employees of the Town may elect to participate in the program.

At July 1, 2010, program membership consisted of the following:

	Retiree Health Plan
Retired members	98
Spouses of retired members	38
Active plan members	400
Total Participants	<u>536</u>

Funding Policy

The contribution requirements of program members and the Town/Board of Education are also negotiated with the various unions representing the employees. Retired program members and beneficiaries currently receiving benefits are required to contribute specified amounts monthly towards the cost of health insurance premiums as listed below. These average costs with the actual costs to the retirees based on the employee group they were in when they retired.

Contributions

The Town is required to contribute the balance of the current premium cost and may contribute an additional amount as determined by the Town in order to prefund benefits. For the year ended June 30, 2011, employer contributions were \$779,000, which represents premium payments. The Town did not contribute an amount towards the liability to prefund benefits in addition to this.

Annual OPEB Cost and Net OPEB Obligations

The Town of New Milford's annual other postemployment benefit (OPEB) cost is calculated based on the annual required contribution (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. The following table shows the components of the Town's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the Town's net OPEB obligation:

	Retiree Health Plan
Annual required contribution (ARC)	\$ 1,089,000
Interest on net OPEB obligation	53,574
Adjustment to annual required contribution	<u>(38,905)</u>
Annual OPEB cost	1,103,669
Contributions made	<u>(779,000)</u>
Increase in net OPEB obligation	324,669
Net OPEB obligation at beginning of year	<u>669,669</u>
Net OPEB Obligation at End of Year	<u>\$ 994,338</u>

The Town's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation (asset) are presented below for the years ending June 30.

Fiscal Year Ended	Annual OPEB Cost (AOC)	Actual Contribution	Percentage of AOC Contributed	Net OPEB Obligation
6/30/09	\$ 1,079,000	\$ 704,000	65.25%	\$ 375,000
6/30/10	1,039,669	745,000	71.66	669,669
6/30/11	1,103,669	779,000	70.58	994,338

As of July 1, 2010, the most recent actuarial valuation date, the plan was 0% funded. The actuarial accrued liability for benefits was \$12,899,000 and the actuarial value of assets was \$-0-, resulting in an unfunded actuarial accrued liability (UAAL) of \$12,899,000. The covered payroll (annual payroll of active employees covered by the plan) was not available.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as accrual results are compared with past expectations and new estimates are made about the future.

Projections for benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the July 1, 2010 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions include an 8% investment rate of return, which is the rate of the expected long-term investment returns of program assets calculated based on the funding policy of the plan at the valuation date. The annual healthcare cost trend rate is 6.9% initially, reduced by decrements to an ultimate rate of 4.4% after four years. Projected salary increases were 4.5%. The actuarial value of assets was determined using the closed group method. The UAAL is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at July 1, 2010 was 28 years.

17. COMMITMENTS AND CONTINGENCIES

There are several legal matters pending against the Town. The outcome and eventual liability of the Town, if any, in these cases is not known by management. The Town's management, based upon consultation with legal counsel, estimates that potential claims against the Town, not covered by insurance, resulting from such litigation would not materially affect the financial position of the Town.

The Town has received State and Federal grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to request for reimbursements to the grantor agency for any expenditures disallowed under terms of the grant. Based on prior experience, Town management believes such disallowances, if any, will not be material. In addition, the State of Connecticut Department of Transportation is overseeing a sewer construction project for the Town and upon completion will submit a request for reimbursement from the Town, which could be in excess of \$2,300,000. As of June 30, 2011, the amount owed to the State is not determinable.

18. SUBSEQUENT EVENT

On July 26, 2011, the Town of Milford issued \$25,140,000 of general obligation bond anticipation notes bearing interest at 1%, maturing April 25, 2012.

19. PRIOR PERIOD ADJUSTMENTS

During the year, the Town implemented GASB Statement No. 54, *Fund Balance Reporting and Government Fund Type Definitions*. This required the Town to review its special revenue funds and determine if they have a revenue source that is restricted or committed for a specific purpose. This revenue source also needs to constitute a substantial portion of the resources in the fund. As a result, the Volunteer Fire Fund did not meet those requirements and is now reported as part of the General Fund.

The beginning fund balances for the following funds were restated:

	<u>General Fund</u>	<u>Volunteer Fire Fund</u>	<u>Nonmajor Governmental Funds</u>
Balance at June 30, 2010	\$ 13,714,966	\$ 265,299	\$ 4,246,342
Reclassification to General Fund	<u>265,299</u>	<u>(265,299)</u>	<u>(265,299)</u>
Restated Fund Balance at July 1, 2010	<u>\$ 13,980,265</u>	<u>\$ -</u>	<u>\$ 3,981,043</u>

**TOWN OF NEW MILFORD, CONNECTICUT
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES -
BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2011**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
Property Taxation:				
Revenues from property taxes	\$ 68,113,056	\$ 68,113,056	\$ 68,618,526	\$ 505,470
Interest and lien fees	450,000	450,000	722,678	272,678
Total property taxation	<u>68,563,056</u>	<u>68,563,056</u>	<u>69,341,204</u>	<u>778,148</u>
Licenses and Permits:				
Assessor	3,000	3,000	2,429	(571)
Building permits	350,000	350,000	289,625	(60,375)
Planning Commission	4,000	4,000	1,127	(2,873)
Public safety permits	5,000	5,000	11,590	6,590
Sanitary permits	22,500	22,500	28,328	5,828
Zoning Board of Appeals	4,000	4,000	1,884	(2,116)
Zoning Board Fees	45,000	45,000	45,371	371
Zoning Self Sustaining Fees	12,500	12,500	2,054	(10,446)
Total licenses and permits	<u>446,000</u>	<u>446,000</u>	<u>382,408</u>	<u>(63,592)</u>
Intergovernmental Revenues:				
Bioterrorism grant	45,500	55,070	111,548	56,478
Commission on aging		40,000	40,000	-
Commission on aging Housatonic Trans.	41,935	41,934	35,410	(6,524)
Education cost sharing grant	11,900,000	11,900,000	11,906,005	6,005
Health services block grant	3,700	3,700	3,705	5
Local capital improvement program	200,000	200,000	200,988	988
Magnet School Transport			22,100	22,100
Mashantucket Pequot/Mohegan fund	78,809	78,809	75,907	(2,902)
Payment in lieu of taxes, boats	10,000	10,000	12,873	2,873
Payment in lieu of taxes, colleges and hospital	170,801	170,801	174,219	3,418
Payment in lieu of taxes, state owned property	50,796	50,796	50,847	51
Property tax relief for totally disabled			2,043	2,043
Property tax relief for manufacturing machinery and equipment	1,200,000	1,200,000	628,728	(571,272)
Property tax relief for elderly homeowners freeze	181,000	181,000	167,728	(13,272)
Property tax relief for veterans	7,540	7,540	9,853	2,313
School building grants	1,626,200	1,626,200	1,613,663	(12,537)
School transportation grant	400,000	400,000	375,755	(24,245)
Telephone tax	150,000	150,000	82,390	(67,610)
Youth services bureau grant	26,000	32,250	27,760	(4,490)
Miscellaneous grants		33,183	35,917	2,734
Total intergovernmental revenues	<u>16,092,281</u>	<u>16,181,283</u>	<u>15,577,439</u>	<u>(603,844)</u>

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TOWN OF NEW MILFORD, CONNECTICUT
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES -
BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND (Continued)
FOR THE YEAR ENDED JUNE 30, 2011

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
Charges for Goods and Services:				
Commission on aging	\$ 20,000	\$ 20,000	\$ 17,371	\$ (2,629)
Commission on arts	3,000	3,000	300	(2,700)
Fire marshal fees	40,000	40,000	38,568	(1,432)
Hazardous waste	15,000	15,000	16,832	1,832
Health services	33,800	33,800	31,020	(2,780)
Historical document	20,000	48,400	36,824	(11,576)
Inland/Wetlands fees	20,000	20,000	20,967	967
Inland/Wetlands significant activity fees	5,000	5,000	8,052	3,052
Insurance policies			2,918	2,918
LOCIP revenue, Town Clerk	15,000	22,695	24,042	1,347
Miscellaneous	40,000	43,000	32,377	(10,623)
Park and recreation commission fees	157,164	157,164	161,963	4,799
Park and recreation - self-supporting		2,694	2,694	-
Parking violations	20,000	20,000	11,860	(8,140)
Passport fees	10,000	10,000	13,350	3,350
Private duty police	50,000	50,000	490,752	440,752
Recreation	359,098	359,098	357,552	(1,546)
Recycling	30,000	30,000		(30,000)
Rental of Town property	10,000	10,000	11,720	1,720
Sullivan Farm revenue programs	64,000	64,000	71,208	7,208
Teen Center	72,000	72,000	76,637	4,637
Tuition revenue	1,141,532	1,141,532	1,291,429	149,897
Town clerk fees	550,000	550,000	526,840	(23,160)
Youth services	425,919	425,919	416,638	(9,281)
Total charges for goods and services	<u>3,299,013</u>	<u>3,340,802</u>	<u>3,699,414</u>	<u>358,612</u>
Investment Income	<u>300,000</u>	<u>300,000</u>	<u>54,473</u>	<u>(245,527)</u>
Other:				
Reimbursements	1,000	1,000	1,042	42
Miscellaneous		519	149,066	148,547
Total other revenues	<u>1,000</u>	<u>1,519</u>	<u>150,108</u>	<u>148,589</u>
Total revenues	88,701,350	88,832,660	89,205,046	372,386
Other Financing Sources:				
Transfers in	<u>1,726,400</u>	<u>1,726,400</u>	<u>1,167,828</u>	<u>(558,572)</u>
Total Revenues and Other Financing Sources	<u>\$ 90,427,750</u>	<u>\$ 90,559,060</u>	90,372,874	<u>\$ (186,186)</u>

Budgetary revenues are different than GAAP revenues because:

State of Connecticut on-behalf contributions to the Connecticut State Teachers' Retirement System for Town teachers are not budgeted.

4,292,045

Issuance of capital lease proceeds are not recorded for budgeting purposes.

281,543

The Board of Education does not budget for intergovernmental grants revenue received, which are credited against education expenditures for budgetary reporting. These amounts are recorded as revenues and expenditures for GAAP financial reporting purposes.

1,174,182

GASB 54 combination (Volunteer Fire Fund).

735

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

\$ 96,121,379

TOWN OF NEW MILFORD, CONNECTICUT
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES -
BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2011

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
General Government:				
Mayor	\$ 220,326	\$ 223,641	\$ 223,639	\$ (2)
Town Council	12,000	12,000	7,207	(4,793)
Board of Finance	3,750	3,750	3,179	(571)
Community and Economic Development	76,533	78,417	75,720	(2,697)
Town Historian	50	50		(50)
Tax Collector	193,991	195,665	193,096	(2,569)
Assessor	215,811	222,963	220,115	(2,848)
Audit services	59,025	59,025	37,635	(21,390)
Benefits and general insurance	6,974,462	6,974,616	6,919,593	(55,023)
Contingency	250,000	128,638	15,077	(113,561)
Finance Director	320,686	327,613	325,857	(1,756)
Tax rebates	50,000	50,000	35,912	(14,088)
Traffic authority	1,225	1,225	900	(325)
Personnel Commission	450	450	438	(12)
Board of tax review	3,375	5,378	5,379	1
Legal	362,500	362,500	299,775	(62,725)
Zoning Board of Appeals	5,575	5,575	3,228	(2,347)
Probate Court	8,100	8,100	7,307	(793)
Aquifer Protection	5,550	5,550	207	(5,343)
Personnel	119,279	121,441	121,442	1
Town Clerk	333,595	365,022	327,268	(37,754)
Registrar of voters	109,120	109,120	101,034	(8,086)
Women's Center of Danbury	2,000	2,000	2,000	-
Utilities, gasoline and postage	870,029	870,029	738,401	(131,628)
Economic Development Commission	35,750	35,750	35,266	(484)
Zoning Commission	131,780	134,103	110,980	(23,123)
Planning Commission	19,104	19,315	16,365	(2,950)
Conservation Commission	2,000	2,000	400	(1,600)
Annual town report	750	750	750	-
Service contracts, office machinery	11,200	11,215	11,213	(2)
Duplicating	38,865	38,865	38,827	(38)
Transportation	7,000	7,260	7,259	(1)
Housatonic Valley Council	17,914	17,914	17,914	-
Computer materials and supplies	195,227	200,028	200,028	-
Connecticut Council of Municipalities	17,170	17,170	17,021	(149)
Dues CT Council of Small Towns	1,225	1,225	1,225	-
Total general government	<u>10,675,417</u>	<u>10,618,363</u>	<u>10,121,657</u>	<u>(496,706)</u>
Public Safety:				
Police	4,360,408	4,694,974	4,432,554	(262,420)
Fire Departments	477,019	477,019	476,042	(977)
Traffic lights	5,550	5,550	4,469	(1,081)
Street lighting	33,600	33,600	33,200	(400)
Tree Warden	12,000	12,000	11,030	(970)
Building Inspector	212,723	215,492	211,382	(4,110)
N.M. water company fire hydrants	51,449	52,169	52,169	-
Local emergency planning	5,000	5,000	4,948	(52)
Fire Marshal	155,112	156,650	147,357	(9,293)
Constables expense	50,000	350,000	334,032	(15,968)
N.M. community ambulance	227,230	227,230	225,926	(1,304)
Total public safety	<u>5,590,091</u>	<u>6,229,684</u>	<u>5,933,109</u>	<u>(296,575)</u>

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TOWN OF NEW MILFORD, CONNECTICUT
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES -
BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND (Continued)
FOR THE YEAR ENDED JUNE 30, 2011

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
Public Works:				
Highways, streets and bridges	\$ 3,766,715	\$ 3,961,569	\$ 3,847,197	\$ (114,372)
Building maintenance	528,034	534,473	532,107	(2,366)
Recycling	366,685	366,685	292,008	(74,677)
Total public works	<u>4,661,434</u>	<u>4,862,727</u>	<u>4,671,312</u>	<u>(191,415)</u>
Health and Welfare:				
Director of Health	349,592	370,443	368,924	(1,519)
Dog Pound	125,500	129,529	129,529	-
Teen Center	165,576	175,653	172,613	(3,040)
Commission on Aging	387,344	408,168	404,399	(3,769)
Children's Center	79,500	79,500	79,500	-
Sailors, soldiers and marine fund	3,935	3,935	3,735	(200)
Youth Services Agency	372,145	387,491	382,277	(5,214)
Youth before and after school	426,919	429,870	394,261	(35,609)
New Milford VNA	76,000	76,000	76,000	-
Social Services	155,144	159,492	159,024	(468)
Total health and welfare	<u>2,141,655</u>	<u>2,220,081</u>	<u>2,170,262</u>	<u>(49,819)</u>
Culture and Recreation:				
Inland Wetlands	121,962	124,167	117,909	(6,258)
Parks & Recreation	1,059,860	1,065,875	956,135	(109,740)
Commission on the Arts	13,700	13,700	12,680	(1,020)
Housatonic River Commission	175	175	175	-
Candlewood Lake Authority	59,246	64,561	64,561	-
Lake Lillinonah Authority	23,680	23,854	23,854	-
Housatonic Regulatory Transit Authority	54,912	54,912	54,912	-
NM Center Cemetery	28,195	28,195	28,195	-
Farmland preservation	5,000	5,000	4,874	(126)
Gaylordsville School - materials	1,000	1,000	515	(485)
Sullivan Road school - materials	250	250	193	(57)
Total culture and recreation	<u>1,367,980</u>	<u>1,381,689</u>	<u>1,264,003</u>	<u>(117,686)</u>
Education:				
Kindergarten	677,818	648,508	645,278	(3,230)
Non-department instruction grade 1-5	6,754,724	6,704,894	6,681,610	(23,284)
Business education	239,565	281,191	281,184	(7)
English/language arts	1,774,274	1,827,510	1,810,997	(16,513)
Foreign language	964,977	974,706	972,912	(1,794)
Home economics	177,803	177,803	177,709	(94)
Industrial arts	298,649	298,649	298,608	(41)
Mathematics	1,538,736	1,523,601	1,512,999	(10,602)

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TOWN OF NEW MILFORD, CONNECTICUT
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES -
BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND (Continued)
FOR THE YEAR ENDED JUNE 30, 2011

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
Education (Continued):				
Music	\$ 787,177	\$ 773,608	\$ 776,009	\$ 2,401
Physical education	917,745	946,295	941,986	(4,309)
Science	1,551,417	1,606,193	1,592,375	(13,818)
Social studies	1,519,815	1,412,349	1,410,785	(1,564)
Patient care technology	16,635	16,635	16,855	220
Health and safety	305,547	281,441	279,551	(1,890)
Career education	27,712	27,712	28,442	730
Computer education	371,551	374,899	376,642	1,743
Driver education	58	58	3,658	3,600
Remedial reading	849,633	848,523	848,723	200
English as a second language	133,407	125,907	123,793	(2,114)
Distributive education	56,012	56,012	56,012	-
Art	837,878	838,099	836,893	(1,206)
General instructional supplies	376,140	348,805	317,420	(31,385)
Substitute teachers	340,909	340,909	371,186	30,277
Instructional testing	106,330	105,734	104,441	(1,293)
Non-department instruction grade 6-12	111,610	112,414	99,195	(13,219)
Gifted talented and enrichment	109,200	109,200	108,293	(907)
Excel-exper, center early	390,429	392,945	380,046	(12,899)
Special education - non categorical	4,853,210	4,901,107	5,115,519	214,412
Transition 18-21 program (LHTC)	177,413	176,172	171,694	(4,478)
Tutorial	210,779	210,779	176,262	(34,517)
Homebound instruction	57,050	57,050	101,223	44,173
Other special education	292,163	292,894	293,569	675
Special ed para substitutes	69,026	58,510	109,564	51,054
Adult ed - basic program	86,441	86,441	84,121	(2,320)
Adult ed - high school equivalency	5,191	5,191	4,796	(395)
Social work services	249,202	249,202	249,450	248
Guidance services	952,641	951,716	932,584	(19,132)
Health services	906,171	908,305	932,833	24,528
Psychological services	453,299	452,399	450,881	(1,518)
Speech and hearing	765,201	768,626	774,995	6,369
Staff development and training	55,600	55,600	36,728	(18,872)
Curriculum development	118,625	118,029	116,423	(1,606)
Library services	654,776	654,956	648,033	(6,923)
Audio-visual services	21,428	20,834	14,276	(6,558)
Educational television	1,600	1,600	1,579	(21)
Board of Education	151,750	151,750	260,089	108,339
Central Administration	339,912	348,918	198,203	(150,715)
Office of the Principal	2,563,684	2,551,979	2,556,604	4,625
Other school administration	81,983	81,983	83,016	1,033
Fiscal services	448,845	448,845	410,639	(38,206)
Other business support services	474,633	438,046	427,463	(10,583)
Custodial and housekeeping	1,905,243	1,905,243	1,999,876	94,633
Maintenance and repair	3,048,024	3,047,540	3,036,842	(10,698)
Building use - administration	(26,825)	(26,825)	(24,307)	2,518

(Continued on next page)

TOWN OF NEW MILFORD, CONNECTICUT
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES -
BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND (Continued)
FOR THE YEAR ENDED JUNE 30, 2011

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
Education (Continued):				
Reimbursable transport	\$ 4,147,256	\$ 4,147,256	\$ 4,069,153	\$ (78,103)
Non-reimbursable transport			2,237	2,237
Planning and evaluation	24,800	24,800	16,354	(8,446)
Community and staff relations	14,100	14,100	8,207	(5,893)
Recruiting and personnel services	172,158	172,158	152,529	(19,629)
Technology	223,204	220,615	216,484	(4,131)
Social Security	595,826	595,826	599,399	3,573
Medicare	390,914	390,914	456,244	65,330
Life insurance	109,714	109,714	110,822	1,108
Disability insurance	108,225	108,225	90,842	(17,383)
Medical insurance	7,147,373	7,147,373	7,147,373	-
Unemployment insurance	188,799	271,244	123,430	(147,814)
Other benefits	685,947	685,947	664,909	(21,038)
Pension - non-certified employees	623,143	623,143	633,454	10,311
Interscholastic sports	531,411	532,248	633,358	101,110
Intramural sports	30,786	30,786	22,733	(8,054)
Other student activities	191,874	192,507	187,600	(4,907)
Tuition - CT public schools	609,060	609,060	581,722	(27,338)
Tuition - Non-public schools	858,608	858,608	870,815	12,207
Capital - technology	139,197	139,197	137,895	(1,302)
Total education	<u>56,945,211</u>	<u>56,945,211</u>	<u>56,942,119</u>	<u>(3,092)</u>
Capital Outlays:				
Probate Court	2,250	2,250	2,109	(141)
Planning Commission		5,740	1,236	(4,504)
Town Clerk		7,695	7,524	(171)
Youth Agency	28,500	18,500	15,248	(3,252)
Police Equipment	89,550	101,624	100,134	(1,490)
Community Ambulance	67,580	333,552	23,518	(310,034)
Public Works Highway	555,823	590,534	560,386	(30,148)
Park and Recreation	39,570	47,861	74,220	26,359
Railroad renovation		7,500		(7,500)
Assessor	235,500	235,665	235,665	-
Commission on Aging	1,500	41,500	43,778	2,278
Building maintenance - Town Hall		10,704	3,745	(6,959)
Building maintenance equipment	2,300	2,300	2,286	(14)
Town Hall phone system	15,700	15,700	12,732	(2,968)

(Continued on next page)

TOWN OF NEW MILFORD, CONNECTICUT
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES -
BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND (Continued)
FOR THE YEAR ENDED JUNE 30, 2011

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
Capital Outlays (Continued):				
Building maintenance - all buildings	\$ 40,000	\$ 40,000	\$ 38,504	\$ (1,496)
Building maintenance - police station	72,500	72,500	72,333	(167)
Building maintenance - teen center	6,500	6,500	6,322	(178)
Building maintenance - library	20,000	30,653	16,948	(13,705)
Building maintenance - Railroad Station		13,934	13,993	59
Computer hardware and software - Town	24,760	24,760	29,773	5,013
NM Center Cemetery	15,000	15,000	30,000	15,000
Total capital outlays	<u>1,217,033</u>	<u>1,624,472</u>	<u>1,290,454</u>	<u>(334,018)</u>
Debt Service:				
Principal payments	5,007,210	5,007,210	4,188,638	(818,572)
Interest and fiscal charges	1,702,380	1,702,380	1,401,809	(300,571)
Total debt service	<u>6,709,590</u>	<u>6,709,590</u>	<u>5,590,447</u>	<u>(1,119,143)</u>
Total expenditures	89,308,411	90,591,817	87,983,363	(2,608,454)
Other Financing Uses:				
Transfers out	<u>1,119,339</u>	<u>1,583,573</u>	<u>1,974,543</u>	<u>390,970</u>
Total Expenditures and Other Financing Uses	<u>\$ 90,427,750</u>	<u>\$ 92,175,390</u>	89,957,906	<u>\$ (2,217,484)</u>
Budgetary expenditures are different than GAAP expenditures because:				
State of Connecticut on-behalf payments to the Connecticut State Teachers' Retirement System for Town teachers are not budgeted.			4,292,045	
Capital lease payments are not recorded for budgeting purposes.			281,543	
The Board of Education does not budget for intergovernmental grants revenue received, which are credited against education expenditures for budgetary reporting. These amounts are recorded as revenues and expenditures for GAAP financial reporting purposes.			1,174,182	
Encumbrances for purchases and commitments ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year received for GAAP financial reporting purposes.			(1,031,484)	
GASB 54 combination (Volunteer Fire Fund).			(150,000)	
Encumbrances for purchases and commitments ordered in the previous year that were received and liquidated in the current year are reported for GAAP financial statement reporting purposes.			<u>1,653,116</u>	
Total Expenditures and Other Financing Uses as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds - Exhibit IV			<u>\$ 96,177,308</u>	

TOWN OF NEW MILFORD, CONNECTICUT

REQUIRED SUPPLEMENTARY INFORMATION - OTHER POSTEMPLOYMENT BENEFITS
PROGRAM

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
7/1/2007	\$ -	\$ 11,021,000	\$ 11,021,000	0.00%	n/a	n/a
7/1/2008	-	11,144,000	11,144,000	0.00%	n/a	n/a
7/1/2010	-	12,899,000	12,899,000	0.00%	n/a	n/a

Schedule of Employer Contributions

Year Ended	Annual Required Contribution	Actual Contribution	Percentage ARC Contributed
6/30/2009	\$ 1,079,000	\$ 704,000	65.25%
6/30/2010	1,031,000	745,000	72.26%
6/30/2011	1,089,000	779,000	71.53%

n/a - The covered payroll is not available.

**TOWN OF NEW MILFORD, CONNECTICUT
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -
BUDGETARY BASIS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2011**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Property taxation	\$ 68,563,056	\$ 68,563,056	\$ 69,341,204	\$ 778,148
Licenses and permits	446,000	446,000	382,408	(63,592)
Intergovernmental	16,092,281	16,181,283	15,577,439	(603,844)
Charges for goods and services	3,299,013	3,340,802	3,699,414	358,612
Investment earnings	300,000	300,000	54,473	(245,527)
Other	1,000	1,519	150,108	148,589
Total revenues	<u>88,701,350</u>	<u>88,832,660</u>	<u>89,205,046</u>	<u>372,386</u>
Expenditures:				
Current:				
General government	10,675,417	10,618,363	10,121,657	(496,706)
Public safety	5,590,091	6,229,684	5,933,109	(296,575)
Public works	4,661,434	4,862,727	4,671,312	(191,415)
Health and welfare	2,141,655	2,220,081	2,170,262	(49,819)
Culture and recreation	1,367,980	1,381,689	1,264,003	(117,686)
Education	56,945,211	56,945,211	56,942,119	(3,092)
Debt service:				
Principal payments	5,007,210	5,007,210	4,188,638	(818,572)
Interest and fiscal charges	1,702,380	1,702,380	1,401,809	(300,571)
Capital outlays	1,217,033	1,624,472	1,290,454	(334,018)
Total expenditures	<u>89,308,411</u>	<u>90,591,817</u>	<u>87,983,363</u>	<u>(2,608,454)</u>
Excess (deficiency) of revenues over expenditures	<u>(607,061)</u>	<u>(1,759,157)</u>	<u>1,221,683</u>	<u>2,980,840</u>
Other Financing Sources (Uses):				
Transfers in	1,726,400	1,726,400	1,167,828	(558,572)
Transfers out	(1,119,339)	(1,583,573)	(1,974,543)	(390,970)
Total other financing sources (uses)	<u>607,061</u>	<u>142,827</u>	<u>(806,715)</u>	<u>(949,542)</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ (1,616,330)</u>	414,968	<u>\$ 2,031,298</u>
Fund balance at beginning of year			<u>10,879,839</u>	
Fund Balance at End of Year			<u>\$ 11,294,807</u>	

**TOWN OF NEW MILFORD, CONNECTICUT
COMBINING BALANCE SHEET -
NONMAJOR GOVERNMENTAL FUNDS - BY FUND TYPE
JUNE 30, 2011**

	<u>Special Revenue Funds</u>	<u>Capital Projects Funds</u>	<u>Total Nonmajor Governmental Funds</u>
ASSETS			
Cash and cash equivalents	\$ 1,525,070	\$ 3,413,758	\$ 4,938,828
Investments	1,132,556		1,132,556
Receivables	202,628	116,128	318,756
Due from other funds	73,893	83,031	156,924
Inventories	12,706		12,706
Other assets	6,100		6,100
	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u>\$ 2,952,953</u>	<u>\$ 3,612,917</u>	<u>\$ 6,565,870</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 101,787	\$ 51,455	\$ 153,242
Due to other funds	595,490	552,804	1,148,294
Due to State	21,117		21,117
Unearned/deferred revenue	116,225		116,225
Bond anticipation note payable		1,200,000	1,200,000
Total liabilities	<u>834,619</u>	<u>1,804,259</u>	<u>2,638,878</u>
Fund Balances:			
Nonspendable	12,706		12,706
Restricted	159,089	1,903,918	2,063,007
Committed	1,952,208	964,319	2,916,527
Unassigned	(5,669)	(1,059,579)	(1,065,248)
Total fund balances	<u>2,118,334</u>	<u>1,808,658</u>	<u>3,926,992</u>
Total Liabilities and Fund Balances	<u>\$ 2,952,953</u>	<u>\$ 3,612,917</u>	<u>\$ 6,565,870</u>

TOWN OF NEW MILFORD, CONNECTICUT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES -
NONMAJOR GOVERNMENTAL FUNDS - BY FUND TYPE
FOR THE YEAR ENDED JUNE 30, 2011

	<u>Special Revenue Funds</u>	<u>Capital Projects Funds</u>	<u>Total Nonmajor Governmental Funds</u>
Revenues:			
Intergovernmental	\$ 5,267,334	\$ 1,599,946	\$ 6,867,280
Charges for goods and services	4,039,959	1,056	4,041,015
Donations	42,440		42,440
Investment income	233,067	12,805	245,872
Miscellaneous	89,480	12,297	101,777
Total revenues	<u>9,672,280</u>	<u>1,626,104</u>	<u>11,298,384</u>
Expenditures:			
Current:			
Public safety	19,563		19,563
Public works	160		160
Health and welfare	380,838		380,838
Library	1,005,150		1,005,150
Culture and recreation	38,055		38,055
Education	8,248,302		8,248,302
Capital outlays		3,234,026	3,234,026
Total expenditures	<u>9,692,068</u>	<u>3,234,026</u>	<u>12,926,094</u>
Deficiency of Revenues over Expenditures	<u>(19,788)</u>	<u>(1,607,922)</u>	<u>(1,627,710)</u>
Other Financing Sources (Uses):			
Transfers in	967,769	400,000	1,367,769
Transfers out	(659,110)		(659,110)
Total other financing sources	<u>308,659</u>	<u>1,265,000</u>	<u>1,573,659</u>
Net change in fund balances	288,871	(342,922)	(54,051)
Fund balances at beginning of year	<u>1,829,463</u>	<u>2,151,580</u>	<u>3,981,043</u>
Fund Balances at End of Year	<u>\$ 2,118,334</u>	<u>\$ 1,808,658</u>	<u>\$ 3,926,992</u>

TOWN OF NEW MILFORD, CONNECTICUT
COMBINING BALANCE SHEET -
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2011

	<u>School Cafeteria</u>	<u>Special Education Grants</u>	<u>Town Aid Road Grant</u>	<u>Library Memorial Trust</u>	<u>Library Expansion</u>	<u>Landfill Royalty</u>	<u>Education Services</u>	<u>Latchkey Scholarship</u>
ASSETS								
Cash and cash equivalents	\$ 436,315	\$ 265,094	\$ 4,287	\$ 150,544	\$ 57	\$ 94,863	\$ 155,907	\$ 9,013
Investments				1,046,087	86,469			
Receivables	75,099	119,585				7,943		
Due from other funds	6,136							
Inventories	12,706							
Other				100				
Total Assets	<u>\$ 530,256</u>	<u>\$ 384,679</u>	<u>\$ 4,287</u>	<u>\$ 1,196,731</u>	<u>\$ 86,526</u>	<u>\$ 102,807</u>	<u>\$ 155,907</u>	<u>\$ 9,013</u>
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts payable	\$ 47,580	\$	\$	\$ 45,015	\$	\$	\$	\$
Due to other funds	136,142	272,832					97,936	
Due to State		8,752						
Unearned/deferred revenue	12,261	103,095						
Total liabilities	<u>195,983</u>	<u>384,679</u>	<u>-</u>	<u>45,015</u>	<u>-</u>	<u>-</u>	<u>97,936</u>	<u>-</u>
Fund Balances:								
Nonspendable	12,706							
Restricted	75,099		4,287					9,013
Committed	246,468			1,151,716	86,526	102,807	57,971	
Unassigned								
Total fund balances	<u>334,273</u>	<u>-</u>	<u>4,287</u>	<u>1,151,716</u>	<u>86,526</u>	<u>102,807</u>	<u>57,971</u>	<u>9,013</u>
Total Liabilities and Fund Balances	<u>\$ 530,256</u>	<u>\$ 384,679</u>	<u>\$ 4,287</u>	<u>\$ 1,196,731</u>	<u>\$ 86,526</u>	<u>\$ 102,807</u>	<u>\$ 155,907</u>	<u>\$ 9,013</u>

(Continued on next page)

**TOWN OF NEW MILFORD, CONNECTICUT
COMBINING BALANCE SHEET -
NONMAJOR SPECIAL REVENUE FUNDS (Continued)
JUNE 30, 2011**

	<u>Municipal Liability Trust</u>	<u>Local Substance Abuse</u>	<u>Railroad Renovation</u>	<u>Federal Asset Forfeiture</u>	<u>Park Gift</u>	<u>State Asset Forfeiture</u>	<u>Youth Center Development</u>
ASSETS							
Cash and cash equivalents	\$ 6,143	\$ 4,276	\$ 2,019	\$ 11,792	\$ 87,214	\$ 59,142	\$
Investments							
Receivables							
Due from other funds			64,757				3,000
Inventories							
Other							
Total Assets	<u>\$ 6,143</u>	<u>\$ 4,276</u>	<u>\$ 66,776</u>	<u>\$ 11,792</u>	<u>\$ 87,214</u>	<u>\$ 59,142</u>	<u>\$ 3,000</u>
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts payable	\$	\$	\$	\$ 442	\$	\$	\$
Due to other funds					76,817		
Due to State							
Unearned/deferred revenue							
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>442</u>	<u>76,817</u>	<u>-</u>	<u>-</u>
Fund Balances:							
Nonspendable							
Restricted				11,350		59,142	
Committed	6,143	4,276	66,776		10,397		3,000
Unassigned							
Total fund balances	<u>6,143</u>	<u>4,276</u>	<u>66,776</u>	<u>11,350</u>	<u>10,397</u>	<u>59,142</u>	<u>3,000</u>
Total Liabilities and Fund Balances	<u>\$ 6,143</u>	<u>\$ 4,276</u>	<u>\$ 66,776</u>	<u>\$ 11,792</u>	<u>\$ 87,214</u>	<u>\$ 59,142</u>	<u>\$ 3,000</u>

(Continued on next page)

**TOWN OF NEW MILFORD, CONNECTICUT
COMBINING BALANCE SHEET -
NONMAJOR SPECIAL REVENUE FUNDS (Continued)
JUNE 30, 2011**

	<u>Drug Education Prevention</u>	<u>1995 Small Cities</u>	<u>1997 Small Cities</u>	<u>Charitable Fund</u>	<u>Homeless</u>	<u>1992 Housing Rehab Loan</u>	<u>Church Street STEAP Grant</u>
ASSETS							
Cash and cash equivalents	\$	\$	\$ 198	\$ 113,537	\$ 11,685	\$ 31,605	\$
Investments							
Receivables							
Due from other funds							
Inventories							
Other				6,000			
Total Assets	\$ -	\$ -	\$ 198	\$ 119,537	\$ 11,685	\$ 31,605	\$ -
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts payable	\$	\$	\$	\$ 250	\$	\$	\$
Due to other funds		4,800					
Due to State							
Unearned/deferred revenue	869						
Total liabilities	<u>869</u>	<u>4,800</u>	<u>-</u>	<u>250</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances:							
Nonspendable							
Restricted			198				
Committed				119,287	11,685	31,605	
Unassigned	(869)	(4,800)					-
Total fund balances	<u>(869)</u>	<u>(4,800)</u>	<u>198</u>	<u>119,287</u>	<u>11,685</u>	<u>31,605</u>	<u>-</u>
Total Liabilities and Fund Balances	\$ -	\$ -	\$ 198	\$ 119,537	\$ 11,685	\$ 31,605	\$ -

(Continued on next page)

**TOWN OF NEW MILFORD, CONNECTICUT
COMBINING BALANCE SHEET -
NONMAJOR SPECIAL REVENUE FUNDS (Continued)
JUNE 30, 2011**

	<u>Volunteer Fire and Ambulance</u>	<u>Dog License</u>	<u>Regional Animal Control</u>	<u>Canterbury Court Escrow</u>	<u>Pleasant View Escrow</u>	<u>Child Care Grant</u>	<u>Flex Spending Account</u>	<u>Totals</u>
ASSETS								
Cash and cash equivalents	\$ 1,284	\$ 38,194	\$ 14,899	\$ 12,424	\$ 6,109	\$ -	\$ 8,469	\$ 1,525,070
Investments								1,132,556
Receivables								202,627
Due from other funds								73,893
Inventories								12,706
Other								6,100
	<u>1,284</u>	<u>38,194</u>	<u>14,899</u>	<u>12,424</u>	<u>6,109</u>	<u>-</u>	<u>8,469</u>	<u>2,952,953</u>
Total Assets	<u>\$ 1,284</u>	<u>\$ 38,194</u>	<u>\$ 14,899</u>	<u>\$ 12,424</u>	<u>\$ 6,109</u>	<u>\$ -</u>	<u>\$ 8,469</u>	<u>\$ 2,952,953</u>
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts payable	\$ -	\$ 31	\$ -	\$ -	\$ -	\$ -	\$ 8,469	\$ 101,787
Due to other funds		6,963						595,490
Due to State		12,365						21,117
Unearned/deferred revenue								116,225
Total liabilities	<u>-</u>	<u>19,359</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,469</u>	<u>834,619</u>
Fund Balances:								
Nonspendable								12,706
Restricted								159,089
Committed	1,284	18,835	14,899	12,424	6,109			1,952,208
Unassigned								(5,669)
Total fund balances	<u>1,284</u>	<u>18,835</u>	<u>14,899</u>	<u>12,424</u>	<u>6,109</u>	<u>-</u>	<u>-</u>	<u>2,118,334</u>
Total Liabilities and Fund Balances	<u>\$ 1,284</u>	<u>\$ 38,194</u>	<u>\$ 14,899</u>	<u>\$ 12,424</u>	<u>\$ 6,109</u>	<u>\$ -</u>	<u>\$ 8,469</u>	<u>\$ 2,952,953</u>

**TOWN OF NEW MILFORD, CONNECTICUT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES -
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2011**

	<u>School Cafeteria</u>	<u>Special Education Grants</u>	<u>Town Aid Road Grant</u>	<u>Library Memorial Trust</u>	<u>Library Expansion</u>	<u>Landfill Royalty</u>	<u>Education Services</u>	<u>Latchkey Scholarship</u>
Revenues:								
Intergovernmental	\$ 472,737	\$ 4,126,944	\$ 283,361	\$ 4,804			\$ 54,308	
Charges for goods and services	1,177,461			37,430		289,883	2,515,857	
Donations				24,942				
Investment income			25	219,975	11,839	748		23
Miscellaneous	6,136							
Total revenues	<u>1,656,334</u>	<u>4,126,944</u>	<u>283,386</u>	<u>287,151</u>	<u>11,839</u>	<u>290,631</u>	<u>2,570,165</u>	<u>23</u>
Expenditures								
Current:								
Public safety								
Health and welfare								
Public works						160		
Library				1,005,086	64			
Culture and recreation								
Education	1,544,758	4,126,944					2,576,600	
Total expenditures	<u>1,544,758</u>	<u>4,126,944</u>	<u>-</u>	<u>1,005,086</u>	<u>64</u>	<u>160</u>	<u>2,576,600</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>111,576</u>	<u>-</u>	<u>283,386</u>	<u>(717,935)</u>	<u>11,775</u>	<u>290,471</u>	<u>(6,435)</u>	<u>23</u>
Other Financing Sources (Uses):								
Transfers in				967,769				
Transfers out			(283,361)			(366,685)		
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(283,361)</u>	<u>967,769</u>	<u>-</u>	<u>(366,685)</u>	<u>-</u>	<u>-</u>
Net change in fund balances	111,576	-	25	249,834	11,775	(76,214)	(6,435)	23
Fund balances at beginning of year	<u>222,697</u>	<u>-</u>	<u>4,262</u>	<u>901,882</u>	<u>74,751</u>	<u>179,021</u>	<u>64,406</u>	<u>8,990</u>
Fund Balances at End of Year	<u>\$ 334,273</u>	<u>\$ -</u>	<u>\$ 4,287</u>	<u>\$ 1,151,716</u>	<u>\$ 86,526</u>	<u>\$ 102,807</u>	<u>\$ 57,971</u>	<u>\$ 9,013</u>

(Continued on next page)

**TOWN OF NEW MILFORD, CONNECTICUT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES -
NONMAJOR SPECIAL REVENUE FUNDS (Continued)
FOR THE YEAR ENDED JUNE 30, 2011**

	<u>Municipal Liability Trust</u>	<u>Local Substance Abuse</u>	<u>Railroad Renovation</u>	<u>Federal Asset Forfeiture</u>	<u>Parks Gift</u>	<u>State Asset Forfeiture</u>	<u>Youth Center Development</u>
Revenues:							
Intergovernmental	\$	\$	\$	\$	\$	\$	\$
Charges for goods and services							
Donations							
Investment income	16	11	4	53	47	61	
Miscellaneous						39,782	
Total revenues	<u>16</u>	<u>11</u>	<u>4</u>	<u>53</u>	<u>47</u>	<u>39,843</u>	<u>-</u>
Expenditures:							
Current:							
Public safety				15,808		3,755	
Public works							
Health and welfare							
Library							
Culture and recreation					4,262		
Education							
Miscellaneous							
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,808</u>	<u>4,262</u>	<u>3,755</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>16</u>	<u>11</u>	<u>4</u>	<u>(15,755)</u>	<u>(4,215)</u>	<u>36,088</u>	<u>-</u>
Other Financing Sources (Uses):							
Transfers in							
Transfers out							
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	16	11	4	(15,755)	(4,215)	36,088	-
Fund balances at beginning of year	<u>6,127</u>	<u>4,265</u>	<u>66,772</u>	<u>27,105</u>	<u>14,612</u>	<u>23,054.00</u>	<u>3,000</u>
Fund Balances at End of Year	<u>\$ 6,143</u>	<u>\$ 4,276</u>	<u>\$ 66,776</u>	<u>\$ 11,350</u>	<u>\$ 10,397</u>	<u>\$ 59,142</u>	<u>\$ 3,000</u>

(Continued on next page)

**TOWN OF NEW MILFORD, CONNECTICUT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES -
 NONMAJOR SPECIAL REVENUE FUNDS (Continued)
 FOR THE YEAR ENDED JUNE 30, 2011**

	<u>Drug Education Prevention</u>	<u>1995 Small Cities</u>	<u>1997 Small Cities</u>	<u>Charitable Fund</u>	<u>Homeless</u>	<u>1992 Housing Rehab Loan</u>	<u>Church Street STEAP Grant</u>
Revenues:							
Intergovernmental	\$	\$	\$	\$	\$	\$	\$ 2,101
Charges for goods and services							
Donations				17,498			
Investment income			1		29	86	
Miscellaneous							
Total revenues	<u>-</u>	<u>-</u>	<u>1</u>	<u>17,498</u>	<u>29</u>	<u>86</u>	<u>2,101</u>
Expenditures:							
Current:							
Public safety							
Public works							
Health and welfare						1,440	
Library							
Culture and recreation				33,793			
Education							
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>33,793</u>	<u>-</u>	<u>1,440</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>1</u>	<u>(16,295)</u>	<u>29</u>	<u>(1,354)</u>	<u>2,101</u>
Other Financing Sources (Uses):							
Transfers in							
Transfers out							(2,101)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,101)</u>
Net change in fund balances	-	-	1	(16,295)	29	(1,354)	-
Fund balances at beginning of year	<u>(869)</u>	<u>(4,800)</u>	<u>197</u>	<u>135,582</u>	<u>11,656</u>	<u>32,959</u>	<u>-</u>
Fund Balances at End of Year	<u>\$ (869)</u>	<u>\$ (4,800)</u>	<u>\$ 198</u>	<u>\$ 119,287</u>	<u>\$ 11,685</u>	<u>\$ 31,605</u>	<u>\$ -</u>

(Continued on next page)

**TOWN OF NEW MILFORD, CONNECTICUT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES -
NONMAJOR SPECIAL REVENUE FUNDS (Continued)
FOR THE YEAR ENDED JUNE 30, 2011**

	<u>Volunteer Fire and Ambulance</u>	<u>Dog License</u>	<u>Regional Animal Control</u>	<u>Canterbury Court Escrow</u>	<u>Pleasant View Escrow</u>	<u>Child Care Grant</u>	<u>Flex Spending Account</u>	<u>Totals</u>
Revenues:								
Intergovernmental	\$	\$	\$	\$	\$	\$ 323,079	\$	\$ 5,267,334
Charges for goods and services		19,328						4,039,959
Donations								42,440
Investment income	3	70	30	31	15			233,067
Miscellaneous							43,562	89,480
Total revenues	<u>3</u>	<u>19,398</u>	<u>30</u>	<u>31</u>	<u>15</u>	<u>323,079</u>	<u>43,562</u>	<u>9,672,280</u>
Expenditures:								
Current:								
Public safety								19,563
Health and welfare		12,757				323,079	43,562	380,838
Public works								160
Library								1,005,150
Culture and recreation								38,055
Education								8,248,302
Total expenditures	<u>-</u>	<u>12,757</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>323,079</u>	<u>43,562</u>	<u>9,692,068</u>
Excess (deficiency) of revenues over expenditures	<u>3</u>	<u>6,641</u>	<u>30</u>	<u>31</u>	<u>15</u>			<u>(19,788)</u>
Other Financing Sources (Uses):								
Transfers in								967,769
Transfers out		(6,963)						(659,110)
Total other financing sources (uses)	<u>-</u>	<u>(6,963)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>308,659</u>
Net change in fund balances	3	(322)	30	31	15	-	-	288,871
Fund balances at beginning of year	<u>1,281</u>	<u>19,157</u>	<u>14,869</u>	<u>12,393</u>	<u>6,094</u>	<u>-</u>	<u>-</u>	<u>1,829,463</u>
Fund Balances at End of Year	<u>\$ 1,284</u>	<u>\$ 18,835</u>	<u>\$ 14,899</u>	<u>\$ 12,424</u>	<u>\$ 6,109</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,118,334</u>

**TOWN OF NEW MILFORD, CONNECTICUT
COMBINING BALANCE SHEET -
NONMAJOR CAPITAL PROJECTS FUNDS
JUNE 30, 2011**

	<u>Bridge Rehabilitation Program</u>	<u>Capital Road Project Fund</u>	<u>Great Brook Interceptor</u>	<u>Schaghticoke Middle School</u>	<u>Route 7 South Sewer System</u>	<u>Town Improvement Program</u>	<u>Lanesville Road Connector</u>
ASSETS							
Cash and cash equivalents	\$ 46,691	\$ 609,092	\$ 3,551	\$ 15,244	\$ 706,220	\$ 172	\$ 1,282
Receivables	102,801						
Due from other funds				6,015			
Total Assets	<u>\$ 149,492</u>	<u>\$ 609,092</u>	<u>\$ 3,551</u>	<u>\$ 21,259</u>	<u>\$ 706,220</u>	<u>\$ 172</u>	<u>\$ 1,282</u>
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts payable	\$ 22,669	\$ 16,575	\$	\$	\$	\$	\$
Due to other funds	27,123	355,844	66,077		3,752		27,248
Bond anticipation note payable		1,200,000					
Total liabilities	<u>49,792</u>	<u>1,572,419</u>	<u>66,077</u>	<u>-</u>	<u>3,752</u>	<u>-</u>	<u>27,248</u>
Fund Balances:							
Restricted	99,700						
Committed				21,259	702,468	172	
Unassigned		(963,327)	(62,526)				(25,966)
Total fund balances	<u>99,700</u>	<u>(963,327)</u>	<u>(62,526)</u>	<u>21,259</u>	<u>702,468</u>	<u>172</u>	<u>(25,966)</u>
Total Liabilities and Fund Balances	<u>\$ 149,492</u>	<u>\$ 609,092</u>	<u>\$ 3,551</u>	<u>\$ 21,259</u>	<u>\$ 706,220</u>	<u>\$ 172</u>	<u>\$ 1,282</u>

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**TOWN OF NEW MILFORD, CONNECTICUT
 COMBINING BALANCE SHEET -
 NONMAJOR CAPITAL PROJECTS FUNDS (Continued)
 JUNE 30, 2011**

	Land Acquisition	Cross Road Bridge	Westside Sewage	Elementary School	Town Hall Renovation	Grove Street Relocation
ASSETS						
Cash and cash equivalents	\$ 120,790	\$	\$ 18,818	\$	\$ 13,629	\$ 64,558
Receivables						12,290
Due from other funds		67,142	9,874			
Total Assets	\$ 120,790	\$ 67,142	\$ 28,692	\$ -	\$ 13,629	\$ 76,848
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	\$	\$	\$	\$	\$	\$ 10,800
Due to other funds				7,760		65,000
Bond anticipation note payable						
Total liabilities	-	-	-	7,760	-	75,800
Fund Balances:						
Restricted						1,048
Committed	120,790	67,142	28,692		13,629	
Unassigned				(7,760)		
Total fund balances	120,790	67,142	28,692	(7,760)	13,629	1,048
Total Liabilities and Fund Balances	\$ 120,790	\$ 67,142	\$ 28,692	\$ -	\$ 13,629	\$ 76,848

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**TOWN OF NEW MILFORD, CONNECTICUT
COMBINING BALANCE SHEET -
NONMAJOR CAPITAL PROJECTS FUNDS (Continued)
JUNE 30, 2011**

	<u>High School</u>	<u>High School Renovation</u>	<u>Downtown Development</u>	<u>Century Brass Clean Up</u>	<u>Route 7 Phase II Sewer Project</u>	<u>Small Cities Church Street</u>	<u>Totals</u>
ASSETS							
Cash and cash equivalents	\$ 7,456	\$ 214	\$ 2,497	\$ 43,899	\$ 1,759,045	\$ 600	\$ 3,413,758
Receivables				1,037			116,128
Due from other funds							83,031
	<u>7,456</u>	<u>214</u>	<u>2,497</u>	<u>44,936</u>	<u>1,759,045</u>	<u>600</u>	<u>3,612,917</u>
Total Assets	<u>\$ 7,456</u>	<u>\$ 214</u>	<u>\$ 2,497</u>	<u>\$ 44,936</u>	<u>\$ 1,759,045</u>	<u>\$ 600</u>	<u>\$ 3,612,917</u>
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts payable	\$	\$	\$	\$ 1,411	\$	\$	\$ 51,455
Due to other funds							552,804
Bond anticipation note payable							1,200,000
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,411</u>	<u>-</u>	<u>-</u>	<u>1,804,259</u>
Fund Balances:							
Restricted				43,525	1,759,045	600	1,903,918
Committed	7,456	214	2,497				964,319
Unassigned							(1,059,579)
Total fund balances	<u>7,456</u>	<u>214</u>	<u>2,497</u>	<u>43,525</u>	<u>1,759,045</u>	<u>600</u>	<u>1,808,658</u>
Total Liabilities and Fund Balances	<u>\$ 7,456</u>	<u>\$ 214</u>	<u>\$ 2,497</u>	<u>\$ 44,936</u>	<u>\$ 1,759,045</u>	<u>\$ 600</u>	<u>\$ 3,612,917</u>

**TOWN OF NEW MILFORD, CONNECTICUT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES -
NONMAJOR CAPITAL PROJECTS FUNDS
FOR THE YEAR ENDED JUNE 30, 2011**

	<u>Bridge Rehabilitation Program</u>	<u>Capital Road Project Fund</u>	<u>Great Brook Interceptor</u>	<u>Schaghticoke Middle School</u>	<u>Route 7 South Sewer System</u>	<u>Town Improvement Program</u>	<u>Lanesville Road Connector</u>
Revenues:							
Intergovernmental	\$ 85,138	\$ 1,300,514	\$	\$	\$	\$	\$
Charges for goods and services							
Investment income		4,387	9	39	1,787	1	3
Miscellaneous							
Total revenues	<u>85,138</u>	<u>1,304,901</u>	<u>9</u>	<u>39</u>	<u>1,787</u>	<u>1</u>	<u>3</u>
Expenditures:							
Capital outlays	<u>94,772</u>	<u>2,798,665</u>				<u>657</u>	
Excess (deficiency) of revenues over expenditures	<u>(9,634)</u>	<u>(1,493,764)</u>	<u>9</u>	<u>39</u>	<u>1,787</u>	<u>(656)</u>	<u>3</u>
Other Financing Sources:							
Issuance of bonds							
Transfers in		400,000					
Total other financing sources	<u>-</u>	<u>400,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(9,634)	(1,093,764)	9	39	1,787	(656)	3
Fund balances at beginning of year	<u>109,334</u>	<u>130,437</u>	<u>(62,535)</u>	<u>21,220</u>	<u>700,681</u>	<u>828</u>	<u>(25,969)</u>
Fund Balances at End of Year	<u>\$ 99,700</u>	<u>\$ (963,327)</u>	<u>\$ (62,526)</u>	<u>\$ 21,259</u>	<u>\$ 702,468</u>	<u>\$ 172</u>	<u>\$ (25,966)</u>

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**TOWN OF NEW MILFORD, CONNECTICUT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES -
 NONMAJOR CAPITAL PROJECTS FUNDS (Continued)
 FOR THE YEAR ENDED JUNE 30, 2011**

	<u>Land Acquisition</u>	<u>Cross Road Bridge</u>	<u>Westside Sewage</u>	<u>Elementary School</u>	<u>Town Hall Renovation</u>	<u>Grove Street Relocation</u>
Revenues:						
Intergovernmental	\$	\$	\$	\$	\$	\$ 12,290
Charges for goods and services	1,056					
Investment income	305		49		34	48
Miscellaneous						
Total revenues	<u>1,361</u>	<u>-</u>	<u>49</u>	<u>-</u>	<u>34</u>	<u>12,338</u>
Expenditures:						
Capital outlays						31,893
Excess (deficiency) of revenues over expenditures	<u>1,361</u>	<u>-</u>	<u>49</u>	<u>-</u>	<u>34</u>	<u>(19,555)</u>
Other Financing Sources:						
Issuance of bonds						865,000
Transfers in						
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>865,000</u>
Net change in fund balances	1,361	-	49	-	34	845,445
Fund balances at beginning of year	<u>119,429</u>	<u>67,142</u>	<u>28,643</u>	<u>(7,760)</u>	<u>13,595</u>	<u>(844,397)</u>
Fund Balances at End of Year	<u>\$ 120,790</u>	<u>\$ 67,142</u>	<u>\$ 28,692</u>	<u>\$ (7,760)</u>	<u>\$ 13,629</u>	<u>\$ 1,048</u>

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TOWN OF NEW MILFORD, CONNECTICUT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES -
NONMAJOR CAPITAL PROJECTS FUNDS (Continued)
FOR THE YEAR ENDED JUNE 30, 2011

	<u>High School</u>	<u>High School Renovation</u>	<u>Downtown Development</u>	<u>Century Brass Clean Up</u>	<u>Route 7 Phase II Sewer Project</u>	<u>Small Cities Church Street</u>	<u>Totals</u>
Revenues:							
Intergovernmental	\$	\$	\$	\$ 61,000	\$	\$ 141,004	\$ 1,599,946
Charges for services							1,056
Investment income	19		7		6,117		12,805
Miscellaneous				12,297			12,297
Total revenues	<u>19</u>	<u>-</u>	<u>7</u>	<u>73,297</u>	<u>6,117</u>	<u>141,004</u>	<u>1,626,104</u>
Expenditures:							
Capital outlays				73,625	136,745	97,669	3,234,026
Excess (deficiency) of revenues over expenditures	<u>19</u>	<u>-</u>	<u>7</u>	<u>(328)</u>	<u>(130,628)</u>	<u>43,335</u>	<u>(1,607,922)</u>
Other Financing Sources:							
Issuance of bonds							865,000
Transfers in							400,000
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,265,000</u>
Net change in fund balances	19	-	7	(328)	(130,628)	43,335	(342,922)
Fund balances at beginning of year	<u>7,437</u>	<u>214</u>	<u>2,490</u>	<u>43,853</u>	<u>1,889,673</u>	<u>(42,735)</u>	<u>2,151,580</u>
Fund Balances at End of Year	<u>\$ 7,456</u>	<u>\$ 214</u>	<u>\$ 2,497</u>	<u>\$ 43,525</u>	<u>\$ 1,759,045</u>	<u>\$ 600</u>	<u>\$ 1,808,658</u>

**TOWN OF NEW MILFORD, CONNECTICUT
COMBINING STATEMENT OF FIDUCIARY NET ASSETS
PRIVATE PURPOSE TRUST FUNDS
JUNE 30, 2011**

	<u>Benoni- Stebbins</u>	<u>Long Mountain Cemetery</u>	<u>Woolsey - Pepper</u>	<u>Noble B. Booth Scholarship</u>	<u>Egbert Marsh</u>	<u>Total</u>
Assets:						
Cash	\$ 32,624	\$ 1,781	\$ 5,942	\$ 29,450	\$	\$ 69,797
Investments:						
Common stock	14,774					14,774
Mutual funds					40,298	40,298
Total assets	<u>47,398</u>	<u>1,781</u>	<u>5,942</u>	<u>29,450</u>	<u>40,298</u>	<u>124,869</u>
Net Assets:						
Held in trust for other purposes	<u>\$ 47,398</u>	<u>\$ 1,781</u>	<u>\$ 5,942</u>	<u>\$ 29,450</u>	<u>\$ 40,298</u>	<u>\$ 124,869</u>

**TOWN OF NEW MILFORD, CONNECTICUT
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
PRIVATE PURPOSE TRUST FUNDS
FOR THE YEAR ENDED JUNE 30, 2011**

	<u>Bennoni- Stebbins</u>	<u>Long Mountain Cemetery</u>	<u>Woolsey - Pepper</u>	<u>Noble B. Booth Scholarship</u>	<u>Egbert Marsh</u>	<u>Total</u>
Additions:						
Investment earnings:						
Interest and dividends	\$ 89	\$ 2	\$ 131	\$ 32	\$	\$ 254
Net appreciation (depreciation) in the fair value of investments	(4,597)				7,410	2,813
Total additions	<u>(4,508)</u>	<u>2</u>	<u>131</u>	<u>32</u>	<u>7,410</u>	<u>3,067</u>
Deductions:						
Benefit payments				650		650
Other			194			194
Total deductions	<u>-</u>	<u>-</u>	<u>194</u>	<u>650</u>	<u>35</u>	<u>879</u>
Change in net assets	(4,508)	2	(63)	(618)	7,375	2,188
Net assets held in trust for others:						
Beginning of year	<u>51,906</u>	<u>1,779</u>	<u>6,005</u>	<u>30,068</u>	<u>32,923</u>	<u>122,681</u>
End of Year	<u>\$ 47,398</u>	<u>\$ 1,781</u>	<u>\$ 5,942</u>	<u>\$ 29,450</u>	<u>\$ 40,298</u>	<u>\$ 124,869</u>

**TOWN OF NEW MILFORD, CONNECTICUT
AGENCY FUNDS
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE YEAR ENDED JUNE 30, 2011**

	<u>Balance, July 1, 2010</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance, June 30, 2011</u>
Fuel Bank				
Assets:				
Cash and cash equivalents	\$ 2,968	\$ 15,511	\$ 14,217	\$ 4,262
Liabilities:				
Due to others	\$ 2,968	\$ 15,511	\$ 14,217	\$ 4,262
Good Samaritan				
Assets:				
Cash and cash equivalents	\$ 14,150	\$ 52,544	\$ 47,942.00	\$ 18,752
Liabilities:				
Due to others	\$ 14,150	\$ 52,544	\$ 47,942	\$ 18,752
Community Food Bank				
Assets:				
Cash and cash equivalents	\$ 8,723	\$ 16,513	\$ 15,229	\$ 10,007
Liabilities:				
Due to others	\$ 8,723	\$ 16,513	\$ 15,229	\$ 10,007
Student Activities				
Assets:				
Cash and cash equivalents	\$ 597,555	\$ 716,631	\$ 729,922	\$ 584,264
Liabilities:				
Due to others	\$ 597,555	\$ 716,631	\$ 729,922	\$ 584,264

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TOWN OF NEW MILFORD, CONNECTICUT
AGENCY FUNDS
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES (Continued)
FOR THE YEAR ENDED JUNE 30, 2011

	<u>Balance,</u> <u>July 1, 2010</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance,</u> <u>June 30, 2011</u>
Performance Bond				
Assets:				
Cash and cash equivalents	\$ 2,821,134	\$ 200,000	\$ 689,551	\$ 2,331,583
Liabilities:				
Due to others	\$ 2,821,134	\$ 200,000	\$ 689,551	\$ 2,331,583
Firefighters Rewards Program				
Assets:				
Cash and cash equivalents	\$ 15,838	\$	\$ 350	\$ 15,488
Investments	538,107	140,357		678,464
Total assets	\$ 553,945	\$ 140,357	\$ 350	\$ 693,952
Liabilities:				
Due to others	\$ 553,945	\$ 140,357	\$ 350	\$ 693,952
Hope Fund				
Assets:				
Cash and cash equivalents	\$ 5,963	\$ 11,898	\$ 10,664	\$ 7,197
Liabilities:				
Due to others	\$ 5,963	\$ 11,898	\$ 10,664	\$ 7,197
Total All Agency Funds				
Assets:				
Cash and cash equivalents	\$ 3,466,331	\$ 1,013,097	\$ 1,507,875	\$ 2,971,553
Investments	538,107	140,357		678,464
Total assets	\$ 4,004,438	\$ 1,153,454	\$ 1,507,875	\$ 3,650,017
Liabilities:				
Due to others	\$ 4,004,438	\$ 1,153,454	\$ 1,507,875	\$ 3,650,017

TOWN OF NEW MILFORD, CONNECTICUT
SCHEDULE OF PROPERTY TAXES LEVIED, COLLECTED AND OUTSTANDING
FOR THE YEAR ENDED JUNE 30, 2011

Grand List Year	Balance Uncollected July 1, 2010	Current Levy	Lawful Corrections		Transfers to Suspense	Balance to be Collected	Collections			Balance Uncollected June 30, 2011	
			Additions	Deductions			Taxes	Interest and Lien Fees	Total		
2009	\$	\$ 68,781,267	\$ 130,723	\$ 407,241	\$ 12,705	\$ 68,492,044	\$ 67,097,919	\$ 296,085	\$ 67,394,004	\$ 1,394,125	
2008		1,372,849	396,258	16,910	71,272	1,680,925	1,250,581	254,223	1,504,804	430,344	
2007		401,369	59,249	8,224	52,969	399,425	197,429	75,387	272,816	201,996	
2006		164,256	3,764	311	23,950	143,759	57,053	29,880	86,933	86,706	
2005		100,203	47	63	9,491	90,696	21,256	13,892	35,148	69,440	
2004		60,546		81	8,919	51,546	4,169	3,856	8,025	47,377	
2003		47,926			8,885	39,041	548	547	1,095	38,493	
2002		36,227	1,220		10,967	26,480	538	592	1,130	25,942	
2001		28,692	308		6,363	22,637	1,385	1,062	2,447	21,252	
2000		24,285	7		1,201	23,091	623	951	1,574	22,468	
1999		24,702	1,056		134	25,624	544	1,012	1,556	25,080	
1998		23,351	211		449	23,113	317	338	655	22,796	
1997		19,506	8,713		276	27,943	131	307	438	27,812	
1996		19,164	1,021		807	19,378	270	316	586	19,108	
1995		20,968	30	18,007	2,866	125	125	1,052	1,177	-	
	\$	<u>2,344,044</u>	\$ <u>-</u>	\$ <u>602,607</u>	\$ <u>450,837</u>	\$ <u>211,254</u>	\$ <u>71,065,827</u>	\$ <u>68,632,888</u>	\$ <u>679,500</u>	\$ <u>69,312,388</u>	\$ <u>2,432,939</u>

**TOWN OF NEW MILFORD, CONNECTICUT
SCHEDULE OF DEBT LIMITATION
CONNECTICUT GENERAL STATUTES, SECTION 7-374(b)
FOR THE YEAR ENDED JUNE 30, 2011**

Total cash collections for the year ended
June 30, 2011:

Taxes	\$ 68,632,888
Interest and lien fees	<u>679,500</u>
Total	<u>69,312,388</u>

Reimbursement for revenue loss:

Tax relief for elderly (CGS 12-129d)	<u>167,728</u>
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Base \$ 69,480,116

	<u>General Purposes</u>	<u>Schools</u>	<u>Sewers</u>	<u>Urban Renewal</u>	<u>Pension Deficit</u>
Debt limitation:					
2-1/4 times base	\$ 156,330,261	\$	\$	\$	\$
4-1/2 times base		312,660,522			
3-3/4 times base			260,550,435		
3-1/4 times base				225,810,377	
3 times base					<u>208,440,348</u>
Total debt limitation	<u>156,330,261</u>	<u>312,660,522</u>	<u>260,550,435</u>	<u>225,810,377</u>	<u>208,440,348</u>
Indebtedness:					
Bonds payable	6,920,203	24,994,331	3,330,466		
Bond anticipation note payable			23,550,000		
Authorized, unissued bonds			<u>1,058,535</u>		
	<u>6,920,203</u>	<u>24,994,331</u>	<u>27,939,001</u>		
Less amounts to be provided by the state		<u>7,192,500</u>			
Total indebtedness	<u>6,920,203</u>	<u>17,801,831</u>	<u>27,939,001</u>	<u>-</u>	<u>-</u>
Debt Limitation in Excess of Outstanding and Authorized Debt	<u>\$ 149,410,058</u>	<u>\$ 294,858,691</u>	<u>\$ 232,611,434</u>	<u>\$ 225,810,377</u>	<u>\$ 208,440,348</u>
Total capacity of borrowing (7 times base)	\$ 486,360,812				
Total present indebtedness	<u>52,661,035</u>				
Margin for Additional Borrowing	<u>\$ 433,699,777</u>				